

Çelebi Hava Servisi Anonim Şirketi

Condensed consolidated financial statements for the interim period 1 January – 30 June 2021

(Convenience translation into English of interim condensed
consolidated financial statements originally issued in Turkish)

(Convenience translation into English of interim condensed consolidated financial statements originally issued in Turkish)

REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Çelebi Hava Servisi A.Ş. (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2021, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-months interim period then ended. The Group management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

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Emphasis of Matter

The Covid-19 epidemic, which adversely affected the economic conditions, affected the Group's activities and its effects are expected to continue in the following period. The management has explained the effects of Covid-19 on its activities and the measures taken in Note 1. This matter does not affect our conclusion.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Cem Tovil
Partner

Istanbul, 18 August 2021

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS OF 30 JUNE 2021**

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	30 June 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	490.056.877	571.830.186
Financial investments		76.048.356	9.435.386
-Restricted cash	5	10.381.181	9.435.386
-Time deposits	5	65.667.175	-
Trade receivables		236.122.011	168.762.629
-Due from related parties	8	2.189.223	5.343.963
-Due from third parties	8	233.932.788	163.418.666
Other receivables		170.938.254	108.639.964
-Due from related parties	9	41.440.703	36.106.731
-Due from third parties	9	129.497.551	72.533.233
Inventories	10	23.788.117	19.545.205
Prepaid expenses	16	41.536.864	27.722.513
Current tax assets	23	9.687.547	2.777.130
Other current assets	15	9.792.449	17.087.134
Total current assets		1.057.970.475	925.800.147
Non-current assets			
Financial investments	5	39.750.593	18.361.495
-Restricted cash	5	33.672.358	9.007.900
-Time deposits	5	5.911.585	9.019.305
- Other financial assets at fair value through profit/loss	5	166.650	334.290
Other receivables		252.557.341	133.821.116
-Due from related parties	9	64.689.111	74.351.957
-Due from third parties	9	187.868.230	59.469.159
Investments accounted using equity method	6	13.834.681	157.711.645
Property, plant and equipment	11	525.920.877	489.167.243
Right-of-use assets	12	486.216.858	510.665.322
Intangible assets		575.641.503	338.120.218
-Goodwill	13	86.789.157	73.295.661
-Other intangible assets	13	488.852.346	264.824.557
Prepaid expenses	16	14.012.060	7.710.156
Deferred tax asset	23	196.709.994	156.752.202
Other non-current assets	15	35.121.222	24.059.858
Total non-current assets		2.139.765.129	1.836.369.255
Total assets		3.197.735.604	2.762.169.402

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	30 June 2021	31 December 2020
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	184.979.864	149.354.675
Short-term portion of long-term financial liabilities	7	491.854.616	436.473.537
Short-term lease payables	7	95.935.076	132.582.488
Trade payables		152.605.070	128.227.619
-Due to related parties	8	5.392.007	8.892.303
-Due to third parties	8	147.213.063	119.335.316
Employee benefit obligations	18	72.349.302	35.804.414
Other payables		28.161.017	86.794.158
-Due to related parties	9	-	57.712.500
-Due to third parties	9	28.161.017	29.081.658
Deferred income	17	27.048.617	24.101.894
Current profit tax liability	23	28.495.246	28.760.852
Short-term provisions		46.222.146	33.709.370
-Provisions for employment termination benefits	14	38.362.553	25.614.891
-Other short-term provisions	14	7.859.593	8.094.479
Other current liabilities	15	13.433.680	10.700.345
Total current liabilities		1.141.084.634	1.066.509.352
Non-current liabilities			
Long-term financial liabilities	7	513.311.578	505.135.294
Long-term lease payables	7	639.205.037	582.117.286
Other payables		26.098.464	20.323.200
-Other long-term payables to third parties	9	26.098.464	20.323.200
Deferred income		2.000.589	2.000.589
Long-term provisions		37.616.824	34.788.905
- Provisions for employment termination benefits	14	37.616.824	34.788.905
Deferred tax liability	23	32.986.872	29.562.138
Other non-current liabilities	15	152.249.596	75.435.163
Total non-current liabilities		1.403.468.960	1.249.362.575
Total liabilities		2.544.553.594	2.315.871.927
EQUITY			
Equity attributable to equity holders of the parent		418.434.046	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		(27.074.649)	(27.110.446)
-Gains / (losses) on remeasurement of defined benefit plans		(27.074.649)	(27.110.446)
Accumulated other comprehensive income or expenses			
that will be reclassified subsequently to profit or loss		378.112.521	262.085.889
-Foreign currency translation differences		378.112.521	262.085.889
Restricted reserves appropriated from profit	19	74.387.905	74.387.905
Prior years' profit / (losses)		22.479.380	192.120.125
Net profit / (loss) for the period		(53.771.111)	(169.179.611)
Non-controlling interests		234.747.964	89.693.613
Total equity		653.182.010	446.297.475
Total liabilities and equity		3.197.735.604	2.762.169.402

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

		<i>Reviewed</i>		<i>Reviewed</i>	
		1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
	Notes				
Revenue	20	974.405.046	523.314.111	653.051.280	251.167.764
Cost of sales (-)	20	(716.093.973)	(381.225.848)	(547.462.269)	(230.208.999)
GROSS PROFIT	20	258.311.073	142.088.263	105.589.011	20.958.765
General administrative expenses (-)		(132.266.125)	(72.830.161)	(100.056.390)	(47.571.675)
Other operating income		171.340.875	55.120.173	159.322.649	67.298.094
Other operating expenses (-)		(196.068.968)	(60.897.413)	(145.605.675)	(70.453.185)
OPERATING PROFIT / (LOSS)		101.316.855	63.480.862	19.249.595	(29.768.001)
Income from investment activities		85.579	(2.226.351)	3.001.876	124.086
Expenses from investment activities (-)		(449.222)	(440.130)	(1.334.649)	(78.202)
Shares of profits/(losses) from of investments valued by equity method		2.204.156	1.041.726	(3.991.555)	(8.920.416)
OPERATING PROFIT / (LOSS) BEFORE FINANCE EXPENSE		103.157.368	61.856.107	16.925.267	(38.642.533)
Financial income	21	107.563.755	73.796.391	47.856.800	25.444.970
Financial expenses (-)	22	(255.177.126)	(133.742.075)	(209.860.788)	(96.882.259)
PROFIT / (LOSS) BEFORE TAX		(44.456.003)	1.910.423	(145.078.721)	(110.079.822)
Tax income / (expense)		3.499.001	3.430.606	(5.625.778)	(2.164.527)
Current tax expense	23	(25.715.731)	(12.913.979)	(19.308.541)	(12.988.541)
Deferred tax income / (expense)	23	29.214.732	16.344.585	13.682.763	10.824.014
PROFIT / (LOSS) FOR THE PERIOD		(40.957.002)	5.341.029	(150.704.499)	(112.244.349)
Profit / (Loss) for the Period Attributable to:					
Non-controlling interests		12.814.109	5.836.106	7.153.328	5.040.079
Equity holder of the parent		(53.771.111)	(495.077)	(157.857.827)	(117.284.428)
		(40.957.002)	5.341.029	(150.704.499)	(112.244.349)
Earnings / (loss) per share (Kr)	24	(0,022)	(0,000)	(0,065)	(0,048)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD OF 1 JANUARY – 30 JUNE 2021

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

	<i>Reviewed</i>		<i>Reviewed</i>	
	1 January - 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Net profit / (loss) for the period	(40.957.002)	5.341.029	(150.704.499)	(112.244.349)
Items that will not be reclassified to profit or loss				
- Gains / (losses) on remeasurement of defined benefit plans	165.878	165.878	(338.984)	(338.984)
Shares of other comprehensive income of investments accounted by the equity method that will not be classified in profit or loss				
- Remeasurement gains / (losses) on remeasurement of defined benefit plans of investments valued by equity method	-	(105.327)	(247.798)	(247.798)
Taxes regarding other comprehensive income that will not be reclassified to profit or loss				
- Remeasurement gains / (losses) of defined benefit plans	(12.176)	(12.176)	21.314	21.314
- Shares of other comprehensive income of investments accounted by equity method that will not be classified in profit or loss, tax effect	-	-	63.709	63.709
Items that will be reclassified to profit or loss				
- Foreign currency translation differences	193.235.293	45.448.118	57.917.429	37.648.853
Other comprehensive income / (expense)	193.388.995	45.496.493	57.415.670	37.147.094
Total comprehensive income / (expense)	152.431.993	50.837.522	(93.288.829)	(75.097.255)
Total comprehensive income / (expense) attributable to:				
Non-controlling interests	90.140.675	12.878.065	13.551.120	9.077.672
Equity holders of the parent	62.291.318	37.959.457	(106.839.949)	(84.174.927)
	152.431.993	50.837.522	(93.288.829)	(75.097.255)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

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

		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' profit / (losses)	Net profit / (loss) 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	-	-	-	-	-	-	-	(7.710.730)	(7.710.730)
Increase due to other changes (**)	-	-	-	-	(461.134)	-	(461.134)	-	(461.134)
Increase in minority shares of subsidiary (*)	-	-	-	-	-	-	-	62.624.406	62.624.406
Other comprehensive income / (expense)									
-Foreign currency translation difference	-	-	116.026.632	-	-	-	116.026.632	77.208.661	193.235.293
-Losses on remeasurement of defined benefit plans	-	35.797	-	-	-	-	35.797	117.905	153.702
Total other comprehensive income	-	35.797	116.026.632	-	-	-	116.062.429	77.326.566	193.388.995
Net profit / (loss) for the period	-	-	-	-	-	(53.771.111)	(53.771.111)	12.814.109	(40.957.002)
Total comprehensive income / (expense)	-	35.797	116.026.632	-	-	(53.771.111)	62.291.318	90.140.675	152.431.993
As of 30 June 2021	24.300.000	(27.074.649)	378.112.521	74.387.905	22.479.380	(53.771.111)	418.434.046	234.747.964	653.182.010

(*) A partnership agreement was 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% shares. In addition, with the additional protocol that was registered and entered into force on 8 February 2021, amendments were made in the articles of "Reserve Matters" in favor of the Company, which will affect the authority and power to control the financial and operating policies of Celebi Nas in line with the interests of the Company. In this context, Celebi Nas started to be consolidated in 2021 using the full consolidation method, from the date on which the control passed to the Company. TL 85.153.779 of the foreign currency translation differences are related to the full consolidation of Celebi Nas.

(**) In order to participate in the ground handling concession tenders to be opened at the airports in Tanzania, the Company has a 65% shares 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.

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

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

		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	Losses on remeasurement of defined benefit plans	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' 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	-	-	-	-	192.355.079	(192.355.079)	-	-	-
Dividend payment (*)	-	-	-	10.999.949	(116.704.949)	-	(105.705.000)	-	(105.705.000)
Subsidiary share purchase (**)	-	-	-	-	(1.313.971)	-	(1.313.971)	1.313.971	-
Other comprehensive income / (expense)									
-Foreign currency translation difference	-	-	51.497.387	-	-	-	51.497.387	6.420.042	57.917.429
-Losses on remeasurement of defined benefit plans	-	(479.509)	-	-	-	-	(479.509)	(22.250)	(501.759)
Total other comprehensive income	-	(479.509)	51.497.387	-	-	-	51.017.878	6.397.792	57.415.670
Net profit for the period	-	-	-	-	-	(157.857.827)	(157.857.827)	7.153.328	(150.704.499)
Total comprehensive income / (expense)	-	(479.509)	51.497.387	-	-	(157.857.827)	(106.839.949)	13.551.120	(93.288.829)
As of 30 June 2020	24.300.000	(24.504.473)	187.873.545	74.387.905	192.120.126	(157.857.827)	296.319.276	77.123.859	373.443.135

(*) It was decided to pay the shareholders of the Company in two installments as TL 47.992.500 on 31 August 2020 and TL 57.712.500 on 1 October 2020.

(**) The related amount consists of the equity effect of the capital increase made to KSU. The capital increase consists of a payment of EUR 1.297.017 made by the Company and was realized by making a premium capital increase within the scope of the legal regulations governing India, and the Company's shareholding rate in KSU has reached 57.65%.

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Reviewed</i>	<i>Reviewed</i>
		1 January –	1 January –
		30 June	30 June
	Notes	2021	2020
A. Cash flows from operating activities		127.911.317	144.487.300
Net profit / (loss) for the period		(40.957.002)	(150.704.499)
Adjustments for reconciliation of net profit/loss for the period		212.470.257	252.550.623
Adjustments related to depreciation and amortization expenses	11,12,13	85.159.495	74.588.254
Adjustments related to impairment (reversal)		7.269.880	7.626.014
Adjustments related to provisions		14.028.863	8.464.305
- Adjustments related to provisions for employee benefits		14.028.863	8.464.305
Adjustments related to interest income and expenses		46.838.704	32.098.200
- Adjustments related to interest income	21	(14.685.151)	(9.541.851)
- Adjustments related to interest expenses		61.523.855	41.640.051
Adjustments related to unrealized foreign currency translation differences		64.689.876	123.158.393
Adjustments related to tax (income) expenses	23	(3.499.001)	5.625.778
Adjustments related to undistributed profit of investments that are accounted by the equity method	6	(2.204.156)	3.991.555
Adjustments related to gains/losses on disposal of non-current assets		186.596	(3.001.876)
Changes in working capital		3.092.693	56.675.869
Adjustments related to increase/decrease in trade receivables		(49.629.694)	53.736.222
-Decrease/increase in due from related parties		3.229.936	(9.063)
-Decrease/increase in due from third parties		(52.859.630)	53.745.285
Adjustments related to increase/decrease in other receivables related to operations		(11.862.630)	(32.766.994)
Adjustments related to increase/decrease in inventories		(900)	(1.956.482)
Decrease (increase) in prepaid expenses		(7.763.636)	11.295.374
Adjustments related to increase/decrease in trade payables		20.036.162	14.276.219
-Increase (decrease) in due to related parties		(5.422.348)	(11.026.543)
-Increase (decrease) in due to third parties		25.458.510	25.302.762
Increase (decrease) in payables related to employee benefits		23.084.884	(7.780.820)
Adjustments related to increase/decrease in other payables related to operations		29.228.507	19.872.350
Cash flows generated from operations		174.605.948	158.521.993
Payments related to provisions for employee benefits	14	(6.190.250)	(6.108.420)
Payments related to other provisions		(1.720.017)	(747.236)
Tax returns (payments)		(38.784.364)	(7.179.037)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Reviewed</i>	<i>Reviewed</i>
		1 January –	1 January –
		30 June	30 June
	Notes	2021	2020
B. Cash flows from investing activities		(48.261.808)	20.909.179
Cash inflows from sale of property, plant and equipment and intangible assets		-	3.316.579
-Cash inflows from sale of property, plant and equipment	11	-	3.103.536
-Cash inflows from sale of intangible assets	13	-	213.043
Cash outflows from purchase of property, plant and equipment and intangible assets		(11.722.022)	(48.108.984)
-Cash outflows from purchase of property, plant and equipment	11	(10.810.283)	(35.280.059)
-Cash outflows from purchase of intangible assets	13	(911.739)	(12.828.925)
Dividends received	6	1.343.750	-
Cash inflows from cash advances and debts given to related parties		20.706.567	15.421.636
Other cash inflows/(outflows)		(58.590.103)	50.279.948
C. Cash flows from financing activities		(297.570.977)	117.782.893
Lease payments		(62.164.830)	(48.608.889)
Cash inflows from financial liabilities		272.105.474	476.703.587
Cash outflows due to debt payments		(424.747.222)	(308.554.256)
Dividends paid		(65.423.230)	-
Interest paid		(32.026.320)	(11.299.400)
Interest received	21	14.685.151	9.541.851
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		(217.921.468)	283.179.372
D.Foreign currency translation differences		135.477.034	30.550.520
Net increase/decrease in cash and cash equivalents		(82.444.434)	313.729.892
E. Cash and cash equivalents at the beginning of the period		571.428.818	208.942.627
Cash and cash equivalents at the end of the period	4	488.984.384	522.672.519

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

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 Yenışehir, 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 İstanbul ("BIST") since 18 November 1996. 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 average number of employees working for the Group as of the interim period ended on 30 June 2021 is 9.923 (2020: 11.157).

Information on Subsidiaries and Investments Valued with Equity Method:

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 follows:

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

(*) As of 30 June 2021, Celebi Spain and Celebi GH India Private Limited have no operational activity.

(**) The company, by participating in the capital increase to be made in KSU Aviation Private Limited ("KSU"), a resident of India, was established on 8 May 2019 to provide "taxiing" services to aircraft at airports in India. She signed a partnership agreement with Mr. Ashwani Khanna and Mrs. Zaheda Khanna, the founder of KSU company and the shareholders who own all the shares constituting its capital, in order to become a 50% partner. For this purpose, a capital payment of 420 million Indian Rupees (approximately EUR 5.56 million) was made by the Company.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

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

Information on Subsidiaries and Investments Valued with Equity Method (cont'd):

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft") that was founded on 22 September 2006 as founding shareholder for the realization of the above mentioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft was taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 in accordance with the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. At 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding Anonim Şirketi for a consideration of TL 33.712.020. As of 30 June 2021, paid-in capital of CGHH is Hungarian Forint 200.000.000.

The Company participated as a co-founder in the Company with capital of Indian Rupee 100.000 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 in order to fulfill the requirements to meet the obligations and make the planned investments outlined in the Concession Agreement signed between Celebi GH Delhi and the tender to authority, under the legal legislation in India, the Company has made a premium capital increase amounting to Indian Rupee 1.380.897.000 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 74%. On 22 May 2017, the Company acquired 25,9% share of Çelebi GH Delhi and reached to an ownership rate of 99,9% and a share capital of Indian Rupee 24.430.000. 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 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services.

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

The Company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna, the founder and wholly owned shareholders of KSU company to become a 50% partner in KSU Aviation Private Limited ("KSU"), a company established in India on 8 May 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 420 million Indian Rupees (approximately EUR 5,56 million) is made by the Company.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

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

Information on Subsidiaries and Investments Valued with Equity Method (cont'd):

In the sequel of winning the tender of rendering ground handling services for a 10 years period in Mumbai Chhatrapati Shivaji International Airport (CSIA) in Mumbai, India by the consortium in which the Company takes part, a joint venture of the Company has been established on 12 December 2008 with the trade name of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai, India. The Company has participated as the founding partner in Celebi Nas and has 57% shareholding where the share capital of Celebi Nas is Indian Rupee 552.000.000. A premium capital increase of Indian Rupee 228.000.000 has been paid by the shareholders of Celebi Nas in previous years. Although the Company has 57% shareholding, in accordance with the conditions in Articles of Association signed between the Company and the counterparty shareholder until 8 February 2021, Celebi Nas is accounted using the equity method and treated as a joint venture. On 8 April 2015, Celebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport, for rendering services of air conditioners and generators mounted on passenger boarding bridges in the passenger terminal. With this agreement, Celebi Nas has been granted the concession rights until May 2036. 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. In addition to the partnership agreement signed between the Company and other partners regarding Celebi Nas on 17 January 2021, with the additional protocol that was registered and entered into force on 8 February 2021, amendments were made in the "Reserve Matters" articles in favor of the Company, which would affect Celebi Nas's authority and power to control its financial and operating policies in line with the Company's interests. 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. This change is accounted for as a gradual business combination within the scope of TFRS 3 Business Combinations and in incremental transactions, the acquirer remeasures its previously held equity interest in the acquiree at its fair value at the transaction date and recognizes any resulting gain or loss in profit or loss. TFRS 3 Business Combinations standard allows for one year to complete the determination of fair values. As the transactions regarding the determination of the fair values of the identifiable assets, liabilities and contingent liabilities in the financial statements of Celebi Nas continue as of this reporting period, within the scope of TFRS 3 Business Combinations standard the Group, they has accounted for the consolidation scope change based on the net book values of the net assets of Celebi Nas as of 31 March 2021.

In order to participate in ground handling concession tenders to be opened at airports in Tanzania, The Company has a 65% shares 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.

- Associate

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

<u>Joint venture</u>	<u>Registered country</u>	<u>Geographical region</u>	<u>Nature of business</u>
DASPL	India	India	Ground handling services

Celebi GH Delhi, a subsidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited ("DASPL") with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is Indian Rupee 250.000.000. On 14 November 2016, Celebi 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 condensed consolidated financial statements.

As of 30 June 2021, the condensed consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Celebi Kargo, DASPL, Celebi Cargo, KSU and Celebi Tanzania (all together will be referred to as "the Group").

Condensed consolidated financial statements of the Group for the period 1 January – 30 June 2021 has been approved for the issuance by the Board of Directors at the meeting on 18 August 2021 and signed by General Manager Osman Yılmaz and Financial Affairs Director Deniz Bal on behalf of the Board of Directors.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

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

Covid-19 Effects

Due to the crisis and epidemic situation caused by the worldwide effective Covid-19 virus, borders were opened in certain regions and flights were started by governments in the January - June period. In this context, services were provided to international flights in Turkey and Hungary activities. In the Indian market, although domestic flights were mainly carried out, a limited number of flights were made to certain countries as a result of mutual agreements made by the Indian government with various countries. In addition, the Warehouse and Cargo Services segment has been less affected by the pandemic process and has served in its normal activities under changing conditions.

As of March 2020, the Group Management stopped all non-emergency expenditures, postponed investments and directed its employees to paid and unpaid leaves. 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 utilized. In addition, waiver, discount or postponement of license and rent payments was provided with airport operators and country aviation authorities. Group Management closely monitors cash flow in order to maintain the strength of its liquidity position.

The spread of applications in vaccines developed against Covid-19 has begun to have positive effects on the aviation industry. While preparing its condensed consolidated financial statements as of 30 June 2021, the Group evaluated the possible effects of the Covid-19 outbreak on its financial statements and reviewed the estimates and assumptions used in the preparation of the condensed consolidated financial statements. In this context, possible impairment in the condensed consolidated financial statements dated 30 June 2021 has been evaluated and no significant impact has been identified.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1 Accounting Standards Applied

The Group's condensed 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 Financial Reporting Standards ("TFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") and appendix and interpretations related to them.

The Group has presented its condensed financial statements for the interim period ended on 30 June 2021 according to Turkish Accounting Standards No. 34 Interim Financial Reporting. In addition, interim condensed consolidated financial statements as of 30 June 2021 have been prepared by applying the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2020. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2020.

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

The Company and its Subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the principles and standards issued by POA, Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of Turkey ("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. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the Turkish Financial Reporting Standards have been accounted in the statutory financial statements the Company, its subsidiaries, joint venture and associate. Assets and liabilities included in the financial statements of the foreign subsidiaries of the Group have been translated into Turkish Lira using the exchange rates prevailed at the date of the consolidated statement of financial position and income and expenses are translated into Turkish Lira using the average exchange rates for the related period. The difference between using the period-end exchange rates and average exchange rates is accounted as the currency translation differences under equity.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

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

2.1. Basis of Presentation (cont'd)

2.1.1 Accounting Standards Applied (cont'd)

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The condensed consolidated financial statements are presented in TL, which is the functional currency of Çelebi Hava and the presentation currency of the Group. As of 30 June 2021, the functional currency of the Group's entities is shown below.

Company

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

Currency

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

Going Concern

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

2.1.2 New and Amended Turkish Financial Reporting Standards

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

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

2.1. Basis of Presentation (cont’d)

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

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

TFRS 17 *Insurance Contracts*

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

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

2.1. Basis of Presentation (cont'd)

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

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

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.

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 Financial Instruments

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

Amendments to TAS 41 Agriculture

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

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

2.1. Basis of Presentation (cont’d)

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

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

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 June 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.

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.

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

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

Financial statements of 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 statement of financial position date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and statement of financial position date rates are included in the currency translation differences under the shareholders’ equity.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

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

2.1. Basis of Presentation (cont'd)

2.1.4 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its' Subsidiaries, its Joint Venture and its Associate (collectively referred to as the "Group") on the basis set out in sections (b), to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries, Joint Venture and Associate are included or excluded from their effective dates of acquisition or disposal respectively.
- b) 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.

- 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 (%)	
	30 June 2021	31 December 2020
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi Nas	57,0	57,0
Celebi GH India Private Limited	100,0	100,0
Celebi Spain ⁽¹⁾	100,0	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

(1) As of 30 June 2021, the Group has directly and indirectly 100% voting right over Celebi Spain. However, Celebi Spain has not been consolidated in condensed consolidated financial statements but recognized as financial investment at cost, since the subsidiary's operations have not started yet.

(2) The Company acquired 65% of Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), established in Darusselam, Tanzania to participate to the concession auctions to provide ground handling service. Its share capital is amounting to Tanzanian Shilling 100 million (approximately USD 40 thousand). The Company has already started its activities as of 1 February 2021, in line with the contract signed with the Tanzania Airport authority.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021**

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.1. Basis of Presentation (cont'd)****2.1.4 Basis of Consolidation (cont'd)**

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

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

2.2. Change in Accounting Policies**2.2.1 Comparative Information**

The condensed consolidated financial statements of the Group have been prepared comparatively with the prior period in order to evaluate financial position and performance trends.

The Group presented the condensed consolidated statement of financial position as of 30 June 2020 comparatively with the condensed consolidated statement of financial position as of 31 December 2020, presented the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity for the interim period ended on 30 June 2021 comparatively with the condensed consolidated profit or loss and condensed consolidated statement of other income for the interim period ended 30 June 2020.

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the interim period ended on 30 June 2021, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 June 2021 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2020. Thus, these interim condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2020.

If changes in accounting estimates relate only for one period, changes are applied only in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively. Significant estimates used in preparing the condensed financial statements for the period ended on 30 June 2021 are consistent with those used in preparing the consolidated financial statements in the consolidated financial statements for the year ended 31 December 2020. Significant accounting errors are applied retrospectively and the prior period financial statements are restated.

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NOTE 3 – SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed by the key management personnel, and found effective in strategically decision taking. The management evaluates the Group from two perspectives; based on geographical position and operational segments. They are assessing the Group's performance on an operational segment basis as; Ground Handling Services, Security Services, Cargo and Warehouse Services. Since the Group's income consists primarily of these operational segments, Ground Handling Services and Cargo and Warehouse Services are regarded as reportable operating segment revenues. The management assesses the performance of the operational segments based on a measure of EBITDA after deduction of the impact of TFRS Interpretation ("TFRIC 12"), retirement pay liability and unused vacation provisions from earnings before interest, tax depreciation and amortization.

The operational segment information provided to the board of directors as of 30 June 2021 is as follows:

	Operation Groups			
	Ground Handling	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
1 January - 30 June 2021				
Revenue	445.452.825	532.619.372	(3.667.151)	974.405.046
Cost of sales	(358.205.296)	(359.294.477)	1.405.800	(716.093.973)
Gross profit	87.247.529	173.324.895	(2.261.351)	258.311.073
General administrative expenses	(97.754.661)	(37.038.995)	2.527.531	(132.266.125)
Addition: Depreciation and amortization	48.804.630	36.354.865	-	85.159.495
Addition: TFRIC -12 effect shares	-	5.130.931	-	5.130.931
Addition: Provision for employment termination benefit and unused vacation	11.484.939	2.438.597	-	13.923.536
EBITDA effect of investments accounted by using equity method	2.960.851	-	-	2.960.851
EBITDA	52.743.288	180.210.293	266.180	233.219.761
Lease expenses under TFRS 16	(27.465.241)	(10.687.158)	-	(38.152.399)
EBITDA (Except for TFRS 16)	25.278.047	169.523.135	266.180	195.067.362

	Operation Groups			
	Ground Handling	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
1 April - 30 June 2021				
Revenue	231.711.931	290.876.201	725.979	523.314.111
Cost of sales	(192.182.242)	(187.702.209)	(1.341.397)	(381.225.848)
Gross profit	39.529.689	103.173.992	(615.418)	142.088.263
General administrative expenses	(53.116.480)	(20.405.225)	691.544	(72.830.161)
Addition: Depreciation and amortization	20.395.609	23.050.250	-	43.445.859
Addition: TFRIC -12 effect shares	-	2.487.690	-	2.487.690
Addition: Provision for employment termination benefit and unused vacation	5.685.185	1.162.696	-	6.847.881
EBITDA effect of investments accounted by using equity method	1.381.439	-	-	1.381.439
EBITDA	13.875.442	109.469.403	76.126	123.420.971
Lease expenses under TFRS 16	(13.150.538)	(5.677.799)	-	(18.828.337)
EBITDA (Except for TFRS 16)	724.904	103.791.604	76.126	104.592.634

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NOTE 3 – SEGMENT REPORTING (cont'd)

The operating segment information presented to the board of directors as of 30 June 2020 is as follows:

	Operation Groups			
	Ground	Cargo and	Consolidation	
1 January - 30 June 2020	Handling	Warehouse Services	Adjustments	Consolidated
Revenue	281.557.794	375.878.811	(4.385.325)	653.051.280
Cost of sales	(282.288.415)	(269.856.975)	4.683.121	(547.462.269)
Gross profit	(730.621)	106.021.836	297.796	105.589.011
General administrative expenses	(72.909.623)	(27.153.843)	7.076	(100.056.390)
Addition: Depreciation and amortization	50.877.017	23.711.237	-	74.588.254
Addition: TFRIC -12 effect shares	-	3.823.740	-	3.823.740
Addition: Provision for employment termination benefit and unused vacation	7.123.335	1.751.051	-	8.874.386
EBITDA effect of investments accounted by using equity method	7.265.442	(833.283)	-	6.432.159
EBITDA	(8.374.450)	107.320.738	304.872	99.251.160
Lease expenses under TFRS 16	(40.572.615)	(8.013.065)	-	(48.585.680)
EBITDA (Except for TFRS 16)	(48.947.065)	99.307.673	304.872	50.665.480

	Operation Groups			
	Ground	Cargo and	Consolidation	
1 April - 30 June 2020	Handling	Warehouse Services	Adjustments	Consolidated
Revenue	57.823.937	195.614.284	(2.270.457)	251.167.764
Cost of sales	(96.648.911)	(136.199.409)	2.639.321	(230.208.999)
Gross profit	(38.824.974)	59.414.875	368.864	20.958.765
General administrative expenses	(34.861.465)	(12.711.301)	1.091	(47.571.675)
Addition: Depreciation and amortization	24.605.461	12.873.329	-	37.478.790
Addition: TFRIC -12 effect shares	-	1.979.760	-	1.979.760
Addition: Provision for employment termination benefit and unused vacation	6.461.050	544.086	-	7.005.136
EBITDA effect of investments accounted by using equity method	(5.618.487)	(467.509)	-	(6.085.996)
EBITDA	(48.238.415)	61.633.240	369.955	13.764.780
Lease expenses under TFRS 16	(21.010.650)	(4.237.756)	-	(25.248.406)
EBITDA (Except for TFRS 16)	(69.249.065)	57.395.484	369.955	(11.483.626)

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NOTE 3 – SEGMENT REPORTING (cont'd)

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

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
EBITDA for reported segments	233.219.761	123.420.971	99.251.160	13.764.780
Depreciation and amortization	(85.159.495)	(43.445.859)	(74.588.254)	(37.478.790)
TFRIC -12 effect	(5.130.931)	(2.487.690)	(3.823.740)	(1.979.760)
Provisions for employment termination benefit and unused vacation	(13.923.536)	(6.847.881)	(8.874.386)	(7.005.136)
Other operating income	171.340.875	55.120.173	159.322.649	67.298.094
Other operating expenses (-)	(196.068.968)	(60.897.413)	(145.605.675)	(70.453.185)
EBITDA effect of investments accounted by using equity method	(2.960.851)	(1.381.439)	(6.432.159)	6.085.996
Operating profit	101.316.855	63.480.862	19.249.595	(29.768.001)
Income from investment activities	85.579	(2.226.351)	3.001.876	124.086
Expenses from investment activities (-)	(449.222)	(440.130)	(1.334.649)	(78.202)
Financial income	107.563.755	73.796.391	47.856.800	25.444.970
Financial expenses (-)	(255.177.126)	(133.742.075)	(209.860.788)	(96.882.259)
Shares in profit from investments accounted by equity method	2.204.156	1.041.726	(3.991.555)	(8.920.416)
Profit / (loss) before tax	(44.456.003)	1.910.423	(145.078.721)	(110.079.822)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash	797.258	736.957
Banks	489.259.619	571.093.229
- time deposit	318.979.027	418.194.336
- demand deposit	170.280.592	152.898.893
	490.056.877	571.830.186

As of 30 June 2021, effective interest rates on TL, EUR, USD and INR denominated time deposits are 8,40%, 2,39%, 3,30%, 4,75% (31 December 2020: TL 9,50%, EUR 4,50%, USD 3,50%, INR 7,20%). As of 30 June 2021, the maturity of denominated time deposits are 20-60 days, 1-14 days, 1-15 days and 1-15 days for INR, EUR, USD and TL, respectively (31 December 2020: INR 20-60 days; TL, EUR and USD 1 day).

The details of cash and cash equivalents presented in the statements of cash flows as of 30 June 2021 and 2020 are as follows:

	30 June 2021	30 June 2020
Cash on hand and cash at banks	490.056.877	523.002.526
Less: Interest accruals	(1.072.493)	(330.007)
	488.984.384	522.672.519

NOTE 5 - FINANCIAL INVESTMENTS

Restricted bank balances:

	30 June 2021	31 December 2020
Restricted bank balances (Between 3 months and 365 days) (*)	10.381.181	9.435.386
Restricted bank balances (Longer than 365 days) (*)	33.672.358	9.007.900
	44.053.539	18.443.286

Time Deposits:

	30 June 2021	31 December 2020
Time deposits (Between 3 months and 365 days)	65.667.175	-
Time deposits (Longer than 365 days)	5.911.585	9.019.305
	71.578.760	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.

Other financial assets measured at fair value through profit or loss:

	Percentage of Shares %	30 June 2021 TL	Percentage of Shares %	31 December 2020 TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
Celebi Tanzania	100,00	-	65,00	167.640
		166.650		334.290

(*) As of 30 June 2021, Celebi Spain is not consolidated in the consolidated financial statements because it is inactive, and is accounted for as financial investments at fair value through other comprehensive income after deducting any impairment over cost and reflected in the consolidated financial statements.

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NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of Shares	30 June 2021	Percentage of Shares	31 December 2020
Çelebi Nas	57,00	-	57,00	146.706.781
DASPL	24,99	13.834.681	24,99	11.004.864
		13.834.681		157.711.645

The movements of investments accounted using the equity method during the six-month interim periods ended on 30 June are as follows:

	30 June 2021	30 June 2020
As of 1 January	157.711.645	129.954.118
Transfers (*)	(146.706.781)	-
Shares of profit/loss	2.204.156	(3.991.555)
Foreign currency translation differences	1.969.411	11.240.757
Dividends paid	(1.343.750)	-
Remeasurement losses of defined benefit plans	-	(184.089)
As of 30 June	13.834.681	137.019.231

(*) 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" 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.

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

	1 January - 30 June 2021	1 January - 30 June 2020
Çelebi Nas	-	(3.925.605)
DASPL	2.204.156	(65.950)
	2.204.156	(3.991.555)

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

Summary information of financial statements of DASPL is as follows:

	30 June 2021	31 December 2020
Total Assets	61.156.500	53.299.466
Total Liabilities	4.285.163	7.745.258
	1 January - 30 June 2021	1 January - 30 June 2020
Revenue	23.082.755	13.431.388
Profit / (Loss) for the Period	8.820.154	(263.908)

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NOTE 7 – SHORT-TERM AND LONG-TERM BORROWINGS

Short-term borrowings:

			30 June 2021
	Effective interest rate (%)	Original balance	TL
<i>Short-term borrowings</i>			
TL borrowings	7,00	71.718.539	71.718.539
EUR borrowings	1,40-3,25	10.950.000	113.261.325
Total short-term borrowings			184.979.864

Short-term finance lease obligations:

INR finance lease obligation		108.335.788	12.665.537
EUR finance lease obligation		7.252.994	75.021.347
TL finance lease obligation		7.393.015	7.393.015
HUF finance lease obligation		29.097.550	855.177
Total short-term finance lease obligations			95.935.076

			30 June 2021
	Effective interest rate (%)	Original balance	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR	-	534.211	5.525.610
Interest expense accrual –INR	-	3.961.629	463.154
Interest expense accrual –TL	-	8.686.358	8.686.358
EUR borrowings	0,42-4,47	24.416.211	252.549.081
TL borrowings	9,95-19,75	141.500.000	141.500.000
INR borrowings	8,10-9,40	711.063.322	83.130.413
Total short-term portion of long-term borrowings			491.854.616
Total short-term borrowings:			772.769.556

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

Long-term borrowings:

			30 June 2021
	Effective interest rate (%)	Original balance	TL
INR borrowings	8,80-9,75	1.455.463.399	170.158.226
EUR borrowings	1,93-5,75	28.535.153	295.153.352
TL borrowings	9,95-19,75	48.000.000	48.000.000
			513.311.578
<i>Long-term finance lease obligations:</i>			
INR finance lease obligation		204.442.460	23.901.368
EUR finance lease obligation		57.977.185	599.687.017
TL finance lease obligation		15.081.326	15.081.326
HUF finance lease obligation		18.214.563	535.326
Total long-term finance lease obligations			639.205.037
Total long-term liabilities			1.152.516.615
Total financial liabilities			1.925.286.171

Short-term borrowings:

			31 December 2020
	Effective interest rate (%)	Original balance	TL
<i>Short-term borrowings:</i>			
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 finance lease obligations:

INR finance lease obligations	98.771.501	9.901.843
EUR finance lease obligations	10.114.755	91.112.702
TL finance lease obligations	8.501.296	8.501.296
HUF finance lease obligations	933.116.788	23.066.647
Total short-term financial liabilities		132.582.488

Short-term portion of long-term financial liabilities:

			31 December 2020
	Effective interest rate (%)	Original balance	TL
<i>Short-term portion of long-term borrowings:</i>			
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
Total short-term portion of long-term financial liabilities:			436.473.537
Total short-term liabilities:			718.410.700

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

Long-term borrowings:

		31 December 2020	
	Effective interest rate (%)	Original balance	TL
<i>Long-term borrowings:</i>			
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
<i>Long-term finance lease obligations:</i>			
INR finance lease obligations		224.774.913	22.533.685
EUR finance lease obligations		46.109.976	415.354.049
TL finance lease obligations		11.482.008	11.482.008
HUF finance lease obligations		5.370.046.278	132.747.544
Total payables from long-term leases			582.117.286
Total long-term borrowings			1.087.252.580
Total borrowings			1.805.663.280

As of 30 June 2021 and 31 December 2020, the repayment maturities of the Group's borrowings are as follows:

	30 June 2021	31 December 2020
Less than 3 months	254.806.779	245.906.622
Between 3-12 months	517.962.777	472.504.078
Between 1-5 years	782.497.359	748.068.226
More than 5 years	370.019.256	339.184.354
	1.925.286.171	1.805.663.280

As of 30 June 2021 and 31 December 2020, the repayment schedule of long-term loans is as follows:

	30 June 2021	31 December 2020
Between 1-2 years	360.232.420	312.405.888
Between 2-3 years	71.538.166	129.905.313
Between 3-4 years	45.339.375	20.548.119
4 years and more	36.201.617	42.275.974
	513.311.578	505.135.294

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

As of 30 June 2021 and 31 December 2020, the repayment maturities of the debts from the lease transactions are as follows:

	30 June 2021	31 December 2020
Up to 1 year	95.935.076	132.582.488
Between 1-5 years	289.872.781	260.948.734
More than 5 years	349.332.256	321.168.552
	735.140.113	714.699.774

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	30 June 2021	31 December 2020
Trade receivables from third parties	291.775.921	216.660.285
Less: Provision for impairment	(57.843.133)	(53.241.619)
Trade receivables from third parties (net)	233.932.788	163.418.666
Trade receivables from related parties (Note 25)	2.189.223	5.343.963
Total short-term trade receivables	236.122.011	168.762.629

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

	30 June 2021	30 June 2020
Opening balance	53.241.619	36.457.770
Additional provision made during the period	7.269.880	7.626.014
Foreign currency translation differences	591.287	607.537
Collections and reversed provisions	(3.259.653)	(1.724.612)
Closing balance	57.843.133	42.966.709

Short-term borrowings

	30 June 2021	31 December 2020
Trade payables to third parties	115.389.553	101.380.826
Debt accruals	31.823.510	17.954.490
Total trade payables to third parties	147.213.063	119.335.316
Payables to related parties (Note 25)	5.392.007	8.892.303
Total short-term trade payables	152.605.070	128.227.619

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

	30 June 2021	31 December 2020
Receivables from tax office	2.316.345	8.578.852
Deposits and guarantees given	16.295.880	4.806.881
Other miscellaneous receivables (**)	110.885.326	59.147.500
Other short-term receivables from third parties	129.497.551	72.533.233
Other receivables from related parties (Note 25)	41.440.703	36.106.731
Total short-term other receivables	170.938.254	108.639.964

Other long-term receivables

	30 June 2021	31 December 2020
Deposits and guarantees given (*)	187.868.230	59.469.159
Other long-term receivables from third parties	187.868.230	59.469.159
Other receivables from related parties (Note 25)	64.689.111	74.351.957
Total long-term other receivables	252.557.341	133.821.116

(*) As of 30 June 2021, deposits and guarantees given predominantly consists of the deposits given for the subsidiaries of the Group located in India, CASI, Celebi Delhi Cargo and Celebi Nas, amounting to TL 48.184.229 (31 December 2020: TL 39.109.208), TL 23.927.341 (31 December 2020: TL 19.806.821) and TL 115.121.517 (31 December 2020: None), respectively, to local authorities and companies.

(**) Other miscellaneous receivables consist of INR 940.000.000 receivables from Delhi Cargo to GMR Group (31 December 2020: INR 590.000.000).

Other short-term borrowings

	30 June 2021	31 December 2020
Other short-term payables (*)	22.221.810	26.378.518
Deposits and guarantees received	5.939.207	2.703.140
Total short-term other payables	28.161.017	29.081.658
Other payables to related parties (Note 25)	-	57.712.500
Total short-term other payables	28.161.017	86.794.158

(*) As of 30 June 2021, TL 19.987.249 (31 December 2020: TL 24.811.759) of other short-term payables are payables of Celebi Delhi Cargo, the Company's subsidiary in India, to its other shareholder Delhi International Airport Private Limited'e (DIAL) due to the concession contract signed between the parties.

Other long-term borrowings

	30 June 2021	31 December 2020
Deposits and guarantees received	26.098.464	20.323.200
Total long-term other borrowings	26.098.464	20.323.200

NOTE 10 – INVENTORIES

	30 June 2021	31 December 2020
Trade goods	2.135.024	3.958.977
Other inventories (*)	21.653.093	15.586.228
Total inventories	23.788.117	19.545.205

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended on 30 June 2021 are as follows:

	Opening 1 January 2021	Additions	Disposals	Transfers(*)	Foreign currency translation differences	Closing 30 June 2021
Cost						
Plant, machinery and equipment	484.734.159	8.175.653	(3.474.485)	126.986.112	60.690.871	677.112.310
Motor vehicles	130.986.095	1.053.990	(81.896)	3.923.090	23.301.030	159.182.309
Furniture and fixtures	67.853.295	520.439	(1.561.586)	5.055.035	4.166.203	76.033.386
Leasehold improvements	221.780.258	1.060.201	-	410.620	4.513.332	227.764.411
Construction in progress	3.392.979	-	-	(1.158.583)	429.262	2.663.658
	908.746.786	10.810.283	(5.117.967)	135.216.274	93.100.698	1.142.756.074
Accumulated depreciation						
Plant, machinery and equipment	(255.533.905)	(18.935.335)	3.304.820	(109.050.309)	(35.864.674)	(416.079.403)
Motor vehicles	(82.459.525)	(3.678.403)	77.327	(2.465.700)	(14.795.811)	(103.322.112)
Furniture and fixtures	(34.771.503)	(3.967.344)	1.549.224	(2.729.991)	(2.904.742)	(42.824.356)
Leasehold improvements	(46.814.610)	(4.836.065)	-	(410.620)	(2.548.031)	(54.609.326)
	(419.579.543)	(31.417.147)	4.931.371	(114.656.620)	(56.113.258)	(616.835.197)
Net book value	489.167.243					525.920.877

(*) Transfers with net book value of TL 20.559.654 are related to to the full consolidation of Çelebi Nas.

Depreciation cost for the period ended on 30 June 2021 amounting to TL 30.242.233 was included in cost of sales and TL 1.174.924 was included in operating expenses.

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

Movements in property, plant and equipment for the interim period ended on 30 June 2020 are as follows:

	Opening 1 January 2020	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 30 June 2020
Cost						
Plant, machinery and equipment	421.874.528	32.964.749	(1.840.704)	(33.775)	16.052.979	469.017.777
Motor vehicles	109.354.697	76.658	(1.834.794)	470.229	8.137.810	116.204.600
Furniture and fixtures	55.331.330	2.961.070	(340.476)	377.222	901.558	59.230.704
Leasehold improvements	204.766.495	2.856.948	-	(94.147)	1.332.256	208.861.552
Construction in progress	6.941.410	(3.579.366)	-	(719.529)	474.462	3.116.977
	798.268.460	35.280.059	(4.015.974)	-	26.899.065	856.431.610
Accumulated depreciation						
Plant, machinery and equipment	(222.190.447)	(14.058.337)	1.518.945	-	(6.989.332)	(241.719.171)
Motor vehicles	(65.138.374)	(3.015.485)	2.387.661	-	(5.007.013)	(70.773.211)
Furniture and fixtures	(21.577.390)	(3.370.301)	7.708	-	(462.367)	(25.402.350)
Leasehold improvements	(32.203.167)	(5.955.431)	-	-	(772.981)	(38.931.579)
	(341.109.378)	(26.399.554)	3.914.314	-	(13.231.693)	(376.826.311)
Net book value	457.159.082					479.605.299

Depreciation expense for the period ended 30 June 2020 amounting to TL 25.200.941 and TL 1.198.613 are respectively included in cost of sales and operating expenses.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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NOTE 12 – RIGHT-OF-USE ASSETS

Movements in right of use assets for the interim period ended on 30 June 2021 are as follows:

	Opening 1 January 2021	Additions	Modifications	Transfers (*)	Foreign currency translation differences	Closing 30 June 2021
Cost						
Buildings and land	605.089.617	-	(25.840.598)	(666.525)	45.473.198	625.388.742
Machinery, plant and equipment	46.908.480	-	-	-	650.382	47.558.862
Motor vehicles	9.401.947	-	-	-	695.908	10.014.250
	661.400.044	-	(25.840.598)	-	46.819.488	682.961.854
Accumulated depreciation						
Buildings and land	(99.237.825)	(28.305.931)	-	(318.770)	(13.306.378)	(141.168.904)
Machinery, plant and equipment	(43.747.900)	(2.473.342)	-	-	(501.673)	(46.722.915)
Motor vehicles	(7.748.997)	(638.217)	-	-	(465.963)	(8.853.177)
	(150.734.722)	(31.417.490)	-	(318.770)	(14.274.014)	(196.744.996)
Net book value	510.665.322					486.216.858

(*) Transfers with a net book value of TL 347.755 are related to to the full consolidation of Çelebi Nas.

Depreciation expense for the period ended on 30 June 2021 amounting to TL 31.417.490 is included in cost of sales.

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NOTE 12 – RIGHT-OF-USE ASSETS (cont’d)

Movements in right of use assets for the interim period ended on 30 June 2020 are as follows:

	Opening adjustments 1 January 2020	Additions	Foreign currency translation differences	Closing 30 June 2020
Cost				
Buildings and land	435.309.266	124.950.243	15.524.447	575.783.956
Machinery, plant and equipment	45.760.572	-	515.007	46.275.579
Motor vehicles	7.905.523	-	224.838	8.130.361
	488.975.361	124.950.243	16.264.292	630.189.896
Accumulated depreciation				
Buildings and land	(35.982.511)	(24.324.139)	(3.709.566)	(64.016.216)
Machinery, plant and equipment	(21.490.992)	(10.784.461)	(218.756)	(32.494.209)
Motor vehicles	(3.445.845)	(1.749.991)	(91.088)	(5.286.924)
	(60.919.348)	(36.858.591)	(4.019.410)	(101.797.349)
Net book value	428.056.013			528.392.547

Depreciation expense for the period ended on 30 June 2020 amounting to TL 36.858.591 is included in cost of sales.

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

NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in other intangible assets for the interim period ended on 30 June 2021 are as follows:

	Opening 1 January 2021	Additions	Disposals	Transfers (**)	Foreign currency translation differences	Closing 30 June 2021
Cost						
Rights	10.390.233	-	(56.920)	-	-	10.333.313
Computer software	34.912.719	911.739	-	4.859.184	4.040.438	44.724.080
Concession rights	234.176.391	-	-	-	38.916.493	273.092.884
Build-operate-transfer investments (*)	186.488.027	-	-	212.159.634	62.872.094	461.519.755
	465.967.370	911.739	(56.920)	217.018.818	105.829.025	789.670.032
Accumulated depreciation						
Rights	(5.410.777)	(583.431)	56.920	-	-	(5.937.288)
Computer software	(24.349.092)	(2.002.052)	-	(2.498.565)	(3.315.434)	(32.165.143)
Concession rights	(105.930.028)	(6.151.168)	-	-	(18.142.156)	(130.223.352)
Build-operate-transfer investments (*)	(65.452.916)	(13.588.207)	-	(35.990.382)	(17.460.398)	(132.491.903)
	(201.142.813)	(22.324.858)	56.920	(38.488.947)	(38.917.988)	(300.817.686)
Net book value	264.824.557					488.852.346

(*) The difference amounting to TL 120.950.350 between the discounted value of the deposit payment made amounting to INR 1.862.466.504 which is discounted with a discount rate of 11,46%, within the scope of the concession agreement signed for the development, modernization and the operation for 25 years of the existing cargo terminal of the New Delhi Airport, India is recognised as build-operate-transfer investment and will be amortised during the concession period of 25 years. In addition, ground handling services for 10 years at the airport in Mumbai, India and the net book value calculated by bringing the said amount to its present value with a ratio of 8,9% over a total deposit of INR 2.137.700.000 paid within the framework of the concession agreements signed for the provision of BME services for 20 years, with the difference of TL 193.799.999 and the net book value of TL 14.277.503, calculated as a result of bringing the said amount to its present value with a ratio of 10,82% over a total deposit of INR 532.220.000 paid within the framework of the concession agreements signed for the provision of ground handling services for 10 years at the airport in New Delhi, India and for 5+2 years at Cochin Airport, has been capitalized as a Build-Operate-Transfer investment and will be amortized during the terminal's contract term of 10 years.

(**) Transfers are related to full consolidation of Çelebi Nas.

Amortization expense for the period ended 30 June 2021 amounting to TL 20.691.899 and TL 1.632.959 are included in cost of sales and operating expenses, respectively.

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NOTE 13 – INTANGIBLE ASSETS (cont’d)

Other Intangible Assets (cont’d)

Movement of intangible assets for the interim accounting period ended 30 June 2020 is as follows:

	Opening 1 January 2020	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 30 June 2020
Cost						
Rights	10.445.953	1.200	(56.920)	-	-	10.390.233
Computer software	31.148.869	190.106	(150.637)	-	1.623.525	32.811.863
Concession rights	191.789.236	1.989.131	-	-	17.088.286	210.866.653
Build-operate-transfer investments (*)	160.438.380	10.648.488	(126.733)	(23.032.206)	13.732.007	161.659.936
	393.822.438	12.828.925	(334.290)	(23.032.206)	32.443.818	415.728.685
Accumulated depreciation						
Rights	(4.883.496)	(296.888)	56.920	-	-	(5.123.464)
Computer software	(19.200.403)	(1.118.920)	-	-	(992.840)	(21.312.163)
Concession rights	(76.938.820)	(5.699.612)	-	-	(7.046.542)	(89.684.974)
Build-operate-transfer investments (*)	(68.300.220)	(4.214.689)	64.327	23.032.206	(5.310.997)	(54.729.373)
	(169.322.939)	(11.330.109)	121.247	23.032.206	(13.350.379)	(170.849.974)
Net defter değeri	224.499.499					244.878.711

(*) TL 94.108.839 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.762.120.403, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 12.821.733 which is difference between discounted present value of deposit paid with interest rate, 10,82%, and the deposit amounting to INR 252.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

Amortization expense for the period ended 30 June 2020 in the amount of TL 10.115.240 and TL 1.214.869 are included in cost of sales and operating expenses respectively.

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NOTE 13 – INTANGIBLE ASSETS (cont'd)

Goodwill

Goodwill as of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Goodwill due to acquisition of CGHH	68.668.107	57.756.911
Goodwill due to acquisition of KSU	18.121.050	15.538.750
	86.789.157	73.295.661

As of 30 June 2021, movement of goodwill is as follows:

	30 June 2021	30 June 2020
January 1	73.295.661	60.932.266
Foreign currency translation differences	13.493.496	3.621.489
Goodwill	86.789.157	64.553.755

NOTE 14 – PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term Provisions

Other Short-term provision

	30 June 2021	31 December 2020
Provision for litigation and obligation	7.859.593	8.094.479
	7.859.593	8.094.479

Movements of other short-term provisions for the period 1 January - 30 June 2021 are as follows:

	30 June 2021	30 June 2020
As of 1 January	8.094.479	6.782.526
Addition during the year	1.279.758	1.027.003
Payments during the year	(1.720.017)	(747.236)
Reversal of provision	-	(544.596)
Currency translation differences	205.373	113.053
As of end of the period	7.859.593	6.630.750

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NOTE 14 – PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Short-term Provisions (cont'd)

Short-term provision for employee benefits

	30 June 2021	31 December 2020
Provision for employment termination benefits (*)	19.339.868	14.124.394
Provision for unused vacation	19.022.685	11.490.497
	38.362.553	25.614.891

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

b) Long-term provisions:

Long-term provision for employee benefits:

	30 June 2021	31 December 2020
Provision for employment termination benefits	37.616.824	34.788.905
	37.616.824	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 Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies.

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 30 June 2021 consists of one month's salary limited to a maximum of TL 7.638,96 (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.

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NOTE 14 – PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Long-term provisions: (cont'd)

Long-term provision for employee benefits: (cont'd)

Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 8.284,51 which is effective from 1 July 2021 (1 January 2021: TL 7.638,96) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

The provisions for employee benefits for the period between 1 January 2021 and 30 June 2021 are as follows :

	30 June 2021	30 June 2020
As of 1 January	48.913.299	37.411.145
Payments made during the period	(5.566.054)	(5.865.968)
Actuarial (gain)/loss	(60.551)	338.984
Service cost	7.291.337	6.328.363
Interest cost	1.596.961	1.452.081
Foreign currency translation differences	3.825.349	1.423.377
Transfers (*)	956.351	-
Balance as of the end of the period	56.956.692	41.087.982

The provisions for unused vacation rights for the period between 1 January 2021 and 30 June 2021 are as follows:

	30 June 2021	30 June 2020
As of 1 January	11.490.497	7.939.669
Payments of provisions for unused vacation during the period	(624.196)	(242.452)
Increase in unused vacation rights during the period	5.035.238	661.610
Foreign currency translation differences	1.335.809	338.979
Transfers (*)	1.785.337	-
As of end of the period	19.022.685	8.697.806

(*) Transfers are related to full consolidation of Çelebi Nas.

b) Contingent assets and liabilities of the Group

Guarantees received	30 June 2021	31 December 2020
Guarantee letters	31.166.189	25.192.373
Guarantee notes	3.956.912	2.058.131
Guarantee cheques	203.211	5.151.487
	35.326.312	32.401.991
Guarantees given	30 June 2021	31 December 2020
Guarantee letters	158.909.461	186.916.431
Collaterals (*)	293.639.548	252.078.770
Pledged shares (*)	50.317.129	43.146.798
	502.866.138	482.141.999

(*) Collaterals and pledged shares amounting to TL 343.956.667 consist of collaterals given to the Group's subsidiaries and joint venture partners (31 December 2020: TL 295.225.568) (Note 25).

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NOTE 14 – PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

The litigations and claims those generate contingent assets and liabilities to the Group as of 30 June 2021 are as follows:

As of 30 June 2021, the Group has contingent liabilities amounting to TL 36.107.248 (31 December 2020: TL 19.496.585) due to the legal cases and enforcement proceedings in progress against the Group.

The details of collaterals, pledges and mortgages of the Group at 30 June 2021 and 31 December 2020 are as follows:

		30 June 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			158.909.461		183.455.356
	TL	17.596.214	17.596.214	16.421.479	16.421.479
	EUR	6.281.434	64.972.013	7.729.339	69.625.113
	USD	2.210.500	19.222.287	2.210.500	16.226.175
	INR	362.701.003	42.403.374	686.337.003	68.805.285
	HUF	500.700.000	14.715.573	500.700.000	12.377.304
B. CPGM given on behalf of fully consolidated subsidiaries			343.956.677		298.686.643
	EUR	2.050.000	21.204.175	2.050.000	18.466.195
	USD	-	-	471.504	3.461.075
	INR	2.760.692.000	322.752.502	2.760.692.000	276.759.373
C. CPGM given for continuation of its economic activities on behalf of third parties		-	-	-	-
D. Total amount of other CPGM		-	-	-	-
			502.866.138		482.141.999

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NOTE 15 – OTHER ASSETS AND LIABILITIES**Other Current Assets**

	30 June 2021	31 December 2020
Deferred VAT	9.423.087	16.651.042
Advances given to personnel	369.362	436.092
	9.792.449	17.087.134

Other Non-current Assets

	30 June 2021	31 December 2020
Prepaid taxes and funds (*)	28.327.722	24.056.616
Other	6.793.500	3.242
	35.121.222	24.059.858

(*) The related amount as of 30 June 2021, consist of prepaid taxes and funds, which can be offset in more than 1 year period, of CASI, Celebi Delhi Cargo and Celebi Nas amounting to TL 17.481.394 (31 December 2020: TL 17.054.116), TL 9.411.255 (31 December 2020: TL 6.983.791) and TL 1.003.479 (31 December 2020: None) respectively.

Other Current Liabilities

	30 June 2021	31 December 2020
Taxes and funds payable	11.452.391	9.439.921
Maintenance obligation liability	1.179.793	1.011.669
Other miscellaneous payables and liabilities	801.496	248.755
	13.433.680	10.700.345

Other Non-current Liabilities

	30 June 2021	31 December 2020
Maintenance obligation liability	152.230.461	75.418.498
Deferred income from insurance compensation	19.135	16.665
	152.249.596	75.435.163

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NOTE 16 – PREPAID EXPENSES**Short-term prepaid expenses**

	30 June 2021	31 December 2020
Order advances given	15.750.743	7.797.861
Prepaid expenses	25.786.121	19.924.652
	41.536.864	27.722.513

Long-term prepaid expenses

	30 June 2021	31 December 2020
Prepaid expenses	11.326.231	4.549.111
Advances given for fixed assets	2.685.829	3.161.045
	14.012.060	7.710.156

NOTE 17 – DEFERRED INCOME**Short-term deferred income**

	30 June 2021	31 December 2020
Advances received	26.526.724	23.058.109
Prepaid expenses	521.893	1.043.785
	27.048.617	24.101.894

Long-term deferred income

	30 June 2021	31 December 2020
Prepaid expenses	2.000.589	2.000.589
	2.000.589	2.000.589

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	30 June 2021	31 December 2020
Bonus payable accruals	40.196.204	12.597.401
Wages and salaries payables	24.481.282	18.514.214
Social security withholdings payable	7.671.816	4.692.799
	72.349.302	35.804.414

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NOTE 19 - EQUITY

Share Capital

As of 30 June 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 shares).

At 30 June 2021 and 31 December 2020, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	Amount	30 June 2021	Amount	31 December 2020
		Share %		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	100,0	24.300.000	100,0

Restricted Reserves Appropriated from Profit

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

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

- If the difference is arising from the valuation of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital";
- If the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Prior Years' Profit/Losses".

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

As of 30 June 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 Communiqué 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 communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

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.

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NOTE 20 – REVENUE AND COST OF SALES

	1 January - 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Ground handling services	449.696.917	236.880.167	277.276.130	56.248.814
Revenue from cargo and warehouse services	532.076.686	288.811.998	365.352.983	190.575.341
Rental revenue not related to aviation	30.482.312	16.281.208	34.867.983	16.895.215
Revenue in the context of TFRIC 12	-	-	1.989.131	70.634
Less: Returns and discounts	(37.850.869)	(18.659.262)	(26.434.947)	(12.622.240)
Revenue	974.405.046	523.314.111	653.051.280	251.167.764
Cost of sales	(716.093.973)	(381.225.848)	(547.462.269)	(230.208.999)
Gross profit	258.311.073	142.088.263	105.589.011	20.958.765

NOTE 21 - FINANCIAL INCOME

	1 January - 30 June 2021	1 Nisan - 30 June 2021	1 January - 30 June 2020	1 Nisan - 30 June 2020
Foreign exchange gains	82.937.861	59.580.927	35.466.205	18.217.813
Interest income	14.685.151	8.756.273	9.541.851	5.802.327
Other financial income	9.940.743	5.459.191	2.848.744	1.424.830
	107.563.755	73.796.391	47.856.800	25.444.970

NOTE 22 - FINANCIAL EXPENSES

	1 January - 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Foreign exchange losses	(122.433.979)	(69.954.892)	(105.733.572)	(41.593.865)
Interest expenses	(46.701.442)	(23.817.230)	(22.146.372)	(13.121.377)
Financial expenses incurred within the scope of TFRS 16 (*)	(78.661.071)	(35.310.862)	(77.461.984)	(39.775.378)
Other financial expenses	(7.380.634)	(4.659.091)	(4.518.860)	(2.391.639)
	(255.177.126)	(133.742.075)	(209.860.788)	(96.882.259)

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

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NOTE 23 - TAX ASSETS AND LIABILITIES

	30 June 2021	31 December 2020
Current period corporate tax payable	31.608.341	28.760.852
Less prepaid corporate tax	(12.800.642)	(2.777.130)
Current profit tax liability, net (*)	18.807.699	25.983.722
Deferred tax assets	196.709.994	156.752.202
Deferred tax liability	(32.986.872)	(29.562.138)
Deferred tax assets – net	163.723.122	127.190.064

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

Income Tax

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

In Turkey, the corporate tax rate is 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.

Effective from 1 January 2018, the corporate tax rate in Hungarian will be implemented as 9%.

Corporate tax in India for fiscal year 2021 is 25,17% and 34,94% (2020: 34,6% -25,17%), The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

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 (like research and development expenses).

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NOTE 23 - TAX ASSETS AND LIABILITIES (cont'd)

Income Tax (cont'd)

For the periods ended on 30 June 2021 and 2020, tax expenses of the Group are as follows:

	1 January - 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
- Current period corporate tax	(25.715.731)	(12.913.979)	(19.308.541)	(12.988.541)
- Deferred tax income	29.214.732	16.344.585	13.682.763	10.824.014
Current tax income (expense) – net	3.499.001	3.430.606	(5.625.778)	(2.164.527)

Deferred Taxes

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are %20 or %25, %9, %31,925 and %25,17 - %34,94 for Turkey, Hungary, Germany, India respectively.

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 30 June 2021 and 31 December 2020 using the enacted tax rates are as follows:

	Total temporary differences		Deferred tax assets (liabilities)	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Deferred tax assets				
Personnel bonus accrual	(3.640.754)	(859.180)	910.189	171.836
Accrued sales commissions	(17.729.899)	(14.714.401)	4.432.475	2.942.880
Provision for employment termination benefits	(30.408.140)	(29.441.003)	6.120.600	5.941.291
TFRS 16 adjustments	(263.413.068)	(187.135.577)	52.120.903	35.921.620
Provision for unused vacation liability	(10.846.593)	(6.723.227)	2.711.648	1.344.645
Provision for litigation and indemnity	(6.398.749)	(6.521.835)	1.599.687	1.304.367
Adjustments related to property, plant and equipment and intangible assets	(163.667.468)	(132.026.613)	41.409.987	33.403.749
Investment incentives	(164.306.245)	(164.306.245)	32.861.248	32.861.248
Deferred tax income calculated over unused previous years' losses	(114.626.205)	(99.726.146)	36.685.732	31.914.441
Other	(74.270.789)	(52.441.122)	17.857.525	10.946.125
Deferred tax assets			196.709.994	156.752.202

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NOTE 23 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

	Total temporary differences		Deferred tax assets (liabilities)	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Deferred tax liabilities				
Adjustments related to property, plant and equipment and intangible assets	174.320.393	159.257.675	(32.412.551)	(28.695.272)
Other	2.617.684	4.334.340	(574.321)	(866.866)
Deferred tax liabilities			(32.986.872)	(29.562.138)
Deferred tax assets, net			163.723.122	127.190.064

Deferred tax movement table is as follows:

	30 June 2021	30 June 2020
1 January	127.190.064	81.090.397
Foreign currency translation differences	10.615.790	5.087.528
Deferred tax income / (expenses) for the current period	29.214.732	13.682.763
Remeasurement gain/losses of defined benefit plans	(12.176)	21.314
Transfers (*)	(3.285.288)	-
30 June	163.723.122	99.882.002

(*) Regarding the inclusion of Çelebi Nas in full consolidation.

NOTE 24 - EARNINGS PER SHARE

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

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

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

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Net profit / (loss) attributable to the parent	(53.771.111)	(495.077)	(157.857.827)	(117.284.428)
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000	2.430.000.000	2.430.000.000
Earnings per share (Kr)	(0,022)	(0,000)	(0,065)	(0,048)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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NOTE 25 - RELATED PARTY DISCLOSURES

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

i) Balances with related parties

Short-term receivables from related parties

	30 June 2021	31 December 2020
Celebi Ground Handling Services Austria ⁽²⁾	1.895.769	1.652.895
Çelebi Havacılık Holding ⁽¹⁾	281.582	4.480
Çelebi Nas ⁽³⁾	-	2.116.861
Other	11.872	1.569.727
	2.189.223	5.343.963

Other receivables from related parties

	30 June 2021	31 December 2020
Çelebi Havacılık Holding ^{(1) (*)}	106.129.814	110.458.688
	106.129.814	110.458.688

Payables to related parties

	30 June 2021	31 December 2020
Çelebi Havacılık Holding ^{(1) (**)}	4.407.950	5.452.917
DASPL ⁽⁴⁾	984.057	2.577.045
Other	-	862.341
	5.392.007	8.892.303

Other payables to related parties

	30 June 2021	31 December 2020
Çelebi Havacılık Holding ^{(1) (***)}	-	51.890.232
Other shareholders ^{(5) (***)}	-	5.822.268
	-	57.712.500

- (1) Parent company
- (2) Subsidiary of the parent
- (3) Joint venture of the Group
- (4) Associate of the Group
- (5) Other related party

(*) The related amount consists of EUR 10.260.532 remaining from intra-group loan receivables from ÇGHH, amounting to EUR 20.000.000, with a maturity of 30 June 2023 and an interest rate of %3,95.

(**) As of 30 June 2021, the related amount consists of legal, financial, human resources, management, corporate communication, procurement, information technologies and business development services provided to the Group by ÇHH along with business development projects run by ÇHH on behalf and on account of the Group and expense projections.

(***) The related amount is comprised of the Company's payables to the shareholders pursuant to the decision of dividend distribution of 2019. It has been decided to pay the dividend in two instalments as TL 47.992.500 on 31 August 2020 and TL 57.712.500 on 1 January 2021.

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NOTE 25 - RELATED PARTY DISCLOSURES (cont’d)**ii) Significant transactions with related parties**

	1 January - 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Miscellaneous sales to related parties				
Çelebi Havacılık Holding ⁽¹⁾	2.496.792	1.280.276	2.619.325	1.340.455
Other	-	-	403.083	138.248
	2.496.792	1.280.276	3.022.408	1.478.703
	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Employee and customer transportation expenses paid to related parties				
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁴⁾	-	-	354.926	83.561
	-	-	354.926	83.561
	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Contribution to holding expenses (*)				
Çelebi Havacılık Holding ⁽¹⁾	45.790.621	24.274.843	38.938.622	17.541.650
(*) Contribution paid to ÇHH includes services received from ÇHH to Çelebi Hava such as legal, financial, human resource, management, business development, corporate communication, procurement, IT consultancy.				
	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Other purchases from related parties				
DASPL ⁽³⁾	6.637.493	2.931.631	5.090.801	1.252.672
Çelebi Havacılık Holding ^{(1) (*)}	3.445.670	2.298.167	1.659.502	921.780
Other	-	-	1.867.158	1.684.605
	10.083.163	5.229.798	8.617.461	3.859.057

(1) Parent company

(2) Subsidiary of the parent

(3) Associate of the Group

(4) Other related party

(*) Other purchases consist of car rental, organization fees and other expenses. The purchases made from ÇHH, which are classified under other purchases from related companies, consist of expenses directly related to the Company, related to the business development projects and tenders carried out by ÇHH on behalf of the Company.

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NOTE 25 - RELATED PARTY DISCLOSURES (cont'd)

As of 30 June 2021 and 31 December 2020, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follows:

30 June 2021	EUR	INR	Total TL
Celebi Nas ⁽¹⁾	-	94.392.000	11.035.369
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	39.281.760
CASI ⁽³⁾	-	2.330.300.000	272.435.373
Celebi Cargo GmbH ⁽⁴⁾	2.050.000	-	21.204.175
	2.050.000	2.760.692.000	343.956.677

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 30 June 2021, the risk of the cash loan in the respective bank is amounting INR 996.429.724.
- (2) Guarantee at an equivalent amount to the loan amount is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks regarding long term cash project loan at an amount of cash INR 1.200.000.000 and non-cash INR 100.000.000 concluded between Celebi Delhi Cargo and an India resident bank and 30% portion of the owned by the Company are pledged on behalf of the bank. As of 30 June 2021, the risk of the cash loan in the respective bank is amounting INR 600.334.487.
- (3) Celebi Airport Services has a borrowing amounting to INR 1.619.300.000 cash and INR 711.000.000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between The Company and a bank resident in India. As of 30 June 2021, the risk of the cash loan in the respective bank is amounting to INR 579.147.471.
- (4) As of 30 June 2021, the cash credit risk amount at the relevant banks for the financial liabilities arising from the 2.000.000.-EUR cash and 50.000.-EUR non-cash loan agreements signed between Celebi Cargo GmbH and the banks residing in Germany is EUR 2.000.000.

Key management compensation:

The Group has determined key management personnel as members of board of directors, general manager and vice general managers, Compensation amounts have been classified as follow:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Short-term employee benefits to key management	14.939.455	7.592.311	11.189.615	6.646.326

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NOTE 26 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS*Currency risk*

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

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

As of 30 June 2021, other things being constant, if the TL was to depreciate/appreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would decrease/increase net income by TL 7.125.168 (31 December 2020: TL 3.789.435).

As of 30 June 2021, other things being constant, if the TL was to depreciate / appreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 95.145.015 (31 December 2020: TL 80.151.081).

As of 30 June 2021, other things being constant, if the TL was to depreciate / appreciate 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 45.510 (2020: TL 27.319).

Foreign currency denominated assets and liabilities of the Group as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Assets denominated in foreign currency	377.230.979	473.184.688
Liabilities denominated in foreign currency (-)	(1.256.974.345)	(1.275.474.228)
Net foreign currency position (*)	(879.743.366)	(802.289.540)

(*) TL 494.792.119 of the foreign currency liabilities consists of the discounted lease amounts discounted in accordance with TFRS 16 effective as of 1 January 2019.

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(cont'd)**

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of 30 June 2021 and 31 December 2020:

30 June 2021	TL Equivalent	USD	EUR	GBP
1. Trade Receivables	96.493.771	959.996	8.521.849	-
2. Monetary Financial Assets (Including cash on hand and at banks)	170.872.413	8.182.864	9.521.645	101.789
3. Other	45.175.687	369.604	4.055.928	759
4. Current Assets (1+2+3)	312.541.871	9.512.464	22.099.422	102.548
5. Other	64.689.108	-	6.254.083	-
6. Non-Current Assets (5)	64.689.108	-	6.254.083	-
7. Total Assets (4+6)	377.230.979	9.512.464	28.353.505	102.548
8. Trade Payables	31.057.896	1.293.216	1.915.252	150
9. Financial Liabilities	426.704.512	-	41.253.397	-
10. Other Monetary Liabilities	10.247.562	25.538	893.830	64.672
11. Current Liabilities (8+9+10)	468.009.970	1.318.754	44.062.479	64.822
12. Financial Liabilities	788.964.375	-	76.276.345	-
14. Non-Current Liabilities (12+13)	788.964.375	-	76.276.345	-
15. Total Liabilities (11+14)	1.256.974.345	1.318.754	120.338.824	64.822
16. Net Foreign Currency Asset/Liability Position (7-15)	(879.743.366)	8.193.710	(91.985.319)	37.726
17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)	(879.743.366)	8.193.710	(91.985.319)	37.726

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(cont'd)**

31 December 2020	TL Equivalent	USD	EUR	GBP
1. Trade Receivables	72.156.563	1.404.438	6.865.894	-
2. Monetary Financial Assets	286.283.312	9.060.313	24.285.390	102.146
3. Other	40.392.859	366.053	4.185.202	600
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. Current Liabilities (8+9+10)	508.620.360	1.195.308	55.402.754	78.816
12. Financial Liabilities	766.853.868	-	85.131.259	-
14. Non-Current 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

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(cont'd)**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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 consistent 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 calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents and deferred tax liability. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of net debt / (equity+net debt) at 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Total financial liabilities	1.925.013.346	1.805.663.280
Less: Cash and cash equivalents	(490.056.877)	(571.830.186)
Less: Time deposits	(71.578.760)	(9.019.305)
Less: Restricted bank balances	(9.019.305)	(18.443.286)
Net debt (*)	1.319.324.170	1.206.370.503
Net debt (Excluding TFRS 16 effect)	584.184.057	491.670.729
Shareholder's equity	653.182.010	446.297.475
Capital invested	1.972.506.180	1.652.667.978
Net debt / capital invested	0,67	0,73

(*) As of 30 June 2021 TL 735.140.113 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 27 - FINANCIAL INSTRUMENTS

Fair value estimation

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

Effective 1 January 2009, the group adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2021

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

NOTE 27 - FINANCIAL INSTRUMENTS (cont’d)

The Group's assets and liabilities measured fair value at 30 June 2021 and 31 December 2020 are as follows:

30 June 2021	Level 1	Level 2	Level 3	Total
Assets				
Financial investments at fair value through other comprehensive income (Note 5)	-	-	166.650	166.650

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

NOTE 28 - SUBSEQUENT EVENTS

None.