TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021
WITH INDEPENDENT AUDITOR'S REPORT**

pwc

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Türk Hava Yolları Teknik A.Ş.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türk Hava Yolları Teknik A.Ş. (the "Company") and its subsidiary (together the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Other Matters

We draw attention to Note 8 to the consolidated financial statements which describes the large-scale operations with related parties of the Group. For the period 1 January - 31 December 2021; 96% of sales are realized with the related companies. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Baki Erdal, SMMM
Partner

Istanbul, 30 March 2022

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TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

(All amounts are expressed in US Dollars ("USD") unless otherwise stated.)

	Notes	31 December 2021	31 December 2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	7.281.193	13.140.769
Trade Receivables		379.837.207	256.252.203
- *Trade Receivables From Related Parties*	*8*	*299.998.562*	*205.304.930*
- *Trade Receivables From Third Parties*	*9*	*79.838.645*	*50.947.273*
Other Receivables		438.571	1.314.445
- *Other Receivables From Related Parties*	*8*	*35.000*	*79.305*
- *Other Receivables From Third Parties*	*11*	*403.571*	*1.235.140*
Inventories	12	555.171.008	609.851.506
Prepaid Expenses	13	13.296.694	10.022.328
Current Income Tax Assets	28	-	69.438
Other Current Assets		336.999	435.695
TOTAL CURRENT ASSETS		**956.361.672**	**891.086.384**
Non-Current Assets			
Investments Accounted for Using the Equity Method	3	63.703.955	64.659.891
Right of Use Assets	16	26.573.222	29.742.825
Property and Equipment	14	545.977.276	556.373.137
Intangible Assets	15	14.169.266	12.362.163
Prepaid Expenses	13	1.151.365	2.356.143
Other Investments	5	510.059	510.059
TOTAL NON-CURRENT ASSETS		**652.085.143**	**666.004.218**
TOTAL ASSETS		**1.608.446.815**	**1.557.090.602**

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

(All amounts are expressed in US Dollars ("USD") unless otherwise stated.)

	Notes	31 December 2021	31 December 2020
LIABILITIES			
Current Liabilities			
Other Financial Liabilities	7	2.828.988	3.004.713
Short-term Borrowings	6	-	61.402.290
Short-term Lease Liabilities	6	3.679.079	3.443.094
Trade Payables		117.988.057	102.323.185
- Trade Payables From Related Parties	*8*	*20.695.667*	*30.869.652*
- Trade Payables From Third Parties	*9*	*97.292.390*	*71.453.533*
Payables Related to Employee Benefits	10	19.939.931	16.595.825
Other Payables		27.822.239	19.908.678
- Other Payables From Related Parties	*8*	*1.592.582*	*1.134.286*
- Other Payables From Third Parties	*11*	*26.229.657*	*18.774.392*
Provisions		6.375.010	7.107.393
- Short-term Provisions for Employee Benefits	*18*	*3.273.800*	*3.531.191*
- Other Provisions	*18*	*3.101.210*	*3.576.202*
Deferred Income	*13*	141.553.441	132.652.338
Current Income Tax Liabilities	*28*	15.747.070	-
Other Current Liabilities		379.233	1.609.505
TOTAL CURRENT LIABILITIES		**336.313.048**	**348.047.021**
Non-Current Liabilities			
Long-term Lease Liabilities	6	19.876.755	24.540.629
Provisions		24.883.550	29.183.562
- Long-term provisions for employee benefits	*19*	*24.883.550*	*29.183.562*
Deferred Tax Liabilities	28	116.412.142	72.403.953
TOTAL NON-CURRENT LIABILITIES		**161.172.447**	**126.128.144**
Equity			
Paid-in Share Capital	20	569.462.907	569.462.907
Reserves	20	37.963.281	34.847.147
Retained Earnings		502.800.942	477.368.459
Equity Attributable to the Parent		**1.110.227.130**	**1.081.678.513**
Non-Controlling Interests	20	734.190	1.236.924
TOTAL EQUITY		**1.110.961.320**	**1.082.915.437**
TOTAL LIABILITIES AND EQUITY		**1.608.446.815**	**1.557.090.602**

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

(All amounts are expressed in US Dollars ("USD") unless otherwise stated.)

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
PROFIT OR LOSS			
Revenue	21	1.034.820.002	893.954.983
Cost of Sales (-)	21	(851.997.547)	(761.270.231)
GROSS PROFIT		**182.822.455**	**132.684.752**
Administrative Expenses (-)	22	(95.703.252)	(80.069.089)
Marketing and Sales Expenses (-)	22	(9.026.394)	(6.378.623)
Research and Development Expenses (-)	22	(4.245.646)	(3.961.426)
Impairment Gain Determined According to IFRS 9	33	4.819.100	(20.579.285)
Other Income	23	25.758.258	14.353.710
Other Expenses (-)	23	(5.475.232)	(3.957.043)
OPERATING PROFIT		**98.949.289**	**32.092.996**
Loss of Investment Activities	24	(154.539)	(239.054)
Share of Investments' (Loss)/Profit Accounted by Using the Equity Method	3	9.393.591	1.262.178
NET FINANCE (COST)/INCOME		**288.536**	**(6.959.381)**
Finance Income	26	5.508.935	775.749
Finance Cost (-)	26	(5.220.399)	(7.735.130)
PROFIT BEFORE TAX		**108.476.877**	**26.156.739**
- Deferred tax expense	28	(45.484.132)	(18.183.460)
- Current tax expense	28	(27.631.932)	-
PROFIT FOR THE PERIOD		**35.360.813**	**7.973.279**
Profit Attributable to			
Non-controlling interest		79.199	(22.149)
Parent company		35.281.614	7.995.428
		35.360.813	**7.973.279**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss		**(4.405.262)**	**(2.275.490)**
Actuarial Loss From Defined Pension Plans, Before Tax Effect	19	(5.506.577)	(2.917.295)
Tax Effect of Actuarial Losses From Defined Pension Plans	28	1.101.315	641.805
Items that are or may be reclassified		**(2.909.668)**	**(1.251.001)**
Currency Translation Differences		(2.909.668)	(1.251.001)
OTHER COMPHERENSIVE INCOME		**(7.314.930)**	**(3.526.491)**
TOTAL COMPHERENSIVE INCOME		**28.045.883**	**4.446.788**
Total Comprehensive Income Attributable to:			
Non-controlling interest	20	(502.734)	(272.349)
Parent company		28.548.617	4.719.137
		28.045.883	**4.446.788**

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS'EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

	Attributable to Owners of the Company					
	Share Capital	**Restricted Reserves**	**Retained Earnings**	**Total**	**Non - Controlling Interest**	**Total Equity**
Balances as at 1 January 2020	**569.462.907**	**30.768.471**	**476.727.998**	**1.076.959.376**	**513.210**	**1.077.472.586**
Capital increase	-	-		-	996.063	996.063
Transfers	-	4.078.676	(4.078.676)	-	-	-
Total Comprehensive Income	-	-	4.719.137	4.719.137	(272.349)	4.446.788
Balances as at 31 December 2020	**569.462.907**	**34.847.147**	**477.368.459**	**1.081.678.513**	**1.236.924**	**1.082.915.437**
Balances as at 1 January 2021	**569.462.907**	**34.847.147**	**477.368.459**	**1.081.678.513**	**1.236.924**	**1.082.915.437**
Transfers	-	3.116.134	(3.116.134)	-	-	-
Total Comprehensive Income	-	-	28.548.617	28.548.617	(502.734)	28.045.883
Balances as at 31 December 2021	**569.462.907**	**37.963.281**	**502.800.942**	**1.110.227.130**	**734.190**	**1.110.961.320**

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

CONSOLIDATED STATEMENTCASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

	Notes	1 January - 31 December 2021	1 January - 31 December 2020
Profit for the period		**35.360.813**	**7.973.279**
Adjustments to Reconcile Profit			
Adjustments for Depreciation and Amortisation Expense	12,14,15,16	128.084.652	125.319.266
Adjustments for Provision for Unusued Vacation	18	1.555.351	(605.477)
Adjustments for Provisions	26	936.185	(2.033.749)
Adjustments for Impairment of Inventories	12	5.191.537	(2.769.106)
Adjustments for Interest Income	24	(506.373)	(775.749)
Adjustments for Interest Expense		1.830.042	2.525.560
Adjustments for Unrealised Foreign Exchange Gains		(17.754.495)	(62.428.208)
Adjustments for Provision for Doubtfull Receivables	33	(4.819.100)	20.579.285
Adjustments for Undistributed Gains of Associates	3	(9.393.591)	(1.262.178)
Adjustments for Tax Expense	28	61.231.202	18.114.022
Adjustments for Rediscounted Interest Income		(30.736)	(92.244)
Adjustments for Arised from Sale of Tangible Assets	24	(154.539)	(239.054)
Adjustments for Employee Termination Benefits	19	4.761.362	6.399.800
Operating Profit Before Changes in Working Capital		**206.292.310**	**110.705.448**
Increase in Trade Receivables from Related Parties	8	(94.693.632)	35.645.412
Increase in Trade Receivables from Third Parties	9,33	(24.041.536)	3.838.624
Increase in Other Receivables from Related Parties	8	44.305	(52.552)
Increase in Other Receivables from Third Parties	11	831.569	(211.386)
Adjustments for Increase in Inventories	12	(4.366.361)	(2.503.772)
Adjustments for Increase in Prepaid Expenses	13	(2.069.588)	(151.447)
Increase in Trade Payables and Due to Related Parties	8	(10.173.985)	13.390.825
Decrease in Trade Payables to Third Parties	9	25.838.857	(28.884.772)
Adjustments in Payables Related to Employee Benefits	10	3.344.106	(7.403.267)
Increase in Other Payables and Due to Related Parties	8	458.296	555.031
Increase in Other Payables and Due to Third Parties		18.632.527	(10.501.211)
Increase in Deferred Income		7.670.831	(17.745.921)
Decrease in Other Assets		98.701	(204.331)
Cash Flows from Operations		**127.866.400**	**96.476.681**
Payments for Provisions Related with Employee Benefits	19	(551.282)	(3.869.429)
Income Taxes (Paid)	28	(11.107.824)	(69.438)
Net Cash From Operating Activities		**116.207.294**	**92.537.814**
Cash Flows From Investing Activities			
Proceeds from Sales of Property, Plant and Equipment		501.593	1.065.551
Proceeds from Sales of Intangible Assets		124.984	-
Payments for Purchasing of Property, Plant and Equipment	14	(52.650.841)	(72.876.570)
Payments for Purchasing of Intangible Assets	15	(8.494.646)	(8.051.802)
Interest Received	26	506.373	775.749
Net Cash Flows Used in Investing Activities		**(60.012.537)**	**(79.087.072)**
Cash Flows from Financing Activities			
Proceeds from Loans	6	-	59.582.915
Repayments of Loans	6	(57.269.059)	(59.089.500)
Payments of Lase Liabilities	6	(4.399.947)	(4.938.013)
Other Cash Outflows		(9.125)	-
Interest Payment	26	(376.202)	(388.524)
Net Cash Used in Financing Activities		**(62.054.333)**	**(4.833.122)**
Net Change in Cash and Cash Equivalents		**(5.859.576)**	**8.617.620**
Cash snd Cash Equıvalents at the Beginning of the Year	4	**13.140.769**	**4.523.149**
Cash snd Cash Equıvalents at the End of the Year	4	**7.281.193**	**13.140.769**

The accompanying notes are integral part of these consolidated financial statements.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Türk Hava Yolları Teknik Anonim Şirketi ("the Company") was incorporated on 23 May 2006 with the purpose to bring the Company to an important technical maintenance base in the area in air transport sector and to provide maintenance and repair services to civil aviation sector and every kind of technical and infrastructural assistance related with the airlines sector.

For the purpose of the consolidated financial statements, the Company and its consolidated subsidiary Cornea Havacılık Sistemleri Sanayi ve Ticaret A.Ş. ("Cornea") are collectively referred as a "Group".

Total average number of employees working for the Group as at 31 December 2021 is 8.932 (31 December 2020: 9.329). Total number of employees working for the Group as at 31 December 2021 is 8.866 (31 December 2020: 9.159).

	31 December 2021	31 December 2020
Administrative staff	2.677	2.610
Production staff	6.189	6.549
Total	**8.866**	**9.159**

The Company is registered in Turkey and its head office address is as follows:

Sanayi Mah. Havaalanı İçyolu Cd. Sabiha Gökçen Havaalanı E Kapısı No:3 Pendik/Istanbul.

1.1 Subsidiary

As at 31 December 2021 and 31 December 2020, the detail of the Group's subsidiary is as follows:

		Participation Rate		
Company	**Activity**	**2021**	**2020**	**Registration**
Cornea	Cabin Interior Entertainment Systems	80%	80%	Turkey

Cornea designs, manufactures, repairs, maintains, markets, sells and performs after-sales services, including in-cabin entertainment and internet service provider systems in land, sea, rail systems and air platforms, and spare parts of other software systems in civil aviation.

1.2 Associates

As at 31 December 2021 and 31 December 2020, associates accounted by using equity method and participation rate of the Company in these associates are as below:

		Participation Rate		
Company	**Activity**	**2021**	**2020**	**Registration**
P&W T.T. Uçak Bakım Merkezi Limited Şirketi ("TEC")	Technical Maintenance	49%	49%	Turkey
Goodrich THY Teknik Servis Merkezi Limited Şirketi ("Goodrich")	Technical Maintenance	40%	40%	Turkey
TCI Kabiniçi Sistemleri Sanayi ve Ticaret Anonim Şirketi ("TCI")	Cabin Interior	20%	20%	Turkey

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The policies set out below have been consistently applied to all the periods and the years presented, unless otherwise stated. The financial statements have been prepared under the historical cost convention, except for the fair value of certain financial assets and liabilities.

The Company maintains its books of account in accordance with the Turkish Commercial Code ("TCC"), local tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance (collectively referred to as "Local GAAP"). The financial statements are based on the Local GAAP, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

The Group also prepares its financial statements in accordance with the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.5.

They were authorised for issue by the Group's board of directors on 30 March 2022.

Functional and Reporting Currency

Functional currency

The consolidated financial statements of the Group are presented in USD, which is the functional currency of the Group. Although the currency of the country in which the Group is domiciled is Turkish Lira ("TL"), the Group's functional currency is determined as USD. USD is used to a significant extent in, and has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group. Therefore, the Group uses the US Dollar in measuring items in its financial statements and as the functional currency. All currencies other than the currency selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in USD have been remeasured in USD in accordance with the relevant provisions of IAS 21 the Effects of Changes in Foreign Exchange Rates.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Basis for Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Non-controlling interests

Non-controlling interests ("NCI") are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(d) Interests in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other compherensive income ("OCI") of equity-accounted investees, until the date on which significant influence or joint control ceases.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized profit and losses income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Changes and Errors in Accounting Estimates

Any change in the accounting policies resulted from the first time adoption of a new IFRS is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. The significant estimates and assumptions used in preparation of these consolidated financial statements as at and for the year ended 31 December 2021 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2020.

If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively.

2.4 Summary of Significant Accounting Policies

Accounting policies applied by subsidiaries can be changed in order to convenience with the accounting policies applied by the Group. accounting policies which applied to preperation of consolidated financial statements are summarized is as follows:

2.4.1 Leases

Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assesses whether:

a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) The Group has the right to direct use of the asset, the Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

    i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
    ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.1 Leases (Continued)

Right of Use Assets

The right of use asset is initially recognized at cost comprising of:

1) Amount of the initial measurement of the lease liability;
2) Any lease payments made at or before the commencement date, less any lease incentives received;
3) Any initial direct costs incurred by the Group; and
4) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group remeasures the right of use asset:

a) After netting-off depreciation and reducing impairment losses from right of use asset.
b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

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

a) Fixed payments, including in-substance fixed payments;
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
c) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) Increasing the carrying amount to reflect interest on lease liability,
b) Reducing the carrying amount to reflect the lease payments made and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the Group, varies between 3 and 10 years.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.1 Leases (Continued)

Extension and termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Group and the lessor. The Group determines the lease period by including the extension and early termination options at the discretion of the Group according to the relevant contract and if the options are reasonably accurate, it is included in the lease term. The Group does not have a significant level of lease contract with an extension and early termination option, which is not included in the lease obligation because it is not reasonably certain.

If the conditions change significantly, the assessment is reviewed by the management. As a result of the evaluations made in the current period, there is no lease obligation or asset usage right arising from the inclusion of extension and early termination options in the lease period.

Variable lease payments

The Company does not have any lease contract with variable lease payments as of 31 December 2021.

Exemptions and simplifications

Short-term lease payments which have a lease term less than 12 months are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

Group - as a lessor

The Group does not have any significant activities as a lessor.

2.4.2 Revenue

General model for revenue recognition

IFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Revenue (Continued)

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) A performance obligation either a good or service that is distinct or
(b) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies a good or service contained in the contract as a different good or service if it is able to identify the goods or services separately from other commitments in the contract and allows the customer to make use of that good or service alone or in combination with other available resources. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Revenue (Continued)

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Group recognizes revenue over-time if any of the following conditions is met:
- Customer simultaneously receives and consumes the benefits as the entity performs, or;
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Group recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economicbenefits.

Revenue breakdown of the Group is described under three topics:

a) Aircraft Maintance Revenue

It includes base maintenance, acceptance-delivery maintenance, internal cabin maintenance, structural and composite maintenance, special aircraft maintenance and aircraft dye maintenance. As per the agreements made with customers, the Group tracks the services to be provided for the aircraft which needs maintenance based on the work order and recognises revenue when the relevant service is completed after the work order is closed.

b) Pool Revenue

The Group provides component pool services to customers all around the world. According to the agreements, The Group creates spare component inventories in aircraft groups included in customers' fleets and recognises revenue based on the flight hours completed by customers in return for repair, maintenance and component replacement services provided within this agreement.

c) Other Revenue

The Group's other income consists of personnel allocation, calibration services and engineering support services. Group recognises these income as revenue after the relevant services are completed.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Revenue (Continued)

Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

2.4.3 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories is the sum of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Average cost method is applied in the calculation of cost of inventories. Net realizable value represents estimated selling price at regular business operation less all estimated costs of completion and estimated costs which is necessary to make sales.

Components depreciated over their useful lives are as follow:

	Useful Life (Years)
Components (*)	3-18

(*) Component materials consist of aircraft spare parts and components that can be economically recycled. As part of the pooling services it provides to its customers, the company keeps component materials in its inventories and depreciates these materials throughout its economic life.

2.4.4 Property and equipment

Tangible assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The useful lives of property and equipment are as follow:

	Useful Life (Years)
Buildings	10-25
Machinery and equipments	3-20
Furniture and fixtures	2-15
Vehicles	4-7
Other	4-15
Leasehold improvements	4-16

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.5 Intangible Assets

Intangible assets include information systems. These intangible assets are recorded in the purchase cost. Other intangible assets are depreciated over their useful life, on a straight-line basis.

The useful lives of intangible assets are as follow:

	Useful Life (Years)
Information Systems	3-15

2.4.6 Impairment of Assets

Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for expected credit loss on:

- Financial assets measured at amortized cost;
- Debt investments measured at fair value through OCI ("FVOCI").

The Group measures loss allowances at an amount equal to lifetime expected credit losses ("ECL")'s, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.6 Impairment of Assets (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The cash shortfalls is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise,
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Write-off is the reason for derecognition.

For customers, the Group makes an assessment of the timing and the amount to be deducted, based on whether there is a reasonable expectation of individual recovery. The Group does not expect a significant recovery regarding the amount deducted from the record.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.6 Impairment of Assets (Continued)

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2.4.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All of the other borrowing costs are recognized in the statement of profit or loss income in the period in which they occur. As at 31 December 2021 and 2020, the Group does not have any capitalized borrowing costs.

2.4.8 Financial Instruments

Recognition and initial measurement

Trade receivables and liabilities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.8 Financial Instruments (Continued)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are not reclassified after the initial recognition unless the Group changes the business model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.8 Financial Instruments (Continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non - recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

In addition, (i) if the financial asset is bought at a premium or discounted at the contractual nominal value, (ii) in cases where the contract is terminated before the due date, the prepaid amounts that include a reasonable additional payment reflect the contractual nominal value and the accrued (but not paid) interest. and (iii) in the initial recognition, if the fair value of the early payment feature is insignificant, it is considered to comply with this criterion.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.8 Financial Instruments (Continued)

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial Assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.9 The Effect of Foreign Currency Transaction

Transactions in foreign currencies are translated into USD at the exchange rates prevailing at the transaction dates.

According to announcement of the Public Oversight Authority dated 15 March 2021, valuation of the financial reports represents with the spot rates at the reporting date instead of the rates announced the day before reporting. This announcement implies the valuation of;

- o assets in te form of foreign currencies with the "buying spot rates" announced at the reporting date and
- o aiabilities in te form of foreign currencies with the "selling spot rates" announced at the reporting date.

The Group represents its financials with the spot rates described below:

	31 December 2021		31 December 2020	
	Buying Rate	Selling Rate	Buying Rate	Selling Rate
USD/TL (closing rate)	13,329	13,353	7,4194	7,4327
USD/EUR (closing rate)	1/1,1319	1/1,1319	1/1,2287	1/1,2287
USD /TL (annual average)	8,8719	8,8879	7,0012	7,0138
USD /EUR (annual average)	1/1,1792	1/1,1792	1/1,1441	1/1,441

2.4.10 Earning Per Share

Earnings per share is calculated by dividing net profit/(loss) by weighted average number of shares outstanding in the relevant period.

In Turkey, companies are allowed to increase their capital by distributing "free shares" to shareholders from accumulated profits. In calculation of earnings per share, such free shares are considered as issued shares. Therefore, weighted average number of shares in the calculation of earnings per share is found by applying distribution of free shares retrospectively.

2.4.11 Events After Balance Sheet Date

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

If such an event were to arise, the Group restates its consolidated financial statements accordingly.

2.4.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the related cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.13 Related Parties

Related parties in the consolidated financial statements refer to partners, top level management, members of the Board of Directors, and close family members in charge of the Group, as well as the companies, affiliates and partnerships controlled by these individuals or associated with them. Transactions with related parties are performed based on prices at arm's length.

2.4.14 Taxation and Deferred Tax

Income tax expense represents the sum of the tax currently payable and deferred tax expense (or benefit).

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount at deferred tax assets reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.14 Taxation and Deferred Tax (Continued)

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over cost. Taxes on financial statements contain changes in current period taxes and deferred tax. The Group calculates current period tax and deferred tax based on period results.

2.4.15 Employee Benefit/Retirement Pay Provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet have been measured as the net current value of the liabilities that are expected to emerge from the retirements of all employees and disclosed as such on the financial statements. Any actuarial gains and losses calculated are carried on the of profit or loss statement.

2.4.16 Statement of Cash Flow

Cash flows from operating activities reflect cash flows generated from sales of the Group.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.4.17 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.18 Government Grants and Incentive

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable

2.4.19 Penalty Provisions

Penalty provisions are recognized according to the directors' best estimate considering the status of the fulfillment of projects and the penalty percentage prescribed in the agreements with the customers. The calculation of provisions is performed individually on each project and amended on negotiation reached with the customer.

2.5 Significant Accounting Estimates and Assumptions

2.5.1 Economic Life of Component Materials

Economic life of components is determined according to the Group's experiences, usage statistics and similar practices in the industry. Group management determines the economic life by evaluating each component based on sub-category. Information regarding economic life of component materials in Note 2.4.3.

2.5.2 Provision for Doubtful Receivables

The Group makes a provision for trade receivables which are overdue and whose ability to be collected is assessed to be lower based on the past collectability experience, by taking letters of guarantees received into consideration. As explained in Note 33, the provision for doubtful trade receivables amounts to USD 51.380.861 as at 31 December 2021 (31 December 2020: USD 56.231.394).

2.5.3 Useful Lives of Property and Equipment

The useful economic lifetime of Group's assets are determined by Group Management at acquisition date of asset and they are revised regularly. Group determines the useful lifetime of an asset by considering the assets' approximate benefit. This assessment based on the experience of used similar assets. The Group considers the situation that will become unusable in terms of technical or commercial values, as a result of changes or progression in the market when determine the useful lifetime of an asset.

2.5.4 Revenue Recognition

Group recognises revenue derived from maintenance agreements made in different times according to the completion rate of relevant works. When determining the completion rates, Group estimates the revenue by measuring works completed and remaining based on project.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Significant Accounting Estimates and Assumptions (Continued)

2.5.5 Provision for retirement pay liability

Actuarial assumptions regarding personnel turnover rate, discount rate and salary rise when determining provision for retirement pay. Discount rates of actuarial consultancy firms are searched and rates are calculated according to their confirmation. Discount and interest rates used in actuarial calculation of these liabilities are based on the market conditions and rates.

2.5.6 Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its consolidated financial statements as reported for IFRS purposes and its statutory tax financial statements. The partial or complete recoverable amount of deferred tax assets are estimated under current circumstances. Future profit projections, losses in current period, the final dates for utilizing unused losses and other tax assets and tax planning strategies are taken into consideration for such evaluation.

Based on the information obtained, a provision is set aside for a portion of or for the total of deferred tax asset if future taxable profit is not sufficient against deferred tax assets.

2.6 Changes in Turkish Financial Reporting Standards ("IFRS")

a. Standards, amendments and interpretations applicable as at 31 December 2021:

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2**; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9**; effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient**; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Changes in Turkish Financial Reporting Standards ("IFRS") (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2021 (Continued)

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences

The Group will evaluate the effects of the above changes and apply them as of their effective date.

2.7 Going Concern

The consolidated financial statements of the Group has been prepared assuming that the Group will continue as a going concern on the basis that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. In addition, the management finds no uncertainties that could arise doubt concerning the sustainability of the Group's operations.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Substantial Changes Regarding the Current Period

The Group's management took the necessary actions to minimise as much as possible the potential impact of COVID-19 on the Group's operations and financial status.

Despite developments/slowdowns in both the industry in which the Group operates and the general economic activities due to COVID-19 pandemic, no interruption experienced in aircraft maintenance components and repairable spare parts which constitute main activities of the Group. However, there have been periodic fluctuations in sales processes due to the contraction in demand. In the meantime, the group took action to minimise investment expenses, operational costs and inventories, and reviewed the cash management strategy to strengthen liquidity position. Continuation of sales activities in airline industry with the easing of pandemic restrictions had a positive impact on the Group's activities compared to the previous year.

It is still unclear, both in Turkey and around the world, how long the impact of the COVID-19 will last and to what extent the virus will continue to spread. It will be possible to make a more clear and accurate estimation for the medium and long-term when the severity and duration of the impact becomes more evident. In addition, the potential impact of the COVID-19 outbreak was considered when preparing the consolidated financial statements dated 31 December 2021, and the estimations and assumptions used when preparing the consolidated financial statements were reviewed. Within this scope, impairment was detected in consolidated financial statements dated 31 December 2021.

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

As at 31 December, the shares in other subsidiaries are as follow:

	31 December 2021	31 December 2020
TEC	57.244.135	59.275.256
Goodrich	4.771.131	3.585.854
TCI	1.688.689	1.798.781
	63.703.955	**64.659.891**

The movement of the investments accounted by using the equity method is as follow:

	1 January – 31 December 2021	1 January – 31 December 2020
At the beginnng of the period	64.659.891	64.372.950
Share of investments' profit accounted for using the equity method	9.393.591	1.262.178
Share of other comprehensive income	(10.349.527)	(975.237)
At the end of the period	**63.703.955**	**64.659.891**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (Continued)

As at 31 December, financial informations for TEC are as follow:

	31 December 2021	31 December 2020
Current assets	146.959.970	138.186.032
Non-current assets	56.777.862	60.201.417
Short-term liabilities	31.041.558	22.165.415
Long-term liabilities	55.871.509	55.252.124
Equity	116.824.765	120.969.910
Group's share in equity	**57.244.135**	**59.275.256**

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	391.498.047	349.218.579
Profit for the period	17.041.927	2.655.298
Group's share in profit/(loss) for the period	**8.350.544**	**1.301.096**

As at 31 December, the financial information's for Goodrich are as follow:

	31 December 2021	31 December 2020
Current assets	13.277.321	11.171.950
Non-current assets	1.515.860	841.973
Short-term liabilities	2.724.928	2.923.618
Long-term liabilities	140.426	125.671
Equity	11.927.827	8.964.634
Group's share in equity	**4.771.131**	**3.585.854**

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	21.499.802	16.437.689
Profit for the period	2.821.241	1.139.727
Group's share in profit for the period	**1.128.496**	**455.891**

As at 31 December, the financial information for TCI are as follow:

	31 December 2021	31 December 2020
Current assets	11.235.202	10.066.066
Non-current assets	3.328.394	5.365.210
Short-term liabilities	1.766.857	1.411.607
Long-term liabilities	4.353.294	5.025.764
Equity	8.443.445	8.993.905
Group's share in equity	**1.688.689**	**1.798.781**

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	5.600.480	2.720.884
Profit for the period	(427.243)	(2.474.047)
Group's share in (loss)/profit for the period	**(85.449)**	**(494.809)**

Shares of investment's (loss)/profit accounted by using equity method are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
TEC	8.350.544	1.301.096
TCI	(85.449)	(494.809)
Goodrich	1.128.496	455.891
	9.393.591	**1.262.178**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

4. CASH AND CASH EQUIVALENTS

As at 31 December 2021 and 2020, details of cash and cash equivalents are as follow:

	31 December 2021	31 December 2020
Cash	100	17
Banks (demand deposits)	64.336	729.948
Banks (time deposits)	7.216.757	12.410.804
	7.281.193	**13.140.769**

As at 31 December 2021 and 2020, the details of time deposits at the bank are as follow:

Capital	Currency	Opening Date	Interest Rate	Maturity	31 December 2021
2.044.332	USD	31 December 2021	1,15%	3 January 2022	2.044.332
700.000	USD	14 December 2021	1,00%	17 January 2022	700.000
128.000	USD	31 December 2021	1,00%	2 January 2022	128.000
24.600.000	TL	29 December 2021	22,00%	1 January 2022	1.845.600
9.000.000	TL	14 December 2021	15,75%	17 January 2022	675.219
960.958	TL	31 December 2021	5,00%	2 January 2022	72.095
89.000	TL	31 December 2021	16,31%	3 January 2022	6.677
1.500.000	EUR	31 December 2021	1,10%	28 February 2022	1.697.806
41.549	EUR	31 December 2021	1,00%	3 January 2022	47.028
					7.216.757

Capital	Currency	Opening Date	Interest Rate	Maturity	31 December 2020
59.710.000	TL	29 December 2020	18,50%	29 January 2021	8.134.323
19.000.000	TL	29 December 2020	17,50%	1 February 2021	2.588.380
26.000	TL	31 December 2020	15,84%	4 January 2021	3.542
2.705.686	TL	31 December 2020	9,00%	4 January 2021	368.597
1.172.158	USD	31 December 2020	2,85%	1 January 2021	1.172.158
117.185	EUR	31 December 2020	2,35%	1 January 2021	143.804
					12.410.804

5. OTHER INVESMENTS

As at 31 December, details of financial investments are as follow:

	31 December 2021	Share (%)	31 December 2020	Share (%)
Uçak Koltuk Üretimi Sanayi Ticaret Anonim Şirketi ("Uçak Koltuk")	510.047	5	510.047	5
Türk Hava Yolları Opet Havacılık Yakıtları Anonim Şirketi ("THY Opet")	12	<1	12	<1
	510.059		**510.059**	

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

6. BORROWINGS

As at 31 December 2021 and 2020, details of borrowings are as follow:

	31 December 2021	31 December 2020
Short-term bank loans	-	61.402.290
Total	**-**	**61.402.290**

The reconciliation regarding the liabilities arising from financial transactions is as follows:

	1 January 2021	Cash Inflows	Non-Cash Changes (*)	Payments	31 December 2021
Bank Loans	61.402.290	-	(4.133.231)	(57.269.059)	-
	61.402.290	**-**	**(4.133.231)**	**(57.269.059)**	**-**

	1 January 2020	Cash Inflows	Non-Cash Changes	Payments	31 December 2020
Bank Loans	56.032.511	59.582.915	4.876.364	(59.089.500)	61.402.290
	56.032.511	**59.582.915**	**4.876.364**	**(59.089.500)**	**61.402.290**

(*) USD (4.133.231) non-cash changes comprises foreign exchange gains (31 December 2020: USD 4.876.364 non-cash changes comprises foreign exchange loss amounting to USD 4.837.070 is and interest expense accruals amounting to USD 39.295.).

As at 31 December 2021 and 2020, the details of lease liabilities are as follow:

31 December 2021

	Future minimum lease payments	Interest	Principal
Less than a year	4.910.731	(1.231.652)	3.679.079
Over a year	22.337.002	(2.460.247)	19.876.755
Total	**27.247.733**	**(3.691.899)**	**23.555.834**

31 December 2020

	Future minimum lease payments	Interest	Principal
Less than a year	5.167.430	(1.724.336)	3.443.094
Over a year	28.443.182	(3.902.553)	24.540.629
Total	**33.610.612**	**(5.626.889)**	**27.983.723**

The movement table of borrowings from leasing liabilities is as follows:

	31 December 2021	31 December 2020
Opening	27.983.723	31.891.727
Additions	2.388.206	1.079.453
Interest expenses	1.453.840	2.137.036
Payments	(4.399.947)	(4.938.013)
Foreign currency translation difference	(3.279.227)	(2.186.480)
Disposals	(590.761)	-
Total	**23.555.834**	**27.983.723**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

7. OTHER FINANCIAL LIABILITIES

As at 31 December 2021 and 2020, details of other financial liabilities are as follow:

	31 December 2021	31 December 2020
Payables to banks (*)	2.828.988	3.004.713
Total	**2.828.988**	**3.004.713**

31 December 2021 Bank Name	Maturity	Original amount	Original currency	Amount
Türkiye Vakıflar Bankası T.A.O. ("Vakıfbank")	4 January 2022	18.884.362	TL	1.414.747
Vakıfbank	3 January 2022	18.891.129	TL	1.414.241
				2.828.988

31 December 2020 Bank Name	Maturity	Original amount	Original currency	Amount
Türkiye Halk Bankası A.Ş. ("Halkbank")	4 January 2021	18.884.362	TL	1.414.747
QNB Finansbank A.Ş. ("Finansbank")	4 January 2021	16.718	TL	2.278
T.C. Ziraat Bankası A.Ş.	4 January 2021	16.358	TL	2.228
				3.004.713

(*) Short-term financial borrowings consist of overnight borrowings obtained for the payment of social security premiums.

8. RELATED PARTY TRANSACTIONS

As at 31 December 2021 and 2020, short-term trade receivables from related parties are as follow:

	31 December 2021	31 December 2020
Türk Hava Yolları Anonim Ortaklığı ("THY A.O.")	288.980.765	196.223.124
Güneş Express Havacılık A.Ş. ("Sun Ekspress")	5.332.193	5.528.289
TEC	2.648.277	822.554
Air Albenia SHPK	2.517.210	1.996.036
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş. ("THY Uçuş Eğitim")	355.915	384.585
Uçak Koltuk	28.775	-
TCI	26.406	143.871
Other	109.021	206.471
	299.998.562	**205.304.930**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

8. RELATED PARTY TRANSACTIONS (Continued)

As at 31 December 2021 and 2020, short-term other receivables from related parties are as follow:

	31 December 2021	31 December 2020
THY A.O.	35.000	79.305
	35.000	**79.305**

The details of demand deposits at related banks as at 31 December 2021 and 2020 are as follow:

	31 December 2021	31 December 2020
Vakıfbank	4.903.150	-
T.C. Ziraat Bankası A.Ş.	13.983	697.903
Türkiye Halk Bankası A.Ş. ("Halkbank")	3.206	2.612
	4.920.339	**700.515**

The details of time deposits at related banks as at 31 December 2021 and 2020 are as follow:

	31 December 2021	31 December 2020
Halkbank	3.543.405	8.134.323
Vakıfbank	2.091.359	-
T.C. Ziraat Bankası A.Ş.	1.575.315	2.959.377
	7.210.079	**11.093.700**

As at 31 December 2021 and 2020, short-term trade payables to related parties are as follow:

	31 December 2021	31 December 2020
THY A.O.	18.125.875	24.479.155
THY Teknoloji ve Bilişim A.Ş.	1.214.980	-
Goodrich	788.725	3.505.331
TGS	234.644	1.918.133
TCI	170.496	375.447
Uçak Koltuk	88.647	565.329
THY Opet	58.181	8.803
Other	14.119	17.454
	20.695.667	**30.869.652**

As at 31 December 2021 and 2020, short-term other payables to related parties are as follow:

	31 December 2021	31 December 2020
THY A.O.	1.592.582	1.134.286
	1.592.582	**1.134.286**

As at 31 December, advances received from related parties are as follow:

	31 December 2021	31 December 2020
THY A.O. (Note 13)	119.775.964	110.106.672
	119.775.964	**110.106.672**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

8. RELATED PARTY TRANSACTIONS (Continued)

For the periods ended 31 December 2021 and 2020, transactions with related parties are as follow:

Sales	**1 January - 31 December 2021**	**1 January - 31 December 2020**
THY A.O. (*)	777.646.431	716.029.799
Sun Express	21.662.769	14.728.900
TEC	6.078.789	5.763.157
THY Uçuş Eğitim	4.175.611	2.675.410
Goodrich	1.603.420	1.411.886
Air Albenia SHPK	990.959	1.253.352
TCI	380.141	388.250
Other	549.528	445.884
	813.087.648	**742.696.638**

(*) The balance consists of aircraft maintenance services provided to THY A.O.

Purchases	**1 January - 31 December 2021**	**1 January - 31 December 2020**
THY A.O. (*)	64.795.343	38.845.399
Goodrich	6.504.744	16.157.513
THY Teknoloji ve Bilişim A.Ş.	6.036.580	-
TGS	3.227.913	3.046.216
Uçak Koltuk	2.074.145	3.592.209
TCI	936.321	951.949
Sun Express	393.306	273.949
THY Opet	270.418	161.422
THY Uçuş Eğitim	219.182	149.268
Havaalanları Yer Hizmetleri A.Ş.	62.918	31.106
Other	359.045	54.168
	84.879.915	**63.263.199**

(*) Purchases include freight costs and service invoices issued arising from the transfer of all component materials and spare parts regarding aircraft maintenance services via cargo planes.

Interest income	**1 January - 31 December 2021**	**1 January - 31 December 2020**
T.C. Ziraat Bankası A.Ş.	332.032	391.668
Halkbank	103.761	346.379
Vakıfbank	35.504	-
	471.297	**738.047**

For the period ended 31 December 2021, total amount of salaries and other benefits provided to key management personnel is USD 852.838 (31 December 2020: USD 590.540).

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

9. TRADE RECEIVABLES AND PAYABLES

As at 31 December 2021 and 2020, trade receivables from non-related parties are as follow:

	31 December 2021	31 December 2020
Trade receivables	131.219.506	107.178.667
Provision for doubtful receivables (*)	(51.380.861)	(56.231.394)
	79.838.645	**50.947.273**

(*) Provision for doubtful receivables has been determined based on experiences for uncollectible receivables. Details for credit risk, foreign currency risk and impairment for trade receivables of the Group are explained in Note 33.

As at 31 December trade payables to non-related parties are as follow:

	31 December 2021	31 December 2020
Trade payables	73.212.469	49.477.446
Expense Accruals (*)	24.079.921	21.976.087
	97.292.390	**71.453.533**

(*) Expense accruals consists of repair and maintenance services that have been provided but have not yet received an invoice.

10. PAYABLES RELATED TO EMPLOYEE BENEFITS

As at 31 December 2021 and 2020, payables related to employee benefits are as follow:

	31 December 2021	31 December 2020
Salary accruals (*)	14.733.641	11.479.819
Social security premiums payable	5.205.387	5.114.314
Personnel credit card payables	903	1.692
	19.939.931	**16.595.825**

(*) Salary accruals are comprised of salary expenses of December.

11. OTHER RECEIVABLES AND PAYABLES

As at 31 December 2021 and 2020, other receivables from non-related parties are as follow:

	31 December 2021	31 December 2020
Other receivables	310.580	1.164.086
Deposits and guarantees given	46.820	41.210
Receivables from personnel	46.171	29.844
Doubtful receivables	85.199	85.199
Provision for doubtful receivables (-)	(85.199)	(85.199)
	403.571	**1.235.140**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

11. OTHER RECEIVABLES AND PAYABLES (Continued)

For the periods ended 31 December 2021 and 2020, the movements of provision for doubtful receivables are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the period	85.199	63.076
Current period charge	-	22.123
Provision at the end of the period	**85.199**	**85.199**

As at 31 December 2021 and 2020, other payables to non-related parties are as follow:

	31 December 2021	31 December 2020
Taxes and funds payable and other deductions	23.481.290	16.618.950
Deposits and guarantees received	2.137.863	1.675.991
Other payables	610.504	479.451
	26.229.657	**18.774.392**

12. INVENTORIES

As at 31 December 2021 and 2020, inventories are as follow:

	31 December 2021	31 December 2020
Components and repairable spare parts	665.027.864	657.920.197
Technical equipment inventories	269.123.648	301.988.295
Scrap equipment inventories	13.991.338	8.799.532
Technical equipment inventories in transit	6.728.948	3.692.770
Provision for impairment of inventories (-)	(13.985.170)	(8.793.633)
Accumulated depreciation of components and repairable spare parts (-)	(385.715.620)	(353.755.655)
	555.171.008	**609.851.506**

As at 31 December 2021, inventories were issued to the extent of USD 223.855.773 (31 December 2020: USD 357.427.487)

For the periods ended 31 December 2021 and 2020, the movements of provision for impairment of inventories are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the period	8.793.633	11.562.739
Current period charge	5.191.537	-
Reversal of current period provision (*)	-	(2.769.106)
Provision at the end of the period	**13.985.170**	**8.793.633**

(*) For the period ended 31 December 2021 and 2020, reversal of current period provision amount of inventories are presented in cost of sales.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

12. INVENTORIES (Continued)

For the year ended 31 December 2021 the movement of components and repairable spare parts is as follows:

	Components and repairable spare parts
Cost	
Opening balance as at 1 January 2021	657.920.197
Additions	81.865.841
Disposals	(74.758.174)
Closing balance as at 31 December 2021	**665.027.864**
Accumulated depreciation	
Opening balance as at 1 January 2021	353.755.655
Current charge for the period	53.855.322
Disposals	(21.895.357)
Closing balance as at 31 December 2021	**385.715.620**
Net book value as at 31 December 2021	**279.312.244**

For the year ended 31 December 2020 the movement of components and repairable spare parts is as follows:

	Components and repairable spare parts
Cost	
Opening balance as at 1 January 2020	631.168.076
Additions	83.141.241
Disposals	(56.389.120)
Closing balance as at 31 December 2020	**657.920.197**
Accumulated depreciation	
Opening balance as at 1 January 2020	316.428.133
Current charge for the period	55.281.060
Disposals	(17.953.538)
Closing balance as at 31 December 2020	**353.755.655**
Net book value as at 31 December 2020	**304.164.542**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

13. PREPAID EXPENSES AND CONTRACT LIABILITIES

As at 31 December 2021 and 2020 short-term prepaid expenses are as follow:

	31 December 2021	31 December 2020
Advances given for orders (*)	10.757.806	6.910.513
Short-term prepaid expenses	2.538.888	3.111.815
	13.296.694	**10.022.328**

(*) Advances given for orders comprise advances given for purchasing of trading goods, components and consumables.

As at 31 December 2021 and 2020, long-term pre-paid expenses are as follow:

	31 December 2021	31 December 2020
Advances given for fixed assets (**)	1.149.922	2.349.402
Long-term prepaid expenses	1.443	6.741
	1.151.365	**2.356.143**

(**) The fixed asset advances given consist of the advances given for the tangible fixed asset purchases.

As at 31 December 2021 and 2020, details of short-term contractual obligations are as follow:

	31 December 2021	31 December 2020
Contract liabilities arising from the sales of goods and services	123.924.040	120.804.448
Other contract liabilities	17.629.401	11.847.890
	141.553.441	**132.652.338**

(*) 119.775.964 USD of contract liabilities arising from the sales of goods and services consist of order advances received from THY A.O. (31 December 2020: 110.106.672 USD) (Note 8).

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

14. PROPERTY AND EQUIPMENT

For the period ended 31 December 2021, the movement of property, plant and equipment is as follows:

	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other	Construction in Progress (*)	Leasehold Improvements	Total
Cost								
Opening balance as at 1 January 2021	582.272.219	229.320.158	13.189.194	44.539.642	6.212.289	12.296.197	66.418.966	954.248.665
Additions	17.193.610	12.540.882	188.177	1.555.476	523.416	19.373.431	1.275.849	52.650.841
Disposals	-	(566.426)	(226.541)	(380.604)	(1.785)	-	(4.098)	(1.179.454)
Transfers	2.477.420	154.520	-	-	-	(3.276.642)	644.702	-
Closing balance as at 31 December 2021	**601.943.249**	**241.449.134**	**13.150.830**	**45.714.514**	**6.733.920**	**28.392.986**	**68.335.419**	**1.005.720.052**
Accumulated depreciation								
Opening balance as at 1 January 2021	158.831.041	141.913.112	9.691.066	33.262.792	3.525.932	-	50.651.585	397.875.528
Charge for the current period	32.148.711	19.303.236	1.252.848	4.274.400	700.499	-	5.020.029	62.699.723
Disposals	-	(328.406)	(175.677)	(326.055)	(864)	-	(1.473)	(832.475)
Closing balance as at 31 December 2021	**190.979.752**	**160.887.942**	**10.768.237**	**37.211.137**	**4.225.567**	**-**	**55.670.141**	**459.742.776**
Net book value as at 1 January 2021	**423.441.178**	**87.407.046**	**3.498.128**	**11.276.850**	**2.686.357**	**12.296.197**	**15.767.381**	**556.373.137**
Net book value as at 31 December 2021	**410.963.497**	**80.561.192**	**2.382.593**	**8.503.377**	**2.508.353**	**28.392.986**	**12.665.278**	**545.977.276**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

14. PROPERTY AND EQUIPMENT (Continued)

For the period ended 31 December 2020, the movement of property, plant and equipment is as follows:

	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other	Construction in Progress (*)	Leasehold Improvements	Total
Cost								
Opening balance as at 1 January 2020	436.609.762	213.426.675	13.227.796	43.263.249	5.386.149	105.646.820	65.561.448	883.121.899
Additions	41.294.084	15.454.502	63.690	2.513.984	828.920	11.862.994	858.396	72.876.570
Disposals	-	(32.397)	(102.292)	(1.237.591)	(2.780)	-	(878)	(1.375.938)
Transfers	104.368.373	471.378	-	-	-	(105.213.617)	-	(373.866)
Closing balance as at 31 December 2020	**582.272.219**	**229.320.158**	**13.189.194**	**44.539.642**	**6.212.289**	**12.296.197**	**66.418.966**	**954.248.665**
Accumulated depreciation								
Opening balance as at 1 January 2020	130.732.493	122.663.976	8.347.506	29.111.264	2.845.902	-	45.536.101	339.237.242
Charge for the current period	28.098.548	19.281.481	1.445.852	4.564.714	680.767	-	5.116.362	59.187.724
Disposals	-	(32.345)	(102.292)	(413.186)	(737)	-	(878)	(549.438)
Closing balance as at 31 December 2020	**158.831.041**	**141.913.112**	**9.691.066**	**33.262.792**	**3.525.932**	**-**	**50.651.585**	**397.875.528**
Net book value as at 1 January 2020	**305.877.269**	**90.762.699**	**4.880.290**	**14.151.985**	**2.540.247**	**105.646.820**	**20.025.347**	**543.884.657**
Net book value as at 31 December 2020	**423.441.178**	**87.407.046**	**3.498.128**	**11.276.850**	**2.686.357**	**12.296.197**	**15.767.381**	**556.373.137**

(*) For the periods ended 31 December 2021 and 2020, construction in progress comprised buildings and machinery and equipment which are still under construction in Istanbul Airport.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

14. PROPERTY AND EQUIPMENT (Continued)

The negotiations between İGA Havalimanı İşletmesi A.Ş. which is the operator of Istanbul Airport, THY A.O. and the Company are continuing on lease agreements at Istanbul Airport, the rental price, the lease terms and the rental period and the lease agreement has not signed yet. The management of THY A.O. has not decided regarding the issues above. Even though there is a tariff (Public Private Cooperation-PPC Tariff) published by Devlet Hava Meydanları İşletmesi (DHMİ), it is not possible to make a proper calculation under IFRS 16 without clarifying the issues such as the lease, the rental price, the lease terms and the rental period, which are the main conditions of the agreement. Due to these uncertainties, the amount of right of use assets and lease liabilities regarding the leases at Istanbul Airport could not calculated in the consolidated financial statements in 2021. Despite this, certain areas are used at Istanbul Airport, payments are made through the PPC Tariff published by DHMI (with appeal registration) and these payments are followed up in related expense accounts.

15. INTANGIBLE ASSETS

For the year ended 31 December 2021, the movement of intangible assets is as follows:

	Rights
Cost	
Opening balance as at 1 January 2021	45.053.516
Additions	8.494.646
Disposals	(222.374)
Closing balance as at 31 December 2021	**53.325.788**
Accumulated depreciation	
Opening balance as at 1 January 2021	32.691.353
Current charge for the period	6.562.559
Disposals	(97.390)
Closing balance as at 31 December 2021	**39.156.522**
Net book value as at 1 January 2021	**12.362.163**
Net book value as at 31 December 2021	**14.169.266**

For the year ended 31 December 2020, the movement of intangible assets is as follows:

	Rights
Cost	
Opening balance as at 1 January 2020	36.627.847
Additions	8.051.802
Transfers	373.867
Closing balance as at 31 December 2020	**45.053.516**
Accumulated depreciation	
Opening balance as at 1 January 2020	27.287.086
Current charge for the period	5.404.267
Closing balance as at 31 December 2020	**32.691.353**
Net book value as at 1 January 2020	**9.340.761**
Net book value as at 31 December 2020	**12.362.163**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

16. RIGHT OF USE ASSETS

For the period ended 31 December 2021 and 2020, the movement of right of use assets comprised the following:

	Real Estate	Vehicles	Total
Opening balance at 1 January 2021	29.395.881	346.944	29.742.825
Additions	1.309.792	1.078.414	2.388.206
Disposals	(590.761)	-	(590.761)
Depreciation charge	(4.541.597)	(425.451)	(4.967.048)
Closing balance as at 31 December 2021	**25.573.315**	**999.907**	**26.573.222**

	Real Estate	Vehicles	Total
Opening balance at 1 January 2020	33.365.947	743.640	34.109.587
Additions	1.055.145	24.308	1.079.453
Depreciation charge	(5.025.211)	(421.004)	(5.446.215)
Closing balance as at 31 December 2020	**29.395.881**	**346.944**	**29.742.825**

17. COMMITMENTS

As at 31 December 2021 and 2020 the guarantees given are as follow:

	31 December 2021		31 December 2020	
	Original Amount	USD Equivalent	Original Amount	USD Equivalent
Total amounts of GPM given on the behalf of its own legal entity				
- Guarantees	31.634.750	9.593.443	78.219.637	74.482.069
TRY	*24.020.107*	*1.802.094*	*18.423.877*	*2.509.894*
EUR	*1.340.000*	*1.516.706*	*53.605.000*	*65.781.415*
USD	*6.274.643*	*6.274.643*	*6.190.760*	*6.190.760*
Total GPM	**31.634.750**	**9.593.443**	**78.219.637**	**74.482.069**

18. PROVISIONS, CONTINGENTS AND LIABILITIES

As at 31 December, short-term provisions are as follow:

(a) Short-term provisions for employee benefit

	31 December 2021	31 December 2020
Provisions for unused vacation	3.273.800	3.531.191
	3.273.800	**3.531.191**

For the periods ended 31 December 2021 and 2020 the movements of provision for unused vacation are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the period	3.531.191	4.870.517
Current period charge	1.890.148	-
Provision no longer required	(334.797)	(605.477)
Foreign currency translation difference	(1.812.742)	(733.849)
Provision at the end of the period	**3.273.800**	**3.531.191**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

18. PROVISIONS, CONTINGENTS AND LIABILITIES (Continued)

(b) Other short-term provisions

	31 December 2021	31 December 2020
Provision for legal claims (*)	2.591.210	3.076.202
Other provisions (**)	510.000	500.000
	3.101.210	**3.576.202**

(*) As at 31 December 2021, USD 1.765.679 of provision for legal claims comprised reemployment lawsuits (31 December 2020:USD 1.784.215).

(**) The Group has initially applied IFRS 15 in 2018. In accordance with IFRS 15, it consists of the calculated amount of penalty expenses and discounts arising from the contract to be paid in 2021.

For the periods ended 31 December 2021 and 2020, the movements of provision for legal claims are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the period	3.076.202	4.465.024
Current period charge	1.008.818	85.537
Provision no longer required	(82.633)	(654.286)
Foreign currency translation difference	(1.411.177)	(820.073)
Provision at the end of the period	**2.591.210**	**3.076.202**

For the periods ended 31 December 2021 and 2020, the movements of other provisions are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Provision at the beginning of the period	500.000	1.965.000
Current period charge	1.530.000	5.120.000
Provision no longer required	(1.520.000)	(6.585.000)
Provision at the end of the period	**510.000**	**500.000**

19. EMPLOYEE TERMINATION BENEFITS

Provisions for retirement pay liability as of 31 December 2021 and 2020 is comprised of the following:

	31 December 2021	31 December 2020
Provision for retirement pay liability	24.883.550	29.183.562
	24.883.550	**29.183.562**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

19. EMPLOYEE TERMINATION BENEFITS (Continued)

Provision for employment termination benefits is made within the frame of following explanations:

Under labor laws effective in Turkey, it is an obligation to make legal retirement pay to employees whose employment is terminated in such way to receive retirement pay. In addition, according to Article 60 of Social Security Law numbered 506 which was changed by the laws numbered 2422, dated 6 March 1981 and numbered 4447, dated 25 August 1999, it is also an obligation to make legal retirement pay to those who entitled to leave their work by receiving retirement pay. Some transfer provisions related to service conditions prior to retirement are removed from the Law by the changed made on 23 May 2002. Retirement pay liability is subject to an upper limit of USD 812 (equivalent of TL 10,849 as of 31 December 2021) (31 December 2020: USD 970 equivalent of TL 7,117). Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 ("Employee Benefits") stipulates the development of Group's liabilities by using actuarial valuation methods under defined benefit plans.

In this direction, actuarial assumptions used in calculation of total liabilities are described as follows: Main assumption is that maximum liability amount increases in accordance with the inflation rate for every service year. So, provisions in the accompanying financial statements as at 31 December 2021 are calculated by estimating present value of contingent liabilities due to retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 15,55% annual inflation rate (31 December 2020: 9,00%) and 20,00% interest rate (31 December 2020: 13,20%) is also taken into consideration as 3,85% (31 December 2020: 3,85%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Group. Ceiling for retirement pay is revised semi-annually, ceiling amount of 812 USD which is in effect since 1 January 2021 is used in the calculation of Group's provision for retirement pay liability.

The movements of provision for employee benefits are as follow:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Provisions at the beginning of the period	29.183.562	29.562.464
Actuarial loss	5.506.577	2.917.295
Interest charge	3.116.139	2.905.197
Service charge for the period	1.645.223	3.494.603
Payments	(551.282)	(3.869.429)
Foreing currency translation difference	(14.016.669)	(5.826.568)
Provisions at the end of the period	**24.883.550**	**29.183.562**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

20. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

(a) Issued share capital and share capital adjustments

As at 31 December 2021, the paid-in capital of the Company comprises of 960.850.000 shares issued (31 December 2020: 960.850.000 shares) of TL 1 each.

As at 31 December, the ownership structure of the Company's share capital is as follows:

		31 December 2021		31 December 2020	
	Class	**Ownership Interest**	**%**	**Ownership Interest**	**%**
THY A.O	A Company	569.462.907	100	569.462.907	100
Total		**569.462.907**	**100**	**569.462.907**	**100**

960.850.000 (A) Company shares with a nominal value of TL 960.850.000 have privilege in nominating the members of the board of directors and voting rights.

As of December 31, 2021, the capital adjustment differences amounting to TL 84.081 consist of the capital adjustment differences arising from the adjustment of the paid-in capital amount of the Company according to inflation and not deducted from previous years losses or not added to the capital (31 December 2020: 84.081 TL).

As at 31 December 2021 and 2020, the Company has no unpaid capital amount which is committed by its shareholders.

(b) Restricted Profit Reserves

Restricted reserves are reserves which are reserved for specific purposes from previous period profit other than due to law or contractual obligations or dividend payments. These reserves are presented as the same amount in Group's statutory books and differences arising preparing the financial statements in accordance with IFRS are associated with prior years' profit or losses.

As at 31 December, restricted reserves comprised the followings:

	31 December 2021	31 December 2020
The first legal reserve	37.963.281	34.847.147
Total	**37.963.281**	**34.847.147**

In accordance with the Turkish Commercial Code ("TCC") numbered 519, the first legal reserve is appropriated out of statutory profits at the rate of 5 percent per annum, until the total reserve reaches 20% of the Group's paid-in share 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 share capital.

As at 31 December 2021, the first legal reserve amount is 6,67% of the paid-in share capital of the Group, there is no limit for the second legal reserve. Unless such reserves do not exceed half of the Group's paid-in capital, the reserves may only be used to cover the losses, to continue operations or to prevent unemployment and to mitigate the consequences when business is not doing well.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

20. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

(c) Non-controlling interests

The parts of the subsidiary's net assets that are not subject to the direct and / or indirect control of the parent company are classified as non-controlling interests in the Group's consolidated financial statements.

The movements of the non-controlling interests in the periods ended 31 December are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Beginning of the period	1.236.924	513.210
Changes in non-controlling interests of the shares on equity of consolidated subsidiary's	-	996.063
Total comprehensive income attributed to non-controlling interests	(502.734)	(272.349)
End of the period	**734.190**	**1.236.924**

21. REVENUE AND COST OF SALES

For the periods ended 31 December 2021 and 2020, the detail of revenue is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Aircraft maintenance	399.875.406	381.988.055
Component maintenance	210.553.787	159.239.734
Pool	196.618.868	158.424.194
Line maintenance	127.044.519	103.193.676
Engine maintenance	37.508.675	33.324.415
Equipment sales	25.725.506	22.815.215
Other	37.493.241	34.969.694
Revenue	**1.034.820.002**	**893.954.983**
Cost of sales (-)	(851.997.547)	(761.270.231)
Gross profit	**182.822.455**	**132.684.752**

For the periods ended 31 December 2021 and 2020, the detail of cost of sales are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Equipment	285.631.820	234.139.556
Personnel	200.005.744	168.480.739
Maintenance	117.180.747	131.591.380
Service	98.410.473	78.783.038
Depreciation and amortization	95.310.733	95.260.726
Transportation	34.536.249	29.557.970
Utilization	6.905.942	5.390.524
Customs brokerage	1.891.578	1.864.764
Equipment and component rent	1.141.755	2.033.551
Other	10.982.506	14.167.983
	851.997.547	**761.270.231**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

22. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTUION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

For the periods ended 31 December 2021 and 2020, general administrative expenses are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Depreciation and amortization	30.708.163	27.860.250
Personnel	29.954.985	25.434.875
Service	14.363.917	12.069.669
Equipment	3.510.462	2.451.095
Utilization	2.528.172	1.994.268
Other	14.637.553	10.258.932
	95.703.252	**80.069.089**

For the periods ended 31 December 2021 and 2020, marketing, selling and distribution expenses are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Advertising and promotion	3.523.383	1.978.469
Personnel	2.587.379	1.895.705
Depreciation and amortization	1.447.308	1.443.456
Service	464.333	301.822
Equipment	29.819	105.086
Other	974.172	654.085
	9.026.394	**6.378.623**

For the periods ended 31 December 2021 and 2020, research and development expenses are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel	2.656.851	2.482.600
Depreciation and amortization	618.448	754.833
Service	347.387	265.303
Other	622.960	458.690
	4.245.646	**3.961.426**

23. OTHER INCOME AND EXPENSES

For the periods ended 31 December 2021 and 2020, the detail of other income is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange gain from trade operations, net	15.892.788	10.699.315
Insurance, indemnities and penalties income	3.556.401	861.857
Plant maintenance income	615.139	769.026
Reversal of provision for lawsuits (Note 18)	82.633	654.286
Late payment interest income of trade receivables	-	247.084
Other	5.611.297	1.122.142
	25.758.258	**14.353.710**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

23. OTHER INCOME AND EXPENSES (Continued)

For the periods ended 31 December 2021 and 2020, other expenses are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Penalty expenses from the contract	2.642.548	2.250.257
Provision for lawsuits (Note 18)	1.008.818	85.537
Non-employment (job security) compensation cost	121.004	172.569
Other	1.702.862	1.448.680
	5.475.232	**3.957.043**

24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

For the periods ended 31 December 2021 and 2020, income and expenses from investing activities are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Loss on sales of fixed assets	(154.539)	(239.054)
	(154.539)	**(239.054)**

25. EXPENSES BY NATURE

Expenses for the periods ended 31 December are presented in Note 21 and Note 22 according to their functions.

26. FINANCE INCOME AND COSTS

For the periods ended 31 December 2021 and 2020, finance income are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange gains	5.002.562	-
Interest income	506.373	775.749
	5.508.935	**775.749**

For the periods ended 31 December 2021 and 2020, finance expenses are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Cost of employee termination benefits interest (Note 19)	3.116.139	2.905.197
Interest expenses on lease obligations	1.453.840	2.137.036
Interest expenses on loans	376.202	388.524
Bank expenses	274.218	156.078
Foreign exchange loss	-	2.148.295
	5.220.399	**7.735.130**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

27. ANALYSIS OF ITEMS UNDER OTHER COMPHERENSIVE INCOME

For the period ended 31 December 2021, the Group's other comprehensive income which is not to be reclassified to profit or loss is USD (4.405.262) as an expense (31 December 2020: USD (2.275.490) as expense), other comprehensive income to be reclassified to profit or loss is USD 2.909.668 as an expense (31 December 2020: USD 1.251.001 as income).

28. TAX ASSETS AND LIABILITIES

As at 31 December assets related to current tax assets are as follow:

	31 December 2021	31 December 2020
Current corporate tax provision	26.854.894	-
Prepaid taxes and funds	(11.107.824)	(69.438)
Current tax assets	**15.747.070**	**(69.438)**

For the periods ended 31 December, tax expenses are as follow:

	1 January - 31 December 2021	1 January - 31 December 2020
Current period tax income/(expense)	(27.631.932)	-
Current period tax expense	*(27.631.932)*	-
Deferred tax expense	(45.484.132)	(18.183.460)
Income tax expense	**(73.116.064)**	**(18.183.460)**

Corporate Tax

The effective tax rate is 25%. In accordance with the Temporary Article 13 of regulation numbered 7316, published in Offical Gazzete Article which published on 22 April 2021, éLegislation on the Procedure for the Collection of Public Receivables and Other Certain Legislation", corporate tax rate has increased from 20% to 25%. For the year 2022, corporate tax rate is going to be 23%.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses ccan be carried forward for a minimum period of five years following the year in which the losses were incurred. However, losses cannot be carried back for offset against profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

28. TAX ASSETS AND LIABILITIES (Continued)

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its consolidated financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below. Deferred tax assets and liabilities as of 31 December 2021 are calculated 23% tax rate for the temporary differences which will be realized in 2022, and with 20% tax rate for those which will be realized after 2022 and onwards.

As at 31 December, the deferred tax assets/(liabilities) are as follow:

	31 December 2021	**31 December 2020**
Provision for employment termination indemnity	4.976.980	5.836.712
Provision for vacation pay	752.974	706.238
Provision for legal claims	595.978	615.240
Provision for doubtful receivables	367.017	5.830.919
Fixed assets	(56.346.045)	(52.628.739)
Inventories	(73.055.263)	(47.229.229)
Government incentives	-	13.188.136
Other	6.296.217	1.276.770
	(116.412.142)	**(72.403.953)**

For the periods ended 31 December, the movements of deferred tax liability are as follow:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Deferred tax liability at the beginning of the period	72.403.953	54.862.297
Deferred tax expense	45.484.132	18.183.461
Foreign exchange rate translation loss	(374.628)	-
Tax benefit of actuarial losses from defined pension plans	(1.101.315)	(641.805)
Deferred tax liability at the end of the period	**116.412.142**	**72.403.953**

For the periods ended 31 December, the movements of tax expense are as follow:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Reconciliation of current tax provision:		
Profit before tax	108.476.877	26.156.739
25% tax rate (*)	(27.119.219)	(5.754.483)
Taxation effects on:		
- investment incentive	23.594.913	18.617.014
- deductions	5.742.672	543.498
- equity accounted investees	1.878.718	277.679
- non-deductible expenses	(5.422.960)	(2.860.185)
- foreign exchange rate differences	(71.790.188)	(29.006.983)
	(73.116.064)	**(18.183.460)**

(*) The current tax rate for 2021 is 25% (31 December 2020: 22%)

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

29. EARNINGS PER SHARE

There is not any equity items (dilutive equity instruments) that have reducing effects on the earnings per share. The calculation of weighted average of total shares and earnings per share is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Number of total outstanding shares as at 1 January (in full)	960.850.000	960.850.000
Number of outstanding shares as at 31 December (in full)	960.850.000	960.850.000
Weighted Average number of shares outstanding during the period (in full)	960.850.000	960.850.000
Net income for the period	35.281.614	7.973.278
Earnings per share (Kr)	**3,67**	**0,83**

30. GOVERNMENT INCENTIVES

The Ministry of Industry and Technology (Former ministry: Ministry of Commerce) General Directorate of Incentive Practices and Foreign Capital approved the letter with the application numbered (51664236-401.01-E.66875) dated 28 June 2018 which was applied on 1 March 2018 by the Group and Istanbul Investment Incentive certificate dated 29 June 2018 and numbered 138160 amounting to USD 45.014.629has been issued. This incentive certificate is in scope of regional incentive. Within this scope; the right for VAT Exemption, Customs Tax Discount, Corporate Tax Discount and Insurance Premium Employer Share Support has been entitled. In this investment incentive certificate, the tax deduction and the investment contribution rate is determined as 50% and 15% respectively. The rates have been doubled until 31 December 2022 and published in the Official Gazette. The tax deduction rate and the investment contribution rate was applied as 100% and 30%, respectively. With the arrangement orders for Incentive Certificate, the series and investment amounts have been changed. As of 31 December 2021, related serial number and investing amount are as follows:

Decision Date	Decision Number	Investment Incentive Certificate Date	Investment Status	Tax Deductions	Total Investment Amount (USD)	Benefided Amount of Investment Incentive (USD)
15.06.2012	2012/3305	1.03.2018	Continuing	Tax Deduction 50% / Investment Incentive Rate 15%	**167.042.212**	**45.278.013**

31. EFFECT OF EXHANGE RATE CHANGES

The analysis of effects of exchange rate changes as at 31 December 2021 and 2020 is presented in Note 33.

32. REPORTING IN HYPERINFLATIONARY ECONOMIES

The Group has terminated the application of inflation accounting being effective from 1 January 2005 based on the decision of CMB on 17 March 2005.

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing its profit and market value through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt which includes the borrowings including financial loans and cash and cash equivalents, equity comprising issued capital, reserves and retained earnings.

(b) Financial risk factors

The Group is exposed to the market risk (foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management program of the Group generally focuses on the minimization of potential negative effects of uncertainty on the Group's financial market performance.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2021	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits in banks**
Maximum Credit Risk as of balance sheet data (*)	299.998.562	79.838.645	35.000	403.571	7.281.193
- The part of maximum risk under guarantee with collateral etc.	-	*4.127.132*	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	299.998.562	33.359.091	35.000	403.571	7.281.193
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	46.479.554	-	-	-
- The part under guarantee with collateral etc.	-	*4.127.132*	-	-	-
D. Net book value of impaired assets					
- Past due (gross carrying amount)	-	51.380.861	-	85.199	-
- Impairment (-)	-	*(51.380.861)*	-	*(85.199)*	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase credit reliability such as guarantees received are not considered in the balance.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

	Receivables				
	Trade Receivables		**Other Receivables**		
31 December 2020	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits İn banks**
Maximum Credit Risk as of balance sheet data (*)	205.304.930	50.947.273	79.305	1.235.140	13.140.769
- The part of maximum risk under guarantee with collateral etc.	-	*2.400.686*	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	205.304.930	18.790.682	79.305	1.235.140	13.140.769
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	32.156.591	-	-	-
- The part under guarantee with collateral etc.	-	*2.400.686*	-	-	-
D. Net book value of impaired assets					
- Past due (gross carrying amount)	-	56.231.394	-	85.199	-
- Impairment (-)	-	*(56.231.394)*	-	*(85.199)*	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase credit reliability such as guarantees received are not considered in the balance.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

Credit risk management

The risk of financial loss of the Group due to one of the financial instrument parties not meeting the requirements of the agreement is defined as credit risk.

The Group's credit risk is basically related to its receivables. The balance shown in the balance sheet is formed by the net amount after deducting the doubtful receivables arisen from the Group management's forecasts based on its previous experience and current economic conditions. Because there are so many customers, the Group's credit risk is dispersed and there is not important credit risk concentration.

As of the balance sheet date, the Group's cash collateral and letters of guarantee for overdue trade receivables amounting to USD 4.127.132 (31 December 2020: USD 2.400.686). As of the balance sheet date, there are no collaterals received for overdue trade receivables.

	Weighted-average loss rate (%)	**Gross carrying amount**	**Loss allowance**
Current (not past due)	4,51%	44.535.794	2.006.546
1 - 30 days past due	7,04%	6.901.075	486.061
31 - 90 days past due	9,57%	23.815.389	2.279.768
91 - 180 days past due	17,29%	3.887.731	672.001
180+ days past due	25,97%	12.119.506	3.146.955
		91.259.495	**8.591.331**

Impairment

Provisions for doubtful trade receivables consist of provisions for receivables in legal dispute and provisions calculated based on experiences on uncollectible receivables. Changes in provisions for doubtful receivables for the periods ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Provision at the beginning of the period	56.231.394	36.239.923
Foreign currency translation	(31.433)	(587.814)
IFRS 9 current period expense/(income)	196.309	5.159.413
Current period charge	1.449.101	15.512.205
Collections during period	(6.464.510)	(92.333)
Provision at the end of the period	**51.380.861**	**56.231.394**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

Liquidity risk management

The main responsibility of liquidity risk management rests upon Board of Directors. The Board built an appropriate risk management for short, medium and long-term funding and liquidity necessities of the Group management. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below demonstrate the maturity distribution of non-derivative financial liabilities and are prepared based on the earliest date on which the Group can be required to pay. The interests that will be paid on the future liabilities are included in the related maturities.

The Group manages liquidity risk by keeping under control estimated and actual cash flows and by maintaining adequate funds and borrowing reserves through matching the maturities of financial assets and liabilities.

Liquidity risk tables

31 December 2021

Due date on contract	Book value	Total cash outflow according to the contract	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial borrowings	2.828.988	2.828.988	2.828.988	-	-	-
Trade payables	117.988.057	118.243.730	118.243.730	-	-	-
Financial leasings	23.555.834	27.247.733	1.227.683	3.683.048	14.402.698	7.934.304
Other payables	27.822.239	27.822.239	27.822.239	-	-	-
Total	**172.195.118**	**176.142.690**	**150.122.640**	**3.683.048**	**14.402.698**	**7.934.304**

31 December 2020

Due date on contract	Book value	Total cash outflow according to the contract	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial borrowings	64.407.003	64.446.298	3.004.713	61.441.585	-	-
Trade payables	102.323.185	102.495.411	102.495.411	-	-	-
Financial leasings	27.983.723	33.610.611	1.291.857	3.875.572	7.273.878	21.169.304
Other payables	19.908.678	19.908.678	19.908.678	-	-	-
Total	**214.622.589**	**220.460.998**	**126.700.659**	**65.317.157**	**7.273.878**	**21.169.304**

Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures of the Group are evaluated using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

Transactions in foreign currencies expose the Group to foreign currency risk. The Group's foreign currency denominated assets and liabilities of monetary and non-monetary items are as follow:

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

As at 31 December 2021 and 2020 foreign currency positions of the group are as follow:

	31 December 2021					31 December 2020				
	USD Equivalent	**TRY**	**EUR**	**GBP**	**Other**	**USD Equivalent**	**TRY**	**EUR**	**GBP**	**Other**
1. Trade Receivables	14.928.453	7.471.304	7.420.905	36.244	-	15.679.468	7.455.004	7.662.524	561.940	-
2a. Monetary Financial Assets	4.404.910	2.636.273	1.763.109	5.035	493	11.276.294	11.129.727	146.567	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	3.499.213	2.052.190	1.414.893	32.130	-	2.781.875	1.235.123	1.530.943	15.809	-
4. Total Current Assets (1+2+3)	**22.832.576**	**12.159.767**	**10.598.907**	**73.409**	**493**	**29.737.637**	**19.819.854**	**9.340.034**	**577.749**	**-**
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	352.574	352.574	-	-	-	1.488.156	116.570	1.371.586	-	-
8. Total Non-Current Assets (5)	**352.574**	**352.574**	**-**	**-**	**-**	**1.488.156**	**116.570**	**1.371.586**	**-**	**-**
9. Total Assets (4+6)	**23.185.150**	**12.512.341**	**10.598.907**	**73.409**	**493**	**31.225.793**	**19.936.424**	**10.711.620**	**577.749**	**-**
10. Trade Payables	33.591.326	24.059.443	9.127.278	144.804	259.801	27.128.890	18.979.843	7.768.651	354.455	25.941
11. Financial Borrowings	4.470.818	4.470.818	-	-	-	66.390.867	4.987.290	61.403.577	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	61.108.712	57.626.901	3.314.138	27.322	140.351	58.076.959	50.937.587	6.887.647	17.728	233.997
13. Total Short-Term Liabilities (10+11+12)	**99.170.856**	**86.157.162**	**12.441.416**	**172.126**	**400.152**	**151.596.716**	**74.904.720**	**76.059.875**	**372.183**	**259.938**
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Borrowings	3.367.502	3.367.502	-	-	-	5.994.632	5.994.632	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	24.884.899	24.884.899	-	-	-	29.183.562	29.183.562	-	-	-
17. Total Long-Term Liabilities (14+15+16)	**28.252.401**	**28.252.401**	**-**	**-**	**-**	**35.178.194**	**35.178.194**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**127.423.257**	**114.409.563**	**12.441.416**	**172.126**	**400.152**	**186.774.910**	**110.082.914**	**76.059.875**	**372.183**	**259.938**
19. Net Foreign Currency Asset/(Liability) Position (9-18)	**(104.238.107)**	**(101.897.222)**	**(1.842.509)**	**(98.717)**	**(399.659)**	**(155.549.117)**	**(90.146.490)**	**(65.348.255)**	**205.566**	**(259.938)**
20. Net Foreign Currency Asset/(Liability) Position of Monetary Items (1+2a+5+6a-10-11-12a-15-16a)	**(22.096.283)**	**(21.790.186)**	**56.736**	**(103.525)**	**(259.308)**	**(72.558.627)**	**(11.377.034)**	**(61.363.137)**	**207.485**	**(25.941)**

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

33. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

Foreign currency sensitivity

The Group is exposed to foreign currency risk due to TRY, EUR and GBP (2020: TRY, EUR and GBP) exchange rate fluctuations. The following table details the Group's sensitivity to a 10% increase and decrease in TRY, EUR and GBP (2020: TRY, EUR ve GBP) exchange rates. 10% is used in, the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange currency fluctuations. Sensitivity analysis can only made on the year-end outstanding foreign currency denominated monetary items and it shows the year end effects of the 10% of exchange currency fluctuation on the related items. The analysis includes foreign loans as well as loans that are denominated other than the creditors' functional currency and used for the Group's foreign operations. Positive value represents an increase in profit/loss and other equity items.

	31 December 2021	
	Profit/(Loss) Before Tax	
	If foreign currency appreciated 10%	**If foreign currency depreciated 10%**
1- TRY net asset/liability	(2.179.019)	2.179.019
2- Part of hedged from TRY risk (-)	-	-
3- TRY net effect (1+2)	(2.179.019)	2.179.019
4- EUR net asset/liability	5.674	(5.674)
5- Part of hedged from EUR risk (-)	-	-
6- EUR net effect (4+5)	5.674	(5.674)
7- GBP net asset/liability	(10.353)	10.353
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (7+8)	(10.353)	10.353
10- Other net asset / liability	(25.931)	25.931
11- Part of hedged from Other risk (-)	-	-
12- Other net effect (10+11)	(25.931)	25.931
TOTAL (3+6+9+12)	**(2.209.629)**	**2.209.629**

	31 December 2020	
	Profit/(Loss) Before Tax	
	If foreign currency appreciated 10%	**If foreign currency depreciated 10%**
1- TRY net asset/liability	(1.137.703)	1.137.703
2- Part of hedged from TRY risk (-)	-	-
3- TRY net effect (1+2)	(1.137.703)	1.137.703
4- EUR net asset/liability	(6.136.314)	6.136.314
5- Part of hedged from EUR risk (-)	-	-
6- EUR net effect (4+5)	(6.136.314)	6.136.314
7- GBP net asset/liability	20.749	(20.749)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (7+8)	20.749	(20.749)
10- Other net asset/liability	(2.594)	2.594
11- Part of hedged from Other risk (-)	-	-
12- Other net effect (10+11)	(2.594)	2.594
TOTAL (3+6+9+12)	**(7.255.862)**	**7.255.862**

a) Interest rate risk management

The Group is not exposed to interest risk since there are no financial instruments with floating interest rate.

(All amount are expressed in US Dollars ("USD") unless otherwise stated.)

34. FINANCIAL INSTRUMENTS

Fair value of financial instruments

31 December 2021	Financial assets carried at amortized cost	Financial liabilities carried at amortized cost	Book value
Financial assets			
Cash and cash equivalents	7.281.193	-	7.281.193
Trade receivables	379.837.207	-	379.837.207
Other receivables	438.571	-	438.571
Financial liabilities			
Financial borrowings	-	2.828.988	2.828.988
Financial leasings	-	23.555.834	23.555.834
Trade payables	-	117.988.057	117.988.057
Other payables	-	27.822.239	27.822.239

31 December 2020	Financial assets carried at amortized cost	Financial liabilities carried at amortized cost	Book value
Financial assets			
Cash and cash equivalents	13.140.769	-	13.140.769
Trade receivables	256.252.203	-	256.252.203
Other receivables	1.314.445	-	1.314.445
Financial liabilities			
Financial borrowings	-	64.407.003	64.407.003
Financial leasings	-	27.983.723	27.983.723
Trade payables	-	102.323.185	102.323.185
Other payables	-	19.908.678	19.908.678

35. SUBSEQUENT EVENTS

After the balance sheet date, according to the Board of Directors Decision dated 9 February 2022 and numbered 010, it was decided the selection of Mr. Ahmet Bolat as a Member and Chairman of Board of Directors; authorization of Mr. Ahmet Bolat to sign and represent the Company with any of the Members of Board of Directors are Mr. Murat Şeker, Mr. Ali Serdar Yakut, Mr. Mustafa Yımaz, Mr. Melih Şükrü Ecertaş and Mr. Turhan Özen and the selection of Mr. Murat Şeker as a Member of Board of Directors and Deputy Chairman.

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