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LETTER FROM THE BOARD OF DIRECTORS

Dear customers, partners, and employees,

Since its establishment in 1958, Çelebi Hava Servisi A.Ş. (Çelebi Ground Handling Inc) has adopted the philosophy of creating demand rather than simply meeting it and leading the market it has established as its guiding principle, and it has also succeeded in retaining its sector leadership over this extended period of time.

The success of the Company can be attributed to its dynamic corporate culture, which enables it to swiftly adapt to changing market conditions, its ability to continuously monitor and embrace industry innovations, and its proactive customer relations that are based on a customer-centric service approach.

Prior to introducing our annual report, which encompasses our Company's performance in 2022 and our financial outcomes, we would like to provide an overview of the developments that occurred in both the Turkey's and global economies throughout the year.

In 2022, we witnessed a significant deceleration in global economic activity that exceeded initial projections.

Throughout the year, the global economic outlook was impacted by various challenges, including rising inflation in several countries, tightening financial conditions, the ongoing war between Russia and Ukraine, and resurgent Covid-19 cases in China. The pandemic-related financial assistance was reduced, and inflation has surged to levels not seen in several decades. This has resulted in a global tightening of monetary policies and a decrease in the purchasing power of households. Consequently, there occurred a deceleration in global economic activity that exceeded initial projections.

The initial outcomes of the Russia-Ukraine war, which portrayed a significant turning point for the worldwide economy, included disruptions in regional supply chains and a rapid escalation in energy costs. The imposition of sanctions and embargoes by Western capitals against Russia in response to the invasion has resulted in a rapid increase in the price of a barrel of Brent oil, reaching its highest point in the past decade.

In light of these developments, the IMF has revised its projections for the global economy in the January 2023 update of the Global Economic Outlook Report. The report indicates that the global growth forecast for 2022 has been projected to be 3.4%, while the projections for 2023 and 2024 are projected to be 2.9% and 3.1%, respectively.

At its December 2022 meeting, the US Federal Reserve (Fed) raised the policy rate by 50 basis points, bringing it to a range of 4.25% - 4.50%. Due to the limited improvement in inflation, the pace of interest rate escalation has decelerated. It is anticipated that the Fed will persist with its rate hike process in 2023 as well.

In December, the central banks of the Euro Zone and the UK each raised policy rates by 50 basis points. In June, the European Central Bank (ECB) raised its policy rate from 0% to 2.5% by the end of the year. Similarly, the Bank of England (BoE) raised its policy rate from 0.25% to 3.5% at the beginning of 2022.

The economic landscape has shifted from a period of abundant liquidity and low financing costs to a new era. As a result, various aspects of society, including consumption patterns and daily routines, have undergone transformation. The global economic landscape has witnessed a shift from fast consumption to a circular economy in response to the pressing challenge of the climate crisis. Through inflationary pressures and declining individual welfare, there has been an apparent trend towards reduced expenditure, prolonged asset utilization, and increased savings.

Numerous international organizations have forecasted that the prevailing atmosphere of uncertainty is poised to persist and exert an impact on the global economy in the period to come. The presence of multidimensional problems is expected to constrain the potential for global collaboration on matters pertaining to sustainability, environmental conservation, climate change mitigation, and supply security.

Turkey's economic growth has exhibited a distinctive trajectory when compared to other countries.

Despite the challenging worldwide economic circumstances, which exhibited a relative recovery trend in the post-pandemic period but were impacted by geopolitical risks and elevated inflation, the Turkish economy demonstrated resilience and sustained robust growth.

The Turkish economy, which grew by 7.6% in the first quarter and 7.8% in the second quarter of 2022, grew by 4.0% in the third quarter and 3.5% in the fourth quarter. Throughout the year, a significant growth rate of 5.6% was attained.

During the first half of 2022, the industry sector spearheaded growth, while the impact of the swift growth in services, particularly in the tourism industry, was evident throughout the year. The role of private consumption in driving growth became apparent, particularly in the latter half of the year. However, the contribution of foreign demand was relatively limited due to the deceleration in economic activity in export markets.

Despite the repercussions of the war, tourism revenues in 2022 have demonstrated a strong performance that surpassed projections, with the contribution of postponed travel programs and the diversification of tourism activity across various areas and on country-basis. Tourism revenues, which increased by 53.4% in 2022 compared to 2021, surpassed the level of USD 39 billion in 2019, which is considered the golden year for the tourism industry, with a total revenue of USD 46.3 billion. The positive trend in early reservations indicates a promising start to 2023 in tourism, and the projected tourism income for the year is set at USD 56 billion.

In 2022, there has been a notable discussion surrounding elevated inflation rates both globally and within Turkey. This has been attributed to the surge in energy, food, and agricultural commodity prices, which can be traced back to geopolitical developments and supply constraints across multiple industries. In the final month of 2022, a substantial decline in inflation was noted domestically, primarily attributed to the base effect. The anticipated base effect is expected to result in a reduction of the Consumer Price Index (CPI), particularly during the initial six months of 2023.

The Central Bank of the Republic of Turkey (CBRT) maintained a steady policy rate of 14% in the first two quarters, before opting to reduce interest rates in August, emphasizing the need for supportive financial conditions facilitating the continuation of the acceleration in industrial production and the upward trend in employment. Over the course of 2022, the policy rate experienced a gradual decline of 500 basis points, reaching a level of 9% by the end of the year.

In 2022, we successfully executed our operations in alignment with our goal of achieving efficient and sustainable growth.

The pursuit of sustainable growth requires companies to keep a vigilant watch over both local and global developments, while investing in their workforce and technology in a manner that achieves optimal balance. Moreover, companies must remain adaptable to changing market conditions and customer demands, constantly renewing themselves.

In accordance with this requirement, Çelebi Ground Handling has shaped its operational activities in line with contemporary demands in 2022 and pursued its operations within the scope of its goal of achieving efficient and sustainable growth.

In 2022, our Company demonstrated a performance that aligned with our targets, by virtue of its strategy-oriented organizational structure, its quality service concept bolstered by sophisticated management systems, and its agility in adapting to change.

As of the end of 2022, Çelebi Ground Handling 's consolidated assets amounted to TL 8,051 million and its equity was recorded at TL 3,252 million. In the corresponding time frame, the Company's consolidated turnover amounted to TL 6,072 million, the consolidated gross profit amounted to TL 2,170 million, and the real operating profit was recorded at TL 1,575 million.

LETTER FROM THE BOARD OF DIRECTORS

We have established our roadmap for the future.

Çelebi Ground Handling has demonstrated remarkable stability throughout its corporate history, consistently generating value even during periods of economic volatility as well as during the growth phases of the economy.

The key drivers of our achievements are our market experience and knowledge. This experience and knowledge, coupled with our predictive power, enable us to effectively manage risks correctly and optimize our equity, and the improvements we provide in our business processes bolster our competitive advantages.

Our Company is committed to a vision that prioritizes the perpetuation and management of change, recognizing the dynamic nature of the industry in which we operate. Our primary goals include being a strategy-oriented organization, developing a business excellence model that is grounded in a total quality management approach, and enhancing employee satisfaction and productivity.

I would like to express my gratitude to our shareholders, customers, business partners, and all members of the Çelebi team for their valuable contributions to the success of our Company and for their unwavering support in achieving our goals.

During the preparation phase of this report, two earthquake disasters struck Kahramanmaraş on 6 February 2023, resulting in significant distress for the Çelebi Ground Handling family and the entire country. On this occasion, I wish God's mercy on our citizens who lost their lives in the disaster, extend my condolences to their relatives and our country, and wish a rapid recovery to those who were injured.

Best Regards,



Can Çelebioğlu

Chairman of the Board of Directors

BOARD OF DIRECTORS 2022 Annual Report

I - OVERVIEW

1. FIELD OF ACTIVITY

Çelebi Hava Servisi A.Ş. (Çelebi Ground Handling Inc., "the Company") was the first privately-owned ground handling services company in the Turkish aviation industry and has been in business since 1958. The Company carries out its activities under the Çelebi Holding A.Ş. organization. The Company is registered with the Capital Markets Board of Turkey (CMB) and its shares began trading in Borsa İstanbul (BIST) on 18 November 1996. The Company's principal business activity consists of providing domestic and foreign airlines and air cargo companies with ground handling services (representation, traffic, ramp, cargo, flight operations, and similar services) and refueling services. The Company's operations take place in Turkey at total 32 stations located in Adana, Ankara, Antalya, Bingöl, Bodrum, Bursa Yenişehir, Çorlu, Dalaman, Diyarbakır, Erzurum, İzmir, Isparta, Kars, Kayseri, Malatya, Mardin, Samsun, Trabzon, Van, Denizli, Hatay, Kahramanmaraş, Erzincan, Balıkesir Edremit, Çanakkale, Iğdır, Kocaeli, Hakkari, Uşak, Rize and Artvin airports which are under the control of State Airports Authority ("DHMI"), in İstanbul Airport which is under the control of İGA Havalimanı İşletmesi A.Ş. ("İGA") and in İstanbul Sabiha Gökçen Airport which is under the control of Airport Administration and Aviation Industries ("HEAŞ").

The Company is registered with the İstanbul Trade Registry (192002-139527). Its address of record is:
Çelebi Ground Handling Inc.

Tayakadın Mahallesi Nuri Demirağ Caddesi Bina No: 39 Arnavutköy İstanbul, Turkey

The Company's website is located at the address www.celebiaviation.com. The internet address for the Company's investor relations is www.celebiyatirimci.com.

2. BOARD OF DIRECTORS, AUDITORS, COMMITTEES AND SENIOR MANAGEMENT

The Company's Board of Directors is formed of the following members:

Name	Position	Independent Member or Not
Can Çelebioğlu	Chairman	Non-independent Member
Hüseyin Hüsnü Okvuran	Vice Chairman	Non-independent Member
Canan Çelebioğlu	Board Member	Non-independent Member
Turgay Kuttaş	Board Member	Non-independent Member
Esra Soydan	Board Member	Non-independent Member
Mehmet Yağız Çekin	Board Member	Non-independent Member
Uğur Tevfik Doğan	Board Member	Independent Member
Halil Yurdakul Yiğitgüden	Board Member	Independent Member
İsmail Aydın Günter	Board Member	Independent Member
Demet Özdemir	Board Member	Independent Member

The members of the Board of Directors have been elected for one year at the Ordinary General Meeting convened on 21 April 2022 until the next Ordinary General Meeting.

In accordance with our company's Corporate Governance Principles and the provisions outlined in the Company's Articles of Association, Halil Yurdakul Yiğitgüden, Uğur Tevfik Doğan, İsmail Aydın Günter and Demet Özdemir have been elected as Independent Board Members for 1 (one) year (interim period between two regular sessions of the General Assembly), replacing the previous Independent Board Members.

The members of our Company's Board of Directors are nominated and elected from among individuals possessing the high level of knowledge and skills, the qualifications, specific experience and background in accordance with the Company's articles of incorporation. All our Board members have the capability to read and analyze financial statements and reports, as well as the necessary basic knowledge of legal regulations governing the Company in respect of its long-term acts and transactions, and have the means and commitment to participate in all Board of Directors meetings planned for the relevant fiscal year.

According to "Article 8- Representing and Binding the Company" of the Company's articles of association, the Company is administered and externally represented by the Board of Directors. Pursuant to Article 367 of the Turkish Commercial Code (TCC), the Board of Directors may delegate management, in part or in whole (excluding the Non-Delegable Duties and Powers of the Board of Directors as stipulated by Article 375 of the TCC), to one or more Board of Directors members or third parties. The Board of Directors may also delegate the power to represent, jointly or individually, to one or more senior executives of the Company who are not members of the Board under Article 370 of the TCC. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the Board and duly registered and announced.

In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors. Pursuant to Article 1526 of the TCC, the transactions carried out by the Company may be done so with the secure electronic signatures of the individuals possessing the power to represent.

The authorities and responsibilities of our Company's Board members and managers are stated in signature circular IX setting down the powers to represent and bind the Company that was registered by the İstanbul Trade Registry on 18 August 2015 and announced as having been registered in issue 8890 of the Turkish Trade Registry Gazette dated 24 August 2015.

As per the assignment of duties among the Board Members elected at the Ordinary General Meeting of 21 April 2022, the Company's Board of Directors decided to elect Mr. Can Çelebioğlu as the Chairman and Mr. İsak Antika as Vice Chairman of the Board.

At the Ordinary General Meeting held on 21 April 2022, the shareholders having management control over the Company, members of the Board of Directors, senior executives and their spouses and relatives by blood and marriage unto the second degree have been authorized, as per Article 395 of the Turkish Commercial Code (TCC), to enter into transactions that are of a nature that might lead to conflict of interest with the Company or its subsidiaries, and deal with the Company on their own or others' behalf; no transactions took place within the scope of the said authorization granted during the reporting period.

Due to the resignations of İsak Antika, Member of the Board of Directors and Deputy Chairman of the Board of Directors, and Mehmet Murat Çavuşoğlu, Member of the Board of Directors, at the Board of Directors meeting held on 7 December 2022, it was decided unanimously to appoint Hüseyin Hüsnü Okvuran and Esra Soydan to these vacant memberships in the Board of Directors in accordance with Article 363 of the Turkish Commercial Code, to serve until the first General Assembly meeting to be held and to submit this resolution to the approval of the General Assembly at the same General Assembly meeting.

Auditors

In a resolution numbered 2022/17 passed on 25 March 2022, the Board of Directors voted to recommend the appointment of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Deloitte) as the Company's independent auditor to be charged with independently auditing the Company's consolidated financial statements for 2022 in compliance with Turkish Commercial Code and Capital Markets Board rules and regulations pertaining to the independent auditing of such statements prior to their public disclosure. At the annual general meeting of the Company held on 21 April 2022, the appointment of Deloitte as the Company's independent auditor was approved by unanimous vote of the participants.

Corporate Governance, Audit, and Early Detection of Risk Committees

Of those who were elected to seats on the Board of Directors at the 21 April 2022 annual general meeting of the Company, it has been decided at the Board of Directors meeting dated 22 April 2022, to elect Uğur Tevfik Doğan, Halil Yurdakul Yiğitgüden, İsmail Aydın Günter and Demet Özdemir as members of the Audit Committee, to elect Mehmet Yağız Çekin, Uğur Tevfik Doğan and İsmail Aydın Günter as members of the Corporate Governance Committee, and to elect our Company's Financial Affairs Director Deniz Bal, Turgay Kuttaş, Halil Yurdakul Yiğitgüden and Demet Özdemir as members of the Risk Detection Committee, within the framework both of the applicable clause of Capital Markets Board Communiqué X: 22 Concerning Independent Auditing Standards in Capital Markets and of the applicable provisions of Capital Markets Board Corporate Governance Communiqué II-17.1.

Senior Management

The names of the executives who served at the Company within the 12-month period ending on 31 December 2022 are presented below:

Name	Title	Effective from	Joined the Company in
Osman Yılmaz	Chief Executive Officer	2016	1993
Deniz Bal	Financial Affairs Director	2013	2003
Bekir Güneş	Commercial Director	2019	2009
Gökçen Dervişoğlu	Human Resources Director	2015	2015

Investor Relations Unit and Coordination of Corporate Governance Practices

Within the framework of our Company's efforts to achieve full compliance with the provisions of Article 11 of the Capital Markets Board's Corporate Governance Communiqué Serial II: 17-1 with the circular number 2014/04 and dated 03 January 2014 and to ensure their strict implementation:

- There is an Investor Relations Unit, which handles exercising of shareholding rights at our Company that is listed on the Borsa İstanbul (BIST). This unit reports to the Board of Directors and maintains communication between the Board of Directors and shareholders. In this context, Deniz Bal, who is the Company's Financial Affairs Director and who was entitled to receive a "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License", served during the reporting period as the head of Investor Relations Unit. The Investor Relations Manager, Deniz Bal, was also responsible for compliance with capital market legislation and coordination of corporate governance practices, reporting to the General Manager of the company.
- (Phone: +90-212-952 9200, e-mail: deniz.bal@celebiaviation.com)
- Tolga Akdoğan, a full-time employee of the Company who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses, served as "Investor Relations Unit Employee".
- (Tel: +90-212-952 9200, e-mail: tolga.akdogan@celebiaviation.com)

Information on General Meetings

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary General Meeting	21 April 2022	89.91%	Place, date, time and agenda of the Annual General Meeting were announced via: 1- Material event disclosure placed on the Public Disclosure Platform (KAP) on 25 March 2022. 2- Announcements published in the 28 March 2022 issue of the Turkish Trade Registry Gazette no: 10546 and the Dünya newspaper dated 28 March 2022. 3- Announcement on the Company's website. 4- Letters sent to registered shareholders. 5- Announcement made through the Electronic General Meeting system.

The Company's annual general meeting was held on 21 April 2022 during which the following resolutions were passed:

- The Board of Directors' annual report and the independent auditors' report are approved.
- The financial statements for the fiscal year 2021 are approved.
- Net loss for the period after deduction of the taxes and legal liabilities in our Consolidated Financial Statements dated 31 December 2021 amounted to TL 533,453,896.00.

That, in compliance with CMB regulations pertaining to profit distributions and with respect to the period beginning on 01 January 2019 and ending on 31 December 2019, the following have been approved by a majority of votes by those present at the General Meeting convened on 31 March:

In this framework, in compliance with CMB regulations pertaining to profit distribution and with respect to the period beginning on 1 January 2021 and ending on 31 December 2021,

It was decided that:

- Shareholders who are full taxpayer institutions and shareholders who are limited taxpayer corporate partners, earning dividends through a place of business or permanent representative based in Turkey, will be paid a 675.00% cash dividend corresponding to TL 6.7500 gross for each share of stock with a nominal value of TL 1.00 that they hold.
- Other shareholders will be paid a 675.00% cash dividend corresponding to TL 6.7500 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 607.50% cash dividend corresponding to TL 6.0750 net for each share of stock with a nominal value of TL 1.00 that they hold, and unanimous decision was taken to set the dividend distribution date as 27 April 2022.
- It was unanimously approved to authorize the Company's Board of Directors to decide on the distribution of advance dividends for the 2022 accounting period, within the scope of the Company's articles of association and the provisions of the applicable CMB legislation.
- The members of the Board of Directors and the Company's statutory auditors are acquitted of their fiduciary responsibilities.
- The amendments to Article 7, "Board of Directors," and Article 9, "Auditors and Their Duties," of our company's Articles of Association have been approved.
- Board of Directors members Canan Çelebioğlu, Mehmet Murat Çavuşoğlu, Mehmet Yağız Çekin, and Turgay Kuttaş, whose terms of office have expired, are elected to serve as board members for a period of one year (the period between two consecutive annual general meetings).
- Uğur Tevfik Doğan, Halil Yurdakul Yiğitgüden, İsmail Aydın Günter and Demet Özdemir are elected as Independent Board Members to serve for 1 (one) year (interim period between two regular sessions of the General Assembly) instead of the Independent Board Members whose term of office has expired.
- Independent board members are to be paid a monthly fee/honorarium of gross TL 16,000.00 but no such fees or honoraria are to be paid to board members other than the independent ones.
- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi ("Deloitte") is designated as the independent audit firm ("Auditor") to carry out the independent audit of the financial statements for 2022 fiscal year and other activities falling under the arrangements in the said laws.
- The Board of Directors will be authorized for a period of 15 months to issue borrowing instruments in an amount of up to TL 1,500,000,000.00, to determine all matters associated with the issuance and to carry out the related transactions and formalities under the provisions of the Turkish Commercial Code and CMB legislation in force.
- An upper limit of TL 40,000.00 is set on charitable donations that are to be made by the Company during 2022 (1 January 2022-31 December 2022).
- Shareholders holding management control, the members of the Board of Directors, senior executives and their spouses and relatives by blood or marriage unto the second degree have been authorized, as per Article 395 of the Turkish Commercial Code no. 6102, to deal in transactions with the Company and its subsidiaries that might lead to conflict of interest, and to deal with the Company on their own or others' behalf.

Information was also provided to shareholders about;

- the guarantees, pledges, and mortgages granted and the revenues and benefits received by the Company to/from third parties during 2021 fiscal year,
- related-party transactions engaged in 2021 fiscal year, and
- TL 394,266.00 worth of charitable donations to various foundations, associations, professional chambers, and public agencies and organizations during the period beginning on 1 January 2021 and ending on 31 December 2021.

Participation in general meetings

The Ordinary General Meeting held on 21 April 2022 was attended by shareholders responding either in person or in proxy to invitations sent out, as well as by one member of the Company's Board of Directors, senior managers and Company's Investor Relations Unit personnel.

Entries in the shareholders' register

There is no period of time stipulated in the Company's articles of association in which the holders of registered shares must have entries made in the shareholders' register in order to take part in general meetings. The provisions of the Turkish Commercial Law (TCC) governing such matters are complied with by the Company. Shares corresponding to more than 99% of our Company's capital have been duly registered as required by Capital Markets Board regulations. Shares belonging to our shareholders are retained in custody in the investor subaccounts of our Company as issuer and/or of brokerage concerns held by the Central Registry Agency.

Information announced to shareholders

With regard to the agenda of the Annual General Meeting on 21 April 2022, the Board of Directors membership candidate list, the Board of Directors' annual report for 2021 calendar year, the Company's remuneration policy, and the resolution for profit distribution for 2021 calendar year were all made available to shareholders and other stakeholders for their review through the Electronic General Meeting system and the Company's website on the date on which the general meeting was announced.

Shareholders' exercise of their right to ask questions at general meetings

The shareholders exercised their right to ask questions at the ordinary general meeting held on 21 April 2022 these questions were answered by the Company board members and executives that attended the meeting.

Actions taken by shareholders at general meetings

During the Annual General Meeting on 21 April 2022, a total of 8 resolutions as listed below were made by shareholders, 3 of which were accepted by the participants by majority of votes and 5 by unanimous vote:

Election of the Presiding Board.

- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, and because the 'profit distribution' section of the annual report is also to be read during the discussion of item 6 on the agenda, the general meeting agrees to approve the annual report without reading during the discussion of item 3 on the agenda.
- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, the general meeting agrees to approve the Independent Auditors' Report without reading during the discussion of item 4 on the agenda.
- While the balance sheet and income statement included in the annex to the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that a reading of the main headings of both balance sheet and income statement would suffice for the discussion of item 5 on the agenda.
- It was unanimously decided not to distribute dividends.
- The candidates designated to serve as members of the Board of Directors until the next ordinary general meeting are hereby elected; Mrs. Canan Çelebioğlu, Mr. Mehmet Murat Çavuşoğlu, Mr. Mehmet Yağız Çekin and Mr. Turgay Kuttaş are to be elected as board members representing Group A shareholders (Çelebi Havacılık Holding A.Ş.) and Mr. Can Çelebioğlu and Mr. İsak Antika as board members representing Group B shareholders.
- Elected independent board members are to be paid a monthly fee/honorarium of gross TL 16,000.00, while board members elected to represent Group A and B shareholders shall not be paid any wages for this period.
- The Board of Directors will be authorized for a period of 15 months to issue borrowing instruments in an amount of up to TL 1,500,000,000.00, determine all matters associated with the issuance and carry out the issue transactions and formalities under the provisions of the Turkish Commercial Code and CMB legislation in force.
- An upper limit of TL 40,000.00 is set on charitable donations that are to be made by the Company during 2022.

Action taken to facilitate participation in general meetings

To facilitate participation in general meetings, a material event disclosure concerning them is made as required by CMB regulations while invitations announcing the meetings are published within the framework of the provisions of TCC and the Company's articles of association at least 21 days before the meeting date in the Turkish Trade Registry Gazette and one newspaper published in the place where our headquarters are located and announced in our Company's internet site. Media organizations are also contacted to have the meeting announced in the press and electronic media.

Availability of general meeting minutes for inspection by shareholders

After they have been registered in accordance with applicable laws, regulations, and administrative provisions, general meeting minutes are published in the Turkish Trade Registry Gazette and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

Presentation of information to shareholders regarding the amount and recipients of grants and donations during the reporting period under a dedicated agenda item in the general meeting

At the Ordinary General Meeting held on 21 April 2022, information has been presented to shareholders about the donations and grants made during the reporting period to various foundations, associations, chambers, public institutions and organizations amounting TL 394,266.00.

While there is no specific policy for donations and grants that is approved by the General Assembly of Shareholders, grants and donations are made subject to the provisions of Article 3.9 of the Company's articles of association, which reads "Donations and grants may be made to social foundations, associations, universities and similar institutions and public institutions subject to the principles set forth in the CMB legislation, by providing information to the shareholders at the general meeting and by complying with the public disclosure obligation pursuant to the Capital Market Legislation."

Financial rights provided to the members of the Governing Body and senior managers

The Company designated its consolidated senior management team as the members of the Board of Directors, the Chief Executive Officer and Directors. Short-term benefits provided include salary, bonus, social security institution deductions and other fringe benefits.

The breakdown of the benefits provided to senior managers is presented in the table below:

	1 January- 31 December 2022	1 January- 31 December 2021
Short-term benefits to senior managers	70,983,015	32,978,958
	70,983,015	32,978,958

3. NATURE AND VALUE OF ISSUED CAPITAL MARKET INSTRUMENTS

As of 31 December 2022, our Company's issued capital amounted to TL 24,300,000. Our Company's capital structure on 31 December 2021 and 31 December 2021 was as follows:

Shareholders	(%)	31 December 2022	(%)	31 December 2021
Çelebi Havaş Holding A.Ş.	89.91	21,848,528	89.91	21,848,528
Others	10.09	2,451,472	10.09	2,451,472
	100.00	24,300,000	100.00	24,300,000

Ultimate Non-Corporate Controlling Shareholders

The names of our Company's ultimate non-corporate controlling shareholders, who have been identified, purged of all cross-shareholding interests, and their shareholding interests in the Company as of 31 December 2022 are presented below:

Shareholders	31 December 2022 (%)	31 December 2021 (%)
Zeus Aviation Services Investments B.V.	44.96	44.96
Can Çelebioğlu	15.73	15.73
Canan Çelebioğlu	15.73	15.73
Hana Investment Company WLL	5.75	5.75
Racer S.r.l.	2.9	2.9
57 Stars Global Opportunity Fund 3 (KIA), L.P.	2.01	2.01
Pantheon Global Secondary Fund VI (US)	2.34	2.34
Pantheon Access Secondary Program SCSp (Lux)	0.48	0.48
Others	10.09	10.09
	100.00	100.00

The Company's articles of association contain no provisions pertaining to special voting rights. However the shares representing the Company's issued capital are divided into three classes designated "A", "B", and "C" and only those who hold "A" and "B" shares are entitled to designate candidates for seats on the Company's Board of Directors and Board of Statutory Auditors.

4. INFORMATION ON PERSONNEL

The average number of personnel employed by the Company as at 31 December 2022 is 3,653 (31 December 2021: 3,207 people). The average number of personnel, including the subcontractor personnel was 11,838 and 9,902 people on 31 December 2022 and 31 December 2021, respectively.

Average Number of Employees of the Group (Consolidated)	January-December 2022	January-December 2021
Çelebi Hava Servisi A.Ş. ("Company")*	3,653	3,207
Celebi Ground Handling Hungary	850	617
Celebi Nas (India)	1,893	1,406
Celebi Delhi Cargo (India, including subcontractor personnel)	2,540	2,356
Celebi Aviation Services (India)	2,637	2,050
Celebi Cargo GmbH (Germany, including subcontractor personnel)	240	247
Celebi Tanzania	22	16
KSU	3	3
Total	11,838	9,902

* The effects of short-working and unpaid leave practices are excluded when calculating the number of employees.

5. INFORMATION ON THE EMPLOYEES AND THE HUMAN RESOURCES POLICY

Human Resources ("HR") Policy

In order to sustain the image and success of the Company, in the eyes of the society and the employees, the Human Resources Department monitors and develops all practices supported by the documentation and systems related to Human Resources, and the resulting human resources culture.

By supporting participation, teamwork, entrepreneurship, creativity and productivity, making our Company be preferred to work for in Turkey, and making it a big family with happy and loyal employees and to perpetuate this, form the basis of our Company's HR Policy.

The Station Managers are responsible for the dissemination of the HR policies, which were determined without discriminating language, religion, race, sect and gender with the participation of the Station Managers who are determined as our employee representatives, at the stations. The main responsibilities of these managers are to share the decisions taken with respect to the employees or the developments concerning the employees with the employees.

Our company supports practices that promote the prevention of discrimination, inequality, human rights violations, forced labor, and child labor.

Elements of the Human Resources Policies

By supporting participation, teamwork, entrepreneurship, creativity and productivity, ensuring our Company is the preferred place to work in Turkey, making it a big family with happy and loyal employees, and ensuring its continuity.

Human Resources Systems:

Selection and Placement

- Selection Process
- Orientation

- Performance Management

- Target and Competency Management
- Compensation

- Talent and Career Management

- Training

- Mentoring System
- Career Planning
- Personal Development Trainings

- Remuneration Management

- Organization Development Activities

- Corporate Culture, Vision, Mission
- Employee Loyalty and Satisfaction Practices
- Regulatory Work
- Organizational Work

Selection and Placement

Selection Process and Placement/Creating a candidate pool at the Group Companies

The main principle in selection and placement is to meet workforce needs in the most efficient and shortest time with the logic of "the right person for the right job". In this context, personnel needs are determined within the framework of the human resources plan determined in line with the Company's goals and strategies, and the profile required by the position is determined based on the job description and competencies. The Human Resources Department checks to see if there is a sufficient budget for the staff while requesting personnel. Staff planning should be done carefully by paying attention to efficiency. The Human Resources Department and department managers share the responsibility of select personnel who are in compliance with the mission and vision of the Company, who can fulfill the responsibilities required for the job, adapt to the working conditions, and who have the necessary competencies and the qualifications required for the position to at least at the minimum expected level. Part of our Human Resources policy is to prioritize all Company employees among the Company and Group companies in the work opportunities appropriate to their career development and potential.

The candidate pool in general;

The candidate pool in general consists of the potential candidates proposed by the Çelebi employees, candidates who apply directly by submitting a CV or by filling in a form, those candidates who apply by responding to an advertisement, applications collected in career days at universities, applications received from university preparation courses and educational institutions with which efforts have been taken to develop cooperation, or general applications made electronically online. In the selection of personnel, the order that is followed according to priorities is as follows:

- Employees who apply through internal announcements,
- Candidates recommended by Çelebi employees,
- Candidates who have previously applied through an advertisement or directly,
- Candidates who in response to an advertisement,
- Candidates who are referred to the organization by external consulting firms.

A new regulation on selection and placement of employees is in place and the Human Resources departments of associated companies execute all recruitment in compliance with the regulations.

For the selection of candidates, foreign language and general aptitude tests prepared by professional organizations, and assessment center applications are used. For all recruitments, candidate references are checked.

Orientation

Newly recruited employees are included in the orientation program in order to inform them of the Company mission, vision, principles and policies, and the working conditions of the Group Companies and their fields of activity.

Performance Management

Performance Appraisal

The performance appraisal system aims to provide the appropriate environment for the fulfillment of the objectives, which can identify and improve levels of competency, provide support for appointments, rotations and career planning, strengthen the communication between the subordinates and their superiors, improve the managerial competencies of our managers and to accelerate the flow of information that will be given to the management by all our staff with the feedback to be given.

Under our performance appraisal system, which aims to conduct an objective assessment based on the determined targets and competencies, the performance of all our white collar employees are assessed twice a year in 2021. The performance assessments of those in Assistant Manager or higher positions are carried out on the basis of competence and target. In the 2022 mid-term performance appraisal, all positions (excluding trainees) at the Head Office and Regional Directorates, and supervisors and higher positions at stations are being assessed by objectives and competencies. The interim and year-end performance assessments for 2022 has been finalized.

Performance Rewarding

According to the results of performance evaluation that is realized at year-end, employees who achieved outstanding success were rewarded within a certain proportion of their annual salary.

Talent and Career Management

The purpose of the Talent and Career Management activities is to provide a candidate pool at Çelebi for placing candidates in positions within Çelebi Ground Handling which match the expectations of employees with those of the Company. Between 2009-2021, a total of 22 senior managers were trained for service in critical positions in ground handling services and cargo operations in Mumbai and Delhi in India, in Hungary and in Frankfurt.

Within this context, in all our companies;

- Career maps are established in accordance with previously set up competency and qualification scales, and the training and rotations necessary for each career step are continuously monitored.
- A backup policy is developed for critical positions.

The Talent Management process has been designed to ensure a more systematic career management function in the Head Office, Regions and stations, and Talent Committees have been created. These committees have the following general purpose;

- To provide realistic backup planning
- To assign the right employees for critical roles
- To be able to assign, develop and follow high caliber employees
- To review and check the employee profile

Opportunities for promotion or rotation are offered to employees within internal assignment criteria. When there is a need for positions, these are first announced to Çelebi Ground Handling employees. Our employees are given priority in the evaluation process.

Training

Work on training and developing programs has been organized at different levels to identify where there is room for improvement in terms of enhancing the knowledge, skills and behavior of Çelebi's employees as required for their assignments, to develop and fulfill their potential and advance it further and to prepare all employees for the responsibilities of future.

For supervisor positions, which are the first stage of management and for Supervisor candidates, the "New Manager Program" has been put into operation. This program includes Management Skills Training and intra-corporate department presentations.

The Human Resources Directorate annually plans the personal and professional development trainings. The personal and professional development trainings are identified and included in the plan as a result of the Performance Appraisal and Talent Management Project conducted annually throughout the Company.

Çelebi Academy is responsible for managing the mandatory sectoral training programs for those employed in operational roles as identified by national and international aviation authorities, for managing the development processes that are necessary for enabling the organization to achieve its operational targets, for creating the infrastructure necessary to ensure employees' development with respect to operational aspects, and for coordinating and running all the processes related to the training department.

For the mandatory refresher trainings included in the Training Instruction of the Civil Aviation General Directorate and in the General Directorate of State Airports Authority's (DHMI) Driving on the Pat Areas Guidelines, e-learning project works that will provide remote access were completed and are being implemented successfully.

A total of 11 training modules, including Ramp Safety and Apron Rules Refresher Training, Passenger Services Refresher Training, Travel Documents Refresher Training, Driving on the PAT Areas Refresher Training, Transfer of Disabled Passengers Refresher Training, Pushback-Head Set Refresher Training and Ramp Equipment Operation Refresher Training, SMS (Safety Management System) Refresher Training, SMS (Safety Management System – Refresher for Practitioners), Course-1 Security Awareness Basic and Refresher Training, were included in the e-learning program, and they were put into use following approval from the related authorities. Furthermore, Global Orientation and Çelebi Code of Ethics e-learning module has been brought to completion and trainings were assigned to employees.

In addition, KVKK (Personal Data Protection Law), ISO27001 Management Systems Information, Waste Management training programs that employees are obliged to take under other applicable legislation are being prepared in the form of e-learning training modules and assigned to relevant employees.

Our Company's employees have actively used the Çelebi distance-school application with great interest. In addition to cooperative training sessions, every employee is assigned department-specific operational training and personal development training tailored to their respective roles.

The mobile application which aims to support the classroom training modules, to keep the employees up-to-date, and let them consolidate the information they receive are successfully used.

All training reports can be accessed over the SAP system. Çelebi Academy prepares periodic training budget planning and reporting based on these records.

All operational technical training is provided by internal trainers. Each year, all documents, training modules, and exams undergo a thorough review and update process in accordance with national and international publications. These materials are then published alongside relevant announcements.

In the January-December 2022 period, training per person was 9.9 days (January-December 2021: 6.2). In 2020, in addition to classroom training, 37 different e-training programs were produced, 27 of which were operational, and online training per person was 520 minutes. During 2021, 42 different e-training programs were produced, 26 being operational. During the January-December timeframe of 2022, a total of 10 separate e-training programs were developed.

Support is obtained from the training and consulting companies for personal and professional development trainings. (Presentation Techniques, Team Work, Management Skills Development, MS Office Programs, etc.)

Remuneration Management

In line with the Company's vision and goals, the Çelebi Ground Handling remuneration system was established based on the prevailing market conditions and the developments in the aviation sector, and a remuneration scale was created to ensure the Company's internal consistency and reflect these conditions. In short, the pay should be the same for any two people working on the same task and the value of their work is the same if it does not differ from each other in terms of content, time, source, position profile etc., even if their personal traits and skills may be different.

The Head Office and administrative staff's remuneration scale is periodically compared with data received from market remuneration survey companies, and the scale is established in a way to include the results in these surveys. When determining the pay of senior managers, who are included in the Head Office remuneration scale, these criteria are taken as a basis. It is updated every year by market surveys.

Remuneration for operational staff is determined according to the titles in the organizational structure, but based on a tariff linked to station sizes. It is updated every year by market surveys.

The results of the regularly conducted performance assessments affect the pay rises and year-end bonuses.

In addition to the current base salary, a foreign language allowance is given for personnel who pass the examinations applied for positions that require knowledge of a foreign language. In addition to the foreign language allowance, personnel working as drivers are paid a vehicle bonus depending on the type of vehicle they use. Furthermore, various role-based responsibility premiums are being paid for qualifications required on the basis of roles.

Social Responsibility

Çelebi Ground Handling offers comprehensive support to the aviation industry through Erzincan Binali Yıldırım University Ali Cavit Çelebioğlu School of Civil Aviation. Established in 2008 and operational since 2010, the school plays a crucial role in providing qualified personnel to the sector. In addition, Çelebi Ground Handling has made significant contributions to the aviation industry and education. The Company offers IATA-approved training modules that are facilitated by experienced instructors and supported by seminars. These modules provide valuable insights to the industry. Additionally, the Company offers scholarships to 10 students, as well as internships and employment opportunities during the summer term.

Furthermore, in alignment with the targets of the Human Resources department, a distinct target is set to monitor the proportion of graduates and students from civil aviation departments in the recruitment and overall employment process, and the employment rate of civil aviation department is increased each year compared to the previous year. The process involves fostering cooperation by providing support for career days, congresses, seminars, and training projects organized by aviation professional organizations.

Organizational Development Activities

Employee Satisfaction Applications

In order to enhance employee satisfaction, an annual Employee Engagement and Experience Survey, which is accessible to the participation of all employees and is organized annually by an independent company, is conducted. Upon completion of the survey, action plans are developed through the facilitation of over 30 workshops across various focus groups, with the involvement of employees from all levels and departments. Under the leadership of the consultant company, action plans are prioritized and followed up.

The result of the Employee Engagement and Experience Survey conducted in 2022 was 69%, an increase of 2 points compared to the previous year, with an action completion rate of 80%.

Regulation Work

In addition to the HR and Training Regulations established and used, regulations on operational and other issues continue to be created and revised with the projects that will be carried out jointly for the issues needed.

Organization Work

The Company ensures that the organizational structures are rendered effective and standardized in accordance with the requirements, and organizational changes are monitored and published. Work on determining hierarchical levels and revising the roles according to the prevailing conditions are the primary issues of the HR policies.

Communication

With the aim of creating participative management and a secure working place for employees and to meet the requirements, personnel are informed of the Company's financial status, wages, career opportunities, training programs, health policies through meetings held and every opportunity is taken to send such messages. The suggestions, complaints, opinions and comments received from employees serves as a starting point for the required work.

Occupational Safety

Our Company has a management system that provides a secure and healthy work place for its employees and which uses risk evaluation to determine the risks and dangers employees may face, and which takes precautions, develops activities to reduce these dangers and risks in line with the requirements set out in labor law. The system's OHS performance is continuously tracked where OHS aims are put into practice with management programs. Furthermore, our 30 stations and the Head Office hold the OHSAS 18001 certification.

Social Activities & Internal Communication

The Çelebi anniversary and seniority ceremonies, which are held at the Head Office and all our stations in honor of employees completing 5 years of service - and for each 5 years of subsequent service - are organized yearly at the Head Office and our stations. The ceremonies for presenting plaques continued to be organized in 2022 as well.

II - FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR MANAGEMENT

At the annual general meeting of the Company held on 21 April 2022, shareholders approved the payment of a monthly honorarium of TL 16,000 to the independent members of the Company's board and also voted not to pay any other honoraria to board members who are elected to represent Class A and Class B shareholders. Payments were made to the Company's independent directors in the twelve months of 2022.

The Board of Directors of our company has not incurred any loans during the twelve-month period of 2022.

No loan advances were granted to the executives of the Company in 2022. As of 1 January 2022, the outstanding loan advance balance of TL 115,000 has been settled, and there were no remaining loan advances as of the end of 2022.

There are no loans made by the Company to its Board members or managers whose terms have been extended or otherwise improved; no sums have been lent to them as personal loans through third parties; neither have they been granted any form of surety such as guarantees etc. on their behalf.

III - THE COMPANY'S ACTIVITIES AND MATERIAL DEVELOPMENTS IN ACTIVITIES

6. THE RELEVANT SECTOR, 2021 ACTIVITIES AND PERFORMANCE

Civil Aviation Industry

The International Air Transport Association (IATA) announced that the recovery in air travel continued in December 2022 and for the full year.

The year 2022 witnessed a 64.4% increase in overall traffic as compared to the previous year, 2021. On a global scale, the traffic volume for the entire year of 2022 amounted to 68.5% of the levels observed prior to the pandemic (2019). In December 2022, there was a 39.7% increase in total traffic as compared to December 2021, and it reached 76.9% of the December 2019 level.

In 2022, there was an increase of 152.7% in international traffic as compared to the previous year. This resulted in the traffic reaching 62.2% of the levels observed in 2019. In December 2022, there was an 80.2% increase in international traffic compared to December 2021, resulting in a level of 75.1% in comparison to December 2019.

The year 2022 witnessed a 10.9% increase in domestic traffic as compared to the previous year. The domestic traffic for the year 2022 amounted to 79.6% of the total domestic traffic recorded in the year 2019. In December 2022, domestic traffic experienced a 2.6% increase compared to the same period in the previous year, and reached 79.9% of the domestic traffic recorded in December 2019.

International passenger transport traffic by regions:

The Asia-Pacific airlines have reported an increase of 363.3% in their full year international traffic for 2022, as compared to the previous year. This region has continued to maintain the highest year-over-year growth rate among all the regions. The capacity increased by 129.9%, while the load factor experienced a 37.3 percentage point rise, reaching 74.0%. In December 2022, there was a 302.7% increase in traffic as compared to December 2021.

The full-year traffic of **European** carriers increased by 132.2% compared to the previous year. The capacity has experienced an increase of 84.0%, and the load factor has risen by 16.7 percentage points, reaching 80.6%. In December, there was a 46.5% increase in demand as compared to the corresponding month in 2021.

In 2022, **Middle Eastern** airlines experienced an increase in traffic, with a rise of 157.4% compared to the previous year. The capacity has observed an increase of 73.8%, while the load factor has also shown an increase of 24.6 percentage points, reaching 75.8%. The demand in December exhibited a 69.8% increase as compared to the corresponding month of 2021.

In 2022, **North American** carriers reported a 130.2% increase in annual traffic as compared to 2021. The capacity has experienced a 71.3% increase, and the load factor has risen by 20.7 percentage points to reach 80.8%. In December 2022, there was a 61.3% increase in traffic as compared to the corresponding period in the previous year.

The traffic of **Latin American** airlines increased by 119.2% in 2022 compared to the full year 2021. The annual capacity has experienced an increase of 93.3%. Additionally, the load factor has increased by 9.7% to 82.2%, which is the highest among all regions. The demand in December experienced a 37.0% increase compared to December 2021.

Compared to the previous year, the annual traffic of **African** airlines has increased by 89.2% in 2022. The capacity for the full year of 2022 witnessed a 51.0% increase, while the load factor rose 14.5 percentage point, resulting in 71.7%, which was the lowest among all regions. In December 2022, African airlines experienced an increase in traffic, with a rise of 118.8% compared to the same period in the previous year.

The domestic traffic in **India** for the full year of 2022 increased by 48.8% as compared to 2021, reaching 85.7% of the level recorded in 2019.

In 2022, the domestic traffic in **Japan** experienced a 75.9% increase, reaching 74.1% of the 2019 level.

In Turkey...

Domestic line commercial aircraft traffic increased by 6.7% in the January-December 2022 period in Turkey compared to the same period of the previous year, while international commercial aircraft traffic augmented by 53.5% in the same timeframe. When 2022 data are compared to 2019 data, domestic line and international commercial aircraft traffic declined by 18.2% and 3.4% respectively. Based on these results, total commercial aircraft traffic decreased by 10.5%.

January-December 2022 Activities and Performance

A total of 80,534 flights were serviced by the Company in the Turkish market during January-December 2022 period, corresponding to a 26% year-on-year increase over the 2020 figure of 63,686 flights.

Our subsidiary, Çelebi Airport Services India Private Limited (formerly known as Çelebi Ground Handling Delhi Private Limited), which started to provide services at the Indira Gandhi International Airport in Delhi, India from June 2010, served 29,746 flights at the Delhi, Ahmedabad, Kochin, Bangalore and Hyderabad stations in the January-December 2021 period. In the January-December 2022 period, the number of flights served rose to 35,273 registering a 20.1% increase.

Our Celebi Delhi Cargo Terminal Management India Pvt. Ltd. subsidiary has been providing cargo warehousing and handling services in 77,000 m² of space at Delhi International Indira Gandhi Airport since November 2009. While the company had handled 387,333 tons of cargo in 2021, the same went down by 5.3% to 366,897 tons in the January-December 2022 period.

Celebi NAS, another subsidiary that began services at Chhatrapati Shivaji International Airport in Mumbai (Bombay) in July 2009, serviced 14,647 flights during January-December 2021 period. In the January-December 2022 period, 27,416 flights have been served with an increase of 87.2% year-on-year.

Çelebi Ground Handling's first international subsidiary, Celebi Ground Handling Hungary served a total of 29,725 flights in January-December 2022 period, as compared with 17,614 flights serviced in 2021.

Celebi Ground Handling Hungary started cargo handling operations in January 2011 in its new warehouse located outside the airport. While the company had provided service for a total of 67,148 tons during 2021, the same registered as 65,868 tons in January-December 2022 period.

Celebi Cargo GmbH entered operation in 2011 to offer air cargo storage and handling services in its storage facilities at the International Frankfurt Airport's "Cargo City Süd". Having handled 184,893 tons of cargo in 2021, that figure stood at to 171,565 tons in January-December 2021 period with a decline of 7.2%

The Group's consolidated gross profit as of the end of 2022 was up by 160.83% to TL 2,169,732,655 (2021: TL 831,869,475). As of the end of 2022, the Company posted an operating profit of TL 1,575,002,493 (2021: TL 525,755,696). The Group's profit after tax in the same period was recorded as TL 1,079,953,824. (2021 January-December: TL 533,453,896 TL profit)

As of the end of 2022, the total amount set aside for legal and compensation provisions of our Company was TL 10,679,098 (31 December 2021: TL 9,047,150). There was no legal action or demands for compensation against the Company during the period which would significantly affect the Company's financial status or activities.

7. DEVELOPMENTS IN INVESTMENTS; INVESTMENT INCENTIVES USED

Tangible fixed asset investments realized by the Group during the year ended on 31 December 2022 amounted to TL 221,466,768 (31 December 2021: TL 86,876,891). 36% of these investments consisted of investments in machinery, equipment and appliances, 31% of investments in progress, 8.7% in investments in leasehold improvements, 7.6% in investments in fixtures and 16.8% in investments in vehicles.

Total consolidated investment outlays of the Group in tangible and intangible assets as of 31 December 2022 were worth TL 364,440,342. (2021: TL 90,471,984).

Our Company holds the Large Scale Investments incentive certificate obtained from the Ministry of the Economy, the General Directorate of Incentive Implementation and Foreign Investment based on the buildings, facilities, machinery and equipment investments that our Company undertook at the Istanbul Airport. The total amount of investment undertaken by our Company under this incentive certificate until 31 December 2022 stood at TL 247,905,531.

Regarding the machinery and equipment investments planned by our Company for the airports in Turkey, our applications for incentive certificates, totaling approximately TL 350 million TL, have been approved by TR Ministry of Industry and Technology General Directorate of Incentive Implementation and Foreign Capital. Investment Incentive Certificates have been issued in order to enable our Company to benefit from investment incentive practices as per the relevant legislation provisions.

8. DIRECT OR INDIRECT ASSOCIATES OF THE COMPANY AND INFORMATION ON SHAREHOLDING THEREIN

In 2006, the Company has acquired the shares in Budapest Airport Handling, a company which has been providing ground handling service at Budapest Airport, and the company's name was changed to Celebi Ground Handling Hungary ("CGHH").

As at 31 December 2022, the paid in capital of CGHH is HUF 200,000,000, while the Company holds 100% of the shares.

In order to provide ground handling services for a period of 10 years at the Mumbai Chhatrapati Shivaji International Airport in India, a company with the name "Celebi Nas Airport Services India Private Limited ("Celebi Nas") and based in the Maharashtra state in Mumbai has been incorporated on 12 December 2008 to provide ground handling services at the said airport. Celebi Nas has a capital of INR 100,000,000, in which the Company controls 57% stake as a founding partner. The paid-in capital of Celebi Nas is INR 552,000,000. Besides, INR 228,000,000 has been paid as advance capital by the shareholders in Celebi Nas. Celebi Nas has been granted the concession rights concerning the rendering of services regarding air conditioners and generators mounted on passenger boarding bridges in the passenger terminal of that airport until May 2036. As per the concession contract between Celebi Nas and the tender authority MIAL, Celebi Nas will continue to provide ground handling services for a period of 10 (ten) years from 1 January 2020 to 31 December 2029 following the expiry of the current concession period on 31 December 2019 at the CSIA airport in Mumbai, India.

The additional protocol that concerns Celebi Nas and that came into force upon its registration on 8 February 2021 made various modifications to the "Reserve Matters" articles. These modifications created changes in favor of the Company in the Company's controlling power in connection with its possessing a power on the company/asset that is being invested in, its being open or entitled to variable returns to be derived on the company/asset being invested in, and its capability to exercise its power so as to have impact on these returns. In this framework, Celebi Nas started to be consolidated in 2021 using the full consolidation method from the date control was handed over to the Company.

The Company acquired 65% of Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), established in Darussalam, Tanzania to participate in the concession auctions for provision of ground handling services. The said company's share capital is 100 million Tanzanian Shillings (approximately USD 40 thousand). In line with the agreement signed with Tanzania's Airport Authority, the company has started its operations from 1 February 2021.

In 6 May 2019, the Company established Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") in which it controls a 74% share as a founding partner and which will be engaged in the brownfield development, modernization and financing of the existing cargo terminal in the airport in New Delhi, India, and in its operation for a period of 25 years. The paid-in capital of Celebi Delhi Cargo is INR 1,120,000,000.

Winning the tender for providing airport ground handling services at Delhi International Airport for a 10-year term, Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi") was established on 18 November 2009 with a shareholding rate of 99.9%. In order to fulfill the obligations arising from the Implementation Contract signed with the contracting authority and to ensure the realization of the projected investments, the Company has made legal and premium capital payment amounting to Indian Rupee 1,901,266,830 on its subsidiary of Celebi GH Delhi to meet the equity needed. Under the ongoing concession agreements, the Company carries on with ground handling services at New Delhi, Ahmedabad, Cochin, Bangalore and Hyderabad airports. On 15 March 2018, the company's name was changed as Celebi Airport Services India Private Limited ("CASI"). Based on the authorization granted on 9 December 2019, CASI will continue to provide ground handling services for another 10 years following the expiration of the existing concession period at the Delhi International Airport.

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on 20 November 2008 to carry out transportation, cargo storage and distribution operations. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, and located in Frankfurt, Germany was established in November 2009 with a paid-in capital of EUR 11,140,000, has 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 legal and premium capital payment of Indian Rupee 450,675,770 was made by the Company.

Celebi GH Delhi, a subsidiary of the Group, participated in DASPL by acquiring 16.66% stake in the company. DASPL resides in New Delhi, India, has a paid-in capital of INR 250,000,000 and was set up to ensure execution of air conditioning units installed on passenger bridges in the airport's passenger terminal, generator and utility water services in compliance with international standards. On 14 November 2016, Celebi GH Delhi acquired an additional 8.33% share in DASPL, and the Group's shareholding interest in DASPL rose to 24.99%. The Group recognizes DASPL in its consolidated financial statements by equity method.

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"

9. INFORMATION ABOUT FINANCIAL STATEMENTS AND REPORTS

The summary consolidated financial statements of the Group are issued in compliance with the Capital Markets Board of Turkey (CMB) Communiqué Serial: II, No: 14.1 on Principles of Financial Reporting in the Capital Markets, which is published in the Official Gazette no. 28676 and dated 13 June 2013. In accordance with Article 5 of the communiqué, the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) released by the Public Oversight Accounting and Auditing Standards Authority (KGK) and the related annexes and comments were taken as a basis in the publication of the consolidated financial statements.

Moreover, the financial statements are presented in accordance with the formats specified in the "Announcement regarding IFRS Taxonomy" published by the KGK on 15 April 2019, and in the Illustrative Financial Statements and User Guide published by the CMB. By its decision passed on 17 March 2005, the CMB announced that publicly-held companies operating in Turkey did not need to apply inflation accounting effective 1 January 2005. The Company's financial statements have been drawn up within the frame of this decision.

When keeping their accounting records and preparing their mandatory financial statements, the Group and the Group companies located in Turkey conform to the principles and conditions set forth by KGK, as well as the Turkish Commercial Code (TCC), tax legislation, and the requirements of the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Treasury and Finance ("Ministry of Finance"). The accounting records and financial statements of the subsidiaries, joint venture and associate operating in foreign countries, on the other hand, have been drawn up in accordance with the laws and regulations applicable in the countries where they are active. Consolidated financial statements are based on the statutory records of the Company, its subsidiaries, JV and associate, and have been issued to incorporate the required adjustments and reclassifications for the purpose of fair presentation pursuant to the Turkish Financial Reporting Standards.

Assets and liabilities of consolidated foreign partnerships have been translated into Turkish lira using the exchange rate on the date of the consolidated financial condition statement, whereas income and expenses have been translated using the average exchange rate. Exchange differences resulting from the closing and the use of average exchange rate are followed up under the FC translation differences account under shareholders' equity.

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

Functional and Reporting Currency: Each line item in the financial statements of the group's companies is recorded in the currency of the primary economic environment in which the companies operate. The consolidated financial statements are presented in TL, the reporting currency for the Group. The functional currencies of Group companies as of 31 December 2022 are detailed below.

Company	Currency
Çelebi Ground Handling	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 GMBH	Euro (EUR)
DASPL	Indian Rupee (INR)
Celebi GH India Private Limited	Indian Rupee (INR)
KSU	Indian Rupee (INR)
Celebi Tanzania	Tanzanian Shilling (TZS)

The Companies Incorporated into Consolidation

The Company's consolidated financial statements for the period ending 31 December 2022 include the results of the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Çelebi Cargo, DASPL, Celebi Cargo GmbH, KSU and Celebi Tanzania which are jointly referred to as the "Group".

The consolidated financial statements for the period 1 January - 31 December 2022 has been approved for the issuance by the Board of Directors on 6 March 2023, and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Director of Financial Affairs, on behalf of Board of Directors.

10. DONATIONS

In the year ending 31 December 2022, the Group's donations and grants to various foundations, associations, chambers, public institutions and organizations amounted to TL 12,818,491.

IV - FINANCIAL STANDING

11. KEY FINANCIAL RATIOS

The key ratios showing our Company's financial structure, profitability, and debt-servicing were calculated on the basis of the consolidated financial statements dated 31 December 2022 and 31 December 2021 mentioned above.

	31 December 2022	31 December 2021
Current Ratio (Current Assets/Current Liability)	1.49	1.14
Cash Ratio (Cash Assets/Current Liabilities)	0.96	0.68
Short-Term Liabilities/Total Liabilities	44.59%	44.52%
External Resources/Shareholders' Equity	147.57%	227.27%
	31 December 2022	31 December 2021
Average Collection Time	27.60	38.21
Gross Profit Margin	35.73%	32.49%
Operating Profit (Loss)/Net Sales Revenues	25.94%	20.54%
Operating Profit (Loss)/Total Assets	19.56%	9.62%
EBITDA/Net Sales Revenues	33.13%	31.77%

12. INFORMATION ABOUT PRODUCTION AND SALES OF GOODS AND SERVICES

The number of aircraft serviced by our Company in the year ended 31 December 2022 is stated below:

Number of Aircraft Serviced	2022	2021	2022-2021 %
	January-December	January-December	
International Flights	38,482	23,449	64.1
Domestic Flights	42,052	40,237	4.5
Turkey Total	80,534	63,686	26.5
Mumbai	27,416	14,647	87.2
Delhi	35,723	29,746	20.1
India	63,139	44,393	42.2
Hungary	29,725	17,614	68.8
Grand Total	173,398	125,693	38.0

The weights of cargo handled by the Company in 2022 are stated below:

Group (Consolidated)	31.12.2022				31.12.2021			
	Express Cargo	Domestic	WT (Import)	WT (Export)	Express Cargo	Domestic	WT (Import)	WT (Export)
Celebi Delhi Cargo (India)	22,785	78,189	134,570	131,353	19,154	68,058	161,777	138,344
Celebi Cargo GmbH (Germany)	-	-	67,064	104,501	-	-	78,157	106,736
Çelebi Hava Servisi A.Ş.	-	-	21,848	43,972	-	-	16,881	31,890
Celebi GHH (Hungary)	-	-	41,614	24,254	-	-	41,566	25,582
Total (tons)	22,785	78,189	265,096	304,080	19,154	68,058	298,381	302,552

13. DIVIDEND POLICY AND TIMING

On 8 April 2014 our Company's Board of Directors passed a resolution to approve the revision of the Company's Dividend Policy pursuant to the requirements of Capital Markets Board Dividend Communiqué II-19.1, which went into effect with its publication in issue 28891 of Official Gazette dated 23 January 2014; to publicly disclose this revision; and to submit this revised Dividend Policy for the consideration and approval of shareholders at the upcoming annual general meeting. At the Ordinary General Meeting held on 8 May 2014, the Board of Directors resolution concerning the Dividend Policy passed on 8 April 2014 was discussed and unanimously approved by shareholders.

Çelebi Ground Handling Inc. Dividend Policy

- Taking our Company's medium- and long-term strategies, its investment and financing policies, and its profitability and cash situation into account and in the absence of any extraordinary developments in our Company's investment and/or financing needs and/or occurrences in its industry or the economy, at least 50% of net distributable profit shall be paid out as a dividend. When determining the dividend rate, attention shall be given to medium- and long-term investments that may require short-term cash outflows, material events that affect our Company's financial structure, and significant developments in the sector and/or in the economy and/or in markets.
- Dividends whose payment has been decided upon may take the form of cash, of bonus shares, or of some mix of the two.
- Dividend and payment-timing Board of Directors resolutions shall be in compliance both with this Dividend Policy and with currently applicable laws, regulations, and administrative provisions and then publicly disclosed. Board of Directors dividend and payment-timing proposals shall be considered and decided upon by shareholders convened in a general assembly. The payment of dividends shall begin within maximum thirty days of the date of the general meeting at which the decision to pay them is taken and in all cases within statutorily-mandated periods of time. The Board of Directors may decide to have dividends paid in installments provided that a general assembly of shareholders shall have authorized it to do so.
- Provided that a general assembly of shareholders shall have authorized it to do so, the Board of Directors may decide to have advances paid against dividends and may affect the payment of such advances subject always to the Capital Markets Law and Capital Markets Board regulations and decisions and to the Company's own articles of association.

With the decision of the Board of Directors taken at the Ordinary General Meeting convened on 21 April 2022, our financial statements, prepared on the basis of our legal books of account dated 31 December 2020, show a net current loss of TL 181,633,870.71 remaining after the deduction of all taxes and other legal obligations.

According to our Company's independently-audited consolidated financial statements dated 31 December 2021 prepared in accordance with Turkish Accounting Standards & Turkish Financial Reporting Standards (TMS/TFRS) and in CMB-specified formats pursuant to the requirements of CMB Communiqué II: 14.1 Concerning Financial Reporting Principles In Capital Markets, the net current loss remaining after the deduction of taxes and other statutory obligations amounts to TL 533,453,896.00.

Within the framework of CMB legislation, since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that need to be set aside pursuant to the Turkish Commercial Code (TCC), the net current loss is TL 533,453,896.00.

The entirety of the Net Profit for the Period descended in the Company's Consolidated Financial Statements dated 31 December 2021 is as follows:

ÇELEBİ HAVA SERVİSİ A.Ş. Profit Distribution Table for 2021 (TL)		
	According to CMB legislation	According to legal records
Net Profit for the Period (-)	533,453,896.00	339,246,860.33
Prior Year Loss (-)	0.00	157,612,989.62
General Legal Reserves	0.00	0.00
Net Distributable Profit for the Period	533,453,896.00	181,633,870.71
First Dividend to Shareholders	1,215,000.00	1,215,000.00
Second Dividend to Shareholders	162,810,000.00	162,810,000.00
Other Funds for Distribution	0.00	0.00
General Legal Reserves	16,281,000.00	16,281,000.00
Transferred to Extraordinary Reserves	353,147,896.00	1,327,870.71

In this framework, in accordance with the CMB regulations pertaining to profit distribution, the following has been unanimously accepted for the accounting period of 1 January 2021- 31 December 2021:

- The distribution of TL 6.7500 Gross=net cash dividend to each share with a nominal value of TL 1.00 at the rate of 675.00% to the full taxpayer corporations and the limited taxpayer institution shareholders obtaining dividends through a permanent representative and a workplace in Turkey,
- The distribution of gross cash dividend for each share with a nominal value of TL 1.00 at the rate of 675.00%, and a net cash dividend of TL 6.0750 for each share with a nominal value of TL 1.00 to other shareholders,
- and the dividend distribution date has been set as 27 April 2022.
- The related dividend payments have been completed as of April 29, 2022.

14. MISSION AND VISION

Mission

To be the global solution partner, adding value to its shareholders while correctly perceiving the needs of airport users and sustaining quality.

Vision

With a team fully identified with the collective "Çelebi spirit", being an internationally leading and trustworthy company that creates changes in its sector and produces value for all stakeholders.

Strategic Objectives

The strategic objectives of Çelebi Ground Handling are to maintain its position as the leader of the ground handling services sector in Turkey, to take part in ventures in ground handling services and terminal management and operations inside/outside Turkey.

V - RISKS AND AN ASSESSMENT BY THE GOVERNING BODY

15. BASIC FINANCIAL RISKS AND MANAGEMENT POLICIES

Due to the nature of its activities, the Group is focused on managing various financial risks including the effect of changes in exchange and interest rates. By its risk management program, the Group aims to minimize the potential negative effect to be caused by the volatilities in the markets.

Risk management is carried out within the frame of policies approved by the Board of Directors. The tasks of planning risk management, overseeing its operations and effectiveness, and ensuring that the internal audit team carries out its activities within the framework of the risk management plan are the duty of the Audit Committee, which has been set up by a Board of Directors resolution pursuant to CMB regulations and of the Corporate Governance Committee pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles. The Audit Committee formulates a risk management and internal audit system capable of minimizing the risks that the Company could be exposed to and takes such measures as are needed to ensure that the system functions reliably. The Corporate Governance Committee sets up the necessary mechanisms for the early detection of operational and financial risks, implementation of necessary actions in relation to identified risks, and management of risk, and takes the necessary steps for their healthy operation.

Interest Rate Risk

The Company is exposed to interest rate risk due to the effect of the changes in interest rates on interest-bearing assets and liabilities. This risk is managed through balancing assets and liabilities that are sensitive to interest rates. Within the frame of its principle to manage risk with natural actions consisting of balancing the maturities of assets and liabilities sensitive to interest rates, the Company management utilizes its interest-bearing assets in matching-term investments. In addition, the Company protects itself from the interest risk arising from floating-rate bank loans through limited use of interest rate swap agreements that take place among derivative instruments as and when deemed necessary.

Liquidity Risk

The cash flow, made up of repayment times and amounts of loans, is managed in view of the amount of free cash flow to be generated by the Group on its activities. Therefore, while the option of debt repayment with the cash generated on activities when necessary is kept available on one hand, sufficient number of reliable and high-quality lending resources are kept accessible on the other.

Credit Risk

Credit risk consists of cash and cash equivalents, deposits held with banks, and customers exposed to credit risk that cover uncollected receivables.

With respect to the management of the credit risk concerning its receivables from customers, the Company identifies a risk limit individually for each customer (excluding related parties) using bank and other guarantees, and the customer carries out its business transactions so as not to exceed this risk limit. In the absence of these guarantees or in cases where they are required to be exceeded, transactions are carried out within internal limits set by procedures.

Exchange Rate Risk

Taking into consideration the significantly volatile course adopted in the past by the Turkish Lira against major foreign currencies and its over-valuation, the Group espoused a conservative monetary position and financial risk management policy. The Group is exposed to exchange rate risk due to its operations conducted in numerous currency units. Efforts are spent to keep the ratio of the amount of positions of these currencies among themselves or against Turkish Lira to total shareholders' equity within certain limits. To this end, foreign currency position is continually analyzed, and the exchange rate risk is managed using balance sheet transactions, or when necessary, off-balance sheet derivative instruments.

Capital Risk

The Company's goals in managing the capital is to be able to ensure the continuity of the Company's activities to sustain the optimum capital structure for the purpose of providing returns for its shareholders and benefits for its other stakeholders, and for minimizing the cost of capital. The Company's shareholders may, to the extent allowed by the CMB legislation, alter the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares and sell its assets to decrease indebtedness in order to preserve or reformulate the capital structure. Along with the other companies in the sector, the Company monitors the capital by utilizing the debt/capital ratio, which is net indebtedness divided by total capital. Net debt is total debt less cash and cash-equivalent assets and deferred tax liabilities. Total capital is the shareholders' equity and net debt as shown in the balance sheet.

VI - OTHER MATTERS

16. CHANGES TO THE ARTICLES OF ASSOCIATION AND COMPANY POLICIES

There was no change in our Company's articles of association and policies between 1 January-31 December 2021.

On the other hand, during the Ordinary General Assembly meeting that took place on April 21, 2022, a resolution was passed to revise Article 7, "Board of Directors," and Article 9, "Auditors and their Duties," within the Company's Articles of Association. The amended versions of the subject articles are provided below:

New Version

Board of Directors

Article 7:

The business and administration of the Company are carried out by a Board of Directors consisting of a total of 10 (ten) members, of which 4 (four) are to be elected by the General Assembly from among the candidates nominated by the majority of the A group shareholders, 2 (two) by the majority of the B group shareholders, and 4 Independent members are to be elected by the General Assembly from among the candidates meeting the independence criteria.

The number of independent members who will take office on the Board of Directors and their qualifications, nomination, and selection shall comply with the regulations of the Capital Markets Board regarding corporate governance.

The majority of the members of the Board of Directors are non-executive members.

The members of the Board of Directors shall be elected for a maximum of three years. Members may be re-elected at the end of their terms.

In the event that the members of the Board of Directors appointed as the representatives of a legal entity are notified that their relations with that legal entity have been terminated, their membership in the Board of Directors shall end.

In the event of a vacancy in the membership of the Board of Directors prior to the expiration of the term, the Board of Directors elects a new member from among the candidates nominated by the majority of the group shareholders for the vacant membership, and if the vacant membership is an independent membership, the Board of Directors elects a new member in accordance with the regulations set forth by the Capital Markets Board and submits it for approval by the first General Assembly.

The member elected through this process shall remain in duty until they complete the terms of their predecessors.

The quorum for the meeting is 8. Decisions are taken with the affirmative votes of at least 8 of the members.

Participants authorized to participate in the meetings of the Board of Directors of the Company may also attend these meetings through an electronic medium in accordance with Article 1527 of the Turkish Commercial Code. The Company may establish an Online Meeting System or may purchase an already established system that will allow right holders to participate in these meetings and vote in these meetings by electronic means in accordance with the terms and conditions indicated in the "Communique on Meetings of Commercial Companies, other than general assemblies of joint stock companies, by electronic means". It shall be provided in the meetings that the right holders exercise their rights specified in the provisions of the relevant legislation within the scope of the relevant Communique through the use of the system established or over the supporting system purchased as per this Article.

The Corporate Governance Principles, which are considered mandatory to be applied by the Capital Markets Board, shall be duly followed. Any transaction conducted and the resolutions of the Board of Directors adopted without being in compliance with the mandatory principles shall be invalid and be considered a contradiction to the Articles of Association.

In all transactions considered material in terms of the implementation of the Corporate Governance Principles, and in all kinds of related party transactions of the Company, including the transactions regarding the issuance of guarantees, sureties, collateral pledges, and mortgages on behalf of the Company or in favor of third parties, the regulations of the Capital Markets Board regarding corporate governance shall be complied with.

The Company shall adhere to the principles set forth in the Capital Markets legislation when providing guarantees, suretyships, guarantees, or pledges, including mortgages, on its own behalf or on behalf of third parties.

The Board of Directors establishes various committees, including the Audit Committee, Corporate Governance Committee, Nomination Committee, Early Detection of Risk Committee, and Remuneration Committee, in order to ensure the healthy fulfillment of its duties and responsibilities in accordance with the situation and requirements of the Company. In case a separate Nomination Committee and Remuneration Committee cannot be formed, the Corporate Governance Committee fulfills the duties of these committees.

The Board of Directors shall determine and disclose to the public in detail the establishment of committees, the decision-making process, duties, and working principles, in accordance with the Corporate Governance Principles that are mandatory to be implemented by the Capital Markets Board, while taking into account the provisions of the Articles of Association. The Board of Directors retains the authority to amend the duties and workstreams of the committees, and to make any revisions it deems appropriate concerning their memberships.

Audit

Article 9:

Relevant provisions of Turkish Commercial Code and Capital Market Legislation shall be applicable with regard to audit of the Company.

17. ENVIRONMENT AND SUSTAINABILITY

Our Company has been upholding a sustainable environmental management system since its establishment. Our focus on adding value and commitment to continuous improvement has allowed us to systematically reduce and, where possible, eliminate any potential harm to the environment resulting from our activities.

1. Our Sustainability Strategy, Vision and Mission

As a Company, we remain committed to our responsibility for the continuity of our planet and life. Our sustainability efforts extend beyond the boundaries of our organization and encompass our customers, NGOs, investors, and all other stakeholders involved in the process, and our operations are conducted within the framework of the United Nations Sustainable Development Goals.

Our Company is committed to ensuring that the values and activities of our planet, our investors, our Company, and our customers continue and improve in a sustainable manner in the future, in accordance with the commitments we outlined in our Environmental Policy, which we publicly disclosed as part of our mission to become "an environmentally conscious company in the aviation industry through its practices."

2. ISO 14001:2015 Our Environmental Management System

Our Company has implemented an Environmental Management System that is designed to be sustainable, value-adding, and continuously improving, in accordance with the ISO 14001:2015 standard, which is widely recognized internationally. Our system has been certified by independent accreditation bodies, and aims to systematically minimize, and where possible, eliminate any adverse impacts on the environment.

As of 2022, the Company's Headquarters, 32 stations, and IST Airport Cargo Temporary Storage Facility have been certified for compliance with the ISO 14001:2015 Environmental Management System.

Through our Environmental Policy, which guides our Environmental Management System that is publicly available, we are committed to providing our investors and other stakeholders with the following:

- Minimizing our waste, preventing environmental pollution, while also ensuring compliance with all relevant environmental regulations,
- Implementing environmental sustainability programs aimed at reducing our utilization of natural resources,
- Striving to maximize the utilization of environmentally friendly technologies throughout operations, and to continuously improve our environmental performance.

Our Environmental Management System encompasses a range of programs and procedures that are designed to identify environmental aspects at every stage of our operations, from planning to the service delivery we provide to the customer, and to prevent or minimize the potential adverse impacts by proactively controlling these aspects, and to ensure the continuous improvement of our environmental performance, and continuous and effective implementation.

In this context, annual Environmental Goals and Programs are established and implemented at the Headquarters and at all our stations in order to reduce/eliminate our environmental impacts resulting from our major environmental aspects.

In 2022, our Company incorporated two environmental goals into its functional target set, categorized under the "Quality Scale":

Çelebi Hava Servisi A.Ş. Functional Environment Goals for 2022									
Purpose	Goal	Calculation Method	Weight in Quality Scale	TARGET SCALE					Realized Score
				1	2	3	4	5	
Prevention of environmental pollution, sustainable resource utilization, combating climate crisis, protection of biodiversity and ecosystem;	Reduced greenhouse gas emissions by 2% over the previous year.	Calculation in accordance with ISO 14064 standard. Comparison based on the amount of greenhouse gases per aircraft served compared to the previous year.	10%	No decrease	0% < T < 1%	2%	2% < T < 4%	4% < T	5
	Reducing natural resource utilization	Reduced water consumption by 2% over the previous year.	Comparison with the previous year on the quantity of water consumption per annual average number of HC personnel.						10%

The assignment of these goals, the monitoring of their realization levels and the steps taken to achieve them are carried out using our digital performance assessment platform.

In addition, we reduce and keep our environmental impacts under control, through the implementation of the following procedures and other documents that are in compliance with our ISO 9001 Quality, ISO 14001 Environment, and ISO 45001 Occupational Health and Safety Integrated Management System:

- Environment and OHS Handbook
- Risk and Opportunity Assessment Procedure
- Environmental Dimensions Assessment Procedure
- Legal Requirements Procedure
- General Training Procedure
- Emergency Procedure
- Documentation Procedure
- Operations Control Procedure
- Monitoring and Measurement Procedure
- Audit and Corrective Actions Procedure
- Management Review Procedure
- Greenhouse Gas Management Procedure
- Energy and Natural Resource Management Instruction
- Waste Management Instruction

3. Our Environmental Programs and Practices

Our Company recognizes the importance of utilizing natural resources essential for sustaining a healthy lifestyle while considering the needs of future generations and the associated responsibilities. Under the main headings of combating the climate crisis, optimizing natural resource utilization, and preventing environmental pollution-waste management, our Company conducts the following programs and practices:

3.1. Combating Climate Change

- As part of our commitment to the Carbon Disclosure Project (CDP), voluntarily calculating our greenhouse gas inventory and making this information available to the public and international investors, along with other practices we carry out to address the climate crisis,
- Purchasing and deploying electric vehicles (tractors, ladders, push-backs, passenger cars, etc.) instead of fossil fuel-consuming vehicles we use in our Apron Services, as well as converting the current fossil fuel equipment to electric,
- Utilizing lithium-ion batteries that are environmentally friendly in instead of traditional lead batteries,
- Conducting energy efficiency studies in our buildings and facilities (ventilation/cooling systems automation and isolation studies, conversion to LED lighting, etc.)
- Preventing the use of paper as a result of the digitization of business processes carried out with printed documents in our Operations, Human Resources, Administrative Affairs, Quality and other departments,
- Maintaining control over air pollutant emission sources by regularly conducting flue gas analyses through accredited institutions,
- Ensuring the reduction of greenhouse gases through involvement in the DHMI's Carbon-Free Airport Project.

Efforts on increasing the use of renewable energy and transition to electricity with zero or minimal carbon emissions:

- Utilization of solar panels in our buildings,
- Installation of solar panels on our passenger stairs with canopy.

As part of our efforts to mitigate greenhouse gas emissions from third parties (suppliers, subcontractors, dealers, etc.), we have ensured that our suppliers providing personnel vehicle services are taking the following measures:

- Preventing excessive fuel consumption and minimizing refrigerant gas leakage by performing routine maintenance and controls on service vehicles.
- In the process of setting the service routes, planning by selecting the shortest alternative routes, and assessing the service requirements of the new personnel with Çelebi Ground Handling in accordance with these routes, minimizing the route changes, and reducing fuel consumption.

3.2. Natural Resources Management

- Sorting recyclable (paper, plastic, etc.) and recoverable (waste batteries, toners/cartridges, electronic waste, etc.) wastes generated by our operations at source and recycling/recovering them through licensed facilities,
- Ensuring energy recovery by disposal of wastes with high calorific value, such as waste lubricants and end-of-life tires, generated as a result of our activities, at licensed incineration facilities,
- Reducing building electricity consumption by using photocell systems and energy efficient light bulbs in lighting installations,
- Reducing building water consumption by using photocell armatures at sinks,
- As part of the Green Buildings (LEED) Project, obtaining the relevant certification during the construction and operation phases of our Cargo & Headquarters and Technical Buildings at Istanbul New Airport ensuring the recycling of 94% of waste during the construction phase, 30% water savings, and 48% electrical energy savings in our buildings during the operation phase.
- Reusing filter backwash water from drinking water treatment plants in our vehicle/equipment washing activities,
- Using capture systems or equipment that prevent the release of cooling gases from equipment cooling systems into the atmosphere during maintenance processes,
- The Gray Water Project, which we have initiated to utilize rainwater collected within buildings for urinal purposes, remains ongoing.

3.3. Prevention of Environmental Pollution - Waste Management

- Maintaining control over our wastewater discharges through regular analysis conducted by accredited institutions at our wastewater sources,
- Ensuring that our wastewater is transferred to the treatment plant while minimizing the pollution load by physical treatment before discharging the wastewater to the relevant airport sewerage,
- As per the Zero Waste Regulation, segregating the waste generated from our operations at the source and facilitate the recycling, recovery, and reuse of the recyclable materials, and mitigating environmental harm by ensuring that non-recyclable hazardous waste is transported and disposed of by companies that are licensed by the Ministry of Environment, Urbanization, and Climate Change.,
- Ensuring reduction efforts by obtaining Engine Oil Change Point Permit Certificate and regularly monitoring our waste oils, resulting from equipment maintenance in our technical buildings through the MOYDEN system, which is managed by the Ministry of Environment, Urbanization, and Climate Change, furthermore, for our areas that are not in this scope, proceeding with our reduction efforts by obtaining an out-of-scope letter from the Ministry of Environment, Urbanization and Climate Change.
- Developing environmental training modules that can be easily accessed by all our employees through our online training platform (Çelebi E-school) with an informative video on environment and waste management, aimed at enhancing our employees' environmental awareness,
- Establishing a standardized infrastructure and superstructure throughout the Company to ensure the continuity of the Pandemic Waste Management System in 2023, and providing Pandemic Waste Management training to the relevant cleaning teams in this regard,
- Establishing and training Spill-Leak Response Teams as part of environmental emergency preparedness, conducting routine drills, and maintaining readily available absorbent materials and other response tools and equipment.

In addition to the activities mentioned above, to enhance our sustainability performance for our services:

- Environmental training and modules that are tailored to our operations have been developed and made accessible to our employees online through our electronic training platform.
- Our Company's software, Skyflow, has been updated with an Environmental Management Module, enabling us to efficiently monitor and track key environmental parameters, including waste generation quantities, natural resource consumption quantities, and greenhouse gas activity data.

This report does not include a comprehensive breakdown of the United Nations (UN) 2030 Sustainable Development Goals to which our programs and studies are aligned. This information is planned to be incorporated into an individual Sustainability Report that we intend to prepare in the upcoming period.

4. Benefits of Our Environmental Projects and Energy Efficiency Efforts

The table below provides comprehensive details on the environmental and financial benefits resulting from the efforts that have been implemented to mitigate or eliminate our impact on the environment:

Benefits of Our Environmental Projects / Energy Efficiency Efforts		
Project/Effort	Environmental Benefit / Revenue	Cost Savings
Conversion of 26 Conveyor Belts, 16 Passenger Stairs and 1 High-loader Equipment, which are powered by diesel fuel, to electric power	A total of 265.62 tons of CO ₂ e greenhouse gas emissions have been prevented annually.	An annual savings of TL 3,320,805 was achieved across various categories including fuel, maintenance, labor, and consumables.
Conversion of our 26 electric tractors' traditional lead-acid batteries to lithium-ion batteries	A total of 215.65 tons of CO ₂ e greenhouse gas emissions have been prevented annually.	An annual savings of TL 1,325,866 was achieved through reductions in electricity consumption, maintenance, labor, and consumables, among other factors.
A procurement of 9 electrical equipment was made, comprising of 3 Conveyor Belts, 2 Toilet Vehicles (LSU), 1 Clean Water Vehicle (WSU), 1 VNA, 1 GPU, 1 Passenger Ladder, and 21 lithium-ion batteries (luggage tractor). Following the procurement, previous fossil fuel-based equipment within the fleet was replaced with newly acquired units.	A total of 248.83 tons of CO ₂ e greenhouse gas emissions have been prevented annually.	An annual savings of TL 3,766,400 was achieved across various expenses such as fuel, maintenance, labor, and consumables.
Preventing the usage of paper as a result of the digitization of business processes carried out with printed documents in our Human Resources department	A total of 226,542 A4 sheets were saved annually. Thus, the prevention of 1,051 kg of CO ₂ e greenhouse gas emissions per year has been achieved.	An annual financial savings of TL 31,700 was attained.
Ensuring waste oil recycling resulting from our equipment maintenance activities	An annual recovery of 30 tons of waste oil was achieved. Thus, the emission of greenhouse gases resulting from the energy needed for the transportation and disposal of mineral waste oils is avoided, while also preventing the depletion of natural resources and energy consumption required for the production of mineral oil from scratch.	An annual financial savings of TL 10,200 was achieved.

Additionally, the table below outlines the specifics pertaining to the energy consumption and emission reduction attained from the energy efficiency projects that we have executed:

Energy Efficiency Projects		
Project/Effort	Greenhouse Gas Emission Reduction (tons CO ₂ e /year)	Reduction in Energy Consumption (kWh/year)
Integrating 10 conditioned ventilation facilities in our IGA Cargo Warehouse building into the automation system to ensure optimal efficiency	6.09	12,740
Converting a total of 622 T8-type lights to LEDs (422 at our Antalya Station and 200 at our Sabiha Gökçen Airport Station)	54.23	113,396
At our Sabiha Gökçen Airport Station, enhancing the physical infrastructure, optimizing insulation, implementing automated continuous heat monitoring and control to minimize the heat losses in the system room.	6.09	12,285

5. Renewable Energy / Transition to Low Carbon Electricity Efforts

Our Company accelerates its efforts to enhance the use of renewable energy and to transition to zero or low carbon electricity on yearly basis. In this regard, solar power plants have been installed in two of our buildings at Istanbul Airport.

The table below provide information regarding the power plants:

Detailed Information on Solar Power Plants		
Parameter	Technical Building	Cargo Building
Investment Cost (₺)	86,589	157,632
Installation Area (m ²)	240	528
Energy Generation (kWh per year)	17,800	
Greenhouse gas emission savings (CO ₂ e per year)	8.5	

All the energy generated by the power plants was utilized. With the exception of the stated power plants, no electricity, heat, steam, or other forms of energy were generated by our Company during the reporting period.

6. Water Management

The responsibility for managing water and other natural resource consumption within our Company is assigned to the Station Managements in our operation units. As per our Environmental Policy and functional targets, we conduct activities to minimize water consumption in accordance with the guidelines outlined in our "I-TR01-10000676-004 Energy and Natural Resource Management Instruction." During the Annual Management Review meetings, the topics of discussion include water consumption amounts, reduction and improvement efforts.

The airports we serve utilize mains water as their primary water source. The quality of the water is ensured by both the airport authority and our organization through regular drinking water analyses conducted by relevant institutions.

The information pertaining to water consumption is available in the section titled "Our Environmental Indicators."

7. Our Environmental Indicators

The indicators of greenhouse gas emissions, water consumption, waste generation and energy consumption, which are related to major environmental aspects and are critical for assessing our environmental performance, are monitored on a regular basis.

The data pertaining to these indicators is presented in the tables below in a manner that facilitates comparison with previous years:

Reporting Year	Greenhouse Gas Emissions Data				Emissions per Aircraft Served (tons CO ₂ e)	YoY Change
	Greenhouse Gas Emissions (tons CO ₂ e)					
	Scope 1	Scope 2	Scope 3	Total		
2011	6,676.30	2,065.30	-	8,741.60	0.05592083	Base Year
2012	7,440.40	2,395.25	-	9,835.65	0.05676783	1.51%
2013	6,678.89	2,354.04	-	9,032.93	0.05040529	-11.21%
2014	6,599.02	2,443.06	-	9,042.08	0.04685074	-7.05%
2015	8,132.82	2,386.61	-	10,519.43	0.05016250	7.07%
2016	6,771.92	1,810.04	-	8,581.95	0.05123539	2.14%
2017	6,319.36	2,197.33	-	8,516.69	0.06455365	25.99%
2018	5,170.67	1,764.93	-	6,935.60	0.05470707	-15.25%
2020	1,549.42	757.45	-	2,306.87	0.04895319	-10.52%
2021	2,430.25	1,644.45	1,888.93	5,963.63	0.08077840	12.75%

NOTE: Since the annual CDP reporting is scheduled for June 2023, the calculation of greenhouse gas emissions for the year 2022 has not yet been completed.

Water Consumption Data			
Year	Quantity Consumed (m ³)	Employee Water Consumption (m ³ /employee)	YoY Change
2019	68,165	17.36	
2020	29,913	16.64	-4.15%
2021	40,524	18.66	12.14%
2022	55,786	16.37	-12.27%

Water meters are installed within our buildings located at the airport stations, and our water consumption is subject to regular monitoring by the airport authority. We are subsequently invoiced for the water usage. Water bills are issued by the terminal authority based on square meters for the offices and zones where we are tenants. The calculation of consumption values is based on the analysis of invoices and accruals.

Quantities of waste (hazardous and non-hazardous) generated	
Year	Quantity of Waste (kg)
2013	127,238
2014	94,314
2015	193,233
2016	235,245
2017	193,857
2018	89,081
2019	180,384
2020	70,304
2021	306,082
2022	462,829

All of the Company's stations retain active accounts in the Integrated Environmental Information System (EÇBS) of the Ministry of Environment, Urbanization, and Climate Change (<https://ecbs.cevre.gov.tr/>), and the annual waste disclosures are entered into the Waste Management application in EÇBS. Quantities of waste are monitored through these disclosures.

Moreover, the monthly quantities of waste generated and shipped by the stations are tracked via the Skyflow Environmental Management Module software of the Company. Also, the weighing scales located in the temporary waste warehouses on the premises facilitate the calculation of the quantity of waste entering and exiting the warehouses. This information is documented through the use of "F-TR01-10000676-100 Waste Warehouse Entry Registration Form" and "F-TR01 10000676-005 Waste Tracking Chart".

Energy Consumption Values in 2021*			
Type of Energy	Scope 1	Type of Energy	Scope 2
	Quantity Consumed (liters)		Quantity Consumed (kWh)
Gasoline	15,448	Electricity	3,235,020
Diesel	798,997	Natural Gas	533,979
Total	814,445	Total	3,768,999

* NOTE: Since the annual CDP reporting is scheduled for June 2023, the energy consumption values for the year 2022 has not yet been clarified.

8. Greenhouse Gas Inventory Calculations - Methodology

Our Company conducts yearly greenhouse gas inventory calculations in accordance with the ISO 14064 standard. The station buildings, workshop, and vehicle/equipment parking zone utilized by Çelebi Ground Handling in the airport apron area, which falls under the financial and administrative control of Çelebi Ground Handling, along with the passenger services offices located in the airport terminal building and rented from the terminal operator, are encompassed in the greenhouse gas inventory as direct greenhouse gas emissions (Scope 1) and energy indirect greenhouse gas emissions (Scope 2).

As of the 2021 inventory, our greenhouse gas inventory includes the emissions resulting from the activities of our personnel service providers, and the fuel consumption of our employees who receive business travel/fuel support as other indirect greenhouse gas emissions (Scope 3).

The year 2011 is used as the base year in the calculations.

The details of the methodology employed within the scope of the ISO 14064 standard are outlined as follows:

- Emission factors within the scope of tier-1 (IPCC, IEA etc.) are used in our calculations.
- The emission factors we have chosen on the basis of emission source are as follows:
 - Warm-Up= IPCC 2006, Vol.2, Table 2.4. Default emission factors for stationary combustion in the commercial/institutional category (kg of greenhouse gas per TJ on a net calorific basis) (page 2.20)
 - GPU, ASU, ACU, emergency generator, vehicle washing equipment= IPCC 2006, Vol.2, Table 2.4. Default emission factors for stationary combustion in the commercial / institutional category (kg of greenhouse gas per TJ on a net calorific basis) (page 2.20)
 - Refrigeration system leaks = IPCC 2006, Vol.3; Chapter 7, Tablo 7.9: Estimates for charge, lifetime and emission factors for refrigeration and air-conditioning systems (page 7.52)
 - Impact Potentials on Global Warming = IPCC Fifth Assessment Report, 2014 (AR5); GWP values for 100-year time horizon
 - Fuel intensity = Regulation on Increasing Efficiency in the Use of Energy Resources and Energy, Annex-2: Lower Calorific Values of Energy Resources and Conversion Coefficients to Petroleum Equivalent
 - On-road and off-road vehicles = Sources: IPCC 2006, Vol.2;
 - Table 3.2.1. Road transport default CO₂ emission factors and uncertainty ranges (page 3.16)
 - Table 3.2.2. Road transport N₂O and CH₄ default emission factors and uncertainty ranges (page 3.21)
 - Table 3.3.1. Default emission factors for off-road mobile sources and machinery (page 3.36)

9. Environmental Reporting

Our Company regularly reports its efforts and data pertaining to the combat against the climate crisis to the Carbon Disclosure Project (CDP), which is comprised of investors who represent a total of USD 100 trillion in assets globally.

In this platform, in which we have participated since 2012, our score was raised from the C-Awareness band to the B-Management band in 2021 as a result of our effective and comprehensive efforts. Our Company has also been rated in the B-Management band in the Supplier Engagement Rating (SER) section of the report. The 2022 calendar year CDP reporting will be completed by June 2023, which is the dead-line set by the CDP.

In our Annual Report, which we have shared with our investors and the public since 2001, we features our information and data on environmental management practices.

The details of our environmental reporting are provided in the table below:

Environmental Reporting				
Report	Scope of the Report	Reporting Period	Reporting Date	Reporting Conditions, Platforms on which Reports are Disclosed
Carbon Disclosure Project (CDP)	All ÇHS	01 Jan 2021 - 31 Dec 2021	30 June 2022	The report is submitted through the official website of CDP, which is a global platform accessible at https://www.cdp.net/ . The reports are accessible to global investors. Since 2012, the reporting process has entailed submitting data for the preceding calendar year by the end of June annually. Hence, the reporting for the calendar year 2022 will be finalized by 30 June 2023.
Annual Report - Environment Section	All ÇHS	01 Jan 2012 - 31 Dec 2022	01.03.2023	It is reported on a quarterly basis, four times a year. Our Annual Report can be accessed on the Çelebi Investor website at http://celebiyatirimci.com/

10. Environmental Committees

The “ÇHS Sustainability Team” has been formed with the participation of all relevant departments in order to coordinate activities on sustainability throughout the CRC and to ensure effective communication between departments. Committee’s activities are conducted under the leadership of the Financial Affairs and Quality Departments. The Committee is not affiliated to the Board of Directors, and operates as an independent functional team within the Company.

On the stations side, Environmental Committees have been established under the leadership of Quality Officers to facilitate the coordination of environmental activities and programs within the framework of the ISO 14001 Environmental Management System that is currently being implemented. Effective coordination is maintained between the Central Committee and the Environment Committees at the stations through regular meetings, briefings, and reports.

11. Carbon Pricing, Carbon Credit

During the reporting period, the Company did not engage in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax). Currently, there is a lack of clarity regarding the Emissions Trading System (ETS) in Turkey. In case of clarification, engagement will be considered.

During the reporting period covering 01 January 2022 - 31 December 2022, there are no carbon credits accrued or purchased within the Company.

No carbon pricing is implemented within our partnership.

12. Criteria for Environmental Rewarding

During the reporting period, no environmental targets were incorporated into the rewarding criteria within the scope of performance incentive systems regarding stakeholders (such as members of the Board of Directors, managers and employees).

13. Related Party Relationships

The following table provides details on the activities we conduct to strengthen our relationships with related parties, such as public institutions, customers, and suppliers, and to contribute to collaborative studies:

Collaborations with Related Parties		
Organization	Subject Matter	Collaboration
Directorate General Of Civil Aviation (SHGM)	Drafts of the Environmental Management Regulation at Airports (SHY-ÇEVRE) and the Environmental Criteria Instruction for Airports (SHT-ÇEVRESEL)	Presenting opinion within the scope of the Regulation and Instruction planned to be published.
ASA (Airport Services Association)	Sustainability Committee	An active role is taken in the established committee.
Lokman Hekim Sağlık Vakfı	Support for medical students	Support is provided for the foundation's charitable activities.

We do not have any lawsuits filed and/or concluded against our Company regarding ESG issues, which are important in terms of our ESG policies and/or will significantly affect our activities.

18. EVENTS AFTER THE FINANCIAL STATEMENT DATE

Due to the earthquake that struck Kahramanmaraş on 6 February 2023 and affected several provinces, particularly Adana, Adiyaman, Diyarbakır, Elazığ, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa, a state of emergency was declared for a period of three months, along with a state of force majeure until 31 July 2023, in the provinces affected by the earthquake. Çelebi Ground Handling operates ground handling services in Kahramanmaraş, Hatay, Malatya, Diyarbakır and Adana, which are directly affected by the earthquake disaster.

The Company implemented all essential measures and sustained the provision of ground handling services, encompassing all relief flights to and from these airports, through the deployment of supplementary personnel and equipment from other locations. The provinces mentioned earlier have undergone assessments of damage, which have shown that the earthquake had minimal impacts on the Company's machinery, equipment, special costs, and fixed assets, and the impact on the financial reports was deemed insignificant.

The Law on the Amendment of the Social Insurance and General Health Insurance Law and the Decree Law Act No. 375, Law Act No. 7438, which encompasses the regulation for Those Ineligible to Retire due to Age, was published on 3 March 2023 in the Official Gazette with number 32121 and entered into force on the date of its publication. While this matter is classified as a non-adjusting event following the reporting period under the purview of TAS 10 Events after the Reporting Period, investigations into assessing its impact on the Group's operations and financial position are currently underway.

19. PROFIT DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

Our financial statements prepared on the basis of our legal books of account dated 31 December 2022 show a net current profit in the amount of TL 1,040,258,789.32 remaining after the deduction of all taxes and other legal obligations.

As there is no Prior Year's Loss available to be deducted from the Net Period Profit, the Net Distributable Profit amount that should be considered for profit distribution in accordance with our Company's legal records is TL 1,040,258,789.32.

The Net Profit for the Period, after the deduction of Tax and Legal liabilities, in our Company's consolidated financial statements dated 31 December 2022, that were prepared in accordance with the formats specified by CMB and in the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) pursuant to the Capital Markets Board of Turkey (CMB) Communique Serial: II, No. 14.1 on the "Principles of Financial Reporting in the Capital Markets", and which have been audited by independent organizations, amounted to TL 1,079,953,824.00

Within the framework of CMB legislation, as there is no Prior Year Loss available to be deducted from the Net Profit for the Period in our Company's consolidated financial statements and no General Legal Reserve that needs to be set aside pursuant to the Turkish Commercial Code (TCC), the Net Distributable Profit for the Period is TL 1,079,953,824.00.

Accordingly, the Net Profit for the Period amounting to TL 1,079,953,824.00 in the Consolidated Financial Statements of our Company dated 31 December 2022, and the previous year profits included in the financial statements prepared according to the CMB and the financial statements prepared in accordance with the legal records, amounting to TL 93,555,000.00 to be covered from the existing resources/funds in its equity, will be distributed as follows:

ÇELEBİ HAVA SERVİSİ A.Ş. Profit Distribution Table for 2022 (TL)		
	According to CMB legislation	According to legal records
Net Profit for the Period	1,079,953,824.00	1,040,258,789.32
Prior Year Loss (-)	0.00	0.00
General Legal Reserves	0.00	0.00
Net Distributable Profit for the Period	1,079,953,824.00	1,040,258,789.32
First Dividend to Shareholders	1,215,000.00	1,215,000.00
Second Dividend to Shareholders	944,055,000.00	944,055,000.00
Other Funds for Distribution	85,050,000.00	85,050,000.00
General Legal Reserves	102,910,500.00	102,910,500.00
- Period Profit	94,405,500.00	94,405,500.00
- Other Funds to Be Distributed	8,505,000.00	8,505,000.00
Transferred to Extraordinary Reserves	40,278,324.00	583,289.32

In this framework, in accordance with the CMB regulations pertaining to profit distribution and with respect to the period from 1 January 2022 until 31 December 2022, we hereby present for the approval of the Ordinary General Assembly that will convene on 13 April 2023 that:

- Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey be paid a TL 42.4000 gross=net cash dividend for each share of stock with a nominal value of TL 1.00 that they hold corresponding to a ratio of 4240.00%;
- Other shareholders be paid a TL 42.4000 gross cash dividend for each share of stock with a nominal value of TL 1.00 that they hold, which corresponds to a ratio of 4240.00%, and TL 38.1600 net cash dividend for each share of stock with a nominal value of TL 1.00 that they hold, which corresponds to a ratio of 3816.00%;
- The dividend payout date be set as 17 April 2023.

Very truly yours,

ÇELEBİ HAVA SERVİSİ A.Ş.
BOARD OF DIRECTORS

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year 4

1.2. Right to Obtain and Examine Information

The number of special audit request(s) 0

The number of special audit requests that were accepted at the General Shareholders' Meeting 0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/tr/Bildirim/1022686>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time Provided in Turkish.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 -

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) -

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II- 17.1) -

The name of the section on the corporate website that demonstrates the donation policy of the company <http://www.celebiyatirimci.com/tr/yazi.php?id=37>

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved <https://www.kap.org.tr/tr/Bildirim/1022686>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting 10

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any <https://www.kap.org.tr/tr/Bildirim/1022686>

1.4. Voting Rights

Whether the shares of the company have differential voting rights No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. -

The percentage of ownership of the largest shareholder 89.91

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association. -

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy <http://www.celebiyatirimci.com/tr/yazi.php?id=27>

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

CORPORATE GOVERNANCE INFORMATION FORM

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
21.04.2022	0	89.91%	0.00%	89.91%	www.celebiyatirimci.com.tr >> Information about General Assembly >> Minutes of General Assembly Meetings and List of Attendees >> Ordinary General Assembly Meeting dated 21 April 2022 >> Minutes of the Meeting	www.celebiyatirimci.com.tr >> Information about General Assembly >> Minutes of General Assembly Meetings and List of Attendees >> Ordinary General Assembly Meeting dated 21 April 2022 >> Minutes of the Meeting	-	45	https://www.kap.org.tr/tr/Bildirim/1022686

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	www.celebiyatirimci.com.tr
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	www.celebiyatirimci.com >> About Us >> Shareholding Structure
List of languages for which the website is available	Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors, Audit, Committees and Senior Management
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Board of Directors, Audit, Committees and Senior Management >> Corporate Governance, Audit and Early Detection of Risk Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The Board of Directors held 94 meetings in 2022.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	-
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	-
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	-
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Direct or Indirect Associates of the Company and Information on Shareholding Therein
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Information on Personnel and Human Resources Policy

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Members of the Ethics Board
The contact detail of the company alert mechanism	ethics@celebiaviation.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	Employee Committee
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Defined in the Company's Human Resources Policy.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Defined in the Human Resources section at the www.celebiaviation.com
Whether the company provides an employee stock ownership program	-
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Defined in the Human Resources section at the www.celebiaviation.com
The number of definitive convictions the company is subject to in relation to health and safety measures	-
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	www.celebiyatirimci.com.tr >> Disclosures >> Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	www.celebiyatirimci.com.tr >> About >> Social Responsibility
Any measures combating any kind of corruption including embezzlement and bribery	www.celebiyatirimci.com.tr >> Disclosures >> Code of Ethics
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	-
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Can Çelebioğlu: Chairman of the Board of Directors Hüseyin Hüsnü Okvuran: Vice Chairman of the Board of Directors
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	54
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	-
Name of the Chairman	Can Çelebioğlu
Name of the CEO	Osman Yılmaz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	The number of female members is 3 and the ratio to the total number of members is 30%.

CORPORATE GOVERNANCE INFORMATION FORM

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/ Or Finance Or Not
Can Çelebioğlu	Yes	Not Independent Director	06.01.1983	-	-	-	Yes
Hüseyin Hüsni Okvuran	Yes	Not Independent Director	07.12.2022	https://www.kap.org.tr/Bildirim/1085673-	-	-	Yes
Canan Çelebioğlu	No	Not Independent Director	06.01.1983	-	-	-	Yes
Turgay Kuttaş	No	Not Independent Director	24.05.2012	-	-	-	Yes
Esra Soydan	No	Not Independent Director	07.12.2022	https://www.kap.org.tr/Bildirim/1085673-	-	-	Yes
Mehmet Yağız Çekin	No	Not Independent Director	17.05.2013	-	-	-	Yes
Uğur Tefvik Doğan	No	Independent Director	19.04.2018	https://www.kap.org.tr/Bildirim/919949	Considered by the Corporate Governance Committee	No	Yes
Halil Yurdakul Yiğitgüden	No	Independent Director	09.04.2019	https://www.kap.org.tr/Bildirim/919949	Considered by the Corporate Governance Committee	No	Yes
İsmail Aydın Günter	No	Independent Director	21.04.2022	https://www.kap.org.tr/Bildirim/1022857	Considered by the Corporate Governance Committee	No	Yes
Demet Özdemir	No	Independent Director	21.04.2022	https://www.kap.org.tr/Bildirim/1022857	Considered by the Corporate Governance Committee	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	94
Director average attendance rate at board meetings	83%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	-
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	The upper limit specified in sub-clause (i) of Article 4.3.6 of the CMB Corporate Governance Principles is accepted.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors, Audit, Committees and Senior Management >> Corporate Governance, Audit and Early Detection of Risk Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/Bildirim/1022857

Composition of Board Committees-I

Names of the Board Committees	Name of Committees Defined As "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Uğur Tefvik Doğan	-	Board Member
Audit Committee	-	Halil Yurdakul Yiğitgüden	-	Board Member
Audit Committee	-	İsmail Aydın Günter	-	Board Member
Audit Committee	-	Demet Özdemir	-	Board Member
Corporate Governance Committee	-	Uğur Tefvik Doğan	-	Board Member
Corporate Governance Committee	-	Mehmet Yağız Çekin	-	Board Member
Corporate Governance Committee	-	İsmail Aydın Günter	-	Board Member
Corporate Governance Committee	-	Deniz Bal	-	Not Board Member
Early Detection of Risk Committee	-	Halil Yurdakul Yiğitgüden	-	Board Member
Early Detection of Risk Committee	-	Turgay Kuttaş	-	Board Member
Early Detection of Risk Committee	-	Demet Özdemir	-	Board Member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee undertakes the duties of the Nominating Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Early Detection of Risk Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee undertakes the duties of the Remuneration Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report >> The Relevant Sector, 2022 Activities and Performance
Specify the section of website where remuneration policy for executive and non-executive directors is presented.	www.celebiyatirimci.com.tr >> Disclosures >> Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report >> Financial Rights Provided to the Members of the Governing Body and Senior Management

Composition of Board Committees-II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee	-	100%	100%	7	-
Corporate Governance Committee	-	100%	50%	7	-
Early Detection of Risk Committee	-	100%	66%	7	-

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status				Explanation
	Yes	Partial	No	Exempted	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS					
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X				
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION					
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X				
1.3. GENERAL ASSEMBLY					
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X				
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X				
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X				
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X				
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X				
1.4. VOTING RIGHTS					
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X				
1.4.2 - The company does not have shares that carry privileged voting rights.	X				
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X				
1.5. MINORITY RIGHTS					
1.5.1 - The company pays maximum diligence to the exercise of minority rights.			X		Minority shareholdings interests are not represented in the Company's administration because there is no minority shareholders who have been designated as candidates in elections for Company directors or statutory auditors and elected to such positions.

	Compliance Status				Explanation	
	Yes	Partial	No	Exempted		Not Applicable
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The Company's articles of association contain no provisions concerning the representation of minority shareholding interests on the Board of Directors or governing the accumulated voting method.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Decisions that may affect the employees are notified to themselves and to the employee representatives, but since there is no union structure at Çelebi Hava Servisi A.Ş., it is not applicable to get union opinion.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.					X	
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					There is a female member at the Board of Directors of our Company. Although a policy has not been established yet, the rate of female members is 30%, above the 25% limit.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Since the Company's Board of Directors consists of 8 members other than the chairman and the vice chairman and there are 3 different committees formed, some members serve on more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees formed under the Board of Directors did not receive any external consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remunerations and all other benefits provided to the members of the Board of Directors and to the executives with administrative responsibility are disclosed in the "Financial Rights Provided to the Members of the Governing Body and Senior Managers" section of the annual report.

SUSTAINABILITY REPORT

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
A. General Principles						
A1. Strategy, Policy and Targets						
		X			ESG priorities, risks and opportunities have been identified.	Station Environmental Factors Analysis Studies are documented in the Integrated Management Systems Risk and Opportunity Analysis forms. Corporate Governance Compliance Report is published together with the Annual Report.
A1.1	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.	X			In our Environmental Policy, our commitments to comply with the Environmental Management System and legal requirements, which we have established to protect the environment, are disclosed. In our Ethical Behavior Principles, our management principles on Commitment to purpose and mission, Compliance with laws and terms of service, Honesty, Impartiality, Equality, Courtesy, Respect, Dignity and Trust, Effective Resource Utilization, Information Management and Privacy, Professionalism, and Avoiding Conflict of Interest are disclosed. In our Remuneration Policy, the principles of establishing and managing a remuneration system commensurate with the performance of our employees and the duties, responsibilities, experience and expertise they have assumed at the Company are disclosed.	Environmental Policy is publicly disclosed at https://www.celebiaviation.com/about/quality-and-safety , HR Policies at https://www.celebiaviation.com/career/hr-policies , Remuneration Policy and Ethical Conduct Principles at http://www.celebiyatirimci.com/tr/yazi.php?id=18 .
A1.2	Publicly discloses short- and long-term goals set according to ESG policies.		X		Despite the fact that the goals have been set within the framework of ESG policies, the studies and assessments of the Board of Directors on the establishment and public disclosure of the long-term goals continue.	

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
A2. Implementation/ Monitoring						
A2.1			X		Although the committees have been established to a certain extent within the scope of implementing ESG policies, the Board of Directors is currently conducting studies and assessments to identify and publicly disclose the highest level of authority and its associated duties within the partnership for ESG issues.	
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.		X		The Quality and Safety Department provides quarterly reports to the Board of Directors on the Environment and Sustainability activities conducted within the organization.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
A2.2	Creates and discloses implementation and action plans aligned with ESG targets		X		While the environmental and sustainability goals have been established, the studies and assessments of the Board of Directors on public disclosure continues.	
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.		X		In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, information on environmental Key Performance Indicators (KPI) is disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.		X		In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, information about our environmental sustainability activities is disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
A3. Reporting						

SUSTAINABILITY REPORT

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
A3.1	X					Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
A3.2		X			The studies of the Board of Directors on this topic and their assessments on public disclosure continue.	
A3.3	X				Our Company is not involved in any lawsuits regarding environmental, social, or corporate governance issues that have material impact on its operations.	
A4. Verification						
A4.1		X			The studies of the Board of Directors on this topic and their assessments on public disclosure continue.	
B. Environmental Principles						
B1	X				As part of our implementation of the ISO 14001 Environmental Management System, we have detailed the practices and programs aligned with our Environmental Policy commitments in the "ENVIRONMENT AND SUSTAINABILITY" section of our Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B2		X			In the "ENVIRONMENT AND SUSTAINABILITY" section of our Annual Report, the subject information regarding our environmental reporting is disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B3	Provided in A2.1.		X		Although the committees have been established to a certain extent within the scope of implementing ESG policies, the Board of Directors is currently conducting studies and assessments to identify and publicly disclose the highest level of authority and its associated duties within the partnership for ESG issues.	
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).			X		The studies of the Board of Directors on this topic and their assessments on public disclosure continue.
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.			X		The studies of the Board of Directors on this topic and their assessments on public disclosure continue.

SUSTAINABILITY REPORT

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B6	Provided in A2.4.	X			Information about our environmental sustainability activities is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.	X			In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, information about our activities throughout our value chain is shared.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B8	Discloses whether it is involved in policy-making processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any.	X			In the "ENVIRONMENTAL AND SUSTAINABILITY" section of our Company's Annual Report, information about our collaborations with relevant organizations and NGOs is disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).	X			Relevant information is shared in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B10	Discloses the standard, protocol, methodology and baseline year details used to collect and calculate its data.	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report. Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report. Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B12	Sets short and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.	X				In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company Annual Report, information about our environmental goals is disclosed. Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B13	Discloses its strategy and actions to combat the climate crisis.			X		In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, our activities regarding the climate crisis are disclosed. The studies of the Board of Directors regarding strategy integration, and their assessments on public disclosure continue. Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .

SUSTAINABILITY REPORT

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
	X				In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, information about the programs and procedures developed is explained.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B14	X				Relevant information is shared in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B15	X				In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, information on environmental benefits/revenues and cost savings provided by our initiatives and projects to mitigate our environmental impacts is disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B16	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B17	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK	
	YES	NO	PARTIAL	N/A			
B18	Conducts and discloses studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	X				In the "ENVIRONMENTAL AND SUSTAINABILITY" section of our Company's Annual Report, information about our work on the transition to low-carbon electricity (use of ground handling equipment powered by electricity instead of fossil fuel, etc.) is disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B19	Discloses data on its renewable energy generation and consumption.	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X				In the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report, information about the reduction in quantity achieved through the implementation of energy efficiency practices was disclosed.	Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.	

SUSTAINABILITY REPORT

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.
B23	Discloses the carbon credits saved or purchased during the reporting period.	X				Relevant information is disclosed in the "ENVIRONMENT AND SUSTAINABILITY" section of our Company's Annual Report.
B24	Discloses the details if carbon pricing is applied within the Company			X		Our Company routinely delivers CDP reports. At present, Turkey does not have an established emissions trading system (ETS). Upon implementation of the system, engagement will be assessed by the Board of Directors.
B25	Discloses the platforms that it reports its environmental information to.	X				The Company Annual Report's "ENVIRONMENT AND SUSTAINABILITY" section publicly discloses the platforms (CDP) where our environmental information is reported. Our report is submitted in a non-public status on the CDP platform. Our report is accessible exclusively to platform members who are investors, while the general public does not have access to it.

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
C. Social Principles						
C1. Human Rights and Employee Rights						
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.		X			The studies of the Board of Directors on this topic and their assessments of public disclosure continue.
C1.2	Incorporates equitable workforce, improvement of working standards, women's employment and inclusion (not discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain.			X		The policies pertaining to employee rights mentioned under this heading are included in our Company's existing Procurement Policy, Human Resources Policy, and Employee Handbook. Our Board of Directors is diligently working towards achieving full compliance with all policies defined in this heading.

SUSTAINABILITY REPORT

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C1.3	Discloses the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or for securing minority rights/equal opportunity.		X			The studies of the Board of Directors on this topic and their assessments of public disclosure continue.	
C1.4	Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.	X					Relevant information is shared in the Employee Information and Human Resources Policy section of our 2022 Annual Report at http://celebiyatirimci.com/en/yazi.php?id=12 .
	Incorporates investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/life balance solutions and talent management in its policies concerning employee rights.	X				The information is partially mentioned in the Employee Handbook.	Relevant information is shared in the Employee Information and Human Resources Policy section of our 2022 Annual Report at http://celebiyatirimci.com/en/yazi.php?id=12 .
C1.5	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.	X				Our Company policies, including the Code of Ethics and the Disciplinary Regulation, have established and implemented mechanisms to address employee complaints and disputes.	
	Discloses the activities for ensuring employee satisfaction during the reporting period.	X				An annual employee satisfaction survey is conducted on a regular basis, and the results are disclosed exclusively within the Company.	Relevant information is shared in the Employee Satisfaction Practices section of our 2022 Annual Report at http://celebiyatirimci.com/en/yazi.php?id=12 .

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
Establishes and discloses occupational health and safety policies.	X				As part of our implementation of the ISO 45001 Occupational Health and Safety Management System, we have established an OHS Policy that outlines our commitments, and it is readily available to all interested parties on our website.	The OHS Policy has been made publicly available at https://www.celebiaviation.com/about/quality-and-safety .
C1.6 Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.		X			Our Company adopts the appropriate measures in compliance with the ISO 45001 Occupational Health and Safety Management System and OHS legislation, which it implements to prevent workplace accidents, and prepares legal reports while studies on the public disclosure of statistics continue.	
C1.7 Establishes and discloses personal data protection and data security policies.	X					They are publicly disclosed at https://www.celebiaviation.com/about/personel-data-protection and at https://www.celebiaviation.com/information-security-policy .
C1.8 Establishes and discloses a code of ethics.	X					It is publicly disclosed at https://www.celebiaviation.com/about/principles-of-ethical-behavior and at https://www.celebiaviation.com/career/principles-of-ethical-conduct .
C1.9 Organizes information meetings and training programs on ESG policies and practices for employees.	X					Relevant information is shared in the Environment and Sustainability section of our 2022 Annual Report, available at http://celebiyatirimci.com/en/yazi.php?id=12 .

PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
C2. Stakeholders, International Standards and Initiatives						
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.		X			While our Company has established systems for handling and resolving customer complaints, our Board of Directors is currently conducting studies and assessments to develop a customer satisfaction policy that will be publicly disclosed.
C2.2	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).		X			The studies of the Board of Directors on this topic and their assessments of public disclosure continue.
C2.3	Discloses the international reporting standards embraced in its reporting.	X				In the Financial Statements and Reports Explanations section of our Annual Report, we disclosed the international reporting standards embraced in our reporting. Relevant information is shared in the Explanations Related to Financial Statements and Reports in our Annual Reports at http://celebiyatirimci.com/en/yazi.php?id=12 .
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.		X			The studies of the Board of Directors on this topic and their assessments of public disclosure continue.

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/or international index providers.		X			The studies of the Board of Directors on this topic and their assessments of public disclosure continue.	
D. Corporate Governance Principles							
D1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.		X			The assessment of the Board of Directors on the studies under this headline continues.	
D2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X				Relevant information is shared in the "Social Responsibility" section of the Annual Report.	Relevant information is shared in our Annual Reports at http://celebiyatirimci.com/en/yazi.php?id=12 .

ACKNOWLEDGEMENT OF RESPONSIBILITY

BOARD OF DIRECTORS DECISION ESPOUSING THE FINANCIAL STATEMENTS AND ANNUAL REPORTS

DECISION DATE: 7/03/2023
DECISION NUMBER: 2023/10

ACKNOWLEDGEMENT OF RESPONSIBILITY PURSUANT TO THE CMB COMMUNIQUÉ NO: II-14.1, ARTICLE 9

We hereby represent that;

- we have examined the independently audited consolidated financial statements which have been approved by our Company's Board of Directors decision dated 07.03.2023 and numbered 2023/10, and by the Audit Committee decision no. 2023/01 dated 03.03.2022, which are prepared pursuant to the CMB Communiqué No: II-14.1, article 9 on Principles of Financial Reporting in Capital Markets and drawn up in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS"), and the Board of Directors' Annual Report for the year ended 31 December 2022,
- to the best of our knowledge we have with respect to our positions and responsibilities in the Company, these financial statements and annual report contain no misrepresentations on material matters or no omissions whose absence could be misleading as of the date on which the statement was made; and
- to the best of our knowledge we have with respect to our positions and responsibilities in the Company, the financial statements drawn up in accordance with the CMB Communiqué No: II-14.1, article 9 on Principles of Financial Reporting in Capital Markets -inclusive of those subject to consolidation- represent a true and fair view of the Company's assets, liabilities, financial status and profit/loss, and that the annual report presents a fair view of the development and performance of the business -inclusive of those subject to consolidation-, the Company's financial standing, and the key risks and uncertainties it is exposed to.

Yours sincerely,

ÇELEBİ GROUND HANDLING INC.



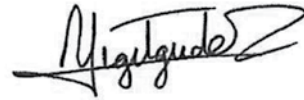
Deniz BAL
Financial Affairs Director



Osman YILMAZ
CEO



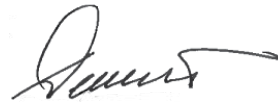
Uğur Tefvik DOĞAN
Audit Committee Member



Halil Yurdakul YİĞİTGÜDEN
Audit Committee Member



İsmail Aydın GÜNTER
Audit Committee Member



Demet ÖZDEMİR
Audit Committee Member

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2022 AND INDEPENDENT AUDIT REPORT**



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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 contracts 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.
- 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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022

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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
ASSETS			
Current assets			
Cash and cash equivalents	4	1.928.963.765	1.093.962.834
Financial investments		117.856.757	63.208.735
- <i>Restricted bank balances</i>	5	60.756.407	49.130.668
- <i>Time deposits</i>	5	57.100.350	14.078.067
Trade receivables		552.654.268	380.688.778
- <i>Trade receivables from related parties</i>	8	1.682.036	589.742
- <i>Trade receivables from third parties</i>	8	550.972.232	380.099.036
Other receivables		391.046.292	279.619.410
- <i>Other receivables from related parties</i>	9	84.869.838	60.554.654
- <i>Other receivables from third parties</i>	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
Total current assets		3.192.893.299	1.929.753.409
Non-current assets			
Financial investments		47.877.504	53.479.264
- <i>Restricted bank balances</i>	5	47.832.174	53.479.264
- <i>Other financial assets at fair value through profit/loss</i>		45.330	-
Other receivables		423.549.399	361.676.712
- <i>Other receivables from related parties</i>	9	-	64.295.790
- <i>Other receivables from third parties</i>	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
- <i>Goodwill</i>	13	124.300.843	119.963.138
- <i>Other intangible assets</i>	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
Total non-current assets		4.857.693.725	3.535.073.478
Total assets		8.050.587.024	5.464.826.887

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

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
LIABILITIES			
Current liabilities			
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
Total current liabilities		2.139.547.574	1.689.558.051
Non-current liabilities			
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
Total non-current liabilities		2.659.133.119	2.105.423.750
Total liabilities		4.798.680.693	3.794.981.801
EQUITY			
Equity attributable to equity holders of the parent			
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
Non-controlling interests		459.467.272	315.921.024
Total equity		3.251.906.331	1.669.845.086
Total liabilities and equity		8.050.587.024	5.464.826.887

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

CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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
CONTINUING OPERATIONS			
Revenue	20	6.072.008.541	2.560.188.835
Cost of sales (-)	20	(3.902.275.886)	(1.728.319.360)
GROSS PROFIT		2.169.732.655	831.869.475
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)
OPERATING PROFIT		1.575.002.493	525.755.696
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
OPERATING PROFIT BEFORE FINANCE EXPENSE		1.546.038.262	612.859.206
Finance income	27	200.039.323	188.534.725
Finance expenses (-)	28	(284.931.130)	(171.358.032)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1.461.146.455	630.035.899
PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		(4.419.592)	-
Tax expense		(302.736.702)	(65.112.502)
Current tax expense	29	(300.775.570)	(60.961.994)
Deferred tax income/(expense)	29	(1.961.132)	(4.150.508)
PROFIT FOR THE PERIOD		1.153.990.161	564.923.397
Profit for the Period Attributable to			
Non-controlling interests		74.036.337	31.469.501
Equity holder of the Parent		1.079.953.824	533.453.896
		1.153.990.161	564.923.397
Earnings/(loss) per share (Kr)	30	0,444	0,220

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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
Net profit for the period	1.153.990.161	564.923.397
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
- (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
Items that will be reclassified to profit or loss		
- Foreign currency translation differences	367.440.508	531.570.262
Other comprehensive income	621.798.313	644.821.489
Total comprehensive (expense)/income	1.775.788.474	1.209.744.886
Total comprehensive income attributable to:		
Non-controlling interests	173.248.477	211.963.552
Equity holders of the parent	1.602.539.997	997.781.334
	1.775.788.474	1.209.744.886

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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	
	Share capital	Gains/(losses) on remeasurement of defined benefit plans	Foreign currency translation differences	Foreign currency translation differences	Restricted reserves appropriated from profit
As of 1 January 2022	24.300.000	(34.956.456)	121.050.632	613.208.705	74.387.905
Transfers	-	-	-	-	-
Dividend payment	-	-	-	-	17.608.871
Additional capital contributions from non-controlling shareholders	-	-	-	-	-
Other comprehensive income/ (expense)					
- Foreign currency translation difference	-	-	295.918.446	268.389.823	-
- Gains/(losses) on remeasurement of defined benefit plans	-	(41.722.096)	-	-	-
Total other comprehensive income/(expenses)	-	(41.722.096)	295.918.446	268.389.823	-
Net profit/(loss) for the period	-	-	-	-	-
Total comprehensive income/ (expense)	-	(41.722.096)	295.918.446	268.389.823	-
As of 31 December 2022	24.300.000	(76.678.552)	416.969.078	881.598.528	91.996.776

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

Retained earnings					
Prior years' profit/ (losses)	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity	
22.479.380	533.453.896	1.353.924.062	315.921.024	1.669.845.086	
533.453.896	(533.453.896)	-	-	-	
(181.633.871)	-	(164.025.000)	(33.142.929)	(197.167.929)	
-	-	-	3.440.700	3.440.700	
-	-	564.308.269	99.050.377	663.358.954	
-	-	(41.722.096)	161.455	(41.560.641)	
-	-	522.586.173	99.212.140	621.798.313	
-	1.079.953.824	1.079.953.824	74.036.337	1.153.990.161	
-	1.079.953.824	1.602.539.997	173.248.477	1.775.788.474	
374.299.405	1.079.953.824	2.792.439.059	459.467.272	3.251.906.331	

CONSOLIDATED STATEMENTS 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	
	Share capital	Gains/(losses) on remeasurement of defined benefit plans	Foreign currency translation differences	Foreign currency translation differences
As of 1 January 2021	24.300.000	(27.110.446)	-	262.085.889
Transfers	-	-	-	-
Dividend payment	-	-	-	-
Increase in minority shares of subsidiary	-	-	-	-
Increase due to other changes	-	-	-	-
Other comprehensive income/ (expenses)				
- Foreign currency translation difference	-	-	121.050.632	351.122.816
- Gains/(losses) on remeasurement of defined benefit plans	-	(7.846.010)	-	-
Total other comprehensive income/ (expenses)	-	(7.846.010)	121.050.632	351.122.816
Net profit/(loss) for the period	-	-	-	-
Total comprehensive income/ (expense)	-	(7.846.010)	121.050.632	351.122.816
As of 31 December 2021	24.300.000	(34.956.456)	121.050.632	613.208.705

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

		Retained earnings				
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	
74.387.905	192.120.125	(169.179.611)	356.603.862	89.693.613	446.297.475	
-	(169.179.611)	169.179.611	-	-	-	
-	-	-	-	(48.360.547)	(48.360.547)	
-	-	-	-	62.624.406	62.624.406	
-	(461.134)	-	(461.134)	-	(461.134)	
-	-	-	472.173.448	180.447.446	652.620.894	
-	-	-	(7.846.010)	46.605	(7.799.405)	
-	-	-	464.327.438	180.494.051	644.821.489	
-	-	533.453.896	533.453.896	31.469.501	564.923.397	
-	-	533.453.896	997.781.334	211.963.552	1.209.744.886	
74.387.905	22.479.380	533.453.896	1.353.924.062	315.921.024	1.669.845.086	

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>
		1 January -	1 January -
	Notes	31 December 2022	31 December 2021
A. Cash flows from operating activities		1.702.571.564	627.218.008
Net profit/loss for the period		1.153.990.161	564.923.397
Adjustments for reconciliation of net profit/loss for the period		855.529.087	232.799.893
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)
Changes in working capital		(105.334.191)	(103.509.462)
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
Cash flows generated from operations		1.904.185.057	694.213.828
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.

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. Cash flows from investing activities		(330.161.845)	(66.612.483)
Cash inflows from sale of property, plant and equipment and intangible assets		953.074	19.030.691
- Cash inflows from sale of property, plant and equipment		953.074	19.030.691
Cash outflows from purchase of property, plant and equipment and intangible assets		(364.440.342)	(90.471.984)
- Cash outflows from purchase of property, plant and equipment	11	(221.466.768)	(86.876.891)
- Cash outflows from purchase of intangible assets	13	(142.973.574)	(3.595.093)
Dividends received	6	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)
C. Cash flows from financing activities		(1.009.236.774)	(498.536.736)
Lease payments		(185.916.269)	(119.119.474)
Cash inflows from borrowings	7	313.965.093	497.012.095
Cash outflows due to debt payments	7	(943.342.149)	(768.216.693)
Dividends paid	31	(164.025.000)	(57.712.500)
Interest paid		(93.411.378)	(80.569.471)
Interest received	27	63.492.929	30.069.307
Net increase in cash and cash equivalents before the effect of foreign currency translation differences		363.172.945	62.068.789
D. Foreign currency translation differences		470.782.786	460.077.226
Net increase in cash and cash equivalents		833.955.731	522.146.015
E. Cash and cash equivalents at the beginning of the period	4	1.093.574.832	571.428.817
Cash and cash equivalents at the end of the period	4	1.927.530.563	1.093.574.832

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

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 İstanbul 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:

Subsidiary	Registered country	Geographical region	Nature of business
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
CASI	India	India	Ground handling services
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.

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

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

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

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.

- Associate

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

Associate	Registered country	Geographical region	Nature of business
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.

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

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 IFRS Taxonomy" published by the POA on 15 April 2019 and the Financial Statement Examples and User Guide published by the CMB.

The Company and its Subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the principles and standards issued by POA, Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of Turkey ("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.

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

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

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

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.

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.

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

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

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.

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.

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

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

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.

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.

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

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

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.

- 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.

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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

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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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.

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).

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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:

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

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

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

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.

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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.

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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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.

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.

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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.

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.

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.

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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.

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).

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2.4.17 Segment Reporting

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

2.4.18 Taxes on Income

Current tax expense and deferred tax

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

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

Income tax

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

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.

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.

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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).

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.

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

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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:

(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.

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

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

(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.

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

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.

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

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

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

1 January - 31 December 2022	Operation Groups			Consolidated
	Ground Handling	Cargo and Warehouse Services	Consolidation Adjustments	
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)
Gross profit	1.275.055.974	894.364.477	312.204	2.169.732.655
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
EBITDA	1.099.408.993	910.767.982	1.313.994	2.011.490.969
Lease expenses under TFRS 16	(140.535.088)	(45.381.181)	-	(185.916.269)
EBITDA (Except for TFRS 16)	958.873.905	865.386.801	1.313.994	1.825.574.700

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

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

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

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)
Operating profit	1.575.002.493	525.755.696
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)
Profit before tax	1.461.146.455	630.035.899

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
- <i>time deposit</i>	1.255.465.152	744.666.178
- <i>demand deposit</i>	671.762.927	348.355.032
	1.928.963.765	1.093.962.834

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)
	1.927.530.563	1.093.574.832

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

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

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
	108.588.581	102.609.932

Time deposits:

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

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	-	-
		45.330		-

NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	31 December 2022		31 December 2021	
	Percentage of Shares %	31 December 2022	Percentage of Shares %	31 December 2021
DASPL	24,99	19.463.360	24,99	20.391.743
		19.463.360		20.391.743

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
As of 1 January	20.391.743	157.711.645
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)
As of 31 December	19.463.360	20.391.743

(*) 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 Celebi 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.

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

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

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
	(6.329.697)	3.781.303

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	74.673.384
EUR lease obligation		10.653.137	212.751.662
TL lease obligation		29.552.607	29.552.607
HUF lease obligation		13.829.613	690.236
Total short-term lease obligations			317.667.889

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
Total short-term portion of long-term borrowings:			692.168.864
Total short-term borrowings:			1.009.836.753

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

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

Long-term borrowings:

	31 December 2022		
	Effective interest rate (%)	Original balance	TL
Long-term borrowings:			
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
			498.445.840
Long-term lease obligations:			
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
Total long-term lease obligations			1.501.108.498
Total long-term borrowings			1.999.554.338
Total borrowings			3.009.391.091

Short-term borrowings:

	31 December 2021		
	Effective interest rate (%)	Original balance	TL
Short-term borrowings:			
EUR Borrowings	20,24-21,00	72.619.920	72.619.920
TL Borrowings	3,00-3,95	6.450.000	97.484.655
			170.104.575

Short-term lease obligations:

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
Total short-term lease obligations			199.077.376

Short-term portion of long-term borrowings:

	31 December 2021		
	Effective interest rate (%)	Original balance	TL
Short-term portion of long-term borrowings:			
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
Short-term portion of total long-term borrowings:			674.004.935
Total short-term borrowings:			1.043.186.886

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

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

Long-term borrowings:

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

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
	3.009.391.091	2.740.676.806

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
	498.445.840	634.359.293

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
	1.818.776.387	1.262.208.003

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

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

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
	405.043.722	332.938.754

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

	2022	2021
Beginning of the period - 1 January	1.478.468.803	1.090.963.506
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
End of the period - 31 December	1.190.614.704	1.478.468.803

(*) 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
Beginning of the period - 1 January	1.262.208.003	714.699.774
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
End of the period - 31 December	1.818.776.387	1.262.208.003

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

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)
Trade receivables from third parties (net)	550.972.232	380.099.036
Trade receivables from related parties (Note 31)	1.682.036	589.742
Total short-term trade receivables	552.654.268	380.688.778

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
Closing balance	98.676.286	79.272.561

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

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

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	
Maximum of credit risk exposed as of the reporting date	1.682.036	550.972.232	84.869.838	729.725.853	1.975.060.253
- Amount of risk covered by guarantees	-	31.165.740	-	-	-
Net carrying value of financial assets which are not due or not impaired	1.682.036	393.322.546	84.869.838	729.725.853	1.975.060.253
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	-	-	-	-	-
- 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	
Maximum of credit risk exposed as of the reporting date	589.742	380.099.036	124.850.444	516.445.678	1.146.500.474
- Amount of risk covered by guarantees	-	22.884.231	-	-	-
Net carrying value of financial assets which are not due or not impaired	589.742	314.822.403	124.850.444	516.445.678	1.146.500.474
Net 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	-	-	-	-	-
- 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.

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

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

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
	97.398.251	68.821.671

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
Total trade payables to third parties	442.994.548	321.195.923
Due to third parties (Note 31)	3.291.944	11.780.141
Total short-term trade payables	446.286.492	332.976.064

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
Short-term other receivables from related parties	306.176.454	219.064.756
Other receivables from related parties (Note 31)	84.869.838	60.554.654
Total short-term other receivables	391.046.292	279.619.410

(*) 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).

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

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

Other long-term receivables

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

(*) 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
Total short-term other payables	28.420.155	19.402.947

Other long-term payables

	31 December 2022	31 December 2021
Deposits and guarantees received	54.166.153	39.168.652
Total long-term other payables	54.166.153	39.168.652

NOTE 10 - INVENTORIES

	31 December 2022	31 December 2021
Merchandises	16.234.843	10.475.951
Other inventories (*)	48.433.196	30.345.070
Total inventories	64.668.039	40.821.021

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

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
Cost						
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
	1.827.234.618	221.466.768	(12.005.022)	-	580.266.713	2.616.963.077
Accumulated depreciation						
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)
	(952.432.779)	(113.211.746)	11.439.681	-	(297.145.315)	(1.351.350.159)
Net book value	874.801.839					1.265.612.918

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.

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

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

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

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

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
Cost					
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
	1.441.076.291	82.504.371	27.499.616	617.366.830	2.168.447.108
Accumulated depreciation					
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)
	(377.469.251)	(163.560.214)	-	(135.695.234)	(676.724.699)
Net book value	1.063.607.040				1.491.722.409

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

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

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

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

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

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

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
Cost					
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
	1.186.510.596	142.973.574	(53.392)	366.448.956	1.695.879.734
Accumulated depreciation					
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)
	(485.207.354)	(89.510.398)	53.392	(152.314.912)	(726.979.272)
Net book value	701.303.242				968.900.462

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.

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

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

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
Cost					
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
	465.967.370	217.018.818	3.595.093	499.929.315	1.186.510.596
Accumulated depreciation					
Rights	(5.410.777)	-	(678.246)	(4.140.302)	(10.229.325)
Computer 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)
	(201.142.813)	(38.488.947)	(47.969.021)	(197.606.573)	(485.207.354)
Net book value	264.824.557				701.303.242

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

(**) Refers to fixed asset expenditures made within 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.

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
	124.300.843	119.963.138

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)	-
Goodwill	124.300.843	119.963.138

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

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

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.

	<u>31 December 2022</u>	<u>31 December 2021</u>
Ground handling services - CGHH	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;

Discount rate	11,2%
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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.

	<u>31 December 2022</u>	<u>31 December 2021</u>
Ground handling services - KSU	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;

Discount rate	17,6%
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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short-Term Provisions

Other short-term provisions

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

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

	<u>2022</u>	<u>2021</u>
As of 1 January	9.047.150	8.094.479
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
As of end of the period	10.679.098	9.047.150

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

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

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
	46.513.558	54.068.019

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

b) Long-term provisions

Long-term provision for employee benefits

	31 December 2022	31 December 2021
Provision for employment termination benefits	143.103.765	45.879.138
	143.103.765	45.879.138

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

Since the legislation was changed on 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
As of 1 January	80.970.229	48.913.299
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
As of period end	150.871.653	80.970.229

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

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

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

	2022	2021
As of 1 January	18.976.928	11.490.497
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
As of period end	38.745.670	18.976.928

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
	79.611.065	53.286.795

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
	1.083.456.313	690.254.380

(*) 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.

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

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

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

CPGM given by the Group	31 December 2022		31 December 2021	
	Amount	TL Equivalent	Amount	TL Equivalent
A. CPGM given on behalf of the Group's legal personality		383.465.116		228.624.438
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. CPGM given on behalf of fully consolidated subsidiaries		699.991.197		461.629.942
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
C. CPGM given for continuation of its economic activities on behalf of the third parties	-	-	-	-
D. Total amount of other CPGM	-	-	-	-
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	-	-	-	-
		1.083.456.313		690.254.380

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

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	-
	42.507.926	14.666.920

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
	91.811.185	57.404.380

(*) 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
	117.735.926	25.182.643

(*) 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
	324.900.195	235.346.924

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

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
	80.364.686	48.588.050

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
	84.120.073	26.277.786

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
	94.585.719	53.572.646

Long-term deferred income

	31 December 2022	31 December 2021
Deferred income	15.269.112	2.078.680
	15.269.112	2.078.680

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
	219.634.885	102.203.827

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
	24.300.000	100,00	24.300.000	100,00

Restricted reserves appropriated from profit (legal reserves)

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

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.

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)
Revenue	6.072.008.541	2.560.188.835
Cost of sales	(3.902.275.886)	(1.728.319.360)
Gross profit	2.169.732.655	831.869.475

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)
	(4.492.914.187)	(2.006.520.815)

(*) 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).

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

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

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)
	(590.638.301)	(278.201.455)

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
	137.751.907	60.483.487

(*) 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)
	(141.291.837)	(88.395.811)

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
	813.475	84.541.331

(*) 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.

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

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

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)
	(37.888.236)	(1.219.124)

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
	200.039.323	188.534.725

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)
	(284.931.130)	(171.358.032)

(*) 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)
Current income tax (asset)/liability, net (*)	165.854.988	41.720.208
Deferred tax assets	340.335.572	256.168.334
Deferred tax liabilities	(122.139.556)	(85.460.436)
Deferred tax assets - net	218.196.016	170.707.898

(*) 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.

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

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

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

In Turkey, the corporate tax rate is 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)
	(302.736.702)	(65.112.502)

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

	2022	2021
Profit before tax in the financial statements	1.456.726.864	630.035.899
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)
Expected tax expense of the Group	(348.111.986)	(159.144.970)
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)
Current period tax expense of the Group	(302.736.702)	(65.112.502)

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

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

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

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
Deferred tax assets				
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
Deferred tax assets			340.335.572	256.168.334
Deferred tax liabilities				
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)
Deferred tax liabilities			(122.139.556)	(85.460.436)
Deferred tax assets, net			218.196.016	170.707.898

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

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

The table of deferred tax movement is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
As of 1 January	170.707.898	127.190.064
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
As of the end of the period	218.196.016	170.707.898

(*) 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
Net profit/(loss) attributable to the parent company	1.079.953.824	533.453.896
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000
Earnings per share (Kr)	0,444	0,220

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 ⁽¹⁾	1.653.638	577.289
Other	28.398	12.453
	1.682.036	589.742

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

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

Other receivables from related parties

	31 December 2022	31 December 2021
Çelebi Havacılık Holding ^{(1) (*)}	84.869.838	124.850.444
	84.869.838	124.850.444

(*) 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 ^{(1) (*)}	3.267.192	7.255.171
DASPL ⁽⁵⁾	24.752	4.521.662
Other	-	3.308
	3.291.944	11.780.141

ii) Significant transactions with related parties

Miscellaneous sales to related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Çelebi Havacılık Holding ⁽¹⁾	9.669.028	5.104.350
Other	-	49.168
	9.669.028	5.153.518

Contribution to holding expenses ^(*)

	1 January - 31 December 2022	1 January - 31 December 2021
Çelebi Havacılık Holding ⁽¹⁾	187.573.446	97.329.153
	187.573.446	97.329.153

Other purchases from related parties

	1 January - 31 December 2022	1 January - 31 December 2021
DASPL ^{(3) (**)}	9.554.741	15.437.702
Çelebi Havacılık Holding ^{(1) (*)}	33.476.125	8.810.120
	43.030.866	24.247.822

(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.

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

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

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 ⁽¹⁾	-	94.392.000	21.393.947
Celebi Delhi Cargo ⁽²⁾	-	313.600.000	71.077.440
CASI ⁽³⁾	-	2.499.800.000	566.579.670
Celebi Cargo GmbH ⁽⁴⁾	2.050.000	-	40.940.140
	2.050.000	2.907.792.000	699.991.197
31 December 2021	EUR	INR	Total TL
Celebi Nas ⁽¹⁾	-	94.392.000	16.482.731
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	58.672.320
CASI ⁽³⁾	-	2.035.800.000	355.491.396
Celebi Cargo GmbH ⁽⁴⁾	2.050.000	-	30.983.495
	2.050.000	2.466.192.000	461.629.942

(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
	70.983.015	32.978.958

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
Fixed interest rate financial instruments		
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
Floating interest rate financial instruments		
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).

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

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

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

31 December 2022	Book value	Total cash outflows	Contractual			
			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	-

31 December 2021	Book value	Total cash outflows	Contractual			
			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).

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.

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

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

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)
Net foreign currency position	(51.582.701)	(12.229.341)

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
4. Current Assets (1+2+3)	764.501.936	13.058.657	20.348.526	9.900	113.286.315
5. Other	4.314.522	-	-	-	4.314.522
6. Non-Current Assets (5)	4.314.522	-	-	-	4.314.522
7. Total Assets (4+6)	768.816.458	13.058.657	20.348.526	9.900	117.600.837
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
11. Current liabilities (8+9+10)	516.236.262	1.674.335	8.973.336	80.813	303.841.021
12. Financial Liabilities	302.929.038	-	13.463.608	-	34.050.015
13. Other Monetary Liabilities	1.233.859	-	-	-	1.233.859
14. Non-Current Liabilities (12+13)	304.162.897	-	13.463.608	-	35.283.874
15. Total Liabilities (11+14)	820.399.159	1.674.335	22.436.944	80.813	339.124.895
16. Net Foreign Currency Asset/(Liability) Position (7-15)	(51.582.701)	11.384.360	(2.088.418)	(70.913)	(221.524.058)
17. Net Monetary Foreign Currency Asset/ (Liability) Position (7-15)	(51.582.701)	11.384.360	(2.088.418)	(70.913)	(221.524.058)

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

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

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
4. Current Assets (1+2+3)	506.025.397	15.638.131	15.808.093	1.202	58.265.789
5. Other	64.299.027	-	4.254.083	-	3.242
6. Non-Current Assets (5)	64.299.027	-	4.254.083	-	3.242
7. Total Assets (4+6)	570.324.424	15.638.131	20.062.176	1.202	58.269.031
8. Trade Payables	59.509.488	1.151.294	-	7.985	43.992.047
9. Financial Liabilities	275.644.512	-	5.243.313	-	196.397.604
10. Other Monetary Liabilities	50.712.797	506.660	13.293	64.671	42.578.473
11. Current liabilities (8+9+10)	385.866.797	1.657.954	5.256.606	72.656	282.968.124
12. Financial Liabilities	195.803.624	-	9.548.201	-	51.493.069
13. Other Monetary Liabilities	883.344	-	-	-	883.344
14. Non-Current Liabilities (12+13)	196.686.968	-	9.548.201	-	52.376.413
15. Total Liabilities (11+14)	582.553.765	1.657.954	14.804.807	72.656	335.344.537
16. Net Foreign Currency Asset/(Liability) Position (7-15)	(12.229.341)	13.980.177	5.257.369	(71.454)	(277.075.506)
17. Net Monetary Foreign Currency Asset/ (Liability) Position (7-15)	(12.229.341)	13.980.177	5.257.369	(71.454)	(277.075.506)

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.

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

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

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).

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
	6.598.906	-	6.598.906	4.490.030	-	4.490.030

NOTE 34 - EVENTS AFTER THE BALANCE SHEET DATE

Due to the earthquake in Kahramanmaraş on 6 February 2023 that affected several cities, especially Adana, Adiyaman, 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.

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