Çelebi Hava Servisi Anonim Şirketi

Consolidated financial statements for the period 1 January – 31 December 2021 and independent audit report

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

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(Convenience translation into English of consolidated financial statements and ındependent audıtor's report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Çelebi Hava Servisi A.Ş.

A) Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Çelebi Hava Servisi A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of other 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 of 31 December 2021, 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.

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3) Emphasis of Matter

Covid-19 pandemic negatively affecting economic conditions regionally as well as globally continued to affect the Group's operations in 2021. 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
Accounting of Right-of-Use Assets and Lease Liabilities and Presentation in the Consolidated Financial Statements 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 asstes. The Group has lease agreements for land and buildings, machinery, plant and equipments and vehicles. As of 31 December 2021, TL 1.063.607.040 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 30%. As of 31 December 2021, the Group has recognized TL 1.262.208.003 of lease liabilities for the lease agreements. 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. Considering these reasons, 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.	The audit procedures applied including but not limited to the following are: Understanding and evaluating the significant processes affecting financial reporting related to the calculation of TFRS 16, 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, 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, Evaluating the compliance of inputs used in the calculation like rent increase rate, interest rate etc, 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 contacts and the assessment of the extension options applied if such options exist with the provision of the contract, Evaluating the adequacy of the disclosures in the consolidated financial statements in relation to the application of TFRS 16.

4) Key Audit Matters (Cont'd)

Key Audit Matter	How the Matter was Addressed in the Audit
Functional Currency Change As detailed in Note 2.1.1., in the current period, the Group changed the functional currency of Çelebi Hava Servis A.Ş., which provides services to domestic and foreign airlines and private cargo companies in the field of ground handling, cargo and warehouse services in Turkey, from Turkish Lira to Euro. As of 1 January 2021, all transactions have been accounted for in Euro, which is determined as the change date of the financial statements in accordance with the provisions of the TAS 21 Effects of Changes in Exchange Rates section "Change in the functional currency". While making the this change, the Group management; basically took into account the increase in the share of the services it provides to foreign airlines in its operations in Turkey, and the significant increase in the impact of the Euro on operations as a result of the long-term lease agreements agreed with airport operators which are denominated in Euro. Since the effect of the amount of the functional currency change is material to the consolidated financial statements, this matter has been determined as a key audit matter.	The audit procedures applied including but not limited to the following are: Understanding the Group's financial reporting process, including the functional currency changes and similar evaluations, and evaluating the internal control structure, The analysis and calculations of the change application made within the framework of TAS 21 Effects of Exchange Rate Changes were taken from the Group management, the appropriateness of the analysis and calculations were evaluated within the framework of the "Change in the functional currency" clauses and tested within the framework using the recalculation method. The data used in these calculations were compared with the current exchange rate information and audited financial data, and the mathematical accuracy has been tested. Tested the disclosures included in the notes to the consolidated financial statements regarding the application of TAS 21 Change in Currency - Change in the functional currency and evaluating the adequacy of the information included in these notes according to the relevant rules.

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

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

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

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

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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.

- 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.

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

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 10 March 2022.

In accordance with paragraph four of the article 402 of 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 1 January - 31 December 2021 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

Istanbul, 11 March 2022

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2021

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

		Current Period	***Prior Period***
		Audited	***Audited***
	Notes	**31 December 2021**	**31 December 2020**
ASSETS			
Current assets			
Cash and cash equivalents	4	1.093.962.834	571.830.186
Financial investments		63.208.735	9.435.386
-Restricted bank balances	5	49.130.668	9.435.386
-Time deposits	5	14.078.067	-
Trade receivables		380.688.778	168.762.629
-Trade receivables from related parties	8	589.742	5.343.963
-Trade receivables from third parties	8	380.099.036	163.418.666
Other receivables		279.619.410	108.639.964
-Other receivables from related parties	9	60.554.654	36.106.731
-Other receivables from third parties	9	219.064.756	72.533.233
Inventories	10	40.821.021	19.545.205
Prepaid expenses	16	48.588.050	27.722.513
Current tax assets	29	8.197.661	2.777.130
Other current assets	15	14.666.920	17.087.134
Total current assets		**1.929.753.409**	**925.800.147**
Non-current assets			
Financial investments		53.479.264	18.361.495
-Restricted bank balances	*5*	*53.479.264*	*9.007.900*
-Time deposits	*5*	*-*	*9.019.305*
-Other financial assets at fair value through profit/loss	*5*	*-*	*334.290*
Other receivables		361.676.712	133.821.116
-Other receivables from related parties	9	64.295.790	74.351.957
-Other receivables from third parties	9	297.380.922	59.469.159
Investments accounted using equity method	6	20.391.743	157.711.645
Property, plant and equipment	11	874.801.839	489.167.243
Right-of-use assets	12	1.063.607.040	510.665.322
Intangible assets		821.266.380	338.120.218
-Goodwill	13	119.963.138	73.295.661
-Other intangible assets	13	701.303.242	264.824.557
Prepaid expenses	16	26.277.786	7.710.156
Deferred tax asset	29	256.168.334	156.752.202
Other non-current assets	15	57.404.380	24.059.858
Total non-current assets		**3.535.073.478**	**1.836.369.255**
Total assets		**5.464.826.887**	**2.762.169.402**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

	Notes	*Current Period*	*Prior Period*
		Audited	***Audited***
	Notes	**31 December 2021**	**31 December 2020**
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	170.104.575	149.354.675
Short-term portion of long-term financial liabilities	7	674.004.935	436.473.537
Lease payables	7	199.077.376	132.582.488
Trade payables		293.952.430	128.227.619
-Trade payables to related parties	8	11.780.141	8.892.303
-Trade payables to third parties	8	282.172.289	119.335.316
Payables related to employee benefits	18	102.203.827	35.804.414
Other payables		58.426.581	86.794.158
-Other short-term payables to related parties	9	-	57.712.500
-Other long-term payables to third parties	9	58.426.581	29.081.658
Deferred income	17	53.572.646	24.101.894
Current profit tax liability	29	49.917.869	28.760.852
Short-term provisions		63.115.169	33.709.370
-Provisions for employee benefits	14	54.068.019	25.614.891
-Other short-term provisions	14	9.047.150	8.094.479
Other current liabilities	15	25.182.643	10.700.345
Total current liabilities		**1.689.558.051**	**1.066.509.352**
Non-current liabilities			
Long-term financial liabilities	7	634.359.293	505.135.294
Lease liabilities	7	1.063.130.627	582.117.286
Other payables		39.168.652	20.323.200
-Other long-term payables to third parties	9	39.168.652	20.323.200
Long-term provisions		45.879.138	34.788.905
-Provisions related to employee benefits	14	45.879.138	34.788.905
Deferred tax liability	29	85.460.436	29.562.138
Other non-current liabilities	15	235.346.924	75.435.163
Deferred income	17	2.078.680	2.000.589
Total non-current liabilities		**2.105.423.750**	**1.249.362.575**
Total liabilities		**3.794.981.801**	**2.315.871.927**
EQUITY			
Equity attributable to equity holders of the parent		**1.353.924.062**	**356.603.862**
Paid-in capital	19	24.300.000	24.300.000
Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		86.094.176	(27.110.446)
- Foreign currency translation differences		121.050.632	-
- Loss on remeasurement of defined benefit plans		(34.956.456)	(27.110.446)
Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		613.208.705	262.085.889
- Foreign currency translation differences		613.208.705	262.085.889
Restricted reserves appropriated from profit	19	74.387.905	74.387.905
Prior years' profit		22.479.380	192.120.125
Net profit/(loss) for the period		533.453.896	(169.179.611)
Non-controlling interests		**315.921.024**	**89.693.613**
Total equity		**1.669.845.086**	**446.297.475**
Total liabilities and equity		**5.464.826.887**	**2.762.169.402**

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

CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

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

	Notes	*Current Period* *Audited* **1 January – 31 December 2021**	*Prior Period* *Audited* **1 January – 31 December 2020**
CONTUNUING OPERATIONS			
Revenue	20	2.560.188.835	1.541.501.101
Cost of sales (-)	20	(1.728.319.360)	(1.151.639.694)
GROSS PROFIT		**831.869.475**	**389.861.407**
General administrative expenses (-)	22	(278.201.455)	(203.731.823)
Other operating income	23	60.483.487	373.026.812
Other operating expenses (-)	24	(88.395.811)	(353.420.853)
OPERATING PROFIT		**525.755.696**	**205.735.543**
Income from investing activities	25	84.541.331	11.666.817
Expenses from investing activities (-)	26	(1.219.124)	(1.453.891)
Shares of profits from of investments valued by equity method	6	3.781.303	3.059.271
OPERATING PROFIT BEFORE FINANCE EXPENSE		**612.859.206**	**219.007.740**
Finance income	27	188.534.725	109.917.535
Finance expenses (-)	28	(171.358.032)	(462.002.557)
(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**630.035.899**	**(133.077.282)**
Tax expense		**(65.112.502)**	**(16.868.774)**
Current tax expense	29	(60.961.994)	(49.742.669)
Deferred tax income/(expense)	29	(4.150.508)	32.873.895
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**564.923.397**	**(149.946.056)**
Profit for the Period Attributable to			
Non-controlling interests		31.469.501	19.233.555
Equity holder of the Parent		533.453.896	(169.179.611)
		564.923.397	**(149.946.056)**
Earnings/(loss) per share (Kr)	30	0,220	(0,070)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

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

	Notes	*Current Period* *Audited* **1 January – 31 December 2021**	*Prior Period* *Audited* **1 January – 31 December 2020**
Net (loss) / profit for the period		**564.923.397**	**(149.946.056)**
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
-(Losses) / gains on remeasurement of defined benefit plans		(9.792.230)	(3.921.804)
Shares of other comprehensive income of investments accounted by the equity method that will not be classified in profit or loss			
- Gains / (losses) on remeasurement of defined benefit plans of investments valued by equity method		-	(374.070)
- Foreign currency translation differences		121.050.632	-
Taxes related to other comprehensive income that will not be reclassified to profit or loss			
- Gains / (losses) on remeasurement of defined benefit plans, tax effect		1.992.825	1.006.918
- Shares of other comprehensive income of investments accounted by equity method that will not be classified in profit or loss, tax effect		-	96.174
Items that will be reclassified to profit or loss			
- Foreign currency translation differences		531.570.262	139.109.826
Other comprehensive income		**644.821.489**	**135.917.044**
Total comprehensive (expense) / income		**1.209.744.886**	**(14.029.012)**
Total comprehensive income attributable to:			
Non-controlling interests		211.963.552	32.526.350
Equity holders of the parent		997.781.334	(46.555.362)
		1.209.744.886	**(14.029.012)**

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

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

		Accumulated other comprehensive income and expenses that will not be reclassified subsequently to profit or loss		**Accumulated other comprehensive income and expenses that will be reclassified subsequently to profit or loss**		**Retained earnings**				
	Share capital	**Gains/(losses) on remeasurement of defined benefit plans**	**Foreign currency translation differences**	**Foreign currency translation differences**	**Restricted reserves appropriated from profit**	**Prior years' profit / (losses)**	**Net profit for the period**	**Equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
As of 1 January 2021	**24.300.000**	**(27.110.446)**	**-**	**262.085.889**	**74.387.905**	**192.120.125**	**(169.179.611)**	**356.603.862**	**89.693.613**	**446.297.475**
Transfers	-	-	-	-	-	(169.179.611)	169.179.611	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	(48.360.547)	(48.360.547)
Increase in minority shares of subsidiary (*)	-	-	-	-	-	-	-	-	62.624.406	62.624.406
Increase due to other changes (**)	-	-	-	-	-	(461.134)	-	(461.134)	-	(461.134)
Other comprehensive income / (expense)										
- Foreign currency translation difference	-	-	121.050.632	351.122.816	-	-	-	472.173.448	180.447.446	652.620.894
- Gains/(losses) on remeasurement of defined benefit plans	-	(7.846.010)	-	-	-	-	-	(7.846.010)	46.605	(7.799.405)
Total other comprehensive income / (expenses)	**-**	**(7.846.010)**	**121.050.632**	**351.122.816**	**-**	**-**	**-**	**464.327.438**	**180.494.051**	**644.821.489**
Net profit/(loss) for the period	-	-	-	-	-	-	533.453.896	533.453.896	31.469.501	564.923.397
Total comprehensive income / (expense)	**-**	**(7.846.010)**	**121.050.632**	**351.122.816**	**-**	**-**	**533.453.896**	**997.781.334**	**211.963.552**	**1.209.744.886**
As of 31 December 2021	**24.300.000**	**(34.956.456)**	**121.050.632**	**613.208.705**	**74.387.905**	**22.479.380**	**533.453.896**	**1.353.924.062**	**315.921.024**	**1.669.845.086**

(*) In addition to the partnership agreement signed between the Company and other partners on 17 January 2021 regarding Celebi Nas Airport Services India Private Limited (Celebi Nas), the joint venture of the Company residing in Mumbai, India, with a 57% stake, amendments were made in the "Reserve Matters/Privileged Matters" articles in favor of the Company, with the additional protocol registered and entered into force on 8 February 2021, which will affect the authority and power to control the financial and operating policies of Çelebi Nas in line with the Company's interests. In this framework, Çelebi Nas started to be consolidated in 2021 by using the full consolidation method as of the date on which the control passed to the Company.

(**) The Company affiliated with Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), residing in Dar es Salaam, Tanzania, with a total capital of 100 million Tanzania Shillings (approximately 40 thousand USD) at the rate of 65% in order to participate in ground handling concession tenders to be opened at the airports in Tanzania. The Company has already started its activities as of 1 February 2021 based on the contract signed with the Tanzania Airport authority.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

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

		Accumulated other comprehensive income and expenses that will not be reclassified subsequently to profit or loss	Accumulated other comprehensive income and expenses that will be reclassified subsequently to profit or loss		Retained earnings				
	Share capital	**Gains/(losses) on remeasurement of defined benefit plans**	**Foreign currency translation differences**	**Restricted reserves appropriated from profit**	**Prior years' profits / (losses)**	**Net profit for the period**	**Equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
As of 1 January 2020	**24.300.000**	**(24.024.964)**	**136.376.158**	**63.387.956**	**117.783.967**	**192.355.079**	**510.178.196**	**62.258.768**	**572.436.964**
Transfers	-	-	-	10.999.949	181.355.130	(192.355.079)	-	-	-
Dividend payment	-	-	-	-	(105.705.001)	-	(105.705.001)	(6.405.476)	(112.110.477)
Subsidiary share purchase (*)	-	-	-	-	(1.313.971)	-	(1.313.971)	1.313.971	-
Other comprehensive income / (expense)									
-Foreign currency translation difference	-	-	125.709.731	-	-	-	125.709.731	13.400.095	139.109.826
-Gain/ (losses) on remeasurement of defined benefit plans	-	(3.085.482)	-	-	-	-	(3.085.482)	(107.300)	(3.192.782)
Total other comprehensive income / (expenses)		**(3.085.482)**	**125.709.731**	**-**			**122.624.249**	**13.292.795**	**135.917.044**
			-						
Net profit/(loss) for the period	-	-	-	-	-	(169.179.611)	(169.179.611)	19.233.555	(149.946.056)
Total comprehensive income / (expense)	**-**	**(3.085.482)**	**125.709.731**	**-**	**-**	**(169.179.611)**	**(46.555.362)**	**32.526.350**	**(14.029.012)**
As of 31 December 2020	**24.300.000**	**(27.110.446)**	**262.085.889**	**74.387.905**	**192.120.125**	**(169.179.611)**	**356.603.862**	**89.693.613**	**446.297.475**

(*) The capital payment of INR 100.000.000 required by KSU Aviation Private Limited ("KSU") to realize the estimated investments was made by making a premium capital increase in accordance with the applicable legislation in India and the Company became a shareholder in KSU by 57,65%.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

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

	Notes	***Current Period*** ***Audited*** **1 January – 31 December 2021**	***Prior Period*** ***Audited*** **1 January – 31 December 2020**
A. Cash flows from operating activities		**627.218.008**	**423.381.185**
Net profit/loss for the period		**564.923.397**	**(149.946.056)**
Adjustments for reconciliation of net profit/loss for the period		232.799.893	520.477.875
Adjustments related to depreciation and amortization expenses	11,12,13	206.052.038	154.426.575
Adjustments related to impairment (reversal)	8	10.510.962	18.146.502
Adjustments related to provisions		29.559.459	16.101.962
- Adjustments related to provisions for employee benefits		29.559.459	16.101.962
Adjustments related to interest income and expenses	7, 27, 28	102.433.593	79.919.144
- Adjustments related to interest income	27	(30.069.307)	(23.934.579)
- Adjustments related to interest expenses		132.502.900	103.853.723
Adjustments related to unrealized foreign currency translation differences		(93.588.104)	248.287.115
Adjustments related to tax (income) expenses	29	65.112.502	16.868.774
Adjustments related to undistributed profit of investmens that are accounted by the equity method	6	(3.781.303)	(3.059.271)
Adjustments related to gains/losses on disposal of non-current assets		(10.518.438)	(10.212.926)
Adjustments related to Losses (Gains) Due to Disposal of Associates, Joint Ventures and Financial Investments or Changes in Shares	23	(72.980.816)	-
Changes in working capital		**(103.509.462)**	**70.957.369**
Decrease/increase in financial investments		-	30.071.403
Adjustments related to increase/decrease in trade receivables		(216.025.989)	28.796.490
-Decrease/increase in trade receivables from related parties		4.829.416	(1.470.577)
-Decrease/increase in trade receivables from third parties		(220.855.405)	30.267.067
Adjustments related to decrease/increase in other receivables related to operations		(252.991.187)	(21.626.040)
Adjustments related to increase/decrease in inventories		(17.033.804)	(3.020.471)
Decrease/increase in prepaid expenses		(27.080.548)	14.107.777
Adjustments related to increase/decrease in trade payables		161.383.523	(6.472.007)
-Increase/decrease in trade payables to related parties		965.787	(13.055.710)
-Increase/decrease in trade payables to third parties		160.417.736	6.583.703
Decrease/increase in payables related to employee benefits		52.939.409	(18.182.093)
Adjustments related to increase/decrease in other payables related to operations		195.299.134	47.282.310
Cash flows generated from operations		**694.213.828**	**441.489.188**
Payments related to provisions for employee benefits		(23.611.829)	(9.718.824)
Payments related to other provisions		(1.818.923)	(632.701)
Tax returns (payments)		(41.565.068)	(7.756.478)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

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

	Notes	*Current Period* *Audited* 1 January – 31 December 2021	*Prior Period* *Audited* 1 January – 31 December 2020
B. Cash flows from investing activities		**(66.612.483)**	**(22.213.580)**
Cash inflows from sale of property, plant and equipment and intangible assets		19.030.691	13.453.860
-Cash inflows from sale of property, plant and equipment		19.030.691	12.454.713
-Cash inflows from sale of intangible assets		-	999.147
Cash outflows from purchase of property, plant and equipment and intangible assets		(90.471.984)	(72.868.016)
-Cash outflows from purchase of property, plant and equipment	11	(86.876.891)	(49.567.215)
-Cash outflows from purchase of intangible assets	13	(3.595.093)	(23.300.801)
Dividends received	6	3.140.868	1.182.500
Cash inflows from cash advances and debts given to related parties		60.482.604	36.018.076
Other cash inflows / (outflows)		(58.794.662)	-
C. Cash flows from financing activities		**(498.536.736)**	**(118.723.983)**
Lease payments		(119.119.474)	(70.424.046)
Cash inflows from borrowings	7	497.012.095	629.080.104
Cash outflows due to debt payments	7	(768.216.693)	(597.816.388)
Dividends paid	31	(57.712.500)	(47.992.500)
Interest paid		(80.569.471)	(55.505.732)
Interest received	27	30.069.307	23.934.579
Net increase in cash and cash equivalents before the effect of foreign currency translation differences		**62.068.789**	**282.443.622**
D. Foreign currency translation differences		**460.077.226**	**80.042.568**
Net increase in cash and cash equivalents		**522.146.015**	**362.486.190**
E. Cash and cash equivalents at the beginning of the period	4	**571.428.817**	**208.942.627**
Cash and cash equivalents at the end of the period	4	**1.093.574.832**	**571.428.817**

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

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

NOTE 1 - ORGANIZATION AND 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 airports, which are under the control of the State Airports Administration ("DHMI") and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAS"). The Company is controlled by Çelebi Havacılık 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 Istanbul ("BIST") since 18 November 1996. As of 31 December 2021, the percentage of shares which are publicly traded is 10,09% (31 December 2020: 10,09%).

The address of the headquarters 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 31 December 2021 is 9.902 (31 December 2020: 10.722).

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:**

Subsidiary	Registered country	Geographical region	Nature of business
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 Tanzania	Tanzania	Tanzania	Ground handling services
Celebi GH India Private Limited	India	India	Ground handling services
KSU	India	India	Ground handling services

In 2006, the Company acquired the shares of Budapest Airport Handling, which provides airport ground handling services at Budapest Airport, and its trade name was changed to Celebi Ground Handling Hungary ("CGHH"). The Company currently owns 100% of the capital of CGHH and as of 31 December 2021, the paid-in capital of CGHH is 200.000.000 Hungarian Forints.

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Cont'd)

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 6 May 2009 with a shareholding rate of 74%. The paid capital of the Celebi Delhi Cargo is Indian Rupee 1.120.000.000.

As a result of the winning the tender for providing ground handling services at Delhi International Airport for a 10 years period, the Company has made legal and premium capital payment amounting to Indian Rupee 1.351.916.730 on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which was established on 18 November 2009 with a shareholding rate of 99,9%. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin, Bangalore and Hyderabad Airports in India as part of the ongoing concession agreements. On 15 March 2018, the Company's title was changed to Celebi Airport Services India Private Limited ("CASI"). CASI will continue to deliver ground handling services at Delhi International Airport for 10 years subsequent to the termination of the existing concession agreement with the authority given on 9 December 2019.

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on 20 November 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 11.140.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services.

The Company has a 57,65% share in KSU Aviation Private Limited ("KSU") located in India, which was established on 8 May 2019 to provide "taxiing" services to aircraft at airports in India. For this purpose, a premium capital payment of Indian Rupee 420 million (approximately EUR 5.56 million) was made by the Company.

Celebi Nas Airport Services India Private Limited ("Celebi Nas") was established on 12 December 2008 to provide ground handling services for 10 years at Mumbai Chhatrapati Shivaji International Airport (CSIA) in India. The Company has 57% shareholding where the share capital of Çelebi Nas is Indian Rupee 552.000.000. In addition, a premium capital increase of Indian Rupee 228.000.000 has been paid by the shareholders of Celebi Nas. Celebi Nas has obtained a concession right until May 2036 for the provision of ventilation and generator services installed on the passenger bridges at the airport passenger terminal. Within the scope of the concession agreement signed between Celebi Nas and MIAL, Celebi Nas will continue to provide ground handling services for an additional 10 (ten) years from 1 January 2020 to 31 December 2029, following the expiration of the current concession period at CSIA airport on 31 December 2019. With the additional protocol regarding Celebi Nas, which was registered and entered into force on 8 February 2021, various changes were made in the "Reserve Matters/Privileged Matters" articles. There have been changes in the Company's control power in favor of the Company, depending on the fact that it has power over the invested company/asset, is open to variable returns from the invested company/asset, or has the right to these returns, and can use its power to have an effect on the returns. In this framework, Celebi Nas started to be consolidated in 2021 by using the full consolidation method from the date the control passed to the Company.

In order to participate in ground handling concession tenders to be opened at airports in Tanzania, the Company has a 65% stake in Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), located in Dar es Salaam, Tanzania, with a total capital of 100 million Tanzania Shillings (approximately 40 thousand USD). The Company has already started its activities as of 1 February 2021, in line with the contract signed with the Tanzania Airport authority.

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Cont'd)

- ***Associate***

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

Joint venture	Registered country	Geographical region	Nature of business
DASPL	India	India	Ground handling services

Çelebi GH Delhi, a subisidiary 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 Indian Rupee 250.000.000. On 14 November 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 31 December 2021, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL, Celebi Cargo and KSU and Celebi Tanzania (all together will be referred to as "the Group").

Approval of Consolidated Financial Statements

The consolidated financial statements for the period 1 January – 31 December 2021 has been approved for the issuance by the Board of Directors on 11 March 2022, and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Director of Financial Affairs, on behalf of Board of Directors.

Covid-19 Effects

Due to the crisis and pandemic situation caused by the worldwide effective Covid-19 virus, although measures were taken by governments, borders were opened in certain regions in the following months in June-December period and flights started. 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 2020. 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.

As of 31 December 2021, with the increase in the vaccination rate against Covid-19 in Turkey and in the world, an increase in travel demand has been observed, and this development has positively affected the aviation industry. While preparing the consolidated financial statements as at 31 December 2021, 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 as at 31 December 2021 were evaluated and no significant impact was detected.

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

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1 Accounting standards applied

The Group's consolidated financial statements 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 13 June 2013, which is published on Official Gazette numbered 28676, and according to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") and appendix and interpretations related to them.

In addition, the financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 15 April 2019 and the Financial Statement Examples and User Guide published by the CMB.

The Company and the Group companies 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 ("Ministry of Finance"). 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. The consolidated financial statements are based on the legal records of the Company, its subsidiaries, joint ventures and associates, and have been prepared in accordance with Turkish Financial Reporting Standards, reflecting the necessary adjustments and classifications for accurate presentation.

Assets and liabilities of the joint ventures within the scope of consolidation are translated into Turkish Lira using the exchange rate, income and expenses are translated by using the average exchange rate on the date of the consolidated statement of financial position. Exchange differences resulting from the use of closing and average exchange rates are followed under the foreign currency translation differences account in shareholders' 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.

<u>Functional and Reporting Currency</u>

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 31 December 2021, the currency of Group's entities are as below.

Company	Currency
Çelebi Hava	Euro (EUR)
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
CASI	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo	Euro (EUR)
DASPL	Indian Rupee (INR)
Celebi GH India Private Limited	Indian Rupee (INR)
KSU	Indian Rupee (INR)
Celebi Tanzania	Tanzanian Shilling (TZS)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

2.1.1 Accounting standards applied (cont'd)

Functional and Reporting Currency (cont'd)

The Company operates in the fields of airport ground handling services, cargo and warehouse services, and due to the nature of the service provided, the aviation sector is a sector open to international competition. For this reason, activities in the sector are constantly carried out using multiple currencies. 83% of the Company's service income in Turkey originate from foreign airlines and overseas service income (2020: 73%). The prices in the Company's field of activity are mostly determined in foreign currency in accordance with the contracts concluded with the airlines, taking into account the relative competition and market conditions.

The Company's operating income and operating expenses are mainly in EUR, and also US Dollar. Similarly, a significant portion of the Company's financial assets and debts consists of EUR and US Dollar items.

A significant portion of the right-of-use assets, which are the most important asset item in the Company's statement of financial position, are evaluated in EUR and US Dollars. As of 31 December 2021, the ratio of these assets of the Company to total intangible assets and total assets is as high as 97% and 20%, respectively. The ratio of debts to total liabilities from lease transactions of the same date is 40%. The ratio of total liabilities in foreign currency to total liabilities is 77%.

Due to the increase in the share of the services provided to foreign airlines in the airport ground handling activities of the Company, the effect of TL in reflecting the basic economic environment in terms of competition/operation factors has decreased. In other words, the impact of the Euro on the Company's current operations has increased.

Based on the above developments, it has been decided by the Company Management to change the functional currency of the Company from Turkish Lira to Euro.

The aforementioned functional currency change was implemented by Çelebi Hava Servis A.Ş., which operates only in Turkey. There is no change in the functional currencies of the Company's associates and subsidiaries located abroad.

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

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

2.1.1 Accounting standards applied (cont'd)

Conversion to presentation currency

The presentation currency of the Group is TL. The financial statements prepared in EUR within the scope of TAS 21 ("Effects of Exchange Changes") have been translated into TL using the following method:

(a) Assets and liabilities in the balance sheet are translated into TL using the Euro buying and selling rate announced by the Central Bank of the Republic of Turkey on the balance sheet date.

(b) The profit or loss and other comprehensive income statement has been translated into TL using the average or, where possible, daily EUR buying and selling rates announced by the Central Bank of the Republic of Turkey.

(c) All the resulting exchange differences are presented as a separate component of equity under the name of translation differences.

The differences between the financial statements announced after the functional currency was changed to EUR as of 1 January 2021 and the financial statements as at 31 December 2021 that would have been announced according to the Turkish Lira functional currency if the functional currency had not been changed are as follows:

	(Turkish Lira announced to the public with the Euro functional currency application)	(Turkish Lira to be announced to the public if the functional currency change had not been made)	Difference
Current assets	1.929.753.409	1.915.913.779	13.839.630
Non-current assets	3.535.073.478	3.233.384.506	301.688.972
Total assets	**5.464.826.887**	**5.149.298.285**	**315.528.602**
Short-term liabilities	1.689.558.051	1.689.558.051	-
Long-term liabilities	2.105.423.750	2.105.423.750	-
Equity	1.669.845.086	1.354.316.484	315.528.602
Equity of the parent	1.353.924.062	1.038.395.460	315.528.602
Non-controlling interests	315.921.024	315.921.024	-
Total equity and liabilities	**5.464.826.887**	**5.149.298.285**	**315.528.602**
Revenue	2.560.188.835	2.560.188.835	-
Cost of sales	(1.728.319.360)	(1.721.549.412)	(6.769.948)
Gross profit	831.869.475	838.639.423	(6.769.948)
Finance income	188.534.725	278.828.435	(90.293.710)
Finance expenses	(171.358.032)	(783.758.621)	612.400.589
Profit before tax	630.035.899	147.943.150	482.092.749
Profit for the period	**564.923.397**	**162.955.440**	**401.967.957**

Going Concern

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

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

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

2.1.2 New and Amended Turkish Financial Reporting Standards (TFRS)

a) Amendments that are mandatorily effective from 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform – Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group management assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

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	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

2.1.2 New and Amended Turkish Financial Reporting Standards (TFRS) (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

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 2023.

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

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

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 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.

Amendments to TAS 16 *Property, Plant and Equipment - 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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

2.1.2 New and Amended Turkish Financial Reporting Standards (TFRS) (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

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.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 September 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

2.1.2 New and Amended Turkish Financial Reporting Standards (TFRS) (cont'd)

b) b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 September 2021 (Cont'd)*

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

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

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

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

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

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

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, and income and expenses are translated into Turkish Lira using the average exchange rate. Exchange differences arising from the use of closing and average exchange rates are followed under the foreign currency translation differences account in shareholders' equity.

2.1.4 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Çelebi Hava, its' Subsidiaries, Joint Venture and 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 TFRS applying uniform accounting policies and presentation. The operating results of Subsidiaries, Joint Venture and Associate are included or excluded from their effective dates of acquisition or disposal, respectively.

b) The consolidated financial statements include the financial statements of the companies controlled by the Company and its subsidiaries. Control is provided by the Company's fulfillment of the following conditions:

- having power over the invested company/asset;
- being open to or entitled to variable returns from the invested company/asset and
- ability to use power to have an impact on returns.

If a situation or event occurs that may cause any change in at least one of the criteria listed above, the Company reassesses whether it has control over its investment.

In cases where the Company does not have majority voting rights on the investee company/asset, it has control power over the investee company/asset, provided that it has sufficient voting rights to direct/manage the activities of the relevant investment. The Company considers all relevant events and circumstances in assessing whether the majority of votes in the relevant investment is sufficient to gain control, including the following:

- Comparison of the voting rights of the Company with the voting rights of other shareholders;
- Potential voting rights held by the Company and other shareholders;
- Rights arising from other contractual agreements and
- Other events and conditions that may show whether the Company has the power to manage the relevant activities (including the voting at the previous general assembly meetings) in cases where a decision has to be made.

Consolidation of a subsidiary begins when the Company has control over the subsidiary and ends when it loses control. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

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

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1.4 Basis of Consolidation (cont'd)

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 interest (%)	
	31 December 2021	31 December 2020
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi Spain (1)	-	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU	57,6	57,6
Celebi Tanzania(2)	65,0	65,0
Celebi Nas(3)	57,0	57,0
Celebi GH India Private Limited	61,0	100,0

(1) Celebi Spain was liquidated in 2021.

(2) The Company has a 65% stake in Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), located in Dar es Salaam, Tanzania, with a total capital of 100 million Tanzania Shillings (approximately 40 thousand USD), to participate in ground handling concession tenders to be opened at airports in Tanzania.

(3) In addition to the partnership agreement signed between the Company and other partners on 17 January 2021 regarding Celebi Nas Airport Services India Private Limited (Celebi Nas), the joint venture of the Company residing in Mumbai, India, with a 57% stake, changes have been made in the "Reserve Matters/Privileged Matters" articles of the additional protocol, which was registered and entered into force on 8 February 2021, in favor of the Company, in a way that would affect Celebi Nas's authority and power to control its financial and operating policies in line with the Company's interests. Within this framework, Celebi Nas started to be consolidated in 2021 using the full consolidation method, from the date on which the control passed to the Company. At the time the change was made, INR 745.920.032 (TL 72.980.816), which is the difference between INR 2.570.717.780, which is the net assets of Celebi Nas, and INR 3.879.349.415, which is the fair value of Celebi Nas' equity, corresponding to the shares of Celebi Hava, have been recognized as right-of-use assets and bargain purchase gain. The net cash amount acquired as a result of these transactions is TL 30.083.089.

d) The Group categorized the sales and purchase of its subsidiaries' shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary's purchased portion under shareholders' equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary's sold portion under shareholders' equity.

e) It is accounted by using the equity method.

The capital share of the Group, directly or indirectly, in its subsidiary is shown below, the said capital share is equal to the Group's effective ratio in the related companies:

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

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1.4 Basis of Consolidation (cont'd)

Associate	Ownership interest (%)	
	31 December 2021	31 December 2020
DASPL	24,99	24,99

f) For available for sale financial assets under 20% of voting rights or over 20% of voting rights and that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

Financial investment	Ownership interest (%)	
	31 December 2021	31 December 2020
Celebi Spain	-	100,00

2.2. Change in accounting policies

2.2.1 Comparative information

The financial statements of the Group have been prepared comparatively with the prior period in order to evaluate financial position and performance trends. 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 31 December 2021 comparatively with the consolidated statement of financial position as of 31 December 2020, presented the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended on 31 December 2021 comparatively with the consolidated profit or loss, consolidated statement of cash flows, consolidated statement of changes in equity and consolidated statement of other comprehensive income for the interim period ended 31 December 2020.

2.3 Changes in significant accounting policies

2.3.1 Changes in significant accounting policies

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.

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.

Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3.1 Changes in significant accounting policies (cont'd)

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". In the accompanying consolidated financial statements, no inflation adjustment has been made in accordance with TAS 29.

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

The 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. The 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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of significant accounting policies (cont’d)

2.4.2 Financial Assets (cont’d)

Recognition and Measurement (cont’d)

“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.

“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.

Derecognition

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, on the other hand, are reflected in the consolidated financial statements with their net value after deduction of accumulated depreciation and impairment, if any, over their acquisition costs. 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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.4 Property, Plant and Equipment (cont'd)

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

	Useful Lives (Year)
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.

Expenses arising from replacing any part of property, plant and equipment, together with maintenance and repair costs, can be capitalized if they increase the future economic benefit of the asset. All other expenses are accounted for as expense items in the income statement as they occur.

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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of significant accounting policies (cont’d)

2.4.5 Intangible Assets (cont’d)

c) Service Concession Arrangements and Build-operate-transfer investments

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop/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, the 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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.5 Intangible Assets (cont'd)

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. The recoverable amount is determined by choosing the higher of fair value less cost of selling and value in use. The 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 statement of income. 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.

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. All other borrowing costs are recognized in the profit or loss statement in the period in which they are incurred.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

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:

- 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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.9 Leases (cont'd)

The Group as lessee (cont'd)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.9 Leases (cont'd)

The Group as lessor (cont'd)

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

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. The daily or average exchange rate was used when converting the foreign currency assets and liabilities into the presentation currency.

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 Events After the Balance Sheet Date

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 35).

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).

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 are considered as contingent liabilities and assets, and not included in the financial statements.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

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).

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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

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.

<u>Income tax</u>

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.

The effective tax rate in 2021 is 25% (23% for 2022 and 20% in the following periods) (2020: 22%). The corporate tax rate is applied to the net corporate income calculated as a result of adding non-deductible expenses in accordance with the tax laws to the trade income of the corporations, and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month. However, according to Turkish tax legislation, corporations, legal or business centers of which are located in Turkey, calculate provisional tax on their quarterly financial profits and declare the results of the relevant period until the 14th day of the second month following the relevant period and pay the calculated temporary tax 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 to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded or deducted in cash. As of 31 December 2021 and 2020, tax provision has been made in accordance with the applicable tax legislation.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.18 Taxes on Income (cont'd)

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.

In the deferred tax calculation as of 31 December 2021, a tax rate of 23% is used for temporary differences that are expected to be realized / closed in 2022. However, since the effective corporate tax rate after 2022 is 20%, 20% tax rate is used for the valid differences expected to be realized/closed after 2022.

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 31 December 2021, and 2020, are netted off for each subsidiary and are separately classified in the consolidated financial statements.

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. In 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 23 May 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 8.284,51 as of 31 December 2021 (31 December 2020: TL 7.117,17).

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of significant accounting policies (cont'd)

2.4.19 Employee Benefits (cont'd)

Provision for unused vacation

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 operating, 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.

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 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the 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:

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

(a) Goodwill impairment

As explained in Note 2.4.11 the Group performs impairment tests on goodwill annually as of 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. As of 31 December 2021, 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, and impairment, if any.

(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 of 31 December 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 31 December 2021, 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.

(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 6 May 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 8 April 2015, are recognized in accordance with International Financial Reporting Interpretations Committee 12 ("TFRIC 12") Service Concession Arrangements.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

(f) Investments made in the framework of concession arrangements in scope of TFRIC 12 (cont'd)

Preparation of the consolidated financial statements in accordance with TFRS 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 – Provision for employee benefits

Note 29 – Tax assets and liabilities

Note 31 – Related party disclosures

(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's performance as operating segments, and Ground handling services and Cargo and Warehouse services are evaluated according to their activity segments. The management monitors the performance of the operating segments with the profit before interest tax and depreciation ("EBITDA"), which is the amount after deducting the expense equalization amount, the effect of TFRIC 12, severance pay and leave provisions, which do not create a cash movement related to operational leases from the profit before interest tax and depreciation.

The operational segment information provided to the board of directors as of 31 December 2021 and 2020 is as follows:

	Operation Groups			
1 January - 31 December 2021	**Ground Handling**	**Cargo and Warehouse Services**	**Consolidation Adjustments**	**Consolidated**
Revenue	1.357.651.028	1.216.065.914	(13.528.107)	2.560.188.835
Cost of sales	(911.136.650)	(824.822.022)	7.639.312	(1.728.319.360)
Gross profit	**446.514.378**	**391.243.892**	**(5.888.795)**	**831.869.475**
General administrative expenses	(207.015.461)	(78.712.535)	7.526.541	(278.201.455)
Addition: Depreciation and amortization	127.634.504	78.417.534	-	206.052.038
Addition: TFRIC -12 effect shares	-	12.647.486	-	12.647.486
Addition: Provision for employment termination benefit and unused vacation	20.747.420	8.382.575	-	29.129.995
EBITDA effect of investments accounted by using equity method	11.746.974	-	-	11.746.974
EBITDA	**399.627.815**	**411.978.952**	**1.637.746**	**813.244.513**
Lease expenses under TFRS 16	(71.579.125)	(23.351.867)	-	(94.930.992)
EBITDA (Except for TFRS 16)	**328.048.690**	**388.627.085**	**1.637.746**	**718.313.521**

	Operation Groups			
1 January - 31 December 2020	**Ground Handling**	**Cargo and Warehouse Services**	**Consolidation Adjustments**	**Consolidated**
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)
Gross profit	**122.765.905**	**266.616.469**	**479.033**	**389.861.407**
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: TFRIC -12 effect shares	-	9.502.102	-	9.502.102
Addition: Provision for employment termination benefit and unused vacation	12.745.059	4.194.140	-	16.939.199
EBITDA effect of investments accounted by using equity method	21.375.580	(1.644.405)	-	19.731.175
EBITDA	**119.537.892**	**266.629.300**	**561.443**	**386.728.635**
Lease expenses under TFRS 16	(75.957.835)	(18.012.341)	-	(93.970.176)
EBITDA (Except for TFRS 16)	**43.580.057**	**248.616.959**	**561.443**	**292.758.459**

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

NOTE 3 - SEGMENT REPORTING (Cont'd)

The reconciliation of EBITDA with operating profit before tax is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
EBITDA for reported segments	813.244.513	386.728.635
Depreciation and amortization	(206.052.038)	(154.426.575)
TFRIC -12 effect	(12.647.486)	(9.502.102)
Other operating income	60.483.487	373.026.812
Other operating expenses (-)	(88.395.811)	(353.420.853)
Provisions for employment termination benefit and unused vacation	(29.129.995)	(16.939.199)
EBITDA effect of investments accounted by using equity method	(11.746.974)	(19.731.175)
Operating profit	**525.755.696**	**205.735.543**
Shares in profit from investments accounted by equity method	3.781.303	3.059.271
Income from investing activities	84.541.331	11.666.817
Expenses from investing activities (-)	(1.219.124)	(1.453.891)
Finance income	188.534.725	109.917.535
Finance expenses (-)	(171.358.032)	(462.002.557)
Profit / (loss) before tax	**630.035.899**	**(133.077.282)**

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	941.624	736.957
Banks	1.093.021.210	571.093.229
- time deposit	744.666.178	418.194.336
- demand deposit	348.355.032	152.898.893
	1.093.962.834	**571.830.186**

As of 31 December 2021, effective interest rates on TL, EUR, USD and INR denominated time deposits are 15,73%, 3,95%, 0,37%, ve 5,22% (31 December 2020: TL 9,50%, EUR 4,50%, USD 3,50%, INR 7,20%). As of 31 December 2021, the maturity of denominated time deposits are 1 day for TL, USD and EUR, and 20-60 days for INR (31 December 2020: TL, EUR and USD 1 day, INR 20-60 days).

The details of cash and cash equivalents presented in the statements of cash flows as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Cash on hand and cash at banks	1.093.962.834	571.830.186
Less: Interest accruals	(388.002)	(401.369)
	1.093.574.832	**571.428.817**

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

NOTE 5 - FINANCIAL INVESTMENTS

Restricted bank balances:

	31 December 2021	31 December 2020
Restricted bank balances (Between 3 months and 365 days) (*)	49.130.668	9.435.386
Restricted bank balances (Longer than 365 days) (*)	53.479.264	9.007.900
	102.609.932	**18.443.286**

***Time deposits*:**

	31 December 2021	31 December 2020
Time deposits (Between 3 months and 365 days)	14.078.067	-
Time deposits (Longer than 365 days)	-	9.019.305
	14.078.067	**9.019.305**

(*) Most of the restricted bank balances consist of the collections from customers and the amounts obtained within the framework of project finance within the framework of the concession agreements signed for the operation of the terminals at New Delhi Airport, India, and the related balances are kept blocked in bank accounts with a maturity longer than 3 months.

Financial investments at fair value through other comprehensive income:

	31 December 2021		31 December 2020	
	Percentage of Shares %	TL	Percentage of Shares %	TL
Celebi Spain (*)	-	-	100,00	166.650
Celebi Tanzania (**)	-	-	65,00	167.640
		-		**334.290**

(*) The liquidation process of Celebi Spain was completed in 2021.

(**) Celebi Tanzania was included in full consolidation in 2021.

NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of Shares %	31 December 2021	Percentage of Shares %	31 December 2020
Celebi Nas	-	-	57,00	146.706.781
DASPL	100,00	20.391.743	24,99	11.004.864
		20.391.743		**157.711.645**

The movements of investments accounted using the equity method during the period ended on 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
As of 1 January	**157.711.645**	**129.954.118**
Shares of net profits for the period	3.781.303	3.059.271
Foreign currency translation differences	8.746.444	26.158.652
Gains/(losses) on defined benefit plans remeasurement	-	(277.896)
Dividends paid	(3.140.868)	(1.182.500)
Transfers (*)	(146.706.781)	-
As of 31 December	**20.391.743**	**157.711.645**

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

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

NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

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

	1 January - 31 December 2021	1 January - 31 December 2020
Celebi Nas	-	1.508.931
DASPL	3.781.303	1.550.340
	3.781.303	**3.059.271**

Summary information of financial statements of the investment accounted by using the equity method:

Summary information of DASPL is as follows:

	31 December 2021	31 December 2020
Total Assets	93.492.109	53.299.466
Total Liabilities	10.045.060	7.745.258

	1 January - 31 December 2021	1 January - 31 December 2020
Total Sales Income	61.779.125	37.845.244
Profit for the Period	15.131.266	6.203.840

NOTE 7 - SHORT-TERM AND LONG-TERM BORROWINGS

Short-term borrowings:

			31 December 2021
	Effective interest rate (%)	Original balance	TL
Short-term borrowings:			
TL borrowings	20,24-21,00	72.619.920	72.619.920
EUR borrowings	3,00-3,95	6.450.000	97.484.655
			170.104.575
Short-term lease obligations:			
INR lease obligation		229.230.924	40.028.304
EUR lease obligation		9.335.527	141.096.228
TL lease obligation		16.991.050	16.991.050
HUF lease obligation		24.189.990	961.794
Total short-term lease obligations			**199.077.376**

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

NOTE 7 - SHORT-TERM AND LONG-TERM BORROWINGS (cont'd)

Short-term portion of long-term financial liabilities:

			31 December 2021
	Effective interest rate (%)	**Original balance**	**TL**
Short-term portion of long-term financial liabilities:			
Interest expense accrual – EUR		568.679	8.594.951
Interest expense accrual –INR		3.584.790	625.976
Interest expense accrual –TL		2.332.336	2.332.336
INR borrowings	5,50-8,68	616.115.353	107.586.063
EUR borrowings	1,89-5,75	29.801.131	450.411.311
TL borrowings	9,95-21,00	104.454.298	104.454.298
Total short-term portion of long-term financial liabilities:			**674.004.935**
Total short-term liabilities:			**1.043.186.886**

Long-term borrowings:

			31 December 2021
	Effective interest rate (%)	**Original balance**	**TL**
Long-term borrowings:			
INR Borrowings	5,50-8,68	1.286.947.171	224.726.715
EUR Borrowings	1,89-5,75	25.092.000	379.237.977
TL Borrowings	9,95-21,00	30.394.601	30.394.601
			634.359.293
Long-term lease obligations:			
INR lease obligations		663.609.844	115.879.551
EUR lease obligations		61.252.779	925.768.383
TL lease obligations		21.098.468	21.098.468
HUF lease obligations		9.663.607	384.225
Total payables from long-term leases			**1.063.130.627**
Total long-term borrowings			**1.697.489.920**
Total borrowings			**2.740.676.806**

Short-term borrowings:

			31 December 2020
	Effective interest rate (%)	**Original balance**	**TL**
Short-term borrowings:			
EUR Borrowings	1,40-3,25	13.250.000	119.354.675
TL Borrowings	7,00	30.000.000	30.000.000
			149.354.675
Short-term lease obligations:			
INR lease obligations		98.771.501	9.901.843
EUR lease obligations		10.114.755	91.112.702
TL lease obligations		8.501.296	8.501.296
HUF lease obligations		933.116.788	23.066.647
Total short-term lease obligations			**132.582.488**

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

NOTE 7- SHORT-TERM AND LONG-TERM BORROWINGS (Cont'd)

Short-term portion of long-term borrowings:

			31 December 2020
	Effective interest rate (%)	**Original balance**	**TL**
Short-term portion of long-term borrowings:			
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
Short-term portion of total long-term borrowings:			**436.473.537**
Total short-term liabilities:			**718.410.700**

Long-term financial liabilities:

			31 December 2020
	Effective interest rate (%)	**Original balance**	**TL**
Long-term borrowings:			
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
			505.135.294
Long-term lease obligations:			
INR lease obligations		224.774.913	22.533.685
EUR lease obligations		46.109.976	415.354.049
TL lease obligations		11.482.008	11.482.008
HUF lease obligations		5.370.046.278	132.747.544
Total long-term lease obligations			**582.117.286**
Total long-term financial liabilities			**1.087.252.580**
Total financial liabilities			**1.805.663.280**

As of 31 December 2021 and 2020, the repayment dates of the Group's borrowings are as follows:

	31 December 2021	**31 December 2020**
Less than 3 months	337.616.272	245.906.622
Between 3-12 months	705.570.614	472.504.078
Between 1-5 years	1.168.656.947	748.068.226
5 years and more	528.832.973	339.184.354
	2.740.676.806	**1.805.663.280**

As of 31 December 2021 and 2020, the repayment schedule of long-term loans is as follows:

	31 December 2021	**31 December 2020**
Between 1-2 years	428.956.323	312.405.888
Between 2-3 years	103.861.290	129.905.313
Between 3-4 years	73.988.108	20.548.119
4 years and more	27.553.572	42.275.974
	634.359.293	**505.135.294**

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

NOTE 7- SHORT-TERM AND LONG-TERM BORROWINGS (Cont'd)

As of 31 December 2021 and 2020, the repayment terms of the debts from the lease transactions are as follows:

	31 December 2021	31 December 2020
Less than 1 year	199.077.376	132.582.488
Between 1-5 years	461.618.901	260.948.734
5 years and more	601.511.726	321.168.552
	1.262.208.003	**714.699.774**

The repayment schedule of the Group's floating rate borrowings as of 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Less than 3 months	24.245.987	10.502.508
Between 3-12 months	83.966.052	30.308.581
Between 1-5 years	218.724.153	97.412.266
5 years and more	6.002.562	-
	332.938.754	**138.223.355**

The movement table of loans between 1 January 2021 and 31 December 2021 is as follows:

	2021	2020
Beginning of the period - 1 January	**1.090.963.506**	**802.214.655**
Celebi Nas beginning of the period (*)	111.712.766	-
New financial liabilities	497.012.095	629.080.104
Principal payments	(768.216.693)	(597.816.388)
Interest payments	(80.569.471)	(55.505.732)
Exchange differences and foreign currency translation differences	548.399.436	250.162.374
Change in interest accruals	79.167.164	62.828.493
End of the period – 31 December	**1.478.468.803**	**1.090.963.506**

(*) It is related to the full consolidation of Celebi Nas.

The movement table of borrowings from lease transactions between 1 January 2021 and 31 December 2021 is as follows:

	2021	2020
Beginning of the period - 1 January	**714.699.774**	**458.746.839**
Celebi Nas beginning of the period (*)	399.928	-
Additions	145.158.142	136.734.310
Interest expense	39.980.238	36.552.454
Lease payments	(119.119.474)	(70.424.046)
Exchange differences and foreign currency translation differences	481.089.395	153.090.217
End of the period – 31 December	**1.262.208.003**	**714.699.774**

(*) It is related to the full consolidation of Celebi Nas.

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

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2021	31 December 2020
Trade receivables from third parties	459.371.597	216.660.285
Less: Provision for impairment	(79.272.561)	(53.241.619)
Trade receivables from third parties (net)	**380.099.036**	**163.418.666**
Trade receivables from related parties (Note 31)	589.742	5.343.963
Total short-term trade receivables	**380.688.778**	**168.762.629**

The average collection period of trade receivables is 0-2 months, and they are classified as short-term trade receivables. The Group holds its trade receivables to collect the contractual cash flows and therefore measures at amortized cost using the effective interest method.

Movements of provisions for doubtful receivables within accounting periods are as follows:

	31 December 2021	31 December 2020
Opening balance	53.241.619	36.457.770
Foreign currency translation differences	19.179.732	1.293.422
Collections and provisions released	(3.659.752)	(2.656.075)
Additional provisions in the current period	10.510.962	18.146.502
Closing balance	**79.272.561**	**53.241.619**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Cont'd)

Credit risks exposed by the Group for each financial instrument type as of 31 December 2021 and 2020 are shown below:

	Trade receivables		Other receivables		
31 December 2021	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits (*)**
Maximum of credit risk exposed as of the reporting date	**589.742**	**380.099.036**	**124.850.444**	**516.445.678**	**1.146.500.474**
- Amount of risk covered by guarantees	-	*22.884.231*	-	-	-
Net carrying value of financial assets which are not due or not impaired	**589.742**	**314.822.403**	**124.850.444**	**516.445.678**	**1.146.500.474**
Net carring value of financial assets which are overdue but not impaired	-	68.821.671	-	-	-
- Amount of risk covered by guarantees	-	*16.146.391*	-	-	-
Net carrying value of impaired assets					
- Overdue (gross carrying value)	-	79.272.561	-	-	-
- Impairment (-)	-	*(79.272.561)*	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

	Trade receivables		Other receivables		
31 December 2020	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits (*)**
Maximum of credit risk exposed as of the reporting date	**5.343.963**	**163.418.666**	**110.458.688**	**132.002.392**	**598.555.820**
- Amount of risk covered by guarantees	-	*6.612.533*	-	-	-
Net carrying value of financial assets which are not due or not impaired	**5.343.963**	**92.846.199**	**110.458.688**	**132.002.392**	**598.555.820**
Net carring 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)	-	*53.241.619*	-	-	-
- Impairment (-)	-	*(53.241.619)*	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(*) The related balance also includes time deposits classified under financial investments and restricted bank balances.

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Cont'd)

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

	31 December 2021	31 December 2020
Overdue 1 month	22.080.910	35.583.407
Overdue 1-3 months	26.888.511	10.889.376
Overdue 3-12 months	19.657.616	18.459.073
Overdue 1-5 years	194.634	5.640.613
	68.821.671	**70.572.469**

As of 31 December 2021, the portion of the Group's overdue but not impaired receivables secured by collateral is TL 16.146.391 (31 December 2020: TL 5.548.537).

Short-term trade payables

	31 December 2021	31 December 2020
Trade payables to third parties	214.331.758	101.380.826
Accrued liabilities	67.840.531	17.954.490
Total trade payables to third parties	**282.172.289**	**119.335.316**
Due to third parties (Note 31)	11.780.141	8.892.303
Total short-term trade payables	**293.952.430**	**128.227.619**

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
Receivables from tax office	28.030.496	8.578.852
Deposits and guarantees given	23.489.205	4.806.881
Other miscellaneous receivables (*)	167.545.055	59.147.500
Short-term other receivables from related parties	**219.064.756**	**72.533.233**
Other receivables from related parties (Note 31)	60.554.654	36.106.731
Total short-term other receivables	**279.619.410**	**108.639.964**

(*) Other miscellaneous receivables consist of short-term loan given by Delhi Cargo to GMR Infrastructure Limited in the amount of 940.000.000 Indian Rupee (31 December 2020: 540.000.000 Indian Rupee).

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Cont'd)

Other long-term receivables

	31 December 2021	31 December 2020
Deposits and guarantees given (*)	297.380.922	59.469.159
Other long-term receivables from third parties	**297.380.922**	**59.469.159**
Other receivables from related parties (Note 31)	64.295.790	74.351.957
Total long-term other receivables	**361.676.712**	**133.821.116**

(*) As of 31 December 2021, 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 37.256.462 (31 December 2020: TL 39.109.208) and TL 75.878.570 (31 December 2020: TL 19.806.821).

Other short-term payables

	31 December 2021	31 December 2020
Other short-term payables (*)	48.677.439	26.378.518
Deposits and guarantees received	9.749.142	2.703.140
	58.426.581	**29.081.658**
Other payables to related parties (Note 31)	-	57.712.500
Total short-term other payables	**58.426.581**	**86.794.158**

(*) As of 31 December 2021, TL 39.023.634 of other short-term payables (31 December 2020: TL 24.811.759) is due to the concession agreements of the subsidiaries of the Company in India to the relevant authorities.

Other long-term payables

	31 December 2021	31 December 2020
Deposits and guarantees received	39.168.652	20.323.200
	39.168.652	**20.323.200**

NOTE 10 – INVENTORIES

	31 December 2021	31 December 2020
Merchandises	10.475.951	3.958.977
Other inventories (*)	30.345.070	15.586.228
	40.821.021	**19.545.205**

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

(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 31 December 2021 are as follows:

	Opening 1 January 2021	Celebi Nas opening(*)	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 31 December 2021
Cost							
Machinery, plant and equipment	484.734.159	127.523.040	32.208.802	(24.436.126)	(262.396)	437.842.919	1.057.610.398
Motor vehicles	130.986.095	3.923.090	7.212.515	(9.739.686)	-	84.103.757	216.485.771
Fixtures	67.853.295	3.359.524	2.628.694	(8.064.700)	27.727	45.572.021	111.376.561
Leasehold improvements	221.780.258	410.620	4.929.384	(502.013)	1.867.766	151.856.526	380.342.541
Construction in progress	3.392.979	-	39.897.496	-	(1.633.097)	19.761.969	61.419.347
	908.746.786	**135.216.274**	**86.876.891**	**(42.742.525)**	**-**	**739.137.192**	**1.827.234.618**
Accumulated deprecition							
Machinery, plant and equipment	(255.533.905)	(109.050.309)	(41.958.883)	17.067.281	27.727	(266.773.996)	(656.222.085)
Motor vehicles	(82.459.525)	(2.465.700)	(8.237.510)	8.800.248	-	(53.696.518)	(138.059.005)
Fixtures	(34.771.503)	(2.729.991)	(8.012.809)	8.015.010	(27.727)	(25.027.241)	(62.554.261)
Leasehold improvements	(46.814.610)	(410.620)	(12.171.569)	347.733	-	(36.548.362)	(95.597.428)
	(419.579.543)	**(114.656.620)**	**(70.380.771)**	**34.230.272**	**-**	**(382.046.117)**	**(952.432.779)**
Net book value	**489.167.243**						**874.801.839**

(*) It is related to the full consolidation of Celebi Nas.

Depreciation expense for the period ended 31 December 2021 in the amount of TL 66.945.234 and TL 3.435.537 are respectively included in cost of sales and operating expenses.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	Opening 1 January 2020	**Addtions**	**Disposals**	**Transfers**	**Foreign currency translation differences**	**Closing 31 December 2020**
Cost						
Machinery, plant 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
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
	798.268.460	**49.567.215**	**(9.107.661)**	**(29.916)**	**70.048.688**	**908.746.786**
Accumulated deprecition						
Machinery, plant 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)
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)
	(341.109.378)	**(49.852.002)**	**6.865.874**	**29.916**	**(35.513.953)**	**(419.579.543)**
Net book value	**457.159.082**					**489.167.243**

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

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

NOTE 12 - RIGHT-OF-USE ASSETS (Cont'd)

Movements in right-of-use assets for the period ended 31 December 2021 are as follows:

	Opening 1 January 2021	Celebi Nas opening (*)	Additions(**)	Foreign currency translation differences	Closing 31 December 2021
Cost					
Buildings and land	605.089.617	666.525	206.997.272	525.279.822	1.338.033.236
Machinery, plant and equipment	46.908.480	-	-	24.308.649	71.217.129
Vehicles	9.401.947	-	11.141.685	11.282.294	31.825.926
	661.400.044	**666.525**	**218.138.957**	**560.870.765**	**1.441.076.291**
Accumulated depreciation					
Buildings and land	(99.237.825)	(318.770)	(82.856.064)	(106.753.694)	(289.166.353)
Machinery, plant and equipment	(43.747.900)	-	(1.974.539)	(25.494.690)	(71.217.129)
Vehicles	(7.748.997)	-	(2.871.643)	(6.465.129)	(17.085.769)
	(150.734.722)	**(318.770)**	**(87.702.246)**	**(138.713.513)**	**(377.469.251)**
Net book value	**510.665.322**				**1.063.607.040**

(*) It is related to the full consolidation of Celebi Nas.

(**) In 2021, the controlling power in Celebi Nas was reorganized in favor of Celebi Hava, and in accordance with TFRS 3, the difference between the net assets of the Company and the fair value of the Company's equity, amounting to TL 72.980.816, was recorded as a right-of-use asset.

Depreciation expense for the period ended 31 December 2021 in the amount of TL 87.702.246 is included in cost of sales.

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

NOTE 12 - RIGHT-OF-USE ASSETS (Cont'd)

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

	Opening 1 January 2020	Additions	Foreign currency translation differences	Closing 31 December 2020
Cost				
Buildings and land	435.309.266	136.069.788	33.710.563	605.089.617
Machinery, plant and equipment	45.760.572	-	1.147.908	46.908.480
Vehicles	7.905.523	664.522	831.902	9.401.947
	488.975.361	**136.734.310**	**35.690.373**	**661.400.044**
Accumulated depreciation				
Buildings and land	(35.982.511)	(53.327.304)	(9.928.010)	(99.237.825)
Machinery, plant 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)
	(60.919.348)	**(79.041.184)**	**(10.774.190)**	**(150.734.722)**
Net book value	**428.056.013**			**510.665.322**

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

(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 31 December 2021 are as follows:

	Opening 1 January 2021	Celebi Nas opening(*)	Additions	Foreign curency translation differences	Closing 31 December 2021
Cost					
Rights	10.390.233	-	2.852	7.202.352	17.595.437
Computer softwares	34.912.719	4.859.184	1.868.561	27.574.122	69.214.586
Concession rights (**)	234.176.391	-	1.723.680	174.513.515	410.413.586
Build-operate-transfer investments (***)	186.488.027	212.159.634	-	290.639.326	689.286.987
	465.967.370	**217.018.818**	**3.595.093**	**499.929.315**	**1.186.510.596**
Accumulated depreciation					
Rights	(5.410.777)	-	(678.246)	(4.140.302)	(10.229.325)
Computer softwares	(24.349.092)	(2.498.565)	(4.405.268)	(20.880.916)	(52.133.841)
Concession rights (**)	(105.930.028)	-	(12.626.961)	(84.376.151)	(202.933.140)
Build-operate-transfer investments (***)	(65.452.916)	(35.990.382)	(30.258.546)	(88.209.204)	(219.911.048)
	(201.142.813)	**(38.488.947)**	**(47.969.021)**	**(197.606.573)**	**(485.207.354)**
Net book value	**264.824.557**				**701.303.242**

(*) It is related to the full consolidation of Celebi Nas.

(**) 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.

(***)The amounts calculated as a result of bringing the deposit prices paid in accordance with the concession agreements signed for the delivery of cargo and ground handling services at the airports in India to their present values, are accounted for under the built government, to be amortized during the concession period.

Amortization expense for the period ended 31 December 2021 in the amount of TL 45.068.630 and TL 2.900.391 are included in operating expenses and cost of sales, respectively.

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

NOTE 13 - INTANGIBLE ASSETS (Cont'd)

Other Intangible Assets (Cont'd)

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

	Opening 1 January 2020	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 31 December 2020
Cost						
Rights	10.445.953	1.200	(56.920)	-	-	10.390.233
Computer softwares	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
	393.822.438	**23.300.801**	**(1.591.805)**	**(24.958.152)**	**75.394.088**	**465.967.370**
Accumulated depreciation						
Rights	(4.883.496)	(584.201)	56.920	-	-	(5.410.777)
Computer softwares	(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)
	(169.322.939)	**(25.533.389)**	**592.658**	**24.958.152**	**(31.837.295)**	**(201.142.813)**
Net book value	**224.499.499**					**264.824.557**

(*) 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.

(**) The amounts calculated as a result of bringing the deposit prices paid in accordance with the concession agreements signed for the delivery of cargo and ground handling services at the airports in India to their present values, are accounted for under the built government, to be amortized during the concession period.

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

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

NOTE 13 – INTANGIBLE ASSETS (Cont'd)

Goodwill

Goodwill as of 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Goodwill due to acquasition of CGHH	92.897.038	57.756.911
Goodwill due to acquasition of KSU	27.066.100	15.538.750
	119.963.138	**73.295.661**

Goodwill movement table as of 31 December 2021 is as follows:

	31 December 2021	31 December 2020
1 January	73.295.661	60.932.266
Foreign currency translation differences	46.667.477	12.363.395
Goodwill	**119.963.138**	**73.295.661**

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.

	31 December 2021	31 December 2020
Ground handling services – CGHH	92.897.038	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 2,0%. 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;

Discount rate	**11,1%**

The management bases its budget on previous performance and 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.

	31 December 2021	31 December 2020
Ground handling services - KSU	27.066.100	15.538.750

The recoverable value of the cash generating unit in question has been determined on the basis of usage calculations. In these calculations, cash flow estimates covering a 5-year period are based on, as they better reflect the expectations and estimations of the management on the future development of the business and approved by the management.

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

Discount rate	**15,15%**

(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

	31 December 2021	31 December 2020
Provision for litigation and indemnity	9.047.150	8.094.479
	9.047.150	**8.094.479**

Movements of provisions for other litigations and indemnities within the accounting period of 1 January - 31 December 2021 are as follows:

	2021	2020
As of 1 January	**8.094.479**	**6.782.526**
Addition during the period	1.263.592	1.944.654
Payments during the period	(1.818.923)	(632.701)
Foreign currency translation differences	1.508.002	-
As of end of the period	**9.047.150**	**8.094.479**

Short-term provision for employee benefits

	31 December 2021	31 December 2020
Provision for employee termination benefits (*)	35.091.091	14.124.394
Provision for unused vacation rights	18.976.928	11.490.497
	54.068.019	**25.614.891**

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

b) Long-term provisions

Long-term provision for employee benefits

	31 December 2021	31 December 2020
Provision for employee terminatin benefits	45.879.138	34.788.905
	45.879.138	**34.788.905**

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.

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

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable as of 31 December 2021 consists of one month's salary limited to a maximum of TL 8.284,51 (31 December 2020: TL 7.117,17) 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.

Turkish Financial Reporting Standards 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.

The Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 10.596,74 which is effective from 1 January 2022 (1 January 2021: TL 7.638,96) has been taken into consideration in the calculations.

	2021	2020
As of 1 January	**48.913.299**	**37.411.145**
Payments of provisions during the period	(21.580.507)	(9.162.957)
Service cost of employee termination benefits	22.321.987	9.985.645
Interest cost of employee termination benefits	4.224.633	2.874.756
Actuarial gain / (loss)	9.792.230	3.921.804
Foreign currency translation differences	16.342.236	3.882.906
Transfers	956.351	-
As of period end	**80.970.229**	**48.913.299**

Movements in the provision for unused vacation rights for the period between 1 January 2021 - 31 December 2021 are as follows:

	2021	2020
As of 1 January	**11.490.497**	**7.939.669**
Celebi Nas opening (*)	1.785.337	-
Payments of provisions during the period	(2.031.322)	(555.867)
Increase in unused vacation rights during the period	9.704.006	8.196.919
Usage of vacation rights during the period	(6.539.235)	(5.062.658)
Foreign currency translation differences	4.567.645	972.434
As of period end	**18.976.928**	**11.490.497**

(*) It is related to the full consolidation of Celebi Nas.

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

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

b) Contingent assets and liabilities

Gurantess received and given as of 31 December 2021 and 2020 are as follows:

Guarantees received:

	31 December 2021	31 December 2020
Guarantee letters	44.254.017	25.192.373
Guarantee cheques	5.547.267	2.058.131
Guarantee notes	3.485.511	5.151.487
	53.286.795	**32.401.991**

Guarantees given:

	31 December 2021	31 December 2020
Guarantee letters	228.624.438	186.916.431
Collaterals (*)	386.474.891	252.078.770
Pledged shares (*)	75.155.051	43.146.798
	690.254.380	**482.141.999**

(*) TL 461.629.942 of the colleterals given and pledged shares are given to the banks for the loans borrowed by the subsidiaries and joint venture of the Group (31 December 2020: TL 295.225.568) (Note 31).

As of 31 December 2021, the litigations those generate contingent assets and liabilities to the Group are as below:

As of 31 December 2021, the Group has contingent liabilities amounting to TL 39.894.723 (31 December 2020: TL 19.496.585) due to the legal cases, criminal liabilities and enforcement proceedings in progress against the Group.

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

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

The details of collaterals, pledges, guarantees and mortgages ("CPGM") of the Group as of 31 December 2021 and 2020 are as follows:

		31 December 2021		31 December 2020	
CPGM given by the Group		**Amount**	**TL Equivalent**	**Amount**	**TL Equivalent**
A. CPGM given on behalf of the Group's legal personality			**228.624.438**		**183.455.356**
	TL	17.872.135	17.872.135	16.421.479	16.421.479
	EUR	6.281.434	94.936.965	7.729.339	69.625.113
	USD	2.210.500	29.516.807	2.210.500	16.226.175
	INR	380.201.002	66.390.699	686.337.003	68.805.285
	HUF	500.700.000	19.907.832	500.700.000	12.377.304
B. CPGM given on behalf of fully consolidated subsidiaries			**461.629.942**		**298.686.643**
	EURO	2.050.000	30.983.495	2.050.000	18.466.195
	USD	-	-	471.504	3.461.075
	INR	2.466.192.000	430.646.447	2.760.692.000	276.759.373
C. CPGM given for continuation of its economic activities on behalf of the third parties		-	-	-	-
D. Total amount of other CPGM		-	-	-	-
i. Toral amount of CPGM given on behalf of the majority shareholder		-	-	-	-
ii. Total amount of CPGM given to on behalf of orher 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		-	-	-	-
			690.254.380		**482.141.999**

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

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2021	31 December 2020
VAT and service tax receivables	13.652.974	16.651.042
Advances given to personnel	1.013.946	436.092
	14.666.920	**17.087.134**

Other non-current assets

	31 December 2021	31 December 2020
Prepaid taxes and funds (*)	47.046.218	24.056.616
Other	10.358.162	3.242
	57.404.380	**24.059.858**

(*) As of 31 December 2021, prepaid taxes and funds which can be offset more than 1 year, belong to CASI and Celebi Delhi Cargo with an amount of TL 31.041.990 (31 December 2020: TL 17.054.116) and TL 14.056.910, respectively (31 December 2020: TL 6.983.791).

Other current liabilities

	31 December 2021	31 December 2020
Taxes and funds payable	22.188.928	9.439.921
Renewal investments obligation	1.762.171	1.011.669
Other	1.231.544	248.755
	25.182.643	**10.700.345**

Other non-current liabilities

	31 December 2021	31 December 2020
Renewal investments obligation	235.346.924	75.418.498
Deferred insurance compensation income	-	16.665
	235.346.924	**75.435.163**

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

NOTE 16 – PREPAID EXPENSES

Short-term prepaid expenses

	31 December 2021	31 December2020
Prepaid expenses	31.676.182	19.924.652
Order advances given	16.911.868	7.797.861
	48.588.050	**27.722.513**

Long-term prepaid expenses

	31 December 2021	31 December 2020
Prepaid expenses	14.590.077	4.549.111
Advances given for fixed assets	11.687.709	3.161.045
	26.277.786	**7.710.156**

NOTE 17 - DEFERRED INCOME

Short-term deferred income

	31 December 2021	31 December 2020
Other advances received	53.489.033	23.058.109
Deferred income	83.613	1.043.785
	53.572.646	**24.101.894**

Long-term deferred income

	31 December 2021	31 December 2020
Deferred income	2.078.680	2.000.589
	2.078.680	**2.000.589**

NOTE 18 - PAYABLES RELATED TO EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
Bonus payable accruals	47.547.721	12.597.401
Wages and salaries payable	39.651.307	18.514.214
Social security withholdings payable	15.004.799	4.692.799
	102.203.827	**35.804.414**

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

NOTE 19 – EQUITY

Share Capital

As of 31 December 2021, 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 (31 December 2020: 2.430.000.000).

At 31 December 2021 and 2020, the shareholding structure of the Group is stated in historical amounts below:

	31 December 2021		31 December 2020	
Shareholders	**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
	24.300.000	**100,00**	**24.300.000**	**100,00**

Restricted reserves appropriated from profit (legal 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" published in Official Gazette dated 13 June 2013 numbered 28676, the "Paid-in capital", "Restricted reserves appropriated from profit" 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 appropriated from profit" and "Share premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Prior years' profit/loss",

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 31 December 2021, the amount of restricted reserves is TL 74.387.905 (31 December 2020: TL 74.387.905).

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

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

NOTE 19 - EQUITY (Cont'd)

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 adjsuted 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

	1 January - 31 December 2021	**1 January - 31 December 2020**
Ground handling services	1.373.592.512	653.386.481
Revenue from cargo and warehouse services	1.203.739.029	879.802.681
Rent and allocation revenue not related to aviation	71.032.024	84.814.041
Revenue in the context of TFRIC 12	1.723.680	3.224.441
Less: Returns and discounts	(89.898.410)	(79.726.543)
Revenue	**2.560.188.835**	**1.541.501.101**
Cost of sales	**(1.728.319.360)**	**(1.151.639.694)**
Gross profit	**831.869.475**	**389.861.407**

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

NOTE 21 - EXPENSES BY NATURE

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	(828.802.760)	(536.566.502)
Concession expenses	(340.139.936)	(232.913.425)
Depreciation and amortization expense	(206.052.038)	(154.426.575)
Payments to authorities and terminal managements (*)	(179.692.394)	(83.662.713)
Technical maintenance of equipment, fuel and security expenses	(158.203.180)	(103.570.862)
Consultancy expense (****)	(125.300.924)	(100.003.862)
Insurance expense	(23.236.101)	(12.945.877)
Expenses within the scope of TFRIC 12 (**)	(14.371.166)	(12.726.543)
Cost of sales (***)	(7.756.626)	(2.916.343)
Travel and transportation expense	(7.651.102)	(4.930.163)
Other expenses	(115.314.588)	(110.708.652)
	(2.006.520.815)	**(1.355.371.517)**

(*) 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 97.329.153 of the consultancy expenses are comprised of share of holding company expenses (1 January – 31 December 2020: TL 76.359.579) .

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Consultancy expenses	(123.232.807)	(99.083.009)
Personnel expenses	(107.171.550)	(63.360.783)
Technical maintenance of equipment, fuel and security expenses	(17.924.148)	(15.341.816)
Depreciation and amortization expense	(6.335.928)	(4.547.997)
Insurance expense	(5.671.365)	(3.765.623)
Travel and transportation expense	(5.240.656)	(3.852.261)
Payments to authorities and terminal managements (*)	(5.165.229)	(5.398.712)
Other expenses	(7.459.772)	(8.381.622)
	(278.201.455)	**(203.731.823)**

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

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

NOTE 23 - OTHER OPERATING INCOME

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exhange income (*)	34.311.447	352.468.778
Maturity difference income	2.694.586	4.956.186
Provision reversal income	591.203	2.998.903
Income from insurance claim	600.388	764.146
Other income	22.285.863	11.838.799
	60.483.487	**373.026.812**

(*) Translation differences arising from functional currency changes are accounted for net in foreign exchange income.

NOTE 24 - OTHER OPERATING EXPENSE

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign excahnce expenses	(20.972.871)	(304.654.324)
Litigation and indemnity provision expenses	(16.972.119)	(1.851.841)
Provision for doubtful receivables	(10.510.962)	(18.146.502)
Donation and aid expenses	(394.266)	(2.176.265)
Damage and indemnity expenses	(327.335)	(340.446)
Other expenses	(39.218.258)	(26.251.475)
	(88.395.811)	**(353.420.853)**

NOTE 25 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
Profit from bargain purchase (*)	72.980.816	-
Profit from the sale of fixed assets	11.560.515	11.666.817
	84.541.331	**11.666.817**

(*) In 2021, the controlling power in Celebi Nas was reorganized in favor of Celebi Hava, and in accordance with TFRS 3, the difference between the net assets of the Company and the fair value of the company's equity, amounting to TL 72.980.816, was recorded as a right-of-use asset.

NOTE 26 - EXPENSES FROM INVESTING ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
Loss from the sale of fixed assets and abandonment	(1.219.124)	(1.453.891)
	(1.219.124)	**(1.453.891)**

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

NOTE 27 - FINANCE INCOME

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange income (*)	133.395.201	79.904.342
Interest income	30.069.307	23.934.579
Other financial income	25.070.217	6.078.614
	188.534.725	**109.917.535**

(*) Translation differences arising from functional currency changes are accounted for net in foreign exchange income.

NOTE 28 – FINANCE EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange losses	(20.149.933)	(221.143.230)
Financial expenses incurred within the scope of TFRS 16 (*)	(39.980.238)	(162.994.239)
Interest expenses	(92.122.734)	(67.301.269)
Financial expenses incurred within the scope of TFRIC 12	(2.554.578)	(2.457.451)
Other finance expenses	(16.550.549)	(8.106.368)
	(171.358.032)	**(462.002.557)**

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

NOTE 29 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Current period corporate tax provision	49.917.869	28.760.852
Less: prepaid corporate taxes	(8.197.661)	(2.777.130)
Current income tax (asset) / liability, net (*)	**41.720.208**	**25.983.722**
Deferred tax assets	256.168.334	156.752.202
Deferred tax liabilities	(85.460.436)	(29.562.138)
Deferred tax assets - net	**170.707.898**	**127.190.064**

(*) Current income tax assets and current income tax liabilities from the different subisidiaries of the Group have been separately presented as net in the balance sheet.

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.

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

NOTE 29 - TAX ASSETS AND LIABILITIES (cont'd)

In Turkey, the corporate tax rate is 25% (31 December 2020: 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 1 January 2018.

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

In Germany, the corporate tax rate is 31,925% for fiscal year 2021 (2020: 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 (such as research and development expenses).

For the periods ended on 31 December 2021 and 2020, tax expenses are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
- Current period corporate tax	(60.961.994)	(49.742.669)
- Deferred tax income/ (expense)	(4.150.508)	32.873.895
	(65.112.502)	**(16.868.774)**

Reconciliation of tax expenses presented in consolidated statements of income for the periods ended 31 December 2021 and 2020 are as follows:

	2021	**2020**
Profit before tax in the financial statements	**630.035.899**	**(133.077.282)**
Expected tax expense according to parent company tax rate	(157.508.973)	29.277.001
Differences in tax rates of subsidiaries	(1.635.997)	(16.260.997)
Expected tax expense of the Group	**(159.144.970)**	**13.016.004**
Non-deductible expenses	(11.735.833)	(3.782.563)
Reductions	27.855.134	4.095.778
Offset previous year profit loss	49.503.059	-
Tax incentive effect (*)	2.230.859	-
Investments accounted using the equity method effect	1.101.115	936.562
Deferred tax income calculated over unused previous years' losses	2.350.173	8.191.198
Temporary tax effect not calculated on legal loss	-	(34.674.858)
The effect of non-temporary differences	54.025.854	-
Effect of non-monetary items translated from TL to Euro under TAS 21	(27.165.395)	-
Other	(4.132.498)	(4.650.895)
Current period tax expense of the Group	**(65.112.502)**	**(16.868.774)**

(*) 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 57.171.594 has been granted and TL 22.079.486 of this amount has been deducted from the temporary tax amount calculated.

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

NOTE 29 - TAX ASSETS AND LIABILITIES (cont'd)

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 TAS 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 TAS accounting standards. Rates for deferred tax assets and liabilities calculated by liability method over temporary differences to be realized in future periods are 20% - 23%, 9%, 31,925% and 25,17% for Turkey, Hungary, Germany and India, respectively.

The details of cumulative temporary differences and the related deferred tax assets and liabilities calculated with currently enacted tax rates as at 31 December 2021 and 2020 are as follows:

	Total temporary differences		**Deferred tax assets (liabilities)**	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Deferred tax assets				
Personnel bonus accrual	(7.127.065)	(859.180)	1.639.225	171.836
Accrued sales commissions	(22.159.939)	(14.714.401)	5.096.786	2.942.880
Provision for employment termination benefits	(35.006.953)	(29.441.003)	7.061.027	5.941.291
Provision for unused vacation rights	(8.529.739)	(6.723.227)	1.961.840	1.344.645
Provision for litigation and indemnity	(6.641.030)	(6.521.835)	1.527.437	1.304.367
Adjustments related to property plant and equipment and intangible assets	(246.589.798)	(132.026.613)	62.367.605	33.403.749
Investment incentives	(175.460.540)	(164.306.245)	35.092.107	32.861.248
Deferred tax asset calculated over unused previous years' losses	(178.385.549)	(99.726.146)	57.078.802	31.914.441
Adjustments related with TFRS 16	(329.821.517)	(187.135.577)	64.264.030	35.921.620
Other	(88.535.944)	(52.441.122)	20.079.475	10.946.125
			256.168.334	156.752.202
Deferred tax assets			**256.168.334**	**156.752.202**
Deferred tax liabilities				
Adjustments related to property, plant and equipment and intangible assets	391.512.286	159.257.675	(79.162.260)	(28.695.272)
Other	27.636.357	4.334.340	(6.298.176)	(866.866)
			(85.460.436)	(29.562.138)
Deferred tax liabilities			**(85.460.436)**	**(29.562.138)**
Deferred tax assets, net			**170.707.898**	**127.190.064**

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

NOTE 29 - TAX ASSETS AND LIABILITIES (cont’d)

The table of deferred tax movement is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
As of 1 January	**127.190.064**	**81.090.397**
Celebi Nas at the beginning of the period (*)	(3.285.288)	-
Foreign currency translation differences	48.960.805	12.218.854
Deferred tax income/(expense) for the current year	(4.150.508)	32.873.895
Recognized in other comprehensive income	1.992.825	1.006.918
As of the end of the period	**170.707.898**	**127.190.064**

(*) It is related to the full consolidation of Celebi Nas.

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 relevant period.

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:

	1 January - 31 December 2021	1 January - 31 December 2020
Net profit / (loss) attributable to the parent company	533.453.896	(169.179.611)
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000
Earnings per share (Kr)	**0,220**	**(0,070)**

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

NOTE 31 - RELATED PARTY DISCLOSURES

The balances of due from related parties, other receivables from related parties and payables to related parties as of the end of the period and a summary of transactions with related parties during the period are given below:

i) Balances with related parties

Short-term receivables from related parties

	31 December 2021	31 December 2020
Çelebi Havacılık Holding (1)	577.289	4.480
Celebi Nas(4)	-	2.116.861
Celebi Ground Services Austria (2)	-	1.652.895
Other	12.453	1.569.727
	589.742	**5.343.963**

Other receivables from related parties

	31 December 2021	31 December 2020
Çelebi Havacılık Holding (1) (*)	124.850.444	110.458.688
	124.850.444	**110.458.688**

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

Payables to related parties

	31 December 2021	31 December 2020
Çelebi Havacılık Holding (1) (*)	7.255.171	5.452.917
DASPL (5)	4.521.662	2.577.045
CGSA(5)	3.308	-
Celebi Nas (4)	-	182.065
Other	-	680.276
	11.780.141	**8.892.303**

Other payables to related parties

	31 December 2021	31 December 2020
Çelebi Havacılık Holding (1) (**)	-	51.890.232
Other shareholders (5) (**)	-	5.822.268
	-	**57.712.500**

(*) As of 31 December 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 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 31 August 2020 and TL 57.712.500 on 4 January 2021.

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

NOTE 31 - RELATED PARTY DISCLOSURES (cont'd)

ii) Significant transactions with related parties

Miscellaneous sales to related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Çelebi Havacılık Holding (1)	5.104.350	5.599.347
DASPL(3)	-	988.484
Other	49.168	190.479
	5.153.518	**6.778.310**

Employee and customer transportation expenses paid to related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Çe-Tur Çelebi Turizm Tic. A.Ş. (4)	-	10.243.574
	-	**10.243.574**

Contribution to holding expenses (*)

	1 January - 31 December 2021	1 January - 31 December 2020
Çelebi Havacılık Holding (1)	97.329.153	76.359.579
	97.329.153	**76.359.579**

(*) 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.

Other purchases from related parties

	1 January - 31 December 2021	1 January - 31 December 2020
DASPL (3) (**)	15.437.702	12.361.015
Çelebi Havacılık Holding (1) (*)	8.810.120	5.943.216
Celebi Nas (3) (***)	-	1.902.352
Other	-	1.732.108
	24.247.822	**21.938.691**

(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.

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

NOTE 31 - RELATED PARTY DISCLOSURES (Cont'd)

As of 31 December 2021 and 2020, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

31 December 2021	EUR	INR	Total TL
Celebi Nas (1)	-	94.392.000	16.482.731
Celebi Delhi Cargo (2)	-	336.000.000	58.672.320
CASI (3)	-	2.035.800.000	355.491.396
Celebi Cargo GmbH (4)	2.050.000	-	30.983.495
	2.050.000	**2.466.192.000**	**461.629.942**

31 December 2020	EUR	INR	Total TL
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
	2.050.000	**2.760.692.000**	**295.225.568**

(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 2021, the risk of the cash loan in the respective bank is amountinf to INR 783.828.059.

(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 2021, the risk of the cash loan in the respective bank is amounting to INR 540.232.707.

(3) Celebi Airport Services has a borrowing amounting to INR 1.434.800.000 cash and INR 751.000.000 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 31 December 2021, the risk of the cash loan in the respective bank is amounting to INR 584.171.733.

(4) As of 31 December 2021, 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.

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:

	1 January - 31 December 2021	1 January - 31 December 2020
Short-term key management compensation	32.978.958	20.962.306
	32.978.958	**20.962.306**

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

NOTE 32 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Fixed interest rate financial instruments		
Financial Assets	758.744.245	427.629.722
- Cash and cash equivalents	*758.744.245*	*427.629.722*
Financial Liabilities	2.407.738.052	1.667.439.926
Floating interest rate financial instruments		
Financial Liabilities	332.938.754	138.223.354

If other variables are kept constant and the interest rates were 1% higher/lower, interest expense due to financial liabilities would have been TL 921.227 higher or lower for the period ended 31 December 2021 (2020: TL 1.382.234).

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 discloded in Note 8.

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 with maturity more than one year amounting to TL 1.697.489.920 as at 31 December 2021 (31 December 2020: TL 1.087.252.580) (Note 7).

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

NOTE 32 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

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

			Contractual			
31 December 2021	**Book value**	**Total cash out flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Loans	1.478.468.803	1.563.553.025	319.120.639	588.176.959	642.032.830	14.222.597
Liabilities from leasing obligations	1.262.208.003	1.463.290.074	34.237.857	102.713.570	498.474.045	827.864.602
Trade payables						
-Related party	11.780.141	11.780.141	11.780.141	-	-	-
-Other	268.410.695	268.410.695	67.840.531	200.570.164	-	-
Other liabilities	97.595.233	97.595.233	4.719.572	53.707.009	39.168.652	-

			Contractual			
31 December 2020	**Book value**	**Total cash out flow**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Loans	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	-

Foreign 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 to total equity amount 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 31 December 2021, while other variables 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 increase/decrease by TL 18.667.730 (31 December 2020: TL 7.072.936).

As of 31 December 2021, while other variables 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 increase/decrease by TL 7.945.935 (31 December 2020: TL 87.325.685).

As of 31 December 2021, while other variables 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 increase/decrease by TL 129.049 (31 December 2020: TL 223.796).

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

NOTE 32 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

Foreign currency risk (cont'd)

As of 31 December 2021, while other variables being constant, if the TL was to appreciate/depreciate by 10%, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would increase/decrease by TL 27.707.551.

Foreign currency denominated assets and liabilities of the Group as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Assets denominated in foreign currency	570.324.424	473.184.688
Liabilities denominated in foreign currency (-)	(582.553.765)	(1.275.474.228)
Net foreign currency position	**(12.229.341)**	**(802.289.540)**

The table below summarizes TL equivalents of foreign currency denominated assets and liabilities of the Group as of 31 December 2021 and 2020:

31 December 2021	TL Equivalent	USD	EUR	GBP	TL
1. Trade Receivables	137.019.592	3.836.510	4.563.435	-	16.819.374
2. Monetary Financial Assets	266.437.990	11.261.246	7.238.104	1.202	6.648.884
3. Other	102.567.815	540.375	4.006.554	-	34.797.531
4. Current Assets (1+2+3)	**506.025.397**	**15.638.131**	**15.808.093**	**1.202**	**58.265.789**
5. Other	64.299.027	-	4.254.083	-	3.242
6. Non-Current Assets (5)	**64.299.027**	**-**	**4.254.083**	**-**	**3.242**
7. Total Assets (4+6)	**570.324.424**	**15.638.131**	**20.062.176**	**1.202**	**58.269.031**
8. Trade Payables	59.509.488	1.151.294	-	7.985	43.992.047
9. Financial Liabilities	275.644.512	-	5.243.313	-	196.397.604
10. Other Monetary Liabilities	50.712.797	506.660	13.293	64.671	42.578.473
11. Short-term liabilities (8+9+10)	**385.866.797**	**1.657.954**	**5.256.606**	**72.656**	**282.968.124**
12. Financial Liabilities	195.803.624	-	9.548.201	-	51.493.069
13. Other Monetary Liabilities	883.344	-	-	-	883.344
14. Long-Term Liabilities (12+13)	**196.686.968**	**-**	**9.548.201**	**-**	**52.376.413**
15. Total Liabilities (11+14)	**582.553.765**	**1.657.954**	**14.804.807**	**72.656**	**335.344.537**
16. Net Foreign Currency Asset/(Liability) Position (7-15)	**(12.229.341)**	**13.980.177**	**5.257.369**	**(71.454)**	**(277.075.506)**
17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)	**(12.229.341)**	**13.980.177**	**5.257.369**	**(71.454)**	**(277.075.506)**

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

NOTE 32 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

31 December 2020	TL Equivalent	USD	Euro	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
4. Current Assets (1+2+3)	**398.832.734**	**10.830.804**	**35.336.486**	**102.746**
5. Other	74.351.954	-	8.254.083	-
6. Non-Current Assets (5)	**74.351.954**	**-**	**8.254.083**	**-**
7. Total Assets (4+6)	**473.184.688**	**10.830.804**	**43.590.569**	**102.746**
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
11. Short-Term liabilities (8+9+10)	**508.620.360**	**1.195.308**	**55.402.754**	**78.816**
12. Financial Liabilities	766.853.868	-	85.131.259	-
13. Other Monetary Liabilities	-	-	-	-
14. Long-Term Liabilities (12+13)	**766.853.868**	**-**	**85.131.259**	**-**
15. Total Liabilities (11+14)	**1.275.474.228**	**1.195.308**	**140.534.013**	**78.816**
16. Net Foreign Currency Asset/(Liability) Position (7-15)	**(802.289.540)**	**9.635.496**	**(96.943.444)**	**23.930**
17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)	**(802.289.540)**	**9.635.496**	**(96.943.444)**	**23.930**

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

NOTE 32 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

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 balance sheet, plus net debt.

The net debt/(equity+net debt) ratio as of 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Total financial liabilities (*)	2.740.676.806	1.805.663.280
Less: Cash and cash equivalents	(1.093.574.832)	(571.830.186)
Less: Time deposits	(14.078.067)	(9.019.305)
Less: Restricted bank balances	(102.609.932)	(18.443.286)
Net debt	1.530.025.975	1.206.370.503
Net debt (Except for the impact of TFRS 16)	267.817.972	491.670.729
Shareholder's equity	1.669.845.086	446.297.475
Capital invested	3.199.871.061	1.652.667.978
Net debt/capital invested	0,48	0,73

(*) As of 31 December 2021, TL 1.262.208.003 of the net debt consists of the lease amounts discounted in accordance with TFRS 16 effective as of 1 January 2019 (31 December 2020: TL 714.699.774).

NOTE 33 – FINANCIAL INSTRUMENTS

Fair value disclosures of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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

NOTE 33 – FINANCIAL INSTRUMENTS (cont'd)

Fair value disclosures of financial instruments (cont'd)

Monetary assets

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short-term nature.

The carrying value of trade receivables, with related impairments is assumed to reflect their fair values.

Monetary 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.

The 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 31 December 2020 is as follows:

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

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

NOTE 34 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees for the services received by the Company from the Independent Audit Firm (IAF) in the periods of 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

	2021			2020		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	3.396.715	-	3.396.715	2.459.736	-	2.459.736
Fees for tax advisory services	701.846	-	701.846	318.607	-	318.607
Fee for other assurance services	125.616	-	125.616	95.063	-	95.063
Fees for services other than independent audit	265.853	-	265.853	-	-	-
	4.490.030		4.490.030	2.873.406		2.873.406

NOTE 35 - EVENTS AFTER THE BALANCE SHEET DATE

The events that started between Russia and Ukraine as of the end of February continue as of the date of the report. The Group management closely monitors the effects of the economic results of the operation on the Group's operations.