

Çelebi Hava Servisi Anonim Şirketi

Condensed consolidated financial statements for the interim period 1 January – 31 March 2022

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

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2022

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

		<i>Current period</i>	<i>Prior period</i>
		<i>Not Audited</i>	<i>Audited</i>
	Notes	31 March 2022	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	1,126,032,436	1,093,962,834
Financial investments	5	20,609,289	63,208,735
-Restricted bank balances		20,609,289	49,130,668
-Time deposits		-	14,078,067
Trade receivables	8	484,602,204	380,688,778
-Due from related parties		3,797,942	589,742
-Due from third parties		480,804,262	380,099,036
Other receivables	9	308,670,174	279,619,410
-Due from third parties		66,695,831	60,554,654
-Due from related parties		241,974,343	219,064,756
Inventories	10	37,870,710	40,821,021
Prepaid expenses	16	74,664,936	48,588,050
Current tax assets	23	9,221,994	8,197,661
Other current assets	15	13,385,767	14,666,920
Total current assets		2,075,057,510	1,929,753,409
Non-current assets			
Financial investments	5	89,050,075	53,479,264
- <i>Restricted bank balances</i>		89,050,075	53,479,264
Other receivables	9	439,790,837	361,676,712
-Due from related parties		69,404,519	64,295,790
-Due from third parties		370,386,318	297,380,922
Investments accounted using equity method	6	20,603,733	20,391,743
Property, plant and equipment	11	981,342,552	874,801,839
Right-of-use assets	12	1,124,762,674	1,063,607,040
Intangible assets	13	890,034,062	821,266,380
-Goodwill		133,439,646	119,963,138
-Other intangible assets		756,594,416	701,303,242
Prepaid expenses	16	20,338,277	26,277,786
Deferred tax asset	23	259,968,329	256,168,334
Other non-current assets	15	59,474,248	57,404,380
Total non-current assets		3,885,364,787	3,535,073,478
Total assets		5,960,422,297	5,464,826,887

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2022

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

	Notes	Current period	Prior period
		Not Audited 31 March 2022	Audited 31 December 2021
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	143,961,205	170,104,575
Short-term portion of long-term financial liabilities	7	678,637,508	674,004,935
Short-term lease payables	7	199,080,953	199,077,376
Trade payables	8	246,559,821	293,952,430
-Due to related parties		4,810,712	11,780,141
-Due to third parties		241,749,109	282,172,289
Employee benefit obligations	18	145,754,609	102,203,827
Other payables	9	65,731,049	58,426,581
-Due to third parties		65,731,049	58,426,581
Deferred income	17	54,719,517	53,572,646
Current tax liability	23	61,807,234	49,917,869
Short-term provisions	14	77,106,287	63,115,169
-Provisions for employee benefits		67,586,916	54,068,019
-Other short-term provisions		9,519,371	9,047,150
Other current liabilities	15	42,300,288	25,182,643
Total current liabilities		1,715,658,471	1,689,558,051
Non-current liabilities			
Long-term financial liabilities	7	648,583,660	634,359,293
Payables from long-term leases	7	1,146,740,460	1,063,130,627
Other payables	9	40,064,864	39,168,652
-Other long-term payables to third parties		40,064,864	39,168,652
Long-term provisions	14	48,148,678	45,879,138
-Provisions related to employee benefits		48,148,678	45,879,138
Deferred tax liability	23	89,698,996	85,460,436
Other non-current liabilities	15	267,252,761	235,346,924
Deferred income	17	1,817,734	2,078,680
Total non-current liabilities		2,242,307,153	2,105,423,750
Total liabilities		3,957,965,624	3,794,981,801
EQUITY			
Equity attributable to equity holders of the parent		1,639,595,227	1,353,924,062
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		136,590,380	86,094,176
-Foreign currency translation differences		171,546,836	121,050,632
-Losses on remeasurement of defined benefit plans		(34,956,456)	(34,956,456)
Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		719,661,583	613,208,705
-Foreign currency translation differences		719,661,583	613,208,705
Restricted reserves appropriated from profit	19	74,387,905	74,387,905
Prior years' profit		555,933,276	22,479,380
Net profit/(loss) for the period		128,722,083	533,453,896
Non-controlling interests		362,861,446	315,921,024
Total equity		2,002,456,673	1,669,845,086
Total liabilities and equity		5,960,422,297	5,464,826,887

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

		<i>Current period</i>	<i>Prior period</i>
		<i>Not Audited</i>	<i>Not Audited</i>
	Notes	1 January - 31 March 2022	1 January - 31 March 2021
CONTINUING OPERATIONS			
Revenue	20	1,094,758,659	451,090,935
Cost of sales (-)	20	(751,623,267)	(334,868,125)
GROSS PROFIT		343,135,392	116,222,810
General administrative expenses (-)		(121,804,654)	(59,435,964)
Other operating income		25,784,225	116,220,702
Other operating expenses (-)		(44,826,361)	(135,171,555)
OPERATING PROFIT		202,288,602	37,835,993
Income from investment activities		120,053	2,311,930
Expenses from investment activities (-)		(787)	(9,092)
Income from investments accounted by equity method	6	(1,910,106)	1,162,430
OPERATING PROFIT BEFORE FINANCE EXPENSE		200,497,762	41,301,261
Financial income	21	44,793,343	33,767,364
Financial expenses (-)	22	(57,987,881)	(121,435,051)
(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		187,303,224	(46,366,426)
Tax expense		(45,674,407)	68,395
Current tax expense	23	(34,019,718)	(12,801,752)
Deferred tax income/(expense)	23	(11,654,689)	12,870,147
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		141,628,817	(46,298,031)
Profit for the Period Attributable to:			
Non-controlling interests		12,906,734	6,978,003
Equity holder of the Parent		128,722,083	(53,276,034)
		141,628,817	(46,298,031)
Earnings/(loss) per share (Kr)	24	0.053	(0.022)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>Not Audited</i>	<i>Not Audited</i>
	1 January - 31 March 2022	1 January - 31 March 2021
Notes		
Net profit for the period	141,628,817	(46,298,031)
Items that will be reclassified to profit or loss		
- Foreign currency translation differences	50,496,204	-
- Gains / (losses) on remeasurement of defined benefit plans	-	105,327
Items that will be reclassified to profit or loss		
- Foreign currency translation differences	140,486,566	147,787,175
Other comprehensive income / (expense)	190,982,770	147,892,502
Total comprehensive income	332,611,587	101,594,471
Total comprehensive income attributable to:		
Non-controlling interests	46,940,422	77,262,610
Equity holders of the parent	285,671,165	24,331,861
	332,611,587	101,594,471

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIOD ENDED 31 MARCH 2022

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

	Accumulated other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			Accumulated other comprehensive income and expenses that will be reclassified subsequently to profit or loss			Retained earnings			
	Share capital	Gains / (losses) on remeasurement of defined benefit plans	Foreign currency translation differences	Foreign currency translation differences	Restricted reserves appropriated from profit	Prior years' profit / (losses)	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of 1 January 2022	24,300,000	(34,956,456)	121,050,632	613,208,705	74,387,905	22,479,380	533,453,896	1,353,924,062	315,921,024	1,669,845,086
Transfers	-	-	-	-	-	533,453,896	(533,453,896)	-	-	-
Other comprehensive income / (expense)										
- Foreign currency translation difference	-	-	50,496,204	106,452,878	-	-	-	156,949,082	34,033,688	190,982,770
Other comprehensive income / (expense)	-	-	50,496,204	106,452,878	-	-	-	156,949,082	34,033,688	190,982,770
Net profit/(loss) for the period	-	-	-	-	-	-	128,722,083	128,722,083	12,906,734	141,628,817
Total comprehensive income / (expense)	-	-	50,496,204	106,452,878	-	-	128,722,083	285,671,165	46,940,422	332,611,587
As of 31 March 2022	24,300,000	(34,956,456)	171,546,836	719,661,583	74,387,905	555,933,276	128,722,083	1,639,595,227	362,861,446	2,002,456,673

(*) In addition to the partnership agreement signed between the Company and other partners on 17 January 2021 regarding Çelebi Nas, the Company's joint venture with 57% participation, residing in Mumbai, India, it was registered on 8 February 2021. With the additional protocol that entered into force, changes were made in the "Reserve Matters/Privileged Matters" articles in favor of the Company, which would affect the power and authority to control Çelebi Nas' financial and operating policies in line with the Company's interests. Within this framework, it has started to be consolidated in 2021 by using the full consolidation method from the date on which the control passed to the Company. TL 60,580,752 of the amount in foreign currency translation differences in non-controlling interests is related to the inclusion of Çelebi Nas in the scope of full consolidation.

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIOD ENDED 31 MARCH 2022

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

	Share capital	Gains / (losses) on remeasurement of defined benefit plans	Foreign currency translation differences	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	Restricted reserves appropriated from profit	Prior years' profit / (losses)	Retained earnings		Total equity
								Net profit / (loss) for the period	Equity attributable to equity holders of the parent	
As of 1 January 2021	24,300,000	(27,110,446)	262,085,889	74,387,905	192,120,125	(169,179,611)	356,603,862	89,693,613	446,297,475	
Transfers to prior years' profits	-	-	-	-	(169,179,611)	169,179,611	-	-	-	
Dividend payment	-	-	-	-	-	-	-	(7,710,730)	(7,710,730)	
Increase in subsidiary minority shares (*)	-	-	-	-	-	-	-	62,534,138	62,534,138	
Other comprehensive income										
- Foreign currency translation difference (*)	-	-	77,607,895	-	-	-	77,607,895	70,179,280	147,787,175	
- Gains on remeasurement of defined benefit plans	-	-	-	-	-	-	-	105,327	105,327	
Total other comprehensive income	-	-	77,607,895	-	-	-	77,607,895	70,284,607	147,892,502	
Net profit for the period	-	-	-	-	-	(53,276,034)	(53,276,034)	6,978,003	(46,298,031)	
Total comprehensive income / (expense)	-	-	77,607,895	-	-	(53,276,034)	24,331,861	77,262,610	101,594,471	
As of 31 March 2021	24,300,000	(27,110,446)	339,693,784	74,387,905	22,940,514	(53,276,034)	380,935,723	221,779,631	602,715,354	

(*) In addition to the partnership agreement signed between the Company and other partners on 17 January 2021 regarding Çelebi Nas, the Company's joint venture with 57% participation, residing in Mumbai, India, it was registered on 8 February 2021. With the additional protocol that entered into force, changes were made in the "Reserve Matters/Privileged Matters" articles in favor of the Company, which would affect the power and authority to control Çelebi Nas' financial and operating policies in line with the Company's interests. Within this framework, it has started to be consolidated in 2021 by using the full consolidation method from the date on which the control passed to the Company. TL 60,580,752 of the amount in foreign currency translation differences in non-controlling interests is related to the inclusion of Çelebi Nas in the scope of full consolidation.

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Not Audited</i>	<i>Not Audited</i>
		1 January –	1 January –
	Notes	31 March	31 March
		2022	2021
A. Cash flows from operating activities		102,253,829	(173,457,463)
Net (loss) / profit for the period		141,628,817	(46,298,031)
Adjustments for reconciliation of net profit/loss for the period		155,992,607	151,668,862
Adjustments related to depreciation and amortization expenses	11, 12, 13	78,504,231	41,713,636
Adjustments related to impairment (reversal)		167,629	2,677,150
Adjustments related to provisions		13,312,873	7,075,655
- Adjustments related to provisions for employee benefits		13,312,873	7,075,655
Adjustments related to interest income and expenses	21,22	31,889,561	23,485,647
- Adjustments related to interest income		(11,423,897)	(5,928,878)
- Adjustments related to interest expenses		43,313,458	29,414,525
Adjustments related to unrealized foreign currency translation differences		(15,169,887)	80,250,437
Adjustments related to tax (income) expenses		45,674,407	(68,395)
Adjustments related to undistributed profit of investments that are accounted by the equity method	6	1,910,106	(1,162,430)
Adjustments related to gains/losses on disposal of non-current assets		(296,313)	(2,302,838)
Changes in working capital		(166,747,705)	(237,106,910)
Decrease (increase) in financial investments		-	(65,456,797)
Adjustments related to increase/decrease in trade receivables		(109,166,130)	(89,472,010)
-Decrease/increase in due from related parties		(3,208,200)	(7,002,544)
-Decrease/increase in due from third parties		(105,957,930)	(82,469,466)
Adjustments related to increase/decrease in other receivables related to operations		(96,703,698)	(180,994,495)
Adjustments related to increase/decrease in inventories		2,950,311	(3,299,888)
Decrease (increase) in prepaid expenses		(20,137,377)	(19,938,033)
Adjustments related to increase/decrease in trade payables		(47,392,609)	14,851,556
-Increase (decrease) in due to related parties		(6,969,429)	(3,877,821)
-Increase (decrease) in due to third parties		(40,423,180)	18,729,377
Increase (decrease) in payables related to employee benefits		43,550,782	30,963,643
Adjustments related to increase/decrease in other payables related to operations		60,151,016	76,239,114
Cash flows generated from operations		130,873,719	(131,736,079)
Payments related to provisions for employee benefits	14	(3,896,496)	(2,818,986)
Payments related to other provisions		(1,568,708)	(1,050,060)
Tax returns (payments)		(23,154,686)	(37,852,338)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Not Audited</i>	<i>Not Audited</i>
		1 January –	1 January –
		31 March	31 March
	Notes	2022	2021
B. Cash flows from investing activities		(47,560,327)	2,150,268
Cash inflows from sale of property, plant and equipment and intangible assets		10,978,284	4,260,589
-Cash inflows from sale of property, plant and equipment	11,13	10,978,284	4,260,589
-Cash inflows from sale of intangible assets		-	-
Cash outflows from purchase of property, plant and equipment and intangible assets		(63,381,959)	(1,843,210)
-Cash outflows from purchase of property, plant and equipment		(63,153,807)	(1,731,890)
-Cash outflows from purchase of intangible assets		(228,152)	(111,320)
Right-of-use assets		-	(347,756)
Cash inflows from cash advances and debts given to related parties		(1,329,707)	(1,184,355)
Dividends received		-	1,265,000
Other cash inflows		6,173,055	-
C. Cash flows from financing activities		(151,860,770)	(147,230,896)
Lease payments		(36,604,513)	(43,260,440)
Cash inflows from financial liabilities		200,528,649	188,101,162
Cash outflows due to debt payments		(323,554,713)	(242,515,181)
Dividends paid		-	(47,992,500)
Interest paid		(3,654,090)	(7,492,815)
Interest received		11,423,897	5,928,878
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		(97,167,268)	(318,538,091)
D. Foreign currency translation differences		128,769,292	210,917,807
Net increase/decrease in cash and cash equivalents		31,602,024	(107,620,284)
E. Cash and cash equivalents at the beginning of the period		1,093,574,832	571,428,818
Cash and cash equivalents at the end of the period	4	1,125,176,856	463,808,534

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (referred as the “Company” or “Çelebi Hava”) established in 1958 was the first private ground handling service company in the Turkish aviation sector. The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc.) 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 and Uşak airports, which are under the control of the State Airports Administration (“DHMI”) and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. (“HEAS”). The Company is controlled by Çelebi Havacılık Holding Anonim Şirketi, the parent company which is jointly controlled by Çelebioğlu Family and Zeus Aviation Services Investments B.V.

The Company is registered in Capital Markets Board (“CMB”) and has been listed in Borsa Istanbul (“BIST”) since 18 November 1996. As of 31 March 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 average number of employees working for the Group as of the interim period ended on 31 March 2022 is 10,588. (31 December 2021: 9,902).

Information on Subsidiaries and Investments Valued with Equity Method:

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

- Subsidiaries of the Group:

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

In 2006, the Company acquired the shares of Budapest Airport Handling, which provides airport ground handling services at Budapest Airport, and its trade name was changed to Celebi Ground Handling Hungary (“CGHH”). The Company currently owns 100% of the capital of CGHH and as of 31 December 2021, the paid-in capital of CGHH is Hungarian Forint 200,000,000 Hungarian Forints.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

- Subsidiaries of the Group (cont'd)

The Company participated as a co-founder in the company with capital of Indian Rupee 100,000 under the title Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") to carry out activities relating to the development, modernization and 25-year operation of the existing cargo terminal in the airport ("Brownfield") in New Delhi in India on 6 May 2009 with a shareholding rate of 74%. The paid capital of the Celebi Delhi Cargo is Indian Rupee 1,120,000,000.

As a result of the winning the tender for providing ground handling services at Delhi International Airport for a 10-year period under the legal legislation in India, the Company has made a premium capital increase amounting to Indian Rupee 1,351,916,730 on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which was established on 18 November 2009 and 99.9% shares of which belong to the Company. 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. Çelebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established in 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 signed a partnership agreement with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 57.65% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on 8 May 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 420 million Indian Rupees (approximately EUR 5,56 million) is made by the Company.

In the sequel of winning the tender of rendering ground handling services for a 10-year period in Mumbai Chhatrapati Shivaji International Airport (CSIA) in Mumbai, India by the consortium in which the Company takes part, a joint venture of the Company has been established on 12 December 2008 with the trade name of "Celebi Nas Airport Services India Private Limited ("Celebi Nas"). The Company has participated as the founding partner in Çelebi Nas and has 57% shareholding where the share capital of Çelebi Nas is Indian Rupee 552.000.000. A premium capital increase of Indian Rupee 228.000.000 has been paid by the shareholders of Çelebi Nas. Celebi Nas has been granted the concession right until May 2036 for the provision of air conditioners and generators mounted on passenger boarding bridges in the passenger terminal. With the concession agreement, Celebi Nas participated in the tender by CSIA international airport operator MIAL for the extension of its concession from 1 January 2020 to 31 December 2029 for 10 (ten) years.

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

- **Subsidiaries of the Group (cont’d)**
- *Associate*

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

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

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.

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

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group for the period 1 January – 31 March 2022 has been approved for the issuance by the Board of Directors on 10 May 2022 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

Covid-19 Effects

Although governments have taken many measures to restrict the aviation sector due to the crisis and epidemic situation caused by the worldwide effective Covid-19 virus, borders have been opened in many regions and flights have started as of 2022. In addition, the Warehouse and Cargo Services business division was much less affected by the epidemic process and served in its normal activities under changing conditions.

As of March 2020, the Group Management stopped all non-emergency expenditures, postponed investments and directed its employees to paid and unpaid leaves. In order to reduce fixed costs, the supports provided by the governments of the countries in which the Group operates were evaluated, necessary applications were made and various supports were utilized. In addition, waiver, discount or postponement of license and rent payments were made with airport operators and country aviation authorities. The Group Management has closely followed the cash flow in order to maintain the strength of its liquidity position.

As of 31 March 2022, with the increase in the vaccination rate against Covid-19 in Turkey and in the world, an increase in travel demand has been observed, and this development has positively affected the aviation industry. While preparing its consolidated financial statements as at 31 March 2022, the Group evaluated the possible effects of the Covid-19 outbreak on its financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairment in the consolidated financial statements as of 31 March 2022 has been evaluated and no significant impact has been identified.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1 Accounting Standards Applied

The Group’s consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the Communiqué) announced by the Capital Markets Board (“CMB”) on 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 and Turkish Financial Reporting Standards (“TAS/TFRS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”) and appendix and interpretations related to them.

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

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

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

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 condensed consolidated financial statements are presented in TL, which is the functional currency of the Company and the presentation currency of the Group. As of 31 March 2021, the functional currency of the Group’s entities is shown below.

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

2.1.2 New and Amended Turkish Financial Reporting Standards

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

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

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

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 (cont’d)

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

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

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>

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

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

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

Amendments to TAS 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.

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

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

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

Amendments to TFRS 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.

The Group 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.

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 CMB 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

2.1.4 Basis of Consolidation (cont’d)

- b) Subsidiaries are companies over which the Group’s has capability to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized using purchase method. The acquisition cost includes; the fair value of the assets on the purchase date, equity instruments disposed, and the liabilities incurred at the exchange date and costs that directly attributable to the acquisition. The identifiable asset during the merge of the companies is measured by fair value at the purchase date of liabilities and contingent liabilities regardless of the minority shareholders. The Group recognized the goodwill for the exceed portion of the cost of acquisition that the fair value of net identifiable assets acquired. If the acquisition cost is below the fair value of identifiable net asset of subsidiary, the difference is recognized to the comprehensive income statement. Inter-group transactions, balances and unearned gains arising from transactions between Group companies are eliminated. Unaccrued losses are also subjected to elimination. The accounting policies of subsidiaries are revised in accordance with the Group’s policies. The dividend of the shares held by the Company and its Subsidiaries in the Subsidiaries are eliminated from equity and income for the period, respectively.
- 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 March 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	57.6	57.6
Celebi Tanzania	65.0	65.0
Celebi Nas	57.0	57.0
Celebi GH India Private Limited	61.0	61.0

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.1. Basis of Presentation (cont’d)

2.1.4 Basis of Consolidation (cont’d)

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

Joint venture	Ownership interest (%)	
	31 March 2022	31 December 2021
DASPL	24.99	24.99

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

2.2. Change in Accounting Policies

2.2.1 Comparative Information

The condensed consolidated financial statements of the Group are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends.

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

2.3. Summary of Significant Accounting Policies

The condensed consolidated financial statements for the interim period ended on 31 March 2022, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2022 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2021. Thus, these interim condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2021.

If changes in accounting estimates relate only for one period, changes are applied only in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively. Significant estimates used in preparing the condensed financial statements for the period ended on 31 March 2022 are consistent with those used in preparing the consolidated financial statements in the consolidated financial statements for the year ended 31 December 2021. Significant accounting errors are applied retrospectively, and the prior period financial statements are restated.

NOTE 3 – SEGMENT REPORTING

The management determines the operating segments based on the reports analyzed by the key management personnel, and found effective in strategically decision taking.

The Management evaluates the Group from two different perspectives: geographical and operating segments. The Management evaluates the Group's performance based on its operating segments; Ground Handling services, Security Services and Cargo and Warehouse Services. Ground Handling Services and Cargo and Warehouse Services are considered as reportable operating segments, since the Group's revenues primarily consist of these operating segments. The management assesses the performance of the operational segments based on a measure of EBITDA after deduction of the impact of TFRS Interpretation (“TFRIC 12”), TFRS 16 (excluding interest), retirement pay liability and unused vacation provisions from earnings before interest, tax depreciation and amortization.

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

1 January - 31 March 2022	Operation Groups			Consolidated
	Ground Handling	Cargo and Warehouse Services	Consolidation Adjustments	
Revenue	638,258,221	462,398,030	(5,897,592)	1,094,758,659
Cost of sales	(432,442,265)	(321,001,040)	1,820,038	(751,623,267)
Gross profit	205,815,956	141,396,990	(4,077,554)	343,135,392
General administrative expenses	(92,907,929)	(32,929,901)	4,033,176	(121,804,654)
Addition: Depreciation and amortization	49,690,942	28,813,289	-	78,504,231
Addition: TFRIC 12 effect shares	-	3,458,547	-	3,458,547
Addition: Retirement pay liability and unused vacation provisions	10,546,495	2,766,378	-	13,312,873
EBITDA effect of investments accounted by using equity method	2,767,767	-	-	2,767,767
EBITDA	175,913,231	143,505,303	(44,378)	319,374,156
Lease expenses under TFRS 16	(27,189,957)	(9,292,579)	-	(36,482,536)
EBITDA (Except for effect of new and revised accounting policies)	148,723,274	134,212,724	(44,378)	282,891,620

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 3 – SEGMENT REPORTING (cont’d)

1 January - 31 March 2021	Operation Groups			Consolidated
	Ground Handling	Cargo and Warehouse Services	Consolidation Adjustments	
Revenue	213,740,894	241,743,171	(4,393,130)	451,090,935
Cost of sales	(166,023,054)	(171,592,268)	2,747,197	(334,868,125)
Gross profit	47,717,840	70,150,903	(1,645,933)	116,222,810
General administrative expenses	(44,638,181)	(16,633,770)	1,835,987	(59,435,964)
Addition: Depreciation and amortization	28,409,021	13,304,615	-	41,713,636
Addition: TFRIC 12 effect shares	-	2,643,241	-	2,643,241
Addition: Retirement pay liability and unused vacation provisions	5,799,754	1,275,901	-	7,075,655
EBITDA effect of investments accounted by using equity method	1,579,412	-	-	1,579,412
EBITDA	38,867,846	70,740,890	190,054	109,798,790
Lease expenses under TFRS 16	(14,314,703)	(5,009,359)	-	(19,324,062)
EBITDA (Except for effect of new and revised accounting policies)	24,553,143	65,731,531	190,054	90,474,728

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

	1 January – 31 March 2022	1 January – 31 March 2021
EBITDA for reported segments	319,374,156	109,798,790
Depreciation and amortization	(78,504,231)	(41,713,636)
TFRIC 12 effect	(3,458,547)	(2,643,241)
Other operating income	25,784,225	116,220,702
Other operating expenses (-)	(44,826,361)	(135,171,555)
Retirement pay liability and unused vacation provisions	(13,312,873)	(7,075,655)
EBITDA effect of investments accounted by using equity method	(2,767,767)	(1,579,412)
Operating profit	202,288,602	37,835,993
Income from investments accounted by equity method	(1,910,106)	1,162,430
Income from investment activities	120,053	2,311,930
Expenses from investment activities (-)	(787)	(9,092)
Financial income	44,793,343	33,767,364
Financial expenses (-)	(57,987,881)	(121,435,051)
Profit / (loss) before tax	187,303,224	(46,366,426)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
Cash	920,284	941,624
Banks	1,125,112,152	1,093,021,210
- time deposit	748,718,743	744,666,178
- demand deposit	376,393,409	348,355,032
	1.126.032.436	1.093.962.834

As of 31 March 2022, effective interest rates on TL, EUR, USD and INR denominated time deposits are 15.00%, 0.41%, 0.82%, 3.20% (31 December 2021: TL % 15.73, Euro 3.95%, USD 0.37%, INR 5.22%). As of 31 March 2022, the maturity of denominated time deposits are 20-60 days, 1-14 days, 1-15 days and 1-15 days for INR, EUR, USD and TL, respectively (31 December 2021: 20-60 days for INR, 1 day for TL, Euro and US Dollar).

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

	31 March 2022	31 December 2021
Cash on hand and cash at banks	1,126,032,436	464,236,611
Less: Interest accruals	(855,580)	(428,077)
	1,125,176,856	463,808,534

NOTE 5 - FINANCIAL INVESTMENTS

	31 March 2022	31 December 2021
Restricted bank balances (Less than 365 days) (*)	20,609,289	49,130,668
Restricted bank balances (Longer than 365 days) (**)	89,050,075	53,479,264
	109,659,364	102,609,932

Time deposits:

	31 March 2022	31 December 2021
Time deposits (3 months to 365 days)	-	14,078,067
	-	14,078,067

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

NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares%	31 March 2022	Percentage of shares%	31 December 2021
DASPL	100,00	20,603,733	100,00	20,391,743
		20,603,733		20,391,743

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

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

The movements of investments accounted using the equity method during the three-month periods ended on 31 March are as follows:

	31 March 2022	31 March 2021
As of 1 January	20,391,743	157,711,645
Shares of profit/loss	(1,910,106)	1,162,430
Foreign currency translation differences	2,122,096	1,479,400
Dividends received	-	(1,265,000)
Transfers (*)	-	(146,706,781)
As of 31 March	20,603,733	12,381,694

(*) In 2021, Celebi Nas was included in full consolidation.

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

	1 January- 31 March 2022	1 January- 31 March 2021
DASPL	(1,910,106)	1,162,430
	(1,910,106)	1,162,430

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

Summary information of financial statements of DASPL is as follows:

	31 March 2022	31 March 2021
Total Assets	96,728,899	93,492,109
Total Liabilities	12,801,025	10,045,060
	1 January- 31 March 2022	1 January- 31 March 2021
Total Sales Income	23,146,480	11,453,749
Profit / (Loss) for the Period	(7,643,481)	4,651,583

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

NOTE 7 – SHORT-TERM AND LONG-TERM BORROWINGS

Short-term borrowings:

			31 March 2022
<i>Short-term borrowings:</i>	Effective interest rate (%)	Original balance	TL
TL borrowings	20.24-21.00	74,540,110	74,540,110
EUR borrowings	3.00-3.95	4,200,000	68,522,160
			143,062,270

			31 March 2022
<i>Short-term finance lease obligations:</i>			TL
	Original balance		TL
INR finance lease obligation	246,520,432		47,610,491
TL finance lease obligation	13,353,927		13,353,927
EUR finance lease obligation	8,404,851		137,123,463
HUF finance lease obligation	22,416,975		993,072
Total short-term finance lease obligations			199,080,953

			31 March 2022
<i>Derivative instruments</i>			TL
	Original balance		TL
Derivative instruments for hedging purposes (*)	898,935		898,935
Total derivative instruments			898,935

(*) It is a forward transaction regarding the sale of 8,850,000 EUR on 29 April 2022 for TL 147,087,000.

				31 March 2022
<i>Short-term portion of long-term borrowings:</i>	Effective interest rate (%)	Original balance	TL	
Interest expense accrual – EUR		583,797	9,524,530	
Interest expense accrual –INR		3,288,893	635,184	
Interest expense accrual –TL		4,466,998	4,466,998	
INR borrowings	5.50-8.68	580,515,736	112,115,004	
EUR borrowings	1.89-5.75	27,324,208	445,788,985	
TL borrowings	9.95-21.00	106,106,807	106,106,807	
Total short-term finance lease obligations:				674,004,935

Total short-term borrowings:	1,021,679,666
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Long-term borrowings:

				31 March 2022
<i>Long-term borrowings:</i>	Effective interest rate (%)	Original balance	TL	
INR borrowings	5.50-8.68	1,180,316,709	227,954,566	
EUR borrowings	1.89-5.75	24,511,797	399,905,063	
TL borrowings	9.95-21.00	20,724,031	20,724,031	
			648,583,660	

<i>Long-term finance lease obligations:</i>			TL
	Original balance		TL
Long-term finance lease obligations – INR	633,732,393		122,392,737
Long-term finance lease obligations – EUR	61,301,257		1,000,117,747
Long-term finance lease obligations – TL	24,016,461		24,016,461
Long-term finance lease obligations – HUF	4,819,752		213,515

Total long-term finance lease obligations	1,146,740,460
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Total long-term borrowings	1,795,324,120
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Total financial liabilities	2,817,003,786
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

Short-term borrowings:

<i>Short-term borrowings:</i>	Effective interest rate (%)	Original balance	31 December 2021	
				TL
TL Borrowings	20.24-21.00	72,619,920		72,619,920
EUR Borrowings	3.00-3.95	6,450,000		97,484,655
				170,104,575

Short-term finance lease obligations:

	Original balance	TL
INR finance lease obligations	229,230,924	40,028,304
EUR finance lease obligations	9,335,527	141,096,228
TL finance lease obligations	16,991,050	16,991,050
HUF finance lease obligations	24,189,990	961,794
Total short-term financial liabilities		199,077,376

<i>Short-term portion of long-term financial borrowings:</i>	Effective interest rate (%)	Original balance	31 December 2021	
				TL
Interest expense accrual – EUR		568,679		8,594,951
Interest expense accrual –INR		3,584,790		625,976
Interest expense accrual –TL		2,332,336		2,332,336
INR borrowings	5.50-8.68	616,115,353		107,586,063
EUR borrowings	1.89-5.75	29,801,131		450,411,311
TL borrowings	9.95-21.00	104,454,298		104,454,298
Total short-term portion of long-term financial borrowings:				674,004,935
Total short-term borrowings:				1,043,186,886

Long-term borrowings:

<i>Long-term borrowings:</i>	Effective interest rate (%)	Original balance	31 December 2021	
				TL
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 finance lease obligations:

	Original balance	TL
INR finance lease obligations	663,609,844	115,879,551
EUR finance lease obligations	61,252,779	925,768,383
TL finance lease obligations	21,098,468	21,098,468
HUF finance lease obligations	9,663,607	384,225
Total payables from long-term leases		1,063,130,627

Total long-term borrowings	1,697,489,920
Total borrowings	2,740,676,806

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

As of 31 March 2022 and 31 December 2021, repayment maturities of the Group’s borrowings are as follows:

	31 March 2022	31 December 2021
Less than 3 months	267,043,600	337,616,272
Between 3-12 months	754,636,066	705,570,614
Between 1-5 years	1,222,129,602	1,168,656,947
5 years and more	573,194,518	528,832,973
	2,817,003,786	2,740,676,806

As of 31 March 2022 and 31 December 2021, repayment maturities of long-term loans are as follows:

	31 March 2022	31 December 2021
Between 1-2 years	439,830,978	428,956,323
Between 2-3 years	113,710,333	103,861,290
Between 3-4 years	79,553,886	73,988,108
4 years and more	15,488,463	27,553,572
	648,583,660	634,359,293

The reconciliation of the Group’s liabilities arising from loans for the three-month interim period ended on 31 March 2022 and 31 March 2021 is as follows:

	2022	2021
Beginning of the period - 1 January	1,478,468,803	1,090,963,506
New borrowings received	199,629,714	299,813,928
Principal payments	(323,554,713)	(242,515,181)
Interest payments	(3,654,090)	(1,194,249)
Exchange differences	109,556,224	89,281,618
Interest accruals change	9,837,500	4,511,990
End of the period - 31 March	1,470,283,438	1,240,861,612

The reconciliation of the Group’s payables related to leases for the three-month interim periods ended on 31 March 2022 and 31 March 2021 is as follows:

	2022	2021
Beginning of the period - 1 January	1,262,208,003	714,699,774
Additions	(3,209,514)	(32,779,744)
Lease expense	14,823,317	6,130,385
Lease payments	(62,228,057)	(50,201,010)
Exchange and translation differences	134,227,664	62,992,208
Transfers (*)	-	399,928
End of the period - 31 March	1,345,821,413	701,241,541

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 March 2022	31 December 2021
Due from third parties	565,329,527	459,371,597
Less: Provision for impairment	(84,525,265)	(79,272,561)
Trade receivables from third parties (net)	480,804,262	380,099,036
Due from related parties	3,797,942	589,742
Total short-term trade receivables	484,602,204	380,688,778

Movements of provision for doubtful receivables during the accounting periods are as follows:

	31 March 2022	31 December 2021
Opening balance	79,272,561	53,241,619
Additional provisions in current period	167,629	2,677,150
Foreign currency translation differences	5,085,075	275,513
Written-off of uncollectible receivables	-	(3,068,623)
Closing balance	84,525,265	53,125,659

Short-term trade payables

	31 March 2022	31 December 2021
Trade payables to third parties	140,798,886	214,331,758
Accrued liabilities	100,950,223	67,840,531
Total trade payables to third parties	241,749,109	282,172,289
Due to related parties (Note 25)	4,810,712	11,780,141
Total short-term trade payables	246,559,821	293,952,430

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 March 2022	31 December 2021
Receivables from tax office	15,289,394	28,030,496
Deposits and guarantees given	15,133,383	23,489,205
Other miscellaneous receivables (*)	211,551,566	167,545,055
Other short-term receivables from third parties	241,974,343	219,064,756
Other receivables from related parties (Note 25)	66,695,831	60,554,654
Total short-term other receivables	308,670,174	279,619,410

(*) A large part of other miscellaneous receivables consist of short-term loans given by Delhi Cargo to GMR Infrastructure Limited in the amount of INR 1,090,000,000.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

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

Other long-term receivables

	31 March 2022	31 December 2021
Deposits and guarantees given (*)	370,386,318	297,380,922
Other short-term receivables from third parties	370,386,318	297,380,922
Other receivables from related parties (Note 25)	69,404,519	64,295,790
Total long-term other receivables	439,790,837	361,676,712

(*) As of 31 March 2022, deposits and guarantees given predominantly consists of the deposits given for the subsidiaries of the Group located in India, CASI, Celebi Delhi Cargo and Celebi Nas, amounting to TL 68,561,811, (31 December 2021: TL 37,256,462), TL 86,288,357 (31 December 2021: TL 75,878,570) and TL 215,284,821 (31 December 2021: TL 184,013,060), respectively, to local authorities and companies and the amounts shown in the blockage at banks.

Other short-term payables

	31 March 2022	31 December 2021
Other short-term payables (*)	54,661,661	48,677,439
Deposits and guarantees received	11,069,388	9,749,142
	65,731,049	58,426,581

(*) As of 31 March 2022, TL 42,601,730 of other short-term payables (31 December 2021: TL 39,023,634) arises from the debts arising from the concession agreement with Delhi International Airport Private Limited (DIAL), the other partner of Celebi Delhi Cargo, the Company's subsidiary in India.

Other long-term payables

	31 March 2022	31 December 2021
Deposits and guarantees received	40,064,864	39,168,652
	40,064,864	39,168,652

NOTE 10 – INVENTORIES

	31 March 2022	31 December 2021
Trade goods	4,967,851	10,475,951
Other inventories (*)	32,902,859	30,345,070
	37,870,710	40,821,021

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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

	Opening 1 January 2022	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 31 March 2022
Cost						
Plant, machinery and equipment	1,057,610,398	42,038,684	(936,570)	6,179,148	103,980,581	1,208,872,241
Motor vehicles	216,485,771	16,948,280	(10,503,744)	-	24,084,923	247,015,230
Furniture and fixtures	111,376,561	3,571,768	(8,631)	-	9,865,541	124,805,239
Leasehold improvements	380,342,541	415,249	-	-	30,918,563	411,676,353
Construction in progress	61,419,347	179,826	-	(6,179,148)	6,209,892	61,629,917
	1,827,234,618	63,153,807	(11,448,945)	-	175,059,500	2,053,998,980
Accumulated depreciation						
Plant, machinery and equipment	(656,222,085)	(17,659,814)	731,455	-	(64,026,916)	(737,177,360)
Motor vehicles	(138,059,005)	(2,706,517)	31,779	-	(15,147,293)	(155,881,036)
Furniture and fixtures	(62,554,261)	(3,046,654)	3,740	-	(5,758,369)	(71,355,544)
Leasehold improvements	(95,597,428)	(4,504,687)	-	-	(8,140,373)	(108,242,488)
	(952,432,779)	(27,917,672)	766,974	-	(93,072,951)	(1,072,656,428)
Net book value	874,801,839					981,342,552

Depreciation cost amounting to TL 26,694,184 for the period ended on 31 March 2022 was included in cost of sales and TL 1,223,488 was included in operating expenses.

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

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

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

	Opening 1 January 2021	Additions	Disposals	Transfers(*)	Foreign currency translation differences	Closing 31 March 2021
Cost						
Plant, machinery and equipment	484,734,159	1,145,416	(4,355,814)	127,456,486	44,143,544	653,123,791
Motor vehicles	130,986,095	39,787	(42,572)	3,923,090	12,367,700	147,274,100
Furniture and fixtures	67,853,295	143,339	(1,405,477)	4,948,988	2,515,905	74,056,050
Leasehold improvements	221,780,258	403,348	-	410,620	2,551,431	225,145,657
Construction in progress (*)	3,392,979	-	-	(1,522,910)	144,936	2,015,005
	908,746,786	1,731,890	(5,803,863)	135,216,274	61,723,516	1,101,614,603
Accumulated depreciation						
Plant, machinery and equipment	(255,533,905)	(9,206,498)	2,406,287	(109,050,309)	(26,681,197)	(398,065,622)
Motor vehicles	(82,459,525)	(1,470,539)	42,572	(2,465,700)	(8,087,206)	(94,440,398)
Furniture and fixtures	(34,771,503)	(1,862,826)	1,397,253	(2,729,991)	(1,618,526)	(39,585,593)
Leasehold improvements (*)	(46,814,610)	(2,460,777)	-	(410,620)	(1,509,095)	(51,195,102)
	(419,579,543)	(15,000,640)	3,846,112	(114,656,620)	(37,896,024)	(583,286,715)
Net book value	489,167,243					518,327,888

(*) Transfers with net book value of TL 20,559,654 are related to to the full consolidation of Çelebi Nas.

Depreciation cost amounting to TL 14,429,631 for the period ended on 31 March 2021 was included in cost of sales and TL 571,009 was included in operating expenses.

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

NOTE 12 – RIGHT-OF-USE ASSETS

Movements in right of use assets for the interim period ended on 31 March 2022 are as follows:

	Opening 1 January 2022	Additions	Modifications	Foreign currency translation differences	Closing 31 March 2022
Cost					
Buildings and land	1,338,033,236	-	(3,209,514)	123,534,027	1,458,357,749
Machinery, plant and equipment	71,217,129	-	-	5,658,965	76,876,094
Motor vehicles	31,825,926	-	-	2,707,473	34,533,399
	1,441,076,291	-	(3,209,514)	131,900,465	1,569,767,242
Accumulated depreciation					
Buildings and land	(289,166,353)	(30,848,393)	-	(27,843,336)	(347,858,082)
Machinery, plant and equipment	(71,217,129)	-	-	(5,658,965)	(76,876,094)
Motor vehicles	(17,085,769)	(1,622,043)	-	(1,562,580)	(20,270,392)
	(377,469,251)	(32,470,436)	-	(35,064,881)	(445,004,568)
Net book value	1,063,607,040				1,124,762,674

Depreciation expense for the period ended on 31 March 2022 amounting to TL 32,470,436 is included in cost of sales.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

Movements in right of use assets for the interim period ended on 31 March 2021 are as follows:

	Opening 1 January 2021	Additions	Modifications	Foreign currency translation differences	Closing 31 March 2021
Cost					
Buildings and land	605,756,142	-	(32,702,424)	24,304,695	597,358,413
Machinery, plant and equipment	46,908,480	-	-	379,097	47,287,577
Motor vehicles	9,401,947	-	(77,319)	336,039	9,660,667
	662,066,569	-	(32,779,743)	25,019,831	654,306,657
Accumulated depreciation					
Buildings and land	(99,556,595)	(13,433,771)	-	(7,444,238)	(120,434,604)
Machinery, plant and equipment	(43,747,900)	(2,062,954)	-	(288,335)	(46,099,189)
Motor vehicles	(7,748,997)	(297,171)	-	(226,946)	(8,273,114)
	(151,053,492)	(15,793,896)	-	(7,959,519)	(174,806,907)
Net book value	511,013,077				479,499,750

Depreciation expense for the period ended on 31 March 2021 amounting to TL 15,793,896 is included in cost of sales.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in other intangible assets for the interim period ended on 31 March 2022 are as follows:

	Opening 1 January 2022	Additions	Foreign currency translation differences	Closing 31 March 2022
Cost				
Rights	17,595,437	-	1,398,128	18,993,565
Software	69,214,586	228,152	6,415,282	75,858,020
Concession rights (*)	410,413,586	-	43,504,497	453,918,083
Build-operate-transfer investments (**)	689,286,987	-	73,054,436	762,341,423
	1,186,510,596	228,152	124,372,343	1,311,111,091
Accumulated depreciation				
Rights	(10,229,325)	(506,398)	(833,640)	(11,569,363)
Software	(52,133,841)	(1,545,718)	(4,869,843)	(58,549,402)
Concession rights (*)	(202,933,140)	(4,497,919)	(21,701,179)	(229,132,238)
Build-operate-transfer investments (**)	(219,911,048)	(11,566,088)	(23,788,536)	(255,265,672)
	(485,207,354)	(18,116,123)	(51,193,198)	(554,516,675)
Net book value	701,303,242			756,594,416

(*) Represents fixed asset expenditures made under the concession agreement signed by Celebi Delhi Cargo with DIAL and accounted for under TFRYK 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 services at the airports in India to their present values, are accounted for under build-and-transfer basis to be amortized during the concession period.

For the period ending on 31 March 2022, TL 1,179,191 of amortization was included in operating expenses and TL 16,936,932 was included in cost of sales.

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NOTE 13 – INTANGIBLE ASSETS (cont’d)

Other Intangible Assets

Movements in other intangible assets for the interim period ended on 31 March 2021 are as follows:

	Opening 1 January 2021	Additions	Disposals	Transfers (**)	Foreign currency translation differences	Closing 31 March 2021
Cost						
Rights	10,390,233	-	(56,920)	-	-	10,333,313
Customer relationship	98,467,917	-	-	-	8,732,794	107,200,711
Software	34,912,719	111,320	-	4,859,184	2,398,148	42,281,371
Concession rights	234,176,391	-	-	-	30,647,323	264,823,714
Build-operate-transfer investments (*)	186,488,027	-	-	212,159,634	48,900,619	447,548,280
	564,435,287	111,320	(56,920)	217,018,818	90,678,884	872,187,389
Accumulated depreciation						
Rights	(5,410,777)	(146,055)	56,920	-	-	(5,499,912)
Customer relationship	(98,467,917)	-	-	-	(8,732,794)	(107,200,711)
Concession rights (**)	(105,930,028)	(3,364,023)	-	-	(14,267,736)	(123,561,787)
Software	(24,349,092)	(965,086)	-	(2,498,565)	(1,541,196)	(29,353,939)
Build-operate-transfer investments (*)	(65,452,916)	(6,443,936)	-	(35,990,382)	(13,484,709)	(121,371,943)
	(299,610,730)	(10,919,100)	56,920	(38,488,947)	(38,026,435)	(386,988,292)
Net book value	264,824,557					485,199,097

(*) In addition, the net book value calculated discounting the related amount to the present value at the rate of 8.9% over the deposits amounting to INR 1,905,315,000 paid within the scope of the concession agreements signed for rendering ground handling services for 10 years in New Delhi Airport, Mumbai, India and BME services for 20 years with the difference amounting to TL 192,248,509, and the net book value calculated discounting the related amount to the present value at the rate of 10.82% over the deposits amounting to INR 532,220,000 paid within the scope of the concession agreements signed for rendering ground handling services for 10 years in New Delhi Airport, Mumbai, India and in Cochin Airport for 5+2 years with the difference amounting to TL 14,347,983 are capitalized as build-operate-transfer investment and will be amortised during the concession period of 10 years.

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

Amortization expense for the period ended 31 March 2021 amounting to TL 656,094 and TL 10,263,006 are included in operating expenses and cost of sales, respectively.

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NOTE 13 – INTANGIBLE ASSETS (cont’d)

Goodwill

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

	31 March 2022	31 March 2021
Goodwill due to acquisition of CGHH	103,504,496	92,897,038
Goodwill due to acquisition of KSU	29,935,150	27,066,100
	133,439,646	119,963,138

As of 31 March 2022, movement of goodwill is as follows:

	31 March 2022	31 March 2021
As of 1 January	119,963,138	73,295,661
Foreign currency translation differences	13,476,508	7,150,414
Goodwill	133,439,646	80,446,075

As of 31 March 2022, no impairment was detected as a result of the analysis made by the Group.

NOTE 14 – PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term Provisions

Other short-term provisions

	31 March 2022	31 March 2021
Provision for litigation and obligation	9,519,371	9,047,150
	9,519,371	9,047,150

Movements of other short-term provisions for the period 1 January - 31 March 2022 are as follows:

	2022	2021
1 January	9,047,150	8,094,479
Addition during the year	560,141	318,800
Payments during the year	(1,568,708)	(1,050,060)
Foreign currency translation differences	1,480,788	237,048
31 March	9,519,371	7,600,267

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

a) Short-term Provisions (cont’d)

Short-term provision for employee benefits

	31 March 2022	31 March 2021
Provision for employment termination benefits (*)	43,092,575	35,091,091
Provision for unused vacation	24,494,341	18,976,928
	67,586,916	54,068,019

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

b) Long-term provisions:

Long-term provision for employee benefits:

	31 March 2022	31 March 2021
Provision for employment termination benefits	48,148,678	45,879,138
	48,148,678	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 Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies.

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 March 2022 consists of one month’s salary limited to a maximum of TL 10,848.59 (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 year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies.

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

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

Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 10,848.59 which is effective from 1 January 2022 (1 January 2021: TL 7,638.96) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

The provisions for employee benefits for the period between 1 January 2022 and 31 March 2022 are as follows:

	31 March 2022	31 March 2021
As of 1 January	80,970,229	48,913,299
Payments of provisions during the period	(3,412,328)	(2,535,562)
Service cost	6,952,514	3,782,035
Interest cost	1,478,086	798,481
Foreign currency translation differences	5,252,752	2,776,900
Transfers	-	956,351
Balance at the end of the period	91,241,253	54,691,504

The provisions for unused vacation rights for the period 1 January 2022 - 31 March 2022 are as follows:

	31 March 2022	31 March 2021
As of 1 January	18,976,928	11,490,497
Payments of provisions during the period	(484,168)	(283,424)
Increase in unused vacation rights during the period	7,318,751	3,013,832
Usage of vacation rights during the year	(2,436,478)	(518,693)
Foreign currency translation differences	1,119,308	667,814
Transfers	-	1,785,337
Balance at the end of the period	24,494,341	16,155,363

Contingent assets and liabilities of the Group

Guarantees received:	31 March 2022	31 March 2021
Guarantee letters	60,406,785	44,254,017
Guarantee cheques	5,632,836	5,547,267
Guarantee notes	3,787,453	3,485,511
	69,827,074	53,286,795

Guarantees given:	31 March 2022	31 March 2021
Guarantee letters	262,031,494	228,624,438
Collaterals (*)	426,619,394	386,474,891
Pledged shares (*)	78,795,495	75,155,051
	767,446,383	690,254,380

(*) Collaterals and pledged shares amounting to TL 505,414,889 consist of collaterals given to the Group's subsidiaries and joint venture partners (31 December 2021: TL 461,629,942) (Note 25).

The litigations and claims those generate contingent assets and liabilities to the Group as of 31 March 2022 are as follows:

As of 31 March 2022, the Group has contingent liabilities amounting to TL 44,123,627 (31 December 2021: TL 39,894,723) due to the legal cases and enforcement proceedings in progress against the Group.

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

The details of collaterals, pledges and mortgages of the Group as of 31 March 2022 and 31 December 2021 are as follows:

CPM given by the Group	31 March 2022		31 December 2021	
	Amount	TL Equivalent	Amount	TL Equivalent
A. CPM given on behalf of the Group’s legal personality		262,031,494		228,624,438
	TL	20,643,337	20,643,337	17,872,135
	EUR	6,281,434	102,480,339	6,281,434
	USD	2,210,500	32,413,667	2,210,500
	INR	436,561,596	84,313,141	380,201,002
	HUF	500,700,000	22,181,010	500,700,000
				19,907,832
B. CPM given on behalf of fully consolidated subsidiaries		505,414,889		461,629,942
	EUR	2,050,000	33,445,340	2,050,000
	INR	2,443,792,000	471,969,549	2,466,192,000
				430,646,447
C. CPM given for continuation of its economic activities on behalf of third parties		-	-	-
D. Total amount of other CPM		-	-	-
i. Total amount of CPM given on behalf of the majority shareholder		-	-	-
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C		-	-	-
iii. Total amount of CPM given on behalf of third Parties which are not in scope of C		-	-	-
		-	767,446,383	-
				690,254,380

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NOTE 15 – OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 March 2022	31 December 2021
VAT and service tax receivables	12,601,872	13,652,974
Advances given to personnel	783,895	1,013,946
	13,385,767	14,666,920

Other Non-Current Assets

	31 March 2022	31 December 2021
Prepaid taxes and funds (*)	48,020,076	47,046,218
Other	11,454,172	10,358,162
	59,474,248	57,404,380

(*) The related amount as of 31 March 2022 consist of prepaid taxes and funds, which can be offset in more than 1 year period, of CASI and Celebi Delhi Cargo amounting to TL 38,790,938 (31 December 2021: TL 31,041,990) and TL 7,116,996 (31 December 2021: TL 14,056,910).

Other Current Liabilities

	31 March 2022	31 December 2021
Taxes and funds payable	40,228,440	22,188,928
Maintenance obligation liability	1,948,964	1,762,171
Other	122,884	1,231,544
	42,300,288	25,182,643

Other Non-Current Liabilities

	31 March 2022	31 December 2021
Maintenance obligation liability	267,252,761	235,346,924
	267,252,761	235,346,924

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NOTE 16 – PREPAID EXPENSES

Short-term prepaid expenses

	31 March 2022	31 December 2021
Prepaid expenses	48,584,162	31,676,182
Order advances given	26,080,774	16,911,868
	74,664,936	48,588,050

Long-term prepaid expenses

	31 March 2022	31 December 2021
Prepaid expenses	15,863,427	14,590,077
Advances given for fixed assets	4,474,850	11,687,709
	20,338,277	26,277,786

NOTE 17 – DEFERRED INCOME

Short-term deferred income

	31 March 2022	31 December 2021
Order advances received	54,652,468	53,489,033
Prepaid expenses	67,049	83,613
	54,719,517	53,572,646

	31 March 2022	31 December 2021
Prepaid expenses	1,817,734	2,078,680
	1,817,734	2,078,680

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 March 2022	31 December 2021
Wages and salaries payable	62,596,196	47,547,721
Bonus payable accruals	45,016,810	39,651,307
Social security withholdings payable	38,141,603	15,004,799
	145,754,609	102,203,827

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NOTE 19 - EQUITY

Share Capital

As of 31 March 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 shares).

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

Shareholders	31 March 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

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

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

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

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

As of 31 March 2022, the amount of restricted reserves is TL 74,387,905 (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 2015. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

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NOTE 19 – EQUITY (cont’d)

Restricted Reserves Appropriated from Profit (cont’d)

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends.

NOTE 20 – REVENUE AND COST OF SALES

	1 January - 31 March 2022	1 January - 31 March 2021
Ground handling services	613,377,571	212,816,750
Revenue from cargo and warehouse services	480,441,117	243,264,688
Rental revenue not related to aviation	31,239,420	14,201,104
Less: Returns and discounts	(30,299,449)	(19,191,607)
Revenue	1,094,758,659	451,090,935
Cost of sales	(751,623,267)	(334,868,125)
Gross profit	343,135,392	116,222,810

NOTE 21 - FINANCIAL INCOME

	1 January - 31 March 2022	1 January - 31 March 2021
Foreign exchange gains	22,842,495	23,356,934
Interest income	11,423,897	5,928,878
Other financial income	10,526,951	4,481,552
	44,793,343	33,767,364

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NOTE 22 - FINANCIAL EXPENSES

	1 January - 31 March 2022	1 January - 31 March 2021
Foreign exchange losses	(8,480,445)	(52,479,087)
Interest expenses	(28,490,141)	(22,884,212)
Financial expenses incurred within the scope of TFRS 16	(14,823,317)	(43,350,209)
Other financial expenses	(6,193,978)	(2,721,543)
	(57,987,881)	(121,435,051)

NOTE 23 - TAX ASSETS AND LIABILITIES

	31 March 2022	31 December 2021
Current period corporate tax provision	64,582,512	49,917,869
Less: prepaid corporate tax expense	(11,997,272)	(8,197,661)
Current tax liability, net (*)	52,585,240	41,720,208
Deferred tax assets	259,968,329	256,168,334
Deferred tax liabilities	(89,698,996)	(85,460,436)
Deferred tax assets, net	170,269,333	170,707,898

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

Income Tax

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

In Turkey, the corporate tax rate is 23% (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.

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

The corporate tax in effect in India has been reduced from 34.6% to 25.17% from 1 April 2020, companies can choose to apply either rate (2021: 34.6% and 25.17%).

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

Income Tax (cont’d)

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 (like research and development expenses).

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

	1 January - 31 March 2022	1 January - 31 March 2021
- Current period corporate tax	(34,019,718)	(12,801,752)
- Deferred tax income/(expense)	(11,654,689)	12,870,147
Current tax expense - net	(45,674,407)	68,395

Deferred Taxes

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 20% - 23%, 9%, 31,925% and 25,17% - 34,94% for Turkey, Hungary, Germany and India respectively.

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

Deferred Taxes (cont'd)

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2022 and 31 December 2021 using the enacted tax rates are as follows:

	Total temporary differences		Deferred tax assets (liabilities)	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Deferred tax assets				
Personnel bonus accrual	(3,309,165)	(7,127,065)	761,108	1,639,225
Accrued sales commissions	(28,904,817)	(22,159,939)	6,648,108	5,096,786
Provision for employment termination benefits	(36,248,980)	(35,006,953)	7,317,533	7,061,027
Provision for unused vacation liability	(12,531,674)	(8,529,739)	2,882,285	1,961,840
Provision for litigation and indemnity	(6,641,030)	(6,641,030)	1,527,437	1,527,437
Adjustments related to property, plant and equipment and intangible assets	(273,096,601)	(246,589,798)	69,060,397	62,367,605
Investment incentives	(115,338,525)	(175,460,540)	23,067,704	35,092,107
Deferred tax income calculated over unused prior years' losses	(192,852,870)	(178,385,549)	61,715,633	57,078,802
TFRS 16 adjustments	(338,878,436)	(329,821,517)	64,879,067	64,264,030
Other	(97,518,423)	(88,535,944)	22,109,057	20,079,475
Deferred tax assets			259,968,329	256,168,334
Deferred tax liabilities				
Adjustments related to property, plant and equipment and intangible assets	424,106,930	391,512,286	(84,288,604)	(79,162,260)
Other	23,768,803	27,636,357	(5,410,392)	(6,298,176)
Deferred tax liabilities			(89,698,996)	(85,460,436)
Deferred tax assets, net			170,269,333	170,707,898

Deferred tax movement table is as follows:

	31 March 2022	31 March 2021
1 January	170,707,898	127,190,064
Foreign currency translation differences	11,216,124	7,157,725
Deferred tax income / (expenses) for the current period	(11,654,689)	12,870,147
Celebi Nas full consolidation effect	-	(3,285,288)
31 March	170,269,333	143,932,648

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NOTE 24 - EARNINGS PER SHARE

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

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

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

	1 January - 31 March 2022	1 January - 31 March 2021
Net profit / (loss) attributable to the parent company	128,722,083	(54,406,431)
Weighted average number of shares with 1 KR face value each	2,430,000,000	2,430,000,000
Earnings / (loss) per share (Kr)	0,053	(0,0224)

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

NOTE 25 - RELATED PARTY DISCLOSURES

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

i) Balances with related parties

Short-term receivables from related parties

	31 March 2022	31 December 2021
Çelebi Havacılık Holding ⁽¹⁾	3,797,942	577,289
Other	-	12,453
	3,797,942	589,742

Other receivables from related parties

	31 March 2022	31 December 2021
Çelebi Havacılık Holding ^{(1)*}	136,100,350	124,850,444
	136,100,350	124,850,444

Payables to related parties

	31 March 2022	31 December 2021
Çelebi Havacılık Holding ^{(1) (*)}	2,561,337	7,255,171
DASPL ⁽⁵⁾	2,249,375	4,521,662
CGSA ⁽⁵⁾	-	3,308
	4,810,712	11,780,141

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

(*) The related amount is comprised of the CHH's group loan receivable from CGHH amounting to EUR 20,000,000 with 30 June 2023 maturity and 3.95% interest rate.

(**) As of 31 March 2021, the related amount consists of legal, financial, human resources, management, corporate communication, procurement, information technologies and business development services provided to the Group by ÇHH along with business development projects run by ÇHH on behalf and on account of the Group and expense projections.

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NOTE 25 - RELATED PARTY DISCLOSURES (cont’d)

ii) Significant transactions with related parties

	1 January - 31 March 2022	1 January - 31 March 2021
Miscellaneous sales to related parties		
Çelebi Havacılık Holding (1)	1,254,080	1,216,516
Other	49,168	-
	1,303,248	1,216,516
Contribution to holding expenses (*)		
	40,312,018	21,515,778
	40,312,018	21,515,778
Other purchases from related parties (*)		
Çelebi Havacılık Holding (1)	2,793,032	1,147,503
DASPL (3)	5,102,840	3,705,862
	7,895,872	4,853,365

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

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NOTE 25 - RELATED PARTY DISCLOSURES (cont’d)

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

	EUR	INR	Total TL
31 March 2022			
Celebi Nas (1)	-	94,392,000	18,229,927
Celebi Delhi Cargo (2)	-	313,600,000	60,565,568
CASI (3)	-	2,035,800,000	393,174,054
Celebi Cargo GmbH(4)	2,050,000	-	33,445,340
	2,050,000	2,443,792,000	505,414,889

	EUR	INR	Total TL
31 March 2021			
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 31 March 2022, the risk of the cash loan in the respective bank is amounting INR 742,792,493.
- (2) Guarantee at an equivalent amount to the loan amount is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks regarding long term cash project loan at an amount of cash INR 1,200,000,000 and non-cash INR 100,000,000 concluded between Celebi Delhi Cargo and an India resident bank and 28% portion of the owned by the Company are pledged on behalf of the bank. As of 31 March 2022, the risk of the cash loan in the respective bank is amounting INR 510,181,817.
- (3) Celebi Airport Services has a borrowing amounting to INR 1,434,800,000 cash and INR 751,000,000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between The Company and a bank resident in India. As of 31 March 2022, the risk of the cash loan in the respective bank is amounting to INR 509,198,160.
- (4) As of 31 March 2022, the cash credit risk amount at the relevant banks for the financial liabilities arising from the EUR 2,000,000 cash and EUR 50,000 non-cash loan agreements signed between Celebi Cargo GmbH and the banks residing in Germany is EUR 2,000,000.

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NOTE 25 - RELATED PARTY DISCLOSURES (cont’d)

Key management compensation:

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

	1 January - 31 March 2022	1 January - 31 March 2021
Short-term employee benefits to key management	17,156,287	7,347,144
	17,156,287	7,347,144

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

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

As of 31 March 2022, other things being constant, if the TL was to depreciate/appreciate by 10% against the USD, the net profit as a result of foreign exchange gain/loss on the net foreign currency position in this currency would decrease/increase net income by TL 16,727,347 (31 December 2021: TL 18,667,730).

As of 31 March 2022, other things being constant, if the TL was to depreciate / appreciate by 10% against the Euro, the net profit as a result of foreign exchange gain/loss on the net foreign currency position in this currency would increase/decrease net income by TL 8,636,497 (31 December 2020: TL 7,945,935).

As of 31 March 2022, other things being constant, if the TL was to depreciate / appreciate by 10% against the GBP, the net profit as a result of foreign exchange gain/loss on the net foreign currency position in this currency would increase/decrease by TL 128,207 (31 December 2020: TL 129,049).

As of 31 March 2022, other things being constant, if the TL was to depreciate / appreciate by 10% against the TL, the net profit as a result of foreign exchange gain/loss on the net foreign currency position in this currency would increase/decrease by TL 17,068,002 (31 December 2020: TL 27,707,551).

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

	31 March 2022	31 December 2021
Assets denominated in foreign currency	701,084,098	570,324,424
Liabilities denominated in foreign currency (-)	(619,407,751)	(582,553,765)
Net balance sheet position	81,676,347	(12,229,341)

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

31 March 2022	TL Equivalent	USD	EUR	GBP	TL
1. Trade Receivables	128,890,861	2,852,339	4,502,716	-	13,604,677
2. Monetary Financial Assets	383,006,623	9,625,817	8,584,924	1,630	101,765,710
3. Other	119,778,859	367,765	4,088,057	747	47,675,902
4. Current Assets (1+2+3)	631,676,343	12,845,921	17,175,697	2,377	163,046,289
5. Other	69,407,755	-	4,254,083	-	3,242
6. Non-Current Assets (5)	69,407,755	-	4,254,083	-	3,242
7. Total Assets (4+6)	701,084,098	12,845,921	21,429,780	2,377	163,049,531
8. Trade Payables	70,464,170	913,998	1,319,195	3,635	35,469,272
9. Financial Liabilities	284,011,445	-	5,243,313	-	198,467,842
10. Other Monetary Liabilities	63,116,065	524,451	6,411	65,237	54,063,369
11. Current Liabilities (8+9+10)	417,591,680	1,438,449	6,568,919	68,872	288,000,483
12. Financial Liabilities	200,517,482	-	9,548,201	-	44,740,492
13. Other Monetary Liabilities	1,298,589	-	19,002	-	988,575
14. Non-Current Liabilities (12+13)	201,816,071	-	9,567,203	-	45,729,067
15. Total Liabilities (11+14)	619,407,751	1,438,449	16,136,122	68,872	333,729,550
16. Net Foreign Currency Asset/(Liability) Position (7-15)	81,676,347	11,407,472	5,293,658	(66,495)	(170,680,019)
17. Net Monetary Foreign Currency Asset/(Liability) Position	81,676,347	11,407,472	5,293,658	(66,495)	(170,680,019)

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

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

31 December 2021	TL				
	Equivalent	USD	EUR	GBP	TL
1. Trade Receivables	137,019,592	3,836,510	4,563,435	-	16,819,374
2. Monetary Financial Assets	266,437,990	11,261,246	7,238,104	1,202	6,648,884
3. Other	102,567,815	540,375	4,006,554	-	34,797,531
4. Current Assets (1+2+3)	506,025,397	15,638,131	15,808,093	1,202	58,265,789
5. Other	64,299,027	-	4,254,083	-	3,242
6. Non-Current Assets (5)	64,299,027	-	4,254,083	-	3,242
7. Total Assets (4+6)	570,324,424	15,638,131	20,062,176	1,202	58,269,031
8. Trade Payables	59,509,488	1,151,294	-	7,985	43,992,047
9. Financial Liabilities	275,644,512	-	5,243,313	-	196,397,604
10. Other Monetary Liabilities	50,712,797	506,660	13,293	64,671	42,578,473
11. 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)

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

Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the debt / equity ratio, this ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents and deferred tax liability, Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

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

	31 March 2022	31 December 2021
Total financial liabilities (*)	2,817,003,786	2,740,676,806
Less: Cash and cash equivalents	(1,126,032,436)	(1,093,574,832)
Less: Time deposits	-	(14,078,067)
Less: Restricted cash	(109,659,364)	(102,609,932)
Net debt	1,581,311,986	1,530,025,975
Net debt (Excluding the effect of TFRS 16) (*)	235,490,573	267,817,972
Equity	2,002,456,673	1,669,845,086
Capital invested	3,583,768,659	3,199,871,061
Net debt / capital invested	0.44	0.48

(*) TL 1,345,821,413 of the net debt consists of the lease amounts discounted in accordance with TFRS 16 effective (2021: TL 1,262,208,003).

NOTE 27 - SUBSEQUENT EVENTS

The Company participated in 2 tenders separately for the selection of service providers for the construction, the improvement, operation, management, maintenance and transfer of cargo terminals opened by Bangalore International Airport Limited ("BIAL"), the operator of India's Kempegowda International Airport, for a period of 15 years (+7 years extension option). According to the tender rules determined by the contracting authority BIAL, tender participants participating in both tenders will only be able to win one of the tenders. Negotiations are currently ongoing by the contracting authority.

Within the scope of the regulations of the CMB on profit distribution, for the 01.01.2021- 31.12.2021 accounting period, 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 have been decided, and the dividend distribution date has been decided as 27 April 2022.

The Company's credit rating was evaluated by JCR Eurasia.

As of 1 April 2022, DASPL ceased to operate.