

# **elebi Hava Servisi Anonim Őirketi**

**Consolidated financial statements  
for the period January 1 – December 31, 2020  
and independent auditor’s report**

**(Convenience translation of consolidated financial statements into  
English and independent auditor’s report originally issued in  
Turkish)**

## (CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Çelebi Hava Servisi Anonim Şirketi

#### A) Report on the Audit of the Consolidated Financial Statements

##### 1) Opinion

We have audited the consolidated financial statements of Çelebi Hava Servisi Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

##### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by Capital Markets Board of Turkey and the Standards of Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### 3) Emphasis of Matter

Covid-19 pandemic negatively affecting economic conditions regionally as well as globally affected the Group's operations and is expected to affect in the following period. The Management disclosed the impacts of Covid-19 to its activities and the measures taken in Note 1. Our opinion is not modified in respect of this matter.

## 4) 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. These matters were addressed in the context of our 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 Matter	How the matter was addressed in the audit
<p>Accounting of Right of Use Assets and Presentation in the Consolidated Financial Statements</p> <p>TFRS 16 provides a tenant accounting model based on specific measurement methods. Accordingly, it requires the accounting of assets and liabilities. The lessee recognises a right of use assets that represents the right to use of the leased assets and a lease obligation that represents the obligation to pay for the leased assets.</p> <p>The Group has lease agreements for land and buildings, machinery, plant and equipments and vehicles. As of December 31, 2020, TL 510.665.322 of right of use assets is recognized in the consolidated statement of financial position. The share of the right of use assets in non current assets is 28%. As of December 31, 2020, the Group has recognized TL 714.699.774 of lease liabilities for the lease agreements.</p> <p>The amounts recognized as a result of the application of TFRS 16 are significant for the consolidated financial statements. In addition, the calculation of the right-to-use assets and lease obligations includes significant estimates and assumptions of the management. The substantial part of these estimates are interest rates used to discount cash flows and assessment of options to extend or terminate lease contracts. Nevertheless, the notes to the consolidated financial statements of the Group as of December 31, 2020 are significantly affected by the application of TFRS 16.</p> <p>Therefore, the impacts of the accounting of TFRS 16 on the consolidated financial statements and the notes to the consolidated financial statements are determined as a key audit matter for our audit. Please refer to Notes 2, 7 and 12 to the consolidated financial statements for the amounts and disclosures, including the related accounting policies.</p>	<p>The audit procedures applied including but not limited to the following are:</p> <p>Understanding and evaluating the significant processes affecting financial reporting related to the calculation of TFRS 16,</p> <p>Evaluating the completeness of the contract lists obtained from the Group management, assessment of selected contracts whether they are a service or lease contract and evaluating whether the contracts defined by the Group as leases are in scope of TFRS 16,</p> <p>Recalculation of the right of use assets and related financial lease liabilities recognised in the consolidated financial statements by using rates such as interest rate, rent increase rate etc. for the selected lease contracts that are in scope of TFRS 16,</p> <p>Evaluating the compliance of inputs used in the calculation like rent increase rate, interest rate etc for these selected contracts,</p> <p>Selecting the lease contracts used in the calculation of right of use assets and financial lease liabilities on a sample basis and testing the compliance of the term of the lease contracts and the assessment of the extension options applied if such options exist with the provision of the contract,</p> <p>Testing the disclosures in the consolidated financial statements in relation to the application of TFRS 16 and evaluating the adequacy of such disclosures.</p>

## **5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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.

## **6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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).
- Obtain an understanding of 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.

## **6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)**

- 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 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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) Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on March 11, 2021.

In accordance with paragraph four of Article 402 of the TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period January 1- December 31, 2020 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

## B) Report on Other Legal and Regulatory Requirements (Cont'd)

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Cem Tovil.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Cem Tovil  
Partner

İstanbul, March 11, 2021

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</b>	<b>1-2</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY .....</b>	<b>5-6</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>7-8</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>9-77</b>
NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP .....	9
NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	12
NOTE 3 - SEGMENT REPORTING .....	35
NOTE 4 - CASH AND CASH EQUIVALENTS .....	36
NOTE 5 - FINANCIAL INVESTMENTS .....	37
NOTE 6 - INVESTMENT ACCOUNTED BY USING THE EQUITY METHOD .....	37
NOTE 7 - SHORT TERM AND LONG TERM FINANCIAL LIABILITIES .....	39
NOTE 8 - TRADE RECEIVABLES AND PAYABLES .....	42
NOTE 9 - OTHER RECEIVABLES AND PAYABLES .....	44
NOTE 10 - INVENTORIES .....	45
NOTE 11 - PROPERTY, PLANT AND EQUIPMENT .....	46
NOTE 12 - RIGHT OF USE ASSETS .....	48
NOTE 13 - INTANGIBLE ASSETS .....	50
NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES .....	53
NOTE 15 - OTHER ASSETS AND LIABILITIES .....	57
NOTE 16 - PREPAID EXPENSES .....	58
NOTE 17 - DEFERRED INCOME .....	58
NOTE 18 - LIABILITIES FOR EMPLOYEE BENEFITS .....	58
NOTE 19 - EQUITY .....	59
NOTE 20 - REVENUE AND COST OF SALES .....	60
NOTE 21 - EXPENSES BY NATURE .....	61
NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES .....	61
NOTE 23 - OTHER OPERATING INCOME .....	61
NOTE 24 - OTHER OPERATING EXPENSES .....	62
NOTE 25 - INCOME FROM INVESTMENT ACTIVITIES .....	62
NOTE 26 - EXPENSES FROM INVESTMENT ACTIVITIES .....	62
NOTE 27 - FINANCIAL INCOME .....	62
NOTE 28 - FINANCIAL EXPENSES .....	63
NOTE 29 - TAX ASSETS AND LIABILITIES .....	63
NOTE 30 - EARNINGS PER SHARE .....	66
NOTE 31 - RELATED PARTY DISCLOSURES .....	66
NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT .....	70
NOTE 33 - FINANCIAL INSTRUMENTS .....	75
NOTE 34 - EVENTS AFTER BALANCE SHEET DATE .....	77

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	571.830.186	209.130.875
Financial investments		9.435.386	54.421.815
-Restricted cash	5	9.435.386	54.421.815
Trade receivables		168.762.629	216.999.043
- Due from related parties	8	5.343.963	3.873.386
- Due from third parties	8	163.418.666	213.125.657
Other receivables		108.639.964	103.432.569
- Due from related parties	9	36.106.731	26.647.884
- Due from third parties	9	72.533.233	76.784.685
Inventories	10	19.545.205	16.524.734
Prepaid expenses	16	27.722.513	29.502.211
Current income tax assets	29	2.777.130	6.456.151
Other current assets	15	17.087.134	16.389.181
<b>Total current assets</b>		<b>925.800.147</b>	<b>652.856.579</b>
<b>Non-current assets</b>			
Financial investments	5	18.361.495	3.659.590
Other long-term receivables		133.821.116	117.972.173
- Due from related parties	9	74.351.957	81.497.007
- Due from third parties	9	59.469.159	36.475.166
Investments accounted using the equity method	6	157.711.645	129.954.118
Property, plant and equipment	11	489.167.243	457.159.082
Right of use assets	12	510.665.322	428.056.013
Intangible assets		338.120.218	285.431.765
- Goodwill	13	73.295.661	60.932.266
- Other intangible assets	13	264.824.557	224.499.499
Prepaid expenses	16	7.710.156	20.038.235
Deferred tax asset	29	156.752.202	102.587.821
Other non-current assets	15	24.059.858	21.874.312
<b>Total non-current assets</b>		<b>1.836.369.255</b>	<b>1.566.733.109</b>
<b>Total assets</b>		<b>2.762.169.402</b>	<b>2.219.589.688</b>

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



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	<b>Notes</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial liabilities	7	149.354.675	21.421.438
Short term portion of long term financial liabilities	7	436.473.537	441.030.490
Lease liabilities	7	132.582.488	93.959.280
Trade payables		128.227.619	134.699.626
- Due to related parties	8	8.892.303	21.948.013
- Due to third parties	8	119.335.316	112.751.613
Employee benefit obligations	18	35.804.414	53.986.507
Other payables		86.794.158	18.401.711
- Due to related parties	9	57.712.500	-
- Due to third parties	9	29.081.658	18.401.711
Deferred income	17	24.101.894	17.032.046
Current income tax liabilities	29	28.760.852	7.569.141
Short-term provisions		33.709.370	23.779.048
- Provisions for employee benefits	14	25.614.891	16.996.522
- Other provisions	14	8.094.479	6.782.526
Other current liabilities	15	10.700.345	8.860.670
<b>Total current liabilities</b>		<b>1.066.509.352</b>	<b>820.739.957</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities	7	505.135.294	339.762.727
Lease liabilities	7	582.117.286	364.787.559
Other payables		20.323.200	16.806.306
- Due to third parties	9	20.323.200	16.806.306
Long-term provisions		34.788.905	28.354.292
- Provisions for employee benefits	14	34.788.905	28.354.292
Deferred tax liabilities	29	29.562.138	21.497.424
Other non-current liabilities	15	75.435.163	55.204.459
Deferred income	17	2.000.589	-
<b>Total non-current liabilities</b>		<b>1.249.362.575</b>	<b>826.412.767</b>
<b>Total liabilities</b>		<b>2.315.871.927</b>	<b>1.647.152.724</b>
<b>SHAREHOLDER'S EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>356.603.862</b>	<b>510.178.196</b>
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income or expenses not to be reclassified to profit or loss		(27.110.446)	(24.024.964)
- Actuarial loss arising from defined benefit plans		(27.110.446)	(24.024.964)
Other accumulated comprehensive income or expenses to be reclassified to profit or loss		262.085.889	136.376.158
- Foreign currency translation differences		262.085.889	136.376.158
Restricted reserves	19	74.387.905	63.387.956
Retained earnings		192.120.125	117.783.967
Net profit (loss) for the year		(169.179.611)	192.355.079
<b>Non-controlling interest</b>		<b>89.693.613</b>	<b>62.258.768</b>
<b>Total shareholder's equity</b>		<b>446.297.475</b>	<b>572.436.964</b>
<b>Total liabilities and shareholder's equity</b>		<b>2.762.169.402</b>	<b>2.219.589.688</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE PERIOD OF JANUARY 1 – DECEMBER 31, 2020

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	<b>Notes</b>	<b>January 1 - December 31, 2020</b>	<b>January 1 - December 31, 2019</b>
<b>CONTINUING OPERATIONS</b>			
Net sales	20	1.541.501.101	1.877.885.618
Cost of sales (-)	20	(1.151.639.694)	(1.334.612.924)
<b>GROSS PROFIT</b>		<b>389.861.407</b>	<b>543.272.694</b>
General administrative expenses (-)	22	(203.731.823)	(229.556.624)
Other income from operating activities	23	373.026.812	87.186.678
Other expenses from operating activities (-)	24	(353.420.853)	(105.479.670)
<b>OPERATING PROFIT</b>		<b>205.735.543</b>	<b>295.423.078</b>
Income from investment activities	25	11.666.817	4.410.868
Expenses from investment activities (-)	26	(1.453.891)	(1.268.361)
Income from investments accounted by using the equity method	6	3.059.271	24.794.204
<b>OPERATING INCOME BEFORE FINANCIAL EXPENSES</b>		<b>219.007.740</b>	<b>323.359.789</b>
Financial income	27	109.917.535	54.942.443
Financial expenses (-)	28	(462.002.557)	(163.380.638)
<b>(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(133.077.282)</b>	<b>214.921.594</b>
<b>Tax expense</b>		<b>(16.868.774)</b>	<b>(19.457.693)</b>
Current tax expense	29	(49.742.669)	(55.074.586)
Deferred tax income	29	32.873.895	35.616.893
<b>NET (LOSS) / PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(149.946.056)</b>	<b>195.463.901</b>
<b>Attributable to:</b>			
Non-controlling interests		19.233.555	3.108.822
Equity holders of the parent		(169.179.611)	192.355.079
		<b>(149.946.056)</b>	<b>195.463.901</b>
Earnings / (loss) per share (Kr)	30	(0,070)	0,079

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD OF JANUARY 1 – DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	<i>Current Period</i>	<i>Prior Period</i>
	<i>Audited</i>	<i>Audited</i>
Notes	January 1- December 31, 2020	January 1- December 31, 2019
<b>Net (loss) / profit for the year</b>	<b>(149.946.056)</b>	<b>195.463.901</b>
<b>Other comprehensive income / (expense)</b>		
<b>Not to be reclassified to profit or loss</b>		
- Actuarial (loss) / gain arising from defined benefit obligation	(3.921.804)	148.054
Shares from investments accounted using the equity method regarding to other comprehensive income or (expense)		
- Actuarial gains / (losses) arising from defined benefit obligation from investments accounted	(374.070)	498.624
Taxes regarding to other comprehensive income not to be reclassified to profit or loss		
-Tax on actuarial gain / (loss) arising from defined benefit obligation	1.006.918	(38.255)
-Tax on actuarial gain / (loss) arising from defined benefit obligation from investments accounted using the equity method	96.174	(128.197)
<b>To be reclassified to profit or loss</b>		
- Foreign currency translation differences	139.109.826	42.312.036
<b>Other comprehensive income</b>	<b>135.917.044</b>	<b>42.792.262</b>
<b>Total comprehensive (expense) / income</b>	<b>(14.029.012)</b>	<b>238.256.163</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	32.526.350	6.314.386
Equity holders of the parent	(46.555.362)	231.941.777
	<b>(14.029.012)</b>	<b>238.256.163</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD OF JANUARY 1 – DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") 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		Retained Earnings				
	Paid-in capital	Actuarial gain/(loss) arising from defined benefit plans	Foreign currency translation differences	Restricted Reserves	Retained earnings	Net profit for the year	Equity attribute table to equity holders of the parent	Non- controlling interests	Total shareholder's equity
<b>Balances at January 1, 2020</b>	<b>24.300.000</b>	<b>(24.024.964)</b>	<b>136.376.158</b>	<b>63.387.956</b>	<b>117.783.967</b>	<b>192.355.079</b>	<b>510.178.196</b>	<b>62.258.768</b>	<b>572.436.964</b>
Transfers	-	-	-	10.999.949	181.355.130	(192.355.079)	-	-	-
Dividend distribution	-	-	-	-	(105.705.001)	-	(105.705.001)	(6.405.476)	(112.110.477)
Purchase of subsidiary shares (*)	-	-	-	-	(1.313.971)	-	(1.313.971)	1.313.971	-
<b>Other comprehensive income / (expenses)</b>									
- Foreign currency translation differences	-	-	125.709.731	-	-	-	125.709.731	13.400.095	139.109.826
- Actuarial gain/(loss) arising from defined benefit plans	-	(3.085.482)	-	-	-	-	(3.085.482)	(107.300)	(3.192.782)
<b>Total other comprehensive income / (expenses)</b>		<b>(3.085.482)</b>	<b>125.709.731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122.624.249</b>	<b>13.292.795</b>	<b>135.917.044</b>
Net profit / (loss) for the year	-	-	-	-	-	(169.179.611)	(169.179.611)	19.233.555	(149.946.056)
<b>Total comprehensive income / (expense)</b>	<b>-</b>	<b>(3.085.482)</b>	<b>125.709.731</b>	<b>-</b>	<b>-</b>	<b>(169.179.611)</b>	<b>(46.555.362)</b>	<b>32.526.350</b>	<b>(14.029.012)</b>
<b>Balances at December 31, 2020</b>	<b>24.300.000</b>	<b>(27.110.446)</b>	<b>262.085.889</b>	<b>74.387.905</b>	<b>192.120.125</b>	<b>(169.179.611)</b>	<b>356.603.862</b>	<b>89.693.613</b>	<b>446.297.475</b>

(\*) The capital payment of Indian Rupees 100.000.000, which KSU Aviation Private Limited ("KSU") needs to make the foreseen investments, was made by making a premium capital increase within the legal legislation governing in India, and the Company has become a shareholder at with a rate of 57,65%.

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

**ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE PERIOD OF JANUARY 1 – DECEMBER 31, 2019**

(Amounts expressed in Turkish Lira ("TL") 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							
				Retained Earnings					
	Paid-in capital	Actuarial gain/(loss) arising from defined benefit plans	Foreign currency translation differences	Restricted Reserves	Retained earnings	Net profit for the year	Equity attribute table to equity holders of the parent	Non-controlling interests	Total shareholder's equity
<b>Balances at January 1, 2019</b>	<b>24.300.000</b>	<b>(24.478.059)</b>	<b>97.242.555</b>	<b>50.630.456</b>	<b>(16.019.346)</b>	<b>204.583.956</b>	<b>336.259.562</b>	<b>16.827.952</b>	<b>353.087.514</b>
Transfers	-	-	-	12.757.500	191.826.456	(204.583.956)	-	-	-
Dividend distribution	-	-	-	-	(128.803.766)	-	(128.803.766)	-	(128.803.766)
Purchase of subsidiary shares	-	-	-	-	(403.147)	-	(403.147)	14.416.443	14.013.296
TFRS 16 first adaptation impact (*)	-	-	-	-	71.183.770	-	71.183.770	24.699.987	95.883.757
<b>Other comprehensive income / (expenses)</b>									
- Foreign currency translation differences	-	-	39.133.603	-	-	-	39.133.603	3.178.433	42.312.036
-Actuarial gain/(loss) arising from defined benefit plans	-	453.095	-	-	-	-	453.095	27.131	480.226
<b>Total other comprehensive income / (expenses)</b>		<b>453.095</b>	<b>39.133.603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39.586.698</b>	<b>3.205.564</b>	<b>42.792.262</b>
Net profit for the period	-	-	-	-	-	192.355.079	192.355.079	3.108.822	195.463.901
<b>Total comprehensive income / (expense)</b>	<b>-</b>	<b>453.095</b>	<b>39.133.603</b>	<b>-</b>	<b>-</b>	<b>192.355.079</b>	<b>231.941.777</b>	<b>6.314.386</b>	<b>238.256.163</b>
<b>Balances at December 31, 2019</b>	<b>24.300.000</b>	<b>(24.024.964)</b>	<b>136.376.158</b>	<b>63.387.956</b>	<b>117.783.967</b>	<b>192.355.079</b>	<b>510.178.196</b>	<b>62.258.768</b>	<b>572.436.964</b>

(\*) The impact on the reversal of the operational leasing provision equalization which was reserved in accordance with TAS 17 in previous periods has been recorded in retained earnings.

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD OF JANUARY 1 –DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current Period	Prior Period
		Audited	Audited
	Notes	January 1 – December 31 2020	January 1 – December 31 2019
<b>A. Cash flows from operating activities</b>		<b>423.381.185</b>	<b>319.778.575</b>
<b>Net period profit / loss</b>		<b>(149.946.056)</b>	<b>195.463.901</b>
<b>Adjustment for reconciliation of net for the period profit / loss</b>		520.477.875	255.322.232
Adjustment related depreciation and amortisation expenses	11,12,13	154.426.575	127.438.468
Adjustments related impairment (reversals)	8	18.146.502	25.810.499
Adjustment related to provisions		16.101.962	23.537.942
- Adjustment related to provisions for employee benefits		16.101.962	23.537.942
Adjustments related to interest income and expense	7, 27, 28	79.919.144	41.137.505
- Adjustment related to interest income	27	(23.934.579)	(17.684.568)
- Adjustment related to interest expenses		103.853.723	58.822.073
Adjustment related to unrealized related foreign exchange translation differences		248.287.115	46.537.566
Adjustment related to tax (income) expense		16.868.774	19.457.693
Adjustment related to undistributed profit of investments are accounted by the equity method	6	(3.059.271)	(24.794.204)
Adjustment related to gain / (loss) on sales of property, plant and equipment, net	25,26	(10.212.926)	(3.803.237)
<b>Changes in working capital</b>		<b>70.957.369</b>	<b>(60.084.966)</b>
Increase/decrease in financial investments		30.071.403	(6.365.828)
Adjustment related to increase/decrease in trade receivables		28.796.490	(67.828.664)
- Increase/decrease in due from related parties		(1.470.577)	(2.264.740)
- Increase/decrease in due from third parties		30.267.067	(65.563.924)
Adjustment related to increase/decrease in other receivables related with operations		(21.626.040)	(28.707.267)
Adjustment related to increase/decrease in inventories		(3.020.471)	(2.411.108)
Increase/decrease in prepaid expenses		14.107.777	1.317.820
Adjustment related to increase/decrease in trade payables		(6.472.007)	34.735.087
- Increase/decrease in due to related parties		(13.055.710)	12.298.298
- Increase/decrease in due to third parties		6.583.703	22.436.789
Increase/decrease in payables related to employee benefits		(18.182.093)	14.775.265
Adjustment related to increase/decrease in other payables related with operations		47.282.310	(5.600.271)
<b>Cash flows from operating activities</b>		<b>441.489.188</b>	<b>390.701.167</b>
Payments related to provisions for employee benefit	14	(9.718.824)	(19.634.958)
Payments related to other provisions		(632.701)	(394.799)
Tax payments / (returns)		(7.756.478)	(50.892.835)

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD OF JANUARY 1 – DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<b>Current Period</b>	<b>Prior Period</b>
		<b>Audited</b>	<b>Audited</b>
		<b>January 1 –</b>	<b>January 1 –</b>
		<b>December 31</b>	<b>December 31</b>
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>B. Cash flows from investing activities</b>		<b>(22.213.580)</b>	<b>(170.152.403)</b>
Cash outflows due to purchase of shares or capital increase of associates and/or joint ventures		-	(13.923.000)
Cash inflows from the sale of property, plant and equipment and intangible asset		13.453.860	9.101.465
- Cash inflows from the sale of property, plant and equipment		12.454.713	9.101.465
- Cash inflows from the sale of intangible asset		999.147	-
Cash outflows from the purchase of property, plant and equipment and intangible asset		(72.868.016)	(190.877.547)
- Cash outflows from the purchase of property, plant and equipment	11	(49.567.215)	(175.742.802)
- Cash outflows from the purchase of intangible asset	13	(23.300.801)	(15.134.745)
Dividend received	6	1.182.500	1.259.375
Cash advances to related parties and repayments from debts		36.018.076	24.287.304
<b>C. Cash flows from financing activities</b>		<b>(118.723.983)</b>	<b>(203.739.201)</b>
Leasing payments		(70.424.046)	(73.943.183)
Cash inflows from financial liabilities	7	629.080.104	339.884.116
Cash outflows due to debt payments of financial liabilities	7	(597.816.388)	(326.438.040)
Dividend paid	31	(47.992.500)	(128.803.766)
Interest paid		(55.505.732)	(32.122.896)
Interest received	27	23.934.579	17.684.568
<b>Net increase / (decrease) in cash and cash equivalents, before the effect of foreign currency translation differences</b>		<b>282.443.622</b>	<b>(54.113.029)</b>
<b>D. Impact of foreign currency translation differences</b>		<b>80.042.568</b>	<b>66.324.883</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>362.486.190</b>	<b>12.211.854</b>
<b>E. Cash and cash equivalents at beginning of year</b>	4	<b>208.942.627</b>	<b>196.730.773</b>
<b>Cash and cash equivalents at end of year</b>	4	<b>571.428.817</b>	<b>208.942.627</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (referred as the "Company" or "Çelebi Hava") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc), cargo and warehouse services and fuel supplies to domestic and foreign airlines and private cargo companies. The Company operates in İstanbul, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale, Balıkesir Edremit, Iğdır, Kocaeli, Bingöl, Hakkari, Uşak airports, which are under the control of the State Airports Administration ("DHMI") and İstanbul Sabiha Gökçen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAŞ"). The company is controlled by Çelebi Havaacılık Holding Anonim Şirketi, the parent company which is jointly controlled by Çelebioğlu Family and Zeus Aviation Services Investments B.V.

The company is registered in Capital Markets Board ("CMB") and has been listed in Borsa İstanbul ("BİST") since November 18, 1996. As of December 31, 2020, the Company's free float rate is 10,09% (December 31, 2019: 10,09%).

The address of the Company is as follows:  
Tayakadın Mahallesi Nuri Demirağ Caddesi No:39  
Arnavutköy / İstanbul

The Group consists of the Company and its subsidiaries, joint ventures and associate. The average number of employees employed by the Group for the year ended December 31, 2020 is 10.009 (December 31, 2019: 13.475).

#### Information on Subsidiaries, Joint Ventures, and Associate:

The nature of the business, their respective geographical segments, and the registered country of the subsidiaries, joint venture and associate of the Group are as follows.

#### - Subsidiaries of the Group are as below:

<u>Subsidiary</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
CASI	India	India	Ground handling services
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo	Germany	Germany	Warehouse and cargo services
Celebi Spain (*)	Spain	Spain	Ground handling services
Celebi Tanzania (*)	Tanzanian	Tanzanian	Ground handling services
Celebi GH India Private Limited (*)	India	India	Ground handling services
KSU (**)	India	India	Ground handling services

(\*) Celebi Spain, Celebi GH India Private Limited ve Celebi Tanzania have no operational activity as of December 31, 2020 and they are inactive.

(\*\*) The company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupee (approximately EUR 4,25 million) is made by the Company on May 20, 2019.



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft") that was founded on September 22, 2006 as founding shareholder for the realization of the above mentioned share transfer. Celebi Kft acquired all the shares of BAGH on October 26, 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft was been taken over by CGHH with all assets and liabilities and merger transactions have been completed at October 31, 2007 in accordance with the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. At 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding Anonim Şirketi. As of December 31, 2020, total paid in capital of CGHH is 200.000.000 Hungarian Forint.

The Company participated as a co-founder in the company with capital of 100.000 Indian Rupee under the title Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") to carry out activities relating to the development, modernization and 25-year operation of the existing cargo terminal in the airport ("Brownfield") in New Delhi in India on May 6, 2009 with a shareholding rate of 74%. The paid capital of the Celebi Delhi Cargo is 1.120.000.000 Indian Rupee.

As a result of the winning the tender for providing ground handling services at Delhi International Airport for a 10 years period in order to fulfill the requirements to meet the obligations and make the planned investments outlined in the Concession Agreement signed between Celebi GH Delhi and the tender to authority, the Company has made a premium capital increase amounting to 1.380.897.000 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a shareholding rate of 74%. On May 22, 2017, the Company acquired 25,9% share of Çelebi GH Delhi and reached to an ownership rate of 99,9% and share capital of 24.430.000 Indian Rupee. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin and Bangalore Airports in India as part of the ongoing concession agreements. On March 15, 2018, the company's title was changed to Celebi Airport Services India Private Limited ("CASI"). With the authorization granted on December 9, 2019, CASI will continue to provide ground handling services for an additional 10 years after the end of the existing concession period at Delhi International Airport.

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services.

On March 25, 2010, the Company participated as a founding partner to the Celebi Ground Handling Spain S.L.U ("Celebi Spain") with a capital of EUR 10.000 and an ownership rate of 100% as a founding partner for the purpose of entrepreneurship in abroad including European Union. Celebi Spain is a non-operating company.

The Company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4,25 million) is made by the Company on May 20, 2019. The capital payment of 100.000.000 Indian Rupees required by KSU to realize the projected investments was made by raising premium capital in accordance with the legal legislation in India, and the Company became a 57,65% shareholder in KSU.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

#### - *Joint venture:*

The joint venture of the Group accounted using the equity method is as below:

<u>Joint Venture</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
Celebi Nas	India	India	Ground handling services

In the sequel of winning the tender of rendering ground handling services for a 10 years period in Mumbai Chhatrapati Shivaji International Airport (CSIA) in Mumbai, India by the consortium in which the Company takes part, a joint venture of the Company has been established on December 12, 2008 with the trade name of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai, India. The Company has participated as the founding partner in Çelebi Nas and has 57% shareholding where the share capital of Çelebi Nas is 552.000.000 Indian Rupee. A premium capital increase of 228.000.000 Indian Rupee has been paid by the shareholders of Çelebi Nas in previous years. Although the Company has 57% shareholding, in accordance with the conditions in Articles of Association signed between the Company and the counterparty shareholder, Çelebi Nas is accounted using the equity method and treated as a joint venture. On April 8, 2015, Çelebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport, for rendering services of air conditioners and generators mounted on passenger boarding bridges in the passenger terminal. With this agreement, Celebi Nas has been granted the concession rights until May, 2036. In addition, the ten (10) year ground handling privilege of Celebi NAS, which has been in place since 2009 to carry out ground handling services at the CSIA international airport, expires in December 2019. Celebi Nas participated in the tender by CSIA international airport operator MIAL for the extension of its concession from January 1, 2020 to December 31, 2029 for 10 (ten) years..

#### - *Associate*

The associate of the Group accounted using the equity method is as below:

<u>Associate</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
DASPL	India	India	Ground handling services

Çelebi GH Delhi, a subsidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited ("DASPL") with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is 250.000.000 Indian Rupee. On November 14, 2016, Çelebi GH Delhi, has acquired 8,33% of additional shares of DASPL and reached to a shareholding rate of 24,99%. The Group accounts DASPL by using the equity method in its consolidated financial statements.

As of December 31, 2020, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL, Celebi Cargo and KSU (all together will be referred as "the Group").

Consolidated financial statements of the Group for the year ended January 1 – December 31, 2020 has been approved for the issuance by the Board of Directors on March 11, 2021 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Director of Financial Affairs, on behalf of Board of Directors.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

#### Covid-19 Effects

Due to the crisis and pandemic situation caused by the worldwide effective Covid-19 virus, although measures were taken by governments to stop domestic and international flights between March and May, borders were opened in certain regions in the following months in June-December period and flights started. In this context, international flights were carried out in Turkey and Hungary. In the Indian market, although there have been mainly domestic flights, limited number of flights have been made to certain countries as a result of mutual agreements made by the Indian government with various countries. In addition, the operating unit of Warehouse and Cargo Services was much less affected by the pandemic process and provided services in their normal activities under changing conditions.

The Group Management has stopped all non-urgent expenditures, postponed investments and directed employees to paid and unpaid leave since March. In order to reduce fixed costs, the supports provided by the governments of the countries in which the Group operates were evaluated, necessary applications were made and various supports were used. In addition, waiver, discount or postponement of license and lease payments was provided with airport operators and country aviation authorities. The Group Management closely monitors cash flow in order to maintain the strength of its liquidity position.

The progress in vaccines developed against Covid-19 is expected to have positive effects on the aviation industry. While preparing the consolidated financial statements dated December 31, 2020, the Group evaluated the possible effects of the Covid-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairment losses in the consolidated financial statements dated December 31, 2020 were evaluated and no significant impact was detected.

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1. Basis of presentation

##### 2.1.1 Financial reporting standards

The Group's consolidated financial statements and disclosures have been prepared in accordance 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 ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS" / "TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

Also, the financial statements are presented in accordance with the formats specified in the "Announcement About TFRS Taxonomy" published by the POA on April 15, 2019 and the Financial Statement Instances and User Guide published by the CMB.

The Company and its Subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the principles and standards issued by POA, Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of Turkey. Foreign Subsidiaries, Joint Venture and Associate maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the Turkish Financial Reporting Standards have been accounted in the statutory financial statements the Company, its subsidiaries, joint venture and associate.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.1. Basis of presentation (continued)

##### 2.1.1 Financial reporting standards (continued)

Assets and liabilities included in the financial statements of the foreign subsidiaries of the Group have been translated into Turkish Lira using the exchange rates prevailed at the date of the consolidated statement of financial position and income and expenses are translated into Turkish Lira using the average exchange rates for the related period. The difference between using the period-end exchange rates and average exchange rates is accounted as the currency translation differences under equity.

These consolidated financial statements which have been prepared in accordance with Turkish Financial Reporting Standards, have been prepared in TL and under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognized in business combinations.

#### Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Çelebi Hava and the presentation currency of the Group. As of December 31, 2020, the currency of Group's entities are as below.

#### Company

CGHH  
Celebi Delhi Cargo  
CASI  
Celebi Nas  
Çelebi Kargo  
Celebi Cargo  
DASPL  
Celebi GH India Private Limited  
KSU  
Çelebi Tanzania

#### Currency

Hungarian Forint (HUF)  
Indian Rupee (INR)  
Indian Rupee (INR)  
Indian Rupee (INR)  
Indian Rupee (INR)  
Turkish Lira (TL)  
Euro (EUR)  
Indian Rupee (INR)  
Indian Rupee (INR)  
Indian Rupee (INR)  
Tanzanian Shilling (TZS)

#### Going Concern

The Group prepared its consolidated financial statements in accordance with the going concern assumption.

#### 2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

##### a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3  
Amendments to TAS 1 and TAS 8  
Amendments to TFRS 9, TAS 39 and TFRS 7  
Amendments to TFRS 16  
Amendments to Conceptual Framework

*Definition of a Business*  
*Definition of Material*  
*Interest Rate Benchmark Reform*  
*COVID-19 Related Rent Concessions*  
*Amendments to References to the Conceptual Framework in TFRSs*

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.1. Basis of presentation (continued)

#### 2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (continued)

##### a) Amendments that are mandatorily effective from 2020 (continued)

#### **Amendments to TFRS 3 *Definition of a Business***

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

#### **Amendments to TAS 1 and TAS 8 *Definition of Material***

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

#### **Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform***

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

#### **Amendments to TFRS 16 *COVID-19 Related Rent Concessions***

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there are no substantive changes to other terms and conditions of the lease.

Concessions recognized in lease payments regarding COVID-19-changes regarding TFRS 16 will be applied by the tenants in the annual accounting periods starting from June 1, 2020 or after, but earlier application is permitted.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

**2.1. Basis of presentation (continued)**

**2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (continued)**

a) Amendments that are mandatorily effective from 2020 (continued)

***Amendments to References to the Conceptual Framework in TFRSs***

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>

***TFRS 17 Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

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

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

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

***Amendments to TFRS 3 Reference to the Conceptual Framework***

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.1. Basis of presentation (continued)

#### 2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (continued)

##### b) New and revised TFRSs in issue but not yet effective (continued)

#### ***Amendments to TAS 16 Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

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

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

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

#### **Annual Improvements to TFRS Standards 2018-2020 Cycle**

##### Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

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

##### Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

##### Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.1. Basis of presentation (continued)

##### 2.1.3 Financial statements of subsidiaries and joint ventures operating in foreign countries

Financial statements of subsidiaries and joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the Turkish Financial Reporting Standards to reflect the proper presentation and content. Foreign joint ventures' assets and liabilities are translated into TL with the foreign exchange rate at the consolidated statement of financial position date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and consolidated statement of financial position date rates are included in the foreign currency translation differences under the shareholders' equity.

##### 2.1.4 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its' Subsidiaries, its Joint Venture and its Associate (collectively referred to as the "Group") on the basis set out in sections (b), to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries, Joint Venture and Associate are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies over which the Group's has capability to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. The available or convertible existence of potential voting rights are considered for the assessing whether the Group controls another organization Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized by using purchase method. The acquisition cost includes; the fair value of the assets on the purchase date, equity instruments disposed and the liabilities incurred at the exchange date and costs that directly attributable to the acquisition, The identifiable asset during the merge of the companies is measured by fair value at the purchase date of liabilities and contingent liabilities regardless of the minority shareholders. The Group recognized the goodwill for the exceed portion of the cost of acquisition that the fair value of net identifiable assets acquired. If the acquisition cost is below the fair value of identifiable net asset of subsidiary, the difference is recognized to the comprehensive income statement, Transactions between inter companies the balances and unearned gains arising from transactions between Group companies are eliminated. Unaccrued losses are also subjected to elimination. The accounting policies of subsidiaries are revised in accordance with the Group's policies. The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Group and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between company and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by the Group in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.1. Basis of presentation (continued)

##### 2.1.4. Basis of Consolidation (continued)

- c) The direct and indirect ownership interests held by the Group in its subsidiaries are provided below, the direct and indirect ownership interest is equal to the proportion of effective interest.

Subsidiary	Ownership rate (%)	
	December 31, 2020	December 31, 2019
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi Spain <sup>(1)</sup>	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU	57,6	50,0
Celebi Tanzania <sup>(2)</sup>	65,0	65,0

<sup>(1)</sup> As of December 31, 2020 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Spain has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company's operations have not started (Note 5).

<sup>(2)</sup> The Company acquired 65% of Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), established in Darussalam, Tanzania to participate to the concession auctions to provide ground handling service. Its share capital is amounting to 100 million Tanzanian Shilling (approximately USD 40 thousand). Celebi Tanzania has not started to its operations.

- d) The Group recognizes the transactions of acquisitions and sales of shares of the subsidiaries, those are controlled by the Group, realized with the non-controlling interest as transactions of the Group with equity holders. Therefore, in transactions of additional share acquisition from non-controlling interest, the difference between the acquisition cost and the share of net assets of the additional shares acquired and in transactions of sale of shares to non-controlling interest, the difference between the consideration received and the share of net assets of the shares sold is recognised in equity.

- e) Joint venture and the associate of the Group are accounted by using the equity method.

The direct and indirect ownership interests held by the Group in its joint venture and associate are provided below, the direct and indirect ownership interest is equal with the proportion of effective interest.

Joint venture	Ownership rate (%)	
	December 31, 2020	December 31, 2019
Celebi Nas	57,00	57,00

  

Associate	Ownership rate (%)	
	December 31, 2020	December 31, 2019
DASPL	24,99	24,99

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.1. Basis of presentation (continued)

##### 2.1.4 Basis of Consolidation (continued)

- f) Financial assets in which the Group has ownership interests below 20%, or over 20% but which the Group does not exercise a significant influence or which are not significant to the consolidated financial statements are classified as available-for-sale financial assets in the consolidated financial statements. Available-for-sale financial assets that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any accumulated impairment loss in the consolidated financial statements.

Financial investment	Ownership rate (%)	
	December 31, 2020	December 31, 2019
Celebi Spain	100,00	100,00
Celebi Tanzania	65,00	65,00

#### 2.2. Changes in accounting policies

##### 2.2.1 Comparative information

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

The Group presented the consolidated statement of financial position as of December 31, 2020 comparatively with the consolidated statement of financial position as of December 31, 2019, presented the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2020 comparatively with the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2019.

As of 31 December 2019, CAST's deposits and guarantees amounting to TL 33.030.068, which are presented under other long-term receivables in the consolidated statement of financial position and given airport authority were classified into other short-term receivables.

As of 31 December 2019, CGHH's deposits amounting to TL 3.325.300, which are presented under other short-term financial investments in the consolidated statement of financial position and restricted at the bank were classified into long-term financial investments.

#### 2.3 Changes in significant accounting policy and estimations

##### 2.3.1 Changes in significant accounting policy

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. The Group has made some changes in its accounting policies in the current year due to the effects of changes in the standards. There has not been any significant change in the accounting policies of the Group in the current year.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

If the changes in accounting estimates are for only one period, they are applied prospectively in the current period when the change is made. If the changes in accounting estimates are related to future periods, they are applied prospectively both in the period when the change was made and in the future periods. There has not been any significant change in the accounting estimates of the Group in the current year.

### 2.4 Summary of significant accounting policies

#### 2.4.1 Accounting of income

Revenue is recognized on an accrual basis at the fair value of the consideration received or receivable from the sale of goods and services. Net sales represent the invoiced value of goods delivered and services rendered free of sales discounts and returns. In the event that there is an important financing element in the sales, the fair value is determined by deducting the future collections from the interest rate within the financing element. The difference is recognized as other income from operating activities on an accrual basis

#### *Dividend Income*

Dividend income is recognized as income at the time of collection.

#### 2.4.2 Financial Assets

##### Classification

Group classifies its financial assets in three categories of "financial assets measured at amortized cost", "financial assets measured at fair value through other comprehensive income" and "financial assets measured at fair value through profit of loss". The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

##### Recognition and Measurement

*"Financial assets measured at amortized cost "* are non-derivative financial assets held within the scope of a business model aimed at collecting contractual cash flows and with cash flows including interest payments arising solely on principal and principal balance at specific dates under contractual terms. Group's financial assets are accounted at the amortized cost include items such as "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

*"Financial assets at fair value through other comprehensive income"* are non derivative financial assets that are held in the context of business model aimed at collecting contractual cash flows and selling financial assets, and cash flows include interest payments solely at principal and principal balance on contractual terms. Any gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment losses, gains or losses and exchange rate differences income or expenses. In the case of the sale of assets, the valuation differences classified as other comprehensive income are classified as retained earnings.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.2 Financial Assets(continued)

*"Financial assets at fair value through profit or loss"* are financial assets measured at amortized cost other than financial assets at fair value through comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the consolidated income statement of profit or loss.

##### Financial Statement Exclusion

The Group derecognizes the financial assets when it terminates the rights related to the cash flows due to the contract or when the related rights are transferred through a purchase and sale of all risks and rewards related to the financial asset. Any rights created or held by financial assets transferred by the Group are recognized as a separate asset or liability.

##### Impairment

The impairment of financial assets and contractual assets is calculated using the "expected credit loss" (ECL) model. The impairment model applies to amortized cost financial assets and contractual assets.

In the case of financial asset has a low credit risk at the reporting date, the Group can determine that the credit risk of the financial asset has not increased significantly. However, the lifetime ECL measurement (simplified approach) is always valid for commercial receivables and contract assets, without significant financing.

##### 2.4.3 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 4).

##### 2.4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, restated to the equivalent purchasing power at December 31, 2004 for the items purchased before January 1, 2005 and stated at cost less depreciation for the items purchased after January 1, 2005. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.4 Property, plant and equipment (continued)

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

	<u>Useful Lives (Year)</u>
Machinery and equipment	1-20
Motor vehicles	2-10
Furniture and fixtures	1-20
Leasehold improvements	5-25

Depreciation is provided for assets when they are ready for use. Depreciation continues to be provided on assets when they become idle.

Gains or losses on disposals of property, plant and equipment are determined by comparing the carrying amount at financial statements and collected amount and included in the other income or expense accounts, as appropriate.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred.

##### 2.4.5 Intangible Assets

###### a) *Goodwill*

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

The estimations related with the future cash flows do not include cash inflows and outflows related with restructuring that the Group has not committed yet or the enhancing or the improving the performance of the asset.

###### b) *Computer software*

Rights arising on computer software are recognized at its acquisition cost. Computer software is amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is between 3-15 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.5 Intangible Assets (continued)

###### c) *Service Concession Arrangements & Build - Operate – Transfer Investment*

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure. During the arrangement period, operator recognizes revenue in return for the services it provides. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement. The operator is obliged to hand over the infrastructure to the party that grants the service arrangement.

Since the Group has a right to charge to users regarding usage of investment, determined with Service Concession Agreements, Group has applied an intangible asset model described in TFRIC 12 "Service Concession Agreements" for the agreements listed below.

Intangibles arising from concession service agreement classified as build- operate - transfer investment as intangible assets.

Operation or service income are recognized in the reporting period in which the services are rendered.

According to service concession agreements, maintenance and modernization within in the scope of the contractual obligations are accounted in accordance with TAS 37 ("Provisions, Contingent Liabilities and Contingent Assets").

Investment costs related to the construction of the terminal are amortized on a straight-line basis over the life of the terminal.

Borrowing costs that are directly attributable to the Build-Operate-Transfer investment are capitalized as part of the cost of that asset, if the amount of costs can be measured reliably and it is probable that the economic benefits associated with the qualifying asset will flow to the Group.

###### *Celebi Delhi Cargo*

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on August 24, 2009. The deposit amount of INR 1.862.466.504 was paid in total.

###### *Celebi Nas*

Çelebi Nas, following the expiry of the current concession period on December 31, 2019, will continue to provide ground handling services for an additional 10 (ten) years from January 1, 2020 to December 31, 2029. In this context, a deposit of INR 1.847.700.000 was paid to the contracting authority.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.5 Intangible Assets (continued)

Celebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the Chhatrapati Shivaji International Airport ("CSIA") in which Celebi Nas operates. The content of the agreement covers the rendering of services regarding air conditioners and generators mounted on passenger boarding bridges in the passenger terminal of the mentioned airport. Celebi Nas has been granted the concession rights until May 2036 within the scope of the concession agreement. The deposit amount of INR 150.000.000 as deposit was paid.

##### *CASI*

Following the expiration of the current concession period, as a result of the tender made by the airport authority, CASI's airport ground handling license was renewed for ten years. From February 1, 2020 to January 31, 2029, CASI will continue to operate services at New Delhi Airport, India and INR 200.000.000 deposit has been paid. Additionally, a deposit amounting of INR 132.220.000 has been paid within the scope of the concession agreement signed for providing services at airports in Cochin, Bangalore and Kannur.

According to these concession agreements, the Group capitalized the differences between the paid deposit paid and its net present value as Build-Operate-Transfer investment and amortized the amount during the periods of concession agreements (Note 13).

##### 2.4.6 Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

##### 2.4.7 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that deferred tax assets, an asset other than intangible assets with indefinite useful lives, and financial assets at fair value may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in profit or loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

An impairment loss recognized in prior period for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized as income in the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.4 Summary of significant accounting policies (continued)**

**2.4.8 Financial Liabilities and Borrowing Costs**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

If financing costs arising from loans are associated with acquisition and construction of qualifying assets, it has been included in the cost price of the qualifying assets. The qualifying assets refer to assets that are required for a long period of time to be ready for use or sale as intended.

**2.4.9 Leases**

**The Group as lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.9 Leases (continued)

##### The Group as lessee (continued)

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right of use assets include the first measurement of the corresponding lease obligation, lease payments made before or before the lease actually starts, and other direct initial costs. These assets are subsequently measured at cost by deducting accumulated depreciation and impairment losses.

A provision is recognized in accordance with TAS 37 in cases where the group is exposed to the costs required to disassemble and eliminate a lease asset, to restore the area on which the asset is located, or to restore the main asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right of use asset, unless they are incurred for inventory production.

The right of use assets are depreciated according to the shorter of the main asset's rental period and useful life. If ownership of the main asset is transferred in the lease or if the Group plans to implement a purchase option, right of use asset is depreciated over the useful life of the main asset. Depreciation starts on the date the lease actually starts.

The right of use assets are presented in a separate line in the consolidated financial statements.

The Group applies the TAS 36 to determine whether the right of use assets are impaired and for all identified impairment losses are accounted as specified in the 'Property, Plant and Equipment' policy.

##### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.9 Leases (continued)

##### The Group as lessor (continued)

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

##### 2.4.10 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

##### 2.4.11 Business Combinations and Goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with TFRS 3 (Note 13).

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognized as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. In business combinations, the acquirer recognizes identifiable assets (such as deferred tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements at their fair values in the consolidated financial statements. The goodwill previously recognized in the financial statements of the acquiree is not considered as an identifiable asset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

**2.4 Summary of significant accounting policies (continued)**

**2.4.11 Business Combinations and Goodwill (continued)**

Goodwill recognized as a result of business combinations is not amortized and its carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Provisions for goodwill impairment loss are not cancelled at subsequent periods. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. In addition, a statement of profit or loss contains the operations that take place after the business combination. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted as "effect of transactions under common control" under equity.

**2.4.12 Foreign Currency Transactions**

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of profit or loss.

**2.4.13 Earnings per Share**

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned (Note 30).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

**2.4.14 Subsequent Events**

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 34).

**2.4.15 Provisions, Contingent Liabilities and Contingent Assets**

The conditions which are required to be met in order to recognize a provision in the consolidated financial statements are those that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Note 14).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.15 Provisions, Contingent Liabilities and Contingent Assets (continued)

Where the effect of the time value of money is significant, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Liabilities or assets 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 which are not wholly within the control of the entity should not be recognized as liabilities or assets, however they should be disclosed as contingent liabilities or assets.

##### 2.4.16 Related Parties

Related party is the person or entity related to Company which is preparing financial statements ("reporting Company") (Note 31).

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; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

- i) 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).
- 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)(i) 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).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.17 Segment Reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorized to make decisions regarding the activities of the Group. The organs and persons authorized to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on activity basis as ground handling services and cargo and warehouse services.

##### 2.4.18 Taxes on Income

###### *Current tax expense and deferred tax*

Tax expense includes current tax expense and deferred tax expense. The tax is included in the income statement, provided that it is not directly related to an operation accounted under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Current tax expense is calculated by taking into account the tax laws applicable in the countries where the Group's subsidiaries and investments accounted by using the equity method are active as of the date of statement of financial position.

###### Income tax

The Company and its subsidiaries established in Turkey and other countries in the scope of consolidation, associates, and joint ventures are subject to the tax legislation and practices in force in the countries they are operating.

According to Turkish tax legislation, legal or business centers institutions in Turkey is subject to corporate tax. The corporate tax rate in Turkey is 20%, however, according to Provisional Article 10 added to the Corporate Tax Act, the 20% corporate tax rate, will be applied as 22% for the corporate earnings of the institutions in the taxation periods of 2018, 2019 and 2020 (accounting periods for the institutions appointed for the special accounting period). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation. The corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the year in which it is relevant and paid until the end of the relevant month. However, According to the Turkish tax legislation, legal or business centers institutions in Turkey, 20% over the quarterly profit (22% for taxable year 2018, 2019 and 2020) provisional tax is calculated and the corresponding period of the second month until the 14th day declare the results of the relevant period and pay the temporary tax calculated until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax that will be calculated over the tax declaration of the corporations that will be given in the following year. If the amount of tax paid remained despite offsetting, tax paid can be deducted from this amount can be received in cash. As of December 31, 2020, and 2019, the tax provision has been set aside under the current tax legislation.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.18 Taxes on Income (continued)

###### Income tax (continued)

According to the Corporate Tax Law, losses presented on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within the upcoming five years.

Dividend payments are subject to 15% income tax for the resident companies in Turkey which are not responsible for corporate tax and income tax and made with except for those exempted to resident and non-resident in Turkey individuals and non-resident legal entity in Turkey. Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of December 31, 2020, and 2019 are netted off for each Subsidiary and are separately classified in the Consolidated Financial Statements.

###### Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is calculated using tax rates that are currently in effect as of the date of the statement of financial position

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are calculated to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

As of January 1, 2018, due to the fact that the tax rate for 2018, 2019 and 2020 has been changed to 22%, as of December 31, 2019, the deferred tax calculation used a tax rate of 22% for temporary differences expected to be realized and settled within 3 years (in 2018, 2019 and 2020). However, 20% tax rate is used for the current differences expected and expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of December 31, 2020, and 2019, are netted off for each subsidiary and are separately classified in the consolidated financial statements.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

#### 2.4 Summary of significant accounting policies (continued)

##### 2.4.19 Employee Benefits

###### Employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total reserve for future probable future obligations of the Group arising from the retirement of the personnel in accordance with the Turkish Labor Law and the laws of the countries in which the Subsidiaries operate. accordance with the law and the Turkish Labor Law regulates the current working life in Turkey, the Group has completed at least one year of service, their request with redundancy or improper conduct on-off work for reasons other than termination of the results of the work contract, who passed away or retired each staff it is obliged to pay severance pay collectively.

Provision which is allocated by the present value of the defined benefit obligation is calculated using the projected liability method. All actuarial gains and losses are accounted under equity.

The employment termination liability is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees.

After the legislative amendment on May 23, 2002, some transition process items related to the previous service period before retirement were issued. The amount payable consists of one month's salary for each year of service and is limited to TL 7.117,17 as of December 31, 2020 (December 31, 2019: TL 6.379,86).

###### Provision for unused vacation rights

The Company records a liability by calculating the number of vacation days earned by its employees but not used, such amount is short-term and measured without being discounted, and is recognized as an expense in the profit or loss as the related service is fulfilled.

##### 2.4.20 Statement of Cash Flows

Cash flows during the period are classified and reported by main, investing and financing activities in the cash flow statements.

Cash flows from main activities represent the cash flows of the Group generated from airport ground handling services, airport construction and operation activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

##### 2.4.21 Dividends

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

##### 2.4.22 Paid-in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### 2.4.23 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of significant accounting policies (continued)**

**2.4.23 Offsetting (continued)**

When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net provided that the nature of the transaction or the event will qualify for offsetting.

**2.5 Critical Accounting Estimates and Assumptions**

The preparation of consolidated financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that may have a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

**(a) Goodwill impairment**

As explained in Note 2.4.11 the Group performs impairment tests on goodwill annually at December 31 or more frequently if events or changes in circumstances indicate that it might be impaired. As of December 31, 2020, the Group does not have any impairment as a result of the analyzes.

**(b) Impairment of intangible assets**

According to the accounting policy stated in Note 2.4.5 the intangible assets are disclosed with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs.

**(c) Provisions**

In accordance with the accounting policy mentioned in Note 2.4.15, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as at December 31, 2020 and for the ones where the Group estimates a probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 14).

**(d) Taxes calculated on the basis of the company's earnings**

In accordance with the accounting policy mentioned in Note 2.4.18, a provision is made for the tax liability of current year calculated with tax rates which are valid on the balance sheet date over the portion of period income estimated based on period results of the Group as of balance sheet date. Tax legislation of jurisdictions, in which the subsidiaries and subsidiaries subject to joint control of the Group operates, are subject to different interpretations and may be amended. In this scope, interpretation of tax legislation by tax authorities related to operations of subsidiaries and subsidiaries subject to joint control of the Group may differ from the interpretation of the management. Therefore, transactions may be interpreted in a different manner by tax authorities and the Group may be exposed to additional tax, fines and interest payments.

As of December 31, 2020, the Group has reviewed possible tax fines which may source from its subsidiaries and subsidiaries subject to joint control and has not considered to make any provisions.



## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

##### 2.5 Critical Accounting Estimates and Assumptions (continued)

###### (e) *Calculated deferred tax assets over tax deductions to be used*

Tax receivable due to unused taxable losses is reflected on the records in the case of being most likely to have sufficient taxable profit in future periods.

###### (f) *Investments made in the framework of concession arrangements in scope of TFRIC 12*

Celebi Delhi Cargo, subsidiary of the Group resident in India, has signed a concession arrangement with Delhi International Airport Private Limited ("DIAL") on May 6, 2009 in order to operate in development, modernization, financing and management for 25 years of current cargo terminal in the airport located in New Delhi city of India.

Investment expenditures made by the Group within scope of aforementioned arrangement and concession arrangement signed by Çelebi Nas, which is a joint venture of the Group subject to joint control and resident in India, on April 8, 2015, are recognized in accordance with International Financial Reporting Interpretations Committee 12 ("TFRIC 12") Service Concession Arrangements.

Preparation of consolidated financial statements in accordance with TAS requires the management to make decisions, estimations and assumptions affecting the implementation of policies and amounts of assets, liabilities, income and expense which are reported. Actual results may differ from those estimates.

Estimations and assumptions forming a basis for estimations are continuously reviewed. Updates made in accounting estimates are recorded in the period of update and following periods affected from the aforementioned updates.

Information on significant decisions applied to accounting policies which have the most significant impact on amounts recorded in consolidated financial statements is explained in the following notes:

Note 2.5 (f) – Application of profit margin to construction costs made in scope of TFRIC 12 "Service Concession Arrangements"

Information on estimates having significant impact on amounts recorded in consolidated financial statements is explained in the notes below:

- Note 11 – Property, plant and equipment
- Note 12 – Right-of-use assets
- Note 13 – Intangible assets
- Note 14 – Employee benefit obligations
- Note 29 – Tax assets and liabilities
- Note 31 – Related party disclosures

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 3 - SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Company's senior management and effective in making strategic decisions.

Management evaluates the Group in two different ways: geographical and operating segments. Management analyzes The Group's performance according to their departments; Ground Handling Services, Security Services and Cargo and Warehouse Services. Since the Group's revenues consist primarily of these operating segments, Ground Handling, Cargo and Warehouse Services are evaluated as reportable operating segments. Management follows the operating segments performance as ("EBITDA") after deduction of Operating lease equalization, effect of TFRIC 12, current year part of prepaid allocation cost expense, Retirement pay liability and unused vacation provisions from earnings before interest, tax, depreciation and amortization.

The segment information provided to the board of directors as of December 31, 2020 is as follows:

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
<b>January 1 – December 31, 2019</b>				
Revenue	656.286.585	894.666.247	(9.451.731)	1.541.501.101
Cost of sales	(533.520.680)	(628.049.778)	9.930.764	(1.151.639.694)
<b>Gross profit</b>	<b>122.765.905</b>	<b>266.616.469</b>	<b>479.033</b>	<b>389.861.407</b>
General administrative expenses	(141.181.694)	(62.632.539)	82.410	(203.731.823)
Addition: Depreciation and amortization	103.833.042	50.593.533	-	154.426.575
Addition: Effect of TFRIC 12	-	9.502.102	-	9.502.102
Addition: Retirement pay liability and unused vacation provisions	12.745.059	4.194.140	-	16.939.199
Effect to investments accounted by using equity method on EBITDA	21.375.580	(1.644.405)	-	19.731.175
<b>EBITDA</b>	<b>119.537.892</b>	<b>266.629.300</b>	<b>561.443</b>	<b>386.728.635</b>
Rent Expenses under TFRS 16	(75.957.835)	(18.012.341)	-	(93.970.176)
<b>EBITDA (Except for the impact of TFRS 16)</b>	<b>43.580.057</b>	<b>248.616.959</b>	<b>561.443</b>	<b>292.758.459</b>

The segment information provided to the board of directors as of December 31, 2019 is as follows:

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
<b>January 1 – December 31, 2019</b>				
Revenue	1.181.189.385	705.678.781	(8.982.548)	1.877.885.618
Cost of sales	(814.370.902)	(528.415.950)	8.173.928	(1.334.612.924)
<b>Gross profit</b>	<b>366.818.483</b>	<b>177.262.831</b>	<b>(808.620)</b>	<b>543.272.694</b>
General administrative expenses	(181.812.399)	(49.377.167)	1.632.942	(229.556.624)
Addition: Depreciation and amortization	86.646.470	40.791.998	-	127.438.468
Addition: Effect of TFRIC 12	-	8.177.586	-	8.177.586
Addition: Retirement pay liability and unused vacation provisions	21.073.213	3.339.417	-	24.412.630
Effect to investments accounted by using equity method on EBITDA	50.410.249	(1.764.529)	-	48.645.720
<b>EBITDA</b>	<b>343.136.016</b>	<b>178.430.136</b>	<b>824.322</b>	<b>522.390.474</b>
Rent Expenses under TFRS 16	(59.619.089)	(14.247.081)	-	(73.866.170)
<b>EBITDA (Except for the impact of TFRS 16)</b>	<b>283.516.927</b>	<b>164.183.055</b>	<b>824.322</b>	<b>448.524.304</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 3 – SEGMENT REPORTING (Continued)

Reconciliation of EBITDA to profit before tax is provided as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
EBITDA for reported segments	386.728.635	522.390.474
Depreciation and amortization	(154.426.575)	(127.438.468)
Effect of TFRIC 12	(9.502.102)	(8.177.586)
Other operating income	373.026.812	87.186.678
Other operating expenses (-)	(353.420.853)	(105.479.670)
Retirement pay liability and unused vacation provisions	(16.939.199)	(24.412.630)
EBITDA effect of investments accounted using the equity method	(19.731.175)	(48.645.720)
<b>Operating profit</b>	<b>205.735.543</b>	<b>295.423.078</b>
Share of profit from investments accounted using the equity method	3.059.271	24.794.204
Income from investment activities	11.666.817	4.410.868
Expenses from investment activities (-)	(1.453.891)	(1.268.361)
Financial income	109.917.535	54.942.443
Financial expenses (-)	(462.002.557)	(163.380.638)
<b>Profit before tax</b>	<b>(133.077.282)</b>	<b>214.921.594</b>

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

### NOTE 4 - CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash	736.957	823.603
Banks	571.093.229	208.307.272
- time deposit	418.194.336	140.368.872
- demand deposit	152.898.893	67.938.400
	<b>571.830.186</b>	<b>209.130.875</b>

As of December 31, 2020, effective interest rates on TL, EUR, USD and INR denominated time deposits are 9,50%, 4,50%, 3,50% and 7,20% respectively. (December 31, 2019: TL 11,22%, EUR 0,14%, USD 1,83%, INR 6%). As of December 31, 2020 the maturity days denominated time deposits are 1 days for TL, USD and EUR and 20-60 days for INR (December 31, 2019: 1 days for TL, USD and EUR, 10-90 days for INR).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Cash and banks	571.830.186	209.130.875
Less: Interest accruals	(401.369)	(188.248)
	<b>571.428.817</b>	<b>208.942.627</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 5 - FINANCIAL INVESTMENTS

#### *Restricted Bank Balances:*

	December 31, 2020	December 31, 2019
Restricted bank balances (less than 3 months)(*)	9.435.386	54.421.815
Restricted bank balances (365+ days)(*)	18.027.205	3.325.300
	<b>27.462.591</b>	<b>57.747.115</b>

(\*) TL 9.435.386 of restricted bank balances consist cash amounts collected from the customers and the cash amounts obtained for the project financing as outlined in the concession agreement signed for for cargo and ground handling services at New Delhi Airport in India.

(\*\*) TL 18.027.205 of the restricted bank balances consist of bank balances blocked at the bank due to the loans used by CGHH and CASI (December 31, 2019: TL 3.325.300).

#### *Financial investments with fair value difference reflected to other comprehensive income*

	December 31, 2020		December 31, 2019	
	Percentage of shares %	TL	Percentage of shares %	TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
Celebi Tanzania (*)	65,00	167.640	65,00	167.640
		<b>334.290</b>		<b>334.290</b>

(\*) As of December 31, 2020, Celebi Spain and Celebi Tanzania have not been consolidated in the consolidated financial statements since they are inactive for the Group. They are presented in the consolidated financial statements with cost value less impairment if any, and classified as financial assets measured at fair value through other comprehensive income.

### NOTE 6 - INVESTMENT ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares %	December 31, 2020	Percentage of shares %	December 31, 2019
Çelebi Nas	57,00	146.706.781	57,00	121.198.646
DASPL	24,99	11.004.864	24,99	8.755.472
		<b>157.711.645</b>		<b>129.954.118</b>

The movements of investments accounted using the equity method during the periods ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
<b>As of January 1</b>	<b>129.954.118</b>	<b>95.725.908</b>
Share of profit / loss	3.059.271	24.794.204
Currency translation differences	26.158.652	10.322.954
Gains (losses) on remeasurements defined benefit plans	(277.896)	370.427
Dividend payments (*)	(1.182.500)	(1.259.375)
<b>As of December 31</b>	<b>157.711.645</b>	<b>129.954.118</b>

(\*) The dividend that DASPL and Celebi Nas paid to their shareholders from retained earnings are the shares of CASI and Çelebi Hava shares respectively.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 6 - INVESTMENT ACCOUNTED BY USING THE EQUITY METHOD (Continued)

#### Shares of profit/loss from investments accounted using the equity method:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Çelebi Nas	1.508.931	23.409.865
DASPL	1.550.340	1.384.339
	<b>3.059.271</b>	<b>24.794.204</b>

#### Summary of financial statements of the investment accounted by using the equity method

Summary of financial statements of Çelebi Nas is as follows:

	December 31, 2020	December 31, 2019
Total Assets	442.979.912	397.992.569
Total Liabilities	190.345.887	190.109.655

  

	January 1 - December 31, 2020	January 1 - December 31, 2019
Revenue	150.021.460	252.758.947
Net Profit	2.647.247	41.069.940

Summary of financial statements of DASPL is as follows:

	December 31, 2020	December 31, 2019
Total Assets	53.299.466	41.245.139
Total Liabilities	7.745.258	4.690.905

  

	January 1 - December 31, 2020	January 1 - December 31, 2019
Revenue	37.845.244	50.646.746
Net Profit	6.203.840	5.539.573

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 7 - SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

#### Short term financial liabilities:

			December 31, 2020
	Effective interest rate (%)	Original balance	TL
<b>Short term borrowings:</b>			
EUR Borrowings	1,40-3,25	13.250.000	119.354.675
TL Borrowings	7,00	30.000.000	30.000.000
			<b>149.354.675</b>

#### Short-term finance lease obligations

INR finance lease obligations		98.771.501	9.901.843
EUR finance lease obligations		10.114.755	91.112.702
TL finance lease obligations		8.501.296	8.501.296
HUF finance lease obligations		933.116.788	23.066.647
<b>Total short-term finance lease obligations</b>			<b>132.582.488</b>

#### Short-term portion of long-term borrowings:

			December 31, 2020
	Effective interest rate(%)	Original balance	TL
<b>Short-term portion of long-term borrowings:</b>			
Interest expense accrual – EUR	-	443.553	3.995.479
Interest expense accrual –INR	-	6.088.638	610.386
Interest expense accrual –TL	-	7.189.672	7.189.672
INR borrowings	8,10-9,40	401.004.519	40.200.703
EUR borrowings	0,42-4,47	29.416.101	264.977.297
TL borrowings	17,50-19,75	119.500.000	119.500.000
<b>Short-term portion of total long term borrowings:</b>			<b>436.473.537</b>

<b>Total short term liabilities:</b>			<b>718.410.700</b>
--------------------------------------	--	--	--------------------

#### Long-term financial liabilities:

			December 31, 2020
	Effective interest rate(%)	Original balance	TL
<b>Long-term borrowings:</b>			
INR Borrowings	8,80-9,75	971.693.416	97.412.265
EUR Borrowings	1,93-5,75	37.491.871	337.723.029
TL borrowings	9,25-19,75	70.000.000	70.000.000
			<b>505.135.294</b>

#### Long-term finance lease obligations:

Long-term finance lease obligations – INR		224.774.913	22.533.685
Long-term finance lease obligations – EUR		46.109.976	415.354.049
Long-term finance lease obligations – TL		11.482.008	11.482.008
Long-term finance lease obligations – HUF		5.370.046.278	132.747.544
<b>Total long-term finance lease obligations</b>			<b>582.117.286</b>

<b>Total long-term financial liabilities</b>			<b>1.087.252.580</b>
--	--	--	----------------------

<b>Total financial liabilities</b>			<b>1.805.663.280</b>
------------------------------------	--	--	----------------------

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

#### Short term financial liabilities:

			December 31, 2019
	Effective interest rate (%)	Original balance	TL
<b>Short term borrowings:</b>			
INR Borrowings	8,80-9,75	227.352.736	18.943.030
TL Borrowings	-	2.478.408	2.478.408
			<b>21.421.438</b>

#### Short-term finance lease obligations

USD finance lease obligations		10.822	64.283
INR finance lease obligations		89.336.618	7.443.527
EUR finance lease obligations		11.107.981	73.874.736
TL finance lease obligations		8.503.315	8.503.315
HUF finance lease obligations		202.456.213	4.073.419
<b>Total short-term finance lease obligations (*)</b>			<b>93.959.280</b>

(\*) TL 93.894.997 of the short term lease payables consists of the discounted lease amounts in accordance with TFRS 16 effective as of January 1, 2019.

#### Short-term portion of long-term borrowings:

			December 31, 2019
	Effective interest rate (%)	Original balance	TL
<b>Short-term portion of long-term borrowings:</b>			
Interest expense accrual – EUR	-	604.175	4.018.126
Interest expense accrual – INR	-	5.456.673	454.650
INR borrowings	8,80-9,75	339.723.728	28.305.781
EUR borrowings	2,20-5,25	61.385.730	408.251.933
<b>Short-term portion of total long term borrowings:</b>			<b>441.030.490</b>
<b>Total short term liabilities:</b>			<b>556.411.208</b>

#### Long-term financial liabilities:

			December 31, 2019
	Effective interest rate (%)	Original balance	TL
<b>Long-term borrowings:</b>			
INR Borrowings	8,80-9,75	1.130.285.862	94.175.418
EUR Borrowings	2,20-5,25	36.927.091	245.587.309
			<b>339.762.727</b>
<b>Long-term finance lease obligations:</b>			
Long-term finance lease obligations – INR		271.545.091	22.625.137
Long-term finance lease obligations – EUR		49.205.234	327.244.330
Long-term finance lease obligations – TL		11.488.327	11.488.327
Long-term finance lease obligations – HUF		170.465.457	3.429.765
<b>Total long-term finance lease obligations</b>			<b>364.787.559</b>
<b>Total long-term financial liabilities</b>			<b>704.550.286</b>
<b>Total financial liabilities</b>			<b>1.260.961.494</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

The redemption schedules of financial liabilities of the Group as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Less than 3 months	245.906.622	98.210.046
Between 3-12 months	472.504.078	458.201.162
Between 1-5 years	748.068.226	455.983.261
5 years and more	339.184.354	248.567.025
	<b>1.805.663.280</b>	<b>1.260.961.494</b>

The redemption schedules of long-term borrowings as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Between 1-2 years	312.405.888	162.905.267
Between 2-3 years	129.905.313	90.106.238
Between 3-4 years	20.548.119	61.726.140
4 years and more	42.275.974	25.025.082
	<b>505.135.294</b>	<b>339.762.727</b>

The redemption schedules of financial lease obligations as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Less than 1 year	132.582.488	93.959.280
Between 1-5 years	260.948.734	116.220.534
5 years and more	321.168.552	248.567.025
	<b>714.699.774</b>	<b>458.746.839</b>

The remaining repricing periods for the Group's floating interest rate borrowings as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Less than 3 months	10.502.508	24.992.112
Between 3-12 months	30.308.581	123.035.090
Between 1-5 years	97.412.266	94.175.417
	<b>138.223.355</b>	<b>242.202.619</b>

Movement of financial liabilities for the period between January 1, 2020 and December 31, 2020 is as follows:

	2020	2019
<b>Beginning of the period- January 1</b>	<b>802.214.655</b>	<b>711.524.934</b>
Addition in current year	629.080.104	339.884.116
Principal payments	(597.816.388)	(326.438.040)
Interest payments	(55.505.732)	(32.122.896)
Change in exchange differences	250.162.374	79.083.018
Change in interest accruals	62.828.493	30.283.523
<b>Ending of the period- December 31</b>	<b>1.090.963.506</b>	<b>802.214.655</b>



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

Movement of borrowings from lease obligations for the period between January 1, 2020 and December 31, 2020 are as follows:

	2020	2019
<b>As of January 1</b>	<b>458.746.839</b>	<b>10.289.494</b>
Payables from leasing obligations created under TFRS 16	-	468.722.568
Financial lease liabilities cancelled under TFRS 16	-	(10.073.530)
Additions	136.734.310	
Interest expense	36.552.454	22.553.532
Rental payments	(70.424.046)	(73.943.183)
Change in exchange differences	153.090.217	41.197.958
<b>As of December 31</b>	<b>714.699.774</b>	<b>458.746.839</b>

### NOTE 8 - TRADE RECEIVABLES AND PAYABLES

#### Short-term trade receivables

	December 31, 2020	December 31, 2019
Due from third parties	216.660.285	249.583.427
Less: Provision for doubtful receivables	(53.241.619)	(36.457.770)
<b>Trade receivables from third parties (net)</b>	<b>163.418.666</b>	<b>213.125.657</b>
Due from related parties (Note 31)	5.343.963	3.873.386
<b>Total short-term trade receivables</b>	<b>168.762.629</b>	<b>216.999.043</b>

Movements of provision for doubtful receivables is as follows:

	December 31, 2020	December 31, 2019
Opening balance	36.457.770	12.329.145
Foreign currency translation differences	1.293.422	350.983
Collections and provision reversals	(2.656.075)	(2.032.857)
Additional provisions in current period	18.146.502	25.810.499
<b>Closing balance</b>	<b>53.241.619</b>	<b>36.457.770</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Credit risks exposed by the Group for each financial instrument type as of December 31, 2020 and 2019 are shown below:

December 31, 2020	Trade receivables		Other receivables		Bank deposits (*)
	Related party	Other	Related party	Other	
<b>The maximum of credit risk exposed at the reporting date</b>	<b>5.343.963</b>	<b>163.418.666</b>	<b>110.458.688</b>	<b>132.002.392</b>	<b>598.555.820</b>
- Amount of risk covered by guarantees	-	6.612.533	-	-	-
Net carrying value of financial assets which are not due or not impaired	<b>5.343.963</b>	<b>92.846.199</b>	<b>110.458.688</b>	<b>132.002.392</b>	<b>598.555.820</b>
Net carrying value of financial assets which are overdue but not impaired	-	70.572.469	-	-	-
- Amount of risk covered by guarantees	-	5.548.537	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	53.241.618	-	-	-
- Impairment amount (-)	-	(53.241.618)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(\*) Relevant balance includes restricted bank balances that are classified under financial investments.

December 31, 2019	Trade receivables		Other receivables		Bank deposits (*)
	Related party	Other	Related party	Other	
<b>The maximum of credit risk exposed at the reporting date</b>	<b>3.873.386</b>	<b>213.125.657</b>	<b>108.144.891</b>	<b>113.259.851</b>	<b>266.054.387</b>
- Amount of risk covered by guarantees	-	7.039.100	-	-	-
Net carrying value of financial assets which are not due or not impaired	<b>3.873.386</b>	<b>125.158.474</b>	<b>108.144.891</b>	<b>113.259.851</b>	<b>266.054.387</b>
Net carrying value of financial assets which are overdue but not impaired	-	87.967.180	-	-	-
- Amount of risk covered by guarantees	-	5.878.941	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	36.457.770	-	-	-
- Impairment amount (-)	-	(36.457.770)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(\*) Relevant balance includes restricted bank balances that are classified under financial investments.

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Aging which is prepared considering the overdue days of overdue receivables that are not impaired including receivables from related parties is as follows:

	December 31, 2020	December 31, 2019
Overdue 1 month	35.583.407	40.188.943
Overdue 1-3 months	10.889.376	35.712.718
Overdue 3-12 months	18.459.073	10.703.013
Overdue 1-5 years	5.640.613	1.362.506
	<b>70.572.469</b>	<b>87.697.180</b>

Credit risk covered by guarantees of overdue receivables that are not impaired as of December 31, 2020 is TL 5.548.537 (December 31, 2019: TL 5.878.941).

#### Short term trade payables

	December 31, 2020	December 31, 2019
Trade payables to third parties	101.380.826	98.608.967
Accrued liabilities	17.954.490	14.142.646
<b>Total trade payables to third parties</b>	<b>119.335.316</b>	<b>112.751.613</b>
Due to third parties (Note 31)	8.892.303	21.948.013
<b>Total trade payables</b>	<b>128.227.619</b>	<b>134.699.626</b>

#### NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	December 31, 2020	December 31, 2019
Receivables from tax office	8.578.852	7.306.028
Deposits and guarantees given	4.806.881	36.150.657
Other miscellaneous receivables (*)	59.147.500	33.328.000
<b>Short term other due from related parties</b>	<b>72.533.233</b>	<b>76.784.685</b>
Due from related parties (Note 31)	36.106.731	26.647.884
<b>Total short-term other receivables</b>	<b>108.639.964</b>	<b>103.432.569</b>

(\*) Other miscellaneous receivables consist of short term loan given by Delhi Cargo to GMR Infrastructure Limited in the amount of 590.000.000 Indian Rupee.

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

##### Other long term receivables

	December 31, 2020	December 31, 2019
Deposits and guarantees given (*)	59.469.159	36.475.166
<b>Due from third parties</b>	<b>59.469.159</b>	<b>36.475.166</b>
Due from related parties (Note 31)	74.351.957	81.497.007
<b>Total long-term other receivables</b>	<b>133.821.116</b>	<b>117.972.173</b>

(\*) As of December 31, 2020, deposits and guarantees given predominantly consists of the deposits given by the subsidiaries of the Group, CASI and Celebi Delhi Cargo, to the local authorities and companies amounting to TL 39.109.208 (December 31, 2019: TL 27.144.908) and TL 19.806.821 (December 31, 2019: TL 41.951.946).

##### Other short-term payables

	December 31, 2020	December 31, 2019
Other short-term payables (*)	26.378.518	15.532.722
Deposits and guarantees received	2.703.140	2.868.989
	<b>29.081.658</b>	<b>18.401.711</b>
Due to related parties (Note 31)	57.712.500	-
<b>Total short-term other payables</b>	<b>86.794.158</b>	<b>18.401.711</b>

(\*) As of December 31, 2020, TL 24.811.759 of other short-term payables (December 31, 2019: TL 13.489.143) are the payables of Celebi Delhi Cargo, a subsidiary of the Group, to its shareholder of Delhi International Airport Private Limited'e (DIAL) due to the concession contract signed between the parties.

##### Other long-term payables

	December 31, 2020	December 31, 2019
Deposits and guarantees received	20.323.200	16.806.306
	<b>20.323.200</b>	<b>16.806.306</b>

#### NOTE 10 - INVENTORIES

	December 31, 2020	December 31, 2019
Merchandises	3.958.977	3.200.070
Other inventories (*)	15.586.228	13.324.664
	<b>19.545.205</b>	<b>16.524.734</b>

(\*) Other inventories include fuel oil, baggage sticker, boarding passes, miscellaneous periodicals, clothes and spare parts.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended December 31, 2020 are as follows:

	Opening January 1, 2020	Additions	Disposals	Transfers	Currency Translation Differences	Closing December 31, 2020
<b>Cost</b>						
Plant, machinery and equipment	421.874.528	35.286.619	(3.171.636)	(7.829.827)	38.574.475	484.734.159
Motor vehicles	109.354.697	2.943.079	(5.615.450)	1.515.311	22.788.458	130.986.095
Furniture and fixtures	55.331.330	3.842.715	(318.889)	5.938.262	3.059.877	67.853.295
Leasehold improvements	204.766.495	6.233.215	(1.686)	6.563.317	4.218.917	221.780.258
Construction in progress	6.941.410	1.261.587	-	(6.216.979)	1.406.961	3.392.979
	<b>798.268.460</b>	<b>49.567.215</b>	<b>(9.107.661)</b>	<b>(29.916)</b>	<b>70.048.688</b>	<b>908.746.786</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(222.190.447)	(29.056.942)	2.727.114	10.080.386	(17.094.016)	(255.533.905)
Motor vehicles	(65.138.374)	(6.232.413)	3.819.616	(986.331)	(13.922.023)	(82.459.525)
Furniture and fixtures	(21.577.390)	(6.333.811)	317.533	(5.158.299)	(2.019.536)	(34.771.503)
Leasehold improvements	(32.203.167)	(8.228.836)	1.611	(3.905.840)	(2.478.378)	(46.814.610)
	<b>(341.109.378)</b>	<b>(49.852.002)</b>	<b>6.865.874</b>	<b>29.916</b>	<b>(35.513.953)</b>	<b>(419.579.543)</b>
<b>Net book value</b>	<b>457.159.082</b>					<b>489.167.243</b>

Depreciation expense for the period ended December 31, 2020 in the amount of TL 47.766.427 and TL 2.085.575 are respectively included in cost of sales and operating expenses.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the period ended December 31, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals(*)	Transfers	Currency Translation Differences	Closing December 31, 2019
<b>Cost</b>						
Plant, machinery and equipment	313.225.567	65.493.959	(18.850.786)	48.365.352	13.640.436	421.874.528
Motor vehicles	92.226.743	14.225.003	(4.572.440)	576.658	6.898.733	109.354.697
Furniture and fixtures	29.989.578	7.744.712	(9.868.147)	26.848.206	616.981	55.331.330
Leasehold improvements (*)	124.977.420	9.297.800	(83.542.593)	153.141.084	892.784	204.766.495
Construction in progress	156.979.027	78.981.328	-	(230.233.960)	1.215.015	6.941.410
	<b>717.398.335</b>	<b>175.742.802</b>	<b>(116.833.966)</b>	<b>(1.302.660)</b>	<b>23.263.949</b>	<b>798.268.460</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(209.073.132)	(21.096.021)	14.784.400	(6.423)	(6.799.271)	(222.190.447)
Motor vehicles	(59.784.991)	(5.127.916)	4.104.479	80.617	(4.410.563)	(65.138.374)
Furniture and fixtures	(24.497.064)	(5.942.000)	9.272.060	(1.399)	(408.987)	(21.577.390)
Leasehold improvements (*)	(102.237.970)	(12.794.613)	83.374.799	-	(545.383)	(32.203.167)
	<b>(395.593.157)</b>	<b>(44.960.550)</b>	<b>111.535.738</b>	<b>72.795</b>	<b>(12.164.204)</b>	<b>(341.109.378)</b>
<b>Net book value</b>	<b>321.805.178</b>					<b>457.159.082</b>

(\*) When Istanbul Airport started to operate, Commercial flights from Istanbul Atatürk Airport were terminated in March 2019. Due to the fact that the ground handling services that the Group will provide to commercial passenger aircraft at Atatürk Airport end in the first quarter of 2019, the Group has cancelled all leasehold improvements at the relevant station and all machinery, equipment and fixtures that can not be moved to Istanbul Airport in its consolidated financial statements. With the launching of Istanbul Airport, company's head office address moved Tayakadın Mah. Nuri Demirag Cad. No:39, Arnavutköy. In the consolidated financial statements, the Group has also cancelled machinery, equipment and fixtures that could not be moved from its previous headquarters to its new headquarters. Net book value of cancelled assets is TL 671.396.

Depreciation expense for the period ended December 31, 2019 in the amount of TL 43.254.446 and TL 1.706.104 are respectively included in cost of sales and operating expenses.

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 12 - RIGHT OF USE ASSETS

Movements in right of use assets for the period ended December 31, 2020 are as follows:

	Opening January 1, 2020		Foreign currency translation differences	Closing December 31, 2020
<b>Cost</b>				
Building and land	435.309.266	136.069.788	33.710.563	605.089.617
Plant, machinery and equipment	45.760.572	-	1.147.908	46.908.480
Vehicles	7.905.523	664.522	831.902	9.401.947
	<b>488.975.361</b>	<b>136.734.310</b>	<b>35.690.373</b>	<b>661.400.044</b>
<b>Accumulated depreciation</b>				
Building and land	(35.982.511)	(53.327.304)	(9.928.010)	(99.237.825)
Plant, machinery and equipment	(21.490.992)	(21.712.485)	(544.423)	(43.747.900)
Vehicles	(3.445.845)	(4.001.395)	(301.757)	(7.748.997)
	<b>(60.919.348)</b>	<b>(79.041.184)</b>	<b>(10.774.190)</b>	<b>(150.734.722)</b>
<b>Net book value</b>	<b>428.056.013</b>			<b>510.665.322</b>

Depreciation expense for the period ended December 31, 2020 in the amount of TL 79.041.184 is included in cost of sales.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 12 - RIGHT OF USE ASSETS (Continued)

Movements in right of use assets for the period ended December 31, 2019 are as follows:

	Opening January 1, 2019		Transfers	Foreign currency translation differences	Closing December 31, 2019
<b>Cost</b>					
Building and land	415.515.178	-	13.860.864	5.933.224	435.309.266
Plant, machinery and equipment	45.464.306	-	-	296.266	45.760.572
Vehicles	7.743.084	-	-	162.439	7.905.523
	<b>468.722.568</b>	<b>-</b>	<b>13.860.864</b>	<b>6.391.929</b>	<b>488.975.361</b>
<b>Accumulated depreciation</b>					
Building and land	-	(35.147.877)	-	(834.634)	(35.982.511)
Plant, machinery and equipment	-	(21.441.849)	-	(49.143)	(21.490.992)
Vehicles	-	(3.421.909)	-	(23.936)	(3.445.845)
		<b>(60.011.635)</b>	<b>-</b>	<b>(907.713)</b>	<b>(60.919.348)</b>
<b>Net book value</b>	<b>468.722.568</b>				<b>428.056.013</b>

Depreciation expense for the period ended December 31, 2019 in the amount of TL 60.011.635 is included in cost of sales.



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 13 - INTANGIBLE ASSETS

#### Other Intangible Assets

Movements in other intangible assets for the period ended December 31, 2020 are as follows:

	Opening January 1, 2020	Additions	Disposals	Transfers	Currency Translation Differences	Closing December 31, 2020
<b>Cost</b>						
Rights	10.445.953	1.200	(56.920)	-	-	10.390.233
Software	31.148.869	1.278.012	(1.534.885)	-	4.020.723	34.912.719
Concession rights (**)	191.789.236	3.224.441	-	-	39.162.714	234.176.391
Build-operate-transfer investments (*)	160.438.380	18.797.148	-	(24.958.152)	32.210.651	186.488.027
	<b>393.822.438</b>	<b>23.300.801</b>	<b>(1.591.805)</b>	<b>(24.958.152)</b>	<b>75.394.088</b>	<b>465.967.370</b>
<b>Accumulated depreciation</b>						
Rights	(4.883.496)	(584.201)	56.920	-	-	(5.410.777)
Software	(19.200.403)	(3.148.456)	535.738	-	(2.535.971)	(24.349.092)
Concession rights (**)	(76.938.820)	(12.605.232)	-	-	(16.385.976)	(105.930.028)
Build-operate-transfer investments (*)	(68.300.220)	(9.195.500)	-	24.958.152	(12.915.348)	(65.452.916)
	<b>(169.322.939)</b>	<b>(25.533.389)</b>	<b>592.658</b>	<b>24.958.152</b>	<b>(31.837.295)</b>	<b>(201.142.813)</b>
<b>Net book value</b>	<b>224.499.499</b>					<b>264.824.557</b>

(\*) The difference amounting to TL 107.745.468 between the discounted value of the deposit payment made amounting to INR 1.862.466.504 which is discounted with a discount rate of 11,46%, within the scope of the concession agreement signed for the development, modernization and the operation for 25 years of the existing cargo terminal of the New Delhi Airport, India is recognised as build-operate-transfer investment and will be amortised during the concession period of 25 years. In addition, the difference amounting to TL 13.289.643 between the discounted value of the deposit payment made amounting to INR 332.220.000 which is discounted with a discount rate of 6,25% - 10,82%, within the scope of the concession agreement signed for rendering ground handling services for 10 years in New Delhi Airport, India and 5+2 years in Cochin and Kannur Airport and 10 years in Bangalore Airport is recognised as build-operate-transfer investment and will be amortised during the concession period of 10 years.

(\*\*) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12.

Amortization expense for the period ended December 31, 2020 in the amount of TL 2.462.422 and TL 23.070.967 are included in operating expenses and cost of sales respectively.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 13 - INTANGIBLE ASSETS (Continued)

#### Other Intangible Assets (Continued)

Movements in other intangible assets for the period ended December 31, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals	Transfers	Currency Translation Differences	Closing December 31, 2019
<b>Cost</b>						
Rights	10.150.600	2.165	(58.708)	351.896	-	10.445.953
Software	22.471.782	7.516.291	(435.483)	950.764	645.515	31.148.869
Concession rights (**)	181.239.638	2.928.863	(11.396.840)	-	19.017.575	191.789.236
Build-operate-transfer investments (*)	140.626.194	4.687.426	-	-	15.124.760	160.438.380
	<b>354.488.214</b>	<b>15.134.745</b>	<b>(11.891.031)</b>	<b>1.302.660</b>	<b>34.787.850</b>	<b>393.822.438</b>
<b>Accumulated depreciation</b>						
Rights	(4.273.249)	(596.160)	58.708	(72.795)	-	(4.883.496)
Software	(16.653.564)	(2.642.829)	406.973	-	(310.983)	(19.200.403)
Concession rights (**)	(60.736.114)	(10.643.393)	1.227.155	-	(6.786.468)	(76.938.820)
Build-operate-transfer investments (*)	(53.716.625)	(8.583.901)	-	-	(5.999.694)	(68.300.220)
	<b>(135.379.552)</b>	<b>(22.466.283)</b>	<b>1.692.836</b>	<b>(72.795)</b>	<b>(13.097.145)</b>	<b>(169.322.939)</b>
<b>Net book value</b>	<b>219.108.662</b>					<b>224.499.499</b>

(\*) The difference amounting to TL 89.574.553 between the discounted value of the deposit payment made amounting to INR 1.762.120.403 which is discounted with a discount rate of 11,46%, within the scope of the concession agreement signed for the development, modernization and the operation for 25 years of the existing cargo terminal of the New Delhi Airport, India is recognised as build-operate-transfer investment and will be amortised during the concession period of 25 years. In addition, the difference amounting to TL 2.563.607 between the discounted value of the deposit payment made amounting to INR 532.220.000 which is discounted with a discount rate of 6,25% - 10,82%, within the scope of the concession agreement signed for rendering ground handling services for 10 years in New Delhi Airport, India and 5+2 years in Cochin and Kannur Airport and 10 years in Bangalore Airport is recognised as build-operate-transfer investment and will be amortised during the concession period of 10 years.

(\*\*) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12.

Amortization expense for the period ended December 31, 2019 in the amount of TL 2.571.307 and TL 19.894.976 are included in operating expenses and cost of sales respectively.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 13 – INTANGIBLE ASSETS (Continued)

#### Goodwill

Goodwill at December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Goodwill due to acquisition of CGHH	57.756.911	47.009.266
Goodwill due to acquisition of KSU (*)	15.538.750	13.923.000
	<b>73.295.661</b>	<b>60.932.266</b>

(\*) The Company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees is made by the Company on May 20, 2019 and the Company has control power on KSU. As a result of the provisional purchase price allocation, TL 13.923.000 is recorded as goodwill in the consolidated financial statements.

Goodwill at December 31, 2020 is as follows:

	December 31, 2020	December 31, 2019
As of January 1	60.932.266	43.925.159
Goodwill due to acquisition of KSU	-	13.923.000
Foreign currency translation differences	12.363.395	3.084.107
<b>Goodwill</b>	<b>73.295.661</b>	<b>60.932.266</b>

#### Goodwill Impairment Test

The Group tests goodwill at least once a year for the risk of impairment. A valuation report prepared by an independent valuation firm is based on for ordinary goodwill impairment test.

	<b>December 31, 2020</b>
<b>Ground handling services - Hungary</b>	57.756.911

The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. These calculations are based on cash flow estimates covering the 5-year period, which have been approved by management and better reflect management's expectations and forecasts for the future development of the business. Growth rate used in the cash flows corresponding to be realized after 7 years ensured to be 1,7%. The fair value of Euro amount is calculated in terms of Hungarian Forint which converted with the exchange rates at the balance sheet date. Therefore, the said fair value model is affected by the fluctuations in the foreign exchange market.

Other important assumptions in the fair value calculation model are as follows;

<b>Discount Rate</b>	<b>%11,6</b>
----------------------	--------------

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the Company and the market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

	<b>December 31, 2020</b>
<b>Ground handling services - KSU</b>	15.538.750

As a result of the initial temporary purchase accounting, TL 13.923.000 is recorded as goodwill in the consolidated financial statements as of December 31, 2019.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

#### a) Short term provisions

##### Other short-term provisions

	December 31, 2020	December 31, 2019
Provision for litigation and indemnity	8.094.479	6.782.526
	<b>8.094.479</b>	<b>6.782.526</b>

Movements of other short term provisions for the periods ended December 31, 2020 is as follows:

	2020	2019
<b>January 1, 2020</b>	<b>6.782.526</b>	<b>5.942.066</b>
Addition during the year	1.944.654	2.594.771
Payments during the year	(632.701)	(394.799)
Currency translation differences	-	127.853
Provision reversal	-	(1.487.365)
<b>December 31, 2020</b>	<b>8.094.479</b>	<b>6.782.526</b>

##### Short-term provision for employee benefits

	December 31, 2020	December 31, 2019
Provision for employee termination benefits (*)	14.124.394	9.056.853
Provision for unused vacation rights	11.490.497	7.939.669
	<b>25.614.891</b>	<b>16.996.522</b>

(\*) Consists of employee termination benefits of the outsourced employees of CASI, Celebi Delhi Cargo and Çelebi Cargo, the subsidiaries of the Group.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### b) Long-term provisions

##### Long-term provision for employee benefits

	December 31, 2020	December 31, 2019
Provision for employee termination benefits	34.788.905	28.354.292
	<b>34.788.905</b>	<b>28.354.292</b>

Provision for employment termination benefits is recorded based on the explanations below. The Group does not have any other defined benefit plans except for the legally mandatory one explained below.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies.

Since the legislation was changed on May 23, 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable as at December 31, 2020 consists of one month's salary limited to a maximum of TL 7.117,17 (December 31, 2019: TL 6.379,86) for each year of service.

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

In accordance with local regulations in India, the Group is required to make employee termination benefit payments to each employee in its subsidiaries, joint ventures and associate, who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies.

TAS/IFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. 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.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 7.638,96 which is effective from January 1, 2021 (January 1, 2020: TL 6.730,15) has been taken into consideration in the calculations.

	2020	2019
<b>As of January 1</b>	<b>37.411.145</b>	<b>33.429.403</b>
Payments of provisions during the year	(9.162.957)	(18.569.486)
Service cost of employee termination benefits	9.985.645	18.081.261
Interest cost of employee termination benefits	2.874.756	3.199.608
Actuarial (gain)/loss	3.921.804	(148.054)
Currency translation differences	3.882.906	1.418.413
<b>As of period end</b>	<b>48.913.299</b>	<b>37.411.145</b>

Movements in the provision for unused vacation rights for the period between January 1, 2020 and December 31, 2020 are as follows:

	2020	2019
<b>January 1</b>	<b>7.939.669</b>	<b>6.512.563</b>
Payments of provisions during the year	(555.867)	(1.065.472)
Increase in unused vacation rights during the year	8.196.919	9.237.117
Usage of vacation rights during the year	(5.062.658)	(6.952.913)
Currency translation differences	972.434	208.374
<b>As of period end</b>	<b>11.490.497</b>	<b>7.939.669</b>

#### b) Contingent assets and liabilities

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

##### Guarantees received:

	December 31, 2020	December 31, 2019
Guarantee letters	25.192.373	20.894.918
Guarantee cheques	2.058.131	1.554.302
Guarantee notes	5.151.487	1.660.231
	<b>32.401.991</b>	<b>24.109.451</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### Guarantees given:

	December 31, 2020	December 31, 2019
Guarantee letters	186.916.431	228.155.587
Collaterals (*)	252.078.770	194.493.126
Pledged shares (*)	43.146.798	35.860.261
	<b>482.141.999</b>	<b>458.508.974</b>

(\*) TL 295.225.568 of the collaterals given and pledged shares are given to the banks for the loans borrowed by the subsidiaries and joint venture of the Group (December 31, 2019: TL 230.353.387) (Note 31).

The litigations and claims those generate contingent assets and liabilities to the Group are as below:

As of December 31, 2020, the Group has contingent liabilities amounting to TL 19.496.585 (December 31, 2019: TL 25.733.093) due to the legal cases and enforcement proceedings in progress against the Group.

The details of collaterals, pledges, guarantees and mortgages ("CPGM") of the Company at December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Amount	TL Equivalent	Amount	TL Equivalent
<b>CPGM given by the Group</b>				
<b>A. CPGM given on behalf of the Group's legal personality</b>		<b>183.455.356</b>		<b>221.667.725</b>
TL	16.421.479	16.421.479	20.764.450	20.764.450
EUR	7.729.339	69.625.113	8.196.902	54.514.316
USD	2.210.500	16.226.175	2.210.500	13.130.812
INR	686.337.003	68.805.285	1.478.482.252	123.187.140
HUF	500.700.000	12.377.304	500.547.000	10.071.006
<b>B. CPGM given on behalf of fully consolidated subsidiaries</b>		<b>298.686.643</b>		<b>236.841.250</b>
EUR	2.050.000	18.466.195	50.000	332.530
USD	471.504	3.461.075	1.092.196	6.487.863
INR	2.760.692.000	276.759.373	2.760.692.000	230.020.857
<b>C. CPGM given for continuation of its economic activities on behalf of third parties</b>	-	-	-	-
<b>D. Total amount of other CPGM</b>	-	-	-	-
i. Total amount of CPGM given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPGM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPGM given on behalf of third Parties which are not in scope of C	-	-	-	-
		<b>482.141.999</b>		<b>458.508.974</b>

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 15 - OTHER ASSETS AND LIABILITIES

##### Other current assets

	December 31, 2020	December 31, 2019
VAT and service tax receivables	16.651.042	15.995.317
Advances given to personnel	436.092	393.864
	<b>17.087.134</b>	<b>16.389.181</b>

##### Other non current assets

	December 31, 2020	December 31, 2019
Prepaid taxes and funds (*)	24.056.616	21.869.317
Other	3.242	4.995
	<b>24.059.858</b>	<b>21.874.312</b>

(\*) As of December 31, 2020, prepaid taxes and funds which can be offset more than 1 year, belong to CASI and Celebi Delhi Cargo with an amount of TL 17.054.116 (December 31, 2019: TL 12.913.213) and TL 6.983.791 respectively (December 31, 2019: TL 8.956.104).

##### Other current liabilities

	December 31, 2020	December 31, 2019
Taxes and funds payable	9.439.921	7.500.525
Maintenance obligation liability	1.011.669	840.821
Other	248.755	519.234
	<b>10.700.345</b>	<b>8.860.670</b>

##### Other non current liabilities

	December 31, 2020	December 31, 2019
Maintenance obligation liability	75.418.498	55.204.459
Provision for operational leasing equalization	16.665	-
	<b>75.435.163</b>	<b>55.204.459</b>



## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 16 - PREPAID EXPENSES

##### Short-term prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid expenses	19.924.652	15.603.148
Advances given	7.797.861	13.899.063
	<b>27.722.513</b>	<b>29.502.211</b>

##### Long-term prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid expenses	4.549.111	7.485.435
Advances given for fixed assets	3.161.045	12.552.800
	<b>7.710.156</b>	<b>20.038.235</b>

#### NOTE 17 - DEFERRED INCOME

##### Short-term deferred income

	December 31, 2020	December 31, 2019
Other advances received	23.058.109	15.995.712
Deferred income	1.043.785	1.036.334
	<b>24.101.894</b>	<b>17.032.046</b>

##### Long-term deferred income

	December 31, 2020	December 31, 2019
Deferred income	2.000.589	-
	<b>2.000.589</b>	<b>-</b>

#### NOTE 18 - LIABILITIES FOR EMPLOYEE BENEFITS

	December 31, 2020	December 31, 2019
Wages and salaries payable	18.514.214	28.708.503
Bonus payable accruals	12.597.401	19.749.811
Social security withholdings payable	4.692.799	5.528.193
	<b>35.804.414</b>	<b>53.986.507</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 19 - EQUITY

#### Share Capital

As of December 31, 2020, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Kr (December 31, 2019: 2.430.000.000).

At December 31, 2020 and 2019, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	December 31, 2020		December 31, 2019	
	Amount	Share %	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.848.528	89,91	21.848.528	89,91
Other	2.451.472	10,09	2.451.472	10,09
	<b>24.300.000</b>	<b>100,00</b>	<b>24.300.000</b>	<b>100,00</b>

#### Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the Turkish Commercial Code, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with the communique numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communique") published in Official Gazette dated June 13, 2013 numbered 28676, the "Paid-in capital", "Restricted reserves" and "Share premiums" should be stated at their amounts in the legal records. The differences arising in the valuations during the application of the communiqué (such as differences arising from inflation adjustment):

- If the difference is arising from the valuation of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital";
- If the difference is arising from valuation of "Restricted reserves" and "Share premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings",

Other equity items shall be carried at the amounts calculated based on TAS. Inflation adjustment to share capital have no other use other than being transferred to share capital.

As of December 31, 2020, the amount of restricted reserves is TL 74.387.905 (December 31, 2019: TL 63.387.956).

Listed companies distribute dividend in accordance with the Communique No. II-19.1 issued by the CMB which is effective from February 1, 2015. 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 communique 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 instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 19 - EQUITY (Continued)

Partnerships distribute their profits within the framework of profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Companies pay dividends as specified in their articles of association or profit distribution policies.

The profit distribution of capital companies was adjusted with the temporary article added to the Turkish Commercial Code, the Article 12 of the "Law on Reducing the Effects of the New Coronavirus (Covid-19) Pandemic on Economic and Social Life and Amending Some Laws" dated 17 April 2020 and numbered 7244 until 31 December 2020. The implementation period regarding the regulation has been extended until 31 December 2020 with the Presidential Decree No. 2948. According to this regulation, capital companies may decide to distribute only up to twenty-five percent of the net profit for 2019, prior years' profits and free reserves cannot be distributed, and the board of directors cannot be authorized to distribute dividends in advance.

Capital inflation adjustment differences and carrying values of extraordinary reserves can be used for free capital increase, cash dividend distribution or loss deduction. However, capital inflation adjustment differences will be subject to corporate tax if used in cash profit distribution.

In accordance with the Turkish Commercial Code, 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.

### NOTE 20 - REVENUE AND COST OF SALES

	January 1- December 31, 2020	January 1- December 31, 2019
Ground handling services	653.386.481	1.188.085.801
Revenue from cargo and warehouse services	879.802.681	677.583.700
Rental revenue		
not related to aviation	84.814.041	62.930.804
Revenue in the context of TFRIC 12	3.224.441	2.928.863
Less: Returns and discounts	(79.726.543)	(53.643.550)
<b>Revenue- net</b>	<b>1.541.501.101</b>	<b>1.877.885.618</b>
<b>Cost of sales</b>	<b>(1.151.639.694)</b>	<b>(1.334.612.924)</b>
<b>Gross profit</b>	<b>389.861.407</b>	<b>543.272.694</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 21 - EXPENSES BY NATURE

	January 1- December 31, 2020	January 1- December 31, 2019
Personnel expenses	(536.566.502)	(687.886.340)
Royalty expenses	(232.913.425)	(197.250.777)
Depreciation and amortization expense	(154.426.575)	(127.438.468)
Consultancy expenses (****)	(100.003.862)	(116.265.843)
Technical maintenance of equipment, fuel and security expenses	(103.570.862)	(108.111.983)
Payments to authorities and terminal managements (*)	(83.662.713)	(150.013.177)
Expenses within the scope of TFRIC 12 (**)	(12.726.543)	(11.106.449)
Insurance expense	(12.945.877)	(8.003.112)
Travel and transportation expense	(4.930.163)	(10.192.869)
Cost of sales (***)	(2.916.343)	(2.613.737)
Other expenses	(110.708.652)	(145.286.793)
	<b>(1.355.371.517)</b>	<b>(1.564.169.548)</b>

- (\*) Payments to authorities and terminal managements are composed of royalty, rental facilities and check-in desks within the airport area, working licenses and similar expenses, office rental expenses and other miscellaneous expenses related to utilization of office area.
- (\*\*) Aforementioned expenses are composed of construction costs calculated in accordance with TFRIC 12 and provisions for other liabilities within the scope of concession agreement.
- (\*\*\*) Aforementioned expenses are composed of sales and utilization cost of de-icing and spare part inventories.
- (\*\*\*\*) TL 76.359.579 of the consultancy expenses are comprised of share of holding company expenses (January 1, 2019 – December 31, 2019: TL 82.866.115) .

### NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES

	January 1- December 31, 2020	January 1- December 31, 2019
Consultancy expenses	(99.083.009)	(115.908.139)
Personnel expenses	(63.360.783)	(71.199.066)
Technical maintenance of equipment, fuel and security expenses	(15.341.816)	(15.235.813)
Travel and transportation expense	(3.852.261)	(7.700.100)
Depreciation and amortization expense	(4.547.997)	(4.277.411)
Payments to authorities and terminal managements(*)	(5.398.712)	(3.936.124)
Insurance expense	(3.765.623)	(1.898.867)
Other expenses	(8.381.622)	(9.401.104)
	<b>(203.731.823)</b>	<b>(229.556.624)</b>

- (\*) Payments to authorities and terminal managements are composed of office rental expenses and other miscellaneous expenses related to utilization of office area.

### NOTE 23 - OTHER OPERATING INCOME

	January 1- December 31, 2020	January 1- December 31, 2019
Foreign exchange gains from operating activities	352.468.778	66.236.892
Delay interest charge from operating activities	4.956.186	4.372.015
Provision reversal income	2.998.903	3.945.136
Income from insurance claims	764.146	123.896
Other incomes	11.838.799	12.508.739
	<b>373.026.812</b>	<b>87.186.678</b>

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 24 - OTHER OPERATING EXPENSE

	January 1- December 31, 2020	January 1- December 31, 2019
Foreign exchange losses from operating activities	(304.654.324)	(58.442.271)
Provision for doubtful receivable	(18.146.502)	(25.810.499)
Donation expenses	(2.176.265)	(3.321.322)
Litigation and indemnity provision expenses	(1.851.841)	(2.596.510)
Damage and indemnity expenses	(340.446)	(123.408)
Other expenses	(26.251.475)	(15.185.660)
	<b>(353.420.853)</b>	<b>(105.479.670)</b>

#### NOTE 25 - INCOME FROM INVESTMENT ACTIVITIES

	January 1- December 31, 2020	January 1- December 31, 2019
Profit from the sale of fixed assets	11.666.817	4.410.868
	<b>11.666.817</b>	<b>4.410.868</b>

#### NOTE 26 - EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- December 31, 2020	January 1- December 31, 2019
Loss from the sale of fixed assets	(1.453.891)	(1.046.381)
Other expenses	-	(221.980)
	<b>(1.453.891)</b>	<b>(1.268.361)</b>

#### NOTE 27 - FINANCIAL INCOME

	January 1- December 31, 2020	January 1- December 31, 2019
Foreign exchange gains	79.904.342	27.859.181
Interest income	23.934.579	17.684.568
Other financial income	6.078.614	9.398.694
	<b>109.917.535</b>	<b>54.942.443</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 28 - FINANCIAL EXPENSES

	January 1- December 31, 2020	January 1- December 31, 2019
Foreign exchange losses	(221.143.230)	(61.523.619)
Financial expenses incurred within the scope of TFRS 16 (*)	(162.994.239)	(58.177.466)
Interest expenses	(67.301.269)	(36.268.541)
Financial expenses incurred within the scope of TFRIC 12	(2.457.451)	(5.945.492)
Other financial expenses	(8.106.368)	(1.465.520)
	<b>(462.002.557)</b>	<b>(163.380.638)</b>

(\*) It consists of expenses that are not realized within the scope of TFRS 16 and do not generate cash outflows.

### NOTE 29 - TAX ASSETS AND LIABILITIES

	December 31, 2020	December 31, 2019
Current period corporate tax provision	28.760.852	7.569.141
Less: prepaid corporate taxes	(2.777.130)	(6.456.151)
<b>Current income tax liability - net (*)</b>	<b>25.983.722</b>	<b>1.112.990</b>
Deferred tax assets	156.752.202	102.587.821
Deferred tax liabilities	(29.562.138)	(21.497.424)
<b>Deferred tax assets - net</b>	<b>127.190.064</b>	<b>81.090.397</b>

(\*) Current income tax assets and current income tax liabilities from the different subsidiaries of the Group have been separately presented in the consolidated statement of financial position.

#### Income tax

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

In Turkey, the corporate tax rate is 22% (December 31, 2019: 22%). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation.

The corporate tax rate in force in Hungary is 9% effective as of January 1, 2018.

In India, the corporate tax rate is 25,17% and 34,6% from April 1, 2020 and companies can choose to apply either rate (2019: 29,12% and 34,94%).

In Germany, the corporate tax rate is 31,925% for fiscal year 2020 (2019: 31,925%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

For the periods ended on December 31, 2020 and 2019, tax expenses of the Group are as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
- Current period corporate tax	(49.742.669)	(55.074.586)
- Deferred tax income /( expense)	32.873.895	35.616.893
	<b>(16.868.774)</b>	<b>(19.457.693)</b>

Reconciliation of tax expenses presented in consolidated statements of income for the periods ended at December 31, 2020 and 2019 are as follows:

	2020	2019
<b>Profit before tax in the financial statements</b>	<b>(133.077.282)</b>	<b>216.512.750</b>
Expected tax expense according to parent company tax rate (20%)	29.277.001	(47.632.805)
Differences in tax rates of subsidiaries	(16.260.997)	(13.843.746)
<b>Expected tax expense of the Group</b>	<b>13.016.004</b>	<b>(61.476.551)</b>
Non-deductible expenses	(3.782.563)	(3.670.537)
Reductions	4.095.778	9.883.693
Retained earnings offset	-	4.924.560
Other tax payables liabilities (*)	-	(5.091.905)
Tax incentive effect (**)	-	8.636.453
Investments accounted using the equity method effect	936.562	7.025.257
Deferred tax income calculated over unused previous years' losses	8.191.198	16.094.789
Temporary tax effect not calculated on legal loss	(34.674.858)	-
Other	(4.650.895)	4.126.548
<b>Current period tax expense of the Group</b>	<b>(16.868.774)</b>	<b>(19.457.693)</b>

(\*) Consists of innovation and other local taxes calculated over the period profit which companies are obliged to pay in accordance with the tax system in Hungary.

(\*\*) The Company was entitled to receive a corporate income tax incentive from the Ministry of Economy for its investments in Istanbul Airport. At present, TL 217.352.779 of the total investment amounting to TL 54.338.195 has been granted and TRY 21.476.946 of this amount has been deducted from the temporary tax amount calculated.

### Deferred Taxes

The Group calculates deferred tax assets and liabilities on temporary differences on statement of financial position items arising from different evaluation of financial statements prepared in accordance with CMB and statutory accounting standards. In general, such temporary differences are resulted from accounting of income and expenses in different reporting periods in accordance with Tax laws and CMB accounting standards. Rates for deferred tax assets and liabilities calculated by liability method over temporary differences to be realized in future periods are 20%, 9%, 31,925% and 25,17% - 34,61% for Turkey, Hungary, Germany and India respectively.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

#### Deferred Taxes (continued)

The details of cumulative temporary differences and the related deferred tax assets and liabilities calculated with currently enacted tax rates as at December 31, 2020 and 2019 are as follows:

	Deferred tax base		Deferred tax assets / (liabilities)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Deferred tax assets</b>				
Personnel bonus accrual	(859.180)	(8.820.516)	171.836	2.139.716
Accrued sales commissions	(14.714.401)	(16.284.769)	2.942.880	3.582.649
Provision for employment termination benefits	(29.441.003)	(27.383.829)	5.941.291	5.837.091
Provision for unused vacation rights	(6.723.227)	(5.488.641)	1.344.645	1.289.051
Provision for litigation and indemnity	(6.521.835)	(5.620.527)	1.304.367	1.236.516
Adjustments related to property plant and equipment and intangible assets	(132.026.613)	(90.167.381)	33.403.749	23.023.203
Investment incentives	(164.306.245)	(149.369.314)	32.861.248	32.861.249
Deferred tax income calculated over unused previous years' losses	(99.726.146)	(52.982.680)	31.914.441	16.861.738
Adjustments related with TFRS 16	(187.135.577)	(40.602.474)	35.921.620	8.120.495
Other	(52.441.122)	(36.158.100)	10.946.125	7.636.113
			156.752.202	104.594.580
<b>Deferred tax assets</b>			<b>156.752.202</b>	<b>102.587.821</b>
<b>Deferred tax liabilities</b>				
Adjustments related to property plant and equipment and intangible assets	159.257.675	110.734.573	(28.695.272)	(20.779.724)
Other	4.334.340	3.437.029	(866.866)	(717.700)
			(29.562.138)	(21.497.424)
<b>Deferred tax liabilities</b>			<b>(29.562.138)</b>	<b>(21.497.424)</b>
<b>Deferred tax assets, net</b>			<b>127.190.064</b>	<b>81.090.397</b>

The table of deferred tax movement is as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
<b>January 1, 2019</b>	<b>81.090.397</b>	<b>92.662.869</b>
Foreign currency translation differences	12.218.854	6.821.462
Deferred tax income for the current year	32.873.895	35.616.893
Recognized in other comprehensive income	1.006.918	(38.255)
Cancellation of Provision for operational leasing equalization	-	(53.972.572)
<b>Ending of the year</b>	<b>127.190.064</b>	<b>81.090.397</b>



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 30 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year.

Companies can increase their capital by distributing shares ("Bonus Shares") to existing shareholders from retained earnings in proportion of their shares. When earnings per share are calculated, these bonus shares are considered as issued shares. Therefore, weighted average of shares used in earnings per share calculation are obtained by retrospective application of the issuance of the shares as free of charge.

Earnings per share are determined by dividing net profit attributable to shareholders by the weighted average number of issued ordinary shares as below:

	January 1- December 31, 2020	January 1- December 31, 2019
Net profit / (loss) attributable to the parent company	(169.179.611)	192.355.079
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000
Earnings per share (Kr)	(0,070)	0,079

### NOTE 31 - RELATED PARTY DISCLOSURES

Details of amounts due from and due to related parties as of reporting periods and a summary of transactions with related parties during the period are as follows:

#### i) Balances with related parties

##### Short term receivables from related parties

	December 31, 2020	December 31, 2019
Celebi NAS <sup>(4)</sup>	2.116.861	1.419.418
Celebi Ground Services Austria <sup>(2)</sup>	1.652.895	1.337.241
Çelebi Havacılık Holding <sup>(1)</sup>	4.480	876.980
Other	1.569.727	239.747
	<b>5.343.963</b>	<b>3.873.386</b>

##### Other receivables from related parties

	December 31, 2020	December 31, 2019
Çelebi Havacılık Holding <sup>(1)(*)</sup>	110.458.688	108.144.891
	<b>110.458.688</b>	<b>108.144.891</b>

(\*) The relevant amount consists of intragroup loan receivables of EUR 20.000.000 with maturity June 30, 2023 and interest rate of 3,95%, which ÇGHH has extended to ÇHH.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

#### i) Balances with related parties (Continued)

##### Payables to related parties

	December 31, 2020	December 31, 2019
Çelebi Havacılık Holding <sup>(1) (**)</sup>	5.452.917	3.678.836
DASPL <sup>(5)</sup>	2.577.045	1.582.792
Çelebi Nas <sup>(4)</sup>	182.065	8.920.569
CGSA <sup>(5)</sup>	-	5.865.231
Other	680.276	1.900.585
	<b>8.892.303</b>	<b>21.948.013</b>

##### Other payables to related parties

	31 Aralık 2020	31 Aralık 2019
Çelebi Havacılık Holding <sup>(1) (**)</sup>	51.890.232	-
Other <sup>(5) (**)</sup>	5.822.268	-
	<b>57.712.500</b>	<b>-</b>

(\*) As of December 31, 2020, the relevant amount is the Group's legal, financial affairs, human resources, management, corporate communication, purchasing, information processing and business development services received from ÇHH and business development services and projects and cost reflections carried out by ÇHH on behalf of the company and its account.

(\*\*) The relevant amount consists of debts to the shareholders based on the Company's decision to distribute dividends for 2019. It has been decided to pay the dividend in two installments as TL 47.992.500 on August 31, 2020 and TL 57.712.500 on January 4, 2021.

#### ii) Significant transactions with related parties

	January 1- December 31, 2020	January 1- December 31, 2019
<b>Miscellaneous sales to related parties</b>		
Çelebi Havacılık Holding (1)	5.599.347	5.685.552
DASPL (3)	988.484	460.449
Celebi Ground Handling Services Austria (2)	-	1.829.823
Other	190.479	2.529.231
	<b>6.778.310</b>	<b>10.505.055</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

#### ii) Significant transactions with related parties (Continued)

	January 1- December 31, 2020	January 1- December 31, 2019
<b>Employee and customer transportation expenses paid to related parties</b>		
Çe-Tur Çelebi Turizm Tic. A.Ş. <sup>(4)</sup>	10.243.574	20.228.771
Kamil Koç <sup>(6)</sup>	-	7.482.737
	<b>10.243.574</b>	<b>27.711.508</b>

#### **Contribution to holding expenses (\*)**

Çelebi Havacılık Holding <sup>(1)</sup>	76.359.579	82.866.115
---	------------	------------

(\*) Contribution paid to Çelebi Havacılık Holding includes services received from Çelebi Havacılık Holding to Çelebi Hava such as legal, financial, human resource, management, business development, corporate communication, procurement, IT consultancy.

	January 1- December 31, 2020	January 1- December 31, 2019
<b>Other purchases from related parties</b>		
Çelebi Havacılık Holding <sup>(1)</sup> (*)	5.943.216	8.375.866
DASPL <sup>(3)</sup> (**)	12.361.015	11.715.439
Celebi Nas <sup>(3)</sup> (***)	1.902.352	6.666.064
Other	1.732.108	4.059.162
	<b>21.938.691</b>	<b>30.816.531</b>

(1) Parent company

(2) Subsidiary of the Group

(3) Joint venture of the Group

(4) Other related party

(5) Associate of the Group

(6) Other related party

(\*) The purchases made from Çelebi Havacılık Holding consist of expenses directly reflected the Company regarding business development projects and tenders conducted by Çelebi Aviation Holding on behalf and account of the Company.

(\*\*) Purchases from DASPL that are related to services provided for the aeration, generator and utility water installed in passenger bridges.

(\*\*\*) Purchases from Celebi Nas that are related to expenses reflected of equipment rent and staff fees.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

As of December 31, 2020 and 2019, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

<b>December 31, 2020</b>	<b>EUR</b>	<b>INR</b>	<b>Total TL</b>
Celebi Nas (1)	-	94.392.000	9.462.798
Celebi Delhi Cargo (2)	-	336.000.000	33.684.000
CASI (3)	-	2.330.300.000	233.612.575
Celebi Cargo GmbH (4)	2.050.000	-	18.466.195
	<b>2.050.000</b>	<b>2.760.692.000</b>	<b>295.225.568</b>
<b>December 31, 2019</b>	<b>EUR</b>	<b>INR</b>	<b>Total TL</b>
Celebi Nas (1)	-	94.392.000	7.864.741
Celebi Delhi Cargo (2)	-	336.000.000	27.995.520
CASI (3)	-	2.330.300.000	194.160.596
Celebi Cargo GmbH (4)	50.000	-	332.530
	<b>50.000</b>	<b>2.760.692.000</b>	<b>230.353.387</b>

- (1) Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Nas and a bank resident in India amounting to INR 2.345.000.000 cash and INR 845.000.000 non-cash, 30% of the 57% shares of Celebi Nas owned by the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 31, 2020, the risk of the cash loan in the respective bank is amounting to INR 1.122.189.773.
- (2) Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Delhi Cargo and a bank resident in India amounting to INR 1.200.000.000 cash and INR 100.000.000 non-cash, 30% of the shares of the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 31, 2020, the risk of the cash loan in the respective bank is amounting to INR 660.436.266.
- (3) Celebi Airport Services has a borrowing amounting to INR 1.619.300.000 cash and INR 711.000.000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between The Company and a bank resident in India As of December 31, 2020, the risk of the cash loan in the respective bank is amounting to INR 691.245.740.
- (4) As of December 31, 2020, the cash credit risk amount in the relevant banks is EUR 2.000.000 for financial liabilities arising from cash and non-cash loan agreements amounting to EUR 2.000.000 and EUR 50.000, respectively signed between Celebi Cargo GmbH and banks residing in Germany.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

#### Key management compensation:

The Group has determined key management personnel as members of board of directors, general manager and vice general managers. Key management compensation includes salaries, bonuses, social security contributions and other benefits provided to key management of the Group:

	January 1- December 31, 2020	January 1- December 31, 2019
Short-term key management compensation	20.962.306	23.314.509
	<b>20.962.306</b>	<b>23.314.509</b>

### NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### Financial risk management

The Group focused to manage miscellaneous financial risks including changes in foreign currency exchange rates and interest rates because of activities of the Group. The Group purposes to minimize potential adverse effects arising from fluctuations in financial markets with overall risk management program.

Risk management is carried out under policies approved by the Boards of Directors.

#### Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Interest rate positions of the Group at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
<b>Fixed interest rate financial instruments</b>		
Financial Assets	427.629.722	198.115.987
- Cash and cash equivalents	427.629.722	198.115.987
Financial Liabilities	1.667.439.926	1.018.758.875
<b>Floating interest rate financial instruments</b>		
Financial Liabilities	138.223.354	242.202.619

If other variables are kept constant and the interest rates were 1% higher / lower, interest expense due to financial liabilities would have been TL 1.382.234 higher or lower at December 31, 2020. (2019: TL 2.422.026).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Interest rate risk (continued)

Expected repricing and maturity dates are not disclosed in an additional table because they are not different from contractual maturity dates for non-credit financial assets and liabilities.

#### Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Group management meets these risks by restricting the average risk for each counterparty (excluding related parties) and receiving collateral if necessary. Explanations for credit risk are disclosed in Note 7.

#### Liquidity risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities if necessary and on the other hand sufficient and reliable sources of high quality loans are accessible. The Group has long-term financial liabilities amounted TL 1.087.252.580 as of December 31, 2020 (December 31, 2019: TL 704.550.286) (Note 7).

The table below demonstrates the Group's liquidity risk arising from financial liabilities:

Contractual						
December 31, 2020	Book value	Total cash out flow	Less than 3 monhts	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities						
Financial liabilities	1.090.963.506	1.168.733.366	251.912.747	384.232.766	525.115.523	7.472.330
Liabilities from leasing obligations	714.699.774	1.055.527.803	27.319.306	81.957.918	242.114.535	704.136.044
Trade payables						
- Related party	8.892.303	8.892.303	8.892.303	-	-	-
- Other	119.335.316	119.335.316	17.954.490	101.380.826	-	-
Other liabilities	107.117.358	107.117.358	7.193.642	79.600.516	20.323.200	-
Contractual						
December 31, 2019	Book value	Total cash out flow	Less than 3 monhts	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities						
Financial liabilities	802.214.655	847.737.116	94.198.226	383.523.625	357.618.318	12.396.947
Liabilities from leasing obligations	458.746.839	750.722.109	19.715.261	59.145.784	149.680.290	522.180.774
Trade payables						
- Related party	21.948.013	21.948.013	21.948.013	-	-	-
- Other	112.751.613	112.751.613	14.142.646	98.608.967	-	-
Other liabilities	35.208.017	35.208.017	635.026	17.766.685	16.806.306	-

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

#### NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

##### Currency risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates.

For this reason, the proportion of the positions of these currencies among each other or against Turkish Lira to shareholders' equity is aimed to be controlled under certain limits. Derivative financial instruments are also used, when necessary. In this context, the Group's primary method is utilizing forward foreign currency transactions. The Group is exposed to foreign exchange rate risk mainly for EUR, USD and GBP.

As of December 31, 2020, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 7.072.936 (December 31, 2019: TL 7.576.176).

As of December 31, 2020, other things being constant, if the TL was to appreciate/depreciate by 10% against the EUR, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 87.325.685 (December 31, 2019: TL 74.462.567).

As of December 31, 2020, other things being constant, if the TL was to appreciate/depreciate by 10% against the GBP, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 23.796 (December 31, 2019: TL 27.554).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency denominated assets and liabilities of the Group as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Assets denominated in foreign currency	473.184.688	404.309.071
Liabilities denominated in foreign currency (-)	(1.275.474.228)	(1.072.897.411)
<b>Net balance sheet position (*)</b>	<b>(802.289.540)</b>	<b>(668.588.340)</b>

(\*) TL 486.655.640 of the liabilities denominated in foreign currencies consist of the lease amounts discounted in accordance with TFRS 16 effective as of January 1, 2019.

The table below summarizes TL equivalents of foreign currency denominated assets and liabilities of the Group as of December 31, 2020 and 2019:

December 31, 2020	TL Equivalent	USD	EUR	GBP
1. Trade receivables	72.156.563	1.404.438	6.865.894	-
2. Monetary financial assets	286.283.312	9.060.313	24.285.390	102.146
3. Other	40.392.859	366.053	4.185.202	600
<b>4. Current Assets (1+2+3)</b>	<b>398.832.734</b>	<b>10.830.804</b>	<b>35.336.486</b>	<b>102.746</b>
5. Other	74.351.954	-	8.254.083	-
<b>6. Non-current assets (5)</b>	<b>74.351.954</b>	<b>-</b>	<b>8.254.083</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>473.184.688</b>	<b>10.830.804</b>	<b>43.590.569</b>	<b>102.746</b>
8. Trade payables	22.957.938	1.195.308	1.573.931	600
9. Financial liabilities	475.574.738	-	52.795.295	-
10. Other monetary liabilities	10.087.684	-	1.033.528	78.216
<b>11. Short-term liabilities (8+9+10)</b>	<b>508.620.360</b>	<b>1.195.308</b>	<b>55.402.754</b>	<b>78.816</b>
12. Financial liabilities	766.853.868	-	85.131.259	-
13. Other monetary liabilities	-	-	-	-
<b>14. Long-term liabilities (12+13)</b>	<b>766.853.868</b>	<b>-</b>	<b>85.131.259</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>1.275.474.228</b>	<b>1.195.308</b>	<b>140.534.013</b>	<b>78.816</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(802.289.540)</b>	<b>9.635.496</b>	<b>(96.943.444)</b>	<b>23.930</b>
<b>17. Net monetary foreign currency asset/(liability) position (7-15)</b>	<b>(802.289.540)</b>	<b>9.635.496</b>	<b>(96.943.444)</b>	<b>23.930</b>



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2019	TL Equivalent	USD	EUR	GBP
1. Trade receivables	119.430.203	4.277.207	14.137.482	-
2. Monetary financial assets	164.847.605	9.652.518	16.048.135	100.301
3. Other	38.534.259	115.584	5.690.865	-
<b>4. Current Assets (1+2+3)</b>	<b>322.812.067</b>	<b>14.045.309</b>	<b>35.876.482</b>	<b>100.301</b>
5. Other	81.497.004	-	12.254.083	-
<b>6. Non-current assets (5)</b>	<b>81.497.004</b>	<b>-</b>	<b>12.254.083</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>404.309.071</b>	<b>14.045.309</b>	<b>48.130.565</b>	<b>100.301</b>
8. Trade payables	36.244.739	1.045.158	4.516.328	-
9. Financial liabilities	471.109.730	10.822	70.827.511	-
10. Other monetary liabilities	6.625.397	235.254	710.236	64.868
<b>11. Short-term liabilities (8+9+10)</b>	<b>513.979.866</b>	<b>1.291.234</b>	<b>76.054.075</b>	<b>64.868</b>
12. Financial liabilities	558.917.575	-	84.040.173	-
13. Other monetary liabilities	-	-	-	-
<b>14. Long-term liabilities (12+13)</b>	<b>558.917.575</b>	<b>-</b>	<b>84.040.173</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>1.072.897.441</b>	<b>1.291.234</b>	<b>160.094.248</b>	<b>64.868</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(668.588.370)</b>	<b>12.754.075</b>	<b>(111.963.683)</b>	<b>35.433</b>
<b>17. Net monetary foreign currency asset/(liability) position (7-15)</b>	<b>(668.588.370)</b>	<b>12.754.075</b>	<b>(111.963.683)</b>	<b>35.433</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Capital risk management

The Group's objectives when managing capital is able to maintain operations of the Group for maintaining optimal capital structure in order to provide return for its shareholders, reduce capital cost and benefit for other shareholders.

The shareholders' of the Company, in order to maintain or modify capital structure, can change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to decrease financing needs, in consistency with the regulations of the CMB.

Consistent with others in the industry, the Group monitors capital on the basis of the debt / equity ratio. This ratio is found by dividing net debt to total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital invested is calculated as equity, as shown in the consolidated balance sheet, plus net debt. Net debt is calculated by deducting cash and cash equivalents and deferred tax liabilities from total debt. Total capital is calculated by adding equity and net debt as presented in the balance sheet.

The net debt / (equity + net debt) ratio as of December 31, 2020 and 2019 is as follows

	December 31, 2020	December 31, 2019
Total financial liabilities (*)	1.805.663.280	1.260.961.494
Less: Cash and cash equivalents	(571.830.186)	(209.130.875)
Less: Restricted cash	(27.462.591)	(57.747.115)
Net debt	1.206.370.503	994.083.504
Net debt (Except for the impact of TFRS 16)	491.670.729	535.336.665
Shareholder's equity	446.297.475	572.436.964
Capital invested	1.652.667.978	1.566.520.468
Net debt / capital invested	0,73	0,63

(\*) As of December 31, 2020, TL 714.699.774 of the net debt consists of the lease amounts discounted in accordance with TFRS 16 (December 31, 2019, TL 458.746.839).

### NOTE 33 - FINANCIAL INSTRUMENTS

#### Fair value of financial instruments

The fair value is defined as the price received from an asset sale or paid at a payback period that will be earned between a market participants in a transaction at a measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment 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 realize in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 33 - FINANCIAL INSTRUMENTS (Continued)

#### Fair value of financial instruments (continued)

##### Financial assets

It is projected that the carrying values of financial assets, which are presented at their cost value including cash and cash equivalents, are equal to their fair value due to their short term nature.

The carrying values of trade receivables are estimated to reflect the fair value with related impairment.

##### Financial liabilities

Short-term bank loans and other monetary liabilities are foreseen to approximate their carrying values due to their short-term nature and the significant portion of long-term bank loans and other monetary liabilities having variable interest rates.

Group classifies the fair value measurements of financial instruments at fair value on the financial statements into the following categories, using three levels of hierarchy, according to the sources of each class of financial instruments.

- Level 1: Valuation techniques using market prices (unadjusted) in the active market for the identified financial instruments.
- Level 2: Other valuation techniques, including indirect or direct observable input. The fair value of financial assets that are not traded in an active market is calculated using the observations on the market at the highest level that can be used and the assumptions at the lowest level for the company.
- Level 3: Valuation techniques that do not include observable market inputs.

The fair value measurement hierarchy table as of December 31, 2020 is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial investments measured at fair value through other comprehensive income (Note 5)	-	-	334.290	334.290
<b>December 31, 2019</b>				
<b>Assets</b>				
Financial investments measured at fair value through other comprehensive income (Note 5)	-	-	334.290	334.290

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

### NOTE 34 – EVENTS AFTER BALANCE SHEET DATE

In addition to the partnership agreement signed between the Company and other partners on January 17, 2021 regarding Celebi Nas, the joint venture of the Company, which is located in Mumbai, India and has 57% of the shares, with the additional protocol, which was registered and entered into force on February 8, 2021, amendments in favor of the Company were made in the articles of "Reserve Matters", which will affect the authority and power of Çelebi Nas to control its financial and operating policies in line with the Company's interests. In this context, it will be started to be consolidated in 2021 by using the full consolidation method as of the date when the control is transferred to the Company.