

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

**Interim Condensed Consolidated Financial Statements
As at and for the Three-Month Period Ended 31 March 2021**

27 April 2021

This report contains the “Interim Condensed Consolidated Financial Statements and their explanatory notes” comprising 48 pages.

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

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TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2021

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

	Notes	(Unaudited) 31 March 2021	31 December 2020
ASSETS			
Property and equipment		179,259	182,370
Intangible assets		11,080	11,692
Airport operation right	8	1,623,556	1,569,138
Right of use assets		60,896	65,942
Equity-accounted investees	22	324,870	337,129
Goodwill		137,052	137,055
Trade receivables	10	26,236	31,224
Non-current due from related parties	21	2,374	2,351
Other non-current assets	9	109,101	101,300
Deferred tax assets		20,701	32,216
Total non-current assets		2,495,125	2,470,417
Inventories		6,843	7,127
Financial assets	17	50,000	50,000
Trade receivables	10	82,166	73,464
Due from related parties	21	29,314	29,987
Other receivables and current assets	9	89,270	295,174
Cash and cash equivalents	11	657,270	604,298
Restricted bank balances	12	81,722	24,656
Total current assets		996,585	1,084,706
TOTAL ASSETS		3,491,710	3,555,123

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2021 (continued)

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

		(Unaudited)	
	Notes	31 March 2021	31 December 2020
EQUITY			
Share capital	13	162,384	162,384
Share premium		220,286	220,286
Legal reserves		121,975	121,975
Other reserves		(29,645)	(29,645)
Treasury reserves	13	(4,282)	(4,282)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(29,680)	(60,612)
Translation reserves		(69,412)	(66,964)
Retained earnings		601,950	539,583
Total equity attributable to equity holders of the Company		1,013,640	922,789
Non-controlling interests	22	11,457	11,906
Total Equity		1,025,097	934,695
LIABILITIES			
Loans and borrowings	15	1,037,416	619,999
Reserve for employee severance indemnity		16,011	15,601
Derivative financial instruments	18	32,067	35,381
Deferred income		14,746	15,264
Other payables	16	708,890	638,737
Deferred tax liabilities		16,097	13,303
Total non-current liabilities		1,825,227	1,338,285
Bank overdraft	11	677	387
Loans and borrowings	15	203,771	712,363
Trade payables		40,655	45,768
Due to related parties	21	308,955	307,265
Current tax liabilities	7	2,393	3,024
Other payables	16	70,616	198,942
Provisions		4,898	4,345
Deferred income		9,421	10,049
Total current liabilities		641,386	1,282,143
Total Liabilities		2,466,613	2,620,428
TOTAL EQUITY AND LIABILITIES		3,491,710	3,555,123

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Three-Month Period Ended 31 March 2021

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

	Notes	(Unaudited) 1 January- 31 March 2021	(Unaudited) 1 January- 31 March 2020
Operating revenue	6	60,566	118,476
Other operating income		40	1,131
Cost of catering inventory sold		(2,594)	(6,167)
Cost of services rendered		(8,223)	(15,665)
Personnel expenses		(30,748)	(50,680)
Concession and rent expenses		-	(244)
Depreciation and amortisation expenses		(10,237)	(16,307)
Other operating expenses		(22,748)	(30,730)
Share of profit of equity-accounted investees, net of tax	22	(19,327)	(19,592)
Operating loss		(33,271)	(19,778)
Finance income		159,647	3,130
Finance costs		(49,070)	(23,785)
Net finance income / (costs)		110,577	(20,655)
Profit / (loss) before tax		77,306	(40,433)
Tax expense	7	(14,982)	(5,787)
Profit / (loss) for the period		62,324	(46,220)
Net results from discontinued activities		(703)	(8,302)
Profit / (loss) for the period after discontinued operations		61,621	(54,522)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences		-	121
Defined benefit obligation actuarial differences from equity accounted investees		242	121
Tax on defined benefit obligation actuarial differences		-	(21)
Tax on defined benefit obligation actuarial differences from equity accounted investees		(51)	(21)
Total items that will not be reclassified to profit or loss		191	200
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		58,645	(1,967)
Effective portion of changes in fair value of cash flow hedges from equity accounted investees		755	(5,441)
Portion of cash flow hedges charged to profit or loss		(27,667)	-
Foreign currency translation differences for foreign operations		2,536	(11,487)
Foreign currency translation differences for foreign operations from equity accounted investees		(4,878)	(4,368)
Tax on cash flow hedge reserves		(650)	506
Tax on cash flow hedge reserves from equity accounted investees		(151)	1,072
Total items that are or may be reclassified subsequently to profit or loss		28,590	(21,685)
Other comprehensive income / (loss) for the period, net of tax		28,781	(21,485)
Total comprehensive income/ (loss) for the period		90,402	(76,007)

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Three-Month Period Ended 31 March 2021 (continued)

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

	<u>Notes</u>	<u>(Unaudited) 1 January- 31 March 2021</u>	<u>(Unaudited) 1 January- 31 March 2020</u>
Profit / (loss) attributable to:			
Owners of the Company		62,176	(56,053)
Non-controlling interest	22	(555)	1,531
Profit / (loss) for the period		<u>61,621</u>	<u>(54,522)</u>
Total comprehensive income / (loss) attributable to:			
Owners of the Company		90,851	(75,506)
Non-controlling interest		(449)	(501)
Total comprehensive income / (loss) for the period		<u>90,402</u>	<u>(76,007)</u>
Weighted average number of shares outstanding		<u>363,281,250</u>	<u>363,281,250</u>
Basic income / (loss) per share for continued operations	14	0.17	(0.13)
Basic loss per share for discontinued operations	14	(0.00)	(0.02)

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity For the Three-Month Period Ended 31 March 2021

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

	Attributable to owners of the Company											Non-Controlling Interests	Total Equity
	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			
Balance at 1 January 2020	162,384	220,286	121,975	(29,645)	-	40,064	(59,174)	(37,375)	900,757	1,319,272	(9,711)	1,309,561	
Total comprehensive income for the period													
(Loss)/ Profit for the period	-	-	-	-	-	-	-	-	(56,053)	(56,053)	1,531	(54,522)	
Other comprehensive income													
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(5,830)	-	-	(5,830)	-	(5,830)	
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	200	200	-	200	
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(13,823)	-	(13,823)	(2,032)	(15,855)	
Total other comprehensive income	-	-	-	-	-	-	(5,830)	(13,823)	200	(19,453)	(2,032)	(21,485)	
Total comprehensive income for the period	-	-	-	-	-	-	(5,830)	(13,823)	(55,853)	(75,506)	(501)	(76,007)	
Transactions with owners of the Company, recognised directly in equity													
<i>Contributions by and distributions to owners of the Company</i>													
Dividend distributions (Note 21)	-	-	-	-	-	-	-	-	(55,640)	(55,640)	(1,934)	(57,574)	
Purchase of non-controlling interest	-	-	-	-	-	-	(5,910)	-	(20,542)	(26,452)	26,452	-	
Change in treasury reserves	-	-	-	-	(2,654)	-	-	-	-	(2,654)	-	(2,654)	
Total transactions with owners of the Company	-	-	-	-	(2,654)	-	(5,910)	-	(76,182)	(84,746)	24,518	(60,228)	
Balance at 31 March 2020	162,384	220,286	121,975	(29,645)	(2,654)	40,064	(70,914)	(51,198)	768,722	1,159,020	14,306	1,173,326	
Balance at 1 January 2021	162,384	220,286	121,975	(29,645)	(4,282)	40,064	(60,612)	(66,964)	539,583	922,789	11,906	934,695	
Total comprehensive income for the period													
Profit / (loss) for the period	-	-	-	-	-	-	-	-	62,176	62,176	(555)	61,621	
Other comprehensive income													
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	30,932	-	-	30,932	-	30,932	
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	191	191	-	191	
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(2,448)	-	(2,448)	106	(2,342)	
Total other comprehensive income	-	-	-	-	-	-	30,932	(2,448)	191	28,675	106	28,781	
Total comprehensive income for the period	-	-	-	-	-	-	30,932	(2,448)	62,367	90,851	(449)	90,402	
Balance at 31 March 2021	162,384	220,286	121,975	(29,645)	(4,282)	40,064	(29,680)	(69,412)	601,950	1,013,640	11,457	1,025,097	

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the Three-Month Period Ended 31 March 2021

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

	Notes	(Unaudited) 1 January- 31 March 2021	(Unaudited) 1 January- 31 March 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		62,324	(46,220)
Loss from discontinued operations		(703)	(8,302)
Adjustments for:			
Amortisation of airport operation right	8	2,803	7,004
Depreciation of property and equipment		6,643	8,642
Amortisation of intangible assets		791	661
Concession and rent expenses		-	244
Provision for employee severance indemnity		801	877
Provision for doubtful receivables		677	62
Provision set / (released) for unused vacation		413	(282)
Discount on receivables, payables and financial liabilities, net		(145,390)	(1,303)
Loss / (gain) on sale of property and equipment		85	(1,077)
Interest income		(4,362)	(3,378)
Interest expense on financial liabilities		39,902	13,979
Tax expense	7	15,587	7,325
Unwinding of discount on concession receivable and payable		2,629	5,555
Share of profit of equity-accounted investees, net of tax	22	19,327	19,592
Unrealised foreign exchange differences on statement of financial position items		(1,907)	(11,301)
Cash flows from operating activities		(380)	(7,922)
Change in current trade receivables		(1,646)	7,975
Change in non-current trade receivables		4,988	4,268
Change in inventories		154	(135)
Change in due from related parties		1,830	3,142
Change in other receivables and assets		205,198	113,662
Change in trade payables		(5,962)	(7,145)
Change in due to related parties		2,507	(986)
Change in other payables and provisions		(94,437)	(39,788)
Cash provided from operations		112,252	73,071
Income taxes paid	7	(2,689)	(9,192)
Retirement benefits paid		(231)	(1,024)
Net cash provided from operating activities		109,332	62,855

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the Three-Month Period Ended 31 March 2021

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

	Notes	(Unaudited) 1 January- 31 March 2021	(Unaudited) 1 January- 31 March 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		863	560
Acquisition of property and equipment		(2,593)	(6,160)
Additions to airport operation right	8	(45)	-
Acquisition of intangible assets		(130)	(348)
Change in due from related parties		(21)	5,406
Dividends from equity-accounted investees		-	893
Net cash (used in) / provided from investing activities		(1,926)	351
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		195,644	192,083
Repayment of borrowings		(187,638)	(18,721)
Dividends paid		-	(57,574)
Interest received		1,684	856
Interest paid		(3,022)	(66)
Change in due to related parties		(2,291)	58
Purchase of treasury shares		-	(2,654)
Change in restricted bank balances		(57,066)	24,863
Change in finance lease liabilities		(2,035)	(1,081)
Net cash (used in) / provided from financing activities		(54,724)	137,764
NET INCREASE IN CASH AND CASH EQUIVALENTS		52,682	200,970
CASH AND CASH EQUIVALENTS AT 1 JANUARY	11	603,911	582,429
CASH AND CASH EQUIVALENTS AT 31 MARCH	11	656,593	783,399

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

Notes to the interim condensed consolidated financial statements

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TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Three-Month Period Ended 31 March 2021

(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 Bulvar, 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 interim condensed consolidated financial statements of the Company as at and for the three-month period ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in joint ventures.

Changes in ownership interest percentages of the Company’s subsidiaries since 31 December 2020 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	31 March 2021		31 December 2020	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
GIS Premium Argentina SRL (“GIS Argentina”)	Lounge Services	Argentina	-	-	70.00	70.00
GIS Premium Brasil Servicos Aeroportuarios LTDA (“GIS Brazil”)	Lounge Services	Brazil	-	-	70.00	70.00
GIS Premium Colombia S.A.A. (“GIS Colombia”)	Lounge Services	Colombia	-	-	70.00	70.00

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Three-Month Period Ended 31 March 2021

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

1. REPORTING ENTITY (continued)

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 Medunarodna Zracna Luka Zagreb D.D. ("MZLZ") with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia ("MMTI"). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMI, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal ("AIAT") and Atatürk Domestic Airport Terminal ("ADAT") for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015.

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 DHMI 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 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. 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 DHMI 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 23.

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.

Covid-19 Impact and Impairment Analysis

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

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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Three-Month Period Ended 31 March 2021

(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 (continued)

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 as of 31 December 2020.

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.

Seasonality of Operations

Due to seasonal nature of operations, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased number of passengers during the peak season.

The Group employs 12,991 in subsidiaries (average: 13,035) and 7,790 in joint ventures (average: 7,812) people as at 31 March 2021 (31 December 2020: 13,193 in subsidiaries (average: 14,453) and 7,893 in joint ventures (average: 8,381)).

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

2. BASIS OF PREPARATION

a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 27 April 2021. The power to change the interim condensed consolidated financial statements after the issuing of the interim condensed consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The interim condensed 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.

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

The functional currencies of the Group entities and joint ventures are consistent with the Group's interim consolidated financial statements as at and for the three-month period ended 31 March 2021.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Three-Month Period Ended 31 March 2021

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

3. CHANGES IN ACCOUNTING POLICIES

The new standards, amendments and interpretations

a) Amendments that are mandatorily effective from 2021

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

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

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

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

b) New and revised IFRSs in issue but not yet effective

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

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

IFRS 17 Insurance Contracts

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

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3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

b) New and revised IFRSs in issue but not yet effective(continued)

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

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

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

Amendments to IFRS 3 Reference to the Conceptual Framework

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

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

Amendments to IAS 16 Proceeds before Intended Use

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

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

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

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

Annual Improvements to IFRS Standards 2018-2020 Cycle

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

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

Amendments to IFRS 9 Financial Instruments

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

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3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

b) New and revised IFRSs in issue but not yet effective(continued)

Annual Improvements to IFRS Standards 2018-2020 Cycle(continued)

Amendments to IAS 41 Agriculture

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

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

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

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

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

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

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

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

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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 license 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.

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.

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4. DETERMINATION OF FAIR VALUES (continued)

Fair value hierarchy:

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

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

31 March 2021	Level 1	Level 2	Level 3
Trade receivables	-	108,402	-
Financial assets	-	50,000	-
Loans and borrowings	-	(1,241,187)	-
Bank overdrafts	-	(677)	-
Other payables (*)	-	(770,975)	-
Interest rate swap	-	(32,067)	-
31 December 2020	Level 1	Level 2	Level 3
Trade receivables	-	104,688	-
Financial assets	-	50,000	-
Loans and borrowings	-	(1,332,362)	-
Bank overdrafts	-	(387)	-
Other payables (*)	-	(828,187)	-
Interest rate swap	-	(35,381)	-

(*) Other payables do not include advances received amounting to EUR 8,531 (31 December 2020: EUR 9,492).

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5. OPERATING SEGMENT

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 SEGMENT (continued)

	Three-month period ended 31 March											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total external revenues	26,920	65,617	9,761	22,007	9,923	19,477	37,936	60,856	17,927	31,479	102,467	199,436
Inter-segment revenue	2,165	5,427	960	2,079	12	73	118	49	6,319	8,262	9,574	15,890
Construction revenue	-	-	-	-	-	-	-	-	-	-	-	-
Construction expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	1,065	2,146	67	39	251	263	1,952	1,516	4,744	3,440	8,079	7,404
Interest expense	(41,984)	(15,221)	(651)	(898)	(311)	(199)	(1,578)	(1,891)	(4,077)	(3,802)	(48,601)	(22,011)
Depreciation and amortisation	(9,265)	(20,075)	(1,438)	(2,101)	(997)	(978)	(3,719)	(4,443)	(2,736)	(2,817)	(18,155)	(30,414)
Reportable segment operating profit / (loss)	(12,440)	3,533	(3,419)	(5,465)	(1,755)	(1,751)	295	3,211	(4,864)	(3,947)	(22,183)	(4,419)
Capital expenditure	1,746	1,690	144	1,043	805	532	2,075	5,610	679	1,810	5,449	10,685
	As at 31 March 2021 and 31 December 2020											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Reportable segment assets	3,575,739	3,625,192	30,112	30,257	149,615	150,110	222,816	228,602	972,388	869,678	4,950,670	4,903,839
Reportable segment liabilities	2,701,525	2,794,727	87,331	82,432	100,607	99,716	179,243	184,006	464,324	416,989	3,533,030	3,577,870

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5. OPERATING SEGMENT (continued)

Reconciliations of reportable segment revenues, profit / (loss) before tax, assets and liabilities and other material items

	1 January- 31 March 2021	1 January- 31 March 2020
Revenues		
Total revenue for reportable segments	87,795	175,585
Other revenue	24,246	39,741
Elimination of inter-segment revenue	(9,574)	(15,890)
	102,467	199,436
Effect of using the equity method for joint ventures	(41,901)	(80,960)
Consolidated revenue	60,566	118,476
	1 January- 31 March 2021	1 January- 31 March 2020
Operating profit		
Segment operating loss	(17,319)	(472)
Other operating loss	(4,864)	(3,947)
	(22,183)	(4,419)
Effect of using the equity method for joint ventures	(11,088)	(15,359)
Consolidated operating loss	(33,271)	(19,778)
Finance income	159,647	3,130
Finance expense	(49,070)	(23,785)
Consolidated profit / (loss) before tax	77,306	(40,433)
	31 March 2021	31 December 2020
Assets		
Total assets for reportable segments	3,978,282	4,034,161
Other assets	972,388	869,678
	4,950,670	4,903,839
Effect of using the equity method for joint ventures	(1,458,960)	(1,348,716)
Consolidated total assets	3,491,710	3,555,123
	31 March 2021	31 December 2020
Liabilities		
Total liabilities for reportable segments	3,068,706	3,160,881
Other liabilities	464,324	416,989
	3,533,030	3,577,870
Effect of using the equity method for joint ventures	(1,066,417)	(957,442)
Consolidated total liabilities	2,466,613	2,620,428

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5. OPERATING SEGMENT (continued)

	1 January- 31 March 2021	1 January- 31 March 2020
Interest income		
Total interest income for reportable segments	3,335	3,964
Other interest income	4,744	3,440
Elimination of inter-segment interest income	(3,196)	(3,550)
	4,883	3,854
Effect of using the equity method for joint ventures	(541)	(1,302)
Consolidated interest income	4,342	2,552
	1 January- 31 March 2021	1 January- 31 March 2020
Interest expense		
Total interest expense for reportable segments	(44,524)	(18,209)
Other interest expense	(4,077)	(3,802)
Elimination of inter-segment interest expense	3,197	3,541
	(45,404)	(18,470)
Effect of using the equity method for joint ventures	5,602	4,563
Consolidated interest expense	(39,802)	(13,907)

Geographical information

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

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.

	1 January- 31 March 2021	1 January- 31 March 2020
Revenue		
Turkey	40,871	66,679
Georgia	3,969	13,830
Macedonia	3,346	6,422
Saudi Arabia	3,002	2,915
Oman	2,189	6,297
Latvia	1,216	5,124
Spain	761	3,623
Tunisia	1,036	3,166
Other	4,176	10,420
Consolidated revenue	60,566	118,476
	31 March 2021	31 December 2020
Non-current assets		
Turkey	1,830,692	1,796,410
Tunisia	435,994	443,814
Macedonia	99,052	99,407
Georgia	67,745	67,108
Oman	13,509	13,441
Spain	6,291	5,878
Latvia	1,572	1,659
Saudi Arabia	645	719
Other	39,625	41,981
Consolidated non-current assets	2,495,125	2,470,417

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6. OPERATING REVENUE

An analysis of the Group's operating revenue for the period ended 31 March are as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
Ground handling income	18,001	28,453
Catering services income	8,396	19,486
Aviation income	8,117	22,044
Software sales income	4,624	5,439
Security services income	2,423	2,850
Area allocation income	2,320	5,827
Income from car parking operations and valet service income	1,862	3,811
Income from lounge services	1,749	12,694
Commission from sales of duty free goods	1,476	4,827
Operating financial revenue	1,464	2,144
Bus services income	1,182	2,508
Utility and general participation income	611	993
Hotel and reservation income	483	118
Advertising income	375	980
Rent income from sublease	232	1,035
Loyalty card income	172	671
Other operating revenue	7,079	4,596
Total operating revenue	60,566	118,476

7. TAX EXPENSE

An analysis of the Group's tax expense for the three-month periods ended 31 March 2021 and 2020 are as follows:

Tax recognised in profit or loss

	1 January- 31 March 2021	1 January- 31 March 2020
<u>Current tax expense</u>		
Current year tax expense	1,629	1,190
	1,629	1,190
<u>Deferred tax expense</u>		
Origination and reversal of temporary differences	13,700	2,128
Change in previously recognised investment incentives	59	2,469
Recognition of current period tax losses	(406)	-
	13,353	4,597
Total tax expense	14,982	5,787

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7. TAX EXPENSE (continued)

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

	%	2021	%	2020
Profit / (loss) before tax from continuing operations		77,306		(40,433)
Loss before tax from discontinued operations		(98)		(6,764)
Profit / (loss) before tax		77,208		(47,197)
Tax using the Company's domestic tax rate	20	15,442	22	(10,383)
Tax effects of:				
- nondeductible expenses	3	2,055	-	194
- translation of non-monetary items according to IAS 21	2	1,698	(12)	5,797
- change in previously recognised investment incentives	-	59	(5)	2,469
- tax exempt income	(15)	(11,275)	3	(1,450)
- used tax loss carry forwards which no deferred tax asset is recognised	(3)	(2,532)	-	-
- current year losses for which no deferred tax asset is recognised	9	7,210	(8)	3,763
- effect of different tax rates for foreign jurisdictions	(4)	(2,745)	1	(519)
- adjustment for equity accounted investees	5	3,865	(8)	3,918
- effect of different tax rates	-	105	(3)	1,263
- adjustments related to tax legislation of subsidiaries which is in foreign countries	-	2	(4)	1,662
- other consolidation adjustments	3	1,703	(2)	611
Tax expense	20	15,587	(16)	7,325
Total tax expense from continuing operations		14,982		5,787
Total tax expense from discontinued operations		605		1,538

Corporate tax:

	31 March 2021	31 December 2020
Corporate tax provision from continued operations	1,629	14,619
Corporate tax provision from discontinued operations	429	1,246
Corporate tax provision	2,058	15,865
Add: taxes payable from previous year	3,024	98,639
Less: corporation taxes paid during the year	(2,689)	(111,480)
Current tax liabilities	2,393	3,024

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8. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Total
Cost							
Balance at 1 January 2020	776,616	104,802	595,488	45,700	86,736	490,463	2,099,805
Effect of movements in exchange rates	-	(13,699)	-	-	-	-	(13,699)
Balance at 31 March 2020	776,616	91,103	595,488	45,700	86,736	490,463	2,086,106
Balance at 1 January 2021	779,834	83,380	595,488	48,198	132,077	493,401	2,132,378
Additions (*)	-	-	-	-	45	-	45
Transfers (**)	28,873	-	-	-	-	28,303	57,176
Balance at 31 March 2021	808,707	83,380	595,488	48,198	132,122	521,704	2,189,599

(*) There is no capitalised borrowing cost on airport operation right during 2021 (31 March 2020: None).

(**) Transfer amounting to EUR 57,176 is related to 2 year extension on İzmir Adnan Menderes International Airport and Milas-Bodrum Airport.

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8. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Total
<u>Accumulated amortisation</u>							
Balance at 1 January 2020	219,819	49,576	135,310	11,474	37,309	64,460	517,948
Effect of movements in exchange rates	-	(6,542)	-	-	-	-	(6,542)
Amortisation for the period	4,611	728	337	94	853	381	7,004
Balance at 31 March 2020	224,430	43,762	135,647	11,568	38,162	64,841	518,410
Balance at 1 January 2021	232,528	40,471	156,335	11,872	38,370	83,664	563,240
Amortisation for the period	1,987	162	85	72	259	238	2,803
Balance at 31 March 2021	234,515	40,633	156,420	11,944	38,629	83,902	566,043
<u>Carrying amounts</u>							
At 31 March 2020	552,186	47,341	459,841	34,132	48,574	425,622	1,567,696
At 31 December 2020	547,306	42,909	439,153	36,326	93,707	409,737	1,569,138
At 31 March 2021	574,192	42,747	439,068	36,254	93,493	437,802	1,623,556

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9. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

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

<u>Other receivables and current assets</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Advances to suppliers	41,095	36,170
VAT deductible	13,693	14,440
Other prepaid expense	9,952	7,789
Prepaid taxes and funds	7,728	10,365
Income accruals	6,193	21,442
Prepaid insurance	2,643	1,090
Deposits and guarantees given	1,834	1,667
Advances given to personnel	871	969
Other receivables (*)	5,261	201,242
	<u>89,270</u>	<u>295,174</u>

(*) EUR 195,041 of the other receivables was related with the compensation payment of TAV İstanbul as of 31 December 2020.

<u>Other non-current assets</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Financial assets (*)	79,026	74,824
Other non-current receivables	30,075	26,476
	<u>109,101</u>	<u>101,300</u>

(*) 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.

10. TRADE RECEIVABLES

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

<u>Trade receivables:</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade receivables	51,506	47,470
Guaranteed passenger fee receivable from DHMİ (*)	27,844	23,489
Doubtful receivables	30,738	30,194
Allowance for doubtful receivables (-)	(30,738)	(30,194)
Notes receivable	2,816	2,505
	<u>82,166</u>	<u>73,464</u>
 <u>Non-current trade receivables:</u>		
Guaranteed passenger fee receivable from DHMİ (*)	26,236	31,224
	<u>26,236</u>	<u>31,224</u>

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

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11. CASH AND CASH EQUIVALENTS

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Cash on hand	509	420
Cash at banks		
- Demand deposits	364,923	345,794
- Time deposits	291,653	240,289
Other liquid assets	185	17,795
Cash and cash equivalents	<u>657,270</u>	<u>604,298</u>
Bank overdraft	(677)	(387)
Cash and cash equivalents in the statement of cash flows	<u>656,593</u>	<u>603,911</u>

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

31 March 2021

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	April 2021	0.01 – 2.00	150,997
USD	April 2021	0.01 – 1.75	137,963
TRL	April 2021	5.00 – 17.15	2,388
Other			305
			<u>291,653</u>

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>

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19.

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

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12. RESTRICTED BANK BALANCES

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

	31 March 2021	31 December 2020
Project reserve and funding accounts (*)	81,722	24,656
	81,722	24,656

(*) TAV Esenboğa, TAV Holding, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding (“the Borrowers”) opened various accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2020: TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege) and other purposes. As a result of pledges regarding the project bank loans as explained in Note 15, 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 March 2021

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.25 – 1.95	80,031
TRL	16.10 – 18.00	1,438
USD	0.80	217
Other		36
		81,722

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
		24,656

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13. CAPITAL AND RESERVES

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

<u>Shareholders</u>	(%)	31 March 2021
Tank ÖWA Alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. (“Tepe İnşaat”)	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. (“Sera Yapı”)	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	100.00	363,281
Paid in capital in EUR (nominal) as at 31 March 2021		37,168
Effect of non-cash increases and exchange rates		125,216
Paid in capital EUR		162,384

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

Treasury reserves

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

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14. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 March 2021 was based on the profit attributable to ordinary shareholders of EUR 62,176 (31 March 2020: loss attributable to ordinary shareholders of EUR 56,053) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 March 2020: 363,281,250) as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
Numerator:		
Net profit / (loss) for the continued operations	62,879	(47,751)
Net loss for the discontinued operations	(703)	(8,302)
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
Basic profit / (loss) per share for continued operations (full EUR)	0.17	(0.13)
Basic loss per share for discontinued operations (full EUR)	(0.00)	(0.02)
	1 January- 31 March 2021	1 January- 31 March 2020
Issued ordinary shares at 1 January	363,281,250	363,281,250
Weighted average number of ordinary shares	363,281,250	363,281,250

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15. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost and at fair value through profit or loss. For more information about the Group's exposure to foreign currency risk arising from these loans and borrowings, see Note 19.

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Secured bank loans (*)	689,308	451,821
Unsecured bank loans	287,932	107,776
Lease liabilities	60,176	60,402
	<u>1,037,416</u>	<u>619,999</u>
Current liabilities		
Current portion of long term secured bank loans (*)	104,314	106,191
Short term secured bank loans (*)	45,067	569,973
Other financial liabilities (**)	23,724	-
Short term unsecured bank loans	12,745	16,779
Current portion of long term unsecured bank loans	13,659	12,050
Current portion of lease liabilities	4,262	7,370
	<u>203,771</u>	<u>712,363</u>

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

(**) Other financial liabilities consist of participation right for lenders which is booked as its net present value.

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Bank loans	1,153,025	1,264,590
Lease liabilities	64,438	67,772
Other financial liabilities	23,724	-
	<u>1,241,187</u>	<u>1,332,362</u>

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

	Presented as		
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
TAV Holding	9,047	251,479	260,526
TAV Tunisia (*)	9,163	227,765	236,928
TAV Ege	24,449	197,878	222,327
TAV Milas Bodrum	14,948	117,890	132,838
HAVAŞ	38,671	72,490	111,161
TAV Esenboğa	29,579	31,135	60,714
BTA	15,952	35,842	51,794
TAV Macedonia	8,044	28,730	36,774
Other	25,932	14,031	39,963
	<u>175,785</u>	<u>977,240</u>	<u>1,153,025</u>

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15. 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 was 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 as of 31 December 2020. 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. Financial Close of the transaction took place in February 2021. The senior debt and terminated derivative liabilities are converted into a new long-term senior debt and participation right for lenders which is booked as a financial liability with its net present value.

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

	Presented as		
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
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
	<u>704,993</u>	<u>559,597</u>	<u>1,264,590</u>

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15. LOANS AND BORROWINGS (continued)

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

	31 March 2021	31 December 2020
On demand or within one year	175,785	704,993
Between one and five years	694,451	412,064
After five years	282,789	147,533
	1,153,025	1,264,590

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

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.

16. OTHER PAYABLES

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

	31 March 2021	31 December 2020
Other short term payables		
Concession payable (*)	34,518	118,682
Due to personnel	9,394	7,132
Advances received	8,531	9,492
Expense accruals	7,269	8,563
Taxes and duties payable	4,349	7,588
Social security premiums payable	2,224	2,725
Other accruals and liabilities	4,331	44,760
	70,616	198,942
Other long term payables		
Concession payable (*)	646,373	587,391
Other accruals and liabilities (**)	62,517	51,346
	708,890	638,737

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16. OTHER PAYABLES (continued)

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 19.

(*) 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 274,201 as of 31 March 2021 (31 December 2020: EUR 301,097).

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. Concession payables for the extension periods are reflected in the consolidated financial statements over their net present values.

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 260,161 as of 31 March 2021 (31 December: 2020: EUR 259,761).

(**) EUR 60,990 of the other long-term payables is related with the joint ventures that has negative net assets (31 December 2020: 49,859).

17. FINANCIAL ASSETS

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

	31 March 2021	31 December 2020
Treasury bonds (*)	50.000	50,000
	50.000	50,000

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

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18. DERIVATIVE FINANCIAL INSTRUMENTS

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

	31 March 2021		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(32,067)	(32,067)
	-	(32,067)	(32,067)

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

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2021, 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 2020: 98%).

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

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

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

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

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

The fair value of derivatives at 31 March is estimated at loss of EUR 32,067. This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 March 2021, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 30,328 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.

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19. FINANCIAL INSTRUMENTS

Currency risk

Exposure to currency risk:

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

31 March 2021

Foreign currency denominated financial assets	USD	EUR (*)	TRL	Other	Total
Other non-current assets	82,202	-	13,987	292	96,481
Trade receivables	3,430	2,071	4,246	9,077	18,824
Due from related parties	8,867	162	307	777	10,113
Other receivables and current assets	26,928	2,663	9,710	1,216	40,517
Restricted bank balances	216	-	1,444	36	1,696
Cash and cash equivalents	285,392	3,308	3,080	2,743	294,523
	407,035	8,204	32,774	14,141	462,154
Foreign currency denominated financial liabilities					
Loans and borrowings	(44,965)	(45,526)	(11,139)	(2,774)	(104,404)
Bank overdraft	-	-	(199)	-	(199)
Trade payables	(4,581)	(808)	(5,151)	(7,917)	(18,457)
Due to related parties	(101)	(96)	(28)	(26)	(251)
Other payables	(3,108)	(212)	(2,691)	(2,082)	(8,093)
	(52,755)	(46,642)	(19,208)	(12,799)	(131,404)
Net exposure	354,280	(38,438)	13,566	1,342	330,750

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

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19. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued):

31 December 2020

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

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

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19. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

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

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

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

	Equity		Profit or loss	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 March 2021				
USD	-	-	(35,428)	35,428
TRL	-	-	(1,357)	1,357
Other	-	-	(134)	134
Total	-	-	(36,919)	36,919
31 December 2020				
USD	-	-	(35,976)	35,976
TRL	-	-	(1,282)	1,282
Other	-	-	35	(35)
Total	-	-	(37,223)	37,223

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19. FINANCIAL INSTRUMENTS (continued)

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 March 2021		31 December 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Financial assets	17	50,000	49,959	50,000	49,384
Trade receivables - non current	10	26,236	29,054	31,224	35,636
Trade receivables - current	10	82,166	82,928	73,464	73,524
Due from related parties	21	31,688	31,688	32,338	32,338
Other receivables and current assets (*)		-	-	195,041	195,041
Restricted bank balances	12	81,722	81,722	24,656	24,656
Cash and cash equivalents	11	657,270	657,270	604,298	604,298
Financial liabilities					
Bank overdraft	11	(677)	(677)	(387)	(387)
Loans and borrowings	15	(1,241,187)	(1,242,611)	(1,332,362)	(1,333,787)
Trade payables (**)		(40,655)	(40,655)	(45,768)	(45,768)
Due to related parties	21	(308,955)	(308,955)	(307,265)	(307,265)
Derivative financial instruments	18	(32,067)	(32,067)	(35,381)	(35,381)
Other payables (**)		(770,975)	(790,285)	(828,187)	(847,577)
		(1,465,434)	(1,482,629)	(1,538,329)	(1,555,288)

(*) 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.

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20. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 March 2021	31 December 2020
Letters of guarantee given to third parties	237,314	229,128
Letters of guarantee given to DHMİ	84,319	84,886
Letters of guarantee given to Tunisian Government	18,183	18,218
Letters of guarantee given to Saudi Arabian Government	11,380	10,835
Letters of guarantee given to Macedonian Government	250	250
	351,446	343,317

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,559 (EUR 11,380) (31 December 2020: USD 13,296 (EUR 10,835)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of USD 162,629 (EUR 138,534) (31 December 2020: USD 162,566 (EUR 132,474)) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is also 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 9,138 (31 December 2020: EUR 9,069) to the Ministry of State Property and Land Affairs and EUR 9,045 (31 December 2020: 9,149) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

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

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

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

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21. RELATED PARTIES

The major immediate parents and ultimate controlling party of the Group is Group Aéroport de Paris.

Key management personnel compensation:

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

	1 January - 31 March 2021	1 January - 31 March 2020
Short-term benefits (salaries, bonuses etc.)	2,917	4,467
	2,917	4,467

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

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

Other related party transactions:

	31 March 2021	31 December 2020
Due from related parties	8,849	10,702
Current loan to related parties	20,465	19,285
	29,314	29,987
	31 March 2021	31 December 2020
Non-current loan to related parties	2,374	2,351
	2,374	2,351
	31 March 2021	31 December 2020
Due from related parties	8,849	10,702
ATU (1) (*)	5,839	7,282
Tibah Operation (1)	2,599	1,853
BTA Medinah (1)	161	142
TGS (1)	68	218
Aéroports de Paris SA	-	1,066
Other related parties	182	141
	8,849	10,702

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

(1) Joint venture

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21. RELATED PARTIES (continued)

	31 March 2021	31 December 2020
Short term deferred income from related parties	990	990
ATU (1) (*)	990	990
	990	990
Long term deferred income from related parties	13,620	13,864
ATU (1) (*)	13,620	13,864
	13,620	13,864

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

	1 January- 31 March 2021	1 January- 31 March 2020
Services rendered to related parties	2,251	7,990
ATU (1) (*)	2,251	7,990
Other related parties	1,952	2,263
	4,203	10,253

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

(1) Joint venture

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21. RELATED PARTIES (continued)

	1 January- 31 March 2021	1 January- 31 March 2020
Services rendered by related parties		
TAV İnşaat (1)	-	3,956
Other related parties	129	256
	129	4,212
	1 January- 31 March 2021	1 January- 31 March 2020
Interest expense from related parties (net)		
Tank ÖWA Alpha GmbH (2)	(2,219)	(2,238)
Other related parties	26	29
	(2,193)	(2,209)

The average interest rate used within the Group is 4.13% per annum (31 December 2020: 4.17%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Dividend distribution

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

- (1) Subsidiary of shareholders
- (2) Shareholder

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22. INTERESTS IN OTHER ENTITIES

Non-controlling interests in subsidiaries

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

	31 March 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	20.00%		
Non-current assets	51,772		
Current assets	8,290		
Non-current liabilities	8,004		
Current liabilities	4,210		
Net assets	47,848		
Carrying amount of NCI	9,570	1,887	11,457
	9,570	1,887	11,457
	1 January – 31 March 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	3,897		
Profit	959		
Total comprehensive income	952		
Profit / (loss) allocated to NCI	192	(747)	(555)

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22. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2020		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	20.00%		
Non-current assets	49,960		
Current assets	9,115		
Non-current liabilities	7,925		
Current liabilities	4,252		
Net assets	46,898		
Carrying amount of NCI	9,380	2,526	11,906
	9,380	2,526	11,906
	1 January – 31 March 2020		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	12,096		
Profit	6,586		
Total comprehensive income	6,586		
Profit allocated to NCI	1,317	214	1,531

	31 March 2021	31 December 2020
Joint ventures	324,058	335,199
Associates	812	1,930
	324,870	337,129

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22. INTERESTS IN OTHER ENTITIES (continued)

	1 January- 31 March 2021	1 January- 31 March 2020
Joint ventures	(18,211)	(18,876)
Associates	(1,116)	(716)
	(19,327)	(19,592)

Joint Ventures

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

	31 March 2021	31 December 2020
TAV Antalya	263,695	269,898
TGS	31,774	35,679
ATU	26,129	27,441
Tibah Operation	2,135	1,858
Other (*)	325	323
	324,058	335,199

(*) The companies have negative net assets has reclassified to other long term payables as of 31 March 2021 and 31 December 2020.

Group's share of profit / (loss) of the Group's joint ventures in the statement of comprehensive income for the period ended 31 March are as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
Tibah Operation	178	182
ATU	(1,411)	(3,810)
TGS	(1,457)	283
TAV Antalya	(6,226)	(9,961)
Tibah Development	(8,140)	(5,056)
Other	(1,155)	(514)
	(18,211)	(18,876)

Associates

Carrying amount of the Group's associate in the statement of financial position as at 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 March 2020
ZAIC-A	-	1,154
Other	812	776
	812	1,930

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22. INTERESTS IN OTHER ENTITIES (continued)

Associates (continued)

Group's share of profit of the Group's associate in the statement of comprehensive income for the period ended 31 March is as follows:

	31 March 2021	31 December 2020
ZAIC-A	(1,154)	(778)
Other	38	62
	(1,116)	(716)

23. DISCONTINUED OPERATIONS

As of 6 April 2019 02:00, all commercial flights have been transferred to the new İstanbul Airport and operations of TAV İstanbul have ended. Due to this reason, the Group has decided to classify TAV İstanbul operations as discontinued operations. Operations of Group's other subsidiaries which were also operating in İstanbul Atatürk Airport, are not classified as discontinued, since these subsidiaries are still operating in the other airports and new İstanbul Airport as well.

As explained in Note 1, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ will fully reimburse the Group for potential loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation on the European side of İstanbul before the end of the rent period of TAV İstanbul; i.e. 3 January 2021.

On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. The Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000.

	2021	2020
Revenue	534	513
Operating loss	(187)	(49)
Net finance costs	89	(6,715)
Loss before tax	(98)	(6,764)
Tax expense	(605)	(1,538)
Loss for the period	(703)	(8,302)

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23. DISCONTINUED OPERATIONS (continued)

	<u>2021</u>	<u>2020</u>
Net cash provided from operating activities	193,766	105,546
Net cash provided from investing activities	20	826
Net cash used in financing activities	(178,840)	(137,510)
	<u>2021</u>	<u>2020</u>
Weighted average number of shares	180,000,000	180,000,000
Loss for the period attributable to owners of the Company	(703)	(8,302)
Basic and diluted loss per share (full EUR)	(0.00)	(0.05)

24. SUBSEQUENT EVENTS

None.