TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Consolidated Financial Statements
As at and for the Year Ended 31 December 2021

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TAV Havalimanları Holding A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TAV Havalimanları Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Uncertainty Related to Covid 19 Pandemic

The aviation industry, in which the Group operates, was adversely affected by the Covid-19 outbreak that appeared in 2019 and still continues. Strict measures have been taken around the world in order to prevent the spread of the Covid-19 pandemic, which adversely affects the economic conditions not only globally but also regionally. The effects of the measures taken on the aviation sector continue. We draw attention to the footnote of the financial statement number 1, which includes the evaluations made by the group management regarding the effects of the Covid-19 outbreak. Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Recoverability of airport operation rights and goodwill	
As stated in Note 1 to the consolidated financial statements, the Group's operations were adversely affected by the Covid 19 outbreak. It reveals signs of impairment on the airport operation rights and goodwill arising from concession agreements due to the decrease in air traffic. The consolidated statement of financial position as of 31 December 2021 includes airport operation right of 1,680,901 thousand EUR and goodwill of 213,441 thousand EUR that comprises 55% of total consolidated assets. Details of airport operation right for each concession agreement and goodwill is disclosed in Note 13 and Note 14. Since management's assessment of value in use (VIU) and impairment of airport operation rights and goodwill requires estimations and judgements, which are disclosed in Note 1 and Note 2.d, this matter is considered as a key audit matter.	We performed the following auditing procedures in relation to the impairment tests of recoverability of airport operation rights and goodwill: • Evaluating management forecasts and future plans based on macroeconomic information, • Evaluating the reasonableness of cash flow estimates for each CGU, • Through involvement of valuation specialists, testing the reasonableness of the discount rates, estimations, assumptions and the mathematical accuracy of the models used, • Testing of the setup of the discounted cash flow models and their mathematical accuracy, • Assessing management's sensitivity analysis for key assumptions, • Evaluating whether there is a significant indicator of impairment in the recoverable value of the rights and goodwill arising from concession agreements, • Understanding and evaluating accounting policies for airport operation rights and goodwill, We also evaluated the correctness and compliance with IFRS of the related disclosures in the consolidated financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor and an unqualified opinion was issued on these consolidated financial statements on 16 February 2021.

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 IFRSs, 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (cont'd)

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

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

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

İstanbul, 15 February 2022

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2021	31 December 2020
ASSETS			
Property and equipment	12	370,958	182,370
Intangible assets	13	12,193	11,692
Airport operation right	14	1,680,901	1,569,138
Right of use assets	15	58,293	65,942
Equity-accounted investments	36	319,197	337,129
Goodwill	13	213,441	137,055
Trade receivables	20	9,683	31,224
Non-current due from related parties	35	204,265	2,351
Other non-current assets	19	110,089	101,300
Deferred tax assets	17	18,468	32,216
Total non-current assets		**2,997,488**	**2,470,417**
Inventories	18	20,740	7,127
Financial assets	16	-	50,000
Trade receivables	20	85,471	73,464
Due from related parties	35	34,441	29,987
Other receivables and current assets	19	131,439	295,174
Cash and cash equivalents	21	92,939	604,298
Restricted bank balances	22	82,211	24,656
Total current assets		**447,241**	**1,084,706**
TOTAL ASSETS		**3,444,729**	**3,555,123**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position
As at 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	31 December 2021	31 December 2020
EQUITY			
Share capital	23	162,384	162,384
Share premium		220,286	220,286
Legal reserves	23	121,975	121,975
Other reserves		(52,523)	(29,645)
Treasury reserves	23	(4,282)	(4,282)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(17,895)	(60,612)
Translation reserves		(64,975)	(66,964)
Retained earnings		590,668	539,583
Total equity attributable to equity holders of the Company		**995,702**	**922,789**
Non-controlling interests	23,36	14,951	11,906
Total Equity		**1,010,653**	**934,695**
LIABILITIES			
Loans and borrowings	25	847,600	619,999
Reserve for employee severance indemnity	26	10,973	15,601
Due to related parties	35	153,623	-
Derivative financial instruments	32	24,521	35,381
Deferred income	29	13,204	15,264
Other payables	27	732,089	588,526
Liabilities from equity-accounted investments	28	90,076	50,211
Deferred tax liabilities	17	74,627	13,303
Total non-current liabilities		**1,946,713**	**1,338,285**
Bank overdraft	21	424	387
Loans and borrowings	25	344,067	712,363
Trade payables	31	41,931	45,768
Due to related parties	35	590	307,265
Current tax liabilities	11	3,296	3,024
Other payables	27	88,572	198,942
Provisions	30	5,147	4,345
Deferred income	29	3,336	10,049
Total current liabilities		**487,363**	**1,282,143**
Total Liabilities		**2,434,076**	**2,620,428**
TOTAL EQUITY AND LIABILITIES		**3,444,729**	**3,555,123**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
Operating revenue	6	522,064	301,406
Cost of catering inventory sold		(19,115)	(12,122)
Cost of fuel sold		(46,004)	-
Cost of services rendered		(49,438)	(37,779)
Personnel expenses	7	(162,925)	(145,280)
Depreciation, amortisation and impairment expenses	9	(76,645)	(96,227)
Other operating income		523	11,394
Other operating expenses	8	(95,564)	(94,996)
Share of profit of equity-accounted investments, net of tax	36	(22,748)	(76,788)
Operating profit / (loss)		**50,148**	**(150,392)**
Finance income		167,150	11,162
Finance costs		(134,558)	(135,413)
Net finance income / (costs)	10	**32,592**	**(124,251)**
Profit / (Loss) before tax		**82,740**	**(274,643)**
Tax expense	11	(31,465)	(3,495)
Profit / (Loss) from continuing operations		**51,275**	**(278,138)**
Loss from discontinued operations		(1,321)	(6,783)
Profit / (Loss) for the period after discontinued operations		**49,954**	**(284,921)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences	11,26	145	337
Defined benefit obligation actuarial differences from equity accounted investments		(1,284)	72
Tax on defined benefit obligation actuarial differences	11,17	(29)	(68)
Tax on defined benefit obligation actuarial differences from equity accounted investments	11	(15)	(29)
Total items that will not be reclassified to profit or loss		**(1,183)**	**312**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	10	74,743	14,015
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	10	6,959	(1,598)
Portion of cash flow hedges charged to profit or loss	10	(36,207)	(8,101)
Foreign currency translation differences for foreign operations	10	21,835	(23,355)
Foreign currency translation differences for foreign operations from equity accounted investments		(17,891)	(9,761)
Tax on cash flow hedge reserves	10,11,17	(2,082)	(223)
Tax on cash flow hedge reserves from equity accounted investments	11	(696)	379
Total items that are or may be reclassified subsequently to profit or loss		**46,661**	**(28,644)**
Other comprehensive income / (loss) for the year, net of tax		**45,478**	**(28,332)**
Total comprehensive income / (loss) for the year		**95,432**	**(313,253)**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Profit or Loss and Comprehensive Income
For the Year Ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
Profit / (Loss) attributable to:			
Owners of the Company		44,721	(284,917)
Non-controlling interest	36	5,233	(4)
Profit / (Loss) for the year after discontinued operations		**49,954**	**(284,921)**
Total comprehensive income attributable to:			
Owners of the Company		88,244	(309,722)
Non-controlling interest	23	7,188	(3,531)
Total comprehensive income / (loss) for the year		**95,432**	**(313,253)**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**
Basic and diluted earnings per share for continued operations	24	**0.13**	**(0.77)**
Basic and diluted earnings per share for discontinued operations	24	**(0.00)**	**(0.02)**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Attributable to owners of the Company											
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Treasury Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2020	**162,384**	**220,286**	**121,975**	**(29,645)**	**-**	**40,064**	**(59,174)**	**(37,375)**	**900,757**	**1,319,272**	**(9,711)**	**1,309,561**
Total comprehensive income for the year												
Loss for the year	-	-	-	-	-	-	-	-	(284,917)	(284,917)	(4)	(284,921)
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	4,472	-	-	4,472	-	4,472
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	312	312	-	312
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	(29,589)	-	(29,589)	(3,527)	(33,116)
Total other comprehensive income	-	-	-	-	-	-	4,472	(29,589)	312	(24,805)	(3,527)	(28,332)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**4,472**	**(29,589)**	**(284,605)**	**(309,722)**	**(3,531)**	**(313,253)**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	(55,644)	(55,644)	(1,687)	(57,331)
Purchase of non-controlling interest (*)	-	-	-	-	-	-	(5,910)	-	(20,925)	(26,835)	26,835	-
Share buyback transactions (Note 23)	-	-	-	-	(4,282)	-	-	-	-	(4,282)	-	(4,282)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(4,282)**	**-**	**(5,910)**	**-**	**(76,569)**	**(86,761)**	**25,148**	**(61,613)**
Balance at 31 December 2020	**162,384**	**220,286**	**121,975**	**(29,645)**	**(4,282)**	**40,064**	**(60,612)**	**(66,964)**	**539,583**	**922,789**	**11,906**	**934,695**
Balance at 1 January 2021	**162,384**	**220,286**	**121,975**	**(29,645)**	**(4,282)**	**40,064**	**(60,612)**	**(66,964)**	**539,583**	**922,789**	**11,906**	**934,695**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	44,721	44,721	5,233	49,954
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	42,717	-	-	42,717	-	42,717
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(1,183)	(1,183)	-	(1,183)
Foreign currency translation differences for foreign operations	-	-		-	-	-	-	1,989	-	1,989	1,955	3,944
Total other comprehensive income	-	-	-	-	-	-	42,717	1,989	(1,183)	43,523	1,955	45,478
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**42,717**	**1,989**	**43,538**	**88,244**	**7,188**	**95,432**
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	-	-	(4,070)	(4,070)
Other changes in equity	-	-	-	(22,878)	-	-	-	-	7,547	(15,331)	-	(15,331)
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Total transactions with owners of the Company	**-**	**-**	**-**	**(22,878)**	**-**	**-**	**-**	**-**	**7,547**	**(15,331)**	**(4,143)**	**(19,474)**
Balance at 31 December 2021	**162,384**	**220,286**	**121,975**	**(52,523)**	**(4,282)**	**40,064**	**(17,895)**	**(64,975)**	**590,668**	**995,702**	**14,951**	**1,010,653**

(*) Related with purchase of additional shares of TAV Tunisia.

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Cash Flows
For the Year ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year		**51,275**	**(278,138)**
Loss from discontinued operations		**(1,321)**	**(6,783)**
Adjustments for:			
Amortisation and impairment of airport operation right	14	33,674	55,514
Depreciation and impairment of property and equipment and right of use assets	12,15	40,363	37,896
Amortisation of intangible assets	13	2,200	2,817
Provision for employee severance indemnity	26	2,566	3,456
Provision for doubtful receivables	33	5,277	12,552
Discount on receivables, payables and financial liabilities, net		(146,752)	(3,352)
Loss / (gain) on sale of property and equipment		481	(1,128)
Disposal of goodwill	13	408	521
Provision set / (released) for unused vacation	30	136	(83)
Interest income		(12,618)	(11,764)
Interest expense on financial liabilities		90,405	67,583
Tax expense		32,707	5,596
Unwinding of discount on concession receivable and payable		27,595	26,660
Share of profit of equity-accounted investments, net of tax	36	22,748	76,788
Unrealized foreign exchange differences on statement of financial position items		(58,350)	(3,508)
Cash flows from operating activities		**90,794**	**(15,373)**
Change in current trade receivables		(9,123)	31,604
Change in non-current trade receivables		21,541	18,515
Change in inventories		753	920
Change in due from related parties		(698)	871
Change in other receivables and other assets		171,592	160,065
Change in trade payables		4,365	(2,087)
Change in due to related parties		(7,737)	738
Change in other payables and provisions		(20,642)	(79,180)
Cash provided from operations		**250,845**	**116,073**
Income taxes paid	11	(12,078)	(111,480)
Retirement benefits paid	26	(654)	(1,409)
Net cash provided from operating activities		**238,113**	**3,184**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Cash Flows
For the Year ended 31 December 2021

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro are expressed in thousands unless otherwise indicated.)

	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		2,642	11,854
Acquisition of property and equipment	12	(21,323)	(30,180)
Additions to airport operation right	14	(81)	(5,716)
Proceeds from / (purchase of) treasury bonds	16	50,000	(50,000)
Acquisition of intangible assets	13	(1,021)	(1,259)
Change in due from related parties		(196,921)	7,029
Dividends from equity-accounted investments	36	27,889	865
Effect of acquisition of subsidiary		(306,652)	-
Net cash used in investing activities		**(445,467)**	**(67,407)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	25	255,945	321,168
Repayment of borrowings	25	(289,710)	(150,233)
Lease payments	25	(11,628)	(21,687)
Dividends paid		(4,070)	(57,331)
Interest received		3,514	5,745
Interest paid	25	(50,827)	(43,367)
Change in due to related parties		(149,790)	(8,685)
Purchase of treasury shares	23	-	(4,282)
Change in restricted bank balances		(57,476)	44,377
Net cash (used in) / provided from financing activities		**(304,042)**	**85,705**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(511,396)**	**21,482**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	21	**603,911**	**582,429**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**92,515**	**603,911**

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

Notes to the consolidated financial statements

1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company's registered office is Vadi İstanbul Bulvar, Ayazağa Mah. Azerbaycan Cad. Sarıyer, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company's shares are traded as "TAVHL".

The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures. The Company's subsidiaries as at 31 December 2021 and 2020 are as follows:

			31 December 2021		31 December 2020	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. ("TAV Ege")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Milas Bodrum Terminal İşletmeciliği A.Ş. ("TAV Milas Bodrum")	Bodrum Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie SA (" TAV Tunisia")	Airport Operator	Tunisia	100.00	100.00	100.00	100.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	80.00	80.00	80.00	80.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	76.00	100.00	76.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	76.00	100.00	76.00	100.00
TAV Macedonia Dooel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
SIA TAV Latvia ("TAV Latvia")	Commercial Area Operator	Latvia	100.00	100.00	100.00	100.00
Almaty International Airport JSC ("AIA") (*)	Airport Operator	Kazakhstan	85.00	85.00	-	-
Venus Trading LLP ("VT") (*)	Fuel Services	Kazakhstan	85.00	85.00	-	-
Almaty Catering Services LLP ("ACS") (*)	Food and Beverage Services	Kazakhstan	85.00	85.00	-	-
Almaty FBO LLP ("FBO") (*)	Fuel Services	Kazakhstan	85.00	85.00	-	-
TAV Kazakhstan LLP ("TAV Kazakhstan") (*)	Holding	Kazakhstan	85.00	85.00	-	-
TAV Holdco B.V. ("Holdco") (**)	Holding	Netherlands	100.00	100.00	-	-
Almaty Airport Investment Holding B.V. ("AAIH") (*)	Holding	Netherlands	85.00	85.00	-	-

(*) Acquired in 2021
(**) Established in 2021

1. REPORTING ENTITY (continued)

			31 December 2021		31 December 2020	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
Havaş Havaalanları Yer Hizmetleri A.Ş. (“HAVAŞ”)	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
Havaş Georgia LLC (“HAVAŞ Georgia”) (*)	Ground Handling Services	Georgia	100.00	100.00	-	-
Havaş Macedonia LLC (“HAVAŞ Macedonia”) (*)	Ground Handling Services	Macedonia	100.00	100.00	-	-
Havaş Latvia SIA (“HAVAŞ Latvia”)	Ground Handling Services	Latvia	100.00	100.00	100.00	100.00
Havas Adriatic D.O.O. (“HAVAŞ Adriatic”)	Ground Handling Services	Croatia	100.00	100.00	100.00	100.00
Havaş Kazakhstan L.L.P. (“Havaş Kazakhstan”)	Ground Handling Services	Kazakhstan	100.00	100.00	100.00	100.00
BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. (“BTA”)	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Georgia LLC (“BTA Georgia”)	Food and Beverage Services	Georgia	100.00	100.00	100.00	100.00
BTA Tunisie SARL (“BTA Tunisia”)	Food and Beverage Services	Tunisia	100.00	100.00	100.00	100.00
BTA Macedonia Dooel Petrovec (“BTA Macedonia”)	Food and Beverage Services	Macedonia	100.00	100.00	100.00	100.00
BTA France SAS (“BTA France”) (**)	Food and Beverage Services	France	-	-	100.00	100.00
BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San. ve Tic. A.Ş. (“Cakes & Bakes”)	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Tedarik Dağıtım ve Ticaret A.Ş. (“BTA Tedarik”)	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. (“BTA Denizyolları”)	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
SIA Cakes and Bakes Latvia (“BTA Latvia”)	Food and Beverage Services	Latvia	100.00	100.00	100.00	100.00
BTA Uluslararası Yiyecek İçecek Hizmetleri Sanayi ve Ticaret A.Ş (“BTA Uluslararası Yiyecek”)	Food and Beverage Services	Turkey	100.00	100.00	100.00	100.00
MZLZ-Ugostiteljstvo D.o.o (“BTA MZLZ”)	Food and Beverage Services	Croatia	100.00	100.00	100.00	100.00
TAV İşletme Hizmetleri A.Ş. (“TAV İşletme”)	Operations & Maintenance (“O&M”), Lounge Services	Turkey	100.00	100.00	100.00	100.00
TAV Georgia Operation Services LLC (“TAV İşletme Georgia”)	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services SARL (“TAV İşletme Tunisia”)	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services Plus SARL (“TAV İşletme Tunisia Plus”)	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Macedonia Operation Services Dooel (“TAV İşletme Macedonia”)	Lounge Services	Macedonia	99.99	99.99	99.99	99.99
TAV Germany Operation Services GmbH (“TAV İşletme Germany”)	Lounge Services	Germany	100.00	100.00	100.00	100.00

(*) Established in 2021
(**) Shares sold in 2021

1. REPORTING ENTITY (continued)

			31 December 2021		31 December 2020	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Latvia Operation Services SIA (“TAV İşletme Latvia”)	Lounge Services	Latvia	100.00	100.00	100.00	100.00
TAV Africa Operation Services Ltd. (“TAV İşletme Kenya”)	Lounge Services	Kenya	100.00	100.00	100.00	100.00
TAV USA Operation Services Co. (“TAV İşletme America”)	Holding	United States	100.00	100.00	100.00	100.00
TAV Washington Operation Services Ltd. (“TAV İşletme Washington”)	Lounge Services	United States	100.00	100.00	100.00	100.00
TAV Madagascar Operation Services S.A (“TAV İşletme Madagascar”)	Lounge Services	Madagascar	100.00	100.00	100.00	100.00
TAV New York Operation Services (“TAV İşletme New York”)	Lounge Services	United States	100.00	100.00	100.00	100.00
Gestio I Servies Trade Center S.A. (“GIS Spain”) (*)	Lounge Services	Spain	94.25	94.25	70.00	70.00
GIS Premium France SAS (“GIS France”) (*)	Lounge Services	France	94.25	94.25	70.00	70.00
GIS Premium Deutschland Gmbh (“GIS Germany”) (*)	Lounge Services	Germany	94.25	94.25	70.00	70.00
GIS Premium Italy SRL (“GIS Italy”) (*)	Lounge Services	Italy	94.25	94.25	70.00	70.00
GIS Premium Mexico SAdCV (“GIS Mexico”) (*)	Lounge Services	Mexico	94.25	94.25	70.00	70.00
GIS Premium Argentina SRL (“GIS Argentina”) (**)	Lounge Services	Argentina	-	-	70.00	70.00
GIS Premium Brasil Servicos Aeroportuarios LTDA (“GIS Brazil”) (**)	Lounge Services	Brazil	-	-	70.00	70.00
GIS Premium Colombia S.A.A. (“GIS Colombia”) (**)	Lounge Services	Colombia	-	-	70.00	70.00
TAV Havacılık A.Ş. (“TAV Havacılık”)	Airline Taxi Services	Turkey	100.00	100.00	100.00	100.00
TAV Bilişim Hizmetleri A.Ş. (“TAV Bilişim”)	Software and System Services	Turkey	100.00	100.00	100.00	100.00
TAV Information and Technologies Saudi Ltd. Company (“TAV IT Saudi”)	Software and System Services	Saudi Arabia	100.00	100.00	100.00	100.00
Avito Technologies B.V. (“TAV IT Netherlands”)	Software and System Services	Netherlands	100.00	100.00	100.00	100.00
Avito Technologies W.L.L. (“ TAV IT Qatar”)	Software and System Services	Qatar	49.00	100.00	49.00	100.00
TAV Özel Güvenlik Hizmetleri A.Ş. (“TAV Güvenlik”)	Security Services	Turkey	100.00	100.00	100.00	100.00
TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. (“TAV Akademi”)	Education Services	Turkey	100.00	100.00	100.00	100.00
Aviator Netherlands B.V. (“Aviator Netherlands”)	Holding	Netherlands	100.00	100.00	100.00	100.00
PMIA Aviator B.V. (“PMIA Aviator BV”)	Holding	Netherlands	90.00	90.00	90.00	90.00
TAV Uluslararası Yatırım A.Ş. (“TAV Uluslararası Yatırım”)	Airport Operator	Turkey	100.00	100.00	100.00	100.00
Aerosec Özel Güvenlik Hizmetleri A.Ş. (“Aerosec Security”)	Security Services	Turkey	100.00	100.00	100.00	100.00

(*) Additional shares have been purchased in 2021
(**) In liquidation process

1. REPORTING ENTITY (continued)

The joint ventures of the Company as at 31 December 2021 and 2020 are as follows:

			31 December 2021		31 December 2020	
Name of joint venture	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ATU Turizm İşletmeciliği A.Ş. (“ATU”)	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Georgia Operation Services LLC (“ATU Georgia”)	Duty Free Services	Georgia	50.00	50.00	50.00	50.00
ATU Tunisie SARL (“ATU Tunisia”)	Duty Free Services	Tunisia	50.00	50.00	50.00	50.00
ATU Macedonia Dooel (“ATU Macedonia“)	Duty Free Services	Macedonia	50.00	50.00	50.00	50.00
AS Riga Airport Commercial Development (“ATU Latvia”)	Duty Free Services	Latvia	50.00	50.00	50.00	50.00
Tunisia Duty Free S.A. (“ATU Tunisia Duty Free”)	Duty Free Services	Tunisia	14.98	39.98	14.98	39.98
Saudi ATU Trading Limited Co. (“ATU Medinah”) (*)	Duty Free Services	Saudi Arabia	50.00	50.00	50.00	50.00
ATU Mağazacılık İşletmeleri A.Ş. (“ATU Mağazacılık”)	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Uluslararası Mağaza Yiyecek ve İçecek İşletmeciliği A.Ş. (“ATU Uluslararası Mağazacılık”)	Duty Free Services	Turkey	51.15	51.17	51.15	51.17
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. (“TAV Gözen”)	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
TGS Yer Hizmetleri A.Ş. (“TGS”)	Ground Handling	Turkey	50.00	50.00	50.00	50.00
Saudi HAVAŞ Ground Handling Services Limited (“Saudi HAVAŞ”) (*)	Ground Handling	Saudi Arabia	66.66	66.66	66.66	66.66
Saudi BTA Airports Food And Beverages Serv.Ltd. (“BTA Medinah”) (*)	Food and Beverage Services	Saudi Arabia	66.66	66.66	66.66	66.66
Tibah Airports Development Company CJSC (“Tibah Development”)	Airport Operator	Saudi Arabia	50.00	50.00	50.00	50.00
Tibah Airports Operation Limited (“Tibah Operation”)	Airport Operator	Saudi Arabia	51.00	51.00	51.00	51.00
Primeclass Pasifico JSV. (“TAV İşletme Chile”)	Lounge Services	Chile	50.00	50.00	50.00	50.00
TAV Operation Services Saudi Arabia LLC. (“TAV İşletme Saudi”) (*)	Lounge Services	Saudi Arabia	66.66	66.66	66.66	66.66
TAV-GD Bermuda Operation Services (“TAV OS Bermuda”) (**)	Lounge Services	Bermuda	40.00	40.00	-	-
Madinah Airport Hotel Company (“Medinah Hotel”)	Hotel Management	Saudi Arabia	33.33	33.33	33.33	33.33
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. (“TAV Antalya”)	Antalya Airport Terminal Services	Turkey	49.00	50.00	49.00	50.00
Fraport TAV Antalya Yatırım Yapım ve İşletme A.Ş. (“TAV Antalya Yatırım”) (**)	Antalya Airport Terminal Services	Turkey	51.00	50.00	-	-

(*) The mentioned entities are consolidated using the equity method as the Board decisions of these entities are taken with the joint agreement of all three shareholders.

(**) Established in 2021

1. REPORTING ENTITY (continued)

The associates of the Company as at 31 December 2021 and 2020 are as follows:

			31 December 2021		31 December 2020	
Name of associates	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
ZAIC-A Limited (“ZAIC-A”) (*)	Holding	United Kingdom	15.00	15.00	15.00	15.00
Medunarodna Zračna Luka Zagreb d.d. (“MZLZ”) (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
Upraviteli Zračne Luke Zagreb d.o.o (“MZLZ Operation”) (*)	Airport Operator	Croatia	15.00	15.00	15.00	15.00
AMS Airport Management Services d.o.o (“AMS”) (*)	Airport Operator	Croatia	40.00	40.00	40.00	40.00

(*) TAV Holding has significant influence in the management of the mentioned entities, thus these entities are consolidated using the equity method.

Description of Operations

The Group and its joint ventures’ core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa entered into Build-Operate-Transfer (“BOT”) agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) (“DHMİ”), TAV Tbilisi with JSC Tbilisi International Airport (“JSC”), TAV Batumi with Georgian Ministry of Economic Development (“GMED”), TAV Tunisia with Tunisian Airport Authority (Office De L’Aviation Civil Et Des Aeroports) (“OACA”), Ministry of Transportation (“MOT”), TAV Macedonia with Macedonian Ministry of Transportation and Communication (“MOTC”). Tibah Development entered into Build-Transfer-Operate (“BTO”) agreement with General Authority of Civil Aviation (“GACA”). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMİ and Medunarodna Zracna Luka Zagreb D.D. (“MZLZ”) with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia (“MMTI”). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal (“AIAT”) and Atatürk Domestic Airport Terminal (“ADAT”) for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015. The Group indirectly acquired %85 of AIA through its holding companies.

BOT, BTO and Concession Agreements

The airport terminals operated by the Group and its joint ventures are as follows:

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İstanbul Atatürk International Airport (continued)

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of Atatürk International Airport Terminal ("AIAT") in 1998. TAV was required to complete the construction by August 2000 and then had the right to operate the facilities of AIAT for 3 years, 8 months and 20 days. TAV completed the reconstruction of AIAT in January 2000 and started the operation seven months earlier, after completion of a significant portion of the construction. Construction of the remaining parts of the project was finalized in August 2000. DHMİ and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

An addendum to the agreement was made in June 2000. Under the terms of the addendum, TAV committed to enlarge AIAT by 30% by year 2004. In return for extending AIAT, the operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred Atatürk Domestic Airport Terminal ("ADAT") and AIAT to DHMİ. On 3 June 2005, TAV İstanbul signed a rent agreement to operate AIAT and ADAT for 15.5 years until year 2021.

An addendum has been signed on 4 November 2008, namely Atatürk Airport Development Project, covering installation of new passenger boarding bridges and construction of new commercial areas. Through this addendum TAV has undertaken approximately EUR 36,000 of investment in exchange of the operation right of newly created commercial areas.

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMİ as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Group. On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group accrued a compensation income amounting to EUR 389,000 and fully reimbursed this amount in 2020 and 2021.

Ankara Esenboğa International Airport

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals) for the period until May 2023. According to the Agreement, TAV Esenboğa was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. TAV Esenboğa is providing terminal, car park and passenger boarding services since the beginning of operations on 16 October 2006.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Esenboğa has been extended for two years.

İzmir Adnan Menderes International Airport

A BOT agreement was executed between TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") and DHMİ on 20 May 2005 for regulating the reconstruction, investment and operations of İzmir Adnan Menderes Airport International Terminal. According to the Agreement, TAV İzmir was required to complete the construction within 24 months after the agreement date and would then have the right to operate the facilities of İzmir Adnan Menderes Airport International Terminal for a period of 6 years, 7 months and 29 days. An addendum to the Agreement was signed on 21 August 2006. Under the terms of the addendum, in return for additional works, the operation period of TAV İzmir was extended by 11 months 17 days through January 2015. TAV İzmir has been providing terminal, car park and passenger boarding services since the beginning of operations on 13 September 2006.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İzmir Adnan Menderes International Airport (continued)

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on January 2015 and operating it until 31 December 2032. TAV Ege is obliged to construct a new domestic terminal with its ancillary buildings and to pay EUR 610,000 plus VAT (18%) to DHMİ in yearly equal installments, of which EUR 30,500 plus VAT has been prepaid at the beginning of the concession period under the terms of the concession agreement.

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating İzmir Adnan Menderes Airport International Terminal at 10 January 2015. As at 23 November 2015 TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Ege has been extended for two years.

Milas Bodrum Airport

On 21 March 2014, the Company has been awarded the tender held by DHMİ for the operation rights of the Milas Bodrum Airport whose scope includes operation of existing Domestic and International Terminals with ancillary facilities, until 31 December 2035. While Domestic Terminal is handed over within signing of the Concession Agreement, operation of International Terminal commenced on 22 October 2015 following the expiry of the existing contract. The total concession amount is EUR 717,000 plus VAT.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Bodrum has been extended for two years.

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of Tbilisi International Airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9.5 years until February 2027, in exchange for an obligation by TAV Tbilisi to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi Airport, TAV Tbilisi is providing a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services – excluding air traffic control – in New Tbilisi International Airport since the beginning of operations on 8 February 2007.

Batumi International Airport

On 9 August 2007, TAV Batumi Operations signed an agreement with the Georgian Ministry of Economic Development to transfer the management rights of all shares of the Batumi Airport LLC to TAV Batumi for 20 years. According to such share management agreement, all airport operations (excluding only the air traffic control and aviation security services) of the Batumi International Airport will be carried out by TAV Batumi until August 2027. Georgian Government is responsible for providing air traffic control and security services.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Tunisia Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). Through the BOT agreement TAV Tunisia undertakes the operation of the existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new Enfidha Airport. The operations of Monastir Habib Bourguiba Airport and Enfidha Airport were undertaken in January 2008 and December 2009, respectively. The concession periods of both airports will end in May 2047. The operations of the Monastir and Enfidha Airports cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services excluding air traffic control services.

Alanya-Gazipaşa Airport

Relating to the transfer of the operational rights of Alanya-Gazipaşa Airport via a lease, the concession agreement between TAV Gazipaşa and DHMİ was signed on 4 January 2008. The operation period of Alanya-Gazipaşa Airport, which currently has 1,500,000 annual passenger capacity, is 25 years until May 2034, and the operation of the airport covers activities within airside and landside facilities and area of runway, apron and taxiway. TAV Gazipaşa shall make an annual rent payment of USD 50 plus VAT as a fixed amount, until the end of the operation period; as well as a share of 65% of the net profit for the period to DHMİ.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Gazipaşa has been extended for two years.

Macedonia Skopje, Ohrid and Shtip Airports

On 24 September 2008, the 20-year BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and MOTC. The operation of the airports shall cover all airport activities with the exception of air traffic control, and modernization activities are contemplated to include the technical infrastructure. The effective date of the concession contract for Alexander the Great Airport and St. Paul the Apostle Airport is 1 March 2010 and final date of Concession Agreement is 1 March 2030. The renovation of the St. Paul the Apostle Airport in Ohrid and the construction of Alexander the Great Airport in Skopje were completed and the airports started their operations in March 2011 and September 2011, respectively.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment.

Medinah International Airport

A BTO agreement was executed between Tibah Development and GACA on 29 October 2011, for the operation and development of existing Medinah International Airport. Through the BTO agreement Tibah Development undertook the operation of the existing Medinah International Airport as well as the design, engineering, financing, construction, testing, commissioning and maintenance of a new passenger Terminal and the required additional infrastructure. TAV Holding owns 50.00% of Tibah Development. The operations were undertaken in June 2012. The concession period will end in June 2037. The operations of the Medinah International Airport cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services and slot allocation. Tibah Development has subcontracted the operation of Medinah International Airport to Tibah Operation, of which 51% belongs to TAV Holding. The construction of Medinah International Airport were completed and the airport started its operations in April 2015.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Medinah International Airport (continued)

As a result of discussions held between Tibah Development and GACA, the time that will pass between February 2020 and the end of the calendar year during which Madinah Airport reaches 8.1 million passengers, has been defined as the force majeure period which will be added to the operating period of Madinah Airport. The additional time that will be added to the operating period of the concession cannot be longer than eight years. The concession rent payments due to GACA during the force majeure period have been deferred and will be paid mostly after the end of the force majeure period.

Zagreb International Airport

A Concession Agreement was executed between ZAIC-A limited and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Holding signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Netherland B.V. has been established as a 15% shareholder of ZAIC-A. TAV Holding owns 100% of Aviator Netherlands B.V. Handover Date occurred in 6 December 2013 and the consortium that TAV Holding is a 15% partner took over the operations and construction site. The concession period will end in April 2042.

Antalya Airport

Fraport IC İçtas Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş, was established in Turkey on 18 May 2007. The Company's main activity is the operation of the terminal building at Antalya Airport, Southern Turkey in accordance with the Lease Agreement made with Devlet Hava Meydanları İşletmesi ("DHMI"). The terms of the lease agreement gives the Company the right to operate the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center starting from 14 September 2007, and International Terminal II, Parking Lot and all the complementary units starting from 23 September 2009. The Lease Agreement between the Company and DHMI will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. The rent payable under the present lease is EUR 2,010,000 plus Value Added Tax ("VAT"). The Company shall pay this total sum of the rent to DHMI in cash; 3% on the date of the signature of the contract, 15% within 5 business days from 14 September 2007, 7% within 5 business days from 14 September 2008 and 5% within 5 business days.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating period of TAV Antalya has been extended for two years.

A joint-venture formed by the Group and Fraport (49%) has won the tender for the renewal of Antalya Airport concession. This success results from the auction held by the Turkish State Airports Authority (DHMI) on December 1st, 2021, in which the joint-venture was the highest bidder. The object of the tender is the realization of additional investments to increase capacity of the airport in return for the right to operate the airport for 25 years, between January 1st, 2027 and December 31st, 2051.

The total concession rent to DHMI is of 7.25 billion euros (VAT excluded), of which 25% (1.8 billion euros) are to be paid within 90 days after the signing of the concession agreement. Concession lease contract with DHMI has been signed on December 28, 2021. The Group is 51% shareholder of TAV Antalya Yatırım. The current concession right held by the Group and Fraport AG partnership is valid until December 31, 2026.

The investment for the capacity increase of Antalya Airport, to 80 million passengers annually, more than the double that the current capacity, is planned at around 765 million euros on EPC basis, of which 600 million euros will be conducted between 2022 and 2025, Approximately 165 million euros of additional investment will be conducted in 2038 and is planned to take 2 years.

The results of the joint-venture will be accounted for under the equity method.

1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Almaty Airport

Almaty airport, located in the economic capital of Kazakhstan, is the largest airport in Central Asia: it handled around 6.4 million passengers in 2019, just under half of them on international routes. Kazakhstan, the largest landlocked country in the world with 2.7 million km2, is the engine of economic growth in the region and accounts for 60% of Central Asia's GDP.

The Group indirectly acquired through holding companies, 85% of Almaty International Airport JSC, its subsidiaries (Almaty Catering Services LLP and Almaty FBO LLP) and fuel related businesses carried on by Venus Trading LLP. The partner holding the remaining 15%, KIF Warehouses Coöperatief U.A. (investment fund held by VPE Capital and Kazina Capital Management), has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option was estimated at EUR 34,828.

Operations Contracts

BOT and BTO operations and management contracts include the following:

Terminal and airport services – The Group has the right to operate the terminals and airports as mentioned in the preceding paragraphs. This includes passenger, ramp and check-in counter services and services for parking-apron-taxi ways (for airport operations). A fee is charged to each airline based on the number of passengers that utilize the airport, based on the number of aircrafts that utilize ramps and runways and based on the number of check-in counters utilized by the airlines.

Duty free goods – The Group has the right to manage duty free operations within the terminals which the Group operates. Duty free shopping is available to both arriving and departing passengers. The duty free shops are subcontracted either to Group's joint ventures or to other companies in exchange for a commission based on sales.

Catering and airport hotel services – The Group has the right to manage all food and beverage operations within the terminals both for the passengers and the terminal personnel. The Group subcontracts certain food and beverage operations in exchange for a commission based on sales.

Area allocation services – As a lessor, the Group leases office space in the airport terminal including the offices leased to the airlines for ticket office and banks.

Ground handling – The Group has the right to provide all ground handling operations. Ground handling involves providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License ("SHY 22").

Lounge services – The Group has the right to operate or rent the lounges to provide CIP services to the passengers who have the membership.

Bus and car parking services – The Group has the right to operate the car park and render valet parking services. Revenues from bus operations include shuttle services running from airports to city centers.

Software and system services – The Group develops software and systems on operational and financial optimization in aviation, particularly terminal, flight management system and software programs and to meet the information systems requirements of group companies and certain third parties.

Security services – The Group operates the security services within the domestic terminals.

Airline taxi services – The Group renders airline taxi services.

Seasonality in Operations

Due to the seasonality of the operations, it is expected revenue and operational profit of second half of the year to be higher compared to first half of the year. Higher sales between June and August is mainly due to increase of passenger numbers during the busy season.

The Group employs 15,727 in subsidiaries (average: 16,342) and 7,999 in joint ventures (average: 8,009) excluding TAV İstanbul (31 December 2020: 13,193 in subsidiaries (average: 14,453) and 7,893 in joint ventures (average: 8,381) excluding TAV İstanbul).

TAV İstanbul employs 12 (average:27) (31 December 2020: 28 (average: 31)) people as at 31 December 2021.

1. REPORTING ENTITY (continued)

Covid-19 Impact and Impairment Analysis

The Covid-19 health crisis has had significant impacts on air traffic, which has largely stopped since March 2020. This sudden drop in traffic has impacts both in terms of aviation revenues and in terms of commercial revenues from investments in associates and joint ventures.

The health crisis had a significant impact on the market premium, and the betas of companies in the airport sector, both on the rise. This increase in discount rates has an unfavorable impact on the recoverable amount of the Group's assets, estimated on the basis of discounted cash flows.

Impairment tests are only performed at the end of the year due to the seasonality of the Group's operations, revenue and operational profits are generally higher in the second half of the year than in the first six months.

Impairment tests were carried as at 31 December 2021 on the main concession and service companies, as a result of the impairment testing performed on CGU basis no additional impairment has been identified.

As a result of the impairment testing performed on CGU basis, EUR 35,000 impairment loss for Airport Operation Right of TAV Tunisia and TAV Bodrum was recognised in the consolidated financial statement of the Group as of 31 December 2020 (Note 13).

Sensitivity tests carried out show that slower traffic recovery scenarios could cause the recoverable amount of certain airport concessions to fall below their carrying amount.

The Group, applied significant savings in the Group's operational expenses to keep the negative impact of the Covid-19 health crisis on the financial statements at a minimum level. In addition, refinancing agreements have signed with lenders and for concession agreements, time extensions have obtained from the competent authorities of the relevant states.

Due to the significant increase in vaccination rates all over the world, travel restrictions have been partially removed. With this effect, passenger numbers reached approximately 58% of 2019. As at third and fourth quarters, which are the busiest periods for airports due to seasonality, passenger figures reached 62% of third quarter of 2019 and 75% of fourth quarter of 2019.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorized for issue by the Board of Directors on 15 February 2022. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial liabilities at fair value through profit or loss and derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly functional currency of TAV Holding as a parent company has been determined as Euro.

The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

2. BASIS OF PREPARATION (continued)

The table below summarizes the functional currencies of the Group entities:

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
TAV Esenboğa	EUR
TAV Ege	EUR
TAV Milas Bodrum	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari (“GEL”)
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV Macedonia	EUR
TAV Gazipaşa	EUR
TAV Latvia	EUR
HAVAŞ	EUR
HAVAŞ Latvia	EUR
HAVAŞ Kazakhstan	Kazakhstani Tenge (“KZT”)
HAVAŞ Georgia	GEL
HAVAŞ Adriatic	Croatian Kona (“HRK”)
HAVAŞ Macedonia	EUR
BTA	TRL
BTA Georgia	GEL
BTA Tunisia	Tunisian Dinar (“TND”)
BTA Macedonia	Macedonian Denar (“MKD”)
BTA France	EUR
Cakes & Bakes	TRL
BTA Tedarik	TRL
BTA Denizyolları	TRL
BTA Latvia	EUR
BTA Uluslararası Yiyecek	TRL
BTA MZLZ	HRK
TAV İşletme Georgia	GEL
TAV İşletme Tunisia	TND
TAV İşletme Tunisia Plus	TND
TAV İşletme Macedonia	MKD
TAV İşletme Germany	EUR
TAV İşletme Latvia	EUR
TAV İşletme Kenya	Kenyan Shilling (“KES”)
TAV İşletme America	American Dollar (“USD”)
TAV İşletme Washington	USD
TAV İşletme New York	USD
TAV İşletme Madagascar	Malagasy Ariary (“MDG”)
GIS Spain	EUR
Holdco	EUR
Almaty Airport Investment Holding	EUR
TAV Kazakhstan	USD
AIA	USD
VT	KZT
ACS	KZT
FBO	KZT

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

Company	Functional Currency
GIS France	EUR
GIS Germany	EUR
GIS Italy	EUR
GIS Mexico	Mexican Peso ("MEX")
GIS Argentina	Argentine Peso ("ARS")
GIS Brazil	Brazilian Real ("BRL")
GIS Colombia	Colombian Peso ("COP")
TAV Havacılık	USD
TAV Bilişim	USD
TAV IT Saudi	Saudi Arabian Riyal ("SAR")
TAV IT Qatar	Qatari Riyal ("QAR")
TAV IT Netherlands	EUR
TAV Güvenlik	TRL
Aerosec Security	TRL
TAV Akademi	TRL
TAV Aviation Minds	USD
Aviator Netherlands	EUR
PMIA Aviator BV	EUR
TAV Uluslararası Yatırım	EUR
ATU	EUR
ATU Georgia	GEL
ATU Tunisia	EUR
ATU Macedonia	EUR
ATU Latvia	EUR
ATU Tunisia Duty Free	EUR
ATU Medinah	USD
ATU Mağazacılık	TRL
ATU Uluslararası Mağazacılık	EUR
ATU Holdings	USD
TAV Gözen	USD
TGS	TRL
Saudi HAVAŞ	SAR
BTA Medinah	SAR
Tibah Development	SAR
Tibah Operation	SAR
TAV İşletme Chile	Chilean Peso ("CLP")
TAV İşletme Saudi	SAR
TAV İşletme Bermuda	USD
TAV Antalya Yatırım	EUR
TAV Antalya	EUR
ZAIC-A	EUR
MZLZ	HRK
MZLZ Operation	HRK
AMS	HRK
Medinah Hotel	SAR

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

2. BASIS OF PREPARATION (continued)

d) Use of estimates and judgements (continued)

Note 1 – sensitivity analysis

Note 3(e) – mark-up applied to construction cost incurred under IFRIC 12 "Service Concession Arrangements".

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are included in the following notes:

Note 3, 12 and 13 – useful lives of property and equipment and intangible assets

Note 13 – key assumptions used in discounted cash flow projections

Note 17 – utilisation of tax losses and tax incentives

Note 26 – measurement of reserve for employee severance indemnity

Note 32 and 33 – valuation of financial instruments

A valuation for the fair values of TAV Tunisia as a separate cash-generating unit ("CGU") was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Tunisia.

A business plan with a duration until end of concession term (May 2047) prepared by the management of TAV Tunisia and it was used in the valuation of company. The growth in business plan of TAV Tunisia is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the company, with average post-tax discount rate of 12% during the projection period (between 2021 and 2047). Since TAV Tunisia has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, no impairment loss is recognized for TAV Tunisia as of 31 December 2021 (31 December 2020: EUR 20,000) (Note 14).

A valuation for the fair values of TAV Milas Bodrum as a separate CGU was performed by the Company management. The income approach (discounted cash flow method) was used to determine the fair value of TAV Milas Bodrum.

A business plan with a duration until end of concession term (December 2037) prepared by the management of TAV Milas Bodrum and it was used in the valuation of company. The growth in business plan of TAV Milas Bodrum is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in discounted cash flows are the WACC of the company, with average post-tax discount rate of 9.2% during the projection period (between 2021 and 2037). Since TAV Milas Bodrum has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, no impairment loss is recognized for TAV Milas Bodrum as of 31 December 2021 (31 December 2020: EUR 15,000) (Note 14).

The Group has also performed impairment tests for the rest of airport operation rights and concluded as no further impairment is required. In impairment tests, WACC, passenger forecast and recovery dates are evaluated as significant estimates and judgements.

e) The reclassification to prior year financial statements

The Group has reassessed the presentation of liabilities from equity-accounted investments. Accordingly liabilities from equity-accounted investments amounting to EUR 50,211 was presented in non-current other payables in consolidated statement of financial position for the year ended 31 December 2020, reclassed to liabilities from equity-accounted investments.

2. BASIS OF PREPARATION (continued)

f) Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities and their joint ventures.

a) Basis of consolidation

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Macedonia, TAV Gazipaşa, TAV Tunisia, TAV Latvia, HAVAŞ, HAVAŞ Latvia, Havaş Kazakhstan, HAVAŞ Adriatic, HAVAŞ Macedonia, HAVAŞ Georgia, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, BTA France, Cakes & Bakes, BTA Tedarik, BTA Denizyolları, BTA Latvia, BTA Uluslararası Yiyecek, BTA MZLZ, TAV İşletme, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, TAV IT Netherlands, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, TAV Uluslararası Yatırım, Holdco, AAIH, TAV Kazakhstan, AIA, VT, ACS and FBO are fully consolidated without non-controlling interest's ownership.

- TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil and GIS Colombia are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.

- ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık, TAV Gözen, TGS, Saudi HAVAŞ, BTA Medinah, Tibah Development, Tibah Operation, TAV İşletme Chile, TAV İşletme Bermuda, TAV İşletme Saudi, TAV Antalya, TAV Antalya Yatırım, ZAIC-A, MZLZ, MZLZ Operation, AMS and Medinah Hotel are consolidated using the equity method.

i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

i) Business combinations (continued):

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) 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 that control commences until the date that control ceases.

iii) Non-controlling interests:

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

iv) Acquisitions from entities under common control:

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

v) Loss of control:

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

vi) Joint arrangements and associates:

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

Associates

Joint ventures and associates are accounted for equity method in the consolidated financial statements. Joint ventures and associates initially recognised at fair value. After initial recognition, Group's share of the profit or loss of the investee, is recorded to financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investments, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

vii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group entities and their joint ventures use either EUR, TRL, USD, TND, MKD, GEL, HRK, SAR, CLP, KES, MXN, ARS, BRL, COP, KZT, QAR and MDG as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities or their joint ventures and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses EUR as the reporting currency. Assets and liabilities are translated by using year end foreign exchange rates. Income and expenses which are recorded to financial statements during the period are translated by using yearly average rates. Share capital and legal reserves are classified to financial statements by using their face value in the statutory financial statements. “Foreign currency translation differences” resulted by their translations are classified in the total items that will not be reclassified to profit or loss under equity.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates until 31 December 2005 before they are translated into EUR as the reporting currency. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 (“Financial Reporting in Hyperinflationary Economies”) has not been applied since 1 January 2006.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

ii) Foreign operations (continued):

The financial statements of subsidiaries, namely BTA, TAV İşletme and TAV Güvenlik, which have the TRL as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRL until 31 December 2005, in accordance with IAS 29 as TRL was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, the main reporting currency of the Group, by the exchange rate ruling at reporting date.

c) Financial instruments

i) Non-derivative financial assets:

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3(h)(i)).

Loans and receivables comprise cash and cash equivalents, restricted bank balances, trade receivables, due from related parties and guaranteed passenger fee receivable from DHMİ (Concession receivables) (see Note 20).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

i) Non-derivative financial assets (continued):

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group management of its short-term commitments.

The Group's use of Project Accounts Reserve Accounts or Funding Accounts is based on certain conditions as defined in respective loan agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the consolidated statement of financial position.

Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration (see also accounting policy note on intangible assets below).

ii) Non-derivative financial liabilities:

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group has the following other financial liabilities: loans and borrowings, bank overdrafts, trade payables and due to related parties.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a negative component of cash and cash equivalents for the purpose of the statement of cash flows.

When measuring the fair value of a liability, the Company takes into account the effect of its own credit risk and the effect of other factors that will probably affect the settlement of the liability.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

iii) Share capital:

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

iv) Derivative financial instruments, including hedge accounting:

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value and cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

In case of financial asset or financial liability is recognized in the financial statements as a result of forecast hedge transaction, Gain or losses accounted under other comprehensive income will be reclassed to income and loss components which will be excluded from equity for the period or periods of which cash flows subject to hedging (e.g. period which interest income or expense accounted)

In other cases, when the hedged item is not a non-financial asset, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

d) Property and equipment

i) Recognition and measurement:

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

i) Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognised net within "other operating income / (expense)" in profit or loss.

ii) Subsequent costs:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation:

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Machinery and equipment	4-18 years
Vehicles	5-18 years
Furniture and fixtures	2-18 years
Leasehold improvements	1-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets

i) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries and joint ventures is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Intangible assets recognised in a business combination:

Customer relationships are the intangible assets recognised during the purchase of HAVAŞ shares in years 2005 and 2007 and purchase of HAVAŞ Latvia shares in 2010 and 2011. DHMİ license is the intangible asset recognised during the purchase of HAVAŞ shares in years 2005 and 2007. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship were determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3 Business Combinations, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion was recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangible assets which were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

Due to acquisition of Almaty Airport in 2021, an airport operation right which is determined by an independent consulting firm has been accounted for intangible asset. This intangible asset will be amortized for a period of 49 years.

iii) Internally generated software:

Internally generated software consists of airport software developed by TAV Bilişim. Internally generated software with finite useful lives is measured at cost less accumulated amortisation and impairment losses.

iv) Other intangible assets:

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

v) Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vi) Amortisation:

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Purchased software is amortised over estimated useful lives, which is between 3-5 years. Intangible assets recognised during acquisitions of HAVAŞ and HAVAŞ Latvia are customer relationships and DHMİ licence. Customer relationships have 5-10 years useful life and DHMİ licence has indefinite useful life since the duration of net cash inflow arising from DHMİ licence to the Company does not have any foreseeable limit. DHMİ licence is tested for impairment annually.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Airport operation right which is accounted related with the acquisition of Almaty Airport will be amortized for a period of 49 years. In practice, duration of this right is indefinite. In order to define a useful life for this right, duration of land lease agreements of the company is determined as amortization period.

vii) Service concession arrangements

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IFRIC 12 Interpretation – According to service concession arrangements, entity recognize proceeds received for the construction, renovation works performed and other service lines rendered under non-current intangible asset or financial asset in the financial statements.

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa has guaranteed passenger fee to be received from DHMİ. The agreement covers a period up to May 2023 for TAV Esenboğa. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to February 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A concession agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operation of Alanya Gazipaşa Airport (air side, land side, parking-apron-taxi ways). The agreement covers a period up to May 2034. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

On 24 September 2008, a BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and the Ministry of Transport and Communication of Macedonia. The agreement covers a period up to March 2030.

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment.

A concession agreement was executed between TAV Ege and DHMİ on 16 December 2011 for the construction and operation of the domestic terminal of İzmir Adnan Menderes Airport and for taking-over the international terminal on January 2015. The agreement covers a period up to December 2032. In 2021, operating period has been extended for 2 years due to Force Majeure conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements (continued)

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from October 2015 to December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2015 to December 2035. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A concession agreement was executed between TAV Antalya and DHMİ on 14 September 2007 for the operation the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center and on 23 September 2009 for International Terminal II, Parking Lot and all the complementary units. The Lease Agreement between the Company and DHMİ will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. In 2021, operating period has been extended for 2 years due to Force Majeure conditions

A concession agreement was executed between TAV Antalya Yatırım and DHMİ on 28 December 2021 for the additional investments to increase capacity of Antalya Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries. The Lease Agreement between the Company and DHMİ will expire on 31 December 2051 and all terminals together with their correspondent units explained above will be transferred to DHMI by then.

i) Intangible assets:

The Group recognises an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. Amortisation of airport operation right is calculated based on units of production method over estimated passenger figures.

ii) Financial assets:

The Group recognises the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa. Financial assets are initially recognised at fair value and carried at discounted fair value for the subsequent periods.

f) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

h) Impairment

i) Non-derivative financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each period at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually 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 (the "CGU"). Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRL 10,849 as at 31 December 2021 (equivalent to full EUR 739 as at 31 December 2021) (31 December 2020: full TRL 7,117 (equivalent to full EUR 790 as at 31 December 2020)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 26) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

All actuarial differences are recognised immediately in other comprehensive income.

j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

k) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Construction revenue and expenditure: Construction revenue and expenditure are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Service concession agreements: Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

Aviation income: Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue (continued)

Area allocation income: Area allocation income is recognised by the issuance of monthly invoices based on the contracts made for allocated areas in the terminal.

Catering services income: Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

Ground handling income: Ground handling income is recognised when the services are provided.

Commission: The Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

Software and system sales: Software and system sales are recognised when goods are delivered and title has passed or when services are provided.

Income from lounge services: Income from lounge services is recognised when services are provided.

Bus and car parking operations: Income from bus and car parking operations is recognised when services are provided.

Income from airline taxi services: Income from airline taxi services is recognised when services are provided.

l) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables) and ineffective portion of hedging instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

m) Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current Tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Tax (continued)

ii) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

iii) Tax exposures:

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

n) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the owners of the company by the weighted average number of ordinary shares outstanding during the period. There are no dilutive potential shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Segment reporting

An operating segment is a component of the Group and its joint ventures that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

p) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i)The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted

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

IFRS 17	Insurance Contracts
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to 2018-2020	IFRS Standards Amendments to IFRS 1, IFRS 9 and IAS 41
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendment defers the effective date by one year. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 3 Reference to the Conceptual Framework

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

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

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 16 Proceeds before Intended Use

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

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

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 37 Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

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

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements to IFRS Standards 2018-2020

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

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

Amendments to IFRS 9 *Financial Instruments*

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

Amendments to IAS 41 *Agriculture*

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) <u>The new standards, amendments and interpretations (continued)</u>

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

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

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

The International Auditing and Assurance Standards Board ("IAASB") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

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

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

Amendments to IAS 1 *Disclosure of Accounting Policies*

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

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

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

Amendments to IAS 8 *Definition of Accounting Estimates*

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

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

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

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

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

4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Property and equipment:

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

ii) Intangible assets:

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

4. DETERMINATION OF FAIR VALUES (continued)

v) Other non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 December 2021	**Level 1**	**Level 2**	**Level 3**
Trade receivables	-	95,154	-
Financial assets	-	-	-
Loans and borrowings	-	(1,191,667)	-
Bank overdrafts	-	(424)	-
Other payables (*)	-	(804,713)	-
Interest rate swap	-	(24,521)	-

31 December 2020	**Level 1**	**Level 2**	**Level 3**
Trade receivables	-	104,688	-
Financial assets	-	50,000	-
Loans and borrowings	-	(1,332,362)	-
Bank overdrafts	-	(387)	-
Other payables (*)	-	(828,187)	-
Interest rate swap	-	(35,381)	-

(*) Other payables do not include advances received amounting to EUR 15,948 (31 December 2020: EUR 9,492).

5. OPERATING SEGMENTS

Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segments regarding to their activities; such as Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating terminal buildings, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation, AMS; TAV Antalya and AIA. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, TAV Antalya, TAV Antalya Yatırım, MZLZ and AIA also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, BTA France, Cakes & Bakes, BTA Tedarik, BTA Latvia, BTA Denizyolları, BTA Medinah, BTA Uluslararası Yiyecek, BTA MZLZ and ACS.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık and ATU Uluslararası Mağazacılık.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Latvia, TAV Gözen, TGS, Saudi HAVAŞ, HAVAŞ Adriatic, HAVAŞ Kazakhstan, HAVAŞ Macedonia and Havaş Georgia. HAVAŞ provides bus operations.

- ***Other:*** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV İşletme Bermuda, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil, GIS Colombia TAV İşletme Saudi, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Netherlands, TAV IT Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings, Medinah Hotel, Holdco, AAIH, TAV Kazakhstan, VT and FBO.

While preparing the results of the reported segments, joint ventures are included in the consolidation according to the proportional consolidation method.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

5. OPERATING SEGMENTS (continued)

Operating Segments (continued)

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Total external revenues	392,069	169,049	64,548	48,003	81,630	45,662	230,779	169,892	84,283	74,046	853,309	506,652
Inter-segment revenue	26,477	14,784	5,732	4,128	48	116	703	587	55,237	26,433	88,197	46,048
Interest income	4,497	16,015	359	283	1,107	1,005	6,458	5,232	39,162	15,128	51,583	37,663
Interest expense	(103,194)	(75,511)	(3,149)	(2,636)	(1,290)	(1,484)	(6,742)	(5,984)	(20,096)	(27,792)	(134,471)	(113,407)
Depreciation and amortisation	(110,529)	(108,813)	(5,476)	(8,763)	(6,319)	(6,459)	(16,120)	(19,632)	(9,362)	(13,642)	(147,806)	(157,309)
Reportable segment operating profit / (loss)	74,572	(57,459)	(1,388)	(22,651)	267	(8,868)	41,432	11,913	(2,341)	(20,618)	112,542	(97,683)
Capital expenditure	26,009	73,968	2,198	4,430	3,118	12,984	4,731	8,028	5,917	5,471	41,973	104,881

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Reportable segment assets	3,654,865	3,625,192	13,994	30,257	144,878	150,110	210,416	228,602	754,929	869,678	4,779,082	4,903,839
Reportable segment liabilities	2,834,585	2,794,727	71,479	82,432	99,298	99,716	143,754	184,006	254,962	416,989	3,404,078	3,577,870

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**2021**	**2020**
Total revenue for reportable segments	801,986	463,521
Other revenue	139,520	100,479
Elimination of inter-segment revenue	(88,197)	(46,048)
	853,309	**517,952**
Effect of using the equity method for joint ventures	(331,245)	(216,546)
Consolidated revenue	**522,064**	**301,406**

Operating profit / (loss)	**2021**	**2020**
Segment operating profit / (loss)	114,883	(77,065)
Other operating loss	(2,341)	(20,618)
	112,542	**(97,683)**
Effect of using the equity method for joint ventures	(62,394)	(52,709)
Consolidated operating profit / (loss)	**50,148**	**(150,392)**
Finance income	167,150	11,162
Finance expense	(134,558)	(135,413)
Consolidated profit / (loss) before tax	**82,740**	**(274,643)**

Assets	**31 December 2021**	**31 December 2020**
Total assets for reportable segments	4,024,153	4,034,161
Other assets	754,929	869,678
	4,779,082	**4,903,839**
Effect of using the equity method for joint ventures	(1,334,353)	(1,348,716)
Consolidated total assets	**3,444,729**	**3,555,123**

Liabilities	**31 December 2021**	**31 December 2020**
Total liabilities for reportable segments	3,149,116	3,160,881
Other liabilities	254,962	416,989
	3,404,078	**3,577,870**
Effect of using the equity method for joint ventures	(970,002)	(957,442)
Consolidated total liabilities	**2,434,076**	**2,620,428**

5. OPERATING SEGMENTS (continued)

Interest income	**2021**	**2020**
Total interest income for reportable segments	12,421	22,535
Other interest income	39,162	15,128
Elimination of inter-segment interest income	(31,957)	(23,588)
	19,626	**14,075**
Effect of using the equity method for joint ventures	(7,057)	(3,263)
Consolidated interest income	**12,569**	**10,812**

Interest expense	**2021**	**2020**
Total interest expense for reportable segments	(114,375)	(85,615)
Other interest expense	(20,096)	(27,792)
Elimination of inter-segment interest expense	14,839	23,585
	(119,632)	**(89,822)**
Effect of using the equity method for joint ventures	29,327	22,879
Consolidated interest expense	**(90,305)**	**(66,943)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Kazakhstan, Georgia, Macedonia, Latvia, Tunisia, Saudi Arabia, Oman and Spain.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

Revenue	**2021**	**2020**
Turkey	268,131	205,225
Kazakhstan	104,522	-
Georgia	53,229	20,488
Macedonia	24,146	13,247
Latvia	13,435	10,074
Tunisia	10,736	7,627
Saudi Arabia	10,142	8,393
Oman	10,130	8,209
Spain	5,901	5,461
Other	21,692	22,682
Consolidated revenue	**522,064**	**301,406**

Non-current assets	**31 December 2021**	**31 December 2020**
Turkey	1,892,942	1,796,410
Tunisia	431,389	443,814
Kazakhstan	364,415	-
Macedonia	95,050	99,407
Georgia	74,331	67,108
Oman	12,273	13,441
Spain	5,158	5,878
Latvia	906	1,659
Saudi Arabia	865	719
Other	120,159	41,981
Consolidated non-current assets	**2,997,488**	**2,470,417**

6. OPERATING REVENUE

An analysis of the Group's operating revenue for the year ended 31 December is as follows:

	2021	2020
Aviation income	169,176	51,595
Ground handling income	143,653	92,409
Catering services income	57,627	39,304
Commission from sales of duty free goods	27,019	14,909
Income from lounge services	20,785	15,775
Area allocation income	17,647	12,043
Software sales income	16,186	18,649
Income from car parking operations and valet service income	10,247	6,895
Security services income	9,595	8,794
Bus services income	6,178	5,722
Operating financial revenue	5,471	7,211
Utility and general participation income	2,693	2,523
Hotel and reservation income	2,633	2,100
Advertising income	2,316	2,117
Rent income from sublease	2,125	1,875
Loyalty card income	723	1,410
Other operating revenue	27,990	18,075
Total operating revenue	**522,064**	**301,406**

7. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the years ended 31 December is as follows:

	2021	2020
Wages and salaries	132,682	116,719
Compulsory social security contributions	11,620	10,156
Employee severance indemnity expenses	1,324	1,950
Other personnel expenses	17,299	16,455
Total personnel expenses	**162,925**	**145,280**

8. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expenses for the years ended 31 December is as follows:

	2021	2020
Consultancy expense	13,395	13,298
Utility cost	11,931	9,266
Rent expense	11,337	7,265
Maintenance expenditures	8,416	6,971
Insurance expense	6,783	6,093
Cleaning expense	5,692	4,798
Taxes	5,507	3,001
Provision expenses	5,044	11,524
VAT non-recoverable	4,576	1,807
Traveling and transportation expenses	2,134	1,919
Communication and stationary expenses	2,033	1,687
Security cost	2,006	1,047
Advertisement and marketing expenses	1,545	854
Representation expenses	908	682
Commission and license expense	421	642
Other operating expenses	13,836	24,142
Total other operating expenses	**95,564**	**94,996**

9. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

An analysis of the Group's accumulated depreciation, amortisation and impairment for the years ended 31 December is as follows:

	2021	2020
Airport operation right	33,674	20,514
Property and equipment	33,307	26,551
Right of use asset	7,056	9,744
Intangible assets	2,200	2,817
Impairment of goodwill	408	-
Impairment losses	-	36,601
Total depreciation, amortisation and impairment expenses	**76,645**	**96,227**

10. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the years ended 31 December is as follows:

	2021	2020
Discount income (*)	145,948	27
Interest income on bank deposits and intercompany loans	12,569	10,812
Foreign exchange gain, net	7,933	-
Other finance income	700	323
Finance income	**167,150**	**11,162**
Interest expense on financial liabilities and intercompany loans	(90,305)	(66,943)
Discount expense (**)	(33,066)	(33,871)
Commission expense	(2,176)	(1,590)
Interest expense provision on employee benefit obligation	(1,242)	(1,506)
Foreign exchange loss, net	-	(24,422)
Other finance costs (***)	(7,769)	(7,081)
Finance costs	**(134,558)**	**(135,413)**
Net finance costs	**32,592**	**(124,251)**

(*) EUR 144,877 of the discount income was related with the amortised loan liabilities and fair value adjustment of participation rights for TAV Tunisia loan restructuring process.

(**) Discount expense is mainly related with the unwinding of discount on concession payables amounting to EUR 33,066 as of 31 December 2021 (31 December 2020: EUR 33,871).

(***) Other finance costs include bank charges and consultancy expenses charged in accordance with the requirements of project financing facilities.

Recognised in other comprehensive income

	2021	2020
Effective portion of changes in fair value of cash flow hedges	81,702	12,417
Foreign currency translation differences for foreign operations	21,835	(23,355)
Tax on cash flow hedge reserves	(2,082)	(223)
Portion of cash flow hedges charged to profit or loss	(36,207)	(8,101)
Finance costs recognised in other comprehensive income, net of tax	**65,248**	**(19,262)**

11. TAX EXPENSE

An analysis of the Group's tax expense for the years ended 31 December is as follows:

Tax recognised in profit or loss

	2021	2020
Current tax expense		
Current year tax expense	11,328	14,619
	11,328	14,619
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	22,239	4,156
Change in previously recognised investment incentives	(2,307)	1,432
Recognition of current period tax losses	205	(16,712)
	20,137	(11,124)
Total tax expense	**31,465**	**3,495**

Tax recognised in other comprehensive income

	2021			2020		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Foreign currency translation differences for foreign operations	21,835	-	21,835	(23,355)	-	(23,355)
Effective portion of changes in fair value of cash flow hedges	38,536	(2,082)	36,454	5,914	(223)	5,691
Defined benefit obligation actuarial differences	145	(29)	116	337	(68)	269
Other comprehensive income from equity accounted investments	(12,216)	(711)	(12,927)	(11,287)	350	(10,937)
	48,300	**(2,822)**	**45,478**	**(28,391)**	**59**	**(28,332)**

11. TAX EXPENSE (continued)

Reconciliation of effective tax rate

The reported tax expenses for the years ended 31 December 2021 and 2020 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2021	%	2020
Profit / (Loss) before tax from continuing operations		82,740		(274,643)
Loss before tax from discontinued operations		(79)		(4,682)
Profit / (Loss) before tax		**82,661**		**(279,325)**
Tax using the Company's domestic tax rate	25	20,665	22	(61,452)
Tax effects of:				
- non-deductible expenses	14	11,903	(1)	1,552
- translation of non-monetary items according to IAS 21	15	12,283	(10)	26,722
- change in previously recognised investment incentives	(3)	(2,307)	(1)	1,432
- tax exempt income	(23)	(18,956)	5	(9,904)
- used tax loss carry forwards which no deferred tax asset is recognised	(4)	(2,916)	2	(4,728)
- current year losses for which no deferred tax asset is recognised	16	12,957	(8)	22,976
- effect of different tax rates for foreign jurisdictions	(6)	(4,587)	(1)	3,125
- adjustment for equity accounted investments	7	5,687	(6)	16,893
- adjustments related to tax legislation of subsidiaries which is in foreign countries	-	267	(1)	1,662
- effect of different tax rates applied	(5)	(4,084)	(2)	4,570
- other consolidation adjustments	2	1,795	(1)	2,748
Tax expense	**40**	**32,707**	**(2)**	**5,596**
Total tax expense from continuing operations		**31,465**		**3,495**
Total tax expense from discontinued operations		**1,242**		**2,101**

Corporate tax:

	2021	2020
Corporate tax provision from continuing operations	11,328	14,619
Corporate tax provision from discontinued operations	1,022	1,246
Corporate tax provision	12,350	15,865
Add: taxes payable from previous year	3,024	98,639
Less: corporation taxes paid during the year	(12,078)	(111,480)
Current tax liabilities	**3,296**	**3,024**

11. TAX EXPENSE (continued)

Corporate tax (continued):

Turkey

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax (CIT) rate at 31 December 2021 is 25% (However, in 2021, in the first advance corporate tax payments; 20% was used as the corporate income tax rate, whereas 25% was used in the following advance tax payments) (31 December 2020: 22%). Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

In accordance with the Law No. 7061 which is published on 5 December 2018 in the official gazette numbered 30261, the rate of the Corporate Tax, which is 20% according to the provisional article 10 added to the Corporate Tax Law (KVK), was applied as 22% in 2018, 2019 and 2020 for all the taxpayers. The CIT rate is increased to 25% for 2021 and 23% for 2022, temporarily, later on. The tax legislation provides for a temporary tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 30th 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.

Georgia

Georgian corporate income tax is levied at a rate of 15% on income less deductible expenses. As of 1 January 2017 the corporate tax liability arises when the profit is distributed. There is no change on the corporate tax rate.

Tunisia

Tunisian corporate income tax is levied at a rate of 15% on income less deductible expenses (31 December 2020: 15%).

Macedonia

Macedonian corporate income tax is levied at a rate of 10% on income less deductible expenses as from 2014 onwards (including determination of 2014 CIT). Losses can be carried forward for 3 years provided that the accumulated accounting losses are covered by the accumulated profits (31 December 2020: 10%).

Latvia

Latvian corporate income is levied at a rate of 20% on income less deductible expenses as of 2019. (As the taxable base must be divided by a coefficient of 0.8, the effective tax rate is 25%). According to the new rule, the corporate tax liability will raise when the profit is distributed.

Germany

German federal income tax is levied at a rate of 15% on income less deductible expenses. However municipalities impose a trade tax on income. Taking into account the various municipality multipliers, the combined average tax rate for corporations ranges from approximately 23% to 33%.

Kenya

Effective from January 1, 2021 the corporate income tax is levied at a rate of 30% for resident companies on income less deductible expenses. The corporate income tax rate was applied as 25% for 2020 over 2020 taxable income as a temporary measure in response to Covid-19 (31 December 2020: 20%).

United States

American federal corporate income tax is levied at a rate of 21% on income less deductible expenses.

11. TAX EXPENSE (continued)

Corporate tax (continued):

Saudi Arabia

Under the Saudi Arabian tax and zakat regulations, tax / zakat status of a resident company is determined based on the nationality of its shareholders. TAV IT Saudi's all shareholders are incorporated outside GCC. So, it is subject to income tax at 20% over the gross income less allowable expenses under the law (the adjusted net profit for the year). Tax losses can be carried forward indefinitely in Saudi Arabia. However, maximum limit of the brought forward loss that can be deducted from the taxable profit for the year is 25% of the taxable profit.

Oman

Omani corporate income tax is levied at a rate of 15% on income less deductible expenses.

Chile

In the Chile, due to the tax reform as of year 2018 there are two income tax systems which are elective for tax payers (where certain requirements satisfied):

Attributed income system (AIS): Corporate tax rate is 25% for entities subject to the AIS. Also, there is additional WHT of %35 regardless of whether a dividend was effectively distributed or not, with a 100% tax credit for the FCT paid at the attributing entity's level. Total tax burden is 35% for this system. This system is applicable for small and medium enterprises.

Partially integrated system (PIS): Corporate tax rate is 25.5% for entities subject to the PIS in 2018 and 27% in 2018. Also, there is additional WHT of 35% final taxes upon effective distribution of profits, with a tax credit of 65% of the FCT paid at the entity level. Total tax burden is 44.45% for this system. This system is applicable for large enterprises.

France

France corporate income tax is levied at a rate of 26.5% in 2021 on income less deductible expenses. However, companies with an annual turnover exceeding EUR 250 million are subject to a 27.5% rate.

The standard rate was 33.33% since 1993 and until 2017. A reduction of the standard rate was initiated with effect from 1 January 2018, with a reduced 28% applicable to profits up to EUR 500,000 (profits exceeding this threshold were still taxed at a rate of 33.33%). The standard rate will be progressively reduced to 25% by 2022 (31 December 2020: 33.3%).

Spain

Spain corporate income tax is levied at a rate of 25% on income less deductible expenses (31 December 2020: 25%).

Italy

Italy corporate income tax is levied at a rate of 24% on income less deductible expenses (31 December 2020: 24%).

Mexico

Mexico corporate income tax is levied at a rate of 30% on income less deductible expenses (31 December 2020: 30%)

Argentina

Argentina corporate income tax is levied on progressive rates between 25% and 35% depending on the taxable income effective from 1 January 2021 on income less deductible expenses. (Up to 5,000,000 ARS: 25%, between 5,000,001& 50,000,000 ARS: 30%, Over 50,000,000 ARS: 35%) (31 December 2020: 30%).

Colombia

Colombia corporate income tax is levied at a rate of 31% in 2021 and 30% 2022 onwards on income less deductible expenses (31 December 2020: 33%).

Brazil

Brazil corporate income tax is levied at a rate of 34% on income less deductible expenses (31 December 2020: 34%).

Kazakhstan

Kazakhstan corporate income tax is levied at a rate of 20% on income less deductible expenses.

Bermuda

Corporate income tax is not applicable in Bermuda.

11. TAX EXPENSE (continued)

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no. 26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three year time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other hand, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no. 5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no. 2 of the Article 15 of the Law no. 5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no. 27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

The Article 5 of the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010 regulated the amount of investment incentive to be benefited in computing the corporate tax base after the cancellation of the Article no.2 of the Law no. 5479. According to the Law no. 6009, the taxpayers were allowed to benefit from the investment incentive stemming from the periods before the promulgation of the Law no. 5479, up to 25% of the taxable income of the respective tax period. Such change is effective including the fiscal year ending on 31 December 2011.

However, on 9 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009 and stay of execution of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012. Accordingly, taxpayers are allowed to benefit from the investment incentive without any limitation. The annulment of the article was promulgated in the Official Gazette no. 28719 dated 26 July 2013.

Income withholding tax:

According to Corporate Tax Law code numbered 5520 article 15, companies who are resident in Turkey, should calculate 15% income withholding tax on dividends distributed to non-resident companies, individuals and resident individuals. Where there is a tax treaty between Turkey and the country of the dividend recipient is a resident taxpayer, the applicable rate might be less than the local rate. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

12. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2020	**884**	**22,779**	**102,540**	**48,404**	**69,079**	**122,157**	**5,829**	**371,672**
Effect of movements in exchange rates	(148)	(4,136)	(1,566)	(1,462)	(5,381)	(9,093)	(2,342)	(24,128)
Additions (*)	-	7	2,507	485	3,459	4,083	19,639	30,180
Disposals	-	-	(3,665)	(15,541)	(2,078)	(2,818)	(32)	(24,134)
Transfers (**)	(613)	1,137	3,290	(42)	(9,204)	6,531	(3,650)	(2,551)
Balance at 31 December 2020	**123**	**19,787**	**103,106**	**31,844**	**55,875**	**120,860**	**19,444**	**351,039**
Balance at 1 January 2021	**123**	**19,787**	**103,106**	**31,844**	**55,875**	**120,860**	**19,444**	**351,039**
Effect of movements in exchange rates	161	8,148	2,857	1,814	(2,410)	(1,720)	1,316	10,166
Additions (*)	26	-	4,098	1,449	2,554	6,086	7,110	21,323
Disposals	-	(652)	(1,967)	(1,048)	(535)	(3,901)	(84)	(8,187)
Transfers (**)	-	5,008	5,906	3	(2,455)	7,589	(17,526)	(1,475)
Effect of acquisitions of a subsidiary (***)	2,143	159,064	37,099	20,234	-	1,035	829	220,404
Effect of group structure change	-	-	(2,837)	-	(5,361)	-	(1,473)	(9,671)
Balance at 31 December 2021	**2,453**	**191,355**	**148,262**	**54,296**	**47,668**	**129,949**	**9,616**	**583,599**

(*) There is no capitalised borrowing cost on property and equipment during 2021 (31 December 2020: None). In year 2021, additions to property and equipment has not been purchased by financial leasing (31 December 2020: None).

(**) Transfer amounting to EUR 1,475 comprises transfer to intangible assets as at 31 December 2021 (31 December 2020: Transfer amounting to EUR 2,578 comprises transfer to airport operation right and transfer amounting to EUR 27 comprises transfer from intangible assets).

(***) Effect of acquisitions of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

12. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2020	**-**	**897**	**63,924**	**22,192**	**36,221**	**42,709**	**-**	**165,943**
Effect of movements in exchange rates	-	(267)	(1,015)	(1,079)	(3,859)	(4,303)	-	(10,523)
Depreciation for the year	-	567	5,405	2,206	6,184	12,189	-	26,551
Disposals	-	-	(3,432)	(7,668)	(1,879)	(2,166)	-	(15,145)
Impairment losses	-	-	1,601	-	-	-	-	1,601
Transfers	-	-	626	-	(5,013)	4,629	-	242
Balance at 31 December 2020	**-**	**1,197**	**67,109**	**15,651**	**31,654**	**53,058**	**-**	**168,669**
Balance at 1 January 2021	**-**	**1,197**	**67,109**	**15,651**	**31,654**	**53,058**	**-**	**168,669**
Effect of movements in exchange rates	-	583	519	772	(2,029)	(1,583)	-	(1,738)
Depreciation for the year	-	3,896	8,116	3,265	4,086	13,944	-	33,307
Disposals	-	-	(1,464)	(401)	(290)	(3,770)	-	(5,925)
Transfers	-	-	(75)	-	(536)	875	-	264
Effect of acquisitions of a subsidiary (*)	-	11,991	5,243	3,720	-	186	-	21,140
Effect of change in group structure	-	-	(2,052)	-	(1,024)	-	-	(3,076)
Balance at 31 December 2021	**-**	**17,667**	**77,396**	**23,007**	**31,861**	**62,710**	**-**	**212,641**
Carrying amounts								
At 31 December 2020	**123**	**18,590**	**35,997**	**16,193**	**24,221**	**67,802**	**19,444**	**182,370**
At 31 December 2021	**2,453**	**173,688**	**70,866**	**31,289**	**15,807**	**67,239**	**9,616**	**370,958**

(*) Effect of acquisitions of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

13. INTANGIBLE ASSETS

	Purchased software and brandmarks	Internally generated software	Customer relationships	DHMİ license	Total
Cost					
Balance at 1 January 2020	**24,361**	**4,253**	**28,078**	**5,324**	**62,016**
Effect of movements in exchange rates	(1,602)	(626)	(73)	-	(2,301)
Additions	1,259	-	-	-	1,259
Disposals	(253)	-	-	-	(253)
Transfers (*)	(3,275)	3,248	-	-	(27)
Balance at 31 December 2020	**20,490**	**6,875**	**28,005**	**5,324**	**60,694**
Balance at 1 January 2021	**20,490**	**6,875**	**28,005**	**5,324**	**60,694**
Effect of movements in exchange rates	(632)	620	(76)	-	(88)
Additions	1,021	-	-	-	1,021
Disposals	(7)	-	-	-	(7)
Transfers (*)	(78)	1,465	-	88	1,475
Effect of acquisitions of a subsidiary (**)	1,067	-	-	-	1,067
Balance at 31 December 2021	**21,861**	**8,960**	**27,929**	**5,412**	**64,162**
Accumulated amortisation					
Balance at 1 January 2020	**17,952**	**4,253**	**26,222**	**-**	**48,427**
Effect of movements in exchange rates	(880)	(821)	(71)	-	(1,772)
Amortisation for the year	2,081	468	268	-	2,817
Disposals	(228)	-	-	-	(228)
Transfers	(1,684)	1,442	-	-	(242)
Balance at 31 December 2020	**17,241**	**5,342**	**26,419**	**-**	**49,002**
Balance at 1 January 2021	**17,241**	**5,342**	**26,419**	**-**	**49,002**
Effect of movements in exchange rates	(510)	460	(76)	-	(126)
Amortisation for the year	1,336	595	269	-	2,200
Transfers	11	-	-	-	11
Effect of acquisitions of a subsidiary (**)	882	-	-	-	882
Balance at 31 December 2021	**18,960**	**6,397**	**26,612**	**-**	**51,969**
Carrying amounts					
At 31 December 2020	**3,249**	**1,533**	**1,586**	**5,324**	**11,692**
At 31 December 2021	**2,901**	**2,563**	**1,317**	**5,412**	**12,193**

(*) Transfer amounting to EUR 1,475 comprises transfer from property and equipment as at 31 December 2021 (31 December 2020: EUR 27 comprises transfer to property and equipment).

(**) Effect of acquisitions of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

13. INTANGIBLE ASSETS (continued)

DHMİ licenses acquired through the purchase of HAVAŞ shares in years 2005 and 2007 were recognised with indefinite useful lives since there is no foreseeable limit to the period over which they are expected to generate net cash inflows. The useful life of DHMİ license associated with the acquisition of HAVAŞ was deemed indefinite since;

- without these licenses ground handling companies could not operate,
- it is difficult to obtain the licence, which requires high pre-operational costs and procurement of workforce and equipment required to deliver ground handling services
- the continuity of the license requires low annual payments compared to initial license cost.

The replacement cost method was used in order to determine the fair value of the DHMİ licences for impairment testing. As a result of the impairment testing no impairment was recognized.

Goodwill

An analysis of goodwill as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Balance at 1 January	**137,055**	137,688
Addition during the year	72,049	-
Effect of movements in exchange rates	4,745	(112)
Disposals	(408)	(521)
Balance at the end of the year	**213,441**	**137,055**

Goodwill is related with the CGU's AIA, HAVAŞ, TAV Tbilisi and GIS Spain as at 31 December 2021 (31 December 2020: HAVAŞ, TAV Tbilisi and GIS Spain).

Impairment testing for CGU's

For the purpose of impairment testing, goodwill is allocated to CGU's. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	31 December 2021	31 December 2020
HAVAŞ	131,565	131,565
AIA	76,808	-
TAV Tbilisi	3,858	3,858
GIS Spain	1,094	1,094
Other	116	538
	213,441	**137,055**

A valuation for the fair values of HAVAŞ, AIA and TAV Tbilisi as three separate CGU's was performed by an independent valuation expert. The income and market approaches were used to determine the fair values of HAVAŞ, AIA and TAV Tbilisi. In the analysis, income approach (discounted cash flow method) was mostly used, with lower weightings applied to the value of HAVAŞ, AIA and TAV Tbilisi resulting from the Guideline Transaction and Company methods.

13. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment testing for CGU's (continued)

25-year business plan prepared by the management for HAVAŞ and 8-year business plan prepared by the management for TAV Tbilisi were used in the valuation of companies. The growth in business plan of HAVAŞ and TAV Tbilisi is driven by the opportunities in companies' businesses and addition of new customers.

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised for HAVAŞ, TAV Tbilisi, GIS Spain and AIA as at 31 December 2021.

Key assumptions used in discounted cash flow projections

Key assumptions used in calculation of recoverable amounts are discount rates and terminal growth rates. These assumptions are as follows:

	31 December 2021	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	17.1%	2.0%
TAV Tbilisi	25.6%	-
GIS Spain	13.0%	2.0%
AIA	8.2%	2.1%

	31 December 2020	
	Pre-tax discount rate	**Terminal growth rate**
HAVAŞ	15.8%	2.0%
TAV Tbilisi	21.5%	-
GIS Spain	13.0%	2.0%

Discount rate

The discount rates used in discounted cash flows are the weighted average cost of capitals ("WACC") of the companies.

Terminal growth rate for HAVAŞ is determined as 2.0%, GIS Spain as 2.0% and AIA as 2.1%. Since TAV Tbilisi has a limited life, terminal growth rate is not used in the valuation.

Market Approach

The Guideline Transaction Method utilises valuation multiples based on actual transactions that have occurred in the subject company's industry. These derived multiples are then applied to the appropriate operating data of the subject company to arrive at an indication of fair market value. Guideline Company Method focuses on comparing the subject company to guideline publicly-traded companies.

14. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Cost								
Balance at 1 January 2020	**776,616**	**104,802**	**595,488**	**45,700**	**86,736**	**490,463**	**-**	**2,099,805**
Effect of movements in exchange rates	-	(21,422)	-	-	-	-	-	(21,422)
Additions (*)	3,218	-	-	2,498	45,701	-	-	51,417
Transfers (**)	-	-	-	-	(360)	2,938	-	2,578
Balance at 31 December 2020	**779,834**	**83,380**	**595,488**	**48,198**	**132,077**	**493,401**	**-**	**2,132,378**
Balance at 1 January 2021	**779,834**	**83,380**	**595,488**	**48,198**	**132,077**	**493,401**	**-**	**2,132,378**
Effect of movements in exchange rates	-	12,194	-	-	-	-	5,068	17,262
Additions (*)	81	-	-	-	-	-	-	81
Effect of acquisitions of a subsidiary (***)	-	-	-	-	-	-	76,709	76,709
Transfers (**)	28,873	-	-	-	-	28,687	-	57,560
Balance at 31 December 2021	**808,788**	**95,574**	**595,488**	**48,198**	**132,077**	**522,088**	**81,777**	**2,283,990**

(*) There is no capitalised borrowing cost on airport operation right during 2021 (31 December 2020: None).
(**) Transfer amounting to EUR 57,560 is related to 2 year extension on İzmir Adnan Menderes International Airport and Milas-Bodrum Airport. (Transfer amounting to EUR 2,578 comprises transfer to intangible assets as at 31 December 2020).
(***) Effect of acquisitions of a subsidiary is related with acquisition of AIA.

14. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Accumulated amortisation								
Balance at 1 January 2020	**219,819**	**49,576**	**135,310**	**11,474**	**37,309**	**64,460**	**-**	**517,948**
Effect of movements in exchange rates	-	(10,222)	-	-	-	-	-	(10,222)
Amortisation for the year	12,709	1,117	1,025	398	1,061	4,204	-	20,514
Impairment losses (*)	-	-	20,000	-	-	15,000	-	35,000
Balance at 31 December 2020	**232,528**	**40,471**	**156,335**	**11,872**	**38,370**	**83,664**	**-**	**563,240**
Balance at 1 January 2021	**232,528**	**40,471**	**156,335**	**11,872**	**38,370**	**83,664**	**-**	**563,240**
Effect of movements in exchange rates	-	6,153	-	-	-	-	22	6,175
Amortisation for the year	16,098	3,305	1,554	739	4,271	7,167	540	33,674
Balance at 31 December 2021	**248,626**	**49,929**	**157,889**	**12,611**	**42,641**	**90,831**	**562**	**603,089**
Carrying amounts								
At 31 December 2020	**547,306**	**42,909**	**439,153**	**36,326**	**93,707**	**409,737**	**-**	**1,569,138**
At 31 December 2021	**560,162**	**45,645**	**437,599**	**35,587**	**89,436**	**431,257**	**81,215**	**1,680,901**

(*) Estimations used for impairment testing are disclosed in Note 2.

15. RIGHT OF USE ASSETS

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other tangible assets**	**Total**	**Lease liabilities**
1 January 2021	45,292	19,588	568	494	65,942	67,759
Additions	678	1,019	1,980	-	3,677	2,032
Depreciation expense	(3,923)	(2,316)	(741)	(76)	(7,056)	-
Interest expense	-	-	-	-	-	4,196
Disposals	(803)	(1,392)	(39)	(12)	(2,246)	-
Payments	-	-	-	-	-	(11,617)
Effect of movements in exchange rates	-	(1,794)	(295)	65	(2,024)	(1,610)
31 December 2021	**41,244**	**15,105**	**1,473**	**471**	**58,293**	**60,760**
Lease liabilities under IAS 17	**-**	**-**	**-**	**-**	**-**	**-**
Total	**41,244**	**15,105**	**1,473**	**471**	**58,293**	**60,760**

	Right-of-use assets					
	Layout and development of land	**Building**	**Vehicles**	**Other Tangible Assets**	**Total**	**Lease liabilities**
1 January 2020	46,090	11,697	845	-	58,632	59,699
Additions	4,771	15,211	626	648	21,256	17,776
Depreciation expense	(4,234)	(4,912)	(513)	(85)	(9,744)	-
Interest expense	-	-	-	-	-	5,219
Disposals	(1,335)	(49)	(329)	-	(1,713)	-
Payments	-	-	-	-	-	(12,087)
Effect of movements in exchange rates	-	(2,359)	(61)	(69)	(2,489)	(2,848)
31 December 2020	**45,292**	**19,588**	**568**	**494**	**65,942**	**67,759**
Lease liabilities under IAS 17	**-**	**-**	**-**	**-**	**-**	**13**
Total	**45,292**	**19,588**	**568**	**494**	**65,942**	**67,772**

The Group, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

16. FINANCIAL ASSETS

At 31 December 2021 and 31 December 2020, financial assets comprised the following:

	31 December 2021	**31 December 2020**
Treasury bonds (*)	-	50,000
	-	**50,000**

(*) The bond have been obtained on 27 May 2020 having a due date of 27 May 2021, with a gross annual rate of 2.52% and having coupon payments in every six months. The bond is in Euro currency.

17. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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.

The tax rate has changed from 20% since 1 January, 2018 within 3 years (in 2018, 2019 and 2020) to 22% and from 22% to 25% until end of 2021 in Turkey. However, since the corporate tax rate is 20% after 2022, 20% tax rate is used after 2022.

The rate of 15% for subsidiaries in Tunisia (31 December 2020: 15%) and the rate of 10% for subsidiaries in Macedonia (31 December 2020: 10%) are used.

Recognised deferred tax assets and liabilities

As at 31 December 2021 and 2020, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Property and equipment, airport operation right, and intangible assets	-	-	(37,909)	(28,425)	(37,909)	(28,425)
Trade and other receivables and payables	2,641	2,643	-	-	2,641	2,643
Derivatives	4,798	6,910	-	-	4,798	6,910
Tax loss carry-forwards	16,033	16,348	-	-	16,033	16,348
Loans and borrowings	-	-	(1,154)	(1,745)	(1,154)	(1,745)
Reserve for employee severance indemnity	1,317	1,977	-	-	1,317	1,977
Provisions	1,429	805	-	-	1,429	805
Investment incentives	9,509	15,613	-	-	9,509	15,613
IFRS 16 Liabilities	10,050	11,427	-	-	10,050	11,427
Adjustments related to tax legislation of subsidiaries which is in foreign countries	-	-	(9,104)	(8,837)	(9,104)	(8,837)
Other items	-	3,267	(53,769)	(1,070)	(53,769)	2,197
Deferred tax assets / (liabilities)	**45,777**	**58,990**	**(101,936)**	**(40,077)**	**(56,159)**	**18,913**
Set-off of tax	(27,309)	(26,774)	27,309	26,774	-	-
Net deferred tax assets / (liabilities)	**18,468**	**32,216**	**(74,627)**	**(13,303)**	**(56,159)**	**18,913**

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the year

	Balance at 31 December 2019	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	Balance at 31 December 2020	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of acquisition (*)	Effect of discontinued activities	Balance at 31 December 2021
Property and equipment, airport operation right and other intangible assets	(25,962)	(4,907)	-	2,428	16	(28,425)	(3,323)	-	337	(6,484)	(14)	(37,909)
Trade and other receivables and payables	2,228	1,194	-	17	(796)	2,643	156	-	5	23	(186)	2,641
Derivatives	7,155	-	(223)	(22)	-	6,910	6	(2,082)	1	(37)	-	4,798
Loans and borrowings	(2,922)	1,192	-	(15)	-	(1,745)	664	-	(73)	-	-	(1,154)
Reserve for employee severance indemnity	2,556	(280)	(68)	(180)	(51)	1,977	(333)	(29)	(282)	-	(16)	1,317
Provisions	627	250	-	(48)	(24)	805	385	-	2	239	(2)	1,429
Tax loss carry-forwards	-	16,712	-	(364)	-	16,348	(205)	-	(110)	-	-	16,033
Investment incentives	21,982	(6,369)	-	-	-	15,613	(6,104)	-	-	-	-	9,509
IFRS 16 liabilities	11,746	190	-	(509)	-	11,427	(157)	-	(1,220)	-	-	10,050
Provision for tax	(9,108)	271	-	-	-	(8,837)	(267)	-	-	-	-	(9,104)
Other items	(2,398)	2,871	-	1,724	-	2,197	(10,959)	-	(3,487)	(41,518)	(2)	(53,769)
Tax assets / (liabilities)	**5,904**	**11,124**	**(291)**	**3,031**	**(855)**	**18,913**	**(20,137)**	**(2,111)**	**(4,827)**	**(47,777)**	**(220)**	**(56,159)**

(*) Effect of acquisition of a subsidiary is related with acquisition of AIA, ACS, VT and FBO.

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 286,356 (31 December 2020: EUR 386,530) available for offset against future profits. Tax losses can be carried forward for five years under the current tax legislation adopted in Turkey. Deferred tax asset related with the tax losses is recognised as at 31 December 2021 amounting to EUR 16,033 (31 December 2020: EUR 16,348), since it is assessed as probable that sufficient future taxable profits will be available, through increase in passenger numbers and improved operational performance in the following years. Total unused tax loss carry forwards will expire as follows:

	31 December 2021	31 December 2020
Expire in year 2021	-	24,835
Expire in year 2022	13,739	50,040
Expire in year 2023	71,446	85,741
Expire in year 2024	64,484	77,307
Expire in year 2025 and after	136,687	148,607
Total	**286,356**	**386,530**

As per the annulment decision of the Turkish Constitutional Court (see Note 12) in 2012, TAV Esenboğa and TAV Ege, consolidated subsidiaries of the Group, are subject to investment allowance ruling and can use their available allowances to reduce their taxable corporate income without any time limitations. Accordingly, deferred tax asset amounting to EUR 9,509 (31 December 2020: EUR 15,613) on such investment allowance of TAV Esenboğa and TAV Ege is recorded in the accompanying consolidated financial statements as at 31 December 2021 since it is assessed as probable that TAV Esenboğa and TAV Ege will use their right of deducting investment allowances from their corporate income after deducting carry forward tax losses to the extent that sufficient future taxable profits will be available till the end of their concession periods.

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets related to tax-loss carry forwards as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Unrecognised deferred tax assets	46,609	64,266
	46,609	**64,266**

Deferred tax assets have not been recognised in respect of the tax loss carry forwards where it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from till the end of concession periods.

As at 31 December 2021, a deferred tax liability of EUR 222,011 (31 December 2020: EUR 181,487) related to investments in subsidiaries and joint ventures was not recognised since it is not assessed as probable that the temporary difference will reverse in the foreseeable future.

18. INVENTORIES

At 31 December 2021 and 2020, inventories comprised the following:

	31 December 2021	31 December 2020
Spare parts and other inventories	9,803	5,430
Goods for sale	9,323	-
Catering inventories	1,614	1,697
	20,740	**7,127**

19. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December 2021 and 2020, other receivables and current assets comprised the following:

Other receivables and current assets	31 December 2021	31 December 2020
Advances to suppliers	58,034	36,170
Other prepaid expense	19,912	7,789
VAT deductible	16,593	14,440
Income accruals	16,073	21,442
Prepaid taxes and funds	8,865	10,365
Deposits and guarantees given	1,138	1,667
Advances given to personnel	863	969
Prepaid insurance	789	1,090
Other receivables (*)	9,172	201,242
	131,439	**295,174**

(*) EUR 195,041 of the other receivables as of 31 December 2020 is related with the current portion of compensation payment of TAV İstanbul which is disclosed in Note 37.

At 31 December 2021 and 2020, other receivables and current assets comprised the following:

Other non-current assets	31 December 2021	31 December 2020
Financial assets (*)	86,243	74,824
Other non-current receivables	23,846	26,476
	110,089	**101,300**

(*) Amount related to 15 years (3+3+3+3+3) ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

20. TRADE RECEIVABLES

At 31 December 2021 and 2020, trade receivables comprised the following:

Trade receivables:	31 December 2021	31 December 2020
Trade receivables (*)	59,401	47,470
Guaranteed passenger fee receivable from DHMİ (**)	24,664	23,489
Doubtful receivables	45,778	30,194
Allowance for doubtful receivables (-)	(45,778)	(30,194)
Notes receivables	1,406	2,505
	85,471	**73,464**

Allowance for doubtful receivables has been determined by reference to past default experience.

(*) Pledges on trade receivables are disclosed in Note 25 and Note 34.

(**) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

20. TRADE RECEIVABLES (continued)

At 31 December 2021 and 2020, trade receivables comprised the following:

Non-current trade receivables:	31 December 2021	31 December 2020
Guaranteed passenger fee receivable from DHMİ (*)	9,683	31,224
	9,683	**31,224**

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

21. CASH AND CASH EQUIVALENTS

At 31 December 2021 and 2020, cash and cash equivalents comprised the following:

	31 December 2021	31 December 2020
Cash on hand	430	420
Cash at banks		
- Demand deposits	66,014	345,794
- Time deposits	26,207	240,289
Other liquid assets	288	17,795
Cash and cash equivalents	**92,939**	**604,298**
Bank overdrafts used for cash management purposes	(424)	(387)
Cash and cash equivalents in the statement of cash flows	**92,515**	**603,911**

The details of the Group's time deposits, maturities and interest rates as at 31 December 2021 and 2020 are as follows:

31 December 2021

Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2022	0.01 – 0.30	15,529
USD	January – March 2022	0.01 – 1.00	9,405
TRL	January 2022	5.00 – 15.00	1,265
Other	February 2022	0.06	8
			26,207

31 December 2020

Original Currency	Maturity	Interest rate %	Balance
USD	February 2021	0.01 – 2.50	135,993
EUR	January 2021	0.01 – 2.30	100,127
TRL	January 2021	0.01 – 18.50	4,169
			240,289

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 33.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 December 2021 and 2020.

22. RESTRICTED BANK BALANCES

At 31 December 2021 and 2020, restricted bank balances comprised the following:

	31 December 2021	31 December 2020
Project reserve and funding accounts (*)	82,211	24,656
	82,211	**24,656**

(*) TAV Esenboğa, TAV Holding, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding ("the Borrowers") opened various accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2020: TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege) and other purposes. As a result of pledges regarding the project bank loans as explained in Note 16, all cash except for cash on hand are classified in these accounts for TAV Esenboğa, TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

31 December 2021

Original Currency	Interest rate %	Balance
EUR	0.10	81,356
USD	0.45	202
TRL	14.50	578
Other		75
		82,211

31 December 2020

Original Currency	Interest rate %	Balance
EUR	0.50	22,680
USD	1.25	1,055
TRL	15.50	864
Other		57
		24,656

23. CAPITAL AND RESERVES

At 31 December 2021 and 2020, the shareholding structure of the Company was as follows:

Shareholders	(%)	31 December 2021
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2021		24,080
Effect of non-cash increases and exchange rates		138,304
Paid in capital EUR		**162,384**

Shareholders	(%)	31 December 2020
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2020		40,329
Effect of non-cash increases and exchange rates		122,055
Paid in capital EUR		**162,384**

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 December 2021 (31 December 2020: 363,281,250 shares amounting to TRL 363,281).

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2021, legal reserves of the Group amounted to EUR 121,975 (31 December 2020: EUR 121,975).

23. CAPITAL AND RESERVES (continued)

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 December 2021 and 2020 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively EUR 14,951 liability and EUR 11,906 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated financial statements. As at 31 December 2021 and 2020, profit amounts attributable to non-controlling interests in the consolidated statement of comprehensive income are respectively EUR 7,188 profit and EUR 3,531 loss.

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") Dividend Communique numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the aforementioned communique, 50% distribution rate has been determined. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the period presented in interim financial statements.

In 2021, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2020: EUR 55,644 (TRL 392,491)). Dividend per share is none (2020: EUR 0.15 (full TRL 1.08)).

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

Revaluation surplus

The revaluation surplus comprises the revaluation of intangible assets acquired in a business combination until the investments are derecognised or impaired.

Purchase of shares of entities under common control

The purchases of the shares of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognised directly in equity.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

23. CAPITAL AND RESERVES (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Treasury reserves

Group's buyback transactions have reached 2,047,331 shares in 2021 (2020: 2,047,331). With buyback of own shares, the Group has recognized a reserve of EUR 4,282 under equity as treasury shares reserve.

Other reserves

Other reserve comprises all gain or loss realized on sale or purchase of non-controlling interest without a change in control in a subsidiary.

24. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2021 was based on the loss from continued operations attributable to ordinary shareholders of EUR 46,042 (31 December 2020: EUR (278,134)), based on the profit from discontinued operations attributable to ordinary shareholders of EUR (1,321) (31 December 2020: EUR (6,783)) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 December 2020: 363,281,250) as follows:

	2021	2020
Numerator:		
Profit / (loss) for the period attributable to owners of the Company from continued operations	46,042	(278,134)
Loss for the period attributable to owners of the Company from discontinued operations	(1,321)	(6,783)
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
Basic and diluted profit / (loss) per share for continued operations (full EUR)	**0.13**	**(0.77)**
Basic and diluted loss per share for discontinued operations (full EUR)	**(0.00)**	**(0.02)**

	2021	2020
Issued ordinary shares at 1 January	363,281,250	363,281,250
Weighted average number of ordinary shares	**363,281,250**	**363,281,250**

25. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see Note 33.

	31 December 2021	31 December 2020
Non-current liabilities		
Secured bank loans (*)	566,772	451,821
Unsecured bank loans	202,570	107,776
Lease liabilities	54,502	60,402
Financial liabilities at fair value through profit or loss	23,756	-
	847,600	**619,999**
Current liabilities		
Short term secured bank loans (*)	40,806	569,973
Current portion of long term secured bank loans (*)	158,774	106,191
Short term unsecured bank loans	128,683	16,779
Current portion of long term unsecured bank loans	9,546	12,050
Current portion of long term lease liabilities	6,258	7,370
	344,067	**712,363**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

The Group's total bank loans and finance lease liabilities as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Bank loans	1,107,151	1,264,590
Lease liabilities	60,760	67,772
Financial liabilities at fair value through profit or loss	23,756	-
	1,191,667	**1,332,362**

25. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2021 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Holding	123,054	174,277	297,331
TAV Tunisia (*)	12,699	227,527	240,226
TAV Ege	52,936	178,577	231,513
TAV Milas Bodrum	12,343	109,332	121,675
HAVAŞ	52,317	23,689	76,006
BTA	14,857	26,854	41,711
TAV Esenboğa	33,113	-	33,113
TAV Macedonia	7,903	21,816	29,719
TAV Gazipaşa	12,112	-	12,112
Other	16,475	7,270	23,745
	337,809	**769,342**	**1,107,151**

The Group's bank loans as at 31 December 2020 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia (*)	361,684	-	361,684
TAV Ege	24,096	195,225	219,321
TAV İstanbul	175,245	-	175,245
TAV Milas Bodrum	12,460	116,916	129,376
HAVAŞ	42,267	71,876	114,143
TAV Holding	8,041	78,285	86,326
TAV Esenboğa	28,922	31,215	60,137
BTA	19,544	23,666	43,210
TAV Macedonia	7,878	28,402	36,280
TAV Gazipaşa	13,195	-	13,195
Other	11,661	14,012	25,673
	704,993	**559,597**	**1,264,590**

(*) As a consequence of the "Arab Spring" of 2011 and the attacks of 2015, expected passenger traffic in Tunisia could not be reached and TAV Tunisia stopped paying its agreed bank debt instalments. Since then, negotiations started with lenders and the Tunisian authorities (granting authority). Negotiation terms have been agreed in February 2021 leading to:

- TAV Tunisia's debt reduction which, after restructuring amounts to €234 million and;
- The issuance of TAV Tunisia's "titres participatifs" to the lenders benefit for a market value of EUR 23,756. These equity securities are qualified as financial instruments and do not confer any voting rights in the management bodies of TAV Tunisia. Holders of these securities benefit from a fixed remuneration, as well as a variable remuneration, according to TAV Tunisia's results until the end of the concession on May 2047.
- The impact of the restructuring is a net deferred tax income of EUR 109,333.

25. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	337,809	704,993
In the second year	285,277	185,139
In the third year	88,066	120,727
In the fourth year	76,967	57,614
In the fifth year	69,954	48,584
After five years	249,078	147,533
	1,107,151	**1,264,590**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 31 December 2021 are between 0.75% - 5.50%, USD denominated loans as at 31 December 2021 are between 0.90% - 3.00% (31 December 2020: Spreads for EUR and USD denominated loans are between 0.75% - 5.50% and %0.90-3.00%, respectively).

Interest payments of 92%, 100%, 100%, 100% and 94% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Milas Bodrum respectively are fixed with interest rate swaps as explained in Note 32 (31 December 2020: 98%, 100%, 100%, 100% and 90%)

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Esenboğa, TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV Milas Bodrum.

Details of the loans are summarised for each project below:

TAV Holding

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2022 - 2023	0.54% - 4.90%	296,000	297,331
				296,000	**297,331**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2021 - 2022	3.75% - 4.40%	85,000	86,326
				85,000	**86,326**

	31 December 2021	31 December 2020
On demand or within one year	123,054	8,041
In the second year	174,277	78,151
In the third year	-	134
	297,331	**86,326**

25. LOANS AND BORROWINGS (continued)

TAV Tunisia

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2032 - 2034	Euribor + 3.00%	240,147	240,226
				240,147	**240,226**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	152,009	166,149
Secured bank loan	EUR	2022	Euribor + 1.90%	84,429	91,435
Secured bank loan	EUR	2028	Euribor + 1.26%	63,707	67,294
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950	36,806
				330,095	**361,684**

	31 December 2021	31 December 2020
On demand or within one year	12,699	361,684
In the second year	15,317	-
In the third year	21,692	-
In the fourth year	21,095	-
In the fifth year	23,727	-
After five years	145,696	-
	240,226	**361,684**

TAV Ege

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	231,415	231,513
				231,415	**231,513**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	219,227	219,321
				219,227	**219,321**

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	52,936	24,096
In the second year	31,527	26,410
In the third year	34,796	29,485
In the fourth year	34,916	32,477
In the fifth year	34,349	32,765
After five years	42,989	74,088
	231,513	**219,321**

25. LOANS AND BORROWINGS (continued)

TAV Milas Bodrum

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor+%4.50	121,660	121,675
				121,660	**121,675**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2031	Euribor + 4.50%	129,360	129,376
				129,360	**129,376**

Redemption schedules of TAV Milas Bodrum bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	12,343	12,460
In the second year	11,679	11,664
In the third year	13,130	10,823
In the fourth year	12,991	12,232
In the fifth year	11,321	12,252
After five years	60,211	69,945
	121,675	**129,376**

HAVAŞ

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022 - 2023	2.35% - 2.90%	62,502	62,551
Secured bank loan	EUR	2023	Euribor + 2.70%	11,933	11,941
Secured bank loan	EUR	2023	Euribor + 2.30%	1,500	1,514
				75,935	**76,006**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021 - 2023	2.35% - 2.95%	94,019	94,241
Secured bank loan	EUR	2023	Euribor + 2.30%	19,889	19,902
				113,908	**114,143**

Redemption schedules of the HAVAŞ bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	52,317	42,267
In the second year	22,189	12,874
In the third year	1,500	59,002
	76,006	**114,143**

25. LOANS AND BORROWINGS (continued)

BTA

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2023 - 2025	4.20% - 4.56%	15,000	15,117
Secured bank loan	EUR	2023 - 2024	Euribor + 2.35%	14,024	14,106
Unsecured bank loan	USD	2022 - 2023	5.00% - 6.10%	6,390	6,499
Secured bank loan	TL	2022 - 2024	14.50% - 20.50%	2,947	3,027
Secured bank loan	USD	2023 - 2024	5.20% - 5.76%	2,400	2,421
Secured bank loan	GEL	2022	11.75%	285	288
Unsecured bank loan	TL	2022 - 2023	11.50%	251	253
				41,297	**41,711**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021 - 2024	2.25% - 3.95%	21,637	21,658
Unsecured bank loan	USD	2022 - 2023	5.00% - 6.10%	7,539	7,565
Unsecured bank loan	EUR	2021	1.21%	5,250	5,266
Secured bank loan	USD	2023 - 2024	5.20% - 5.76%	3,337	3,347
Unsecured bank loan	TL	2021 - 2023	9.25% - 11.88%	3,143	3,151
Secured bank loan	TL	2023 - 2024	14.50% - 18.00%	2,206	2,223
				43,112	**43,210**

Redemption schedules of BTA bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	14,857	19,544
In the second year	21,472	8,270
In the third year	4,728	13,973
In the fourth year	654	1,423
	41,711	**43,210**

TAV Esenboğa

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2022	Euribor + 3.00%	33,550	33,113
				33,550	**33,113**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2022	Euribor + 3.00%	61,050	60,137
				61,050	**60,137**

Redemption schedules of TAV Esenboğa bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	33,113	28,922
In the second year	-	31,215
	33,113	**60,137**

25. LOANS AND BORROWINGS (continued)

TAV Macedonia

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	29,711	29,719
				29,711	**29,719**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2025	Euribor + 4.95%	36,270	36,280
				36,270	**36,280**

Redemption schedules of TAV Macedonia bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	7,903	7,878
In the second year	3,859	7,540
In the third year	11,087	3,666
In the fourth year	6,870	10,527
In the fifth year	-	3,366
After five years	-	3,303
	29,719	**36,280**

TAV Gazipaşa

The breakdown of bank loans as at 31 December 2021 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022	4.10% - 4.25%	11,950	12,112
				11,950	**12,112**

The breakdown of bank loans as at 31 December 2020 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2021	3.90% - 4.75%	13,000	13,195
				13,000	**13,195**

Redemption schedules of TAV Gazipaşa bank loans as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
On demand or within one year	12,112	13,195
	12,112	**13,195**

25. LOANS AND BORROWINGS (continued)

Pledges

Pledges regarding the project bank loans of TAV Esenboğa TAV Ege and TAV Milas Bodrum:

a) Share pledge: TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledges over shares amounting to, TRL 96,660, TRL 648,988 and TRL 973,345 respectively (31 December 2020: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege TRL 96,660, TRL 648,988 and TRL 973,345 respectively). In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies (disclosed as the Borrowers in Note 22) in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledged their receivables amounting to EUR 6,116, EUR 1,600 and EUR 4,448 respectively as at 31 December 2021 (31 December 2020: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege to EUR 6,136, EUR 1,423 and EUR 4,271 respectively).

c) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

TAV Esenboğa, TAV Milas Bodrum and TAV Ege have pledges over bank accounts amounting to EUR 1,802, EUR 2,969 and EUR 20,193 respectively as at 31 December 2021 (31 December 2020: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege EUR 2,536, EUR 4,063 and EUR 4,117 respectively).

With the consent of the facility agent, TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 3,000 for the payment of tax and social security liabilities.

With the consent of the facility agent, TAV Ege has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to EUR 2,000 for the acquisition cost of any assets or leases of assets,
- indebtedness up to EUR 500 per guarantee or EUR 3,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities.

With the consent of the facility agent, TAV Milas Bodrum has a right to have an additional subordinated debt approved in advance by the Facility Agent,

- indebtedness up to EUR 3,000 for general corporate and working capital purposes,
- indebtedness up to EUR 700 per guarantee or EUR 5,000 in aggregate for bank letters of guarantee to be provided to tax, custom, utilities or other governmental authorities,
- indebtedness up to EUR 200 for corporate credit cards, employee credit lines and direct debit system arrangements.

25. LOANS AND BORROWINGS (continued)

Pledges (continued)

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to EUR 2,162 (31 December 2020: EUR 1,170) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders.

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245,000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness;

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3,000 (up to 1 January 2020) and not exceeding EUR 5,000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5,000,
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

Distribution lock-up tests for TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Ege, TAV Milas Bodrum must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded (except TAV Tbilisi),
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than, 1.30 for TAV Esenboğa, 1.10 for TAV Tunisia, 1.20 for TAV Macedonia and 1.30 for TAV Ege and 1.25 TAV Milas Bodrum
- the first repayment has been made,
- all financing costs have been paid in full,
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Covenants

Certain financing agreements include technical default clauses in case of non-compliance with financial ratios. Financing agreements of TAV Esenboğa, TAV Milas Bodrum, TAV Ege, TAV Tunisia and TAV Macedonia have covenants.

The Group provided waiver letters from lenders and there is no breach of financial agreements as at 31 December 2021.

25. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

		Cash flows		Non-cash changes				
	31 December 2020	Capital, lease & interest payments	Additions	New leases	Effect of restructuring	Effect of acquisition	Interest accruals & translation	31 December 2021
Bank loans	1,264,590	(340,537)	255.945	-	(128,030)	3,814	51,369	1,107,151
Lease liabilities	67,772	(11,628)	-	6,228	-	-	(1,612)	60,760
Total financial liabilities	**1,332,362**	**(352,165)**	**255,945**	**6,228**	**(128,030)**	**3,814**	**49,757**	**1,167,911**

		Cash flows		Non-cash changes		
	31 December 2019	Capital, lease & interest payments	Additions	New leases	Interest accruals & translation	31 December 2020
Bank loans	1,090,694	(193,600)	321,168	-	46,328	1,264,590
Lease liabilities	69,518	(21,687)	-	22,995	(3,054)	67,772
Total financial liabilities	**1,160,212**	**(215,287)**	**321,168**	**22,995**	**43,274**	**1,332,362**

26. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRL 10,849 as at 31 December 2021 (equivalent to full EUR 739) (31 December 2020: full TRL 7,117 (equivalent to full EUR 790)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2021 has been calculated assuming an annual inflation rate of 14.00% and a discount rate of 18.60% resulting in a real discount rate of approximately 4% (31 December 2020: an annual inflation rate of 9% and a discount rate of 13% resulting in a real discount rate of approximately 3.54%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	2021	2020
Balance at 1 January	**15,601**	**18,710**
Interest cost	1,242	1,506
Service cost	1,324	1,950
Payments made during the year	(654)	(1,409)
Effects of changes in foreign exchange rate	(6,395)	(4,819)
Actuarial difference	(145)	(337)
Balance at 31 December	**10,973**	**15,601**

27. OTHER PAYABLES

At 31 December 2021 and 2020, other payables comprised the following:

Other short term payables	31 December 2021	31 December 2020
Concession payable (*)	44,501	118,682
Advances received	15,948	9,492
Taxes and duties payable	10,820	7,588
Expense accruals	9,320	8,563
Due to personnel	5,333	7,132
Social security premiums payable	2,634	2,725
Other accruals and liabilities	16	44,760
	88,572	**198,942**

Other long term payables	31 December 2021	31 December 2020
Concession payable (*)	654,848	587,391
Deferred payment liability	76,088	-
Other accruals and liabilities	1,153	1,135
	732,089	**588,526**

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 33.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The Group and The Republic of Tunisia have signed an amendment on 6 November 2019 to the existing concession agreement governing the operation of Monastir and Enfidha airports. This amendment significantly reduces the past and present concession fees of TAV Tunisia and restructures the historical concesion fees payable and the future concession fee calculation schedule. The concession fee is computed at an increasing rate between 5% and 39% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 286,100 as of 31 December 2021 (31 December 2020: EUR 301,097). TAV Bodrum's concession rent payment of EUR 28,680 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. In the same letter, DHMI has also informed the Group that concession rent payments for these airports that would normally be made in 2022 will be made in 2024. Concession payables for the extension periods are reflected in the consolidated financial statements over their net present values.

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 271,450 as of 31 December 2021 (31 December: 2020: EUR 259,761).

28. LIABILITIES FROM EQUITY-ACCOUNTED INVESTMENTS

The breakdown of liabilities from equity-accounted investments as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Liabilities from equity-accounted investments		
Tibah Development	72,595	40,191
Saudi Havas	5,719	2,479
Medinah Hotel	5,322	3,297
Other	6,440	4,244
	90,076	**50,211**

29. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Deferred income		
Long-term deferred income	13,204	15,264
Short-term deferred income	3,336	10,049
	16,540	**25,313**

Deferred income related with the unearned portion of concession rent income from ATU is EUR 13,864 as at 31 December 2021 (EUR 14,854 as at 31 December 2020).

30. PROVISIONS

At 31 December 2021 and 2020, provisions comprised the following:

	31 December 2021	31 December 2020
Unused vacation provision	5,047	4,115
Other provisions	100	230
	5,147	**4,345**

Provisions	**2021**	**2020**
Balance at 1 January	**4,345**	**5,542**
Provision set / (released) during the year, net	243	(83)
Effects of change in foreign exchange rate	559	(1,114)
Balance at 31 December	**5,147**	**4,345**

31. TRADE PAYABLES

At 31 December 2021 and 2020, trade payables comprised the following:

	31 December 2021	31 December 2020
Trade payables	41,930	45,603
Other	1	165
	41,931	**45,768**

Trade payables mainly comprise payables outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 33.

32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2021 and 2020, derivative financial instruments comprised the following:

	31 December 2021		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(24,521)	(24,521)
	-	**(24,521)**	**(24,521)**

	31 December 2020		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(35,381)	(35,381)
	-	**(35,381)**	**(35,381)**

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 92% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2020: 98%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 94% of total loan is hedged through IRS contract (31 December 2020: 90%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 41,043 becoming due and payable as at 31 December 2020.

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 100% of total loan is hedged through IRS contract (31 December 2020: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 100% of total loan is hedged through IRS contract (31 December 2020: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2021, 100% of total loan is hedged through IRS contract (31 December 2020: 100%).

The fair value of derivatives at 31 December 2021 is estimated at loss of EUR 24,521 (31 December 2020: EUR 35,381). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2021, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 36,454 net of tax (31 December 2020:EUR 5,691).

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

33. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV Ege and TAV İşletme America use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. 94%, 100%, 100%, 92% and 100% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege respectively are fixed).

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	31 December 2021	31 December 2020
Due from related parties	35	238,706	32,338
Cash and cash equivalents (**)	21	92,509	603,878
Trade receivables - current	20	85,471	73,464
Restricted bank balances	22	82,211	24,656
Trade receivables - non-current	20	9,683	31,224
Other receivables and current assets (*)	19	-	195,041
Financial assets	16	-	50,000
		508,580	**1,010,601**

(*) Non-financial instruments such as VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(**) Cash on hand is excluded from cash and cash equivalents.

33. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

The aging of trade receivables at the reporting date is as follows:

	31 December 2021	31 December 2020
Not due	64,164	74,122
Past due 1 - 30 days	17,793	7,266
Past due 31 - 90 days	17,490	6,120
Past due 91 - 360 days	24,719	11,620
Past due 1 - 5 year	16,766	35,754
	140,932	**134,882**

The movements in the allowance for impairment in respect of trade receivables during the years ended 31 December were as follows:

	2021	2020
Balance at 1 January	**(30,194)**	**(20,785)**
Collections during the year	88	1,585
Impairment loss recognised	(5,277)	(12,552)
Effect of acquisition of subsidiary	(11,105)	-
Effect of changes in foreign exchange rates	710	1,558
Balance at 31 December	**(45,778)**	**(30,194)**

Allowance for doubtful receivables is determined by reference to past default experience. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the trade receivable directly.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2021

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	766,352	(915,172)	(117)	(206,816)	(397,603)	(310,636)
Unsecured bank loans	340,799	(347,015)	(46,891)	(94,178)	(205,743)	(203)
Lease liabilities	60,760	(96,973)	(2,298)	(6,936)	(30,224)	(57,515)
Financial liabilities at fair value through profit or loss	23,756	(23,756)	-	-	(1,978)	(21,778)
Trade payables (*)	41,931	(41,931)	(29,683)	(12,248)	-	-
Due to related parties	154,213	(154,213)	-	(590)	(153,623)	-
Other payables (*)	804,713	(978,275)	(76,491)	(86,205)	(271,636)	(543,943)
Bank overdraft	424	(424)	(424)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	24,521	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)
	2,217,469	**(2,597,832)**	**(159,053)**	**(415,680)**	**(1,083,617)**	**(939,482)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

31 December 2020

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,127,985	(1,250,401)	(380,242)	(299,976)	(363,259)	(206,924)
Unsecured bank loans	136,605	(140,334)	(9,783)	(19,712)	(110,839)	-
Lease liabilities	67,772	(70,419)	(1,684)	(5,132)	(22,974)	(40,629)
Trade payables (*)	45,768	(45,768)	(43,027)	(2,741)	-	-
Due to related parties	307,265	(307,265)	-	(307,265)	-	-
Other payables (*)	777,976	(1,037,970)	(83,211)	(117,774)	(275,721)	(561,264)
Bank overdraft	387	(387)	(387)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	35,381	(46,623)	-	(10,787)	(28,587)	(7,249)
	2,499,139	**(2,899,167)**	**(518,334)**	**(763,387)**	**(801,380)**	**(816,066)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges expected to occur.

31 December 2021

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(24,521)	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)

31 December 2020

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Liabilities	(35,381)	(46,623)	-	(10,787)	(28,587)	(7,249)

Currency risk

Exposure to currency risk:

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies was as follows:

31 December 2021

Foreign currency denominated financial assets	USD	EUR (*)	TRL	Other	Total
Other non-current assets	89,103	-	11,859	510	101,472
Trade receivables	7,179	1,629	3,934	9,980	22,722
Due from related parties	12,152	324	284	950	13,710
Other receivables and current assets	23,792	3,166	4,231	26,712	57,901
Restricted bank balances	202	-	580	75	857
Cash and cash equivalents	11,861	2,012	721	6,932	21,526
	144,289	**7,131**	**21,609**	**45,159**	**218,188**
Foreign currency denominated financial liabilities					
Loans and borrowings	(25,894)	(42,620)	(11,134)	(3,660)	(83,308)
Trade payables	(2,371)	(970)	(3,753)	(17,741)	(24,835)
Due to related parties	(60)	(87)	(8)	(32)	(187)
Other payables	(67,382)	(1,510)	(3,473)	(46,308)	(118,673)
	(95,707)	**(45,187)**	**(18,368)**	**(67,741)**	**(227,003)**
Net exposure	**48,582**	**(38,056)**	**3,241**	**(22,582)**	**(8,815)**

33. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

31 December 2020

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	76,399	-	12,156	499	89,054
Trade receivables	4,587	2,287	6,037	8,425	21,336
Due from related parties	12,815	166	4,100	527	17,608
Other receivables and current assets	22,347	2,613	6,681	1,765	33,406
Restricted bank balances	1,056	-	832	57	1,945
Cash and cash equivalents	279,735	1,882	1,367	2,855	285,839
	396,939	**6,948**	**31,173**	**14,128**	**449,188**
Foreign currency denominated financial liabilities					
Loans and borrowings	(31,157)	(37,534)	(10,993)	(1,729)	(81,413)
Bank overdraft	-	-	(228)	-	(228)
Trade payables	(4,381)	(1,160)	(4,803)	(11,500)	(21,844)
Due to related parties	(125)	(88)	(9)	(16)	(238)
Other payables	(1,514)	(2,801)	(2,318)	(1,237)	(7,870)
	(37,177)	**(41,583)**	**(18,351)**	**(14,482)**	**(111,593)**
Net exposure	**359,762**	**(34,635)**	**12,822**	**(354)**	**337,595**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

33. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the EUR relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 31 December 2021 and 2020 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 December 2021				
USD	-	-	(4,858)	4,858
TRL	-	-	(324)	324
Other	-	-	2,258	(2,258)
Total	-	-	**(2,924)**	**2,924**
31 December 2020				
USD	-	-	(35,976)	35,976
TRL	-	-	(1,282)	1,282
Other	-	-	35	(35)
Total	-	-	**(37,223)**	**37,223**

Interest rate risk

The Group has used material amounts of bank borrowings from foreign financial institutions and banks. Although most of these borrowings have floating interest rates, the Group management and banks fixed interest rates by using derivative financial instruments. TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. Interest payments of 94%, 100%, 100%, 100% and 92% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Ege respectively are fixed). Hedge accounting is applied for the mentioned derivative financial instruments (31 December 2020: 90%, 100%, 100%, 100% and 98%).

33. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile:

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2021	**31 December 2020**
Fixed rate instruments		
Financial assets	227,306	21,636
Financial liabilities	(427,128)	(424,831)
	(199,822)	**(403,195)**

	Carrying amount	
	31 December 2021	**31 December 2020**
Variable rate instruments		
Financial liabilities	(680,020)	(839,758)
	(680,020)	**(839,758)**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional interest expense of approximately EUR 1.162 on the Group's variable rate debt when ignoring effect of derivative financial instruments (31 December 2020: EUR 868). EUR 1.102 of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of comprehensive income would be EUR 60. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 14,383 and a 50 basis points decrease in Euribor or Libor would have resulted a decrease in cash flow hedge reserve in equity approximately by EUR 17,894 (31 December 2020:EUR 9,155).

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has established a Risk Management Department who is responsible for the Enterprise Risk Management function within the Group, and aims to develop a disciplined and constructive risk management and control environment in which all employees know and understand their roles and responsibilities.

All directors act to ensure an effective risk management and internal control process, providing assurance in relation to continuous identification and evaluation of the risks that exist in all main process areas.

The Group Audit Committee is assisted in its oversight role by Internal Audit. The mission of the Internal Audit Directorate of the Group is to assist TAV Holding Board of Directors and Management (including subsidiaries) in their oversight, management and operating responsibilities by identifying; ineffectiveness of internal control, risk management and governance processes inefficiencies that cause waste of its resources and making professional recommendations through independent audits (reports) and / or advisory services.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee and the management. Risk assessment is conducted and coordinated by Risk Management Department on continuous basis so as to identify and evaluate not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if required.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank balances.

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade and other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, represents the maximum amount exposed to credit risk. The main customer is Turkish Airlines (THY). Based on past history with this customer, the Group management believes there is no significant credit risk for this customer. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded due to reputation and type of customers for the airlines (well-known reputable, international and flag carrier companies).

In addition, the Group receives letters of guarantee, and notes from certain customers whose credibility is low.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group as mentioned in Note 32.

The Group applies hedge accounting in order to manage volatility in profit or loss.

i) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2021, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily EUR, but also USD, GEL, TND, MKD, SAR, HRK, KES, CLP, TRL OMR, MXN, ARS, BRL, KZT, MDG and COP which are disclosed within the relevant notes to these consolidated financial statements. The currencies in which these transactions primarily denominated are USD and TRL. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments.

ii) Interest rate risk:

The Group adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

33. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Operational risk (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair values

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

		31 December 2021		31 December 2020	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Financial assets	16	-	-	50,000	49,384
Trade receivables - non current	20	9,683	10,323	31,224	35,636
Trade receivables - current	20	85,471	86,612	73,464	73,524
Due from related parties	35	238,706	238,706	32,338	32,338
Other receivables and current assets (*)	19	-	-	195,041	195,041
Restricted bank balances	22	82,211	82,211	24,656	24,656
Cash and cash equivalents	21	92,939	92,939	604,298	604,298
Financial liabilities					
Bank overdraft	21	(424)	(424)	(387)	(387)
Loans and borrowings	25	(1,191,667)	(1,193,092)	(1,332,362)	(1,333,787)
Trade payables (**)	30	(41,931)	(41,931)	(45,768)	(45,768)
Due to related parties	35	(154,213)	(154,213)	(307,265)	(307,265)
Derivative financial instruments	32	(24,521)	(24,521)	(35,381)	(35,381)
Other payables (**)	27	(804,713)	(822,418)	(777,976)	(797,366)
		(1,708,459)	**(1,725,808)**	**(1,488,118)**	**(1,505,077)**

(*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 December 2021	31 December 2020
Letters of guarantee given to third parties	300,714	229,128
Letters of guarantee given to DHMİ	160,451	84,886
Letters of guarantee given to Tunisian Government	17,869	18,218
Letters of guarantee given to Saudi Arabian Government	11,715	10,835
Letters of guarantee given to Macedonian Government	250	250
	490,999	**343,317**

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,260 (EUR 11,715) (31 December 2020: USD 13,296 (EUR 10,835)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of USD 162,883 (EUR 143,906) (31 December 2020: USD 162,566 (EUR 132,474)) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is provided to back an Equity Bridge Loan which was rolled in 2019 within a maturity of 2021. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 9,157 (31 December 2020: EUR 9,069) to the Ministry of State Property and Land Affairs and EUR 8,713 (31 December 2020: 9,149) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

The Group is obliged to give a letter of guarantee for TAV Antalya Yatırım at an amount equivalent of EUR 76,525 to DHMİ. Half of this commitment will be delivered to the other shareholder of the company (Fraport) in 2022. The total obligation has been provided by the Group as at 31 December 2021.

The group is obliged to fund shortfalls of AIA amounting up to USD 50,000 until the later of 30 June 2025 or financial completion date. Financial completion date is defined as minimum 1.30 DSCR and minimum two principal payments are made. The group provided a LC amounting to USD 50,000 to cover this obligation.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Esenboğa

TAV Esenboğa is bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreements:

- The share capital of the companies cannot be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ.

After granting of temporary acceptance by DHMİ in year 2007, final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV Esenboğa. All equipment used by TAV Esenboğa must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa has the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ and HAVAŞ undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this framework, HAVAŞ covers those losses by an insurance policy amounting to USD 50,000. HAVAŞ also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with letters of guarantee amounting to USD 1,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the İstanbul Atatürk, İzmir, Dalaman, Milas Bodrum, Alanya, Adana, Trabzon, Ankara, Kayseri, Nevşehir, Gaziantep, Şanlıurfa, Batman, Adıyaman, Elazığ, Muş, Sivas, Samsun, Malatya, Hatay, Konya, Çorlu, Sinop, Amasya and Ağrı airports; when the rent period ends, DHMİ will have the right to retain the immovable in the area free of charge.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transportation Association, International Civil Aviation Organization or European Civil Aviation Conference;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was concluded in May 2011.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in “Batumi Airport LLC” (the “Agreement”) together with its Schedules annexed to the Agreement. In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

The Final Acceptance Protocol was concluded in March 2012.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which was then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

In accordance with the general ground handling agreement, the Company undertakes the liabilities of all the losses incurred by their personnel to third parties. In this framework, TAV Tunisia covers those losses by an operator third party insurance policy amounting to USD 500,000 related with all operations.

The Conceding Authority and TAV Tunisia shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisia annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Alanya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount.

Facility usage amount represents the USD 50 fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication (“MOTC”).

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement’s standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Ege

During the contract period, TAV Ege should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired according to the relevant tax regulations, TAV Ege should replace them in one year.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Ege is responsible from the repair and maintenance of all fixed assets during the contract period.

TAV Milas Bodrum

During the contract period, TAV Milas Bodrum should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired or the equipment is damaged, the Company should replace it with its equivalent or with a better replacement.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working condition and should not be damaged. TAV Milas Bodrum is responsible from the repair and maintenance of all fixed assets during the contract period.

Management believes that as at 31 December 2021, the Group has complied with the terms of the contractual obligations mentioned above.

Almaty

SPA Claim Guarantee: This guarantee is related with any financial claims raised for the period before the terminal handover to the Group. The Group guarantee that if there are any financial claims such as tax penalty, court claim etc, the Group is obliged to cover this loss. On the other hand, in case of such claims, the Group received a performance guarantee from the Seller amounting to USD 35,200 to cover such losses.

ENS Exist Guarantee: In case of any environmental or social breach, there is 12 months cure period to solve such issues. If the issues remain unsolved, the Group is obliged to refinance the loan from another bank group. It must be noted that this is a very unlikely situation, considering all lenders are DFIs such as IFC and EBRD, also government is committed to follow all environmental and social policies of Lenders in the dead under the government support agreement.

EPC Completion Guarantee: This guarantee is triggered in case of EPC cost overrun. It must be noted that EPC cost is fixed under EPC contract as USD 196,500. On the other hand, the Group received 10% (USD 19,650) performance bond which covers the obligations of constructor under EPC Contract. Additionally, the Group received 15% (USD 29.475) advance bond from the constructor.

35. RELATED PARTIES

The major immediate parent and ultimate controlling parties of the Group are Aéroports de Paris.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	2021	2020
Short-term benefits (salaries, bonuses etc.)	21,784	17,808
	21,784	**17,808**

As at 31 December 2021 and 2020, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	31 December 2021	31 December 2020
Due from related parties	11,400	10,702
Current loan to related parties	23,041	19,285
	34,441	**29,987**

	31 December 2021	31 December 2020
Non-current loan to related parties	204,265	2,351
	204,265	**2,351**

35. RELATED PARTIES (continued)

Other related party transactions (continued):

Due from related parties	31 December 2021	31 December 2020
ATU (1) (*)	6,744	7,282
Tibah Operation (1)	3,772	1,853
BTA Medinah (1)	176	142
TGS (1)	62	218
Aéroports de Paris SA	7	1,066
Other related parties	639	141
	11,400	**10,702**

(*) Receivables from ATU comprise of concession fee duty-free receivables.

Loan to related parties	31 December 2021	31 December 2020
Tibah Development (1)	10,394	7,445
BTA Medinah (1)	4,171	3,287
Medinah Hotel (1)	2,610	2,481
Saudi Havaş (1)	2,099	1,730
ZAIC-A (1)	1,253	2,071
TAV İşletme Saudi (1)	1,208	1,137
ATU Medinah (1)	940	867
TAV İşletme Chile (1)	366	267
	23,041	**19,285**

Non-current loan to related parties	31 December 2021	31 December 2020
Tibah Development (1) (*)	201,405	-
Saudi Havaş (1)	2,860	2,351
	204,265	**2,351**

(1) Joint Ventures

(*) The Group has provided a shareholder loan of 228 million US dollars ("201 million EUR") to Tibah Development, of which 193 million EUR with an interest rate of 3% has been mostly used to repay the equity bridge loan maturing in 2021 and will be paid back to the Group depending on the available cash after debt service of Tibah Development. The maturity of the shareholder loan provided is 31 December 2024. The excess cash flows will be shared between the Group and GACA where weight will be given to Groups' shareholder loan. The sharing of the excess cash flows with GACA will stop once all rent due for the force majeure period is paid.

35. RELATED PARTIES (continued)

Other related party transactions (continued):

	31 December 2021	31 December 2020
Due to related parties	530	1,332
Current loan from related parties	60	305,933
	590	**307,265**
Non-current loan from related parties	153,623	-
	154,213	**307,265**

Due to related parties	31 December 2021	31 December 2020
Aéroports de Paris SA	226	748
Other related parties	304	584
	530	**1,332**

Current loan from related parties	31 December 2021	31 December 2020
Tank ÖWA alpha GmbH (1)	-	305,893
Other related parties	60	40
	60	**305,933**

Non-current loan from related parties	31 December 2021	31 December 2020
Tank ÖWA alpha GmbH (1) (*)	153,623	-
	153,623	**-**

Short term deferred income from related parties	31 December 2021	31 December 2020
ATU (2) (**)	990	990
	990	**990**

Long term deferred income from related parties	31 December 2021	31 December 2020
ATU (2) (**)	12,874	13,864
	12,874	**13,864**

(*) The Group has obtained a shareholder loan amount of EUR 300,000 with a maturity of 14 May 2021, with a 3% interest rate, from Tank ÖWA alpha GmbH in 2018. Based on the additional agreement made in 2021, EUR 150,000 has been paid, and the remaining amount of EUR 150,000 has been converted into a new shareholder loan with 3.8% interest rate, with a maturity of 14 November 2024.

(**) Deferred income from related parties is related with the unearned portion of concession rent income from ATU.

(1) Shareholders
(2) Joint Ventures

35. RELATED PARTIES (continued)

Services rendered to related parties	2021	2020
ATU (1) (*)	32,987	20,679
Other related parties	14,249	7,554
	47,236	**28,233**

(*) Services rendered to ATU comprise of concession fee for duty-free operations.

Services rendered by related parties	2021	2020
TAV Antalya (1)	1,388	349
ATU (1)	95	212
TGS (1)	77	31
TAV İnşaat (2) (*)	-	3,642
Other related parties	223	47
	1,783	**4,281**

(*) On 16 June 2021, TAV Construction and Almaty International Airport JSC entered into an early works agreement for an amount of USD 20,000 upstream of the final works contract (the EPC contract) for the construction of a new terminal of the Almaty airport in Kazakhstan. This early works agreement covers the preparation of the detailed design of the works, obtaining the necessary approvals and licenses, the purchase of goods and materials as well as the construction of a reception hall.

On 23 September 2021, TAV Construction and Almaty International Airport JSC entered into an engineering, procurement and construction (EPC) contract for an amount of USD 196,500 related to the construction of a new terminal building, a new general aviation building and a new governmental VIP building.

The group signed a Pre-Epc contract with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Antalya Airport.

Interest expense from related parties (net)	2021	2020
Tank ÖWA alpha GmbH (3)	(6,903)	(9,000)
Other related parties	119	160
	(6,784)	**(8,840)**

The average interest rate used within the Group is 3.46% per annum (31 December 2020: 4.17%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

(1) Joint Ventures
(2) Subsidiary of shareholders
(3) Shareholders

Dividend distribution

In 2021, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2020: EUR 55,644 (TRL 392,491)). Dividend per share is none (2020: EUR 0.15 (full TRL 1.08)).

36. INTERESTS IN OTHER ENTITIES

a) Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra group eliminations.

	31 December 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	**20.00%**		
Non-current assets	53,033		
Current assets	13,605		
Non-current liabilities	7,697		
Current liabilities	4,222		
Net assets	**54,719**		
Carrying amount of NCI	10,944	4,007	14,951
	10,944	**4,007**	**14,951**

	1 January – 31 December 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	42,944		
Profit	21,213		
Total comprehensive income	**26,787**		
Profit / (loss) allocated to NCI	4,243	990	5,233

In 2021, the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 4,070 (2020: EUR 1,687)

36. INTERESTS IN OTHER ENTITIES (continued)

a) Non-controlling interests in subsidiaries

	31 December 2020		
	TAV Tbilisi	**Other immaterial subsidiaries**	**Total**
NCI Percentage	**20.00%**		
Non-current assets	49,960		
Current assets	9,115		
Non-current liabilities	7,925		
Current liabilities	4,252		
Net assets	**46,898**		
Carrying amount of NCI	9,380	2,526	11,906
	9,380	**2,526**	**11,906**

	1 January – 31 December 2020		
	TAV Tbilisi	**Other immaterial subsidiaries**	**Total**
Revenue	18,676		
Profit	5,341		
Total comprehensive income	**(4,607)**		
Profit / (loss) allocated to NCI	1,068	(1,072)	(4)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates

As of 31 December 2021 and 2020, equity-accounted investments in consolidated statement of financial position comprise the following:

	31 December 2021	31 December 2020
Joint ventures	318,268	335,199
Associates	929	1,930
	319,197	**337,129**

For the years ended 31 December 2021 and 2020, share of profit equity-accounted investments, net of tax in consolidated statement of comprehensive income comprise the following

	2021	2020
Joint ventures	(21,745)	(72,895)
Associates	(1,003)	(3,893)
	(22,748)	**(76,788)**

i) Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
TAV Antalya	272,053	269,898
ATU	23,317	27,441
TGS	19,572	35,679
Tibah Operation	3,205	1,858
Other	121	323
	318,268	**335,199**

Group's share of loss of the Group's joint ventures in the statement of comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
TAV Antalya	14,200	(23,587)
TGS	11,322	(1,211)
Tibah Operation	1,120	914
ATU	(4,123)	(13,899)
Tibah Development	(39,639)	(31,663)
Other	(4,625)	(3,449)
	(21,745)	**(72,895)**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

The Group has the following significant interests in joint ventures:

TAV Antalya

- 49.00% equity shareholding with 50.00% voting power in TAV Antalya, a joint venture established in Turkey. The following tables summarise the financial information of TAV Antalya. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TAV Antalya, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	1,190,469	1,104,157
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 74,815) (31 December 2020: EUR 56,632))	113,322	112,998
Non-current liabilities	707,372	487,731
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 6,700) (31 December 2020: EUR 103,491))	52,314	189,628
Net assets	**544,105**	**539,796**
Group's share of net assets	272,053	269,898
Carrying amount in the statement of financial position	272,053	269,898

	2021	2020
Revenue	240,935	108,062
Depreciation and amortisation	109,085	82,446
Interest expense	12,087	8,673
Tax expense	10,949	(3,157)
Profit / (loss) for the year	**28,400**	**(47,175)**
Other comprehensive income	215	166
Total comprehensive income	**28,615**	**(47,009)**
Group's share of profit / (loss) for the year	14,200	(23,587)
Cash dividends received by the Group	15,288	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

ATU

- 50.00% equity shareholding with 50% voting power in ATU, a joint venture established in Turkey. The following tables summarise the financial information of ATU. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ATU, which is accounted for using the equity method.

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	181,415	198,054
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 57,201 (31 December 2020: EUR 33,884))	156,246	151,874
Non-current liabilities	152,592	174,485
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 72,009 (31 December 2020: EUR 66,686))	138,435	120,561
Net assets	**46,634**	**54,882**
Group's share of net assets	23,317	27,441
Carrying amount in the statement of financial position	23,317	27,441

	2021	2020
Revenue	182,939	105,850
Tax expense	24,897	20,849
Depreciation and amortisation	3,635	4,462
Interest expense	5,053	5,506
Loss for the year	**(8,245)**	**(27,798)**
Other comprehensive income	224	111
Total comprehensive income	**(8,021)**	**(27,687)**
Group's share of loss for the year	(4,123)	(13,899)
Cash dividends received by the Group	-	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

TGS

- 50% equity shareholding with 50% voting power, in TGS, a joint venture established in Turkey. The following tables summarise the financial information of TGS. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TGS, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	49,256	83,764
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 24,498) (31 December 2020: EUR 17,083)	65,754	84,054
Non-current liabilities	23,361	10,674
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 47,495) (31 December 2020: EUR 84,617))	52,505	85,786
Net assets	**39,144**	**71,358**
Group's share of net assets	19,572	35,679
Carrying amount in the statement of financial position	19,572	35,679

	2021	2020
Revenue	220,296	156,749
Depreciation and amortisation	11,469	16,389
Interest expense	19,701	10,636
Tax expense	7,409	672
Profit / (loss) for the year	**22,643**	**(2,421)**
Other comprehensive income	(29,655)	(26,637)
Total comprehensive income	**(7,012)**	**(29,058)**
Group's share of profit / (loss) for the year	11,322	(1,211)
Cash dividends received by the Group	12,601	-

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Operation

- 51.00% equity shareholding with 51.00% voting power in Tibah Operation, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Operation. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Operation, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**51.00%**	**51.00%**
Non-current assets	503	9
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 351 (31 December 2020: 137))	22,327	14,601
Non-current liabilities	4,922	4,204
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 10,919 (31 December 2020: 6,105))	11,624	6,763
Net assets	**6,284**	**3,643**
Group's share of net assets	3,205	1,858
Carrying amount in the statement of financial position	3,205	1,858

	2021	2020
Revenue	35,856	32,492
Tax expense	(31)	422
Profit for the year	**2,196**	**1,793**
Other comprehensive income	477	(569)
Total comprehensive income	**2,673**	**1,224**
Group's share of profit for the year	1,120	914
Cash dividends received by the Group	-	865

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Development

50.0% equity shareholding with 50.00% voting power in Tibah Development, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Development. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Development, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**50.00%**	**50.00%**
Non-current assets	970,207	901,834
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 4 (31 December 2020: 3))	48,934	36,570
Non-current liabilities	967,303	480,465
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 150,814 (31 December 2020: 92,573))	197,028	537,617
Net assets	**(145,190)**	**(79,678)**
Group's share of net assets (*)	-	-
Carrying amount in the statement of financial position	-	-

(*) Tibah Development has negative net assets amounting to EUR 72,595 has reclassed to other liabilities from equity-accounted investments as of 31 December 2021 (31 December 2020: EUR 39,839)

	2021	2020
Revenue	42,725	67,798
Depreciation and amortization	9,068	11,266
Interest expense	34,994	31,290
Tax expense	194	(107)
Loss for the year	**(79,277)**	**(63,326)**
Other comprehensive income	4,830	2,402
Total comprehensive income	**(74,447)**	**(60,924)**
Group's share of loss for the year	(39,639)	(31,663)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Other

	31 December 2021	31 December 2020
Carrying amount of interest in joint ventures (*)	121	323

	2021	2020
Share of:		
Loss for the year	(4,625)	(3,449)
Other comprehensive income	(1,009)	1,069
Total comprehensive income	**(5,634)**	**(2,380)**
Cash dividends received by the Group	-	-

(*) The companies have negative net assets amounting to EUR 17,481 has reclassed to other liabilities from equity-accounted investments as of 31 December 2021 (31 December 2020: EUR 10,020)

ii) Associates

Carrying amounts of the Group's associates in the statement of financial position as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
ZAIC-A	-	1,154
Other	929	776
	929	**1,930**

Group's share of profit of the Group's associates in the statement of comprehensive income for the years ended 31 December are as follows:

	2021	2020
ZAIC-A	(1,154)	(4,217)
Other	151	324
	(1,003)	**(3,893)**

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

ii) Associates (continued)

ZAIC – A

- 15.00% equity shareholding with 15.00% voting power in ZAIC-A, an associate established in United Kingdom. The following tables summarise the financial information of ZAIC-A. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ZAIC-A, which is accounted for using the equity method:

	31 December 2021	31 December 2020
Percentage of interest	**15.00%**	**15.00%**
Non-current assets	353,883	367,256
Current assets (including cash and cash equivalents amounting to 31 December 2021: EUR 7,940 (31 December 2020: EUR 9,311))	16,633	16,444
Non-current liabilities	323,278	325,686
Current liabilities (including trade and other payables and provisions amounting to 31 December 2021: EUR 18,455 (31 December 2020: EUR 17,002))	54,199	50,318
Net assets	**(6,961)**	**7,696**
Group's share of net assets	-	1,154
Carrying amount in the statement of financial position	-	1,154

	2021	2020
Revenue	43,873	86,874
Expense	(51,569)	(114,989)
Loss for the year	**(7,696)**	**(28,115)**
Other comprehensive income	-	1,288
Total comprehensive income	**(7,696)**	**(26,827)**
Group's share of loss for the year	(1,154)	(4,217)

37. DISCONTINUED OPERATIONS

As of 6 April 2019 02:00, all commercial flights have been transferred to the new İstanbul Airport and operations of TAV İstanbul have ended. Due to this reason, the Group has decided to classify TAV İstanbul operations as discontinued operations. Operations of Group's other subsidiaries which were also operating in İstanbul Atatürk Airport, are not classified as discontinued, since these subsidiaries are still operating in the other airports and new İstanbul Airport as well.

As explained in Note 1, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ will fully reimburse the Group for potential loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation on the European side of İstanbul before the end of the rent period of TAV İstanbul; i.e. 3 January 2021.

On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. The Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000.

	2021	**2020**
Revenue	3,136	2,550
Operating profit / (loss)	376	(4,555)
Net finance costs	(455)	(127)
Loss before tax	(79)	(4,682)
Tax expense	(1,242)	2,101
Loss for the period	(1,321)	(6,783)

	2021	**2020**
Net cash provided from operating activities	198,772	119,337
Net cash used in investing activities	50	-
Net cash used in financing activities	(201,356)	(87,085)

	2021	**2020**
Weighted average number of shares	180,000,000	180,000,000
Loss for the period attributable to owners of the Company	**(1,321)**	**(6,783)**
Basic and diluted loss per share (full EUR)	**(0.00)**	**(0.04)**

38. ACQUISITIONS OF SUBSIDIARY

Almaty Airport Investment Holding BV, a consortium led by the Group, signed on May 7, 2020 an agreement to buy 100% stake in the Almaty Airport; and fuel related businesses carried on by Venus Trading LLP for an amount USD 417,074 composed by;

- USD 365,010 paid on April 29,2021
- USD 6,639 paid in July 2021 as an adjustment to take into account the net indebtedness, working capital requirement and cash of acquired companies on the acquisition date;
- and USD 45,425 payable no later than 2030 or earlier depending on traffic levels.

Closing took place on April 29, 2021, since then the Group has ownership of 85% of shares of Venus Trading LLP, Almaty International Airport JSC and its subsidiaries Almaty Catering Services LLP and Almaty FBO LLP, 100% subsidiary of Almaty International Airport JSC. The consortium partner KIF Warehouses Coöperatief U.A. (investment fund owned by VPE Capital and Kazina Capital Management) holds the remaining 15%. The latter has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option was estimated at EUR 34,828. As the Group has the capacity to impose its decisions on relevant activities, the companies acquired are fully consolidated.

According to IFRS 3 "Business Combinations", the acquisition price has been provisionally allocated between the various identifiable assets and liabilities of the companies acquired. This work to identify and measure assets and liabilities at fair value on April 29, 2021 was carried out with the help of a consulting firm and resulted in the recognition of a provisional partial goodwill for an amount of USD 84,764 (EUR 72,049).

	Almaty International Airport JSC & Venus Trading LLP
Assets and liabilities acquired	
Total non-current assets	263,726
Total current assets	46,723
Total non-current liabilities	37,385
Total current liabilities	13,771
Net assets	**259,293**
Acquisition date fair value of the total consideration transferred at 100%	344,057
Preliminary full goodwill at 100%	**84,764**
Preliminary partial goodwill at 85%	**72,049**

If the acquisition took place as at 1 January 2021, effect of acquisition on Groups revenue and net income would be as presented below :

	29 April-31 December 2021	**1 January-31 December 2021**
Revenue	104,515	139,431
Net profit / (loss)	3,188	(513)

39. AUDIT FEES

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2021 (*)	2020 (*)
Audit and assurance fee	1,064	1,043
Tax consulting fee	314	286
Other assurance services fee	133	161
	1,511	**1,490**

(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and foreign currency fees of foreign subsidiaries and affiliates have been converted into EUR using the annual average rates of the relevant years.

40. SUBSEQUENT EVENTS

Financial closing of AIA and TAV Kazakhstan has been completed as at 2 February 2022.First disbursements for TAV Kazakhstan and AIA amounting to USD 165,000 and USD 80,653 respectively has been received as at 11 February 2022.

Equity bridge loan of Tibah Development has been fully paid in 2021. Letter of guarantees amounting to USD 149,330 (EUR 131,991) regarding this loan have been released as at 4 January 2022.

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation accounting in the financial statements based on the Tax Procedure Law was postponed to 31 December 2023.

At the beginning of January 2022, Kazakhstan witnessed mass protests, which turned into unrest. On 5 January, the President introduced a state of emergency across the country, which was in place until 19 January. The situation in Kazakhstan stabilised and was under the control of the authorities by 15 January.

Until 13 January 2022, Almaty International Airport temporarily ceased operations and served only some military and evacuation flights. Management of the Group preliminary assess that damage (terminal is insured) is not material and will not significantly affect AIA's financial results and ability to continue as going concern.