

# **Çelebi Hava Servisi Anonim Şirketi**

**Consolidated financial statements for the period  
1 January – 31 December 2022 and independent  
audit report**

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

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

## **INDEPENDENT AUDITOR’S REPORT**

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

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

#### **1) Opinion**

We have audited the consolidated financial statements of Çelebi Hava Servisi A.Ş. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

#### **2) Basis for Opinion**

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

### 3) Key Audit Matters

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

Key Audit Matter	How the Matter was Addressed in the Audit
<p>Accounting of Right-of-Use Assets and Lease Liabilities and Presentation in the Consolidated Financial Statements</p> <p>TFRS 16 provides a tenant accounting model based on specific measurement methods. Accordingly, it requires the accounting of assets and liabilities. The lessee recognises a right-of-use assets that represents the right to use of the leased assets and a lease obligation that represents the obligation to pay for the leased assets.</p> <p>The Group has lease agreements for land and buildings, machinery, plant and equipment and vehicles. As of 31 December 2022, TL 1.491.722.409 of right-of-use assets is recognized in the consolidated statement of financial position. The share of the right-of-use assets in non-current assets is 31%. As of 31 December 2022, the Group has recognized TL 1.818.776.387 of lease liabilities for the lease agreements.</p> <p>The amounts recognized as a result of the application of TFRS 16 are significant for the consolidated financial statements. In addition, the calculation of the right-to-use assets and lease obligations includes significant estimates and assumptions of the management. The substantial part of these estimates are interest rates used to discount cash flows and assessment of options to extend or terminate lease contracts.</p> <p>Considering these reasons, the impacts of the accounting of TFRS 16 on the consolidated financial statements and the notes to the consolidated financial statements are determined as a key audit matter for our audit. Please refer to Notes 2, 7 and 12 to the consolidated financial statements for the amounts and disclosures, including the related accounting policies.</p>	<p>The audit procedures applied including but not limited to the following are:</p> <p>Understanding and evaluating the significant processes affecting financial reporting related to the calculation of TFRS 16,</p> <p>Evaluating the completeness of the contract lists obtained from the Group management, assessment of selected contracts whether they are a service or lease contract and evaluating whether the contracts defined by the Group as leases are in scope of TFRS 16,</p> <p>Recalculation of the right-of-use assets and related financial lease liabilities recognised in the consolidated financial statements by using rates such as interest rate, rent increase rate etc. for the selected lease contracts that are in scope of TFRS 16,</p> <p>Evaluating the compliance of inputs used in the calculation like rent increase rate, interest rate etc,</p> <p>Selecting the lease contracts used in the calculation of right-of-use assets and financial lease liabilities on a sample basis and testing the compliance of the term of the lease contacts and the assessment of the extension options applied if such options exist with the provision of the contract,</p> <p>Evaluating the adequacy of the disclosures in the consolidated financial statements in relation to the application of TFRS 16.</p>

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## 5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 7 March 2023.

In accordance with paragraph four of the article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

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

### Additional paragraph for convenience translation to English

*In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.*

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



Cem Tovil  
Partner

İstanbul, 7 March 2023

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# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1.928.963.765	1.093.962.834
Financial investments		117.856.757	63.208.735
-Restricted bank balances	5	60.756.407	49.130.668
-Time deposits	5	57.100.350	14.078.067
Trade receivables		552.654.268	380.688.778
-Trade receivables from related parties	8	1.682.036	589.742
-Trade receivables from third parties	8	550.972.232	380.099.036
Other receivables		391.046.292	279.619.410
-Other receivables from related parties	9	84.869.838	60.554.654
-Other receivables from third parties	9	306.176.454	219.064.756
Inventories	10	64.668.039	40.821.021
Prepaid expenses	16	95.196.252	48.588.050
Current tax assets	29	-	8.197.661
Other current assets	15	42.507.926	14.666.920
<b>Total current assets</b>		<b>3.192.893.299</b>	<b>1.929.753.409</b>
<b>Non-current assets</b>			
Financial investments		47.877.504	53.479.264
-Restricted bank balances	5	47.832.174	53.479.264
-Other financial assets at fair value through profit/loss		45.330	-
Other receivables		423.549.399	361.676.712
-Other receivables from related parties	9	-	64.295.790
-Other receivables from third parties	9	423.549.399	297.380.922
Investments accounted using equity method	6	19.463.360	20.391.743
Property, plant and equipment	11	1.265.612.918	874.801.839
Right-of-use assets	12	1.491.722.409	1.063.607.040
Intangible assets		1.093.201.305	821.266.380
-Goodwill	13	124.300.843	119.963.138
-Other intangible assets	13	968.900.462	701.303.242
Prepaid expenses	16	84.120.073	26.277.786
Deferred tax asset	29	340.335.572	256.168.334
Other non-current assets	15	91.811.185	57.404.380
<b>Total non-current assets</b>		<b>4.857.693.725</b>	<b>3.535.073.478</b>
<b>Total assets</b>		<b>8.050.587.024</b>	<b>5.464.826.887</b>

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



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial liabilities	7	-	170.104.575
Short-term portion of long-term financial liabilities	7	692.168.864	674.004.935
Lease payables	7	317.667.889	199.077.376
Trade payables		446.286.492	332.976.064
-Trade payables to related parties	8	3.291.944	11.780.141
-Trade payables to third parties	8	442.994.548	321.195.923
Payables related to employee benefits	18	219.634.885	102.203.827
Other payables		28.420.155	19.402.947
-Other long-term payables to third parties	9	28.420.155	19.402.947
Deferred income	17	94.585.719	53.572.646
Current profit tax liability	29	165.854.988	49.917.869
Short-term provisions		57.192.656	63.115.169
-Provisions for employee benefits	14	46.513.558	54.068.019
-Other short-term provisions	14	10.679.098	9.047.150
Other current liabilities	15	117.735.926	25.182.643
<b>Total current liabilities</b>		<b>2.139.547.574</b>	<b>1.689.558.051</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities	7	498.445.840	634.359.293
Lease liabilities	7	1.501.108.498	1.063.130.627
Other payables		54.166.153	39.168.652
-Other long-term payables to third parties	9	54.166.153	39.168.652
Long-term provisions		143.103.765	45.879.138
-Provisions related to employee benefits	14	143.103.765	45.879.138
Deferred tax liability	29	122.139.556	85.460.436
Other non-current liabilities	15	324.900.195	235.346.924
Deferred income	17	15.269.112	2.078.680
<b>Total non-current liabilities</b>		<b>2.659.133.119</b>	<b>2.105.423.750</b>
<b>Total liabilities</b>		<b>4.798.680.693</b>	<b>3.794.981.801</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>2.792.439.059</b>	<b>1.353.924.062</b>
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		340.290.526	86.094.176
- Foreign currency translation differences		416.969.078	121.050.632
- Loss on remeasurement of defined benefit plans		(76.678.552)	(34.956.456)
Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		881.598.528	613.208.705
- Foreign currency translation differences		881.598.528	613.208.705
Restricted reserves appropriated from profit	19	91.996.776	74.387.905
Prior years' profit		374.299.405	22.479.380
Net profit for the period		1.079.953.824	533.453.896
<b>Non-controlling interests</b>		<b>459.467.272</b>	<b>315.921.024</b>
<b>Total equity</b>		<b>3.251.906.331</b>	<b>1.669.845.086</b>
<b>Total liabilities and equity</b>		<b>8.050.587.024</b>	<b>5.464.826.887</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	<b>Notes</b>	<b>1 January – 31 December 2022</b>	<b>1 January – 31 December 2021</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	20	6.072.008.541	2.560.188.835
Cost of sales (-)	20	(3.902.275.886)	(1.728.319.360)
<b>GROSS PROFIT</b>		<b>2.169.732.655</b>	<b>831.869.475</b>
General administrative expenses (-)	22	(590.638.301)	(278.201.455)
Other operating income	23	137.751.907	60.483.487
Other operating expenses (-)	24	(141.843.768)	(88.395.811)
<b>OPERATING PROFIT</b>		<b>1.575.002.493</b>	<b>525.755.696</b>
Income from investing activities	25	813.475	84.541.331
Expenses from investing activities (-)	26	(27.867.600)	(1.219.124)
Shares of profits from of investments valued by equity method	6	(1.910.106)	3.781.303
<b>OPERATING PROFIT BEFORE FINANCE EXPENSE</b>		<b>1.546.038.262</b>	<b>612.859.206</b>
Finance income	27	200.039.323	188.534.725
Finance expenses (-)	28	(284.931.130)	(171.358.032)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>1.461.146.455</b>	<b>630.035.899</b>
<b>PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>		<b>(4.419.592)</b>	<b>-</b>
<b>Tax expense</b>		<b>(302.736.702)</b>	<b>(65.112.502)</b>
Current tax expense	29	(300.775.570)	(60.961.994)
Deferred tax income/(expense)	29	(1.961.132)	(4.150.508)
<b>PROFIT FOR THE PERIOD</b>		<b>1.153.990.161</b>	<b>564.923.397</b>
<b>Profit for the Period Attributable to</b>			
Non-controlling interests		74.036.337	31.469.501
Equity holder of the Parent		1.079.953.824	533.453.896
		<b>1.153.990.161</b>	<b>564.923.397</b>
Earnings/(loss) per share (Kr)	30	0,444	0,220

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>Audited</i>	<i>Audited</i>
	1 January –	1 January –
Notes	31 December 2022	31 December 2021
<b>Net profit for the period</b>	<b>1.153.990.161</b>	<b>564.923.397</b>
<b>Other comprehensive income / (expense)</b>		
<b>Items that will not be reclassified to profit or loss</b>		
-(Losses) / gains on remeasurement of defined benefit plans	(52.202.406)	(9.792.230)
- Foreign currency translation differences	295.918.446	121.050.632
Taxes related to other comprehensive income that will not be reclassified to profit or loss		
- Gains / (losses) on remeasurement of defined benefit plans, tax effect	10.641.765	1.992.825
<b>Items that will be reclassified to profit or loss</b>		
- Foreign currency translation differences	367.440.508	531.570.262
<b>Other comprehensive income</b>	<b>621.798.313</b>	<b>644.821.489</b>
<b>Total comprehensive (expense) / income</b>	<b>1.775.788.474</b>	<b>1.209.744.886</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	173.248.477	211.963.552
Equity holders of the parent	1.602.539.997	997.781.334
	<b>1.775.788.474</b>	<b>1.209.744.886</b>

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

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

		Accumulated other comprehensive income and expenses that will not be reclassified subsequently to profit or loss	Accumulated other comprehensive income and expenses that will be reclassified subsequently to profit or loss			Retained earnings				
	Share capital	Gains/(losses) on remeasurement of defined benefit plans	Foreign currency translation differences	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit / (losses)	Net profit for the period	Equity attributable to equity holders of the parent	Non- controlling interests	Total equity
<b>As of 1 January 2022</b>	<b>24.300.000</b>	<b>(34.956.456)</b>	<b>121.050.632</b>	<b>613.208.705</b>	<b>74.387.905</b>	<b>22.479.380</b>	<b>533.453.896</b>	<b>1.353.924.062</b>	<b>315.921.024</b>	<b>1.669.845.086</b>
Transfers	-	-	-	-	-	533.453.896	(533.453.896)	-	-	-
Dividend payment	-	-	-	-	17.608.871	(181.633.871)	-	(164.025.000)	(33.142.929)	(197.167.929)
Additional capital contributions from non- controlling shareholders	-	-	-	-	-	-	-	-	3.440.700	3.440.700
<b>Other comprehensive income / (expense)</b>										
- Foreign currency translation difference	-	-	295.918.446	268.389.823	-	-	-	564.308.269	99.050.377	663.358.954
- Gains/(losses) on remeasurement of defined benefit plans	-	(41.722.096)	-	-	-	-	-	(41.722.096)	161.455	(41.560.641)
<b>Total other comprehensive income / (expenses)</b>	<b>-</b>	<b>(41.722.096)</b>	<b>295.918.446</b>	<b>268.389.823</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522.586.173</b>	<b>99.212.140</b>	<b>621.798.313</b>
Net profit/(loss) for the period	-	-	-	-	-	-	1.079.953.824	1.079.953.824	74.036.337	1.153.990.161
<b>Total comprehensive income / (expense)</b>	<b>-</b>	<b>(41.722.096)</b>	<b>295.918.446</b>	<b>268.389.823</b>	<b>-</b>	<b>-</b>	<b>1.079.953.824</b>	<b>1.602.539.997</b>	<b>173.248.477</b>	<b>1.775.788.474</b>
<b>As of 31 December 2022</b>	<b>24.300.000</b>	<b>(76.678.552)</b>	<b>416.969.078</b>	<b>881.598.528</b>	<b>91.996.776</b>	<b>374.299.405</b>	<b>1.079.953.824</b>	<b>2.792.439.059</b>	<b>459.467.272</b>	<b>3.251.906.331</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	1 January – 31 December 2022	1 January – 31 December 2021
<b>A. Cash flows from operating activities</b>		<b>1.702.571.564</b>	<b>627.218.008</b>
<b>Net profit/loss for the period</b>		<b>1.153.990.161</b>	<b>564.923.397</b>
<b>Adjustments for reconciliation of net profit/loss for the period</b>		<b>855.529.087</b>	<b>232.799.893</b>
Adjustments related to depreciation and amortization expenses	11,12,13	366.282.358	206.052.038
Adjustments related to impairment (reversal)	8	2.377.758	10.510.962
Adjustments related to provisions		44.441.575	29.559.459
- <i>Adjustments related to provisions for employee benefits</i>		44.441.575	29.559.459
Adjustments related to interest income and expenses	7, 27, 28	142.263.490	102.433.593
- <i>Adjustments related to interest income</i>	27	(63.492.929)	(30.069.307)
- <i>Adjustments related to interest expenses</i>		205.756.419	132.502.900
Adjustments related to unrealized foreign currency translation differences		(8.514.760)	(93.588.104)
Adjustments related to tax (income) expenses	29	302.736.702	65.112.502
Adjustments related to undistributed profit of investments that are accounted by the equity method	6	6.329.697	(3.781.303)
Adjustments related to gains/losses on disposal of non-current assets		(387.733)	(10.518.438)
Adjustments related to Losses (Gains) Due to Disposal of Associates, Joint Ventures and Financial Investments or Changes in Shares	25	-	(72.980.816)
<b>Changes in working capital</b>		<b>(105.334.191)</b>	<b>(103.509.462)</b>
Adjustments related to increase/decrease in trade receivables		(195.023.219)	(216.025.989)
- <i>Decrease/increase in trade receivables from related parties</i>		(1.092.294)	4.829.416
- <i>Decrease/increase in trade receivables from third parties</i>		(193.930.925)	(220.855.405)
Adjustments related to decrease/increase in other receivables related to operations		(275.527.986)	(252.991.187)
Adjustments related to increase/decrease in inventories		(23.847.018)	(17.033.804)
Decrease/increase in prepaid expenses		(104.450.489)	(27.080.548)
Adjustments related to increase/decrease in trade payables		152.334.062	161.383.523
- <i>Increase/decrease in trade payables to related parties</i>		(8.488.197)	965.787
- <i>Increase/decrease in trade payables to third parties</i>		160.822.259	160.417.736
Decrease/increase in payables related to employee benefits		114.343.662	52.939.409
Adjustments related to increase/decrease in other payables related to operations		226.836.797	195.299.134
<b>Cash flows generated from operations</b>		<b>1.904.185.057</b>	<b>694.213.828</b>
Payments related to provisions for employee benefits		(21.068.988)	(23.611.829)
Payments related to other provisions		(3.903.715)	(1.818.923)
Tax returns (payments)		(176.640.790)	(41.565.068)

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	<i>Notes</i>	<i>1 January – 31 December 2022</i>	<i>1 January – 31 December 2021</i>
<b>B. Cash flows from investing activities</b>		<b>(330.161.845)</b>	<b>(66.612.483)</b>
Cash inflows from sale of property, plant and equipment and intangible assets		953.074	19.030.691
- <i>Cash inflows from sale of property, plant and equipment</i>		<i>953.074</i>	<i>19.030.691</i>
Cash outflows from purchase of property, plant and equipment and intangible assets		(364.440.342)	(90.471.984)
- <i>Cash outflows from purchase of property, plant and equipment</i>	<i>11</i>	<i>(221.466.768)</i>	<i>(86.876.891)</i>
- <i>Cash outflows from purchase of intangible assets</i>	<i>13</i>	<i>(142.973.574)</i>	<i>(3.595.093)</i>
Dividends received	<i>6</i>	3.680.527	3.140.868
Cash inflows from cash advances and debts given to related parties		80.101.695	60.482.604
Other cash inflows / (outflows)		(50.456.799)	(58.794.662)
<b>C. Cash flows from financing activities</b>		<b>(1.009.236.774)</b>	<b>(498.536.736)</b>
Lease payments		(185.916.269)	(119.119.474)
Cash inflows from borrowings	<i>7</i>	313.965.093	497.012.095
Cash outflows due to debt payments	<i>7</i>	(943.342.149)	(768.216.693)
Dividends paid	<i>31</i>	(164.025.000)	(57.712.500)
Interest paid		(93.411.378)	(80.569.471)
Interest received	<i>27</i>	63.492.929	30.069.307
<b>Net increase in cash and cash equivalents before the effect of foreign currency translation differences</b>		<b>363.172.945</b>	<b>62.068.789</b>
<b>D. Foreign currency translation differences</b>		<b>470.782.786</b>	<b>460.077.226</b>
<b>Net increase in cash and cash equivalents</b>		<b>833.955.731</b>	<b>522.146.015</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<i>4</i>	<b>1.093.574.832</b>	<b>571.428.817</b>
<b>Cash and cash equivalents at the end of the period</b>	<i>4</i>	<b>1.927.530.563</b>	<b>1.093.574.832</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

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

The Company is registered in Capital Markets Board ("CMB") and has been listed in Borsa İstanbul ("BIST") since 18 November 1996. As of 31 December 2022, the percentage of shares which are publicly traded is 10,09% (31 December 2021: 10,09%).

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

The Group consists of the Company and its subsidiaries, joint ventures and associate. The average number of employees employed by the Group for the year ended 31 December 2022 is 11.838 (31 December 2021: 9.902).

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

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

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

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

(\*) As of 31 December 2022, they are inactive since there are no activities.

In 2006, the Company acquired the shares of Budapest Airport Handling, which provides airport ground handling services at Budapest Airport, and its trade name was changed to Celebi Ground Handling Hungary ("CGHH"). The Company currently owns 100% of the capital of CGHH and as of 31 December 2022, the paid-in capital of CGHH is 200.000.000 Hungarian Forints.



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

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

As a result of the winning the tender for providing ground handling services at Delhi International Airport for a 10 years period, the Company has made legal and premium capital payment amounting to Indian Rupee 1.901.266.830 on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which was established on 18 November 2009 with a shareholding rate of 99,9%. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin, Bangalore and Hyderabad Airports in India as part of the ongoing concession agreements. On 15 March 2018, the Company's title was changed to Celebi Airport Services India Private Limited ("CASI"). CASI will continue to deliver ground handling services at Delhi International Airport for 10 years subsequent to the termination of the existing concession agreement with the authority given on 9 December 2019.

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on 20 November 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 11.140.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services.

The Company has a 58,70% share in KSU Aviation Private Limited ("KSU") located in India, which was established on 8 May 2019 to provide "taxiing" services to aircraft at airports in India. For this purpose, a premium capital payment of Indian Rupee 450.675.770 was made by the Company.

Celebi Nas Airport Services India Private Limited ("Celebi Nas") was established on 12 December 2008 to provide ground handling services for 10 years at Mumbai Chhatrapati Shivaji International Airport (CSIA) in India. The Company has 57% shareholding where the share capital of Çelebi Nas is Indian Rupee 552.000.000. In addition, a premium capital increase of Indian Rupee 228.000.000 has been paid by the shareholders of Celebi Nas. Celebi Nas has obtained a concession right until May 2036 for the provision of ventilation and generator services installed on the passenger bridges at the airport passenger terminal. Within the scope of the concession agreement signed between Celebi Nas and MIAL, Celebi Nas will continue to provide ground handling services for an additional 10 (ten) years from 1 January 2020 to 31 December 2029, following the expiration of the current concession period at CSIA airport on 31 December 2019.

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### - Associate

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

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

Çelebi GH Delhi, a subsidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited ("DASPL") with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is Indian Rupee 250.000.000. On 14 November 2016, Çelebi GH Delhi, has acquired 8,33% of additional shares of DASPL and reached to a shareholding rate of 24,99%. The Group accounts DASPL by using the equity method in its consolidated financial statements. DASPL's operations ended as of 1 April 2022, and the net loss for the period after 31 March 2022 is shown under "Profit / (loss) for the period / from discontinued operations".

As of 31 December 2022, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL, Celebi Cargo and KSU and Celebi Tanzania (all together will be referred to as "the Group").

#### Approval of Consolidated Financial Statements

The consolidated financial statements for the period 1 January – 31 December 2022 has been approved for the issuance by the Board of Directors on 7 March 2023, and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Director of Financial Affairs, on behalf of Board of Directors.

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

#### 2.1. Basis of Presentation

##### 2.1.1 Accounting standards applied

The Group's consolidated financial statements have been prepared in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013, which is published on Official Gazette numbered 28676, and according to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/IFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") and appendix and interpretations related to them.

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### 2.1. Basis of Presentation (cont'd)

##### 2.1.1 Accounting standards applied (cont'd)

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, adjusted by reflecting the necessary adjustments and classifications for accurate presentation in accordance with Financial Reporting Standards.

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

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

#### Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Çelebi Hava and the presentation currency of the Group. As of 31 December 2022, the currency of Group's entities are as below.

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### 2.1. Basis of Presentation (cont'd)

##### 2.1.1 Accounting standards applied (cont'd)

##### Restatement of financial statements during periods of high inflation

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

##### 2.1.2 New and Amended Turkish Financial Reporting Standards

###### a) Amendments that are mandatorily effective from 2022

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 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

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

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

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

##### **Amendments to TAS 16 *Property, Plant and Equipment - Proceeds before Intended Use***

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### 2.1. Basis of Presentation (cont'd)

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

###### a) Amendments that are mandatorily effective from 2022 (cont'd)

#### **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 Turkish Financial Reporting Standards*

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

##### Amendments to TFRS 9 *Financial Instruments*

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

##### Amendments to TAS 41 *Agriculture*

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### 2.1. Basis of Presentation (cont'd)

##### 2.1.2 New and Amended Turkish Financial Reporting Standards (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 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</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 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, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

#### **Amendments to TAS 1 *Disclosure of Accounting Policies***

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

#### 2.1. Basis of Presentation (cont'd)

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

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

#### **Amendments to TAS 8 *Definition of Accounting Estimates***

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

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

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

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

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

#### **Amendments to TFRS 17 *Insurance Contracts* and Initial Application of TFRS 17 and TFRS 9 — *Comparative Information***

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

#### **Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback***

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and early application is permitted.

#### **Amendments to TAS 1 *Non-current Liabilities with Covenants***

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024 and early application is permitted.

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

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

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

#### 2.1. Basis of Presentation (cont'd)

##### 2.1.3 Financial Statements of 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.

##### 2.1.4 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its Subsidiaries and its Joint ventures (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 Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.
- b) The consolidated financial statements include the financial statements of the companies controlled by the Company and its subsidiaries. Control is provided by the Company's fulfillment of the following conditions:
  - having power over the invested company/asset;
  - being open to or entitled to variable returns from the invested company/asset and
  - ability to use power to have an impact on returns.

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

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

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

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



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

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

#### 2.1.4 Basis of Consolidation (cont'd)

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

Subsidiary	Ownership interest (%)	
	31 December 2022	31 December 2021
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU	58,7	57,6
Celebi Tanzania	65,0	65,0
Celebi Nas	57,0	57,0
Celebi GH India Private Limited	61,0	61,0
Celebi GS Chennai Private Limited	100,0	100,0

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

- e) It is accounted by using the equity method.

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

Associate	Ownership interest (%)	
	31 December 2022	31 December 2021
DASPL	24,99	24,99

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

#### 2.2. Change in accounting policies

##### 2.2.1 Comparative information

The financial statements of the Group have been prepared comparatively with the prior period in order to evaluate financial position and performance trends. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

The Group presented the consolidated statement of financial position as of 31 December 2022 comparatively with the consolidated statement of financial position as of 31 December 2021, presented the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended on 31 December 2022 comparatively with the consolidated profit or loss, consolidated statement of cash flows, consolidated statement of changes in equity and consolidated statement of other comprehensive income for the period ended 31 December 2021.

As of 31 December 2021, Delhi Cargo's concession rights payables amounting to TL 39.023.634, presented under other payables in the consolidated statement of financial position, were reclassified to trade payables.

#### 2.3 Changes in significant accounting policies

##### 2.3.1 Changes in significant accounting policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. There has not been any significant change in the accounting policies of the Group in the current year.

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

#### 2.4 Summary of significant accounting policies

##### 2.4.1 Accounting of Income

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

##### *Dividend Income*

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

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.2 Financial Assets

###### Classification

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

###### Recognition and Measurement

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

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

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

###### Derecognition

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

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.2 Financial Assets (cont'd)

###### Impairment

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

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

##### 2.4.3 Cash and Cash Equivalents

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

##### 2.4.4 Property, Plant and Equipment

Property, plant and equipment, on the other hand, are reflected in the consolidated financial statements with their net value after deduction of accumulated depreciation and impairment, if any, over their acquisition costs. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets.

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

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

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

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

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

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.5 Intangible Assets

###### a) *Goodwill*

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.5 Intangible Assets (cont'd)

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

##### 2.4.6 Inventories

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

##### 2.4.7 Impairment of Assets

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

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

##### 2.4.8 Financial Liabilities and Borrowing Costs

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

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.9 Leases

##### The Group as lessee

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

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

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

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

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

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.9 Leases (cont'd)

##### The Group as lessee (cont'd)

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

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

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

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

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

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

##### The Group as lessor

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

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

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

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



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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.9 Leases (cont'd)

##### The Group as lessor (cont'd)

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

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

##### 2.4.10 Trade Payables

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

##### 2.4.11 Business Combinations and Goodwill

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

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.12 Foreign Currency Transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The daily or average exchange rate was used when converting the foreign currency assets and liabilities into the presentation currency.

##### 2.4.13 Earnings per Share

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

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

##### 2.4.14 Events After the Balance Sheet Date

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

##### 2.4.15 Provisions, Contingent Liabilities and Contingent Assets

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

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

Liabilities or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the entity are considered as contingent liabilities and assets, and not included in the financial statements.

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

##### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.16 Related Parties

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

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

If that person;

- i) has control or joint control over the reporting entity;
- ii) has significant influence over the reporting entity; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

##### 2.4.17 Segment Reporting

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.18 Taxes on Income

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

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

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

###### Income tax

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

The effective tax rate in 2022 is 23% (20% for 2023 and in the following periods) (2021: 25%). The corporate tax rate is applied to the net corporate income calculated as a result of adding non-deductible expenses in accordance with the tax laws to the trade income of the corporations, and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month. However, according to Turkish tax legislation, corporations, legal or business centers of which are located in Turkey, calculate provisional tax on their quarterly financial profits and declare the results of the relevant period until the 14th day of the second month following the relevant period and pay the calculated temporary tax until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded or deducted in cash. As of 31 December 2022 and 2021, tax provision has been made in accordance with the applicable tax legislation.

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.18 Taxes on Income (cont'd)

###### Deferred tax

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

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

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

As of 31 December 2022, 20% tax rate is used for all temporary differences in the deferred tax calculation.

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of 31 December 2022 and 2021, are netted off for each subsidiary and are separately classified in the consolidated financial statements.

##### 2.4.19 Employee Benefits

###### Employment termination benefits

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

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

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

After the legislative amendment on 23 May 2002, some transition process items related to the previous service period before retirement were issued. The amount payable consists of one month's salary for each year of service and is limited to TL 15.371,40 as of 31 December 2022 (31 December 2021: TL 8.284,51).

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

#### 2.4 Summary of significant accounting policies (cont'd)

##### 2.4.19 Employee Benefits (cont'd)

###### Provision for unused vacation

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

##### 2.4.20 Statement of Cash Flows

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

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

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

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

##### 2.4.21 Dividends

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

##### 2.4.22 Paid-in Capital

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

##### 2.4.23 Offsetting

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

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

#### 2.5 Significant Accounting Judgments, Estimates and Assumptions

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

##### (a) *Goodwill impairment*

As explained in Note 2.4.11 the Group performs impairment tests on goodwill annually as of 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. As of 31 December 2022, the Group reflected impairment identified as a result of the analyzes.

##### (b) *Impairment of intangible assets*

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

##### (c) *Provisions*

In accordance with the accounting policy mentioned in Note 2.4.15, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as of 31 December 2022 and for the ones where the Group estimates a probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 14).

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

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

As of 31 December 2022, the Group has reviewed possible tax fines which may source from its subsidiaries and subsidiaries subject to joint control and has not considered to make any provisions.

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

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

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

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

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

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

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

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

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

- |         |   |                                 |
|---------|---|---------------------------------|
| Note 11 | – | Property, plant and equipment   |
| Note 12 | – | Right-of-use assets             |
| Note 13 | – | Intangible assets               |
| Note 14 | – | Provision for employee benefits |
| Note 29 | – | Tax assets and liabilities      |
| Note 31 | – | Related party disclosures       |



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### NOTE 3 - SEGMENT REPORTING

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

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

The operational segment information provided to the board of directors as of 31 December 2022 and 2021 is as follows:

	Operation Groups			
	Ground Handling	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
<b>1 January - 31 December 2022</b>				
Revenue	3.724.412.945	2.342.139.815	5.455.781	6.072.008.541
Cost of sales	(2.449.356.971)	(1.447.775.338)	(5.143.577)	(3.902.275.886)
<b>Gross profit</b>	<b>1.275.055.974</b>	<b>894.364.477</b>	<b>312.204</b>	<b>2.169.732.655</b>
General administrative expenses	(447.746.865)	(143.893.226)	1.001.790	(590.638.301)
Addition: Depreciation and amortization	234.006.621	132.275.737	-	366.282.358
Addition: TFRIC -12 effect shares	-	19.915.728	-	19.915.728
Addition: Provision for employment termination benefit and unused vacation	35.404.572	8.105.266	-	43.509.838
EBITDA effect of investments accounted by using equity method	2.688.691	-	-	2.688.691
<b>EBITDA</b>	<b>1.099.408.993</b>	<b>910.767.982</b>	<b>1.313.994</b>	<b>2.011.490.969</b>
Lease expenses under TFRS 16	(140.535.088)	(45.381.181)	-	(185.916.269)
<b>EBITDA (Except for TFRS 16)</b>	<b>958.873.905</b>	<b>865.386.801</b>	<b>1.313.994</b>	<b>1.825.574.700</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 3 - SEGMENT REPORTING (Cont'd)

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

	1 January – 31 December 2022	1 January – 31 December 2021
EBITDA for reported segments	2.011.490.969	813.244.513
Depreciation and amortization	(366.282.358)	(206.052.038)
TFRIC -12 effect	(19.915.728)	(12.647.486)
Other operating income	137.751.907	60.483.487
Other operating expenses (-)	(141.843.768)	(88.395.811)
Provisions for employment termination benefit and unused vacation	(43.509.838)	(29.129.995)
EBITDA effect of investments accounted by using equity method	(2.688.691)	(11.746.974)
<b>Operating profit</b>	<b>1.575.002.493</b>	<b>525.755.696</b>
Shares in profit from investments accounted by equity method	(1.910.106)	3.781.303
Income from investing activities	813.475	84.541.331
Expenses from investing activities (-)	(27.867.600)	(1.219.124)
Finance income	200.039.323	188.534.725
Finance expenses (-)	(284.931.130)	(171.358.032)
<b>Profit before tax</b>	<b>1.461.146.455</b>	<b>630.035.899</b>

### NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	1.735.686	941.624
Banks	1.927.228.079	1.093.021.210
- time deposit	1.255.465.152	744.666.178
- demand deposit	671.762.927	348.355.032
	<b>1.928.963.765</b>	<b>1.093.962.834</b>

As of 31 December 2022, effective interest rates on TL, EUR, USD and INR denominated time deposits are 15,21%, 1,46%, 1,33%, and 5,38% (31 December 2021: TL 15,73%, EUR 3,95%, USD 0,37%, INR 5,22%). As of 31 December 2022, the maturity of denominated time deposits are 1 day for TL, USD and EUR, and 45 days for INR (31 December 2021: TL, EUR and USD 1 day, INR 20-60 days).

The details of cash and cash equivalents presented in the statements of cash flows as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash on hand and cash at banks	1.928.963.765	1.093.962.834
Less: Interest accruals	(1.433.202)	(388.002)
	<b>1.927.530.563</b>	<b>1.093.574.832</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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### NOTE 5 - FINANCIAL INVESTMENTS

#### *Restricted bank balances:*

	31 December 2022	31 December 2021
Restricted bank balances (Between 3 months and 365 days) (*)	60.756.407	49.130.668
Restricted bank balances (Longer than 365 days) (*)	47.832.174	53.479.264
	<b>108.588.581</b>	<b>102.609.932</b>

#### *Time deposits:*

	31 December 2022	31 December 2021
Time deposits (Between 3 months and 365 days)	57.100.350	14.078.067
	<b>57.100.350</b>	<b>14.078.067</b>

#### *Financial investments at fair value through other comprehensive income:*

	31 December 2022		31 December 2021	
	Percentage of Shares %	TL	Percentage of Shares %	TL
Celebi Ground Handling India Private Limited	61%	22.665	-	-
Celebi Ground Services Chennai Private Limited	100%	22.665	-	-
		<b>45.330</b>		<b>-</b>

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

	Percentage of Shares %	31 December 2022	Percentage of Shares %	31 December 2021
DASPL	24,99	19.463.360	24,99	20.391.743
		<b>19.463.360</b>		<b>20.391.743</b>

The movements of investments accounted using the equity method during the period ended on 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
<b>As of 1 January</b>	<b>20.391.743</b>	<b>157.711.645</b>
Shares of net profits for the period	(6.329.698)	3.781.303
Foreign currency translation differences	9.104.507	8.746.444
Dividends received	(3.680.527)	(3.140.868)
Transfers (*)	(22.665)	(146.706.781)
<b>As of 31 December</b>	<b>19.463.360</b>	<b>20.391.743</b>

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

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

	1 January- 31 December 2022	1 January- 31 December 2021
DASPL	(6.329.697)	3.781.303
	<b>(6.329.697)</b>	<b>3.781.303</b>

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

Summary information of DASPL is as follows:

	31 December 2022	31 December 2021
Total Assets	69.559.096	93.492.109
Total Liabilities	4.866.078	10.045.060

  

	1 January- 31 December 2022	1 January- 31 December 2021
Total Sales Income	26.281.810	61.779.125
Profit for the Period	(25.328.921)	15.131.266

### NOTE 7 - SHORT-TERM AND LONG-TERM BORROWINGS

*Short-term lease obligations:*

		31 December 2022
	Effective interest rate (%)	Original balance
		TL
INR lease obligation		329.465.625
EUR lease obligation		10.653.137
TL lease obligation		29.552.607
HUF lease obligation		13.829.613
<b>Total short-term lease obligations</b>		<b>317.667.889</b>

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

Interest expense accrual – EUR		721.399	14.406.916
Interest expense accrual –INR		9.941.977	2.253.349
Interest expense accrual –TL		12.554	12.554
INR borrowings	5,50-10,00	448.722.912	101.703.048
EUR borrowings	2,75-6,07	27.209.646	543.398.396
TL borrowings	16,00-19,75	30.394.601	30.394.601
<b>Total short-term portion of long-term borrowings:</b>			<b>692.168.864</b>
<b>Total short-term borrowings:</b>			<b>1.009.836.753</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### Long-term borrowings:

		31 December 2022	
	Effective interest rate (%)	Original balance	TL
<b>Long-term borrowings:</b>			
INR Borrowings	5,50-10,00	1.328.424.112	301.087.325
EUR Borrowings	2,75-6,07	9.882.354	197.358.515
			<b>498.445.840</b>
<b>Long-term lease obligations:</b>			
INR lease obligations		720.977.079	163.409.455
EUR lease obligations		65.277.757	1.303.649.028
TL lease obligations		34.050.015	34.050.015
<b>Total long-term lease obligations</b>			<b>1.501.108.498</b>
<b>Total long-term borrowings</b>			<b>1.999.554.338</b>
<b>Total borrowings</b>			<b>3.009.391.091</b>

#### Short-term borrowings:

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

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

		31 December 2021	
	Effective interest rate (%)	Original balance	TL
<b>Short-term portion of long-term borrowings:</b>			
Interest expense accrual – EUR		568.679	8.594.951
Interest expense accrual – INR		3.584.790	625.976
Interest expense accrual -TL		2.332.336	2.332.336
INR borrowings	5.50-8.68	616.115.353	107.586.063
EUR borrowings	1.89-5.75	29.801.131	450.411.311
TL borrowings	9.95-21.00	104.454.298	104.454.298
<b>Short-term portion of total long-term borrowings:</b>			<b>674.004.935</b>
<b>Total short-term borrowings:</b>			<b>1.043.186.886</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### *Long-term borrowings:*

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

As of 31 December 2022 and 2021, the repayment dates of the Group's borrowings are as follows:

	31 December 2022	31 December 2021
Less than 3 months	344.118.211	337.616.272
Between 3-12 months	665.718.542	705.570.614
Between 1-5 years	1.235.910.398	1.168.656.947
5 years and more	763.643.940	528.832.973
	<b>3.009.391.091</b>	<b>2.740.676.806</b>

As of 31 December 2022 and 2021, the repayment schedule of long-term loans is as follows:

	31 December 2022	31 December 2021
Between 1-2 years	231.250.652	428.956.323
Between 2-3 years	161.789.233	103.861.290
Between 3-4 years	55.409.809	73.988.108
4 years and more	49.996.146	27.553.572
	<b>498.445.840</b>	<b>634.359.293</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

As of 31 December 2022 and 2021, the repayment terms of the debts from the lease transactions are as follows:

	31 December 2022	31 December 2021
Less than 1 year	317.667.889	199.077.376
Between 1-5 years	669.482.757	461.618.901
5 years and more	831.625.741	601.511.726
	<b>1.818.776.387</b>	<b>1.262.208.003</b>

The repayment schedule of the Group's floating rate borrowings as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Less than 3 months	24.606.622	24.245.987
Between 3-12 months	79.349.774	83.966.052
Between 1-5 years	294.881.584	218.724.153
5 years and more	6.205.742	6.002.562
	<b>405.043.722</b>	<b>332.938.754</b>

The movement table of loans between 1 January 2022 and 31 December 2022 is as follows:

	2022	2021
<b>Beginning of the period - 1 January</b>	<b>1.478.468.803</b>	<b>1.090.963.506</b>
Celebi Nas beginning of the period (*)	-	111.712.766
New financial liabilities	313.965.093	497.012.095
Principal payments	(943.342.149)	(768.216.693)
Interest payments	(93.411.378)	(80.569.471)
Exchange differences and foreign currency translation differences	333.193.122	548.399.436
Change in interest accruals	101.741.213	79.167.164
<b>End of the period – 31 December</b>	<b>1.190.614.704</b>	<b>1.478.468.803</b>

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

The movement table of borrowings from lease transactions between 1 January 2022 and 31 December 2022 is as follows:

	2022	2021
<b>Beginning of the period - 1 January</b>	<b>1.262.208.003</b>	<b>714.699.774</b>
Celebi Nas beginning of the period (*)	-	399.928
Additions	110.003.987	145.158.142
Interest expense	98.346.817	39.980.238
Lease payments	(185.916.269)	(119.119.474)
Exchange differences and foreign currency translation differences	534.133.849	481.089.395
<b>End of the period – 31 December</b>	<b>1.818.776.387</b>	<b>1.262.208.003</b>

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

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

#### NOTE 8 – TRADE RECEIVABLES AND PAYABLES

##### Short-term trade receivables

	31 December 2022	31 December 2021
Trade receivables from third parties	649.648.518	459.371.597
Less: Provision for impairment	(98.676.286)	(79.272.561)
<b>Trade receivables from third parties (net)</b>	<b>550.972.232</b>	<b>380.099.036</b>
Trade receivables from related parties (Note 31)	1.682.036	589.742
<b>Total short-term trade receivables</b>	<b>552.654.268</b>	<b>380.688.778</b>

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

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

	31 December 2022	31 December 2021
Opening balance	79.272.561	53.241.619
Foreign currency translation differences	20.679.971	19.179.732
Collections and provisions released	(3.654.004)	(3.659.752)
Additional provisions in the current period	2.377.758	10.510.962
<b>Closing balance</b>	<b>98.676.286</b>	<b>79.272.561</b>



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

Credit risks exposed by the Group for each financial instrument type as of 31 December 2022 and 2021 are shown below:

31 December 2022	Trade receivables		Other receivables		Bank deposits (*)
	Related party	Other	Related party	Other	
<b>Maximum of credit risk exposed as of the reporting date</b>	<b>1.682.036</b>	<b>550.972.232</b>	<b>84.869.838</b>	<b>729.725.853</b>	<b>1.975.060.253</b>
- Amount of risk covered by guarantees	-	31.165.740	-	-	-
Net carrying value of financial assets which are not due or not impaired	<b>1.682.036</b>	<b>393.322.546</b>	<b>84.869.838</b>	<b>729.725.853</b>	<b>1.975.060.253</b>
Net carrying value of financial assets which are overdue but not impaired	-	97.398.251	-	-	-
- Amount of risk covered by guarantees	-	15.089.992	-	-	-
Net carrying value of impaired assets	-	98.361.025	-	-	-
- Overdue (gross carrying value)	-	98.361.025	-	-	-
- Impairment (-)	-	(98.361.025)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-
31 December 2021	Trade receivables		Other receivables		Bank deposits (*)
	Related party	Other	Related party	Other	
<b>Maximum of credit risk exposed as of the reporting date</b>	<b>589.742</b>	<b>380.099.036</b>	<b>124.850.444</b>	<b>516.445.678</b>	<b>1.146.500.474</b>
- Amount of risk covered by guarantees	-	22.884.231	-	-	-
Net carrying value of financial assets which are not due or not impaired	<b>589.742</b>	<b>314.822.403</b>	<b>124.850.444</b>	<b>516.445.678</b>	<b>1.146.500.474</b>
Net carrying value of financial assets which are overdue but not impaired	-	68.821.671	-	-	-
- Amount of risk covered by guarantees	-	16.146.391	-	-	-
Net carrying value of impaired assets	-	79.272.561	-	-	-
- Overdue (gross carrying value)	-	79.272.561	-	-	-
- Impairment (-)	-	(79.272.561)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 8 - TRADE RECEIVABLES AND PAYABLES (cont'd)

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

	31 December 2022	31 December 2021
Overdue 1 month	29.486.091	22.080.910
Overdue 1-3 months	8.563.546	26.888.511
Overdue 3-12 months	56.500.709	19.657.616
Overdue 1-5 years	2.847.905	194.634
	<b>97.398.251</b>	<b>68.821.671</b>

As of 31 December 2022, the portion of the Group's overdue but not impaired receivables secured by collateral is TL 15.089.992 (31 December 2021: TL 16.146.391).

### Short-term trade payables

	31 December 2022	31 December 2021
Trade payables to third parties	290.011.726	253.355.392
Accrued liabilities	152.982.822	67.840.531
<b>Total trade payables to third parties</b>	<b>442.994.548</b>	<b>321.195.923</b>
Due to third parties (Note 31)	3.291.944	11.780.141
<b>Total short-term trade payables</b>	<b>446.286.492</b>	<b>332.976.064</b>

### NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Receivables from tax office	11.700.900	28.030.496
Deposits and guarantees given	29.803.331	23.489.205
Other miscellaneous receivables (*)	264.672.223	167.545.055
<b>Short-term other receivables from related parties</b>	<b>306.176.454</b>	<b>219.064.756</b>
Other receivables from related parties (Note 31)	84.869.838	60.554.654
<b>Total short-term other receivables</b>	<b>391.046.292</b>	<b>279.619.410</b>

(\*) TL 213.051.000 of other miscellaneous receivables consists of short-term loan of INR 940.000.000 given by Delhi Cargo to GMR Group, TL 50.636.718 consists of receivables from airline companies due to the airline tax enacted in Hungary (31 December 2021: INR 940.000.000).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 9 - OTHER RECEIVABLES AND PAYABLES (cont'd)

#### Other long-term receivables

	31 December 2022	31 December 2021
Deposits and guarantees given (*)	423.549.399	297.380.922
<b>Other long-term receivables from third parties</b>	<b>423.549.399</b>	<b>297.380.922</b>
Other receivables from related parties (Note 31)	-	64.295.790
<b>Total long-term other receivables</b>	<b>423.549.399</b>	<b>361.676.712</b>

(\*) As of 31 December 2022, deposits and guarantees given predominantly consists of the deposits given by the subsidiaries of the Group, CASI, Celebi Delhi Cargo and Celebi Nas, to the local authorities and companies amounting to TL 63.602.687 (31 December 2021: TL 37.256.462), TL 123.667.741 (31 December 2021: TL 75.878.570) and TL 236.159.046 (31 December 2021: TL 184.013.060).

#### Other short-term payables

	31 December 2022	31 December 2021
Deposits and guarantees received	15.249.336	9.749.142
Other short-term payables	13.170.819	9.653.805
<b>Total short-term other payables</b>	<b>28.420.155</b>	<b>19.402.947</b>

#### Other long-term payables

	31 December 2022	31 December 2021
Deposits and guarantees received	54.166.153	39.168.652
	<b>54.166.153</b>	<b>39.168.652</b>

### NOTE 10 – INVENTORIES

	31 December 2022	31 December 2021
Merchandises	16.234.843	10.475.951
Other inventories (*)	48.433.196	30.345.070
	<b>64.668.039</b>	<b>40.821.021</b>

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

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

#### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 31 December 2022 are as follows:

	Opening 1 January 2022	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 31 December 2022
<b>Cost</b>						
Machinery, plant and equipment	1.057.610.398	79.626.326	(8.274.795)	24.610.029	335.626.138	1.489.198.096
Motor vehicles	216.485.771	37.117.633	(307.620)	7.357.979	62.480.978	323.134.741
Fixtures	111.376.561	16.868.819	(2.572.520)	(507.091)	36.298.747	161.464.516
Leasehold improvements	380.342.541	19.299.715	(850.087)	-	123.542.527	522.334.696
Construction in progress	61.419.347	68.554.275	-	(31.460.917)	22.318.323	120.831.028
	<b>1.827.234.618</b>	<b>221.466.768</b>	<b>(12.005.022)</b>	<b>-</b>	<b>580.266.713</b>	<b>2.616.963.077</b>
<b>Accumulated depreciation</b>						
Machinery, plant and equipment	(656.222.085)	(70.989.671)	7.823.806	(14.976)	(205.650.660)	(925.053.586)
Motor vehicles	(138.059.005)	(14.077.186)	212.333	-	(39.054.444)	(190.978.302)
Fixtures	(62.554.261)	(12.045.100)	2.553.455	14.976	(20.320.541)	(92.351.471)
Leasehold improvements	(95.597.428)	(16.099.789)	850.087	-	(32.119.670)	(142.966.800)
	<b>(952.432.779)</b>	<b>(113.211.746)</b>	<b>11.439.681</b>	<b>-</b>	<b>(297.145.315)</b>	<b>(1.351.350.159)</b>
<b>Net book value</b>	<b>874.801.839</b>					<b>1.265.612.918</b>

Depreciation expense for the period ended 31 December 2022 in the amount of TL 107.929.825 and TL 5.281.921 are respectively included in cost of sales and operating expenses.

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

Movements in property, plant and equipment for the period ended 31 December 2021 are as follows:

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

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

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

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

#### NOTE 12 - RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the period ended 31 December 2022 are as follows:

	Opening 1 January 2022	Additions	Modifications	Foreign currency translation differences	Closing 31 December 2022
<b>Cost</b>					
Buildings and land	1.338.033.236	80.221.313	27.197.395	578.580.301	2.024.032.245
Machinery, plant and equipment	71.217.129	-	-	22.886.045	94.103.174
Vehicles	31.825.926	2.283.058	302.221	15.900.484	50.311.689
	<b>1.441.076.291</b>	<b>82.504.371</b>	<b>27.499.616</b>	<b>617.366.830</b>	<b>2.168.447.108</b>
<b>Accumulated depreciation</b>					
Buildings and land	(289.166.353)	(155.573.340)	-	(106.433.234)	(551.172.927)
Machinery, plant and equipment	(71.217.129)	-	-	(22.886.045)	(94.103.174)
Vehicles	(17.085.769)	(7.986.874)	-	(6.375.955)	(31.448.598)
	<b>(377.469.251)</b>	<b>(163.560.214)</b>	<b>-</b>	<b>(135.695.234)</b>	<b>(676.724.699)</b>
<b>Net book value</b>	<b>1.063.607.040</b>				<b>1.491.722.409</b>

Depreciation expense for the period ended 31 December 2022 in the amount of TL 163.560.214 is included in cost of sales.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 12 - RIGHT-OF-USE ASSETS (cont'd)

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

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

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 13 - INTANGIBLE ASSETS

#### Other Intangible Assets

Movements in other intangible assets for the period ended 31 December 2022 are as follows:

	Opening 1 January 2022	Additions	Disposals	Foreign currency translation differences	Closing 31 December 2022
<b>Cost</b>					
Rights	17.595.437	55.332	-	5.662.138	23.312.907
Computer software	69.214.586	4.708.486	(53.392)	22.475.325	96.345.005
Concession rights (*)	410.413.586	7.258.800	-	122.847.983	540.520.369
Build-operate-transfer investments	689.286.987	130.950.956	-	215.463.510	1.035.701.453
	<b>1.186.510.596</b>	<b>142.973.574</b>	<b>(53.392)</b>	<b>366.448.956</b>	<b>1.695.879.734</b>
<b>Accumulated depreciation</b>					
Rights	(10.229.325)	(1.969.510)	-	(3.576.059)	(15.774.894)
Computer software	(52.133.841)	(6.146.928)	53.392	(16.492.921)	(74.720.298)
Concession rights (*)	(202.933.140)	(20.466.751)	-	(62.046.570)	(285.446.461)
Build-operate-transfer investments	(219.911.048)	(60.927.209)	-	(70.199.362)	(351.037.619)
	<b>(485.207.354)</b>	<b>(89.510.398)</b>	<b>53.392</b>	<b>(152.314.912)</b>	<b>(726.979.272)</b>
<b>Net book value</b>	<b>701.303.242</b>				<b>968.900.462</b>

Amortization expense for the period ended 31 December 2022 in the amount of TL 85.661.115 and TL 3.849.283 are included in cost of sales and operating expenses, respectively.

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



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 13 - INTANGIBLE ASSETS (cont'd)

#### Other Intangible Assets (cont'd)

Movements in other intangible assets for the period ended 31 December 2021 are as follows:

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

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

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 13 – INTANGIBLE ASSETS (cont'd)

#### Goodwill

Goodwill as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Goodwill due to acquisition of CGHH	116.611.951	92.897.038
Goodwill due to acquisition of KSU	7.688.892	27.066.100
	<b>124.300.843</b>	<b>119.963.138</b>

Goodwill movement table as of 31 December 2022 is as follows:

	31 December 2022	31 December 2021
1 January	119.963.138	73.295.661
Foreign currency translation differences	31.779.563	46.667.477
Impairment	(27.441.858)	-
<b>Goodwill</b>	<b>124.300.843</b>	<b>119.963.138</b>

#### Goodwill impairment test

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

	31 December 2022	31 December 2021
<b>Ground handling services – CGHH</b>	116.611.951	92.897.038

The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. These calculations are based on cash flow estimates covering the 5-year period, which have been approved by management and better reflect management's expectations and forecasts for the future development of the business. Continuous growth rate of 2,2% used to determine the final value for the period exceeding the forecast period.

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

<b>Discount rate</b>	<b>11,2%</b>
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The management bases its budget on previous performance and market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

	31 December 2022	31 December 2021
<b>Ground handling services – KSU</b>	7.688.892	27.066.100

The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. These calculations are based on cash flow estimates covering the 5-year period, which have been approved by management and better reflect management's expectations and forecasts for the future development of the business. Continuous growth rate of 4,0% used to determine the final value for the period exceeding the forecast period.

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

<b>Discount rate</b>	<b>17,6%</b>
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# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### a) Short-Term Provisions

##### Other short-term provisions

	31 December 2022	31 December 2021
Provision for litigation and indemnity	10.679.098	9.047.150
	<b>10.679.098</b>	<b>9.047.150</b>

Movements of provisions for other litigations and indemnities within the accounting period of 1 January - 31 December 2022 are as follows:

	2022	2021
<b>As of 1 January</b>	<b>9.047.150</b>	<b>8.094.479</b>
Addition during the period	4.954.328	1.263.592
Payments during the period	(3.903.715)	(1.818.923)
Foreign currency translation differences	581.335	1.508.002
<b>As of end of the period</b>	<b>10.679.098</b>	<b>9.047.150</b>

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

	31 December 2022	31 December 2021
Provision for employee termination benefits (*)	7.767.888	35.091.091
Provision for unused vacation rights	38.745.670	18.976.928
	<b>46.513.558</b>	<b>54.068.019</b>

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

#### b) Long-term provisions

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

	31 December 2022	31 December 2021
Provision for employment termination benefits	143.103.765	45.879.138
	<b>143.103.765</b>	<b>45.879.138</b>

Provision for employment termination benefits is recorded based on the explanations below. The Group does not have any other defined benefit plans except for the legally mandatory one explained below. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable as of 31 December 2022 consists of one month's salary limited to a maximum of TL 15.371,40 (31 December 2021: TL 8.284,51) 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 years of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies.

Turkish Financial Reporting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 19.982,83 which is effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in the calculations.

	2022	2021
<b>As of 1 January</b>	<b>80.970.229</b>	<b>48.913.299</b>
Payments of provisions during the period	(17.601.806)	(21.580.507)
Service cost of employment termination benefits	20.458.846	22.321.987
Interest cost of employment termination benefits	7.825.575	4.224.633
Actuarial gain / (loss)	52.208.937	9.792.230
Foreign currency translation differences	12.799.399	16.342.236
Transfers	(5.789.527)	956.351
<b>As of period end</b>	<b>150.871.653</b>	<b>80.970.229</b>

Movements in the provision for unused vacation rights for the period between 1 January 2022 - 31 December 2022 are as follows:

	2022	2021
<b>As of 1 January</b>	<b>18.976.928</b>	<b>11.490.497</b>
Payments of provisions during the period	(3.467.182)	(2.031.322)
Increase in unused vacation rights during the period	16.366.732	3.164.771
Transfers	2.702.131	1.785.337
Foreign currency translation differences	4.167.061	4.567.645
<b>As of period end</b>	<b>38.745.670</b>	<b>18.976.928</b>

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

##### c) Contingent assets and liabilities

Guarantees received and given as of 31 December 2022 and 2021 are as follows:

##### Guarantees received:

	31 December 2022	31 December 2021
Guarantee letters	69.992.103	44.254.017
Guarantee cheques	4.872.917	5.547.267
Guarantee notes	4.746.045	3.485.511
	<b>79.611.065</b>	<b>53.286.795</b>

##### Guarantees given:

	31 December 2022	31 December 2021
Guarantee letters	383.465.116	228.624.438
Collaterals (*)	607.519.810	386.474.891
Pledged shares (*)	92.471.387	75.155.051
	<b>1.083.456.313</b>	<b>690.254.380</b>

(\*) TL 699.991.197 of the collaterals given and pledged shares are given to the banks for the loans borrowed by the subsidiaries and joint venture of the Group (31 December 2021: TL 461.629.942) (Note 31).

As of 31 December 2022, the litigations those generate contingent assets and liabilities to the Group are as below:

As of 31 December 2022, the Group has contingent liabilities amounting to TL 53.326.350 (31 December 2021: TL 39.894.723) due to the legal cases, criminal liabilities and enforcement proceedings in progress against the Group.

##### United States Sanctions

The Company has applied to the American Export Enforcement Office ("EEO") by authorizing an American international law firm. In the response given by the EEO to the relevant application, the US Export Administration Regulations were reminded and the legislation was repeated that some Russian-origin aircraft could not be serviced, and it was explained under which conditions Russian-origin aircraft could be serviced. The Group is working on how to implement operational changes in order to eliminate the risk of sanctions violations, together with the authorized American international law firm, Turkey, India and EEO officials.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

The details of collaterals, pledges, guarantees and mortgages ("CPGM") of the Group as of 31 December 2022 and 2021 are as follows:

		31 December 2022		31 December 2021	
CPGM given by the Group		Amount	TL Equivalent	Amount	TL Equivalent
<b>A. CPGM given on behalf of the Group's legal personality</b>			<b>383.465.116</b>		<b>228.624.438</b>
	TL	22.702.874	22.702.874	17.872.135	17.872.135
	EUR	5.772.771	115.286.855	6.281.434	94.936.965
	USD	3.150.500	59.015.166	2.210.500	29.516.807
	INR	712.421.284	161.470.284	380.201.002	66.390.699
	HUF	500.700.000	24.989.937	500.700.000	19.907.832
<b>B. CPGM given on behalf of fully consolidated subsidiaries</b>			<b>699.991.197</b>		<b>461.629.942</b>
	EUR	2.050.000	40.940.140	2.050.000	30.983.495
	INR	2.907.792.000	659.051.057	2.466.192.000	430.646.447
<b>C. CPGM given for continuation of its economic activities on behalf of the third parties</b>		-	-	-	-
<b>D. Total amount of other CPGM</b>		-	-	-	-
i. Total amount of CPGM given on behalf of the majority shareholder		-	-	-	-
ii. Total amount of CPGM given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii. Total amount of CPGM given on behalf of third Parties which are not in scope of C		-	-	-	-
			<b>1.083.456.313</b>		<b>690.254.380</b>

### NOTE 15 - OTHER ASSETS AND LIABILITIES

#### Other current assets

	31 December 2022	31 December 2021
VAT and service tax receivables	37.576.262	13.652.974
Advances given to personnel	1.489.431	1.013.946
Other	3.442.233	-
	<b>42.507.926</b>	<b>14.666.920</b>

## ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

#### NOTE 15 - OTHER ASSETS AND LIABILITIES (cont'd)

##### Other non-current assets

	31 December 2022	31 December 2021
Prepaid taxes and funds (*)	73.360.108	46.597.724
VAT and service tax receivables	17.971.451	10.354.920
Other	479.626	451.736
	<b>91.811.185</b>	<b>57.404.380</b>

(\*) As of 31 December 2022, prepaid taxes and funds which can be offset more than 1 year, belong to CASI and Celebi Delhi Cargo with an amount of TL 64,021,901 (31 December 2021: TL 31,041,990) and TL 9,338,207, respectively (31 December 2021: TL 14,056,910).

##### Other current liabilities

	31 December 2022	31 December 2021
Airline tax (*)	78.892.182	-
Taxes and funds payable	26.634.110	22.188.928
Renewal investments obligation	12.182.438	1.762.171
Other	27.196	1.231.544
	<b>117.735.926</b>	<b>25.182.643</b>

(\*) Relates to air tax effective in Hungary as of 1 July 2022.

##### Other non-current liabilities

	31 December 2022	31 December 2021
Renewal investments obligation	324.900.195	235.346.924
	<b>324.900.195</b>	<b>235.346.924</b>

#### NOTE 16 – PREPAID EXPENSES

##### Short-term prepaid expenses

	31 December 2022	31 December 2021
Prepaid expenses	55.232.004	31.676.182
Order advances given	25.132.682	16.911.868
	<b>80.364.686</b>	<b>48.588.050</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 16 – PREPAID EXPENSES (cont'd)

#### Long-term prepaid expenses

	31 December 2022	31 December 2021
Prepaid expenses	19.923.449	14.590.077
Advances given for fixed assets	64.196.624	11.687.709
	<b>84.120.073</b>	<b>26.277.786</b>

### NOTE 17 - DEFERRED INCOME

#### Short-term deferred income

	31 December 2022	31 December 2021
Other advances received	85.728.516	53.489.033
Deferred income	8.857.203	83.613
	<b>94.585.719</b>	<b>53.572.646</b>

#### Long-term deferred income

	31 December 2022	31 December 2021
Deferred income	15.269.112	2.078.680
	<b>15.269.112</b>	<b>2.078.680</b>

### NOTE 18 - PAYABLES RELATED TO EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Bonus payable accruals	82.627.848	47.547.721
Wages and salaries payable	90.538.189	39.651.307
Social security premiums payable	46.468.848	15.004.799
	<b>219.634.885</b>	<b>102.203.827</b>



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 19 – EQUITY

#### Share Capital

As of 31 December 2022, 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 2021: 2.430.000.000).

At 31 December 2022 and 2021, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	31 December 2022		31 December 2021	
	Amount	Share %	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.848.528	89,91	21.848.528	89,91
Other	2.451.472	10,09	2.451.472	10,09
	<b>24.300.000</b>	<b>100,00</b>	<b>24.300.000</b>	<b>100,00</b>

#### Restricted reserves appropriated from profit (legal reserves)

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

As of 31 December 2022, the amount of restricted reserves is TL 91.996.776 (31 December 2021: 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 2014. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

#### Remeasurement losses on defined benefit plans

Consists of actuarial gains and losses recognized as other comprehensive income as a result of the adoption of TAS 19.

#### Foreign currency translation differences

**Accumulated foreign currency translation differences in other comprehensive income and expenses not to be reclassified to profit or loss:** Consist of exchange differences arising from the translation of the consolidated financial statements from Euro, the functional currency of the parent, to TL, the presentation currency.

**Accumulated foreign currency translation differences in other comprehensive income and expenses to be reclassified to profit or loss:** Consist of exchange differences arising from the translation of the financial statements of subsidiaries and associates whose functional currency is different from TL to TL, which is the presentation currency.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 20 - REVENUE AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Ground handling services	3.871.797.432	1.373.592.512
Revenue from cargo and warehouse services	2.295.468.720	1.203.739.029
Rent and allocation revenue not related to aviation	125.944.129	71.032.024
Revenue in the context of TFRIC 12	7.801.842	1.723.680
Less: Returns and discounts	(229.003.582)	(89.898.410)
<b>Revenue</b>	<b>6.072.008.541</b>	<b>2.560.188.835</b>
<b>Cost of sales</b>	<b>(3.902.275.886)</b>	<b>(1.728.319.360)</b>
<b>Gross profit</b>	<b>2.169.732.655</b>	<b>831.869.475</b>

### NOTE 21 - EXPENSES BY NATURE

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	(1.973.209.773)	(828.802.760)
Concession expenses	(697.993.443)	(340.139.936)
Depreciation and amortization expense	(366.282.358)	(206.052.038)
Payments to authorities and terminal managements (*)	(365.423.921)	(179.692.394)
Technical maintenance of equipment, fuel and security expenses	(345.304.554)	(158.203.180)
Consultancy expense (****)	(253.414.398)	(125.300.924)
Insurance expense	(40.110.223)	(23.236.101)
Expenses within the scope of TFRIC 12 (**)	(27.717.570)	(14.371.166)
Cost of sales (***)	(22.020.547)	(7.756.626)
Travel and transportation expense	(21.910.988)	(7.651.102)
Other expenses	(379.526.412)	(115.314.588)
	<b>(4.492.914.187)</b>	<b>(2.006.520.815)</b>

(\*) Payments to authorities and terminal managements are composed of royalty, rental facilities and check-in desks within the airport area, working licenses and similar expenses, office rental expenses and other miscellaneous expenses related to utilization of office area.

(\*\*) Aforementioned expenses are composed of construction costs calculated in accordance with TFRIC 12 and provisions for other liabilities within the scope of concession agreement.

(\*\*\*) Aforementioned expenses are composed of sales and utilization cost of de-icing and spare part inventories.

(\*\*\*\*) TL 187.573.446 of the consultancy expenses are comprised of share of holding company expenses (1 January – 31 December 2021: TL 97.329.153).

### NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Consultancy expenses	(249.459.766)	(123.232.807)
Personnel expenses	(228.695.259)	(107.171.550)
Technical maintenance of equipment, fuel and security expenses	(30.476.137)	(17.924.148)
Travel and transportation expense	(15.619.175)	(5.240.656)
Payments to authorities and terminal managements	(9.209.826)	(5.165.229)
Depreciation and amortization expense	(9.131.204)	(6.335.928)
Insurance expense	(7.039.400)	(5.671.365)
Other expenses	(41.007.534)	(7.459.772)
	<b>(590.638.301)</b>	<b>(278.201.455)</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 23 - OTHER OPERATING INCOME

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange income (*)	70.253.635	34.311.447
Maturity difference income	5.164.036	2.694.586
Provision reversal income	1.060.281	591.203
Income from insurance claim	699.490	600.388
Other income	60.574.465	22.285.863
	<b>137.751.907</b>	<b>60.483.487</b>

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

### NOTE 24 - OTHER OPERATING EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange expenses	(62.371.667)	(20.972.871)
Donation and aid expenses	(12.818.491)	(394.266)
Litigation and indemnity provision expenses	(4.954.328)	(16.972.119)
Provision for doubtful receivables	(2.377.758)	(10.510.962)
Damage and indemnity expenses	(264.274)	(327.335)
Other	(59.057.250)	(39.218.258)
	<b>(141.291.837)</b>	<b>(88.395.811)</b>

### NOTE 25 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Profit from bargain purchase (*)	-	72.980.816
Profit from the sale of fixed assets	813.475	11.560.515
	<b>813.475</b>	<b>84.541.331</b>

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

### NOTE 26 - EXPENSES FROM INVESTING ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Impairment of goodwill	(27.441.858)	-
Loss from the sale of fixed assets and abandonment	(425.742)	(1.219.124)
	<b>(37.888.236)</b>	<b>(1.219.124)</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 27 - FINANCE INCOME

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange income	67.530.213	133.395.201
Interest income	63.492.929	30.069.307
Other financial income	69.016.181	25.070.217
	<b>200.039.323</b>	<b>188.534.725</b>

### NOTE 28 – FINANCE EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange losses	(107.409.602)	(92.122.734)
Financial expenses incurred within the scope of TFRS 16 (*)	(93.067.969)	(39.980.238)
Interest expenses	(53.673.705)	(20.149.933)
Financial expenses incurred within the scope of TFRIC 12	(4.902.320)	(2.554.578)
Other finance expenses	(18.619.442)	(16.550.549)
	<b>(284.931.130)</b>	<b>(171.358.032)</b>

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

### NOTE 29 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Current period corporate tax provision	165.854.988	49.917.869
Less: prepaid corporate taxes	-	(8.197.661)
<b>Current income tax (asset) / liability, net (*)</b>	<b>165.854.988</b>	<b>41.720.208</b>
Deferred tax assets	340.335.572	256.168.334
Deferred tax liabilities	(122.139.556)	(85.460.436)
<b>Deferred tax assets - net</b>	<b>218.196.016</b>	<b>170.707.898</b>

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

In Turkey, the corporate tax rate is 23% (It will be 20% in 2023 and beyond) (31 December 2021: 25%). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation.

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

In India, the corporate tax rate is 25,17% for fiscal year 2022 (2021: 34,6% - 25,7%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (such as research and development expenses).

In Germany, the corporate tax rate is 31,925% for fiscal year 2022 (2021: 31,925%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (such as research and development expenses).

For the periods ended on 31 December 2022 and 2021, tax expenses are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
- Current period corporate tax	(300.775.570)	(60.961.994)
- Deferred tax income/ (expense)	(1.961.132)	(4.150.508)
	<b>(302.736.702)</b>	<b>(65.112.502)</b>

Reconciliation of tax expenses presented in consolidated statements of income for the periods ended 31 December 2022 and 2021 are as follows:

	2022	2021
<b>Profit before tax in the financial statements</b>	<b>1.456.726.864</b>	<b>630.035.899</b>
Expected tax expense according to parent company tax rate	(335.047.195)	(157.508.973)
Differences in tax rates of subsidiaries	(13.064.791)	(1.635.997)
<b>Expected tax expense of the Group</b>	<b>(348.111.986)</b>	<b>(159.144.970)</b>
Non-deductible expenses	(9.287.931)	(11.735.833)
Reductions	139.084	27.855.134
Offset previous year profit loss	15.453.227	49.503.059
Tax incentive effect (*)	72.045.579	2.230.859
Investments accounted using the equity method effect	(1.843.208)	1.101.115
Deferred tax income calculated over unused previous years' losses	3.219.679	2.350.173
The effect of non-temporary differences	-	54.025.854
Effect of non-monetary items translated from TL to Euro under TAS 21	(36.596.852)	(27.165.395)
Other	2.245.706	(4.132.498)
<b>Current period tax expense of the Group</b>	<b>(302.736.702)</b>	<b>(65.112.502)</b>

(\*) The Company was entitled to receive a corporate income tax incentive from the Ministry of Economy for its investments in Istanbul Airport.

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### Deferred taxes

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

The details of cumulative temporary differences and the related deferred tax assets and liabilities calculated with currently enacted tax rates as at 31 December 2022 and 2021 are as follows:

	Total temporary differences		Deferred tax assets (liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Deferred tax assets</b>				
Personnel bonus accrual	(7.127.060)	(7.127.065)	1.425.412	1.639.225
Accrued sales commissions	(62.898.275)	(22.159.939)	12.579.655	5.096.786
Provision for employment termination benefits	(91.158.560)	(35.006.953)	18.319.742	7.061.027
Provision for unused vacation rights	(16.404.015)	(8.529.739)	3.280.803	1.961.840
Provision for litigation and indemnity	(8.995.985)	(6.641.030)	1.799.197	1.527.437
Adjustments related to property plant and equipment and intangible assets	(338.237.990)	(246.589.798)	86.680.356	62.367.605
Investment incentives	(120.194.455)	(175.460.540)	24.038.891	35.092.107
Deferred tax asset calculated over unused previous years' losses	(247.056.923)	(178.385.549)	79.025.120	57.078.802
Adjustments related with TFRS 16	(450.277.924)	(329.821.517)	85.157.166	64.264.030
Other	(127.587.624)	(88.535.944)	28.029.230	20.079.475
			340.335.572	256.168.334
<b>Deferred tax assets</b>			<b>340.335.572</b>	<b>256.168.334</b>
<b>Deferred tax liabilities</b>				
Adjustments related to property, plant and equipment and intangible assets	575.731.893	391.512.286	(113.448.241)	(79.162.260)
Other	43.456.585	27.636.357	(8.691.315)	(6.298.176)
			(122.139.556)	(85.460.436)
<b>Deferred tax liabilities</b>			<b>(122.139.556)</b>	<b>(85.460.436)</b>
<b>Deferred tax assets, net</b>			<b>218.196.016</b>	<b>170.707.898</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

The table of deferred tax movement is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
<b>As of 1 January</b>	<b>170.707.898</b>	<b>127.190.064</b>
Celebi Nas at the beginning of the period (*)	-	(3.285.288)
Foreign currency translation differences	38.759.362	48.960.805
Deferred tax income/(expense) for the current year	(1.961.132)	(4.150.508)
Recognized in other comprehensive income	10.689.888	1.992.825
<b>As of the end of the period</b>	<b>218.196.016</b>	<b>170.707.898</b>

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

### NOTE 30 – EARNINGS PER SHARE

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

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

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

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Net profit / (loss) attributable to the parent company</b>	<b>1.079.953.824</b>	<b>533.453.896</b>
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000
<b>Earnings per share (Kr)</b>	<b>0,444</b>	<b>0,220</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 31 - RELATED PARTY DISCLOSURES

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

#### i) Balances with related parties

##### Short-term receivables from related parties

	31 December 2022	31 December 2021
Çelebi Havacılık Holding <sup>(1)</sup>	1.653.638	577.289
Other	28.398	12.453
	<b>1.682.036</b>	<b>589.742</b>

##### Other receivables from related parties

	31 December 2022	31 December 2021
Çelebi Havacılık Holding <sup>(1) (*)</sup>	84.869.838	124.850.444
	<b>84.869.838</b>	<b>124.850.444</b>

(\*) The relevant amount consists of intragroup loan receivables of EUR 20.000.000 with maturity 30 June 2023 and interest rate of 3.95%, which ÇGHH has extended to ÇHH.

##### Payables to related parties

	31 December 2022	31 December 2021
Çelebi Havacılık Holding <sup>(1) (*)</sup>	3.267.192	7.255.171
DASPL <sup>(5)</sup>	24.752	4.521.662
Other	-	3.308
	<b>3.291.944</b>	<b>11.780.141</b>



# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 31 - RELATED PARTY DISCLOSURES (cont'd)

#### ii) Significant transactions with related parties

##### Miscellaneous sales to related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Çelebi Havacılık Holding <sup>(1)</sup>	9.669.028	5.104.350
Other	-	49.168
	<b>9.669.028</b>	<b>5.153.518</b>

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

	1 January - 31 December 2022	1 January - 31 December 2021
Çelebi Havacılık Holding <sup>(1)</sup>	187.573.446	97.329.153
	<b>187.573.446</b>	<b>97.329.153</b>

##### Other purchases from related parties

	1 January - 31 December 2022	1 January - 31 December 2021
DASPL <sup>(3)</sup> (**)	9.554.741	15.437.702
Çelebi Havacılık Holding <sup>(1)</sup> (*)	33.476.125	8.810.120
	<b>43.030.866</b>	<b>24.247.822</b>

(1) Parent company

(2) Subsidiary of the Group

(3) Joint venture of the Group

(4) Other related party

(5) Associate of the Group

(6) Other related party

(\*) The purchases made from Çelebi Havacılık Holding consist of expenses directly reflected the legal, financial, human resources, management, corporate communication, procurement, data processing and business development services that the Group receives from ÇHH, and business development projects and tenders conducted by ÇHH on behalf and account of the Company.

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 31 - RELATED PARTY DISCLOSURES (cont'd)

As of 31 December 2022 and 2021, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

31 December 2022	EUR	INR	Total TL
Celebi Nas <sup>(1)</sup>	-	94.392.000	21.393.947
Celebi Delhi Cargo <sup>(2)</sup>	-	313.600.000	71.077.440
CASI <sup>(3)</sup>	-	2.499.800.000	566.579.670
Celebi Cargo GmbH <sup>(4)</sup>	2.050.000	-	40.940.140
	<b>2.050.000</b>	<b>2.907.792.000</b>	<b>699.991.197</b>

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

- (1) Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Nas and a bank resident in India amounting to INR 2.345.000.000 cash and INR 845.000.000 non-cash, 30% of the 57% shares of Celebi Nas owned by the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 2022, the risk of the cash loan in the respective bank is amounting to INR 573.178.790.
- (2) Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Delhi Cargo and a bank resident in India amounting to INR 1.200.000.000 cash and INR 100.000.000 non-cash, 28% of the shares of the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 2022, the risk of the cash loan in the respective bank is amounting to INR 420.340.944.
- (3) Celebi Airport Services has a borrowing amounting to INR 2.049.800.000 cash and INR 600.000.000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between the Company and a bank resident in India. As of 31 December 2022, the risk of the cash loan in the respective bank is amounting to INR 796.485.210.
- (4) As of 31 December 2022, the cash credit risk amount in the relevant banks is EUR 2.000.000 for financial liabilities arising from cash and non-cash loan agreements amounting to EUR 2.000.000 and EUR 50.000, respectively signed between Celebi Cargo GmbH and banks residing in Germany.

### Key management compensation:

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

	1 January - 31 December 2022	1 January - 31 December 2021
Short-term key management compensation	70.983.015	32.978.958
	<b>70.983.015</b>	<b>32.978.958</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### Financial risk management

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

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

#### Interest rate risk

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

Interest rate positions of the Group as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
<b>Fixed interest rate financial instruments</b>		
Financial Assets	1.312.565.502	758.744.245
- Cash and cash equivalents	1.312.565.502	758.744.245
Financial Liabilities	2.604.347.369	2.407.738.052
<b>Floating interest rate financial instruments</b>		
Financial Liabilities	405.043.722	332.938.754

If other variables are kept constant and the interest rates were 1% higher/lower, interest expense due to financial liabilities would have been TL 1.074.096 higher or lower for the period ended 31 December 2022 (2021: TL 921.227).

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

#### Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Group management meets these risks by restricting the average risk for each counterparty (excluding related parties) and receiving collateral if necessary. Explanations for credit risk are disclosed in Note 8.

#### Liquidity risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities if necessary and on the other hand sufficient and reliable sources of high-quality loans are accessible. The Group has long-term financial liabilities with maturity more than one year amounting to TL 1.999.554.338 as at 31 December 2022 (31 December 2021: TL 1.697.489.920) (Note 7).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

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

				Contractual		
31 December 2022	Book value	Total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Loans	1.190.614.704	1.278.856.927	306.070.981	464.261.582	502.244.362	6.280.002
Liabilities from leasing obligations	1.818.776.387	2.128.341.685	53.869.423	161.608.268	161.608.268	1.175.210.929
Trade payables						
-Related party	3.291.944	3.291.944	3.291.944	-	-	-
-Other	442.994.548	442.994.548	152.982.822	290.011.726	-	-
Other liabilities	82.586.308	82.586.308	17.595.667	10.824.488	54.166.153	-
				Contractual		
31 December 2021	Book value	Total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Loans	1.478.468.803	1.563.553.025	319.120.639	588.176.959	642.032.830	14.222.597
Liabilities from leasing obligations	1.262.208.003	1.463.290.074	34.237.857	102.713.570	498.474.045	827.864.602
Trade payables						
-Related party	11.780.141	11.780.141	11.780.141	-	-	-
-Other	268.410.695	268.410.695	67.840.531	200.570.164	-	-
Other liabilities	97.595.233	97.595.233	4.719.572	53.707.009	39.168.652	-

#### Foreign currency risk

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

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

As of 31 December 2022, while other variables being constant, if the TL was to appreciate/depreciate by 10% against the USD, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would increase/decrease by TL 21.325.183 (31 December 2021: TL 18.667.730).

As of 31 December 2022, while other variables being constant, if the TL was to appreciate/depreciate by 10% against the EUR, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would increase/decrease by TL 4.170.738 (31 December 2021: TL 7.945.935).

As of 31 December 2022, while other variables being constant, if the TL was to appreciate/depreciate by 10% against the GBP, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would increase/decrease by TL 160.309 (31 December 2021: TL 129.049).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### *Foreign currency risk (cont'd)*

As of 31 December 2022, while other variables being constant, if the TL was to appreciate/depreciate by 10%, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would increase/decrease by TL 22.152.406.

Foreign currency denominated assets and liabilities of the Group as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Assets denominated in foreign currency	768.816.458	570.324.424
Liabilities denominated in foreign currency (-)	820.399.159	(582.553.765)
<b>Net foreign currency position</b>	<b>(51.582.701)</b>	<b>(12.229.341)</b>

The table below summarizes TL equivalents of foreign currency denominated assets and liabilities of the Group as of 31 December 2022 and 2021:

31 December 2022	TL Equivalent	USD	EUR	GBP	TL
1. Trade Receivables	125.425.813	1.760.898	4.022.221	-	12.112.989
2. Monetary Financial Assets	507.522.484	10.941.560	12.076.609	9.300	61.175.399
3. Other	131.553.639	356.199	4.249.696	600	39.997.927
<b>4. Current Assets (1+2+3)</b>	<b>764.501.936</b>	<b>13.058.657</b>	<b>20.348.526</b>	<b>9.900</b>	<b>113.286.315</b>
5. Other	4.314.522	-	-	-	4.314.522
<b>6. Non-Current Assets (5)</b>	<b>4.314.522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.314.522</b>
<b>7. Total Assets (4+6)</b>	<b>768.816.458</b>	<b>13.058.657</b>	<b>20.348.526</b>	<b>9.900</b>	<b>117.600.837</b>
8. Trade Payables	128.423.970	1.142.910	1.109.199	3.348	84.787.702
9. Financial Liabilities	217.012.869	-	7.864.137	-	59.959.762
10. Other Monetary Liabilities	170.799.423	531.425	-	77.465	159.093.557
<b>11. Current liabilities (8+9+10)</b>	<b>516.236.262</b>	<b>1.674.335</b>	<b>8.973.336</b>	<b>80.813</b>	<b>303.841.021</b>
12. Financial Liabilities	302.929.038	-	13.463.608	-	34.050.015
13. Other Monetary Liabilities	1.233.859	-	-	-	1.233.859
<b>14. Non-Current Liabilities (12+13)</b>	<b>304.162.897</b>	<b>-</b>	<b>13.463.608</b>	<b>-</b>	<b>35.283.874</b>
<b>15. Total Liabilities (11+14)</b>	<b>820.399.159</b>	<b>1.674.335</b>	<b>22.436.944</b>	<b>80.813</b>	<b>339.124.895</b>
<b>16. Net Foreign Currency Asset/(Liability) Position (7-15)</b>	<b>(51.582.701)</b>	<b>11.384.360</b>	<b>(2.088.418)</b>	<b>(70.913)</b>	<b>(221.524.058)</b>
<b>17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)</b>	<b>(51.582.701)</b>	<b>11.384.360</b>	<b>(2.088.418)</b>	<b>(70.913)</b>	<b>(221.524.058)</b>

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

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

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

#### Capital risk management

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

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

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

The net debt/(equity+net debt) ratio as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Total financial liabilities (*)	3.009.391.091	2.740.676.806
Less: Cash and cash equivalents	(1.927.530.563)	(1.093.574.832)
Less: Time deposits	(57.100.350)	(14.078.067)
Less: Restricted bank balances	(108.588.581)	(102.609.932)
Net debt	916.171.597	1.530.025.975
Net debt (Except for the impact of TFRS 16)	(902.604.790)	267.817.972
Shareholder's equity	3.251.906.331	1.669.845.086
Capital invested	4.168.077.928	3.199.871.061
Net debt/capital invested	0,22	0,48

(\*) As of 31 December 2022, TL (1.818.776.387) of the net debt consists of the lease amounts discounted in accordance with TFRS 16 effective as of 1 January 2019 (31 December 2021: TL 1.262.208.003).

# ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

### NOTE 33 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees for the services received by the Company from the Independent Audit Firm (IAF) in the periods of 1 January - 31 December 2022 and 1 January - 31 December 2021 are as follows:

	2022			2021		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	4.780.002	-	4.780.002	3.396.715	-	3.396.715
Fees for tax advisory services	1.122.763	-	1.122.763	701.846	-	701.846
Fee for other assurance services	348.231	-	348.231	125.616	-	125.616
Fees for services other than independent audit	347.910	-	347.910	265.853	-	265.853
	<b>6.598.906</b>	<b>-</b>	<b>6.598.906</b>	<b>4.490.030</b>	<b>-</b>	<b>4.490.030</b>

### NOTE 34 - EVENTS AFTER THE BALANCE SHEET DATE

Due to the earthquake in Kahramanmaraş on 6 February 2023 that affected several cities, especially Adana, Adıyaman, Diyarbakır, Elazığ, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa, a state of emergency was declared in the affected provinces for three months and a state of force majeure until 31 July. The Company operates ground handling services in Kahramanmaraş, Hatay, Malatya, Diyarbakır and Adana, which are the provinces directly affected by the earthquake. The Company has taken all necessary precautions and continues to provide ground handling services, including all relief flights to and from the said airports, by transferring additional personnel and equipment from other cities. Damage assessments in the aforementioned provinces have been completed and it has been determined that the effect of the earthquake on the machinery equipment, special costs and fixtures of the Company is limited and its effect on the financial reports is insignificant.

The Law numbered 7438 on Social Security and General Health Insurance and the Law on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims (EYT), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Group are still in progress.