

**TAV Havalimanları Holding A.Ş.  
and its Subsidiaries**

**Consolidated Financial Statements  
As at and for the Year Ended 31 December 2020**

**16 February 2021**

This report contains the “Independent Auditors’ Report” comprising 4 page and “Consolidated Financial Statements and their explanatory notes” comprising 117 pages.

**TAV Havalimanları Holding A.Ş.  
and its Subsidiaries**

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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 December 31, 2020, 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 December 31, 2020, 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**

We draw attention to footnote 1 which explains the recent outbreak of Covid 19 pandemic that is negatively affecting economic conditions regionally as well as globally, disrupting operations of the Group and that the ultimate severity of this outbreak is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations. Our opinion is not modified in respect of this matter.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming 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
<p data-bbox="199 421 852 454"><b>Recoverability of airport operation rights and goodwill</b></p> <p data-bbox="199 454 852 728">As discussed in Note 1, the operations of the Group have diminished significantly in 2020 due to Covid 19 pandemic and its impact on air traffic. The deterioration of air traffic has been arising indicators for the impairment on airport operation rights and goodwill. The consolidated statement of financial position as of 31 December 2020 includes airport operation right of 1,569,138 thousand EUR and goodwill of 137,055 thousand EUR that comprises %48 of total consolidated assets</p> <p data-bbox="199 757 852 880">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.</p> <p data-bbox="199 909 852 976">Details of airport operation right for each concession agreement and goodwill is disclosed in Note 15 and Note 14.</p>	<p data-bbox="874 454 1390 846">During our audit work, we reviewed impairment analysis of management and the methods and assumptions used in the impairment test on assets prepared by the management, together with the experts of another company within the same audit network we are affiliated with. We examined the business plans approved by the management. We tested the reasonableness of the discount rates, estimations, assumptions and the mathematical accuracy of the models used. We also evaluated the correctness and compliance with IFRS of the related disclosures in the consolidated financial statements.</p>

## **Other information included in The Group's 2020 Annual Report**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## **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.

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.

The partner in charge of the audit resulting in this independent auditor's report is Onur Ünal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Onur Ünal, SMMM  
Partner

16 February 2021  
İstanbul, Türkiye

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Consolidated Statement of Financial Position

As at 31 December 2020

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

	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
Property and equipment	13	182,370	205,729
Intangible assets	14	11,692	13,589
Airport operation right	15	1,569,138	1,581,857
Right of use assets	16	65,942	58,632
Equity-accounted investees	36	337,129	393,423
Goodwill	14	137,055	137,688
Trade receivables	21	31,224	49,738
Non-current due from related parties	35	2,351	1,898
Other non-current assets	20	101,300	295,574
Deferred tax assets	18	32,216	26,610
<b>Total non-current assets</b>		<b>2,470,417</b>	<b>2,764,738</b>
Inventories	19	7,127	8,939
Financial assets	17	50,000	-
Trade receivables	21	73,464	116,156
Due from related parties	35	29,987	26,945
Other receivables and current assets	20	295,174	273,170
Cash and cash equivalents	22	604,298	583,809
Restricted bank balances	23	24,656	69,033
<b>Total current assets</b>		<b>1,084,706</b>	<b>1,078,052</b>
<b>TOTAL ASSETS</b>		<b>3,555,123</b>	<b>3,842,790</b>

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 2020

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

	Notes	31 December 2020	31 December 2019
<b>EQUITY</b>			
Share capital	24	162,384	162,384
Share premium		220,286	220,286
Legal reserves	24	121,975	121,975
Other reserves		(29,645)	(29,645)
Treasury reserves	24	(4,282)	-
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(60,612)	(59,174)
Translation reserves		(66,964)	(37,375)
Retained earnings		539,583	900,757
<b>Total equity attributable to equity holders of the Company</b>		<b>922,789</b>	<b>1,319,272</b>
<b>Non-controlling interests</b>	36	11,906	(9,711)
<b>Total Equity</b>		<b>934,695</b>	<b>1,309,561</b>
<b>LIABILITIES</b>			
Loans and borrowings	26	619,999	633,396
Reserve for employee severance indemnity	27	15,601	18,710
Due to related parties	35	-	305,893
Derivative financial instruments	32	35,381	36,562
Deferred income	29	15,264	16,952
Other payables	28	638,737	599,693
Deferred tax liabilities	18	13,303	20,706
<b>Total non-current liabilities</b>		<b>1,338,285</b>	<b>1,631,912</b>
Bank overdraft	22	387	1,380
Loans and borrowings	26	712,363	526,816
Trade payables	31	45,768	55,532
Due to related parties	35	307,265	998
Current tax liabilities	12	3,024	98,639
Other payables	28	198,942	198,005
Provisions	30	4,345	5,542
Deferred income	29	10,049	14,405
<b>Total current liabilities</b>		<b>1,282,143</b>	<b>901,317</b>
<b>Total Liabilities</b>		<b>2,620,428</b>	<b>2,533,229</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,555,123</b>	<b>3,842,790</b>

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 2020

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

	Notes	2020	2019
Operating revenue	6	301,406	749,233
Cost of catering inventory sold		(12,122)	(34,404)
Cost of services rendered		(37,779)	(80,754)
Personnel expenses	7	(145,280)	(226,950)
Concession expenses	8	-	(3,501)
Depreciation, amortisation and impairment expenses	10	(96,227)	(99,325)
Other operating income		11,394	7,866
Other operating expenses	9	(94,996)	(131,085)
Share of profit of equity-accounted investees, net of tax	36	(76,788)	33,446
<b>Operating (loss) / profit</b>		<b>(150,392)</b>	<b>214,526</b>
Finance income		11,162	16,857
Finance costs		(135,413)	(111,883)
<b>Net finance costs</b>	11	<b>(124,251)</b>	<b>(95,026)</b>
<b>(Loss) / Profit before tax</b>		<b>(274,643)</b>	<b>119,500</b>
Tax expense	12	(3,495)	(38,675)
<b>(Loss) / Profit from continuing operations</b>		<b>(278,138)</b>	<b>80,825</b>
(Loss) / Profit from discontinued operations		(6,783)	299,670
<b>(Loss) / Profit for the period after discontinued operations</b>		<b>(284,921)</b>	<b>380,495</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Defined benefit obligation actuarial differences	27	337	(9,283)
Defined benefit obligation actuarial differences from equity accounted investees		72	(619)
Tax on defined benefit obligation actuarial differences	12	(68)	1,583
Tax on defined benefit obligation actuarial differences from equity accounted investees	12	(29)	99
<b>Total items that will not be reclassified to profit or loss</b>		<b>312</b>	<b>(8,220)</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Effective portion of changes in fair value of cash flow hedges	11	14,015	7,698
Effective portion of changes in fair value of cash flow hedges from equity accounted investees	11	(1,598)	(8,345)
Portion of cash flow hedges charged to profit or loss	11	(8,101)	(8,104)
Foreign currency translation differences for foreign operations	11	(23,355)	31,087
Foreign currency translation differences for foreign operations from equity accounted investees		(9,761)	(6,826)
Tax on cash flow hedge reserves	11,12	(223)	1,363
Tax on cash flow hedge reserves from equity accounted investees	12	379	1,800
<b>Total items that are or may be reclassified subsequently to profit or loss</b>		<b>(28,644)</b>	<b>18,673</b>
<b>Other comprehensive (loss) / income for the year, net of tax</b>		<b>(28,332)</b>	<b>10,453</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(313,253)</b>	<b>390,948</b>

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 2020

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

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>(Loss) / Profit attributable to:</b>			
Owners of the Company	36	(284,917)	373,104
Non-controlling interest		(4)	7,391
<b>(Loss) / Profit for the year after discontinued operations</b>		<b>(284,921)</b>	<b>380,495</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(309,722)	382,855
Non-controlling interest		(3,531)	8,093
<b>Total comprehensive income for the year</b>		<b>(313,253)</b>	<b>390,948</b>
<b>Weighted average number of shares outstanding</b>		<b>363,281,250</b>	<b>363,281,250</b>
<b>Basic and diluted earnings per share for continued operations</b>	25	<b>(0.77)</b>	<b>0.20</b>
<b>Basic and diluted earnings per share for discontinued operations</b>	25	<b>(0.02)</b>	<b>0.82</b>

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# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Consolidated Statement of Changes in Equity For the Year ended 31 December 2020

(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
<b>Balance at 1 January 2019</b>	<b>162,384</b>	<b>220,286</b>	<b>119,598</b>	<b>(83,649)</b>	-	<b>40,064</b>	<b>(52,154)</b>	<b>(62,366)</b>	<b>693,762</b>	<b>1,037,925</b>	<b>(6,113)</b>	<b>1,031,812</b>
<b>Total comprehensive income for the year</b>												
Profit for the year	-	-	-	-	-	-	-	-	373,104	373,104	7,391	380,495
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(7,020)	-	-	(7,020)	1,432	(5,588)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(8,220)	(8,220)	-	(8,220)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	24,991	-	24,991	(730)	24,261
Total other comprehensive income	-	-	-	-	-	-	(7,020)	24,991	(8,220)	9,751	702	10,453
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,020)</b>	<b>24,991</b>	<b>364,884</b>	<b>382,855</b>	<b>8,093</b>	<b>390,948</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>												
<i>Contributions by and distributions to owners of the Company</i>												
Dividend distributions (Note 24)	-	-	-	-	-	-	-	-	(121,469)	(121,469)	(11,691)	(133,160)
Change in non-controlling interest (Note 26)	-	-	-	54,004	-	-	-	-	(34,043)	19,961	-	19,961
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(155,512)</b>	<b>(101,508)</b>	<b>(11,691)</b>	<b>(113,199)</b>
Transfers	-	-	2,377	-	-	-	-	-	(2,377)	-	-	-
<b>Balance at 31 December 2019</b>	<b>162,384</b>	<b>220,286</b>	<b>121,975</b>	<b>(29,645)</b>	-	<b>40,064</b>	<b>(59,174)</b>	<b>(37,375)</b>	<b>900,757</b>	<b>1,319,272</b>	<b>(9,711)</b>	<b>1,309,561</b>
<b>Balance at 1 January 2020</b>	<b>162,384</b>	<b>220,286</b>	<b>121,975</b>	<b>(29,645)</b>	-	<b>40,064</b>	<b>(59,174)</b>	<b>(37,375)</b>	<b>900,757</b>	<b>1,319,272</b>	<b>(9,711)</b>	<b>1,309,561</b>
<b>Total comprehensive income for the year</b>												
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)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,472</b>	<b>(29,589)</b>	<b>(284,605)</b>	<b>(309,722)</b>	<b>(3,531)</b>	<b>(313,253)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>												
<i>Contributions by and distributions to owners of the Company</i>												
Dividend distributions (Note 24)	-	-	-	-	-	-	-	-	(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 24)	-	-	-	-	(4,282)	-	-	-	-	(4,282)	-	(4,282)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,282)</b>	<b>-</b>	<b>(5,910)</b>	<b>-</b>	<b>(76,569)</b>	<b>(86,761)</b>	<b>25,148</b>	<b>(61,613)</b>
<b>Balance at 31 December 2020</b>	<b>162,384</b>	<b>220,286</b>	<b>121,975</b>	<b>(29,645)</b>	<b>(4,282)</b>	<b>40,064</b>	<b>(60,612)</b>	<b>(66,964)</b>	<b>539,583</b>	<b>922,789</b>	<b>11,906</b>	<b>934,695</b>

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 2020

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

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / Profit for the year		<b>(278,138)</b>	<b>80,825</b>
(Loss) / Profit from discontinued operations		<b>(6,783)</b>	<b>299,670</b>
Adjustments for:			
Amortisation and impairment of airport operation right	15	55,514	63,905
Depreciation and impairment of property and equipment and right of use assets	13,16	37,896	89,317
Amortisation of intangible assets	14	2,817	2,820
Concession and rent expenses		-	48,869
Other income accruals	37	-	(389,000)
Provision for employee severance indemnity	27	3,456	3,492
Provision for doubtful receivables	33	12,552	7,262
Discount on receivables and payables, net		(3,352)	4,053
Gain on sale of property and equipment		(1,128)	-
Impairment of goodwill	14	521	-
Provision (released) /set for unused vacation	30	(83)	225
Interest income		(11,764)	(15,908)
Interest expense on financial liabilities		67,583	70,035
Tax expense		5,596	126,175
Unwinding of discount on concession receivable and payable		26,660	23,834
Share of profit of equity-accounted investees, net of tax	36	76,788	(33,446)
Unrealized foreign exchange differences on statement of financial position items		(3,508)	(46,695)
<b>Cash flows from operating activities</b>		<b>(15,373)</b>	<b>335,433</b>
Change in current trade receivables		31,604	23,092
Change in non-current trade receivables		18,515	24,375
Change in inventories		920	200
Change in due from related parties		871	9,798
Change in other receivables and other assets		160,065	(104,193)
Change in trade payables		(2,087)	9,363
Change in due to related parties		738	706
Change in other payables and provisions		(79,180)	(120,736)
<b>Cash provided from operations</b>		<b>116,073</b>	<b>178,038</b>
Income taxes paid	12	(111,480)	(24,644)
Retirement benefits paid	27	(1,409)	(14,526)
<b>Net cash provided from operating activities</b>		<b>3,184</b>	<b>138,868</b>

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 2020

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

	Notes	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, equipment and intangible assets		11,854	4,592
Acquisition of property and equipment	13	(30,180)	(65,600)
Additions to airport operation right	15	(5,716)	(2,962)
Purchase of treasury bonds	17	(50,000)	-
Acquisition of intangible assets	14	(1,259)	(1,758)
Change in due from related parties		7,029	(7,081)
Change in due to related parties		-	(25,106)
Dividends from equity-accounted investees		865	145,922
Effect of acquisition of subsidiary		-	(1,246)
<b>Net cash (used in) / provided from investing activities</b>		<b>(67,407)</b>	<b>46,761</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	26	321,168	115,586
Repayment of borrowings	26	(150,233)	(70,070)
Lease payments	26	(21,687)	(9,794)
Dividends paid		(57,331)	(133,160)
Interest received		5,745	9,028
Interest paid	26	(43,367)	(50,745)
Change in due to related parties		(8,685)	(8,665)
Purchase of treasury shares	24	(4,282)	-
Change in restricted bank balances		44,377	(7,537)
<b>Net cash provided from / (used in) financing activities</b>		<b>85,705</b>	<b>(155,357)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>21,482</b>	<b>30,272</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	22	<b>582,429</b>	<b>552,157</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	22	<b>603,911</b>	<b>582,429</b>

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

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# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 Bulvarı, Ayazağa Mah. Cendere 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 2020 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 2020 and 2019 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	31 December 2020		31 December 2019	
			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	82.00	82.00
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
Avito Technologies W.L.L. (“TAV IT Qatar”)	Software and System Services	Qatar	49.00	100.00	-	-
Havaş Kazakhstan L.L.P. (“Havaş Kazakhstan”)	Ground Handling Services	Kazakhstan	100.00	100.00	-	-
Aerosec Özel Güvenlik Hizmetleri A.Ş. (“Aerosec Security”)	Security Services	Turkey	100.00	100.00	-	-

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

Name of Subsidiary	Principal Activity	Place of operation	31 December 2020		31 December 2019	
			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 Latvia SIA ("HAVAŞ Latvia")	Ground Handling	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
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 Doel 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	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 Doel ("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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

Name of Subsidiary	Principal Activity	Place of operation	31 December 2020		31 December 2019	
			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	-	-
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	70.00	70.00	70.00	70.00
GIS Premium France SAS ("GIS France")	Lounge Services	France	70.00	70.00	70.00	70.00
GIS Premium Deutschland GmbH ("GIS Germany")	Lounge Services	Germany	70.00	70.00	70.00	70.00
GIS Premium Italy SRL ("GIS Italy")	Lounge Services	Italy	70.00	70.00	70.00	70.00
GIS Premium Mexico SAdCV ("GIS Mexico")	Lounge Services	Mexico	70.00	70.00	70.00	70.00
GIS Premium Argentina SRL ("GIS Argentina")	Lounge Services	Argentina	70.00	70.00	70.00	70.00
GIS Premium Brasil Servicos Aeroportuarios LTDA ("GIS Brazil")	Lounge Services	Brazil	70.00	70.00	70.00	70.00
GIS Premium Colombia S.A.A. ("GIS Colombia")	Lounge Services	Colombia	70.00	70.00	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
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
TAV Aviation Minds Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Aviation Minds") (*)	Education Services	Turkey	-	-	51.00	51.00
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	-	-
TAV Uluslararası Yatırım A.Ş. ("TAV Uluslararası Yatırım")	Airport Operator	Turkey	100.00	100.00	100.00	100.00

(\*) In April 2020, TAV Aviation Minds Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Aviation Minds") is merged under TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi").

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

The joint ventures of the Company as at 31 December 2020 and 2019 are as follows:

Name of joint venture	Principal activity	Place of operation	31 December 2020		31 December 2019	
			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 Doel ("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 United States	50.00	50.00	50.00	50.00
ATU Americas LLC ("ATU America")	Duty Free Services	United States	-	-	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 United States	51.15	51.17	51.15	51.17
ATU Holdings, Inc. ("ATU Holdings")	Holding	United States	-	-	50.00	50.00
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
BS Kahve Yiyecek ve İçecek Hizmetleri A.S. ("BS Kahve") (**)	Food and Beverage Services	Turkey	-	-	60.00	60.00
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
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

(\*) 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.

(\*\*) In March 2020, BS Kahve Yiyecek ve İçecek Hizmetleri A.Ş. ("BS Kahve") is merged under BTA Havalimanları Yiyecek ve İçecek A.Ş. ("BTA").

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

The associates of the Company as at 31 December 2020 and 2019 are as follows:

Name of associates	Principal activity	Place of operation	31 December 2020		31 December 2019	
			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
Međunarodna 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) (“DHMI”), 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 DHMI and Međunarodna Zračna 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, DHMI, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations.

### BOT, BTO and Concession Agreements

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

#### Istanbul Atatürk International Airport

A BOT agreement was executed between TAV and DHMI 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. DHMI and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

#### **İstanbul Atatürk International Airport (continued)**

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. The opening of 3rd airport led to closure of Atatürk Airport at a date earlier than the concession contract end date, which in turn led to change in expected amortization period of prepaid rent and leasehold assets. However, 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. In addition, it is stated that independent expert companies will be consulted for the computation of the total reimbursement amount. On 26 December 2019, The Group and DHMİ agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, 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 which is disclosed in Note 37.

#### **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.

#### **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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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.

##### **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.

##### **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.

##### **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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

#### BOT, BTO and Concession Agreements (continued)

##### 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 DHMI 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 DHMI.

##### 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.

##### 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.

##### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 1. REPORTING ENTITY (continued)

#### BOT, BTO and Concession Agreements (continued)

##### Almaty Airport

The consortium formed by the Group and VPE Capital, signed on 7 May 2020 an agreement related to the purchase of a 100% stake in the airport of Almaty and related fuel and service activities, valued at USD 415,000. Groups' participation in the consortium will not be less than 75% and the transfer of shares will take place after the closing of the transaction, which should take place in the coming months, after completion of the necessary legal procedures. The airport will be fully consolidated in the accounts of the Group.

##### *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.

The Group employs 13,193 in subsidiaries (average: 14,453) and 7,893 in joint ventures (average: 8,381) excluding TAV İstanbul (31 December 2019: 15,230 in subsidiaries (average: 15,886) and 8,950 in joint ventures (average: 9,461) excluding TAV İstanbul).

TAV İstanbul employs 28 (average:31) (31 December 2019: 45 (average: 618)) people as at 31 December 2020.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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. 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.

These elements constitute impairment indicators as at 31 December 2020 and therefore justify that the Group carry out impairment tests on all of its main concessions and services companies.

Discount rates, and in particular the cost of equity, have been increasing since 31 December 2019. 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 were carried as at 31 December 2020 on the main concession and service companies.

Tests carried out highlighted that there is no need to recognize an impairment loss for goodwill. 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 (Note 14).

Sensitivity analysis on discount rates show that an increase of 50 basis points in the discount rate for the main international concessions would lead to an impairment loss of around EUR 21,530.

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.

### 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 16 February 2021. 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 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 2. BASIS OF PREPARATION (continued)

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

<u>Company</u>	<u>Functional Currency</u>
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 Adriatic	Croatian Kona (“HRK”)
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	USD
TAV İşletme Washington	USD
TAV İşletme New York	USD
TAV İşletme Madagascar	Malagasy Ariary (“MDG”)
GIS Spain	EUR

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 2. BASIS OF PREPARATION (continued)

#### c) Functional and presentation currency (continued)

<u>Company</u>	<u>Functional Currency</u>
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	SAR
ATU Americas	USD
ATU Mağazacılık	TRL
ATU Uluslararası Mağazacılık	EUR
ATU Holdings	USD
TAV Gözen	USD
TGS	TRL
Saudi HAVAŞ	SAR
BTA Medinah	SAR
BS Kahve	TRL
Tibah Development	SAR
Tibah Operation	SAR
TAV İşletme Chile	Chilean Peso ("CLP")
TAV İşletme Saudi	SAR
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:

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

*(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)*

### 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, 13 and 14 – useful lives of property and equipment and intangible assets

Note 14 – key assumptions used in discounted cash flow projections

Note 18 – utilisation of tax losses and tax incentives

Note 27 – 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 Company also assumed that current bank loans shall be restructured in 2021. 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 11.3% during the projection period (between 2020 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, EUR 20,000 impairment loss was recognized for TAV Tunisia (31 December 2019:None) (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 2035) 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 10.6% during the projection period (between 2020 and 2035). 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, EUR 15,000 impairment loss is recognized for TAV Milas Bodrum (31 December 2019: None) (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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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, 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 and TAV Uluslararası Yatırım, 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, GIS Colombia and TAV Aviation Minds 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 Americas, ATU Mağazacılık, ATU Uluslararası Mağazacılık, ATU Holdings, TAV Gözen, TGS, Saudi HAVAŞ, BTA Medinah, BS Kahve, Tibah Development, Tibah Operation, TAV İşletme Chile, TAV İşletme Saudi, TAV Antalya, 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 acquiree; 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 investees, 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

*(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)*

### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 21).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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.

##### iii) Share capital:

Ordinary shares are classified as equity.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 reclassified 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 licence 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.

##### 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.

##### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Intangible assets (continued)

##### vii) Service concession arrangements

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.

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.

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.

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.

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.

##### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Intangible assets (continued)

##### vii) Service concession arrangements (continued)

###### i) Intangible asset (continued):

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.

#### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **h) Impairment (continued)**

##### ***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.

##### ***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 7,117 as at 31 December 2020 (equivalent to full EUR 790 as at 31 December 2020) (31 December 2019: full TRL 6,380 (equivalent to full EUR 959 as at 31 December 2019)) 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 27) 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

*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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### k) Revenue (continued)

*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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

*(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)*

### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 2020 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 2020. 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 2020 are as follows:*

#### ***Definition of a Business (Amendments to IFRS 3)***

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether an acquired set of activities assets is a business or not.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments did not have a significant impact on the financial position or performance of the Group.

#### ***Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform***

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

The amendments did not have a significant impact on the financial position or performance of the Group.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows: (continued):*

##### *Definition of Material (Amendments to IAS 1 and IAS 8)*

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

The amendments did not have a significant impact on the financial position or performance of the Group.

##### *Amendments to IFRS 16 – Covid-19 Rent Related Concessions*

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### *IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)*

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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)*

##### ***IFRS 17 - The new Standard for insurance contracts***

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

##### ***Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities***

23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. 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 IFRS 3 – Reference to the Conceptual Framework***

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

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

##### ***Amendments to IAS 16 – Proceeds before intended use***

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of 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 costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 37 – Onerous contracts – Costs of Fulfilling a Contract*

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. . The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

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

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

##### *Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform*

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

##### *Relief from discontinuing hedging relationships*

-The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

-Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

-For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

-As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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)*

###### *Separately identifiable risk components*

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

###### *Additional disclosures*

Amendments need additional IFRS 7 Financial Instruments disclosures such as;  
How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

##### iii) *Annual Improvements – 2018–2020 Cycle*

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

-IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

-IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

-IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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.

#### *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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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.

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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)	-
<b>31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Trade receivables	-	165,894	-
Financial assets	-	-	-
Loans and borrowings	-	(1,160,212)	-
Bank overdrafts	-	(1,380)	-
Other payables (*)	-	(793,044)	-
Interest rate swap	-	(36,562)	-

(\*) Other payables do not include advances received amounting to EUR 9,492 (31 December 2019: EUR 4,654).

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## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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 and AMS. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, TAV Antalya and MZLZ 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, BS Kahve, BTA Uluslararası Yiyecek, and BTA MZLZ.
- **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, ATU Uluslararası Mağazacılık and ATU Americas.
- **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 and HAVAŞ Adriatic. HAVAŞ and HAVAŞ Kazakhstan 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, 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 Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, TAV Aviation Minds, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings and Medinah Hotel.

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.

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### 5. OPERATING SEGMENTS (continued)

#### Operating Segments (continued)

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total external revenues	169,049	556,253	48,003	132,637	45,662	174,108	169,892	491,235	74,046	160,523	506,652	1,514,756
Inter-segment revenue	14,784	78,293	4,128	12,724	116	469	587	788	26,433	45,983	46,048	138,257
Construction revenue	-	788	-	-	-	-	-	-	-	-	-	788
Construction expenditure	-	(788)	-	-	-	-	-	-	-	-	-	(788)
Interest income	16,015	10,406	283	603	1,005	1,426	5,232	4,906	15,128	22,101	37,663	39,442
Interest expense	(75,511)	(83,233)	(2,636)	(2,849)	(1,484)	(1,235)	(5,984)	(8,248)	(27,792)	(15,829)	(113,407)	(111,394)
Depreciation and amortisation	(108,813)	(184,095)	(8,763)	(8,593)	(6,459)	(9,666)	(19,632)	(22,891)	(13,642)	(10,037)	(157,309)	(235,282)
Reportable segment operating profit / (loss)	(57,459)	207,227	(22,651)	(8,067)	(8,868)	12,497	11,913	49,861	(20,618)	12,516	(97,683)	274,034
Capital expenditure	73,968	96,564	4,430	24,890	12,984	41,001	8,028	55,752	5,471	21,565	104,881	239,772
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reportable segment assets	3,625,192	3,970,672	30,257	64,463	150,110	164,341	228,602	268,127	869,678	607,399	4,903,839	5,075,002
Reportable segment liabilities	2,794,727	2,645,594	82,432	89,280	99,716	101,265	184,006	221,762	416,989	314,422	3,577,870	3,372,323

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 5. OPERATING SEGMENTS (continued)

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

<b>Revenues</b>	<b>2020</b>	<b>2019</b>
Total revenue for reportable segments	463,521	1,447,295
Other revenue	100,479	206,506
Elimination of inter-segment revenue	(46,048)	(138,257)
	<b>517,952</b>	<b>1,515,544</b>
Effect of using the equity method for joint ventures	(216,546)	(766,311)
<b>Consolidated revenue</b>	<b>301,406</b>	<b>749,233</b>
<b>Operating profit</b>	<b>2020</b>	<b>2019</b>
Segment operating (loss) / profit	(77,065)	261,518
Other operating (loss) / profit	(20,618)	12,516
Elimination of inter-segment operating loss	-	(193)
	<b>(97,683)</b>	<b>273,841</b>
Effect of using the equity method for joint ventures	(52,709)	(59,315)
<b>Consolidated operating (loss) / profit</b>	<b>(150,392)</b>	<b>214,526</b>
Finance income	11,162	16,857
Finance expense	(135,413)	(111,883)
<b>Consolidated (loss) / profit before tax</b>	<b>(274,643)</b>	<b>119,500</b>
<b>Assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Total assets for reportable segments	4,034,161	4,467,603
Other assets	869,678	607,399
	<b>4,903,839</b>	<b>5,075,002</b>
Effect of using the equity method for joint ventures	(1,348,716)	(1,232,212)
<b>Consolidated total assets</b>	<b>3,555,123</b>	<b>3,842,790</b>
<b>Liabilities</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Total liabilities for reportable segments	3,160,881	3,057,901
Other liabilities	416,989	314,422
	<b>3,577,870</b>	<b>3,372,323</b>
Effect of using the equity method for joint ventures	(957,442)	(839,094)
<b>Consolidated total liabilities</b>	<b>2,620,428</b>	<b>2,533,229</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 5. OPERATING SEGMENTS (continued)

<b>Interest income</b>	<b>2020</b>	<b>2019</b>
Total interest income for reportable segments	22,535	17,341
Other interest income	15,128	22,101
Elimination of inter-segment interest income	(23,588)	(20,191)
	<b>14,075</b>	<b>19,251</b>
Effect of using the equity method for joint ventures	(3,263)	(5,713)
<b>Consolidated interest income</b>	<b>10,812</b>	<b>13,538</b>
<b>Interest expense</b>	<b>2020</b>	<b>2019</b>
Total interest expense for reportable segments	(85,615)	(95,565)
Other interest expense	(27,792)	(15,829)
Elimination of inter-segment interest expense	23,585	19,909
	<b>(89,822)</b>	<b>(91,485)</b>
Effect of using the equity method for joint ventures	22,879	21,450
<b>Consolidated interest expense</b>	<b>(66,943)</b>	<b>(70,035)</b>

### Geographical information

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

<b>Revenue</b>	<b>2020</b>	<b>2019</b>
Turkey	205,225	427,185
Georgia	20,488	97,565
Macedonia	13,247	37,912
Latvia	10,074	29,650
Saudi Arabia	8,393	13,607
Oman	8,209	29,611
Tunisia	7,627	46,604
Spain	5,461	20,091
Other	22,682	47,008
<b>Consolidated revenue</b>	<b>301,406</b>	<b>749,233</b>
<b>Non-current assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Turkey	1,796,410	2,122,637
Tunisia	443,814	462,240
Macedonia	99,407	54,157
Georgia	67,108	72,506
Oman	13,441	12,701
Spain	5,878	3,716
Latvia	1,659	4,903
Saudi Arabia	719	1,943
Other	41,981	29,935
<b>Consolidated non-current assets</b>	<b>2,470,417</b>	<b>2,764,738</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 6. OPERATING REVENUE

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

	<u>2020</u>	<u>2019</u>
Ground handling income	92,409	188,693
Aviation income	51,595	186,736
Catering services income	39,304	110,525
Software sales income	18,649	29,917
Income from lounge services	15,775	62,436
Commission from sales of duty free goods	14,909	45,337
Area allocation income	12,043	27,404
Security services income	8,794	9,554
Operating financial revenue	7,211	8,560
Income from car parking operations and valet service income	6,895	18,729
Bus services income	5,722	12,397
Utility and general participation income	2,523	3,969
Advertising income	2,117	5,350
Hotel and reservation income	2,100	2,348
Rent income from sublease	1,875	9,581
Loyalty card income	1,410	5,826
Other operating revenue	18,075	21,871
<b>Total operating revenue</b>	<b><u>301,406</u></b>	<b><u>749,233</u></b>

### 7. PERSONNEL EXPENSES

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

	<u>2020</u>	<u>2019</u>
Wages and salaries	116,719	183,069
Compulsory social security contributions	10,156	17,288
Employee severance indemnity expenses	1,950	1,772
Other personnel expenses	16,455	24,821
<b>Total personnel expenses</b>	<b><u>145,280</u></b>	<b><u>226,950</u></b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 8. CONCESSION EXPENSES

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

	<u>2020</u>	<u>2019</u>
TAV Tunisia (*)	-	2,061
TAV Macedonia (**)	-	1,440
<b>Total concession expenses</b>	<b>-</b>	<b>3,501</b>

Concession rent expense is related with TAV Tunisia and TAV Macedonia.

(\*) 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 concession fee is computed at an increasing rate between 5% and 39% of the annual revenues (Note 28). Restructuring of the concessions has been agreed and amendments to the Concession Agreements have been signed with the Tunisian Authorities. These amendments mainly include adjusting concession fee rates based on certain passenger traffic thresholds and restructuring historical concession fee payments as 1,200 EUR yearly payments until the end of the concessions.

(\*\*) 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. In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding the cancelation of concession payments of 2020 and 2021.

### 9. OTHER OPERATING EXPENSES

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

	<u>2020</u>	<u>2019</u>
Consultancy expense	13,298	13,770
Provision expenses	11,524	6,360
Utility cost	9,266	13,622
Rent expense	7,265	28,633
Maintenance expenditures	6,971	11,634
Insurance expense	6,093	6,245
Cleaning expense	4,798	7,648
Taxes	3,001	3,478
Traveling and transportation expenses	1,919	5,660
VAT non-recoverable	1,807	3,283
Communication and stationary expenses	1,687	2,383
Security cost	1,047	3,096
Advertisement and marketing expenses	854	2,406
Representation expenses	682	1,686
Commission and license expense	642	1,147
Other operating expenses	24,142	20,034
<b>Total other operating expenses</b>	<b>94,996</b>	<b>131,085</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 10. 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:

	<u>2020</u>	<u>2019</u>
Property and equipment	26,551	27,585
Airport operation right	20,514	63,905
Right of use asset	9,744	5,176
Intangible assets	2,817	2,659
Impairment losses	36,601	-
<b>Total depreciation, amortisation and impairment expenses</b>	<b><u>96,227</u></b>	<b><u>99,325</u></b>

### 11. 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:

	<u>2020</u>	<u>2019</u>
Interest income on bank deposits and intercompany loans	10,812	13,538
Foreign exchange gain, net	-	3,243
Discount income	27	76
Other finance income	323	-
<b>Finance income</b>	<b><u>11,162</u></b>	<b><u>16,857</u></b>
Interest expense on financial liabilities and intercompany loans	(66,943)	(70,035)
Discount expense (*)	(33,871)	(32,394)
Commission expense	(1,590)	(2,091)
Interest expense provision on employee benefit obligation	(1,506)	(1,720)
Foreign exchange loss, net	(24,422)	-
Other finance costs (**)	(7,081)	(5,643)
<b>Finance costs</b>	<b><u>(135,413)</u></b>	<b><u>(111,883)</u></b>
<b>Net finance costs</b>	<b><u>(124,251)</u></b>	<b><u>(95,026)</u></b>

(\*) Discount expense is related with the unwinding of discount on concession payables amounting to EUR 33,871 as of 31 December 2020 (31 December 2019: EUR 32,394).

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

#### Recognised in other comprehensive income

	<u>2020</u>	<u>2019</u>
Effective portion of changes in fair value of cash flow hedges	12,417	(647)
Portion of cash flow hedges charged to profit or loss	(8,101)	(8,104)
Foreign currency translation differences for foreign operations	(23,355)	31,087
Tax on cash flow hedge reserves	(223)	1,363
<b>Finance costs recognised in other comprehensive income, net of tax</b>	<b><u>(19,262)</u></b>	<b><u>23,699</u></b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 12. 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

	<u>2020</u>	<u>2019</u>
<b><u>Current tax expense</u></b>		
Current year tax expense	14,619	22,500
	<u>14,619</u>	<u>22,500</u>
<b><u>Deferred tax (benefit) / expense</u></b>		
Origination and reversal of temporary differences	4,156	14,550
Change in previously recognised investment incentives	1,432	1,625
Recognition of current period tax losses	(16,712)	-
	<u>(11,124)</u>	<u>16,175</u>
<b>Total tax expense</b>	<b><u>3,495</u></b>	<b><u>38,675</u></b>

#### Tax recognised in other comprehensive income

	<u>2020</u>			<u>2019</u>		
	<u>Before tax</u>	<u>Tax benefit</u>	<u>Net of tax</u>	<u>Before tax</u>	<u>Tax (expense) / benefit</u>	<u>Net of tax</u>
Foreign currency translation differences for foreign operations	(23,355)	-	(23,355)	31,087	-	31,087
Effective portion of changes in fair value of cash flow hedges	5,914	(223)	5,691	(406)	1,363	957
Defined benefit obligation actuarial differences	337	(68)	269	(9,283)	1,583	(7,700)
Other comprehensive income from equity accounted investees	(11,287)	350	(10,937)	(15,790)	1,899	(13,891)
	<u>(28,391)</u>	<u>59</u>	<u>(28,332)</u>	<u>5,608</u>	<u>4,845</u>	<u>10,453</u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 12. TAX EXPENSE (continued)

#### Reconciliation of effective tax rate

The reported tax expenses for the years ended 31 December 2020 and 2019 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:

	%	2020	%	2019
(Loss) / Profit before tax from continuing operations		(274,643)		119,500
(Loss) / Profit before tax from discontinued operations		(4,682)		387,170
<b>(Loss) / Profit before tax</b>		<b>(279,325)</b>		<b>506,670</b>
Tax using the Company's domestic tax rate	22	(61,452)	22	111,467
Tax effects of:				
- non-deductible expenses	(1)	1,552	-	952
- translation of non-monetary items according to IAS 21	(10)	26,722	1	2,763
- change in previously recognised investment incentives	(1)	1,432	-	1,625
- tax exempt income	5	(9,904)	-	(1,798)
- used tax loss carry forwards which no deferred tax asset is recognised	2	(4,728)	-	(150)
- current year losses for which no deferred tax asset is recognised	(8)	22,976	2	9,399
- effect of different tax rates for foreign jurisdictions	(1)	3,125	(1)	(4,665)
- adjustment for equity accounted investees	(6)	16,893	(1)	(6,358)
- adjustments related to tax legislation of subsidiaries which is in foreign countries	(1)	1,662	2	10,476
- effect of different tax rates applied	(2)	4,570	-	747
- other consolidation adjustments	(1)	2,748	-	1,717
<b>Tax expense</b>	<b>(2)</b>	<b>5,596</b>	<b>25</b>	<b>126,175</b>
<b>Total tax expense from continuing operations</b>		<b>3,495</b>		<b>38,675</b>
<b>Total tax expense from discontinued operations</b>		<b>2,101</b>		<b>87,500</b>

#### Corporate tax:

	2020	2019
Corporate tax provision from continuing operations	14,619	22,500
Corporate tax provision from discontinued operations	1,246	89,378
Corporate tax provision	15,865	111,878
Add: taxes payable from previous year	98,639	11,405
Less: corporation taxes paid during the year	(111,480)	(24,644)
<b>Current tax liabilities</b>	<b>3,024</b>	<b>98,639</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 12. 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 2020 is 22% (31 December 2019: 22%). Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

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

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), will be applied as 22% in 2018, 2019 and 2020 for all the taxpayers. 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.

##### Georgia

Georgian corporate income tax is levied at a rate of 15% on income less deductible expenses. A new corporate tax treatment, which entered into effect as from 1 January 2018, has been introduced in Georgia. According to the new rule, the corporate tax liability will raise 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 2019: 25%).

##### 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.

##### 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 corporate income 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 April 2020, the current rate of corporate tax is 25% for resident companies. It was 30% in the beginning of 2020. It is not clear whether this rate will be permanent or only a temporary measure as a response to Covid-19.

##### United States

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 12. 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.

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.

##### France

France corporate income tax is levied at a rate of 33,3% on income less deductible expenses.

##### Spain

Spain corporate income tax is levied at a rate of 25% on income less deductible expenses.

##### Italy

Italy corporate income tax is levied at a rate of 24% on income less deductible expenses.

##### Mexico

Mexico corporate income tax is levied at a rate of 30% on income less deductible expenses.

##### Argentina

Argentina corporate income tax is levied at a rate of 30% on income less deductible expenses.

##### Colombia

Colombia corporate income tax is levied at a rate of 33% on income less deductible expenses.

##### Brazil

Brazil corporate income tax is levied at a rate of 34% on income less deductible expenses.

##### Kazakhstan

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 12. 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 13. PROPERTY AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Leaseholds improvements</u>	<u>Construction in progress</u>	<u>Total</u>
<b>Cost</b>								
<b>Balance at 1 January 2019</b>	<b>961</b>	<b>22,099</b>	<b>94,635</b>	<b>45,289</b>	<b>62,999</b>	<b>311,233</b>	<b>4,560</b>	<b>541,776</b>
Effect of movements in exchange rates	(77)	(713)	(258)	(5)	(965)	(2,746)	37	(4,727)
Additions (*)	-	1,393	9,694	5,961	8,331	21,702	18,519	65,600
Disposals	-	-	(2,281)	(2,894)	(7,550)	(225,864)	(61)	(238,650)
Transfers (**)	-	-	397	-	(1,542)	15,409	(17,226)	(2,962)
Acquisitions through business combinations	-	-	353	53	7,806	2,423	-	10,635
<b>Balance at 31 December 2019</b>	<b>884</b>	<b>22,779</b>	<b>102,540</b>	<b>48,404</b>	<b>69,079</b>	<b>122,157</b>	<b>5,829</b>	<b>371,672</b>
<b>Balance at 1 January 2020</b>	<b>884</b>	<b>22,779</b>	<b>102,540</b>	<b>48,404</b>	<b>69,079</b>	<b>122,157</b>	<b>5,829</b>	<b>371,672</b>
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)
<b>Balance at 31 December 2020</b>	<b>123</b>	<b>19,787</b>	<b>103,106</b>	<b>31,844</b>	<b>55,875</b>	<b>120,860</b>	<b>19,444</b>	<b>351,039</b>

(\*) There is no capitalised borrowing cost on property and equipment during 2020 (31 December 2019: None). In year 2020, additions to property and equipment has not been purchased by financial leasing (31 December 2019: None).

(\*\*) Transfer amounting to EUR 2,578 comprises transfer to airport operation right and transfer amounting to EUR 27 comprises transfer from intangible assets as at 31 December 2020 (31 December 2019: (EUR 2,962) comprises transfer from airport operation right).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 13. PROPERTY AND EQUIPMENT (continued)

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Leaseholds improvements</u>	<u>Construction in progress</u>	<u>Total</u>
<b><u>Accumulated depreciation</u></b>								
<b>Balance at 1 January 2019</b>	-	487	61,089	18,305	32,781	197,778	-	310,440
Effect of movements in exchange rates	-	(45)	(196)	(89)	(2,091)	125	-	(2,296)
Depreciation for the year	-	455	4,843	5,311	6,887	66,645	-	84,141
Disposals	-	-	(2,032)	(1,374)	(7,219)	(223,537)	-	(234,162)
Acquisitions through business combinations	-	-	220	39	5,863	1,698	-	7,820
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>897</b>	<b>63,924</b>	<b>22,192</b>	<b>36,221</b>	<b>42,709</b>	<b>-</b>	<b>165,943</b>
<b>Balance at 1 January 2020</b>	<b>-</b>	<b>897</b>	<b>63,924</b>	<b>22,192</b>	<b>36,221</b>	<b>42,709</b>	<b>-</b>	<b>165,943</b>
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
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>1,197</b>	<b>67,109</b>	<b>15,651</b>	<b>31,654</b>	<b>53,058</b>	<b>-</b>	<b>168,669</b>
<b><u>Carrying amounts</u></b>								
<b>At 31 December 2019</b>	<b>884</b>	<b>21,882</b>	<b>38,616</b>	<b>26,212</b>	<b>32,858</b>	<b>79,448</b>	<b>5,829</b>	<b>205,729</b>
<b>At 31 December 2020</b>	<b>123</b>	<b>18,590</b>	<b>35,997</b>	<b>16,193</b>	<b>24,221</b>	<b>67,802</b>	<b>19,444</b>	<b>182,370</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 14. INTANGIBLE ASSETS

	<u>Purchased software and brandmarks</u>	<u>Internally generated software</u>	<u>Customer relationships</u>	<u>DHMI license</u>	<u>Total</u>
<b><u>Cost</u></b>					
<b>Balance at 1 January 2019</b>	<b>23,529</b>	<b>4,149</b>	<b>26,269</b>	<b>5,324</b>	<b>59,271</b>
Effect of movements in exchange rates	(374)	104	(238)	-	(508)
Additions	1,758	-	-	-	1,758
Disposals	(4,206)	-	-	-	(4,206)
Acquisitions through business combinations	3,654	-	2,047	-	5,701
<b>Balance at 31 December 2019</b>	<b>24,361</b>	<b>4,253</b>	<b>28,078</b>	<b>5,324</b>	<b>62,016</b>
<b>Balance at 1 January 2020</b>	<b>24,361</b>	<b>4,253</b>	<b>28,078</b>	<b>5,324</b>	<b>62,016</b>
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)
<b>Balance at 31 December 2020</b>	<b>20,490</b>	<b>6,875</b>	<b>28,005</b>	<b>5,324</b>	<b>60,694</b>
<b><u>Accumulated amortisation</u></b>					
<b>Balance at 1 January 2019</b>	<b>18,292</b>	<b>3,837</b>	<b>26,153</b>	<b>-</b>	<b>48,282</b>
Effect of movements in exchange rates	(154)	96	(219)	-	(277)
Amortisation for the year	2,212	320	288	-	2,820
Disposals	(4,102)	-	-	-	(4,102)
Acquisitions through business combinations	1,704	-	-	-	1,704
<b>Balance at 31 December 2019</b>	<b>17,952</b>	<b>4,253</b>	<b>26,222</b>	<b>-</b>	<b>48,427</b>
<b>Balance at 1 January 2020</b>	<b>17,952</b>	<b>4,253</b>	<b>26,222</b>	<b>-</b>	<b>48,427</b>
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)
<b>Balance at 31 December 2020</b>	<b>17,241</b>	<b>5,342</b>	<b>26,419</b>	<b>-</b>	<b>49,002</b>
<b><u>Carrying amounts</u></b>					
<b>At 31 December 2019</b>	<b>6,409</b>	<b>-</b>	<b>1,856</b>	<b>5,324</b>	<b>13,589</b>
<b>At 31 December 2020</b>	<b>3,249</b>	<b>1,533</b>	<b>1,586</b>	<b>5,324</b>	<b>11,692</b>

(\*) Transfer amounting to EUR 27 comprises transfer to airport operation right as at 31 December 2020 (31 December 2019: None).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 14. INTANGIBLE ASSETS (continued)

DHMI 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 DHMI 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 DHMI licences for impairment testing. As a result of the impairment testing no impairment was recognized.

#### Goodwill

An analysis of goodwill as at 31 December 2020 and 2019 is as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Balance at 1 January	137,688	135,980
Addition during the year	-	1,774
Effect of movements in exchange rates	(112)	(66)
Disposals	(521)	-
<b>Balance at the end of the year</b>	<b>137,055</b>	<b>137,688</b>

Goodwill is related with the CGU's HAVAŞ, TAV Tbilisi and GIS Spain as at 31 December 2020 (31 December 2019: 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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
HAVAŞ	131,565	131,565
TAV Tbilisi	3,858	3,858
GIS Spain	1,094	1,094
Other	538	1,171
	<b>137,055</b>	<b>137,688</b>

A valuation for the fair values of HAVAŞ, TAV Tbilisi and GIS Spain 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, TAV Tbilisi and GIS Spain. In the analysis, income approach (discounted cash flow method) was mostly used, with lower weightings applied to the value of HAVAŞ, TAV Tbilisi and GIS Spain resulting from the Guideline Transaction and Company methods.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 14. INTANGIBLE ASSETS (continued)

#### Impairment testing for CGU's (continued)

25-year business plan prepared by the management for HAVAŞ, 13-year business plan prepared by the management for TAV Tbilisi and 7-year business plan prepared by the management for GIS Spain were used in the valuation of companies. The growth in business plan of HAVAŞ, TAV Tbilisi and GIS Spain 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 and GIS Spain as at 31 December 2020.

#### 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 2020	
	Pre-tax discount rate	Terminal growth rate
HAVAŞ	15.8%	2.0%
TAV Tbilisi	21.5%	-
GIS Spain	13.0%	2.0%
	31 December 2019	
	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% and GIS Spain as 2.0%. 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.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

#### 15. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Total
<b>Cost</b>							
<b>Balance at 1 January 2019</b>	<b>773,654</b>	<b>109,517</b>	<b>516,555</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,022,625</b>
Effect of movements in exchange rates	-	(4,715)	-	-	-	-	(4,715)
Additions (*)	-	-	78,933	-	-	-	78,933
Transfers	2,962	-	-	-	-	-	2,962
<b>Balance at 31 December 2019</b>	<b>776,616</b>	<b>104,802</b>	<b>595,488</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,099,805</b>
<b>Balance at 1 January 2020</b>	<b>776,616</b>	<b>104,802</b>	<b>595,488</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,099,805</b>
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
<b>Balance at 31 December 2020</b>	<b>779,834</b>	<b>83,380</b>	<b>595,488</b>	<b>48,198</b>	<b>132,077</b>	<b>493,401</b>	<b>2,132,378</b>

(\*) There is no capitalised borrowing cost on airport operation right during 2020 (31 December 2019: None).

(\*\*) Transfer amounting to EUR 2,578 comprises transfer from property and equipment as at 31 December 2020 (31 December 2019: EUR 2,962).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 15. AIRPORT OPERATION RIGHT (continued)

	<b>İzmir Adnan Menderes International Airport</b>	<b>Tbilisi International Airport</b>	<b>Enfidha International Airport</b>	<b>Alanya Gazipaşa Airport</b>	<b>Skopje International Airport</b>	<b>Milas Bodrum Airport</b>	<b>Total</b>
<b><u>Accumulated amortisation</u></b>							
<b>Balance at 1 January 2019</b>	<b>192,035</b>	<b>46,091</b>	<b>122,465</b>	<b>10,370</b>	<b>33,084</b>	<b>52,029</b>	<b>456,074</b>
Effect of movements in exchange rates	-	(2,031)	-	-	-	-	(2,031)
Amortisation for the year	27,784	5,516	12,845	1,104	4,225	12,431	63,905
<b>Balance at 31 December 2019</b>	<b>219,819</b>	<b>49,576</b>	<b>135,310</b>	<b>11,474</b>	<b>37,309</b>	<b>64,460</b>	<b>517,948</b>
<b>Balance at 1 January 2020</b>	<b>219,819</b>	<b>49,576</b>	<b>135,310</b>	<b>11,474</b>	<b>37,309</b>	<b>64,460</b>	<b>517,948</b>
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
<b>Balance at 31 December 2020</b>	<b>232,528</b>	<b>40,471</b>	<b>156,335</b>	<b>11,872</b>	<b>38,370</b>	<b>83,664</b>	<b>563,240</b>
<b>Carrying amounts</b>							
<b>At 31 December 2019</b>	<b>556,797</b>	<b>55,226</b>	<b>460,178</b>	<b>34,226</b>	<b>49,427</b>	<b>426,003</b>	<b>1,581,857</b>
<b>At 31 December 2020</b>	<b>547,306</b>	<b>42,909</b>	<b>439,153</b>	<b>36,326</b>	<b>93,707</b>	<b>409,737</b>	<b>1,569,138</b>

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

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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#### 16. RIGHT OF USE ASSETS

	Right-of-use assets					Lease liabilities
	Layout and development of land	Building	Vehicles	Other tangible assets	Total	
<b>1 January 2020</b>	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)
<b>31 December 2020</b>	<b>45,292</b>	<b>19,588</b>	<b>568</b>	<b>494</b>	<b>65,942</b>	<b>67,759</b>
Lease liabilities under IAS 17	-	-	-	-	-	13
<b>Total</b>	<b>45,292</b>	<b>19,588</b>	<b>568</b>	<b>494</b>	<b>65,942</b>	<b>67,772</b>

	Right-of-use assets					Lease liabilities
	Layout and development of land	Building	Vehicles	Other Tangible Assets	Total	
<b>1 January 2019</b>	6,765	5,986	1,133	-	13,884	13,884
Additions	42,106	7,544	581	-	50,231	48,896
Depreciation expense	(2,781)	(1,526)	(869)	-	(5,176)	-
Interest expense	-	-	-	-	-	4,402
Payments	-	-	-	-	-	(7,861)
Effect of movements in exchange rates	-	(307)	-	-	(307)	378
<b>31 December 2019</b>	<b>46,090</b>	<b>11,697</b>	<b>845</b>	<b>-</b>	<b>58,632</b>	<b>59,699</b>
Lease liabilities under IAS 17	-	-	-	-	-	9,819
<b>Total</b>	<b>46,090</b>	<b>11,697</b>	<b>845</b>	<b>-</b>	<b>58,632</b>	<b>69,518</b>

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.

#### 17. FINANCIAL ASSETS

At 31 December 2020 and 31 December 2019, financial assets comprised the following:

	31 December 2020	31 December 2019
Treasury bonds (*)	50,000	-
	<b>50,000</b>	<b>-</b>

(\*) 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 18. 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) in Turkey, due to this change 22% tax rate is used for temporary differences expected to close. However, since the corporate tax rate is 20% after 2020, %20 tax rate is used after 2020.

The rate of 15% for subsidiaries in Tunisia (31 December 2019: 25%) and the rate of 10% for subsidiaries in Macedonia (31 December 2019: 10%) are used.

#### Recognised deferred tax assets and liabilities

As at 31 December 2020 and 2019, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Property and equipment, airport operation right, and intangible assets	-	2,887	(28,425)	(28,849)	(28,425)	(25,962)
Trade and other receivables and payables	2,643	3,067	-	(839)	2,643	2,228
Derivatives	6,910	7,155	-	-	6,910	7,155
Tax loss carry-forwards	16,348	-	-	-	16,348	-
Loans and borrowings	-	-	(1,745)	(2,922)	(1,745)	(2,922)
Reserve for employee severance indemnity	1,977	2,556	-	-	1,977	2,556
Provisions	805	627	-	-	805	627
Investment incentives	15,613	21,982	-	-	15,613	21,982
IFRS 16 Liabilities	11,427	11,746	-	-	11,427	11,746
Adjustments related to tax legislation of subsidiaries which is in foreign countries	-	-	(8,837)	(9,108)	(8,837)	(9,108)
Other items	3,267	-	(1,070)	(2,398)	2,197	(2,398)
<b>Deferred tax assets / (liabilities)</b>	<b>58,990</b>	<b>50,020</b>	<b>(40,077)</b>	<b>(44,116)</b>	<b>18,913</b>	<b>5,904</b>
Set-off of tax	(26,774)	(23,410)	26,774	23,410	-	-
<b>Net deferred tax assets / (liabilities)</b>	<b>32,216</b>	<b>26,610</b>	<b>(13,303)</b>	<b>(20,706)</b>	<b>18,913</b>	<b>5,904</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

#### 18. DEFERRED TAX ASSETS AND LIABILITIES (continued)

##### Movements in temporary differences during the year

	Balance at 31 December 2018	Recognised in profit or loss	Effect of acquisition	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	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
Property and equipment, airport operation right and other intangible assets	(23,858)	(6,265)	(47)	-	(1,067)	5,275	(25,962)	(4,907)	-	2,428	16	(28,425)
Trade and other receivables and payables	93	1,490	-	-	1	644	2,228	1,194	-	17	(796)	2,643
Derivatives	5,911	-	-	1,363	(2)	(117)	7,155	-	(223)	(22)	-	6,910
Loans and borrowings	(1,966)	(955)	-	-	(1)	-	(2,922)	1,192	-	(15)	-	(1,745)
Reserve for employee severance indemnity	4,470	(1,314)	97	1,583	181	(2,461)	2,556	(280)	(68)	(180)	(51)	1,977
Provisions	883	(79)	17	-	(8)	(186)	627	250	-	(48)	(24)	805
Tax loss carry-forwards	-	-	-	-	-	-	-	16,712	-	(364)	-	16,348
Investment incentives	28,667	(6,685)	-	-	-	-	21,982	(6,369)	-	-	-	15,613
IFRS 16 liabilities	-	10,583	-	-	1,163	-	11,746	190	-	(509)	-	11,427
Provision for tax	-	(9,108)	-	-	-	-	(9,108)	271	-	-	-	(8,837)
Other items	2,423	(3,842)	(499)	-	797	(1,277)	(2,398)	2,871	-	1,724	-	2,197
<b>Tax assets / (liabilities)</b>	<b>16,623</b>	<b>(16,175)</b>	<b>(432)</b>	<b>2,946</b>	<b>1,064</b>	<b>1,878</b>	<b>5,904</b>	<b>11,124</b>	<b>(291)</b>	<b>3,031</b>	<b>(855)</b>	<b>18,913</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 18. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 386,530 (31 December 2019: EUR 325,127) 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 2020 amounting to EUR 16,348 (31 December 2019: not recognised), 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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Expire in year 2020	-	32,659
Expire in year 2021	24,835	28,151
Expire in year 2022	50,040	55,128
Expire in year 2023	85,741	120,856
Expire in year 2024 and after	225,914	88,333
<b>Total</b>	<b>386,530</b>	<b>325,127</b>

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 15,613 (31 December 2019: EUR 21,982) on such investment allowance of TAV Esenboğa and TAV Ege is recorded in the accompanying consolidated financial statements as at 31 December 2020 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 2020 and 2019 are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Unrecognised deferred tax assets	64,266	77,390
	<b>64,266</b>	<b>77,390</b>

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 2020, a deferred tax liability of EUR 181,487 (31 December 2019: EUR 140,523) 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 19. INVENTORIES

At 31 December 2020 and 2019, inventories comprised the following:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Spare parts and other inventories	5,430	6,214
Catering inventories	1,697	2,725
	<b>7,127</b>	<b>8,939</b>

### 20. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December 2020 and 2019, other receivables and current assets comprised the following:

<b><u>Other receivables and current assets</u></b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Advances to suppliers	36,170	8,407
Income accruals	21,442	7,864
VAT deductible	14,440	17,421
Prepaid taxes and funds	10,365	28,118
Other prepaid expense	7,789	4,979
Deposits and guarantees given	1,667	1,682
Prepaid insurance	1,090	1,889
Advances given to personnel	969	613
Other receivables (*)	201,242	202,197
	<b>295,174</b>	<b>273,170</b>

(\*) EUR 195,041 of the other receivables is related with the current portion of compensation payment of TAV İstanbul which is disclosed in Note 33.

At 31 December 2020 and 2019, other receivables and current assets comprised the following:

<b><u>Other non-current assets</u></b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Financial assets (*)	74,824	77,270
Other non-current receivables (**)	26,476	218,304
	<b>101,300</b>	<b>295,574</b>

(\*) 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.

(\*\*) EUR 192,230 of the other non-current receivables as of 31 December 2019 is related with the non-current portion of compensation payment of TAV İstanbul.

### 21. TRADE RECEIVABLES

At 31 December 2020 and 2019, trade receivables comprised the following:

<b><u>Trade receivables:</u></b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade receivables (*)	47,470	90,823
Guaranteed passenger fee receivable from DHMİ (**)	23,489	22,371
Doubtful receivables	30,194	20,785
Allowance for doubtful receivables (-)	(30,194)	(20,785)
Notes receivables	2,505	2,962
	<b>73,464</b>	<b>116,156</b>

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

(\*) Pledges on trade receivables are disclosed in Note 26 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 21. TRADE RECEIVABLES (continued)

At 31 December 2020 and 2019, trade receivables comprised the following:

<u>Non-current trade receivables:</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Guaranteed passenger fee receivable from DHMİ (*)	31,224	49,738
	<u>31,224</u>	<u>49,738</u>

(\*) 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.

### 22. CASH AND CASH EQUIVALENTS

At 31 December 2020 and 2019, cash and cash equivalents comprised the following:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Cash on hand	420	814
Cash at banks		
- Demand deposits	345,794	70,088
- Time deposits	240,289	512,677
Other liquid assets	17,795	230
<b>Cash and cash equivalents</b>	<b>604,298</b>	<b>583,809</b>
Bank overdrafts used for cash management purposes	(387)	(1,380)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>603,911</b>	<b>582,429</b>

The details of the Group's time deposits, maturities and interest rates as at 31 December 2020 and 2019 are as follows:

#### 31 December 2020

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
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
			<u>240,289</u>

#### 31 December 2019

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	January 2020	0.01 – 0.75	433,015
USD	January 2020	0.01 – 2.35	71,794
TRL	January 2020	6.50 – 11.90	7,868
			<u>512,677</u>

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 2020 and 2019.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 23. RESTRICTED BANK BALANCES

At 31 December 2020 and 2019, restricted bank balances comprised the following:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Project reserve and funding accounts (*)	24,656	69,033
	<b>24,656</b>	<b>69,033</b>

(\*) Certain subsidiaries, namely TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege (“the Borrowers”) opened Project 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 2019: TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding). As a result of pledges regarding the project bank loans as explained in Note 26, 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 2020

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

#### 31 December 2019

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.05 – 1.50	64,420
TRL	10.10 – 10.75	3,660
USD	1.00 – 1.85	743
Other		210
		<b>69,033</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 24. CAPITAL AND RESERVES

At 31 December 2020 and 2019, the shareholding structure of the Company was as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>31 December 2020</u>
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
<b>Paid in capital in TRL (nominal)</b>	<b>100.00</b>	<b>363,281</b>
Paid in capital in EUR (nominal) as at 31 December 2020		40,329
Effect of non-cash increases and exchange rates		122,055
<b>Paid in capital EUR</b>		<b>162,384</b>
<u>Shareholders</u>	<u>(%)</u>	<u>31 December 2019</u>
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
<b>Paid in capital in TRL (nominal)</b>	<b>100.00</b>	<b>363,281</b>
Paid in capital in EUR (nominal) as at 31 December 2019		54,624
Effect of non-cash increases and exchange rates		107,760
<b>Paid in capital EUR</b>		<b>162,384</b>

The Company’s share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 December 2020 (31 December 2019: 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 2020, legal reserves of the Group amounted to EUR 121,975 (31 December 2019: EUR 121,975).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

*(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)*

### 24. 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 2020 and 2019 the related amounts in the “Non-controlling interests” in the consolidated statement of financial position are respectively EUR 11,906 liability and EUR 9,711 asset. 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 2020 and 2019, profit amounts attributable to non-controlling interests in the consolidated statement of comprehensive income are respectively EUR 3,531 loss and EUR 8,093 gain.

#### Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board (“CMB”) Dividend Communiqué 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 communiqué, 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 2020, the Company distributed dividends to the shareholders amounting to EUR 55,644 (TRL 392,491) from the Company’s distributable profits computed for 2019 (2019: EUR 121,469 (TRL 757.587)). Dividend per share is full EUR 0.15 (full TRL 1.08) (2019: EUR 0.33 (full TRL 2.09)).

#### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 24. 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 2020 (2019: None). 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.

### 25. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2020 was based on the loss from continued operations attributable to ordinary shareholders of EUR (278,134) (31 December 2019: EUR 98,297), based on the profit from discontinued operations attributable to ordinary shareholders of EUR (6,783) (31 December 2019: EUR 299,670) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 December 2019: 363,281,250) as follows:

	<u>2020</u>	<u>2019</u>
Numerator:		
Profit for the period attributable to owners of the Company from continued operations	(278,134)	73,434
Profit for the period attributable to owners of the Company from discontinued operations	(6,783)	299,670
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
<b>Basic and diluted profit per share for continued operations (full EUR)</b>	<u><b>(0.77)</b></u>	<u><b>0.20</b></u>
<b>Basic and diluted profit per share for discontinued operations (full EUR)</b>	<u><b>(0.02)</b></u>	<u><b>0.82</b></u>
	<u>2020</u>	<u>2019</u>
Issued ordinary shares at 1 January	363,281,250	363,281,250
<b>Weighted average number of ordinary shares</b>	<u><b>363,281,250</b></u>	<u><b>363,281,250</b></u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. 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.

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Non-current liabilities</b>		
Secured bank loans (*)	451,821	548,346
Unsecured bank loans	107,776	21,237
Lease liabilities	60,402	63,813
	<b><u>619,999</u></b>	<b><u>633,396</u></b>
<b>Current liabilities</b>		
Short term secured bank loans	569,973	373,551
Current portion of long term secured bank loans (*)	106,191	128,054
Short term unsecured bank loans	16,779	10,155
Current portion of long term unsecured bank loans	12,050	9,351
Current portion of long term lease liabilities	7,370	5,705
	<b><u>712,363</u></b>	<b><u>526,816</u></b>

(\*) 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 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Bank loans	1,264,590	1,090,694
Lease liabilities	67,772	69,518
	<b><u>1,332,362</u></b>	<b><u>1,160,212</u></b>

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

	<b>Presented as</b>		
	<b><u>Current liabilities</u></b>	<b><u>Non-current liabilities</u></b>	<b><u>Total</u></b>
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 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	19,702	92,297	111,999
	<b><u>704,993</u></b>	<b><u>559,597</u></b>	<b><u>1,264,590</u></b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. LOANS AND BORROWINGS (continued)

(\*) TAV Tunisia had started negotiations with the Tunisian Authorities and the Lenders regarding a potential restructuring to restore the economic balance of the concession in line with the Concession Agreement terms. In the meantime, Tunisia has suffered from major terrorist attacks on 18 March 2015 and 26 June 2015, which had a substantial negative impact on tourism and passenger traffic, which in turn negatively affected the revenues of TAV Tunisia. Passenger traffic has dropped from 3.3 million in 2014 to 1.4 million in 2015 and increased to 1.7 million in 2017, to 2.5 million in 2018 and to 3.0 million in 2019. Under these adverse circumstances, TAV Tunisia continued to be engaged in negotiations with the Tunisian Authorities and its Lenders for the restructuring of its concession and financing arrangements.

In the meantime, since TAV Tunisia has been in breach of its financing agreements due to its current difficulties, non-current loan liabilities of TAV Tunisia were reclassified to current loan liabilities on 30 June 2015 and the amount outstanding as of 31 December 2020 is EUR 361,684 thousand (included interest accrual). TAV Tunisia received an Acceleration Notice from the Lenders accompanied by a Letter of Intent stating that the Lenders' current intention is to protect their security rights while continuing the three-party negotiations towards a restructuring and they do not intend to make the loans due and payable.

Furthermore, TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 41,043 thousand becoming due and payable (December 2019: EUR 64,080). The Company had been advised by its legal counsels that under the Finance Documents the Hedging Banks cannot act alone in demanding these payments.

In order to restore the economic balance of the concessions, negotiations regarding concession restructuring and debt restructuring were continuing with the Tunisian Authorities and Lenders. As of today:

- Restructuring of the concessions has been agreed and amendments to the Concession Agreements have been signed with the Tunisian Authorities on 6 November 2019. These amendments mainly include adjusting concession fee rates based on certain passenger traffic thresholds and restructuring historical concession fee payments as 1,200 EUR yearly payments until the end of the concessions.
- A Restructuring Implementation Agreement and Amendments to Finance Documents have been signed with Lenders. Adjustments were made in the refinancing due to effect of Covid-19, but there is no major change to principal terms. Restructuring Implementation Agreement including the recent adjustments has received the preliminary approval from Tunisian Central Bank. The management believes that all critical steps of the debt restructuring have been completed and Financial Close of the transaction is expected to take place by the beginning of 2021, further to the satisfaction of a number of conditions precedents.

The Group's bank loans as at 31 December 2019 are as follows:

	Presented as		
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
TAV Tunisia (*)	365,704	-	365,704
TAV Ege	18,631	207,870	226,501
HAVAŞ	35,256	104,399	139,655
TAV Milas Bodrum	11,493	124,044	135,537
TAV Esenboğa	26,445	57,951	84,396
TAV Macedonia	7,883	34,643	42,526
BTA	12,967	19,135	32,102
TAV Gazipaşa	23,677	-	23,677
Other	19,055	21,541	40,596
	<u>521,111</u>	<u>569,583</u>	<u>1,090,694</u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	704,993	521,111
In the second year	185,139	123,342
In the third year	120,727	138,526
In the fourth year	57,614	70,285
In the fifth year	48,584	50,547
After five years	147,533	186,883
	<u><b>1,264,590</b></u>	<u><b>1,090,694</b></u>

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 2020 are between 0.75% - 5.50%, USD denominated loans as at 31 December 2020 are between 0.90% - 3.00% (31 December 2019: Spreads for EUR and USD denominated loans are between 0.95% - 5.50%, respectively).

Interest payments of 98%, 100%, 100%, 100% and 90% 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.

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 Tunisia

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

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
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
				<u><b>330,095</b></u>	<u><b>361,684</b></u>

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2028	Euribor + 2.28%	152,902	163,750
Secured bank loan	EUR	2022	Euribor + 1.90%	92,336	98,888
Secured bank loan	EUR	2028	Euribor + 1.54%	61,879	66,270
Secured bank loan	EUR	2028	Euribor + 4.75%	34,359	36,796
				<u><b>341,476</b></u>	<u><b>365,704</b></u>
				<u><b>31 December 2020</b></u>	<u><b>31 December 2019</b></u>
On demand or within one year				361,684	365,704
				<u><b>361,684</b></u>	<u><b>365,704</b></u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. LOANS AND BORROWINGS (continued)

#### TAV Ege

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

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

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	233,561	226,501
				<u>233,561</u>	<u>226,501</u>

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	24,096	18,631
In the second year	26,410	23,349
In the third year	29,485	25,536
In the fourth year	32,477	28,371
In the fifth year	32,765	31,002
After five years	74,088	99,612
	<u>219,321</u>	<u>226,501</u>

#### TAV İstanbul

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

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2021	0.40%	175,000	175,245
				<u>175,000</u>	<u>175,245</u>

Redemption schedules of TAV İstanbul bank loans according to original maturities as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	175,245	-
	<u>175,245</u>	<u>-</u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. LOANS AND BORROWINGS (continued)

#### TAV Milas Bodrum

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

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

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2031	Euribor + 4.50%	135,537	135,537
				<u>135,537</u>	<u>135,537</u>

Redemption schedules of TAV Milas Bodrum bank loans as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	12,460	11,493
In the second year	11,664	12,223
In the third year	10,823	11,508
In the fourth year	12,232	10,683
In the fifth year	12,252	11,979
After five years	69,945	77,651
	<u>129,376</u>	<u>135,537</u>

#### HAVAS

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

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
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
				<u>113,908</u>	<u>114,143</u>

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2020 - 2023	2.75% - 3.35%	111,616	111,792
Secured bank loan	EUR	2023	Euribor + 2.70%	27,844	27,863
				<u>139,460</u>	<u>139,655</u>

Redemption schedules of the HAVAŞ bank loans as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	42,267	35,256
In the second year	12,874	29,184
In the third year	59,002	51,805
In the fourth year	-	23,410
	<u>114,143</u>	<u>139,655</u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. LOANS AND BORROWINGS (continued)

#### TAV Esenboğa

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

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

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loans	EUR	2022	Euribor + 3.00%	85,800	84,396
				<b>85,800</b>	<b>84,396</b>

Redemption schedules of TAV Esenboğa bank loans as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	28,922	26,445
In the second year	31,215	26,941
In the third year	-	31,010
	<b>60,137</b>	<b>84,396</b>

#### BTA

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

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
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
				<b>43,112</b>	<b>43,210</b>

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2020 - 2024	2,90% - 3,35%	20,313	20,323
Unsecured bank loan	USD	2022 - 2023	5,76% - 6,10%	9,332	9,371
Secured bank loan	USD	2024	5,20%	1,791	1,794
Unsecured bank loan	TL	2020	24,00%	602	614
				<b>32,038</b>	<b>32,102</b>

Redemption schedules of BTA bank loans as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	19,544	12,967
In the second year	8,270	10,582
In the third year	13,973	5,773
In the fourth year	1,423	2,780
	<b>43,210</b>	<b>32,102</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

### 26. LOANS AND BORROWINGS (continued)

#### TAV Macedonia

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

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

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2025	Euribor + 4.95%	43,384	42,526
				<u>43,384</u>	<u>42,526</u>

Redemption schedules of TAV Macedonia bank loans as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	7,878	7,883
In the second year	7,540	7,532
In the third year	3,666	7,217
In the fourth year	10,527	3,503
In the fifth year	3,366	6,771
After five years	3,303	9,620
	<u>36,280</u>	<u>42,526</u>

#### TAV Gazipaşa

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

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

The breakdown of bank loans as at 31 December 2019 is as follows:

	<u>Original Currency</u>	<u>Year of Maturity</u>	<u>Nominal Interest Rate</u>	<u>Face Value</u>	<u>Carrying Amount</u>
Secured bank loan	EUR	2020	4.10% - 4.50%	23,500	23,677
				<u>23,500</u>	<u>23,677</u>

Redemption schedules of TAV Gazipaşa bank loans as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
On demand or within one year	13,195	23,677
	<u>13,195</u>	<u>23,677</u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. 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 2019: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege TRL 96,660, TRL 648,988 and TRL 442,859 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 23) 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 6,136, EUR 1,423 and EUR 4,271 respectively as at 31 December 2020 (31 December 2019: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege EUR 30,375, EUR 2,396 and EUR 6,714 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 pledged over bank accounts amounting to EUR 2,536, EUR 4,063 and EUR 4,117 respectively as at 31 December 2020 (31 December 2019: For TAV Esenboğa, TAV Milas Bodrum, TAV Ege and TAV Holding EUR 2,974, EUR 2,746, EUR 35,929 and EUR 10,000 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 USD 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to USD 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 26. 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 1,170 (31 December 2019: EUR 2,858) 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, 1.20 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 and TAV Macedonia have covenants.

The Group provided waiver letters from lenders and there is no breach of financial agreements as at 31 December 2020.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 26. 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:

	31 December 2019	Cash flows		Non-cash changes		31 December 2020
		Capital, lease & interest payments	Additions	New leases	Interest accruals & translation	
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
<b>Total financial liabilities</b>	<b>1,160,212</b>	<b>(215,287)</b>	<b>321,168</b>	<b>22,995</b>	<b>43,274</b>	<b>1,332,362</b>

	31 December 2018	Cash flows		Non-cash changes		31 December 2019
		Capital, lease & interest payments	Additions	New leases	Interest accruals & translation	
Bank loans	1,114,501	(120,815)	48,404	-	48,604	1,090,694
Lease liabilities	11,130	(9,794)	67,182	-	1,000	69,518
<b>Total financial liabilities</b>	<b>1,125,631</b>	<b>(130,609)</b>	<b>115,586</b>	<b>-</b>	<b>49,604</b>	<b>1,160,212</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 27. 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 7,117 as at 31 December 2020 (equivalent to full EUR 790) (31 December 2019: full TRL 6,380 (equivalent to full EUR 959)) 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 2020, 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 2020 has been calculated assuming an annual inflation rate of 9.00% and a discount rate of 13.00% resulting in a real discount rate of approximately 3.54% (31 December 2019: an annual inflation rate of 8.20% and a discount rate of 11.70% resulting in a real discount rate of approximately 3.23%). 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.

	<u>2020</u>	<u>2019</u>
<b>Balance at 1 January</b>	<b>18,710</b>	<b>21,862</b>
Interest cost	1,506	1,720
Service cost	1,950	1,772
Payments made during the year	(1,409)	(14,526)
Effect of acquisition of subsidiary	-	486
Effects of changes in foreign exchange rate	(4,819)	(1,887)
Actuarial difference	(337)	9,283
<b>Balance at 31 December</b>	<b><u>15,601</u></b>	<b><u>18,710</u></b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 28. OTHER PAYABLES

At 31 December 2020 and 2019, other payables comprised the following:

<b>Other short term payables</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Concession payable (*)	118,682	90,019
Advances received	9,492	4,654
Expense accruals	8,563	13,292
Taxes and duties payable	7,588	11,637
Due to personnel	7,132	3,635
Social security premiums payable	2,725	3,840
Other accruals and liabilities	44,760	70,928
	<b>198,942</b>	<b>198,005</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Other long term payables</b>		
Concession payable (*)	587,391	579,426
Other accruals and liabilities (**)	51,346	20,267
	<b>638,737</b>	<b>599,693</b>

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 concession 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 DHMI on 11 July 2015 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 301,097 as of 31 December 2020 (31 December 2019: EUR 284,803).

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 259,761 as of 31 December 2020 (31 December: 2019: EUR 274,453).

(\*\*) EUR 49,859 of the other payables is related with the joint ventures that has negative net assets (31 December 2019: 17,052).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 29. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2020 and 2019 is as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Deferred income</b>		
Short-term deferred income	10,049	14,405
Long-term deferred income	15,264	16,952
	<b>25,313</b>	<b>31,357</b>

Deferred income related with the unearned portion of concession rent income from ATU is EUR 14,854 as at 31 December 2020 (EUR 15,846 as at 31 December 2019).

### 30. PROVISIONS

At 31 December 2020 and 2019, provisions comprised the following:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Unused vacation provision	4,115	5,312
Other provisions	230	230
	<b>4,345</b>	<b>5,542</b>
<b>Provisions</b>	<b>2020</b>	<b>2019</b>
<b>Balance at 1 January</b>	<b>5,542</b>	<b>5,866</b>
Provision (released) / set during the year, net	(83)	225
Effects of change in foreign exchange rate	(1,114)	(549)
<b>Balance at 31 December</b>	<b>4,345</b>	<b>5,542</b>

### 31. TRADE PAYABLES

At 31 December 2020 and 2019, trade payables comprised the following:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade payables	45,603	52,953
Other	165	2,579
	<b>45,768</b>	<b>55,532</b>

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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2020 and 2019, derivative financial instruments comprised the following:

	31 December 2020		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(35,381)	(35,381)
	-	<b>(35,381)</b>	<b>(35,381)</b>
	31 December 2019		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(36,562)	(36,562)
	-	<b>(36,562)</b>	<b>(36,562)</b>

#### **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 2020, 98% 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 2019: 100%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 90% of total loan is hedged through IRS contract (31 December 2019: 90%).

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

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

The fair value of derivatives at 31 December is estimated at loss of 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 2020, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 5,691 net of tax.

#### **Fair value disclosures:**

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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. 90%, 100%, 100%, 100%, 98% 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:

	<u>Note</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Cash and cash equivalents (**)	22	603,878	582,995
Other receivables and current assets (*)	20	195,041	192,641
Trade receivables - current	21	73,464	116,156
Financial assets	17	50,000	-
Due from related parties	35	32,338	28,843
Trade receivables - non-current	21	31,224	49,738
Restricted bank balances	23	24,656	69,033
Other non-current assets	20	-	192,230
		<u><b>1,010,601</b></u>	<u><b>1,231,636</b></u>

(\*) 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 33. FINANCIAL INSTRUMENTS (continued)

#### *Credit risk (continued)*

#### *Impairment losses*

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

	<u>31 December 2020</u>	<u>31 December 2019</u>
Not due	74,122	106,737
Past due 1 - 30 days	7,266	10,637
Past due 31 - 90 days	6,120	12,227
Past due 91 - 360 days	11,620	21,907
Past due 1 - 5 year	35,754	35,171
	<u><b>134,882</b></u>	<u><b>186,679</b></u>

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

	<u>2020</u>	<u>2019</u>
<b>Balance at 1 January</b>	<b>(20,785)</b>	<b>(15,113)</b>
Collections during the year	1,585	1,313
Impairment loss recognised	(12,552)	(7,262)
Effect of changes in foreign exchange rates	1,558	277
<b>Balance at 31 December</b>	<u><b>(30,194)</b></u>	<u><b>(20,785)</b></u>

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.

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

### 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 2020	<b>Carrying Amount</b>	<b>Contractual cash flows</b>	<b>3 months or less</b>	<b>3 -12 months</b>	<b>1-5 years</b>	<b>More than five years</b>
<b>Non-derivative financial liabilities</b>						
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 (*)	828,187	(1,088,181)	(83,211)	(117,774)	(275,721)	(611,475)
Bank overdraft	387	(387)	(387)	-	-	-
<b>Derivative financial liabilities</b>						
<b>Interest rate swaps</b>						
Outflow	35,381	(46,623)	-	(10,787)	(28,587)	(7,249)
	<b>2,549,350</b>	<b>(2,949,378)</b>	<b>(518,334)</b>	<b>(763,387)</b>	<b>(801,380)</b>	<b>(866,277)</b>

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

31 December 2019	<b>Carrying Amount</b>	<b>Contractual cash flows</b>	<b>3 months or less</b>	<b>3 -12 months</b>	<b>1-5 years</b>	<b>More than five years</b>
<b>Non-derivative financial liabilities</b>						
Secured bank loans	1,049,951	(1,203,239)	(390,284)	(116,468)	(419,506)	(276,981)
Unsecured bank loans	40,743	(53,312)	(4,985)	(19,149)	(29,178)	-
Lease liabilities	69,518	(69,786)	(1,543)	(3,539)	(25,842)	(38,862)
Trade payables (*)	52,953	(52,953)	(37,578)	(15,375)	-	-
Due to related parties	306,891	(306,891)	-	(998)	(305,893)	-
Other payables (*)	793,044	(1,084,307)	(70,678)	(140,405)	(291,075)	(582,149)
Bank overdraft	1,380	(1,380)	(1,380)	-	-	-
<b>Derivative financial liabilities</b>						
<b>Interest rate swaps</b>						
Outflow	36,562	(45,728)	-	(9,077)	(26,839)	(9,812)
	<b>2,351,042</b>	<b>(2,817,596)</b>	<b>(506,448)</b>	<b>(305,011)</b>	<b>(1,098,333)</b>	<b>(907,804)</b>

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

### 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.

<u>31 December 2020</u>						
	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>3 months or less</u>	<u>3 -12 months</u>	<u>1-5 years</u>	<u>More than five years</u>
<b>Interest rate swaps</b>						
Liabilities	(35,381)	(46,623)	-	(10,787)	(28,587)	(7,249)
<u>31 December 2019</u>						
	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>3 months or less</u>	<u>3 -12 months</u>	<u>1-5 years</u>	<u>More than five years</u>
<b>Interest rate swaps</b>						
Liabilities	(36,562)	(45,728)	-	(9,077)	(26,839)	(9,812)

#### Currency risk

##### Exposure to currency risk:

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

<u>31 December 2020</u>					
<b>Foreign currency denominated financial assets</b>	<u>USD</u>	<u>EUR (*)</u>	<u>TRL</u>	<u>Other</u>	<u>Total</u>
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
	<b>396,939</b>	<b>6,948</b>	<b>31,173</b>	<b>14,128</b>	<b>449,188</b>
<b>Foreign currency denominated financial liabilities</b>					
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)
	<b>(37,177)</b>	<b>(41,583)</b>	<b>(18,351)</b>	<b>(14,482)</b>	<b>(111,593)</b>
<b>Net exposure</b>	<b>359,762</b>	<b>(34,635)</b>	<b>12,822</b>	<b>(354)</b>	<b>337,595</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

### 33. FINANCIAL INSTRUMENTS (continued)

#### Currency risk (continued)

#### 31 December 2019

<b>Foreign currency denominated financial assets</b>	<b>USD</b>	<b>EUR (*)</b>	<b>TRL</b>	<b>Other</b>	<b>Total</b>
Other non-current assets	77,367	-	11,256	471	89,094
Trade receivables	1,948	2,663	8,609	18,889	32,109
Due from related parties	15,293	902	4,036	504	20,735
Other receivables and current assets	5,361	3,576	8,705	2,241	19,883
Restricted bank balances	744	-	3,668	208	4,620
Cash and cash equivalents	81,665	4,193	7,491	9,173	102,522
	<b>182,378</b>	<b>11,334</b>	<b>43,765</b>	<b>31,486</b>	<b>268,963</b>
<b>Foreign currency denominated financial liabilities</b>					
Loans and borrowings	(20,830)	(16,412)	(9,920)	(1,704)	(48,866)
Bank overdraft	-	-	(1,380)	-	(1,380)
Trade payables	(4,436)	(1,837)	(5,164)	(5,866)	(17,303)
Due to related parties	(546)	(134)	(23)	(1)	(704)
Other payables	(3,965)	(1,204)	(6,302)	(3,074)	(14,545)
	<b>(29,777)</b>	<b>(19,587)</b>	<b>(22,789)</b>	<b>(10,645)</b>	<b>(82,798)</b>
<b>Net exposure</b>	<b>152,601</b>	<b>(8,253)</b>	<b>20,976</b>	<b>20,841</b>	<b>186,165</b>

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

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 33. FINANCIAL INSTRUMENTS (continued)

#### Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the EUR relative to TRY 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 2020 and 2019 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
<b>31 December 2020</b>				
USD	-	-	(35,976)	35,976
TRY	-	-	(1,282)	1,282
Other	-	-	35	(35)
<b>Total</b>	-	-	<b>(37,223)</b>	<b>37,223</b>
<b>31 December 2019</b>				
USD	-	-	(15,260)	15,260
TRY	-	-	(2,236)	2,236
Other	-	-	(2,084)	2,084
<b>Total</b>	-	-	<b>(19,580)</b>	<b>19,580</b>

#### 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 90%, 100%, 100%, 100% and 98% 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



# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 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 2020, 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 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 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:

	Note	31 December 2020		31 December 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>					
Other non-current assets	20	-	-	192,230	192,230
Financial assets	17	50,000	49,384	-	-
Trade receivables - non current	21	31,224	35,636	49,738	56,056
Trade receivables - current	21	73,464	73,524	116,156	117,191
Due from related parties	35	32,338	32,338	28,843	28,843
Other receivables and current assets (*)	20	195,041	195,041	192,641	192,641
Restricted bank balances	23	24,656	24,656	69,033	69,033
Cash and cash equivalents	22	604,298	604,298	583,809	583,809
<b>Financial liabilities</b>					
Bank overdraft	22	(387)	(387)	(1,380)	(1,380)
Loans and borrowings	26	(1,332,362)	(1,333,787)	(1,160,212)	(1,162,587)
Trade payables (**)	31	(45,768)	(45,768)	(52,953)	(52,953)
Due to related parties	35	(307,265)	(307,265)	(306,891)	(306,891)
Derivative financial instruments	32	(35,381)	(35,381)	(36,562)	(36,562)
Other payables (**)	28	(828,187)	(847,577)	(793,044)	(814,806)
		<b>(1,538,329)</b>	<b>(1,555,288)</b>	<b>(1,118,592)</b>	<b>(1,135,376)</b>

(\*) 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### 34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

#### Commitments and contingencies

	<u>31 December 2020</u>	<u>31 December 2019</u>
Letters of guarantee given to third parties	229,128	244,934
Letters of guarantee given to DHMİ	84,886	222,489
Letters of guarantee given to Tunisian Government	18,218	19,246
Letters of guarantee given to Saudi Arabian Government	10,835	11,512
Letters of guarantee given to Macedonian Government	250	250
	<u><b>343,317</b></u>	<u><b>498,431</b></u>

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,296 (EUR 10,835) (31 December 2019: USD 12,888 (EUR 11,512)) 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 162,566 (EUR 132,474) (31 December 2019: USD 162,246 (EUR 144,915)) 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 9,069 (31 December 2019: EUR 12,229) to the Ministry of State Property and Land Affairs and EUR 9,149 (31 December 2019: 7,017) 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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*(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)*

### 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 Havalimanları Holding A.Ş. and its Subsidiaries

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

### 34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

#### Contractual obligations (continued)

##### 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.

##### 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.

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

### 34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

#### Contractual obligations (continued)

#### TAV Tunisia (continued)

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.

#### 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.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

### 34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

#### Contractual obligations (continued)

##### TAV Gazipaşa (continued)

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.

##### 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 2020, the Group has complied with the terms of the contractual obligations mentioned above.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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:

	<u>2020</u>	<u>2019</u>
Short-term benefits (salaries, bonuses etc.)	17,808	29,676
	<u>17,808</u>	<u>29,676</u>

As at 31 December 2020 and 2019, 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:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Due from related parties	10,702	12,026
Current loan to related parties	19,285	14,919
	<u>29,987</u>	<u>26,945</u>
	<u>31 December 2020</u>	<u>31 December 2019</u>
Non-current loan to related parties	2,351	1,898
	<u>2,351</u>	<u>1,898</u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 35. RELATED PARTIES (continued)

Other related party transactions (continued):

<b>Due from related parties</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
ATU (1) (*)	7,282	7,692
Tibah Operation (1)	1,853	1,863
Aéroports de Paris SA	1,066	-
TGS (1)	218	-
BTA Medinah (1)	142	2,102
Other related parties	141	369
	<b>10,702</b>	<b>12,026</b>

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

<b>Loan to related parties</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Tibah Development (1)	7,445	6,127
BTA Medinah (1)	3,287	2,160
Medinah Hotel (1)	2,481	-
ZAIC-A (1)	2,071	-
Saudi Havaş (1)	1,730	2,273
TAV İşletme Saudi (1)	1,137	1,256
ATU Medinah (1)	867	1,052
TAV İşletme Chile (1)	267	632
ATU (1)	-	1,418
Other related parties	-	1
	<b>19,285</b>	<b>14,919</b>

<b>Non-current loan to related parties</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Saudi Havaş (1)	2,351	1,898
	<b>2,351</b>	<b>1,898</b>

(1) Joint Ventures

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 35. RELATED PARTIES (continued)

#### Other related party transactions (continued):

	<b>31 December 2020</b>	<b>31 December 2019</b>
Due to related parties	1,332	970
Current loan from related parties	305,933	28
	<b>307,265</b>	<b>998</b>
Non-current loan from related parties	-	305,893
	<b>307,265</b>	<b>306,891</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Due to related parties</b>		
Aéroports de Paris SA	748	-
Other related parties	584	970
	<b>1,332</b>	<b>970</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Current loan from related parties</b>		
Tank ÖWA alpha GmbH (1)	305,893	-
Other related parties	40	28
	<b>305,933</b>	<b>28</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Non-current loan from related parties</b>		
Tank ÖWA alpha GmbH (1)	-	305,893
	<b>-</b>	<b>305,893</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Short term deferred income from related parties</b>		
ATU (2) (*)	990	992
	<b>990</b>	<b>992</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Long term deferred income from related parties</b>		
ATU (2) (*)	13,864	14,854
	<b>13,864</b>	<b>14,854</b>

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

(1) Shareholders

(2) Joint Ventures

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 35. RELATED PARTIES (continued)

Services rendered to related parties	2020	2019
ATU (1) (*)	20,679	58,125
Other related parties	7,554	10,651
	<b>28,233</b>	<b>68,776</b>

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

Services rendered by related parties	2020	2019
TAV İnşaat (2)	3,642	-
TAV Antalya (1)	349	2,466
ATU (1)	212	718
TGS (1)	31	59
Other related parties	47	169
	<b>4,281</b>	<b>3,412</b>

Interest expense from related parties (net)	2020	2019
Tank ÖWA alpha GmbH (3)	(9,000)	(9,000)
Other related parties	160	1,843
	<b>(8,840)</b>	<b>(7,157)</b>

The average interest rate used within the Group is 4.17% per annum (31 December 2019: 4.33%). 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.

Construction work rendered by related parties	2020	2019
TAV İnşaat (*) (2)	-	16,960
	<b>-</b>	<b>16,960</b>

(\*) Construction work rendered by TAV İnşaat for the year ended 31 December 2019 is mainly related to the construction of new headquarter of TAV Holding.

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

### Dividend distribution

In 2020 the Company distributed dividends to the shareholders amounting to EUR 55,644 (TRL 392,491) from the Company's distributable profits computed for 2019 (2019: EUR 121,469 (TRL 757,587)). Dividend per share is full EUR 0.15 (full TRL 1.08) (2019: EUR 0.33 (full TRL 2.09)).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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.

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

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

In 2020 the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 1,687 (2019: EUR 11,691)

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 36. INTERESTS IN OTHER ENTITIES (continued)

#### a) Non-controlling interests in subsidiaries

	31 December 2019			
	<u>TAV Tunisia</u>	<u>TAV Tbilisi</u>	<u>Other immaterial subsidiaries</u>	<u>Total</u>
<b>NCI Percentage</b>	<b>18.00%</b>	<b>20.00%</b>		
Non-current assets	465,283	62,911		
Current assets	44,051	14,962		
Non-current liabilities	82,653	11,044		
Current liabilities	573,635	4,397		
<b>Net assets</b>	<b>(146,954)</b>	<b>62,432</b>		
Carrying amount of NCI	(48,495)	12,486	4,255	(31,754)
Change in non-controlling interest	22,043	-	-	22,043
	<b>(26,452)</b>	<b>12,486</b>	<b>4,255</b>	<b>(9,711)</b>
	<b>1 January - 31 December 2019</b>			
	<u>TAV Tunisia</u>	<u>TAV Tbilisi</u>	<u>Other immaterial subsidiaries</u>	<u>Total</u>
Revenue	42,121	83,445		
(Loss) / profit	(8,603)	43,254		
<b>Total comprehensive income</b>	<b>(632)</b>	<b>43,254</b>		
(Loss) / profit allocated to NCI	(2,839)	8,651	1,579	7,391

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 36. INTERESTS IN OTHER ENTITIES (continued)

#### b) Joint Ventures and Associates

As of 31 December 2020 and 2019, equity-accounted investees in consolidated statement of financial position comprise the following:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Joint ventures	335,199	387,787
Associates	1,930	5,636
	<u><b>337,129</b></u>	<u><b>393,423</b></u>

For the years ended 31 December 2020 and 2019, share of profit equity-accounted investees, net of tax in consolidated statement of comprehensive income comprise the following

	<u>2020</u>	<u>2019</u>
Joint ventures	(72,895)	34,171
Associates	(3,893)	(725)
	<u><b>(76,788)</b></u>	<u><b>33,446</b></u>

#### i) Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
TAV Antalya	269,898	293,403
TGS	35,679	50,209
ATU	27,441	41,723
Tibah Operation	1,858	2,297
Other	323	155
	<u><b>335,199</b></u>	<u><b>387,787</b></u>

Group's share of (loss) / profit of the Group's joint ventures in the statement of comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Tibah Operation	914	827
TGS	(1,211)	11,931
ATU	(13,899)	8,309
TAV Antalya	(23,587)	31,628
Tibah Development	(31,663)	(16,446)
Other	(3,449)	(2,078)
	<u><b>(72,895)</b></u>	<u><b>34,171</b></u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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:

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Percentage of interest</b>	<b>50.00%</b>	<b>50.00%</b>
Non-current assets	1,104,157	1,179,702
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 56,632) (31 December 2019: EUR 15,845))	112,998	151,930
Non-current liabilities	487,731	593,756
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 103,491) (31 December 2019: EUR 112,397))	189,628	151,070
<b>Net assets</b>	<b>539,796</b>	<b>586,806</b>
Group's share of net assets	269,898	293,403
Carrying amount in the statement of financial position	269,898	293,403
	<u>2020</u>	<u>2019</u>
Revenue	108,062	389,630
Depreciation and amortisation	82,446	202,684
Interest expense	8,673	9,558
Tax expense	(3,157)	22,749
<b>(Loss) / Profit for the year</b>	<b>(47,175)</b>	<b>63,256</b>
Other comprehensive income	166	(694)
<b>Total comprehensive income</b>	<b>(47,009)</b>	<b>62,562</b>
Group's share of (loss) / profit for the year	(23,587)	31,628
Cash dividends received by the Group	-	119,108

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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### 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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Percentage of interest</b>	<b>50.00%</b>	<b>50.00%</b>
Non-current assets	83,764	184,727
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 17,083) (31 December 2019: EUR 8,607)	84,054	65,210
Non-current liabilities	10,674	96,387
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 84,617) (31 December 2019: EUR 48,704))	85,786	53,132
<b>Net assets</b>	<b>71,358</b>	<b>100,418</b>
Group's share of net assets	35,679	50,209
Carrying amount in the statement of financial position	35,679	50,209
	<b>2020</b>	<b>2019</b>
Revenue	156,749	318,344
Depreciation and amortisation	16,389	24,076
Interest expense	10,636	6,718
Tax expense	672	4,544
<b>(Loss) / Profit for the year</b>	<b>(2,421)</b>	<b>23,862</b>
Other comprehensive income	(26,637)	(11,389)
<b>Total comprehensive income</b>	<b>(29,058)</b>	<b>12,473</b>
Group's share of (loss) / profit for the year	(1,211)	11,931
Cash dividends received by the Group	-	15,811

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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.

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Percentage of interest</b>	<b>50.00%</b>	<b>50.00%</b>
Non-current assets	198,054	217,178
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 33,884 (31 December 2019: EUR 24,873))	151,874	160,926
Non-current liabilities	174,485	182,734
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 66,686 (31 December 2019: EUR 68,412))	<u>120,561</u>	<u>111,924</u>
<b>Net assets</b>	<b><u>54,882</u></b>	<b><u>83,446</u></b>
Group's share of net assets	27,441	41,723
Carrying amount in the statement of financial position	27,441	41,723
	<u><b>2020</b></u>	<u><b>2019</b></u>
Revenue	105,850	393,818
Tax expense	20,849	2,537
Depreciation and amortisation	4,462	42,681
Interest expense	<u>5,506</u>	<u>5,016</u>
<b>(Loss) / Profit for the year</b>	<b><u>(27,798)</u></b>	<b><u>16,618</u></b>
Other comprehensive income	<u>111</u>	<u>(751)</u>
<b>Total comprehensive income</b>	<b><u>(27,687)</u></b>	<b><u>15,867</u></b>
Group's share of (loss) / profit for the year	(13,899)	8,309
Cash dividends received by the Group	-	10,144

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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:

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Percentage of interest</b>	<b>51.00%</b>	<b>51.00%</b>
Non-current assets	9	2
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 137 (31 December 2019: 370))	14,601	17,689
Non-current liabilities	4,204	3,674
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 6,105 (31 December 2019: 8,734))	6,763	9,514
<b>Net assets</b>	<b>3,643</b>	<b>4,503</b>
Group's share of net assets	1,858	2,297
Carrying amount in the statement of financial position	1,858	2,297
	<u><b>2020</b></u>	<u><b>2019</b></u>
Revenue	32,492	51,428
Tax expense	422	562
<b>Profit for the year</b>	<b>1,793</b>	<b>1,622</b>
Other comprehensive income	(569)	93
<b>Total comprehensive income</b>	<b>1,224</b>	<b>1,715</b>
Group's share of profit for the year	914	827
Cash dividends received by the Group	865	859

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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:

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Percentage of interest</b>	<b>50.00%</b>	<b>50.00%</b>
Non-current assets	901,834	1,002,228
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 3 (31 December 2019: 13))	36,570	50,045
Non-current liabilities	480,465	920,218
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 92,573 (31 December 2019: 89,359))	537,617	150,762
<b>Net assets</b>	<b>(79,678)</b>	<b>(18,707)</b>
Group's share of net assets	-	-
Carrying amount in the statement of financial position	-	-

(\*) Tibah Development has negative net assets amounting to EUR 39,839 has reclassified to other payables as of 31 December 2020 (31 December 2019: EUR 9,354)

	<u>2020</u>	<u>2019</u>
Revenue	67,798	226,416
Depreciation and amortization	11,266	34,760
Interest expense	31,290	44,926
Tax expense	(107)	61
<b>Loss for the year</b>	<b>(63,326)</b>	<b>(32,892)</b>
Other comprehensive income	2,402	(12,102)
<b>Total comprehensive income</b>	<b>(60,924)</b>	<b>(44,994)</b>
Group's share of loss for the year	(31,663)	(16,446)

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 36. INTERESTS IN OTHER ENTITIES (continued)

#### b) Joint Ventures and Associates (continued)

##### i) Joint Ventures (continued)

##### Other

	<u>31 December 2020</u>	<u>31 December 2019</u>
Carrying amount of interest in joint ventures (*)	323	155
	<u>2020</u>	<u>2019</u>
Share of:		
Loss for the year	(3,449)	(2,078)
Other comprehensive income	1,069	(144)
<b>Total comprehensive income</b>	<u><b>(2,380)</b></u>	<u><b>(2,222)</b></u>
Cash dividends received by the Group	-	-

(\*) The companies have negative net assets amounting to EUR 10,020 has reclassified to other payables as of 31 December 2020 (31 December 2019: EUR 6,053)

##### ii) Associates

Carrying amounts of the Group's associates in the statement of financial position as at 31 December 2020 and 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
ZAIC-A	1,154	5,178
Other	776	458
	<u><b>1,930</b></u>	<u><b>5,636</b></u>

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:

	<u>2020</u>	<u>2019</u>
ZAIC-A	(4,217)	(964)
Other	324	239
	<u><b>(3,893)</b></u>	<u><b>(725)</b></u>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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:

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Percentage of interest</b>	<b>15.00%</b>	<b>15.00%</b>
Non-current assets	367,256	383,034
Current assets (including cash and cash equivalents amounting to 31 December 2020: EUR 9,311 (31 December 2019: EUR 33,294))	16,444	33,294
Non-current liabilities	325,686	331,261
Current liabilities (including trade and other payables and provisions amounting to 31 December 2020: EUR 17,002 (31 December 2019: EUR 1,376))	50,318	50,544
<b>Net assets</b>	<b>7,696</b>	<b>34,523</b>
Group's share of net assets	1,154	5,178
Carrying amount in the statement of financial position	1,154	5,178
	<b>2020</b>	<b>2019</b>
Revenue	86,874	86,874
Expense	(114,989)	(93,302)
<b>Loss for the year</b>	<b>(28,115)</b>	<b>(6,428)</b>
Other comprehensive income	1,288	4,375
<b>Total comprehensive income</b>	<b>(26,827)</b>	<b>(2,053)</b>
Group's share of loss for the year	(4,217)	(964)

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2020

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

### 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 DHMI dated 22 January 2013, stating that DHMI 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.

	<u>2020</u>	<u>2019</u>
Revenue	2,550	139,649
Operating (loss) / profit	(4,555)	390,698
Net finance costs	(127)	(3,528)
(Loss) / Profit before tax	(4,682)	387,170
Tax expense	2,101	87,500
(Loss) / Profit for the period	(6,783)	299,670
	<u>2020</u>	<u>2019</u>
Net cash provided from operating activities	119,337	159,044
Net cash used in investing activities	-	(1)
Net cash used in financing activities	(87,085)	(208,618)
	<u>2020</u>	<u>2019</u>
Weighted average number of shares	180,000,000	180,000,000
<b>(Loss) / Profit for the period attributable to owners of the Company</b>	<b>(6,783)</b>	<b>299,670</b>
<b>Basic and diluted (loss) / profit per share (full EUR)</b>	<b>(0.04)</b>	<b>1.66</b>

### 38. SUBSEQUENT EVENTS

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, Ankara Esenboğa, 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.