



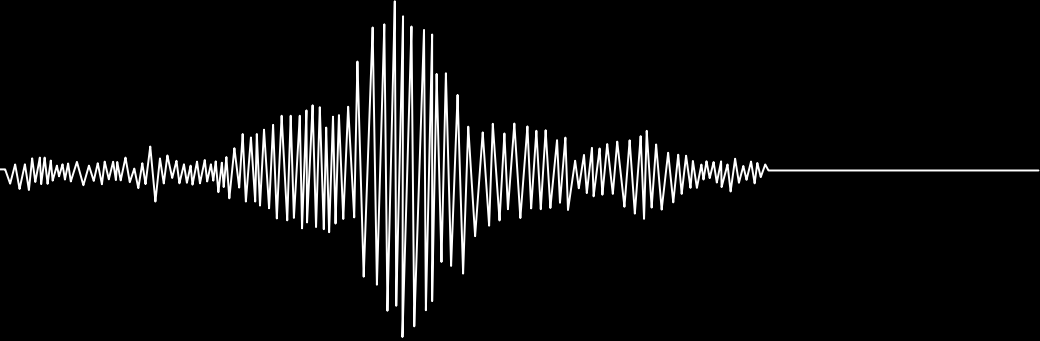
FOCUSED ON GROWTH...

Annual Report 2022



a member of
Groupe ADP

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On February 6, 2023, tens of thousands of our citizens passed away and hundreds of thousands of our citizens got injured due to the earthquakes hitting the south and southeast of Türkiye. We are grieving for our two colleagues we lost in Adıyaman.

As TAV Airports, with our partners and affiliates, we took action to contribute to the relief efforts starting with the first hours of the earthquake. We have approximately 500 employees working in ground services at the airports in the region. We used every means available to ensure their and their families' safety. From day one, we provided uninterrupted service for relief efforts and evacuation flights.

With the guidance of public institutions, we are working to respond to the needs of our employees and people affected from the earthquake in the region. During the first days, we worked in search and rescue and helped to respond to the basic needs of our citizens regarding food, clothes, hygiene and shelter. However, overcoming this destruction is only possible with long-term and comprehensive support. We will continue to provide our support for the region.

We will heal our wounds with solidarity.

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Setting higher goals...

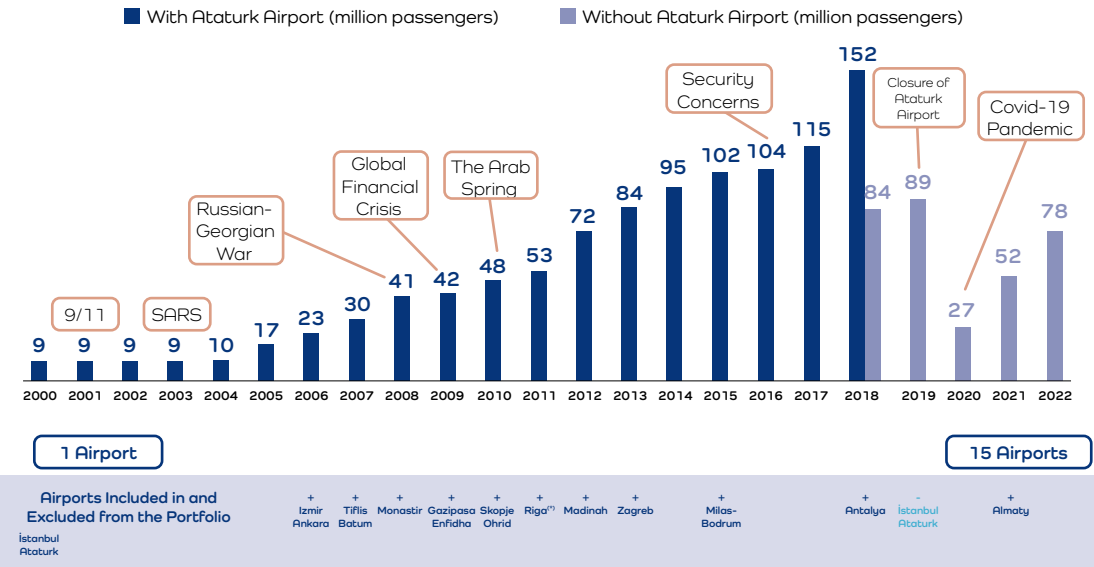
As TAV Airports, Türkiye's global brand in airport management, we successfully left behind us yet another year marked by global uncertainties and volatility. We faced a number of crises in our history, but with the resilience imprinted in our DNA, we managed to emerge from each even stronger than before.

Our diversified and balanced portfolio, comprised of meticulously selected airports, includes some of the fastest recovering airports in the world. Delivering high quality services in all areas of airport management, we made it possible for millions of our guests to travel with greater efficiency and comfort. With growing passenger and flight volume, we managed to exceed even our twice upwardly revised guidance in the course of the year. Along with the newly added airports and concessions to our portfolio, we extended our average concession duration to 30 years.

We expect a robust growth over the next three years, underpinned by the great potential of our airports, and sustain our efforts towards attaining more ambitious goals to reach the profitability levels of the era when Ataturk Airport was also included in our portfolio.



Resilient Growth Strategy



(*) Only commercial areas

Strong recovery in passenger traffic

Our airports, serving at attractive locations in Türkiye and the world, delivered rapid post-pandemic recovery, thereby boosting our growth momentum. Turkish tourism sector continues its growth. Increasing tourism demand spurs increases in international passenger number forecasts.

Number of Passengers in 2022

78 million

Level of Passengers
Compared to 2019

88%



We extended our operation period in Ankara Esenboga Airport.

We won the tender for the operating rights of Ankara Esenboga Airport with the best bid of EUR 475 million (+VAT).

We extended our operating rights, due to expire by 2025, to 2050.

We have improved the destination profile and service quality in Ankara's gateway to the world significantly in our existing concession. We will invest another EUR 300 million to develop the airport even further.

300
EUR million^(*)
Investment

^(*) First phase investment of EUR 210 million will reach 300 million with the second phase which will begin the latest in 2038





**We extended
our average
concession
duration to
30 years.**



We raised our average concession duration from eight to 30 years, thanks to the addition of Almaty Airport^(*) to our portfolio, Antalya Airport's new operation concession (until 2051), Ankara Esenboga Airport's new operation concession (until 2050) and the time extensions we were granted by regulatory authorities due to the pandemic.

^(*) Almaty, which is not a concession, is used as 99 years in the calculation.

We surpassed the operating profitability of 2019.

The pandemic and geopolitical risks took an overwhelming toll on our sector over the past two years. Despite geopolitical uncertainties which were the central theme of 2022, we managed to exceed 2019, after the second quarter of the year in terms of revenue and operating profitability^(*). The income we generate from our integrated airport services has been on a rapid growth trajectory, attributable most notably to the growth of our international passenger volume. In addition, the strong performance attained in Almaty Airport's cargo flights also supported our growth.

2022 EBITDA

5.7 TL billion

^(*) Continuing activities.



2022 Euro EBITDA

**15% above
2019**

Gearing up for higher targets...

No matter how unfavorable the circumstances proved in the past, we managed to emerge stronger from them and continued to build the future of TAV Airports.

We took major strides in the past five years to drive TAV Airports to the future. Most notably, we added Almaty Airport to the portfolio; we extended the concession period of Ankara Esenboga Airport until May 2050, and that of Antalya Airport until the end of 2051.

Furthermore, we received force majeure extensions from regulatory authorities and we generated substantial savings during and after the pandemic, and increased the efficiency of our service companies.

With a larger portfolio, and with a nearly quadrupled operating period, we remain on the cusp of an extended growth trajectory.

We move forward with distinct goals, steadfast conviction, and a clear path ahead of us.

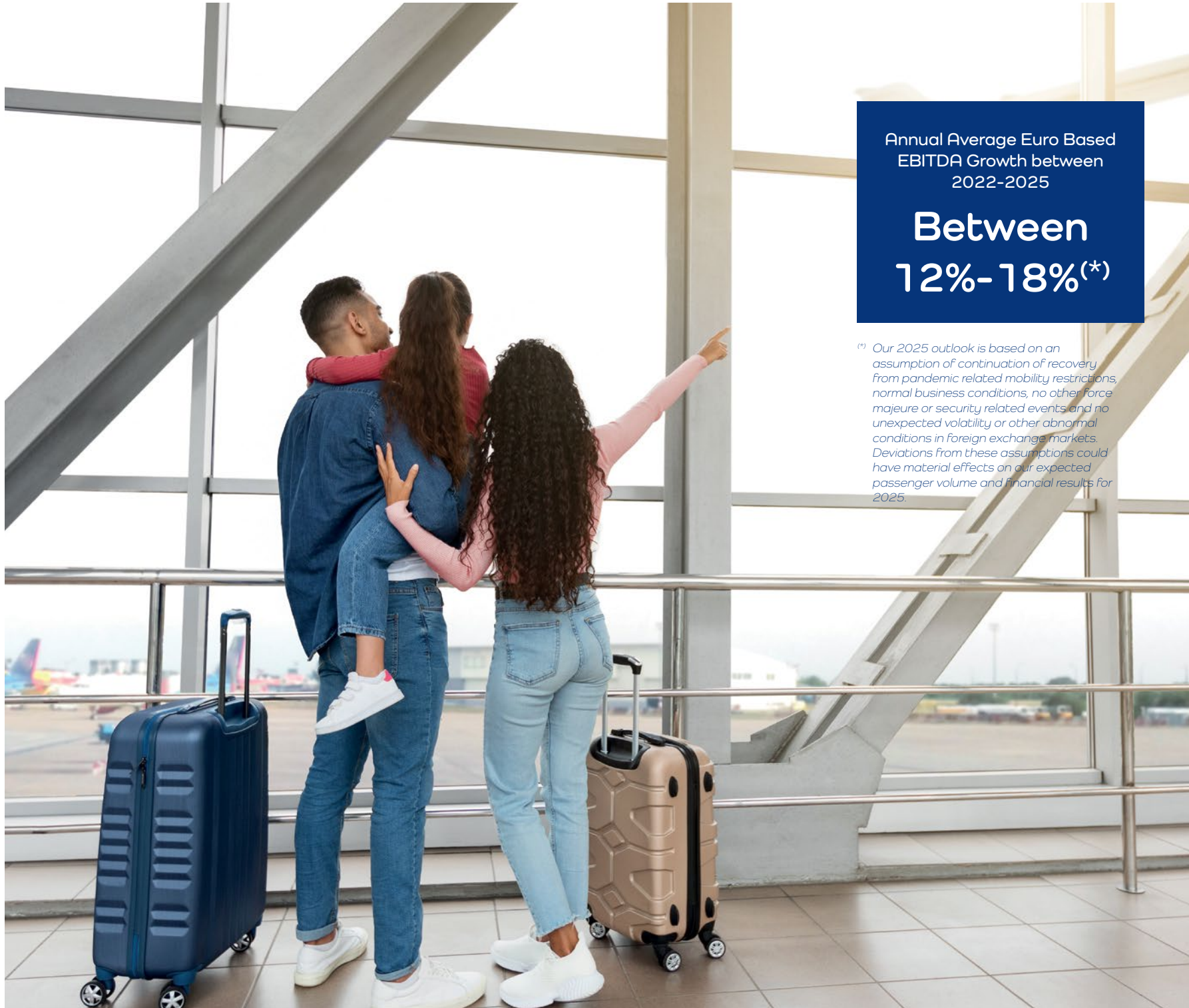
We envisage 10-14% compound annual growth in number of passengers to be served over the coming three years.

Hence, we aim to capture the profitability levels attained at the times when our portfolio included Ataturk Airport as well.

Average Expected Annual
Passenger Growth between
2022-2025

**Between
10%-14%^(*)**

^(*) Our 2025 outlook is based on an assumption of continuation of recovery from pandemic related mobility restrictions, normal business conditions, no other force majeure or security related events and no unexpected volatility or other abnormal conditions in foreign exchange markets. Deviations from these assumptions could have material effects on our expected passenger volume and financial results for 2025.



Annual Average Euro Based
EBITDA Growth between
2022-2025

Between
12%-18%^(*)

^(*) Our 2025 outlook is based on an assumption of continuation of recovery from pandemic related mobility restrictions, normal business conditions, no other force majeure or security related events and no unexpected volatility or other abnormal conditions in foreign exchange markets. Deviations from these assumptions could have material effects on our expected passenger volume and financial results for 2025.

Clear strategies, higher goals...

Owing to our adaptability, diversified services, resilience and intellectual capital, we emerged from the pandemic era with a stronger portfolio, as promised. Moreover, as of the second quarter of the year, we exceeded the pre-pandemic levels in operating profitability^(*).

Our inflation-sensitive revenue structure and strong cash generation capabilities will continue to support us in the coming period.

In the medium term, extending beyond 2025, our primary target will be to attain the profitability levels of the period when Ataturk Airport was part of our portfolio.

^(*) Ongoing activities.

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TAV AIRPORTS AT A GLANCE

Excellent service quality

As one of the leading global airport operators, TAV Airports operates Antalya, Ankara Esenboga, Izmir Adnan Menderes, Milas Bodrum, and Gazipasa Alanya Airports in Türkiye. TAV operates Almaty International Airport in Kazakhstan, Tbilisi and Batumi Airports in Georgia, Monastir and Enfidha-Hammamet Airports in Tunisia, Skopje and Ohrid Airports in Macedonia, Madinah Airport in Saudi Arabia, and Zagreb Airport in Croatia.

TAV Airports is also active in other areas of airport operations such as duty-free sales, food and beverage services, ground handling services, information technology, security and operation services. Duty-free sales, catering and other commercial areas are operated by TAV at Riga Airport in Latvia.

In 2022, TAV Airports served 560 thousand flights and 78 million passengers.



Countries with Airports Operated by TAV

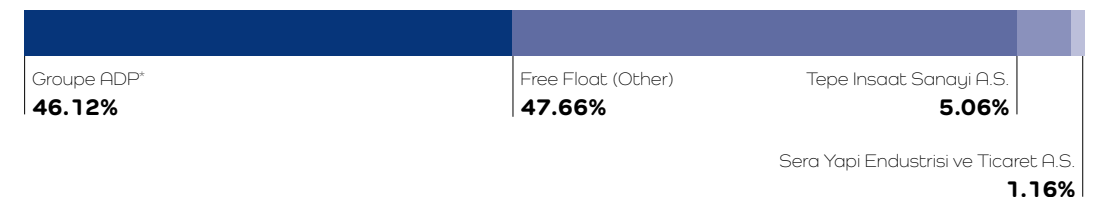
**8**

The number of countries in which TAV Airports operates

15

The number of airports operated by TAV Airports

Shareholding Structure of TAV Airports*



* Through TANK OWA Alpha GmbH, a wholly-owned subsidiary of Groupe ADP

** As of December 31, 2022

SUBSIDIARIES OF TAV AIRPORTS

TAV quality in each area of airport management

TAV Airports offers a top-quality airport experience for its guests at the airports it operates with its service companies.

Airport Companies

Ankara Esenboga 100%



Gazipasa Alanya 100%



Izmir Adnan Menderes 100%



Milas Bodrum 100%



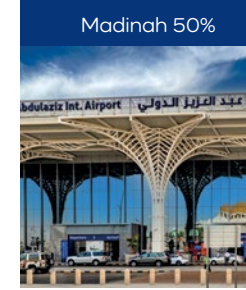
Antalya 50%



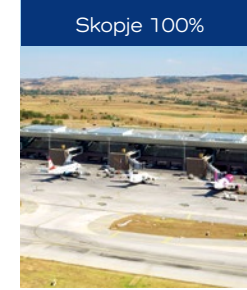
Almaty 85%



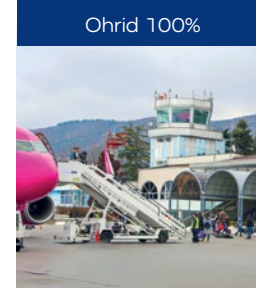
Madinah 50%



Skopje 100%



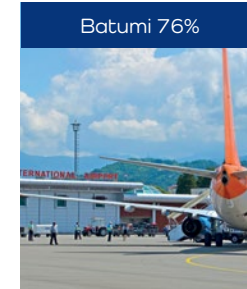
Ohrid 100%



Tbilisi 80%



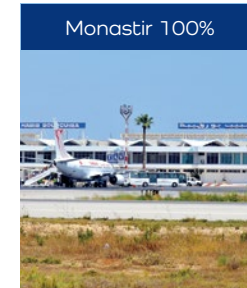
Batumi 76%

Latvia 100%
(only commercial activities)

Enfidha-Hammamet 100%



Monastir 100%



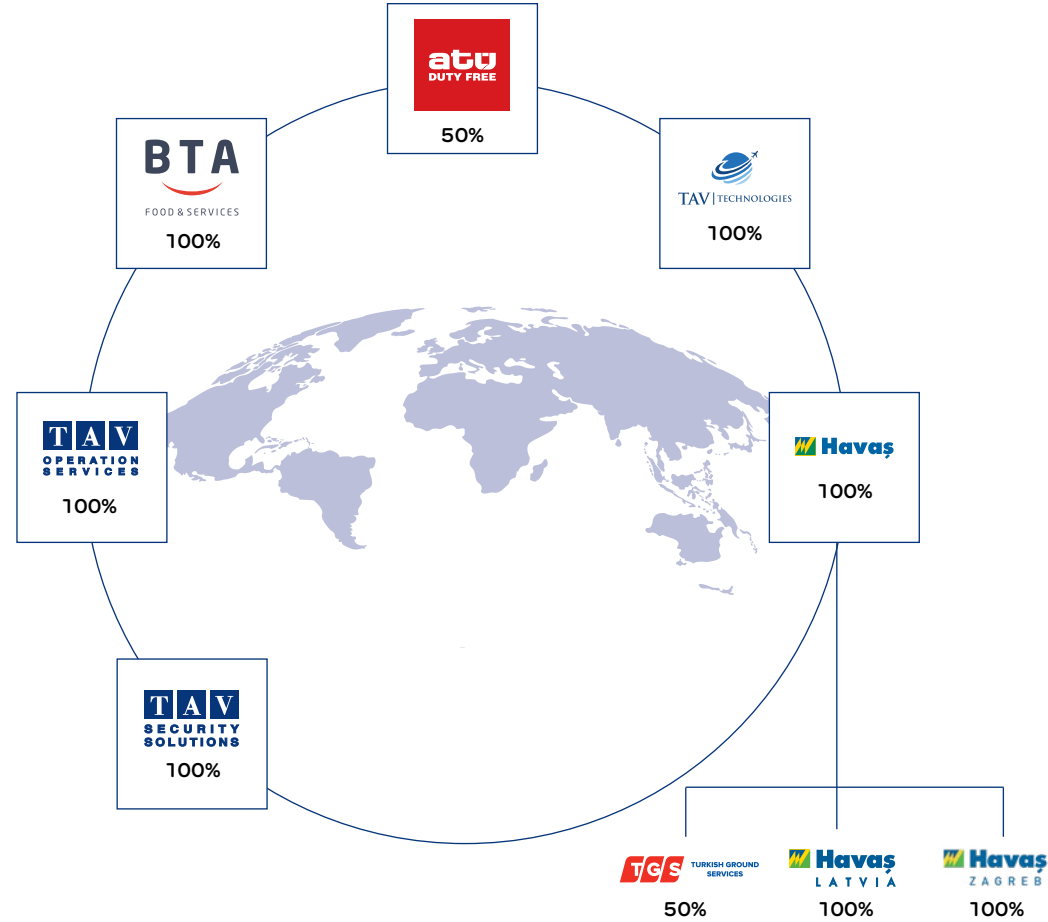
Zagreb 15%



SUBSIDIARIES OF TAV AIRPORTS

Excellent passenger experience with service companies

Service Companies



TAV'S GROWTH STRATEGY

Smart growth based on high service quality

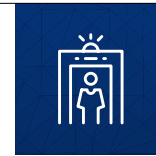
**Organic Growth**

We are operational at 15 airports in eight countries on three continents. We served 78 million passengers in 2022. Our assets have grown significantly, as have our average operation duration. We emerged out of the pandemic even stronger. We plan to grow traffic at our existing airports by providing an excellent passenger experience with our high service quality. We now have a clear path for future growth, with significant passenger growth and a rapid reduction in debt levels.

**Inorganic Growth**

With our strong partners and integrated business model, we focus on new and profitable business opportunities in our core geography. In 2021, we acquired Almaty airport and strengthened our portfolio. By winning the tender for Antalya airport, we extended the operation period of the airport until 2051. In 2022, we also won the tender for Esenboga Airport's operating rights, extending the operating period for Esenboga Airport until May 2050.

In 2021, we were able to extend the operational rights of all Turkish airports for two years each, as well as finalize the negotiations regarding the operational period extension and lease deferral for Madinah. This year, we also extended the operational periods for Skopje and Ohrid Airports that we operate in Northern Macedonia.

**Growth of Service Companies outside of the TAV Ecosystem**

We are vertically integrated with our service companies through which we are active in 29 countries, in a total of 108 airports in areas such as duty free, food & beverage, ground handling, passenger lounge operations and information technologies in addition to airport operations. Our financial results for passenger lounges, duty free and catering operations improved significantly, and our IT services business volume also increased in 2022. Our luxury brand shops at Istanbul Airport benefited from the airport's extraordinary passenger growth.

BOARD OF DIRECTORS' MESSAGE

We are building the future of TAV Airports.

With immeasurable sadness, we witnessed the devastation caused by the earthquake in Türkiye. Even as the Havas and TGS teams at the airports in the region struggled amid the destruction, they worked nonstop so that assistance and aid could reach their destinations. The enormous damage we are confronting requires long-term and comprehensive support. TAV Airports and its subsidiaries have provided and continue to provide monetary and in-kind aid to the region affected by the earthquake. While we mourn for those we have lost, we will deploy our full strength to ensure that those who are left behind can hold on to life.

In the first quarter of the year, geopolitical difficulties added to the issues created by the pandemic in 2020 and 2021. Recession and high inflation concerns peaked with the energy crisis. In this challenging environment, we funded our joint venture, which will operate Antalya Airport after 2027, with equity of EUR 375 million. We completed the financing for the remaining portion of the upfront lease payment and submitted the payment of EUR 1.8 billion to the State Airports Authority. We consider our ability to close this financing amid considerable geopolitical turbulence a remarkable success. We immediately commenced the first-phase investment, which includes the expansion of Antalya Airport, which we envisage to amount to nearly EUR 600 million. Through the investment

that we plan to complete before the summer season of 2025, the terminal area will double, and the retail sales areas will triple in size. After Almaty and Antalya, we will start investments in 2023 for Ankara Esenboga Airport; the tender for which we won in December 2022 thereby extending the concession period to 2050. We are building the future of TAV in massive investment period covering the years 2022 to 2025.

We remained above the global traffic recovery curve in 2022, thanks to our geographically balanced portfolio of airports. We balanced loss of traffic in the Russian and Ukrainian markets with strong demand from Europe, especially from the UK and Germany, and the Middle East.

We completed negotiations on the Almaty International Airport and added it to our portfolio during the pandemic period in 2021; the airport displayed a brilliant performance in 2022. The low seasonality of Almaty Airport, which constitutes 26% of our EBITDA, also reduced our Company's consolidated seasonality. We started the construction of the new terminal in Almaty, which will double the airport's capacity to at least 14 million. With the new terminal, we will significantly enhance the service quality of the airport, providing a best-in-class user experience to passengers and our guests at Almaty Airport by offering them the highest quality service and support functions.



Ali Haydar Kurtđarcan
Deputy Chair

Edward Arkwright
Chair

Dr. M. Sani Sener
Deputy Chair

The Turkish tourism sector, which offers high quality at affordable prices, continues to grow and expand its global reach. Despite the impact of geopolitics, the sector's value proposition paid off in the summer, and we had a successful season. Compared to 2019, the base year before the pandemic, world tourism recovered 65% in 2022, while Turkish tourism registered a 99% recovery. The bed capacity of hotels certified by the Ministry of Culture and Tourism which was about 1.9 million in 2022, is expected to reach 2.3 million by 2028; tourism revenues are expected to double in the same period, reaching USD 100 billion. As the operator of the main touristic airports in Türkiye, we look forward to providing quality service with a high level of comfort to our guests, whose numbers we expect to rise in the upcoming years.

It is predicted that passenger numbers worldwide will double in the next two decades to about 20 billion, and that 40 thousand new aircraft will serve the aviation industry. We believe that the sector, which promises extraordinary growth, should act now for a more sustainable future.

As TAV Airports, while continuing to grow, we strive to minimize the environmental impact of our operations and we provide support for the development of the communities where we serve. We intend to make all our airports carbon-neutral by 2030. Currently, our Antalya, Izmir and Ankara airports have this status. We also committed to making all our operations carbon net-zero by 2050.

In our 25th year in the industry, we are proud to have made TAV a global brand that operates 15 airports in eight countries and has a presence in 108 airports across 29 countries, together with service companies. Thanks to the great efforts of our nearly 18 thousand employees around the world, we have achieved sustainable success despite numerous crises during the past 25 years. As we have in the past, we will work with all our strength to carry the TAV brand even further in the future.

Source: ACI, Airbus, Ministry of Culture and Tourism

MESSAGE FROM THE MANAGEMENT

In 2022, we achieved results beyond our expectations.

In 2022, we completely recovered from the financial effects of the pandemic and surpassed the profitability levels of our 2019 portfolio excluding Istanbul Ataturk. We are also very happy to have won the tender for Ankara Esenboga Airport. We will continue to proudly serve our country's capital with TAV quality until 2050.

We completed 2022 with revenue of €1.05 billion, EBITDA of €322 million and a net profit of €122 million all of which are above our expectations we had published in October. These excellent results came on the back of massive passenger recovery where our primary source markets except Russia and Ukraine reached or went above 2019 levels and our acquisition in Almaty also contributed significantly to our results.

Our first major financial goal now is to catch up with the profitability levels achieved in 2018 with the portfolio that also included Istanbul. Our ongoing efforts during the last five years made it possible to produce the right portfolio of assets and the balance sheet structure that has brought the profitability levels of 2018 within reach.

The main driver for this performance will be organic passenger growth. We ended 2022 with 78.5 million passengers and we expect to see an average of 10 to 14% yearly growth in this figure over the next three years. In turn, we expect this organic passenger growth to deliver an average of 12 to 18% EBITDA growth until 2025.

To achieve our goal of reaching the profitability levels of 2018, we have embarked upon a series of significant investment programs. We have acquired Almaty for USD 422 million in 2021 and we are investing a total of another USD 200 million in the airport. We have already invested €1,813 million in upfront rent in Antalya for the concession until 2052 and we are investing another €600 million with our partner Fraport. We will pay an upfront rent of €119 million and will invest another €210 million in Ankara. We will complete all these investments in the course of the next three years. This is in addition to the investments we are making in our existing assets each year to grow our service businesses, to improve the quality of our airports and to continuously innovate for better hospitality.



We are generating significant amounts of operational cash but as I have outlined above, we are also investing much more than the cash we are generating at the moment. Our dividend policy states that "sustainability of a 50% payout ratio where the net profit for the year is distributed either in cash or in bonus shares is one of the basic purposes of our Company, except for such special cases necessitated by investments and any other fund requirements that may be required for the long-term development of the Company." Therefore, due to the significant investments we are undertaking which require the massive cash outlays I have summarized above, our Board of Directors will propose not to distribute any dividends out of 2022 net income, taking into consideration the cash needs of our Company to fuel growth and the cost of funding this growth through borrowing as it has increased significantly over the course of the last two years.

322

EUR million

**TAV Airports
increased its EBITDA
to EUR 322 million.**



With our service companies, our global footprint now reaches 108 airports in 29 countries. As a global company, our Turkish revenue now only comprises 37% of our consolidated revenue whereas this figure was 57% in 2019.

MESSAGE FROM THE MANAGEMENT

Our quality reaches 108 airports in 29 countries.

While creating our global brand there are several aspects of our business which have always been our first priorities and to which we owe our success. We have always invested in our people who bring the TAV quality to life across the world. Just as we stood by our employees during the pandemic, we have also done everything within our power to protect our people from an inflationary environment. We have always pioneered our technology and we will continue to work towards increasing the digitalization of our processes and service offering. Our brand has always been synonymous with hospitality. While we emerge as a global leader in this area, we believe our global hospitality network should continue to boost growth, both in our existing airports and through additions to our portfolio.

As a company that has always been at the forefront of environmental and social governance, we are also increasing our investments in this area. Our long-term goal is to maximize the amount of energy we use from renewable sources in line with our “zero emission” goals. In the short term, we will be investing in solar power generation to generate 30% of our consumption from solar.

This is a special period to be a TAV stakeholder as we are laying the tracks for a strong future and are about to enter the period where we will start to reap the fruits of sustainable post-Istanbul growth. We would like to thank our employees, shareholders and business partners for their immeasurable efforts and unwavering support to our global brand.

We have very sadly witnessed the losses that came about as a result of the earthquakes that took place in the south and southeast of Türkiye. We wish God’s clemency on those who lost their lives in this great disaster, a speedy recovery to the injured, and our deepest condolences to their relatives. As TAV, we will continue to stand by and support the people of the region with all our means, through our airport operations and service companies.


Serkan Kaptan
Chief Executive
Officer


Franck Mereyde
Executive Member
of the Board

CONCESSIONS AT A GLANCE

Airport	Type/Expire	TAV Stake	Scope	Fee/Pax Int'l	Fee/Pax Dom.	Security Fee/ Pax Int'l ⁽⁶⁾	Volume Guarantee	Yearly Lease/ Concession Fee Paid
Ankara Esenboga ⁽⁹⁾	BOT (May 2025)	100%	Terminal	€15 (€2.5 Transfer)	€3	€1.5	0.6m Dom, 0.75m Int'l for 2007+5% p.a	-
New Ankara Esenboga (Starts in 2025)	Lease (May 2050)	100%	Terminal	€17 (€5.0 Transfer)	€3	€3	No	€119m up front €10m from 2025 to 2029 and €15m from 2030 to 2049 + VAT ⁽¹²⁾
Izmir A. Menderes ⁽⁹⁾	Concession (December 2034)	100%	Terminal	€15 (€2.5 Transfer)	€3	€0.75	No	€29m+VAT ⁽¹¹⁾
Alanya - Gazipasa ⁽⁹⁾	Lease (May 2036)	100%	Airport	€12	TL 10	€1.0	No	\$50,000+VAT+ 65% of net profit
Milas Bodrum ⁽⁹⁾	Concession (December 2037)	100%	Terminal	€15	€3	€0.75	No	€143.4m upfront+ €28.7m+VAT ⁽²⁾
Antalya ⁽⁹⁾	Lease (December 2026)	50% ⁽⁵⁾	Terminal	€15 (€2.5 Transfer)	€3	€0.75	No	€100.5m + VAT
New Antalya (Starts in 2027)	Lease (December 2051)	50% ⁽¹⁰⁾	Terminal	€17 (€5.0 Transfer)	€3	€3	No	€1813m up front €145m from 2027 to 2031 and €236m from 2032 to 2051 +VAT ⁽¹¹⁾
Almaty	No Concession ⁽⁹⁾	85%	Airport	\$8.9 for non-Kazakh airlines	charges vary	-	No	-
Tbilisi	BOT (January 2027)	80%	Airport	US\$25	US\$6	-	No	10% of Landing and Ground Handling gross revenue
Batumi	BOT (August 2027)	76%	Airport	US\$12	US\$7	-	No	-
Monastir & Enfidha	BOT+ Concession (May 2047)	100%	Airport	€13	€1	€0.8	-	11-26% of revenue from ⁽⁷⁾ 2010 to 2047
Skopje & Ohrid	BOT+ Concession (June 2032)	100%	Airport	€11.5 in Skopje, €10.2 in Ohrid	-	€6.5 in Skopje, €6.5 in Ohrid	-	4.1% of the gross annual turnover ⁽⁸⁾
Madinah (TIBA ^H)	BOT+ Concession (May 2041 + up to 4 yrs.)	50%	Airport	SAR 94.3 ⁽⁴⁾	SAR 10.6	-	No	54.5%
Zagreb (MZLZ)	BOT+ Concession (April 2042)	15%	Airport	€17.5 (€4 Transfer)	€7.5	€6.5 int'l, dom and transfer pax	No	€2.0 - €11.5m fixed 0.5% (2016) - 61% (2042) variable

¹⁾ Accrual basis: Depreciation expense of €13.5m in 2015 to €32.4m in 2032 plus finance expense of €17.8m in 2015 to €0m in 2032

²⁾ Accrual basis: Depreciation expense of €11.1m in 2016 to €38.0m in 2032 plus finance expense of €18.8m in 2016 to €0m in 2032

³⁾ The percentage will be tapered towards 2% as passenger numbers increase.

⁴⁾ SAR 91 from both departing and arriving international pax. Pax charge will increase as per cumulative CPI in Saudi Arabia every three years.

⁵⁾ TAV Airports' 49% stake in Antalya Airport entitles it to equal governance and 50% of dividends.

⁶⁾ Security fee for int'l pax are collected in Turkish Airports starting from January 2019.

⁷⁾ The concession fees have been restructured in November 2019 with this multiplier: (*35% if pax<4m, *75% if 4m<pax<5m, *125% if 5m<pax<7.5m, *150% if pax>7.5m)

⁸⁾ DHMI has extended the operating periods of Antalya, Ankara, Gazipasa-Alanya, Izmir and Milas-Bodrum for two years in February 2021. <https://www.kap.org.tr/en/Bildirim/909767>

⁹⁾ Airport operation is not subject to a concession. Airport facilities are owned and leased.

¹⁰⁾ TAV Airports' 51% stake in Antalya Airport entitles it to equal governance and 50% of dividends.

¹¹⁾ VAT will be paid on accrual basis starting from 2027 (€m52.2 p.a).

¹²⁾ VAT will be paid on accrual basis starting from 2025 (€m 3.4 p.a).

02 Major Developments in 2022

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ANKARA ESENBOGA AIRPORT: ANOTHER 25 YEARS OF HIGH QUALITY SERVICE FOR THE CAPITAL OF TÜRKİYE

An investment of approximately EUR 300 million in Ankara's gateway to the world

Having submitted the best bid, TAV Airports won the tender for Esenboga Airport's capacity development and operating rights for the years 2025-2050.

As a result of the tender, TAV Airports, which already holds the operating rights of Esenboga Airport until May 2025, extended the operating period until May 2050.

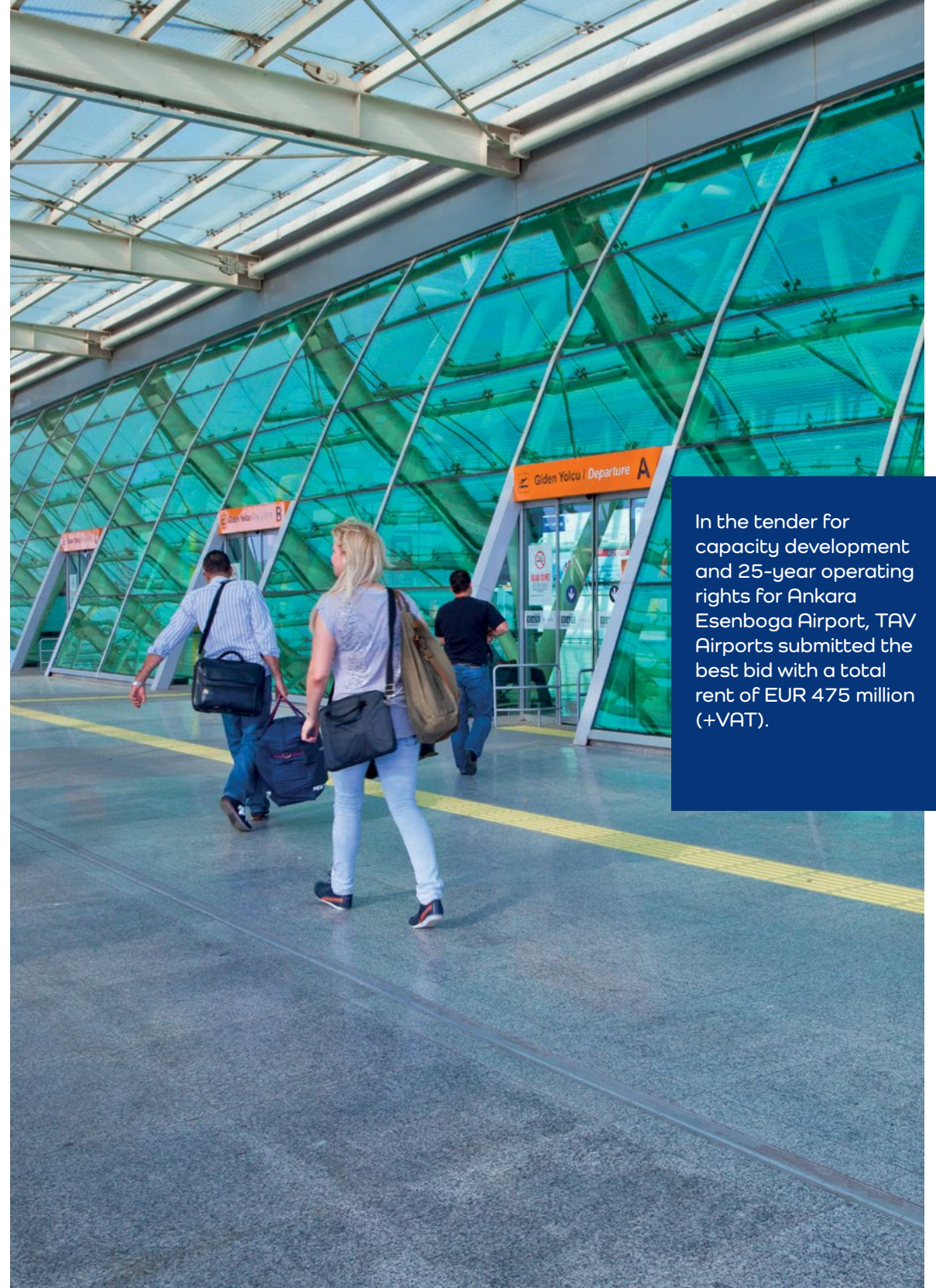
TAV Airports will initially undertake first phase investments comprising a new runway, air traffic control tower and cargo service units. First phase investments, due to kick off in 2023, are set to be completed within three years. Based also on the rate of passenger number growth, second phase investments, including terminal expansion, will have been completed by 2040 the latest.

Additionally, TAV Airports will undertake 5 MW-capacity solar panel investments, in accordance with its sustainability policies. The investment amount planned through the course of the project will total approximately EUR 300 million.

Türkiye's first carbon-neutral airport

Since 2006, TAV Airports has successfully operated Esenboga Airport, the global gateway of Türkiye's capital. With a modern architecture that brings together domestic and international terminals under one roof, Esenboga embodies the forward-looking face of the Turkish Republic. During the first concession period, passenger traffic has nearly quadrupled. Moreover, efforts are under way to augment direct international flights to boost and connectivity traffic further.

Ankara Esenboga was voted "Best Airport in Europe" in 2009, by Airports Council International (ACI). The Airport ranked first in its category at the ACI Airport Service Quality (ASQ) awards in 2020. Moreover, Esenboga became Türkiye's first carbon neutral airport in 2014 with a 3+ level certificate from the ACI Airport Carbon Accreditation program, on the back of its energy efficiency efforts.



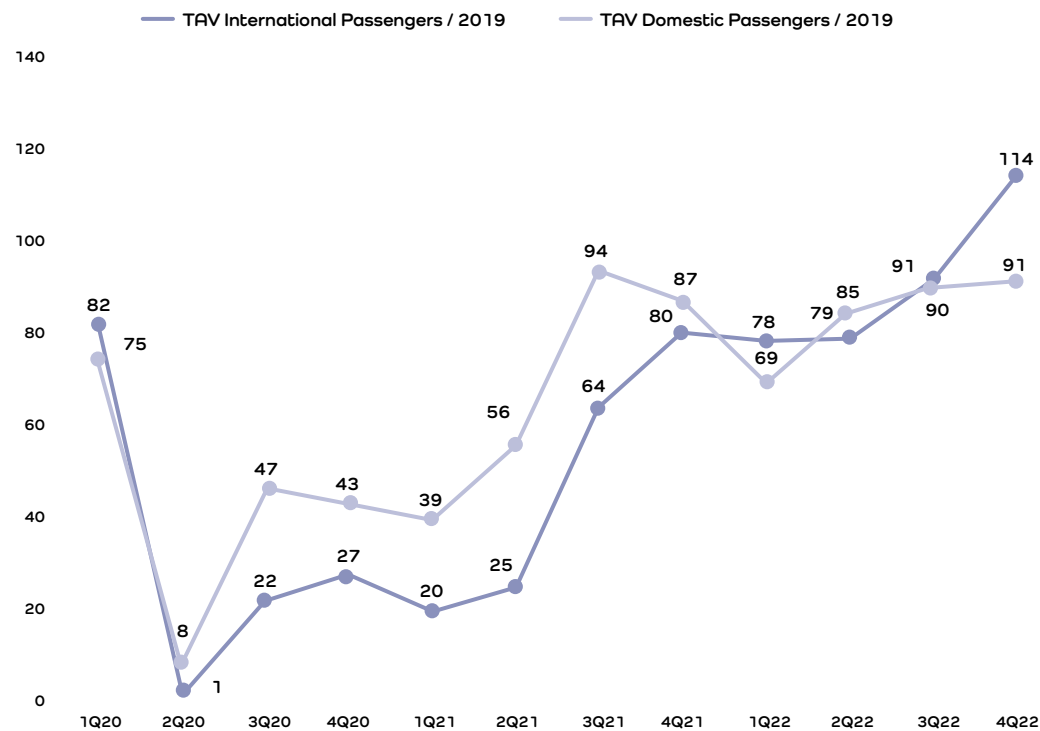
In the tender for capacity development and 25-year operating rights for Ankara Esenboga Airport, TAV Airports submitted the best bid with a total rent of EUR 475 million (+VAT).

ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

International passenger level passed 2019 in the fourth quarter.

- The strong recovery in number of international passengers, the principal source of our revenues, continues.
- Domestic passenger traffic, which contributes less to revenue than international passengers, was undermined by the domestic ticket price ceiling (Throughout 2022, airlines switched their capacity from domestic to international.).

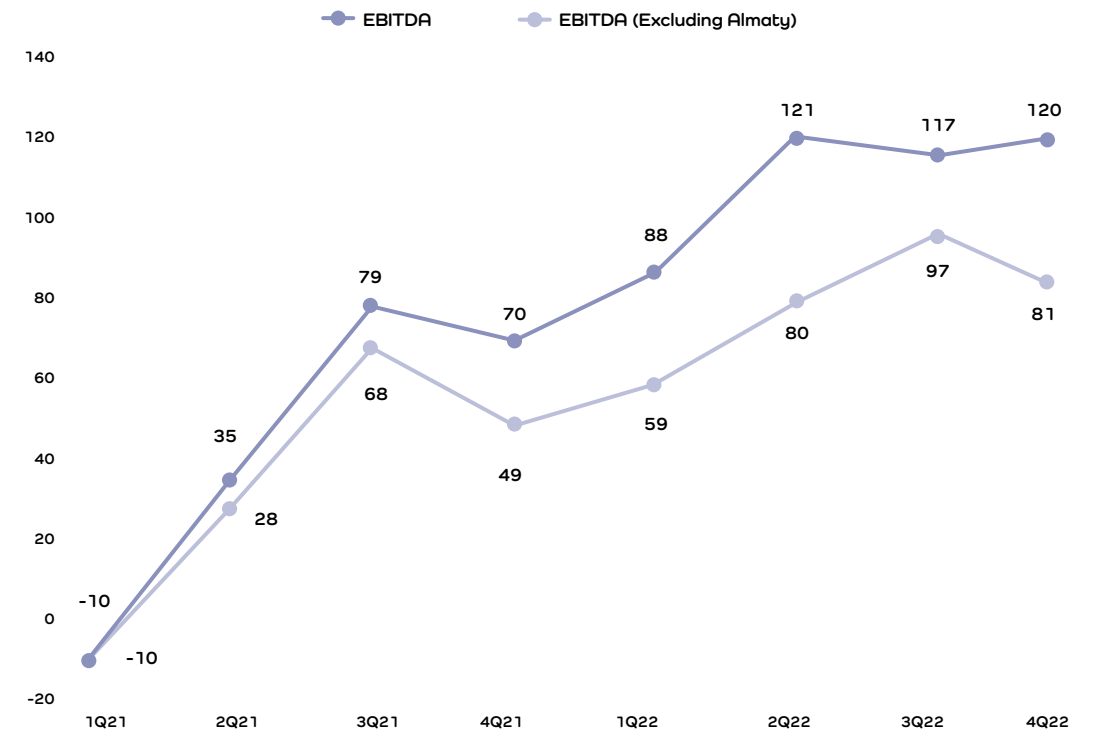
Passenger Level Compared to the Same Quarter of 2019 (%)



Operating profitability surpassed 2019.

With Almaty's contribution, Euro based EBITDA surpassed 2019 in the second quarter.

Euro Based EBITDA Level Compared to the Same Quarter of 2019 (%)

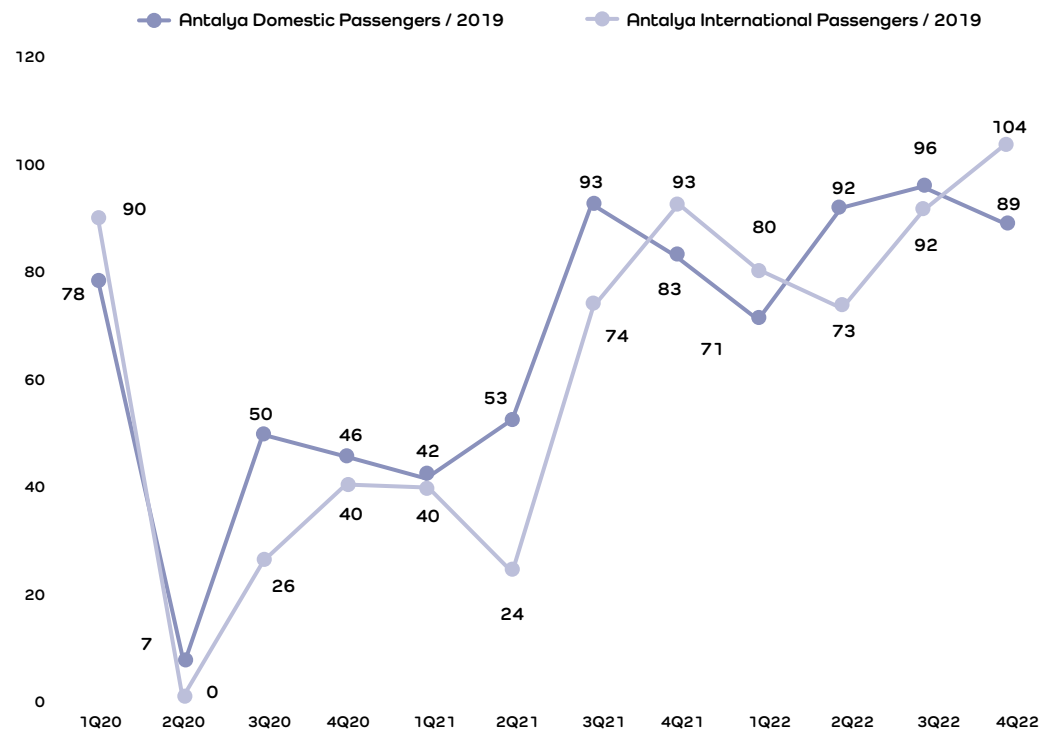


ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

Ongoing recovery in Antalya international passenger volume

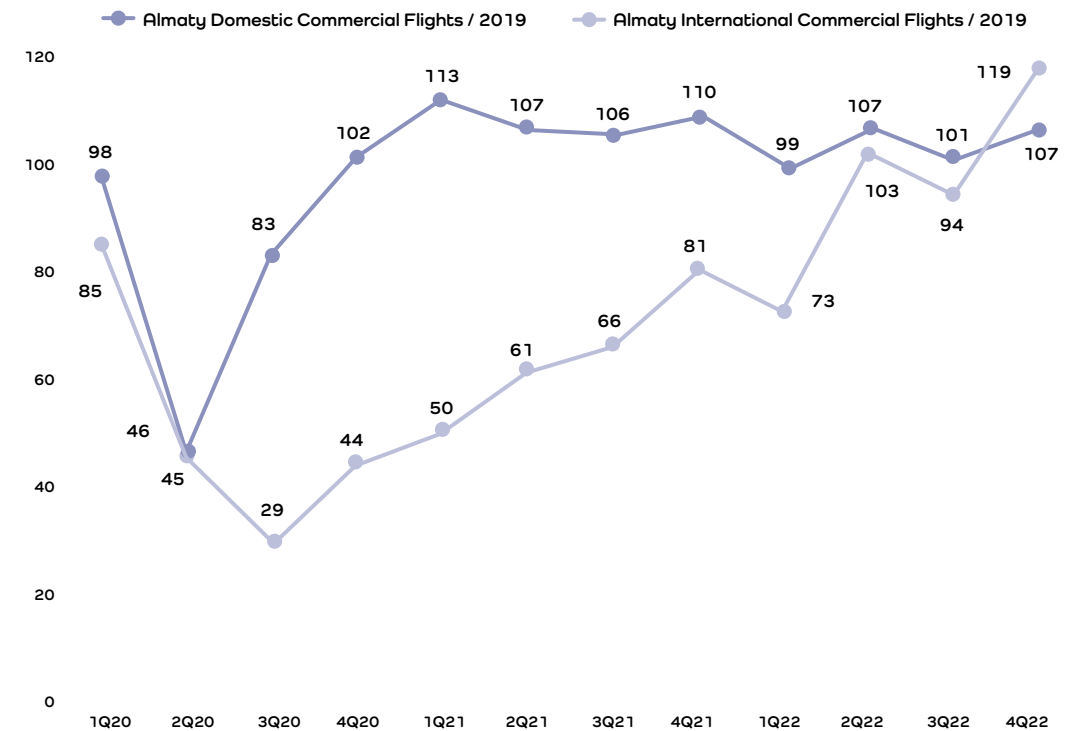
Antalya Airport delivered robust growth in international passenger volume through 2015-2019. Despite geopolitical challenges, number of international passengers reached 104% of 2019 in the fourth quarter.

Passenger Level Compared to the Same Quarter of 2019 (%)



Growth in international cargo flights, on account of efficiency improvements at Almaty Airport and of geopolitical developments, served to boost revenue and EBITDA at Almaty.

Commercial Flights Compared to the Same Quarter of 2019 (%)

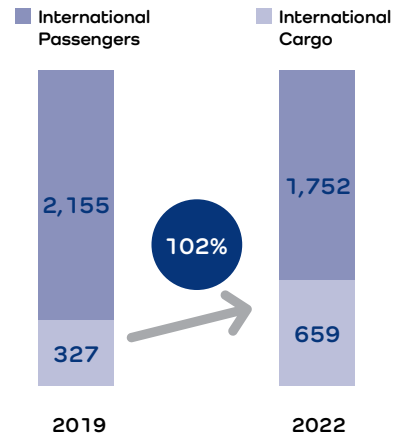


ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

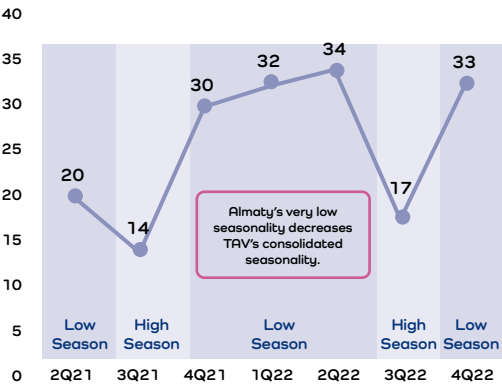
Almaty international cargo flights increased by 102%.

The bulk of Almaty’s revenue derives from services provided to international and cargo flights. Increasing globalization and growth of e-commerce support the growth of the cargo sector in the long run.

Almaty Monthly International Flights



Almaty EBITDA/TAV Consolidated EBITDA (%)

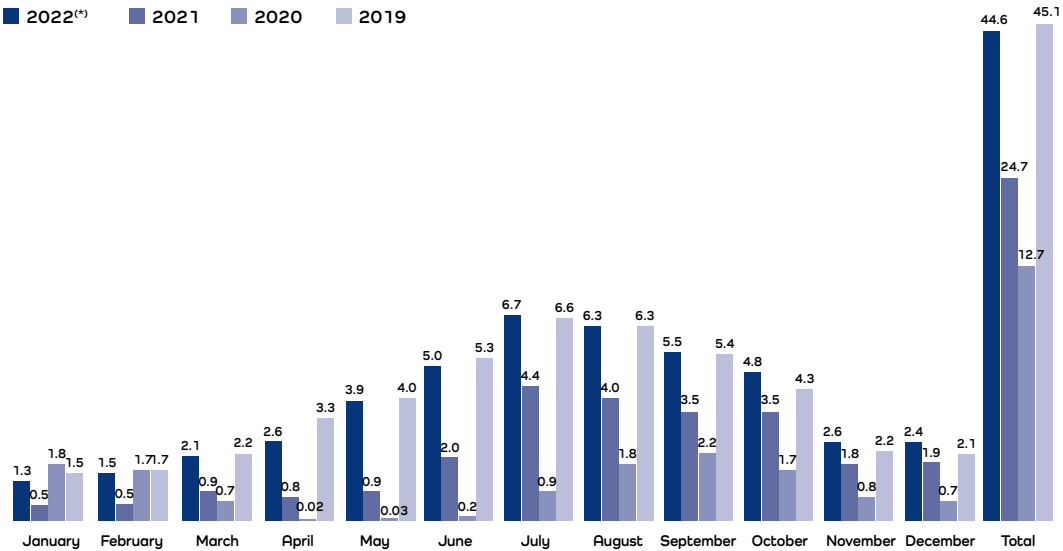


The Turkish tourism sector, which offers high quality at affordable prices, continues to grow and expand the countries it serves.

Despite geopolitical setbacks the sector’s value proposition paid off in the summer, and we had a very strong season. Passenger numbers from our country’s main source markets, Germany and the UK, in particular, exceeded those of 2019.

As a result of the continued high demand, we increased our international passenger forecast from the start of the year by 13%.

Monthly Tourists Visiting Türkiye (million)



(*) 2022 data are subject to revision.

ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

In 2022, Germans topped the list of foreign visitors to Türkiye.

TOP 5 COUNTRIES IN THE DISTRIBUTION OF FOREIGN VISITORS BY NATIONALITY VISITING TÜRKİYE DURING JANUARY-DECEMBER 2019-2022						
Countries	2022*	2022 Share (%)	2021	2021 Share (%)	2019	2019 Share (%)
Germany	5,679,194	12.74	3,085,215	12.48	5,027,472	11.16
Russian Fed.	5,232,611	11.74	4,694,422	19.00	7,017,657	15.57
England (UK)	3,370,739	7.56	392,746	1.59	2,562,064	5.69
Bulgaria	2,882,512	6.47	1,402,795	5.68	2,713,464	6.02
Iran	2,331,076	5.23	1,153,092	4.67	2,102,890	4.67
Other	25,068,263	56.25	13,393,996	56.59	25,634,739	56.89
Grand Total	44,564,395	100.00	24,712,266	100.00	45,058,286	100.00

Source: Ministry of Culture and Tourism
* 2022 figures are subject to revision.

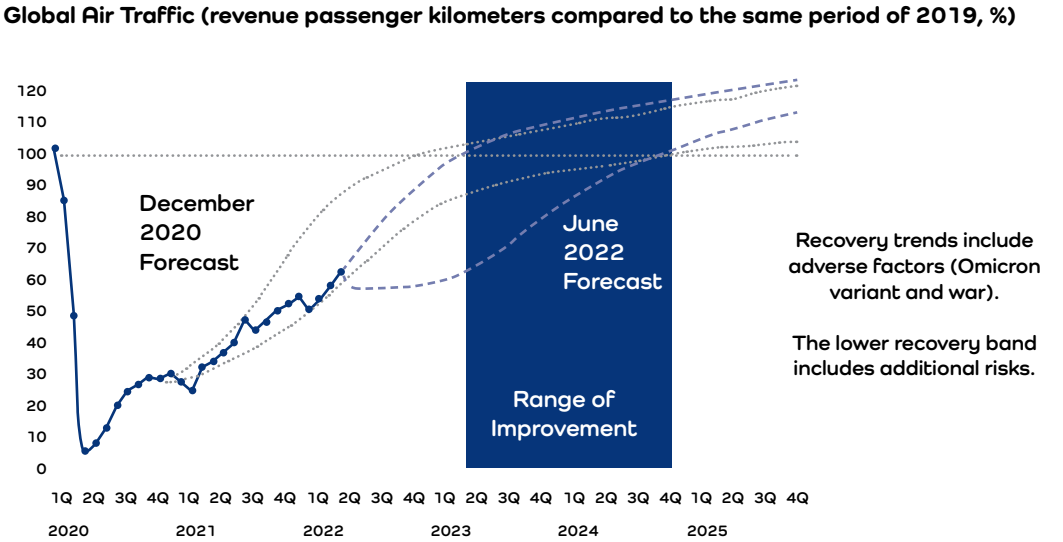
Eurocontrol’s expectation for number of commercial flights for Türkiye in 2023 compared to 2019(*):

- 98% in the base scenario
- 106% in the high scenario

(*) Eurocontrol October 2022 forecast



Globally, the level of 2019 air traffic is expected to be reached between 2023 and 2025.



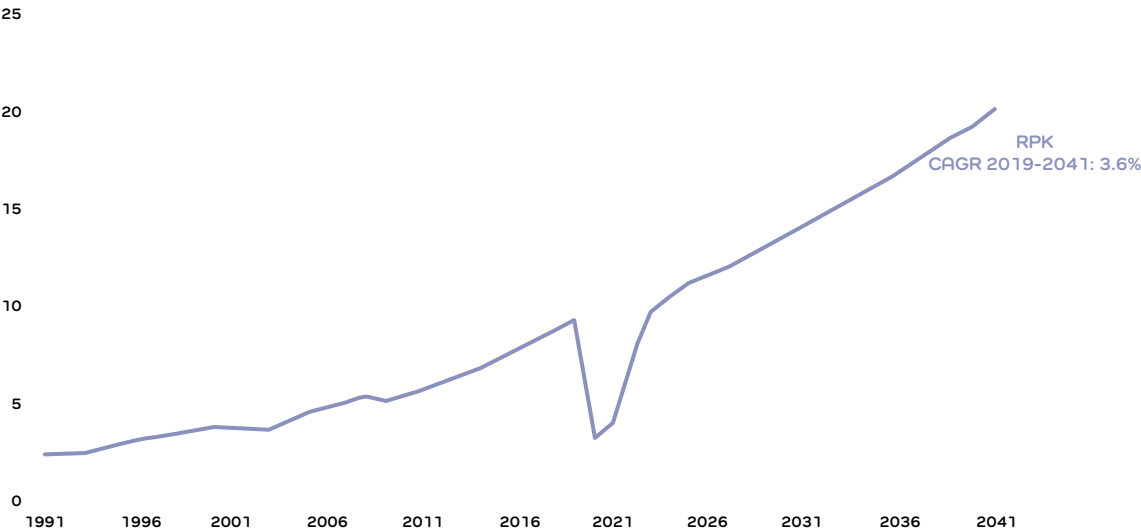
Source: Airbus

ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

Global air traffic is expected to grow at a 3.6% annual rate.

Global air traffic is expected to grow at a 3.6% annual rate between 2019 and 2041.

Annual Global Air Traffic (trillion revenue passenger kilometers)

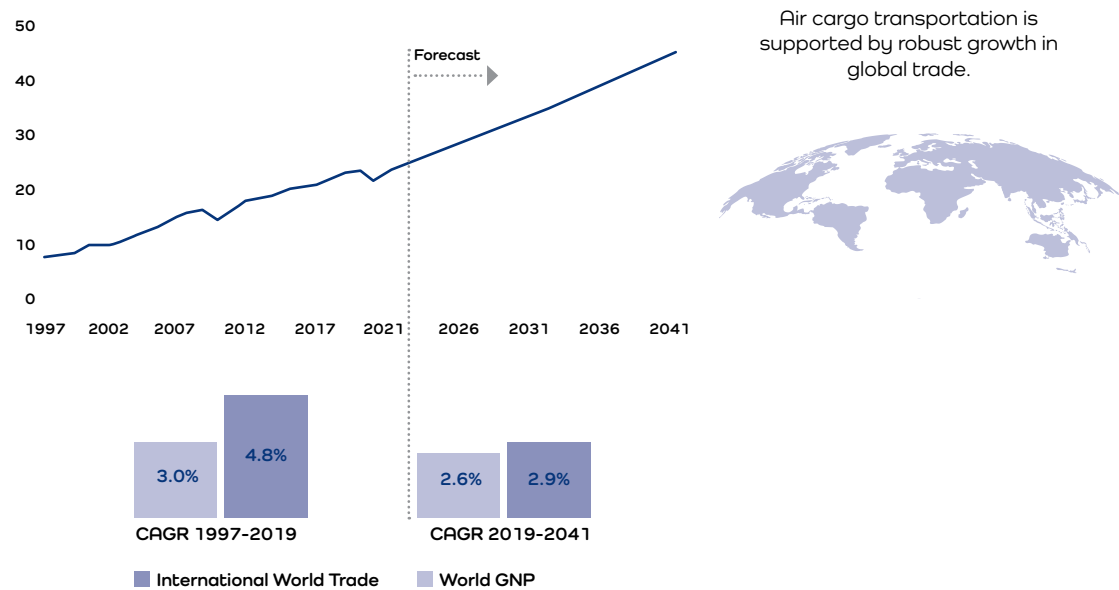


Source: Airbus



The demand for international cargo traffic is expected to continue, based on the growing global trade volume.

International World Trade (\$ trillion)



Source: Airbus

ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

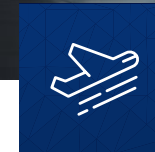
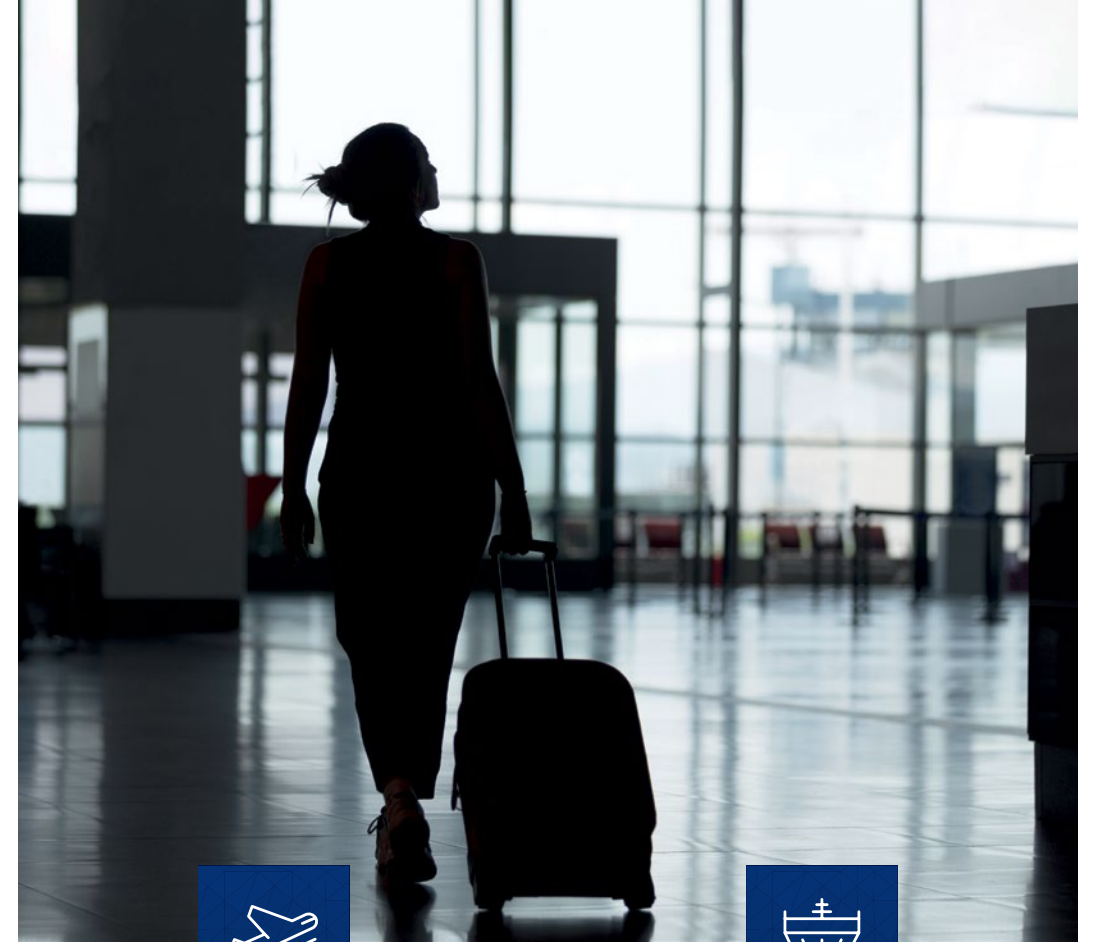
ANNUAL TRAFFIC FIGURES

Passengers	2019	2021	2022	2022/19 Change %	2022/21 Change %
Antalya	35,679,421	22,013,861	31,210,119	-13%	42%
International	28,720,491	17,247,876	25,130,857	-12%	46%
Domestic	6,958,930	4,765,985	6,079,262	-13%	28%
Izmir	12,365,256	7,569,054	9,837,110	-20%	30%
International	3,333,332	1,792,577	3,768,176	13%	110%
Domestic	9,031,924	5,776,477	6,068,934	-33%	5%
Ankara	13,740,595	7,029,630	8,644,967	-37%	23%
International	2,277,395	1,301,315	1,902,934	-16%	46%
Domestic	11,463,200	5,728,315	6,742,033	-41%	18%
Milas - Bodrum	4,337,733	2,909,337	3,904,083	-10%	34%
International	1,873,335	1,000,541	1,861,655	-1%	86%
Domestic	2,464,398	1,908,796	2,042,428	-17%	7%
Gazipasa Alanya	1,084,901	579,635	705,440	-35%	22%
International	591,416	210,140	273,402	-54%	30%
Domestic	493,485	369,495	432,038	-12%	17%
Almaty	6,422,829	6,103,697	7,230,156	13%	18%
International	3,039,074	1,577,735	2,660,576	-12%	69%
Domestic	3,383,755	4,525,962	4,569,580	35%	1%
Georgia	4,309,768	2,191,346	3,612,927	-16%	65%
Madinah	8,383,973	1,757,979	6,340,684	-24%	261%
Tunisia	3,040,723	524,276	1,476,131	-51%	182%
North Macedonia	2,677,618	1,391,378	2,371,423	-11%	70%
Zagreb	3,435,531	1,404,478	3,124,605	-9%	122%
TAV Total	89,055,519	51,803,064	78,457,645	-12%	51%
International	55,469,786	28,511,294	50,276,578	-9%	76%
Domestic	33,585,733	23,291,770	28,181,067	-16%	21%

2022 data are subject to revision.

Total inbound and outbound passengers, including transfer passengers, only commercial flights.

Almaty passengers before May 2021 are not included in TAV total passenger number.

**Passenger market share**

According to State Airports Authority (DHMI) 2022 data, total passenger numbers at Turkish airports increased by 42% compared to the previous year and reached approximately 182 million. The airports operated by TAV Airports in Türkiye (Ankara Esenboga, Izmir Adnan Menderes, Milas Bodrum, Gazipasa Alanya and Antalya) accounted for 30% of total passenger traffic at Turkish airports in 2022 with the strong recovery in the touristic airports in its portfolio. Last year, this ratio was 31%.

Commercial flight market share

According to State Airports Authority (DHMI) data, total commercial flight traffic at Türkiye's airports increased by 29% and reached approximately 1.2 million in 2022. Airport facilities operated by TAV Airports in Türkiye (Ankara Esenboga, Izmir Adnan Menderes, Milas-Bodrum, Gazipasa Alanya and Antalya) accounted for 29% of total commercial flights at Turkish airports in 2022. The ratio was 28% in 2021.

ALMOST COMPLETE RECOVERY AFTER THE PANDEMIC

We have built the future of TAV over the last five years.

Year	2018	2019	2020	2021	2022
Comments	Before Exit of Istanbul & the Pandemic	Without Istanbul & before the Pandemic	The Year of the Pandemic	Massive Inorganic Growth, Recovery and Transformation	Inorganic Growth, Recovery and Transformation
Key Corporate Actions			Collected half of Istanbul compensation.	Collected half of Istanbul compensation.	
		Received compensation letter for Istanbul.	Collected half of Istanbul compensation.	Extended Turkish assets & deferred rents for 2 years.	Extended Macedonian Airports for two years
		Tunisia concession restructured.	Force majeure applications	Tunisia debt restructured.	Extended Ankara to 2050
			Antalya extended to end of 2051.	Almaty added.	
			Extended and refinanced Madinah.		
Flagship Asset (duration, years)	Istanbul (3)	Antalya (5)	Antalya (4)	Antalya (30)	Antalya (29)
Other Major Assets (duration, years)	Havas (-) Georgia (8) Antalya (6)	Havas (-) Georgia (7)	Havas (-) Georgia (6)	Havas (-) Almaty (-) Georgia (5)	Havas (-) Almaty (-) Georgia (4)
EBITDA Weighted Concession Duration ^(*)	10	9	8	30	30
Total Pax (m)	152	89	27	52	78
Total Int Pax (m)	96	55	13	28	50

^(*) 2019 EBITDA weighted duration including proportional JV EBITDAs. Almaty, which is not a concession, is used as 99 years in the calculation, only includes airports.



FINANCIAL SUMMARY

Increasing passenger traffic and strong performance of Almaty Airport were reflected in our financial results.

Total Assets (TL Billion)

2021	52.0	62% Increase
2022	84.3	

Total assets increased by 62% and reached TL 84.3 billion.

Revenue (TL Billion)

2021	5.5	235% Increase
2022	18,3	

Revenue increased by 235% and reached TL 18.3 billion.

Summary Balance Sheet (TL Thousand)	31.12.2022	31.12.2021	Change
Current Assets	14,985,806	6,747,366	122%
Non-Current Assets	69,349,629	45,222,200	53%
Total Assets	84,335,435	51,969,566	62%
Short-Term Liabilities	14,575,384	7,352,579	98%
Long-Term Liabilities	46,195,064	29,369,475	57%
Total Liabilities	60,770,448	36,722,054	65%
Equity	23,564,987	15,247,512	55%

Summary Income Statement (TL Thousand)	Jan-Dec 2022	Jan-Dec 2021	Change
Revenue	18,308,307	5,459,329	235%
Gross Profit	7,705,233	2,210,255	249%
Operating Profit/(Loss)	3,954,880	602,509	556%
Financial Net Income (Loss)	-2,656,741	369,196	-820%
Profit/(Loss) before Tax	2,424,036	865,262	180%
Period Profit/(Loss)	2,062,573	536,226	285%
Discontinued Operations	-15,911	-13,814	15%
Period Profit (Loss) after Disc. Oper.	2,046,662	522,412	292%
Net Profit after Minority	1,899,087	467,689	306%



2.1

TL billion

Net profit reached
TL 2.1 billion.



Other Financial Figures (TL Thousand)	Jan-Dec 2022	Jan-Dec 2021	Change
Capital Expenditures	-3,035,476 ^(*)	-234,504	1,194%

Summary Cash Flow Statement (TL Thousand)	Jan-Dec 2022	Jan-Dec 2021	Change
Cash & Cash Equivalents at the Beginning of the Period	1,395,745	5,439,970	-74%
Cash Flow from Operating Activities	4,836,894	2,489,988	94%
Cash Flow from Investing Activities	-9,137,193	-4,658,341	96%
Cash Flow from Financing Activities	7,169,704	-317,9428	n.m.
Effect of Foreign Currency Translation Adjustments	870,819	1,303,556	-33%
Cash Balance at the End of the Period	5,135,969	1,395,745	268%

Financial Ratios	31.12.2022	31.12.2021
Current Ratio	1.03	0.92
Liquidity Ratio	0.95	0.88
Current Assets/Total Assets	0.18	0.13
Short-Term Liabilities/Total Liabilities	0.24	0.20
Total Liabilities/Total Assets	0.72	0.71

^(*) 694 million TL of capital expenditures were booked as working capital movement.

INVESTMENTS IN 2022

First phase extension investment in Antalya Airport continues.

First phase of capacity increasing investments in Antalya Airport continues.

- 18% of the construction is completed.*
- The opening is expected in the first half of 2025.
- The new terminal will increase the capacity to 65 million.
- The new terminal is expected to contribute to commercial revenues.

**As of December 31, 2022.*



Investment
of nearly
EUR 600
million in
the first
phase

INVESTMENTS IN 2022

Retail sales area will be tripled at Antalya Airport.

A positive impact is expected in retail sales revenues as a result of the following factors:

- The terminal area will be doubled in size, while retail sales area will be tripled.
- Retail agreements have the potential to bolster revenue sharing.



INVESTMENTS IN 2022

The new international terminal at Almaty Airport is due to be operational in 2024.

- 43% of the construction is completed.*
- It is expected to be inaugurated in the second half of 2024.
- With the new terminal, the capacity will double, exceeding 14 million.
- TAV Kazakhstan is forecast to generate duty-free sales revenues (currently nil) along with the new terminal, as well as increases in lounge and food & beverage revenues.

* As of December 31, 2022.



Investment
of nearly
USD 200
million

AWARDS AND ACCOMPLISHMENTS

TAV Airports has been included in the BIST Sustainability 25 Index.

- Ankara Esenboga Airport, operated by TAV Airports, was named one of the “Best Employers in Anatolia” by Great Place to Work Türkiye Institute. 13 companies were included in the list, which was compiled based on employee evaluations in 60 topics under five different titles.
- TAV Airports was included in the BIST Sustainability 25 Index from among businesses with a high sustainability rating.
- TAV Airports received five awards at the Bonds & Loans ceremony. In addition to the financing agreements for the airport projects in Almaty, Madinah and Antalya, the TAV finance team received awards in two different categories.
- TAV Airports affiliates BTA, TAV Operation Services, and TAV Aviation have been named one of the top 27 companies in Türkiye in terms of female employee happiness, according to the Great Place To Work Institute, the leading research institution in the sector conducting studies on corporate culture and employee experience.
- Izmir Adnan Menderes, Ankara Esenboga, Madinah, Tbilisi, Zagreb, and Skopje airports operated by TAV Airports won an award for being the best airport at the Airport Service Quality (ASQ) Awards organized by the World Airports Council (ACI World), which was organized in Krakow, Poland, at the passenger experience summit.
- ACI Europe awarded Gazipasa-Alanya Airport a first-level certificate of Airport Carbon Accreditation (ACA). All airports operated by TAV in Türkiye are in the program.
- Almaty, Batumi, Madinah, Tbilisi, and Zagreb airports were named among the best in the region at the World Airports Awards 2022, which are determined by passenger votes and organized by Skytrax.
- The Almaty Airport project received the prestigious finance and infrastructure magazine IJGlobal’s “DFI Deal of Year” award in the Asia-Pacific region.
- TAV Airports was awarded the “Great Place to Work” certification after meeting the workplace criteria for having a high confidence culture in the program organized by the Great Place to Work Türkiye Institute, which evaluates employees’ experiences and corporate culture.



TAV Airports was named one of the top 50 brands in the 2022 “Most Valuable Brands in Türkiye” study conducted by Brand Finance.

- TAV Airports was named one of the top 50 brands in the 2022 “Most Valuable Brands in Türkiye” study conducted by Brand Finance, a London-based international brand evaluation and strategy firm.
- The European Union Aviation Summit in Toulouse, France, announced a declaration committing to zero emissions that cause climate change in the aviation sector by 2050. The declaration was made available for signature by members of the European Civil Aviation Conference (ECAC) and private sector companies, and it was signed by nine TAV operated airports in Türkiye, Macedonia, Georgia, and Kazakhstan. In addition to European Union member states, the declaration was signed by sectoral

organizations such as the Airports Council of Europe (ACI Europe) and nearly 80 airport operators from 34 countries. From Türkiye, TAV was the only company to sign the declaration.

- TAV Investor Relations was named the Best Investor Relations team in the transportation industry/EMEA region in a survey conducted by Institutional Investor among finance market participants by analysts.

HIGHLIGHTS OF 2022

Throughout the year,
we upgraded guidance
twice.

Changes were made
in the delegation of
duties of the Board and
senior management.



FEBRUARY

Dividend Distribution Resolution

In 2021, the Company acquired Almaty Airport and won the Antalya Airport concession tender to enable its long-term development. Due to the fund requirements of these transactions and the investments required thereof, TAV Airports Board of Directors has unanimously resolved that in accordance with the Dividend Policy of the Company, a dividend distribution proposal shall not be made to the approval of the General Assembly to convene for the fiscal year of 2021.

Change in Board Members

Mustafa Sani Sener was elected in place of Sera Yapi Endustrisi ve Ticaret A.Ş.

MARCH

Ordinary General Assembly Meeting

The Ordinary General Assembly Meeting 2021 was held on March 31, 2022.

Board of Directors Delegation of Duties and Senior Management Changes

Following an assessment by the Board of Directors, it was decided to make the following changes in the delegation of duties of the Board and senior management, effective May 1, 2022:

Board of Directors:

- Mr. Mustafa Sani Sener has been appointed as Deputy Chair of the Board of Directors,
- Mr. Franck Mereyde has been appointed as Executive Member of the Board of Directors,
- Mr. Fernando Echegaray will continue as a Member of the Board of Directors,

Senior Management:

- Mr. Vehbi Serkan Kaptan, who serves as Deputy CEO is appointed as Chief Executive Officer (CEO),
- Mr. Franck Mereyde who serves as Member of the Board and Deputy CEO is appointed as Executive Member of the Board of Directors and
- Ms. Burcu Geris who serves as Group Chief Financial Officer (CFO) is additionally appointed as Deputy Chair of the Executive Board.

Mr. Sani Sener handed over his position as Chief Executive Officer (CEO) of TAV Airports to Mr. Vehbi Serkan Kaptan as a result of the aforementioned changes. Mr. Sani Sener will continue his duty as Deputy Chair of the Board at the TAV Airports Board of Directors.

JUNE

Extension of Operational Period at North Macedonia Airports

Regarding this matter, an agreement was signed between TAV Macedonia DOOEL, the North Macedonian subsidiary of airports operated in Skopje and Ohrid, TAV Airports, and the North Macedonia Ministry of Transport and Communications. According to this agreement, the operating rights for the airports in Skopje and Ohrid, operated in North Macedonia, which were set to expire in June 2030, have each been extended by two years, and their new expiration date is June 2032.

Operational period of North Macedonian airports is extended.



JULY

Revised Guidance
TAV Airports’ 2022 guidance was revised upwards.

	February 2022	July 2022
Revenue (€ m)	717 – 745	900 – 940
Total Number of Passengers (m)	71 – 76	71 – 76
International Passengers (m)	40 – 44	40 – 44
Capital Expenditures (€ m)	160 – 180 (approximately 2/3 Almaty)	160 – 180 (approximately 2/3 Almaty)
EBITDA Margin (%)	32 – 35	28 – 31
EBITDA (m €) (Revenue X EBITDA Margin)	229 – 261	252 – 291
Net Income (m €)*		above 50
Net Debt / EBITDA	6.0 – 7.0	5.5 – 6.5

^(*) Net income expectation includes a positive inflation accounting effect of around €25-30m based on an assumption of similar inflation levels for the second half of the year.

- Our 2022 outlook is based on no new mobility restrictions related to Covid-19, normal business conditions and no unexpected volatility in foreign exchange markets.
- Deviations from these assumptions could have material effects on our expected passenger volume and financial results for 2022 through 2025.
- Passenger outlook includes Antalya Airport but due to equity accounting, revenue and EBITDA outlook does not.

TAV Airports’ Corporate Governance Rating was revised as 9.69 on August 12, 2022.



AUGUST

Rating of Compliance with Corporate Governance Principles
TAV Airports’ Corporate Governance Rating was confirmed as 9.69 on August 12, 2022, from its prior rating of 9.67 on August 13, 2021.



SEPTEMBER

Directors and Officers Liability Insurance
In accordance with article 4.2.8 of Corporate Governance Principles annex published by the Capital Markets Board of Türkiye, Directors and Officers Liability Insurance of TAV Airports Holding has been renewed for one year at an amount which corresponds to more than 25% of issued capital of our Company.

Nigeria Lagos Airport Tender
The consortium consisting of the Company, Nahco Management Services Ltd, and Planet Project Limited submitted a bid to the tender for the operation and development of the international passenger and cargo terminals at Lagos International Airport in Nigeria for a period of 20 years.

HIGHLIGHTS OF 2022

TAV Airports’ Long-Term National Rating has been determined as A+ (Trk).



OCTOBER

Revised Guidance

TAV Airports’ 2022 guidance was revised upwards.

	Start (February) 2022	Revised (July) 2022	Revised (October) 2022
Revenue (€ m)	717 – 745	900 – 940	970 – 1,010
Total Number of Passengers (m)	71 – 76	71 – 76	71 – 76
International Passengers (m)	40 – 44	40 – 44	46 – 49
Capital Expenditures (€ m)	160 – 180 (approximately 2/3 Almaty)	160 – 180 (approximately 2/3 Almaty)	170 – 190 (approximately 2/3 Almaty)
EBITDA Margin (%)	32 – 35	28 – 31	28 – 31
EBITDA (Revenue X EBITDA Margin)	229 – 261	252 – 291	272 – 313
Net Income (€ m)*		above 50	75 – 105
Net Debt / EBITDA	6.0 – 7.0	5.5 – 6.5	5.0 – 6.0

^(*) Net income expectation includes a positive inflation accounting effect of around €25-30m based on an assumption of similar inflation levels for the second half of the year.

- Our 2022 outlook is based on no new mobility restrictions related to Covid-19, normal business conditions and no unexpected volatility in foreign exchange markets.
- Deviations from these assumptions could have material effects on our expected passenger volume and financial results for 2022 through 2025.

The consortium has been chosen as the “preferred company” according to an announcement from the Federal Airport Authority of Nigeria (FAAN).



Nigeria Lagos Airport

The consortium has been chosen as the “preferred company” according to an announcement from the Federal Airport Authority of Nigeria (FAAN). This selection is subject to obtaining of necessary official approvals.



NOVEMBER

Disposal of Repurchased Shares

To avoid an impending and significant loss, our Company repurchased 2,047,331 shares from Borsa Istanbul (Istanbul Stock Exchange) between March 13 and September 1, 2020, in accordance with the provisions of the Capital Markets Board’s relevant legislation.

On November 1, 2022, all of the shares that our company had repurchased were sold at Borsa Istanbul using the block sale method for TL 76.00.

Credit Rating

Credit rating agency JCR Eurasia Rating A.S. determined TAV Airports Holding’s Long-Term National Rating as “A+ (Trk),” Short-term National Rating as “J1 (Trk),” and Long-Term International Foreign and Local Currency Ratings as “BBB+.” The credit rating outlook was determined as “Stable.”

TAV Airports submitted the best bid for the operating rights tender of Ankara Esenboga Airport between 2025 and 2050.



DECEMBER

Our Company placed the best offer and won the tender held by the General Directorate of State Airports Authority (DHMI) for additional investments for capacity increase in Ankara

Esenboga Airport and the granting of operating rights for the domestic, international general aviation, CIP terminals, and their auxiliaries until 2050.



INVESTOR RELATIONS AND BIST PERFORMANCE

TAV Investor Relations was named the Best Investor Relations team in the transportation industry/EMEA region in a survey conducted by Institutional Investor among finance professionals.

The main duty of TAV Investor Relations (TAV IR) is to make sure that capital markets instruments issued by TAV Airports are fairly valued. In order to attain this goal, TAV IR uses an arsenal of investor relations tools to provide thorough and accurate information about the course of TAV Airports shares to various market participants.

TAV IR also makes sure that the Company is in full compliance vis-a-vis its obligations arising from capital markets legislation. TAV IR also coordinates all relevant stakeholders to ensure that the Company adheres to the highest corporate governance standards.

There are four main principles TAV Investor Relations abides by in its day to day activities: accuracy, fairness, speed and proactivity.

Accuracy

TAV IR pays special attention to making sure that all information shared with capital markets participants is well researched, accurate and thorough. TAV IR believes that the flow of accurate and thorough information is paramount to establishing trust between the Company and capital markets participants.

Fairness

TAV IR is keen on making sure that all constituents of capital markets receive the same information regardless of function (buy-side, sell-side) or relative size.

Speed

TAV IR is highly aware that information also has a time dimension in capital markets, and that quick information is superior to slow information. With this awareness, TAV IR strives to respond to all requests for information promptly.

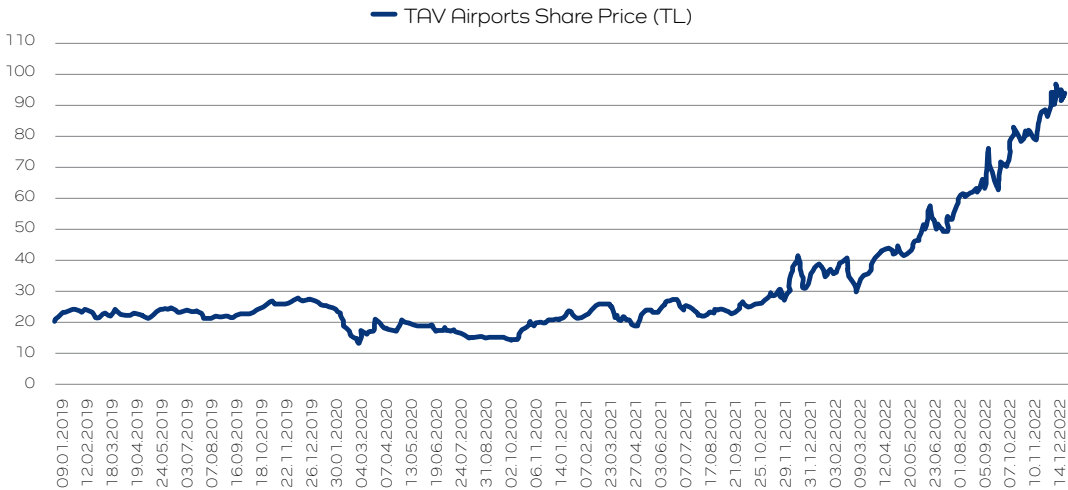
Proactiveness

TAV IR keeps a vigilant eye on the Company and its economic and legal ecosystem and identifies investor, legislative and corporate governance related issues before they are raised by capital markets participants and stakeholders. TAV IR then promptly and thoroughly addresses these issues.

In 2022, TAV Airports Investor Relations participated in a total of 6 conferences and conducted meetings with more than 180 investors and analysts to discuss the operations and financials of the Company.

Share Performance

TAV Airports shares traded between a low of TL 29.20 and a high of TL 98.75 in 2022. In 2022, it provided an income of 186% in Turkish Lira and 104% in US Dollars.



Corporate Governance Rating

TAV Airports Periodic Revision Corporate Governance Rating Report prepared by SAHA Corporate Governance and Credit Rating Services, a corporate governance rating agency that is also licensed to conduct corporate governance rating activities in Türkiye, has been completed. TAV Airports' Corporate Governance Rating was revised as 9.69 on August 12, 2022 from its prior rating of 9.67 on August 13, 2021.

Distribution of Corporate Governance Rating with respect to the sub-categories is as follows:

Sub-Categories	Weight	Rating
Shareholders	0.25	95.90
Public Disclosures and Transparency	0.25	98.65
Stakeholders	0.15	98.82
Board of Directors	0.35	95.48
Total	1.00	96.88

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TAV Investor Relations
Mobile Application



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SUSTAINABILITY

1. Introduction

In addition to the economic performance as a result of its operational activities, TAV Airports determined its main objective as creating value for all stakeholders in target areas determined within the scope of the sustainability strategy such as climate change, energy management and decarbonization, circular economy, sustainable finance, diversity, fairness, and inclusion. To minimize environmental and social impacts at all sites with the aid of international guides, value production processes designed in accordance with basic principles and global applications of the low carbon economy are adopted and applied by all affiliates.

TAV Airports’ management approach acknowledges that the expected results can only be achieved with an effective organizational structure in sustainability, which is considered as an issue that requires organizational and cultural change.

TAV Airports implements a “Sustainability Management System” to expand and internalize the sustainability strategy in all geographies of operation with all Group affiliates at all functions and levels, as well as to systematically and transparently share performance with all stakeholders. TAV Airports’ goal within this context is value-focused transformation and sustainable, measurable, globally comparable, dynamic, and continuous development.

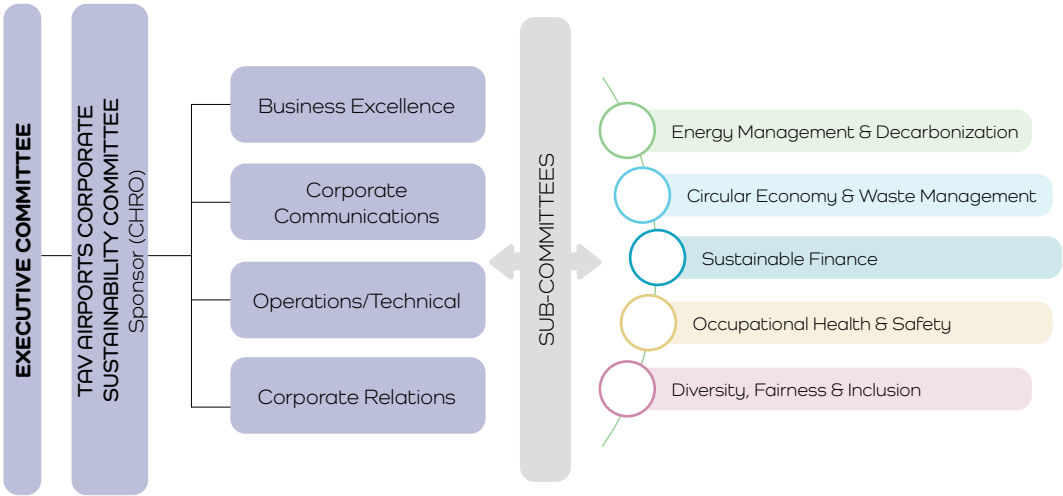
TAV Airports designs and implements cutting-edge technological infrastructure to measure the impact of its operations and generate effective and meaningful data that will help the Company meet its corporate goals.

2. Sustainability Strategy

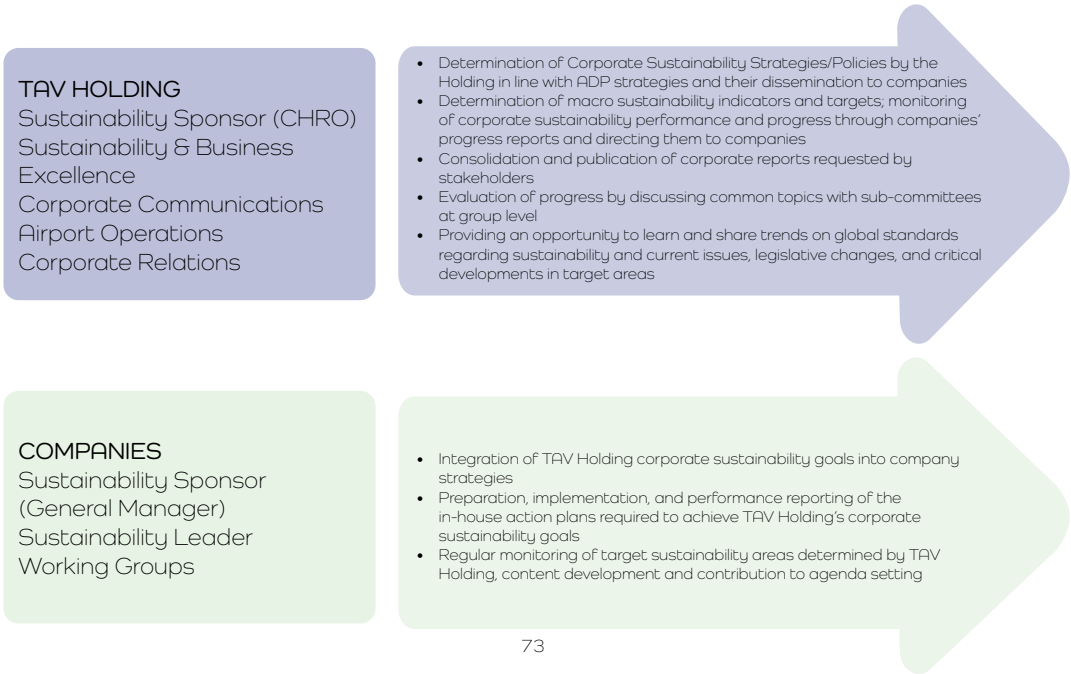
For the period 2022-2025, action plans for the sustainability strategy application, which are defined in accordance with Group ADP and integrated into the corporate strategy, are systematically tracked with processes within the Sustainability Management System. With the roadmaps comprising four main axes the aim is to create a new airport model with a long-term perspective, to act around a common industrial approach, to strengthen with clear priorities and measurable targets and to be inclusive of all subsidiaries at the Group level.

The following are the organizational structures in charge of the TAV Airport’s sustainability management system. These structures are expected to monitor the performance of the processes that will implement ADP and TAV Airports’ corporate sustainability strategy.

TAV Airports Corporate Sustainability Organization



Roles and Responsibilities of Sustainability Committees



SUSTAINABILITY

Sub-committees within the TAV Airports governance structure work to learn, share experiences, and develop projects on common issues in the Group’s target sustainability areas. The sub-committees meet every two months and evaluate the developments, trends, and updated information about the relevant legislation on the determined topics. Working groups develop projects for dissemination, raising awareness, and process improvements throughout the group by determining common mechanisms within the framework of the sustainability programs that will be integrated into the strategies of the subsidiaries.

TAV Airports’ focus topics related to the Sustainable Development Goals (SDGs) established globally by the United Nations to eradicate poverty, protect the planet, and ensure that all people live in peace and prosperity, are listed in the table on the side.

3. Target Sustainability Areas and Prioritized Sustainable Development Goals (SDGs)

TAV Airports, as a member of UN Global Impact (UNGC), participated in the “UN Global Impact SDG Accelerator Program” to accelerate the UN Sustainable Development Goals related to focus areas regarding sustainability into its business strategy and processes, with the goal of leading the fair and sustainable transformation of the aviation industry.

The program, which encourages the establishment of assertive and realistic corporate targets for sustainability and allows for comparison among program participants, has been launched for the first time in Türkiye. To realize the targets in TAV Airports’ 2030 agenda, design new systems for integrating sustainability into business processes, and accelerate progress toward SDGs, the program supports the strategic prioritization of planned actions.

Target Area	Purpose	Related SDG		
Combatting Climate Change and Energy Management	Increasing fuel efficiency and use of renewable energy, reducing greenhouse gas emissions			
Waste Management	Ensuring sustainable use of natural resources, sustainable waste management (preventing waste generation, minimizing waste when not able to prevent it, increasing the rate of reuse and recycling.) Complying with the legislation on the Zero Waste Management System in the areas we operate			
Supporting Biodiversity	Evaluating the effects of our activities on biodiversity, establishing and implementing the necessary policies for the protection of biodiversity			
Occupational Health, Safety and Well-Being	Creating the systems needed to eliminate death and injury risks in the areas we operate in and providing the ideal working environments to protect physical and mental health of our employees.			
Diversity and Equal Opportunity	Creating an inclusive corporate culture that respects differences and supports disadvantaged groups and managing all business processes with an approach that aims to provide equal opportunities and does not make discrimination based on gender			
Responsible Services and Accessibility	Providing all our products and services in a safe, secure, and suitable manner for our employees, customers, and all disadvantaged groups			
Innovation and Digitalization	Producing our own technology with our R&D activities and implementing innovative and sustainable solutions and projects for our customers and all our employees by managing our digital transformation and corporate entrepreneurship strategies in a holistic way.			
Managing Impacts on Local Communities	Carrying out studies for the detection and elimination of negative impacts on local communities, and minimizing these impacts when they cannot be eliminated			

SUSTAINABILITY

The “Airports for Trust” declaration, which includes commitments for a sustainable and responsible future and signed by the CEOs of 23 airports in the ADP Group around the world, is one of the important building blocks of the international integration of TAV Airports’ sustainability strategy. The Group’s commitments in this context aim to contribute to the goals shared in the aviation ecosystem as a whole.

The commitments in the declaration, which addresses all critical environmental issues, especially climate and biodiversity, were reviewed by ADP Group in 2022 with all stakeholders and their scope was expanded.

The current content of the declaration is as follows:

Protecting the Planet

Our commitments to be the industry leader in environmental protection:

- Working to transform our operations to have zero environmental impact, including by being carbon neutral by 2030 at the latest,
- Actively participating in the environmental transformation of the aviation industry,
- Increasing the integration of each airport into a local sourcing system by promoting the circular economy, on-site resource production, and process simplification,
- Building a greener future by reducing the environmental footprint of development projects for our operations (design, construction, renovation).

Developing with Local Communities

The harmonious and sustainable development of airport operations should be closely linked to creating value for local communities and investing in human development at the local level.

Our commitments to develop a permanent win-win relationship and a shared vision of the future:

- Actively contributing to improving the living conditions of local communities and reducing exposure to noise,
- Building long-term trust and harmony with local stakeholders,
- Strengthening the positive impact of airport operations on local communities, tracking the potential environmental and social impacts on the habitat of local communities, taking necessary precautions, and carrying out actions for improvement,
- Uniting the airport community and acting together to maximize the positive impact of airport operations and facilitate acceptability.

The Power of Our Network

We are committed to measuring the environmental and socio-economic impacts of our airports and to ensure transparency.

Our airports form a powerful network of skills, knowledge, and understanding related to the challenges of air transportation.

This network should enhance awareness and commitment to maximize the positive impact of airport operations for all stakeholders.

Since 2014, TAV Airports has been included in the BIST Sustainability Index, which enables organizations to compare their corporate sustainability performance locally and globally, and to develop their risk management skills related to sustainability with the principles of corporate transparency and accountability.

The index provides an independent evaluation and confirmation of the activities and decisions taken by companies that demonstrate their approach to critical sustainability issues for Türkiye and the world, such as global warming, depleting natural resources and water sources, health, safety, and employment.

As of November 2022, TAV Airports continues to share public data within the BIST Sustainability 25, a new index with a high sustainability performance that also includes large and liquid companies. It will continue to be present in the index in 2023.

4. Environmental Sustainability

TAV Airports demonstrates its resolve to play an active role in the environmental transformation of the aviation industry by incorporating sustainability into its business strategy.

In line with the joint commitments in the Airports for Trust declaration, environmental programs complying with circular economy principles and including improvements for waste management and decarbonization processes were prepared by subsidiaries.

Within the scope of combatting the climate crisis and energy management, TAV Airports applies the Greenhouse Gas Management System at the airports it operates in order to fulfill its commitments, including ground handling operations.

The greenhouse gas inventories prepared on the basis of airport and ground handling services are verified and registered annually by an independent audit company in accordance with the international ISO 14064-1 standard. TAV Airports’ combustion emissions (Scope 1), energy-related emissions (Scope 2), and Scope 1 and Scope 2 emission calculations (Scope 3) of stakeholders across the airports are also evaluated for verification.

Management systems covering the stages of creating, measuring, monitoring, reducing, and neutralizing the greenhouse gas inventory are also certified under the ACI Europe Airport Carbon Accreditation program.

TAV Airports committed to and began activities in 2022 with the goal of including all airports it operates into the ACI Europe Airport Carbon Accreditation Program. For all airports, the process has already begun. All airports operated by TAV in Türkiye have participated to the program.

In addition to our collaboration with ACI for airport carbon accreditation, we also cooperate in various dimensions (circular economy, diversity, comprehensiveness, etc.) of sustainability with Sustainable Development Association (SKD) of which we are a member and the UN Global Compact (UNGC).

SUSTAINABILITY

In order to build the bridge between businesses and sustainable development goals, and to strengthen the role of businesses in sustainable development, we are a member of the Business for Goals Platform established by TUSIAD, TURKONFED and UNDP.

TAV Airports is a member of the Green Transformation Commission, which was established to perform activities for increasing awareness in green transformation, developing a consensus, and designing projects in parallel with the EU Green Deal goal of “creating jobs and improving quality of life by reducing emissions,” as stated by TURKONFED.

Supporting its environmental commitments with low-carbon technology and infrastructure investments, TAV Airports’ ground handling services administration building and warehouse at Istanbul Airport were designed and commissioned with sustainable design, construction, and operation criteria and have a LEED Certificate (Leadership in Energy and Environmental Design). Additionally, the Company published its energy efficiency and decarbonization targets with its 2022-2025 Decarbonization Roadmap and “Energy Savings and Renewable Energy Supply with ISO 50001 Energy Management System, Solar Energy, LED Lighting Transformation, Battery-driven Vehicles, Building Management Systems.”

At TAV Airports, Environmental Management Systems which include systematic processes to minimize, manage, and monitor environmental risks that arise during operations are operated.

With the management system which is the critical application tool for environmental sustainability, the aim is to share and calibrate TAV Airports’ experience in environmental management with all Group companies.

With an increasing awareness on the impacts and dependencies regarding biodiversity in the operation areas and in compliance with Groupe ADP, TAV Airports disclosed its commitments for the protection of biodiversity through Act4nature International. The process design is aimed to assess the biodiversity footprint of its main activities and to incorporate biodiversity into operational decision-making processes. TAV Airports Holding’s biodiversity strategy is based on minimizing impact during operations. Combatting climate change is one of its main principles. The most visible and direct impact of climate change is on biodiversity. Focusing on biodiversity, national/international regulations/laws are followed in terms of protecting biodiversity. The primary goals are biodiversity protection, avoidance strategies, methods for minimizing negative impacts on biodiversity, and environmental impact reduction measures.

5. Social Sustainability

TAV Airports conducts studies to integrate the concept of “corporate sustainability,” which requires that environmental and social issues be treated with the same care as the financial values they generate, into all business processes and corporate culture.

TAV Airports is aware of the impacts it creates on the communities in all its areas of operation, as well as on its own employees, employees in the value chain, and end users of its services. With this awareness, it implements international human rights standards related to the direct and indirect impacts it has on all these communities and determines the processes required to improve them.

In order to make visible its responsibility, sensitivity, and activities concerning human rights, which it supports and respects, as well as to make comparisons and share best practices, the Company enrolled in the “Business World and Human Rights Program” in 2022, which was established for UN Global Compact member companies.

Simultaneously, the Company is involved in the Business World and Human Rights Project, which is being carried out in collaboration with the UN Development Program, the Japanese Government, and the implementing partner TURKONFED.

In 2022, as per the French “Potier Law” on the duty of vigilance of parent companies and their affiliates regarding supply chains, the Group ADP’s - which includes “reasonable due diligence measures to identify risks and prevent serious Human Rights violations” - the “Human Rights Risk Mapping” study has been completed as of December 2022, which includes the operations of TAV Airports and/or its sub-contractors and suppliers.

Although the Potier Law is not a comprehensive or limiting list of human rights, it does cite numerous European and international sources on all human rights topics. The categorized list, topics, and definitions below are based on various sources (UN and OECD Business and Human Rights Guidelines, ILO Agreements, Sustainability due diligences of mainly French international groups, French ISO 26000 certification, etc.)

Fundamental rights (Listed by all international sized companies.)	Rights specifically related to the public/airport service mission of ADP	Rights potentially representing value added CSR for the Group
<ul style="list-style-type: none">• Child labor• Forced labor• Discrimination at the workplace• Social dialog (such as bargaining, right to strike, union discrimination)• Reasonable working hours• Employment conditions• Safe working conditions• Privacy and/or personal data protection• Local communities and rights of local people	<ul style="list-style-type: none">• Commercial nepotism• Airport security and safety	<ul style="list-style-type: none">• Good wages• Social protection• Diversity and Inclusion

SUSTAINABILITY

At the conclusion of the study, professionals from TAV Airports Holding and group companies were interviewed; it was agreed that there are no risks associated with the processes of the Human Resources Management System and that related studies in the displayed areas of operation comply with local legislation, international directives, and sustainable approaches.

Occupational health and safety at TAV Airports focuses on protecting and strengthening the health, performance, motivation, and productivity of employees in the long-term.

Occupational health and safety approach and policies in all Group companies are based on identifying risks, taking preventive measures, and aligning operational processes with these measures.

The minimum requirement in all fields of operation is to comply with national regulations. To go further, the main objective is to reach a zero accident frequency by applying good practices and international standards. TAV Airports’ OHS approaches are supported by Company-specific rules and in-house regulations.

OHS policies throughout the group are established by the OHS Committee, which is included in the sustainability governance structure and has been operating since 2019. The Committee consists of Occupational Safety Experts and Workplace Physicians to give advice and support all affiliates on the continuous improvement of occupational health and safety.

TAV Airports monitors and reports accident frequency rate and accident severity rate indicators through the OHS Committee in order to measure and monitor its occupational health and safety performance. The formulas and yearly values for these indicators are as follows:

	2019	2020	2021	2022
AFR	10.64	5.77	6.15	6.55
ASR	0.17	0.09	0.08	0.04

Accident Frequency Rate	(Total Number of Accidents with Lost Workday / Actual Working Hours) x 1,000,000
Accident Severity Rate	(Total Number of Lost Days Due to Work Accidents / Actual Working Hours) x 1,000

TAV Airports’ main aim in monitoring the Occupational Health and Safety performance is to reduce AFR and ASR values every year in a sustainable manner by ensuring continuous improvement. In 2020 and 2021, there was a major decrease due to reduced working hours as a result of reduced traffic because of the Covid-19 pandemic in the accident frequency and weight rates. After the effects of the pandemic faded in 2022, the trend of decreasing accident severity continues, despite an increase in the number of accidents when compared to the previous two years. In 2022, a significant reduction in working hours was observed when compared to 2019, which provides a better comparison. Thus, in terms of Occupational Health and Safety, the year was quite successful.

TAV supports a wide variety of projects and initiatives in education, sports, and culture as part of its corporate social responsibility approach. Customer satisfaction and employee satisfaction form the basis of the Company’s social impact in the regions where it operates.

TAV Ege, Havas, TAV Operation Services and Fraport-TAV Antalya operations have ISO 45001 Occupational Health and Safety Management System certificates.

TAV Airports organize its human resources policy at international standards in order to ensure the happiness and loyalty of its employees. Striving to be the preferred employer in its markets, TAV’s human resources policy is built on occupational safety, comprehensive opportunities for the professional and personal development of staff members and equal opportunity for all.

TAV Airports supports equality and diversity in all its activities and do not accept discrimination based on race, color, gender, religion, language, marital status, sexual orientation, gender identity, political opinion, ethnic identity, health condition, family responsibilities, union activity or membership, physical disability or age during selection and placement. All employees are treated fairly as part of “equality of opportunity” principle and receive equal opportunity. Guidelines of Labor Law No. 4857 are followed and occupational groups under age of 18 are not employed at TAV (except for interns). Employees above the age of 18 are insured.

In addition to all these, equality, diversity, inclusion, and fairness are priorities in terms of the vision and values of the Holding and its Group companies. These are incorporated into the operational flow with a shared understanding across all businesses. We support intercultural interaction, the transfer and enrichment of cultures through cultural diversity as an organization whose operations span a large geographic area.

Within the sustainability governance structure, the **Diversity, Inclusion and Fairness Sub-Committee**, which is comprised of representatives from all companies, plays an important role in establishing and disseminating general policies and principles for the group. Gender equality has been identified as one of the committee’s primary working topics.

Supporting women’s employment in all functions, TAV Airports and its Group companies use an egalitarian inclusive policy and language, prohibit any type of discrimination in the workplace, highlight each opportunity by motivating and ensuring equal opportunities whenever possible, and support this issue in becoming a critical part of the corporate culture and approach.

We participate in the **Civil Aviation General Directorate Gender Balance Development Commission (TCDGK)** as TAV Airports Holding and Havas, which was established to monitor gender balance, develop proposals for improvement, conduct studies for the creation of equal opportunities for genders in selecting aviation professions, and especially encouraging women’s training in areas of aviation.

SUSTAINABILITY

In order to encourage female employment, TAV Airports Holding adopted the **Equal Opportunities Model (FEM)** developed under the leadership of KAGIDER with the technical support of the World Bank, and the cooperation of PricewaterhouseCoopers and EY; and following an independent assessment, it was certified. TAV Airports Holding has registered its sensibility for gender equality and women's empowerment in employment with its structure, actions, and employment features in front of the national and international public with FEM since 2017.

As a signatory of the UN Global Compact, it also supports the **Women's Empowerment Principles (WEPs)** which is a joint initiative of the UN Women and UN Global Compact. The Women's Empowerment Principles, which are one of the sub-initiatives of the Global Compact Contract and were established on the basis of gender equality, aim to empower women on a global scale, particularly in the areas of health, security, education, and development. The principles were developed by UN Women and the UN Global Compact as a "social gender lens" to inspire individuals and institutions striving for women's inclusion in all areas and levels of economic life, as well as to empower studies in this area.

Group companies actively participate in original projects supporting gender equality in various sub-dimensions based on the industries in which they operate. Some of the projects in which the group companies actively participate in different sub-dimensions of gender equality are as follows:

Since 2016, Havas has been among the first signatory companies to the **Business Against Domestic Violence (BADV)** initiative, which is run by Sabanci University Corporate Management Forum and which establishes support mechanisms at workplaces against domestic violence and aims to make violence against women more visible. Within the project, prevention and support methods against domestic violence using management and organization abilities of the business world are determined. Taking measures against domestic violence in the workplace will boost employee productivity and motivation, reduce employee turnover, and contribute to lowering the risk of violence against women and improving human rights.

TAV Airports is a board member of the **"Woman in Technology Association (Wtech),"** which continues its efforts to help people discover their own potentials; to educate curious, inquisitive, productive and self-confident technology specialists and help them find their place in the business world. TAV Technology actively supports the **Women Leaders in Technology Training Program**, which aims to specialize and empower women who are underrepresented and have low motivation to pursue a career in technology.

TAV Airports is a participant in the **Women in Sales Network** social project, which was launched by Sales Network in 2019 with the goal of raising awareness in companies and among women, developing ideas for increasing women's participation in the world of sales, and creating a qualified workforce pool.

TAV Operation Services is the spokesperson for the **Mentors for a Million Women Program**, which aims to connect young female students or female workers (aged 15-25) studying or working in STEM fields with sector leaders via a digital platform.

Committing to the goal of increasing the share of women on the Board of Directors to above 25%, the Company attained this goal in 2018.

For a job that has same or equal value, no different approach is taken based on gender. Moreover, applying special protective orders because of the gender of the employee (such as maternity leave, prohibition of working at night) does not create a basis for paying a lower wage.

At TAV Airports, the same wages are given for the same jobs. Remuneration policy determines wage management principles, to be implemented at the Holding and its affiliates, that are fair, consistent, balanced with the responsibilities taken and competitive with the market.

Remunerations are managed by evaluating the value added to the corporation by the jobs regardless of the titles of the employees. In order to determine the wages for the positions in a balanced way according to the added-value provided by them, they are evaluated by looking at job definitions and organization structure. After the evaluations, positions are placed within the "Company Level" structure. Experience, seniority, performance and productivity are also effective for the process of determining the wages of the employees.

The Company gets involved in several wage researches every year in order to follow the developments in the markets and to maintain a competitive financial position in the market. Acquired market data are analyzed, and based on the value of the job, wage scales are created within the Company level structure by also considering internal balance.

During selection and placement process, before hiring from the outside of the Company for an open position, the job posting is first announced within the Group, if applicable. Intra-group transitions are supported by ensuring communication with the HR managers. By posting the announcement in "Open Positions at TAV" section found in TAV Portal, internal applicant process is supported. In addition, internal promotion process is supported within the framework of rules and standards determined under the scope of talent management and development planning processes.

A total of 15,511 employees participated in three categories on March 21, 2023 within the Employee Satisfaction Survey, namely survey participation, certificates, and lists, nine group companies of TAV Airports was awarded the "Great Place to Work" Certificate after meeting the workplace criteria for having a high confidence culture in the program organized by the Great Place to Work (GPTW) Türkiye Institute, which evaluates employees' experiences with corporate culture. were entitled to participate in the process. Other than the companies, 26 locations have the GPTW Certificate.

SUSTAINABILITY

BTA and TAV Operation Services, which are among the subsidiaries of TAV Airports, have been named one of the top 27 companies in Türkiye in terms of female employee happiness, according to the Great Place To Work Institute, the leading research institution in the sector conducting studies on corporate culture and employee experience.

Again, Ankara Esenboga Airport, operated by TAV Airports, named one of the “Best Employers in Anatolia” by Great Place to Work. 13 companies were included in the list, which was compiled based on employee evaluations in 60 topics under five different titles.

TAV Airports strives to offer its guests a fast, comfortable, and safe travel experience with the aim of keeping customer satisfaction at the highest level.

HUMAN RESOURCES INDICATORS

Workforce distribution at end of period	2022	2021	2020
Total number of employees	17,843	15,738	13,221
Permanent position	16,502	14,792	12,227
Fixed term position	1,341	946	993
Female	4,938	4,210	3,500
Male	12,905	11,528	9,721
Workforce distribution by position and gender			
Total positions (manager and above)	658	726	539
Female (manager and above)	181	218	150
Male (manager and above)	477	508	389
Ratio of female employees in total workforce	27.67%	26.70%	26.40%
Ratio of female employees in management	27.51%	30.00%	27.80%
Number of disabled workers	235	218	178

In 2022, Izmir Adnan Menderes, Ankara Esenboga, Madinah, Tbilisi, Zagreb, and Skopje airports operated by TAV Airports won an award for being the best at the Airport Service Quality (ASQ) Awards organized by ACI World, which was organized this year in Krakow, Poland at the passenger experience summit.

6. Performance Indicators

a. Social Indicators

The scope of the data below is only for companies included in full consolidation. In other words, our joint ventures such as TGS, ATU, TAV Madinah, FTA TAV Antalya are not within this scope.

While the total number of employees was 36,173 at the end of the year, the total number of employees in the full consolidation scope is 17,843.

OCCUPATIONAL HEALTH AND SAFETY INDICATORS

Parameters	2019	2020	2021	2022
Working hours	32,881,932	22,896,264	27,189,493	41,246,356
Number of lost day work accidents	350	132	167	270
Number of lost days due to work accidents	5,656	2,012	2,198	1,777
Accident Frequency Rate	10.64	5.77	6.15	6.55
Accident Severity Rate	0.17	0.09	0.08	0.04
Number of occupational diseases reported	0.00	0.00	0.00	0.00

b. Environmental Indicators

		Izmir			Ankara		
		2022	2021	2020	2022	2021	2020
Total energy consumption	MWh	46,602	39,526	35,245	47,590	50,478	45,948
Energy production from renewable sources	MWh	268	270	278	0.00	0.00	0.00
Total CO ₂ emissions - Scope 1 and 2	Tons CO ₂	20,451	19,751	18,082	12,713	11,972	10,841
CO ₂ emissions - Scope 1	Tons CO ₂	8,899	16,330	16,614	6,443	8,737	8,097
Total water withdrawal	m ³	436,911	392,623	367,162	44,523	186,464	172,343
Material recovery rate for non-hazardous waste	%	25%	17%	17%	31%	26%	24%
Total amount of non-hazardous waste	tons	1,585	1,173	874	684	555	569

Thanks to the solar power plant at Milas-Bodrum Airport's car park, which was put into use in 2020, the total energy production was 1,138 MWh in 2020, 1,872 MWh in 2021, and 1,919 MWh in 2022. Similarly, 268 MWh of energy was generated from solar power in Izmir.

RISK MANAGEMENT, INTERNAL AUDIT AND COMPLIANCE

Risks and Assessment by the Management Body

a) Information on Risk Management Policy

Corporate Risk Management Policy:

The objective of TAV Airports and the Group companies Enterprise Risk Management (ERM) Policy is to set forth the methods and principles for the execution of the responsibilities and functions that can be summarized as follows:

- Identifying risk factors that may have an impact on the processes carried out to attain TAV Airports' corporate objectives,
- Assuring senior management and shareholders that the risks assumed are compatible with the Company's risk-taking appetite,
- Assessing the risks that have the potential to create uncertainty and pose threats, formulating effective control and action plans commensurate with the levels of these risks,
- Taking advantage of opportunities that arise, and working in cooperation with risk owners and enterprise risk management (ERM) officers to ensure the continuity of this cycle,
- Ensuring that management decisions are made with full awareness of related risks by carrying out prompt reporting to facilitate the functioning of decision mechanisms,
- Supporting the management of risks that are identified in different units and that have different impacts, but that can have an effect on each other in the most appropriate manner for the greater benefit of the Company rather than that of the individual unit, thus contributing to increased effectiveness and lower losses at the corporate level.

Risk management activities are carried out by the Risk & Internal Audit Unit under the Internal Audit & Risk and Compliance Department of TAV Airports Holding, in coordination with the senior management, under the supervision of the Board of Directors and the Risk Assessment Committee.

b) Information on the Activities and Reports of the Risk Committee:

TAV Airports' Risk Committee was established and commenced activity in accordance with the Turkish Commercial Code (TCC), and the communiques and framework of the Corporate Governance Principles of the Capital Markets Board. The Committee was chartered to undertake activities related to the early detection and management of all types of financial, operational, strategic and regulatory risks that threaten the existence, development and continuity of TAV Airports and Group companies as well as to implement action plans for risks that need to be mitigated. In addition, it reviews the operation of the Corporate Risk Management System and makes assessments by obtaining information from the Company's managers, lawyers, and relevant units on issues such as important lawsuits filed against the Company, provisions for possible risks, currency risk, and determination of the Company's strategy against possible threats. The Committee convenes regularly and, if necessary, separately for the activities to be effective. Related management staff may be invited to the meetings of the Committee based on the meeting agenda. 6 meetings were held in 2022. All activities and resolutions of the Risk Assessment Committee are documented as written meeting minutes and shared with the Senior Management in the form of official reports.

c) Information about Risk Types and Risk Management Policies Applied:

1. Financial Risk Management

The Company may be exposed to the following risks depending on its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit Risk

Credit risk is the risk that a customer or a counter party to a financial instrument fails to honor its contractual obligations. Essentially, the Group's customer receivables and financial losses that may arise from its bank balances constitute its credit risk. The Group's primary financial assets are cash and cash equivalents, and trade and other receivables. The credit risk on cash and cash equivalents is limited since the counter parties are banks with high creditworthiness.

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its future cash payments or other financial obligations. The Group's liquidity risk is managed by securing adequate financing facilities from various financial institutions to fund existing and future borrowing requirements under normal circumstances or crisis conditions so as not to inflict damage on the Group or harm its reputation.

Market Risk

Market risk consists of all changes in exchange rates, interest rates and prices of securities market instruments that can directly impact the Group's revenues and the market value of its financial assets. TAV's

market risk management aims to keep its risk exposure within acceptable parameters while optimizing potential returns.

2. Management of Strategic and Operational Risks

The Company continuously undertakes improvement and development related activities at all airports operated by TAV Airports in order to ensure efficient and safe operations amid the demands of growing passenger traffic. Medium and large-scale problems that the Group may be exposed to within the expanding and evolving aviation industry are assessed by the Risk Committee and Senior Management on an ongoing basis and long-term strategies are formulated promptly to counter potential risks. The main operational risks that may occur include unexpected business interruptions, worsening service delivery standards, and old terminal buildings failing to meet needs. In accordance with its high-quality service strategy, TAV Airports ensures that its service quality standard is maintained at the same high level by way of regular maintenance, repair, investment, renovation and extension related projects at the terminals. The Company constantly monitors, updates and practices emergency operations, plans against contingencies, preventing potential business interruptions and minimizing their impact on passengers. Infrastructure of the terminal buildings has been designed in accordance with specific standards against force majeure events; the Company is appropriately insured against losses from natural disasters and business interruptions. While it is impossible to fully eliminate risks, the Company takes these measures in order to minimize their consequences and impacts.

RISK MANAGEMENT, INTERNAL AUDIT AND COMPLIANCE

3. Management of Environmental Risks

“Extreme weather” and “climate action failure” are among the top five global short-term risks listed in the World Economic Forum’s Global Risk Report 2022. The top five global long-term risks today are environmental. “Climate action failure,” “extreme weather,” and “biodiversity loss” show that they could be the top three serious risks for the next decade. Concerns about environmental risks, which began prior to Covid-19, are manifesting themselves in the global agenda of climate action failure, accelerating and spreading climate change, increasing social vulnerabilities, and economic risks. In this context, TAV Airports incorporates environmental risks into its corporate strategy and demonstrates its resolve to become a leader in the aviation industry’s environmental transformation. Environmental programs and action plans were prepared in line with the joint commitments in the Airport for Trust declaration to be supported by all subsidiaries. These plans also include waste management procedures that adhere to circular economy principles in the Company’s areas of operation. Within the scope of decarbonization and energy management, TAV Airports established the Greenhouse Gas Management System at the airports it operates in order to fulfill its commitments, including ground handling operations. The greenhouse gas inventories prepared on the basis of airport and ground handling services are verified and registered in accordance with the international ISO 14064-1 standard. The Greenhouse Gas Management Systems are also certified under the ACI Europe Airport Carbon Accreditation (ACA) program at various levels.

4. Management of Security, Safety and Health Risks

Ensuring the physical security of airports and general aviation safety is a fundamental part of the operations of TAV Airports. To this end, the Group conducts security services through a private security subsidiary company that boasts ample experience and superior service quality. This security component can only be ensured through close collaboration with key stakeholders such as airlines, governmental authorities and the police. In accordance with this approach, TAV Group implemented Safety Management System practices indicating the minimization of occupational health and safety-related incidents as a key criterion of sustainability. Given the growing passenger traffic and the threats inherent in the nature of civil aviation, airport security issues will inevitably remain an ongoing concern. Nevertheless, it is possible to provide a high level of security service thanks to advanced safety and security measures, as well as effective equipment and system installations. Similarly, step-by-step emergency response plans and preparations are ready to be implemented in conjunction with relevant stakeholders in the event of an epidemic risk at the airport facilities.

5. Management of Information Technology Risks

Effectiveness and security of information technology systems are a key component of uninterrupted high-quality service provision at the airports. To this end, TAV Group regularly reviews the course of its IT infrastructure and projects in keeping with the corporate strategy and objectives. Risks related to IT security, which have proliferated rapidly in recent years, are monitored closely and countered with proactive measures. Activities

continue to manage the risks that may arise in terms of cyber security in collaboration with ADP Group in this regard. Even a minor interruption in IT systems can have major adverse consequences for the business continuity of airport operations. To mitigate this risk, TAV Group undertakes every possible preventive maintenance, improvement, protection and back-up initiative, thereby minimizing IT-based problems that pose a threat to business continuity.

6. Management of Legal, Regulatory, and Compliance Risks

The aviation industry is the most heavily regulated sector in Türkiye and across the globe. Even involuntary non-compliance with regulatory guidelines or breach of laws or contractual obligations may result in reputational damage, business interruption or financial losses for a company. While legal risk may appear to be a standalone risk type, it is in most cases linked with operational, financial, reputational or tax risks. The proactive and forward-looking approach of TAV Airports toward monitoring the legal and regulatory changes in the industry is preventive against such risks. The Company thoroughly assesses precedent-bearing resolutions, anticipated changes by regulatory authorities, and the impacts of operational changes on statutory liability; identifies the potentially risk-bearing areas; and takes action in a timely manner.

Information on Internal Control System and Internal Audit Activities

Internal Control and Internal Audit activities are managed by the relevant units under the Internal Audit & Risk and Compliance Department of TAV Airports Holding.

The Risk & Internal Control Unit works to systematically establish and maintain the internal control system at TAV Airports and its subsidiaries. The unit regularly shares the results with the Audit Committee.

TAV Airports Internal Audit Unit performs the audit of the operational, financial, information systems and technical operation processes of TAV Airports and all of its subsidiaries. The Unit carries out its auditing activities in accordance with an annual audit plan, which is drawn up in line with the determinations that may interrupt the sustainability of the Company based on the results of the risk assessment and Risk Management processes performed annually and approved by the Audit Committee. The Internal Audit Unit shares its audit reports that summarize the audit results and ongoing findings with the Audit Committee and CEO.

The Internal Audit Unit also contributes to the sustainability of the Company by identifying and reporting the deficiencies in risk management and corporate governance processes, and the practices that cause inefficiencies and result in waste of resources. The Unit collaborates with all audited units and provides support in implementing the recommended actions.

As part of its auditing activities, the Internal Audit Department also liaises with the independent auditor and examines the reports drafted by the independent audit team.

TAV Airports Internal Audit Unit perform audits in compliance with “International Internal Audit Standards.”

RISK MANAGEMENT, INTERNAL AUDIT AND COMPLIANCE

Consolidation Process

All Group companies in consolidation fall under the auditing scope of the Internal Audit Unit of TAV Airports Holding. As a result, the Unit assesses the internal control system with respect to the operations that impact the financial statements and provides reasonable assurance to the management on the accuracy and reliability of the figures appearing in the financial statements.

Similarly, the Unit assesses the effectiveness and efficiency of the management of the risks inherent in the preparation process of standalone and consolidated financial statements as well as the information systems used in the process.

Ethics and Compliance Program

Our Group has made it a principle to respect humans, local cultures and rules; therefore, our aim is to ensure that employees in all our Group companies serving internationally adopt the same principle and mindset. In consequence, the decision was made to establish a "Compliance and Ethics" department in order for ADP and TAV to ensure compliance with ethical principles and laws. To this end, studies have been carried out on the following subjects:

1. International Code Of Conduct Policy
2. Training
3. Ethics Hotline
4. Ethics and Compliance Committee
5. Corruption Risk Mapping
6. Yearly Ethics Survey
7. Yearly Communication Plan
8. Control and Follow-up of Business Relations
9. Conflicts of Interest

10. Gifts and Hospitality
11. Ethics and Independence Provisions
12. Corporate Ethics and Compliance Specialists

1. International Code of Conduct Policy

In line with the works initiated in 2018, basic and main Principles of the Ethics and Compliance Program were established with the International Code of Conduct and Compliance & Ethics Policy and these were announced to the employees. By working with ADP, necessary notifications were provided to the employees with the purpose of transforming the Company principles which aim to protect the rights of all internal and external stakeholders into a common corporate culture. The International Code of Conduct Policy includes the basic and main principles that must be adopted for employees in all locations where TAV Holding operates.

2. Trainings

Face-to-face and electronic trainings were provided to the employees in order to inform them about making the right decisions on ethics and compliance issues, including the basic practices of all ethics and compliance policies and procedures. It is mandatory for every newly recruited employee to complete these trainings upon their employment. Employees working in risky positions were also provided with subject-specific training based on their positions.

3. Ethics Hotline

There was a change in the Ethics Hotline address, where all employees and third parties can anonymously report inappropriate and illegal behavior, and this change was announced to all employees.

4. Ethics and Compliance Committee

TAV Holding expects high standards in terms of behavior and good will from all of its employees. The Ethics and Compliance Committee was established to make the necessary independent evaluations based on our policies and procedures and to take the necessary precautions in cases where these behaviors are below expectations. The Ethics and Compliance Committee continues its efforts by evaluating the issues sent by the Ethics and Compliance Unit, making decisions and, if necessary, forwarding these issues to the Disciplinary Committee.

5. Corruption Risk Mapping

All processes of the Company and main affiliates were reviewed to create risk maps and existing control environment was strengthened.

6. Yearly Ethics Survey

A yearly ethics survey was completed by all employees in order to measure the functioning and efficiency of the ethics and compliance program, to identify the deficiencies, to determine the necessary action plans, and to make an internal assessment.

7. Yearly Communication Plan

With the aim of increasing awareness, an annual communication plan was created and necessary reminders were shared with employees through different channels.

8. Control and Follow-up of Business Relations

Business relationships established with third parties are controlled and monitored based on the ethics and compliance program. This process aims to know the relevant third party better before establishing a business relationship with third parties, to make the necessary risk assessment, to control compliance with ethics, and to ensure that the business relationship is in accordance with our Company policy procedures.

9. Conflicts of Interest

A "Conflict of Interest Statement" is obtained from all employees every year via an online system, stating that they did not have any conflict of interest during that year.

10. System of Gifts and Hospitality

The System of Gifts and Hospitality is an online system where incoming and outgoing gifts and hospitality of TAV Holding and its affiliates are recorded, and which includes predefined approval mechanisms.

11. Ethics and Independence Provisions

All contracts communicate ethical & compliance rules and include an article pointing out the International Code of Conduct Policy and cover the fight against bribery and corruption, which we are completely against and have zero tolerance.

12. Corporate Ethics and Compliance Specialists

Ethics and Compliance Specialists, who report to the Holding Compliance Department, are appointed to the Company and its core subsidiaries.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Statement of Compliance with Corporate Governance Principles

TAV Airports ("the Company") makes maximum effort to comply with the Capital Markets Board's ("CMB") Corporate Governance Principles and all regulations. The Company has embraced the principles of equality, transparency, accountability and responsibility of the Corporate Governance Principles published by CMB. Structures and principles suitable for our company are constantly developed in order to provide the best service in the interests of all relevant groups such as our company's shareholders, stakeholders (employees, passengers, suppliers, etc.), the board of directors.

The "Corporate Governance Principles" determined by the CMB are also adopted by the Company and these universal principles are applied.

Corporate Governance Rating

TAV Airports Periodic Revision Corporate Governance Rating Report prepared by SAHA Corporate Governance and Credit Rating Services, a corporate governance rating agency that is also licensed to conduct corporate governance rating activities in Türkiye, has been completed. Corporate Governance Rating of TAV Airports was revised to 9.69 as of August 12, 2022, up from its prior rating of 9.67 as of August 13, 2021.

Distribution of corporate governance rating with respect to the sub-categories is as follows:

Sub-Categories	Weight	Rating
Shareholders	0.25	95.90
Public Disclosure and Transparency	0.25	98.65
Stakeholders	0.15	98.82
Board of Directors	0.35	95.48
Total	1.00	96.88

The Corporate Governance Rating Report can be accessed at the TAV Investor Relations website at <https://ir.tav.aero/en-EN/>.

Reasons for the Corporate Governance Principles not Implemented

TAV Airports' Corporate Governance Committee continues to carry out initiatives to improve the Company's corporate governance practices. The Company has not yet achieved full compliance with the principles due to various reasons. These include the difficulties encountered in the implementation of some of the principles; ongoing debate on compliance with certain principles, both in Türkiye and in the international arena; and the imperfect fit of some of the principles with the Company's existing structure. The Company complies with all mandatory principles as per the CMB's Corporate Governance Communiqué, and the non-mandatory principles that have not yet been fully implemented are listed below. There is no conflict of interest in our Company due to not complying with these non-mandatory principles.

While not provided for in the Articles of Association, General Assembly meetings are open to the public as per the General Assembly Internal Directive. Pursuant to the new Turkish Commercial Code, the Ordinary General Assembly Meeting of Shareholders that has been held since 2013 was accommodative of electronic voting.

In the Articles of Association, minority rights are not granted to those who are in possession of less than one twentieth of the capital, and in parallel to the general practices in the country, rights were granted to the minority within the general legislative framework.

While not stipulated in the Articles of Association, the Chair of the Board of Directors has never been the same person as its Chief Executive Officer since the day the Company was established. No one in the Company is endowed with unilateral, unlimited decision-making authority. Several members of the Board of Directors were assigned to multiple committees. This is due to compliance with various legal and regulatory obligations, such as the Company's shareholding structure and the requirement for committee chairs to be selected from among independent Board members pursuant to the Capital Markets Board's Corporate Governance communiqué, as well as the requirement to create four committees.

As per Article no. 4.6.5 of the "Corporate Governance Principles," salaries paid, and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public via the annual report. However, the disclosure is not made on an individual basis; it only provides a distinction between the Board of Directors and senior executives. Having been put into writing, the remuneration policy was presented to the shareholders as part of a separate agenda item, and stakeholders were requested to deliver opinions about the policy in the meeting.

Chairman of the Corporate Governance Committee

- Ebru Yonca Capa

Corporate Governance Committee Members

- Fernando Echegaray
- Franck Mereyde
- Filiz Demiroz
- Besim Meric

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10- The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11- The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The Company's Articles of Association contain a provision which stipulates that minority rights can be exercised by shareholders holding at least 5% of the share capital.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
1.6. DIVIDEND RIGHT						
1.6.1- The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2- The shareholding structure (names, privileges, number and ratio of shares of real person shareholders owning more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4- The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.					X	Since the employees of TAV group companies are generally not unionized, the matter of resorting to the opinion of the trade unions in decisions about the employees and collective bargaining agreements stipulated in the human resources policy is not applicable.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measured customer satisfaction, and operated to ensure unconditional customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility. Has adopted measures to prevent corruption and bribery.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2- The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategic targets, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Assembly Meeting.	X					
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board Members serve on multiple committees due to the Company's ownership structure and due to the existence of 4 different committees.

Corporate Governance Compliance Report	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Board Committees did not receive consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			Salaries paid and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public via the annual report. The disclosure is not made on an individual basis; it encompasses the Board of Directors and senior executives.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year	TAV Airports participated in 6 conferences and met with 182 investors and analysts.
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1.2. Right to Obtain and Examine Information

The number of special auditor requests	0
The number of special auditor requests that were accepted at the general assembly meeting	0

1.3. General Assembly

The link of the announcement made in the Public Disclosure Platform (KAP) that includes the information requested under the principle 1.3.1 (a-d)	https://www.kap.org.tr/en/Bildirim/1005280
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Whether the general assembly meeting documents were presented in Turkish and English languages simultaneously	Presented in Turkish and English languages simultaneously.
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The links of the announcements made on PDP associated with the transactions that are not approved by the majority of independent members or by unanimous votes of present Board Members in the context of Principle 1.3.9.	-
--	---

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	-
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The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	-
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The name of the section on the corporate website that demonstrates the donation policy of the company	ir.tav.aero/Corporate Governance/ Our Company's Policies
---	---

The link of the announcement made on KAP with the minutes of the General Assembly Meeting where the donation and aid policy has been approved	https://www.kap.org.tr/en/Bildirim/1014368
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The number of the article in the Articles of Association governing stakeholders' attendance at the general assembly	27.1
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Information regarding the stakeholders who attend general assemblies	The General Assembly was held open to the public, including stakeholders and the media.
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1.4. Voting Rights

Whether there are any privileged voting rights	No
In case there are voting privileges, indicate the privileged shareholders and their voting percentages.	-
Shareholding rate of the majority shareholder	46.1%

1.5. Minority Rights

Whether the scope of minority rights is expanded (in terms of content or percentage) in the Articles of the Association	No
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If yes, specify the relevant provision of the articles of association.	-
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	ir.tav.aero/Corporate Governance/ Our Company's Policies
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Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	In 2021, our Company acquired Almaty Airport and won the Antalya Airport concession tender to enable its long term development. Due to the fund requirements of these transactions and the investments required thereof, it was unanimously approved by the General Assembly that there will not be a dividend distribution.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/1014368
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General Assembly Date

31.03.2022

General Assembly Meetings	The number of information requests received by the company regarding the clarification of the agenda of the general assembly	0
	Shareholder participation rate to the general assembly meeting	74%
	Percentage of shares directly present	0.01%
	Percentage of shares represented by proxy	99.90%
	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Corporate Governance/ General Assembly
	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Corporate Governance/ General Assembly
	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	Article 13
	The number of declarations by insiders received by the board of directors	86
	The PDP link of the general assembly notification	https://www.kap.org.tr/en/Bildirim/1005280

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. CORPORATE WEBSITE

The headings of the sections on the corporate website that include information required by the corporate governance principle numbered 2.1.1	www.tavyatirimciiliskileri.com
The heading of the section on the corporate website that includes the list of real person shareholders who own more than 5% of the Company's shares, directly or indirectly	Corporate and Shareholder Structure
Languages in which the corporate website is presented	Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors / Statement of Independence
b) Page number or heading of the section in the annual report that provides information on the committees established under the Board of Directors	Operating Principles of the Committees
c) Page number or heading of the section in the annual report that includes the number of board meetings held throughout the year, and the members' attendance status	Board of Directors
d) Page number or heading of the section in the annual report that provides information on regulatory changes that can have a material impact on the Company's activities	Other Disclosures
e) The page number or heading of the section that includes information regarding important lawsuits filed against the company and possible consequences thereof	Other Disclosures
f) Page number or heading of the section in the annual report that provides information on the conflicts of interest between the Company and entities providing investment advisory and rating services to the Company, and the precautions taken to prevent these	-
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Other Disclosures
h) Page number or heading of the section that provides information on employees' benefits and professional training, as well as other corporate social responsibility activities related to the Company's operations that have social and environmental impacts	Sustainability

STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The heading of the section on the corporate website that includes the policy on compensation	ir.tav.aero/Corporate Governance/Our Company's Policies
The number of final court verdicts against the Company that result from violation of employee rights	0
The title of the individual in charge of the whistleblowing programme	Internal Audit Risk and Compliance Director
Contact information of the Company's mechanism to report violations	https://alert.groupeadp.fr/

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

The heading of the section on the corporate website that includes internal regulations on employees' participation in the managerial bodies of the Company	Corporate Governance/Our Company's Policies
Corporate bodies where employees are represented	Occupational Health and Safety Committee

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession plan is determined in our Shareholders' Agreement.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	www.tavhavalimanlari.com.tr/ Human Resources
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also, provide a summary of relevant parts of the human resource policy.	www.tavhavalimanlari.com.tr/ Human Resources
The number of definitive convictions the company is subject to in relation to health and safety measures	0

3.5. Ethical Rules and Social Responsibility

The heading of the section on the corporate website that includes the policy on ethical principles	www.tavhavalimanlari.com.tr/ Human Resources
The name of the section on the company website that demonstrates the corporate social responsibility report. If there is no report on corporate social responsibility, precautions taken with respect to the environmental, social and corporate governance issues	www.tavhavalimanlari.com.tr/ Sustainability
Any measures combatting any kind of corruption including embezzlement and bribery	ir.tav.aero/Corporate Governance/ Ethics & Compliance

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

BOARD OF DIRECTORS

4.2. Principles of Activity of the Board of Directors

Date of the last board evaluation conducted	Latest board evaluation was conducted in February 2023.
Whether the board evaluation was externally facilitated	No
Whether all board members were released for their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Edward Arkwright, President; Mustafa Sani Sener, Vice President; Ali Haydar Kurtdarcan, Vice President; Franck Mereyde, Executive Member of the Board of Directors
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	5
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management, Internal Audit and Compliance
Name of the Chairman	Edward Arkwright
Name of the CEO	Vehbi Serkan Kaptan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/1063360
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	ir.tav.aero/Corporate Governance/Our Company's Policies
The number and ratio of woman directors within the Board of Directors	There are three woman directors and the ratio is 27%.

Composition of Board of Directors

Name/ Surname	Person Acting on Behalf of a Legal Entity Member	Duty	Executive or Not	Duties Undertaken in the Company during the Last 5 Years	Share in Capital (%)	Board Member or Not	Whether the Independent Director Considered by the Nomination Committee	Whether a Member Ceased to Qualify as an Independent Member
EDWARD RODOLPHE PAUL ARKWRIGHT		Chairman of the Board of Directors	Non-executive	Chairman of the Board of Directors		Not Independent Member		No
MUSTAFA SANI SENER		Deputy Chair	Non-executive	CEO and Member of the Board of Directors		Not Independent Member		No
TEPE INSAT SANAYI ANONIM SIRKETI	ALI HAYDAR KURTDARCAN	Deputy Chair	Non-executive	Deputy Chair	5.06	Not Independent Member		No
FERNANDO ECHEGARAY		Board Member	Non-executive	Deputy Chair		Not Independent Member		No
FRANCK MEREYDE		Executive Member	Executive	Board Member		Not Independent Member		No
XAVIER MARIE MARTIN BENOIT HURSTEL		Board Member	Non-executive	-		Not Independent Member		No
JEROME PAUL JACQUES CALVET		Board Member	Non-executive	Independent Board Member		Not Independent Member		Yes
AYLIN SELEN		Board Member	Non-executive			Independent Member	Considered	No
EBRU YONCA CAPA		Board Member	Non-executive			Independent Member	Considered	No
FILIZ DEMIROZ		Board Member	Non-executive			Independent Member	Considered	No
JEAN-MICHEL VERNHES		Board Member	Non-executive			Independent Member	Considered	No

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

BOARD OF DIRECTORS**4.4. Meeting Procedures of the Board of Directors**

Number of physical board meetings in the reporting period (meetings in person)	6	8
Director average attendance rate at board meetings		95%
Whether the board uses an electronic portal to support its work or not		Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter		At least 7 days before the Meeting
The name of the section on the corporate website that demonstrates information about the board charter	ir.tav.aero/Corporate Governance/Articles of Association/Board of Directors Meeting	
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	The upper limit which is stipulated in section of Article 4.3.6 of the CMB Corporate Governance Principles is adopted.	

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Operating Principles of the Committees	
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/1005325	

Composition of Board Committees

Names of the Board Committees	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	Filiz Demiroz	Yes	Board member
Audit Committee	Aylin Selen	No	Board member
Corporate Governance Committee	Ebru Yonca Capa	Yes	Board member
Corporate Governance Committee	Fernando Echegaray	No	Board member
Corporate Governance Committee	Filiz Demiroz	No	Board member
Corporate Governance Committee	Frank Meryde	No	Board member
Corporate Governance Committee	Besim Meric	No	Not Board Member
Nomination Committee	Aylin Selen	Yes	Board member
Nomination Committee	Ebru Yonca Capa	No	Board member
Nomination Committee	Edward Arkwright	No	Board member
Nomination Committee	Xavier Hürstel	No	Board member
Risk Committee	Jean Michel Vernhes	Yes	Board member
Risk Committee	Ali Haydar Kurtarcan	No	Board member
Risk Committee	Aylin Selen	No	Board member
Risk Committee	Jerome Calvet	No	Board member
Risk Committee	Xavier Hürstel	No	Board member

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

BOARD OF DIRECTORS	
4.5. Committees Established under the Board of Directors-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Annual Report, Operating Principles of the Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report, Operating Principles of the Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report, Operating Principles of the Committees
Specify where the activities of the risk committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Annual Report, Operating Principles of the Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Remuneration Committee are carried out by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report, Guidance and Realization
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	ir.tav.aero/Corporate Governance/Our Company's Policy/ Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report, Financial Benefits Provided to the Members of the Board of Directors and Senior Management

Composition of Board Committees				
Names of the Board Committees	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee	100%	100%	5	5
Corporate Governance Committee	80%	40%	5	5
Nomination Committee	100%	50%	3	3
Risk Committee	100%	40%	6	6

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
	A. General Principles						
	A1. Strategy, Policy and Targets						
A1.1	The Board of Directors determines environmental, social and governance (ESG) priority issues, risks and opportunities	✓					2022 Annual Report- 75, 76, 88
	The Board of Directors establishes ESG policies (For example: Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) and declares to the public.	✓				ESG policies are declared to the public on the website.	https://tavhavaimanlari.com.tr/en-EN/about-tav/policies-about-tav
A1.2	The short and long term goals in line with ESG policies are declared to the public.		✓				
	A2. Implementation/Monitoring						
A2.1	The committees and/or units responsible for the implementation of ESG policies as well as the highest-level person in charge of ESG issues and their duties are determined and publicly disclosed.	✓				Relevant committees are shared in detail.	2022 Annual Report- 73, 91
	The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.	✓				Reporting to the management institution is made regularly.	
A2.2	Implementation and action plans in line with the ESG targets are formed and declared to the public.		✓				

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
A2.3	The scope of ESG Key Performance Indicators (KPI) and relevant indicators are announced on a yearly basis."			✓		Relevant action plans are formed but not declared to the public.	2022 Annual Report- 84, 85
A2.4	Announces the innovation activities that improve the sustainability performance for business processes or products and services.	✓				The information on activities supporting the sustainability performance are included in the the annual report.	2022 Annual Report- 77, 78, 79, 80, 81, 82, 83, 84, 88
	A3. Reporting						
A3.1	Information regarding the performance of the Incorporation in terms of sustainability performance, targets and activities are included correctly and adequately in the annual report.	✓					2022 Annual Report - pages between 72 to 85
A3.2	Information about its activities on which of the United Nations (UN) 2030 Sustainable Development Goals are related to has been disclosed to the public by the Incorporation.	✓					2020 Annual Report- 75 https://tavhavaimanlari.com.tr/en-EN/sustainability/pages/sustainabledevelopmentgoals
A3.3	Information about the important lawsuits filed and/or concluded in ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.		✓				

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
	A4. Verification						
A4.1	ESG Key Performance metrics of the Incorporation have been verified and publicly disclosed by an independent third party organization.			✓		Information about the carbon verification process conducted by independent organizations has been shared and the ISO 14001 process is included in the report.	2022 Annual Report- 77
	B. Environmental Principles						
B1	Announces the policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.			✓		Certificate availability has been shared.	
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.		✓				
B3	Stated in A2.1.						
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems based on stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.		✓				

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B5	How environmental issues are integrated into business targets and strategies has been disclosed to the public.	✓				Long-term and short-term activities are shared.	2022 Annual Report- 77, 78, 88
B6	Stated in A2.4.						
B7	How environmental issues are managed and integrated into business targets and strategies throughout the company's value chain, including the operational process, suppliers and customers has been disclosed to the public.		✓				
B8	Whether the environment organizations and non-governmental organizations are involved in the policy-making processes or not, and the collaborations with these institutions and organizations have been disclosed to the public.	✓				Related programs and collaborations are included in the report.	2022 Annual Report- 77, 78
B9	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) reports periodically comparable information on its environmental impacts.			✓		Information about the topics has been shared in general, while some of them have data.	2022 Annual Report- 85
B10	Describes the standard, protocol, methodology and base year details used to collect and calculate its data.		✓				

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B11	The status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years has been described.			✓		For specific topics year over year comparison data are included.	2022 Annual Report- 85
B12	Short and long-term targets to reduce environmental impact are set and these targets are announced together with information on their progress in relation to the goals set in the past years.			✓			
B13	The strategy and actions to combat the climate crisis are announced.	✓				Targets and actions taken in scope of decarbonisation are included.	2022 Annual Report- 75, 76, 77, 88
B14	In order to prevent or minimize the potential negative impact of products and/or services on the environment, programs or procedures have been established and disclosed to the public.			✓		Programs or procedures have been established but not disclosed to the public.	
	Actions for reducing greenhouse gas emissions of third parties (eg. suppliers, subcontractors, dealers, etc.) are taken and these actions have been disclosed to the public.		✓				

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B15	The environmental benefits / profits and cost savings provided by projects and initiatives carried out to reduce environmental impact are announced.		✓				
B16	The total energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling) data are announced as Scope- 1 and Scope-2.	✓					2022 Annual Report- 85
B17	Information on electricity, heat, steam and cooling generated and consumed in the reporting year is provided.			✓			2022 Annual Report- 85
B18	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	✓					2022 Annual Report- 77, 85
B19	The renewable generation of energy and the usage data are announced.	✓					2022 Annual Report- 85
B20	Energy efficiency projects are realized and the amount of energy consumption and emission reduction gained by means of these studies are announced.	✓					2022 Annual Report- 77, 85
B21	The amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures are reported.		✓				

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B22	Announces whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	✓				Information on neutralization levels in scope of the ACE is announced.	2022 Annual Report- 34, 58, 76, 77
B23	The carbon credit information accumulated or purchased during the reporting period is announced.		✓				
B24	The details if carbon pricing is applied within the Incorporation are announced.				✓	Information on neutralization levels in scope of the ACE is announced. Details are not disclosed.	2022 Annual Report- 34, 58, 76, 77
B25	Platforms where the Incorporation discloses environmental information is announced.		✓				
	C. C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.1	Corporate Human Rights and Labor Rights Policy is established in which full compliance with the legal framework and legislation regulating the human rights and business life in Türkiye, ILO Conventions that are ratified by Türkiye and the Universal Declaration of Human Rights is committed. Roles and responsibilities associated with the implementation of the policy are determined and announced.			✓			https://tavhavalimanlari.com.tr/en-EN/human-resources/policies

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.2	Considering the supply and value chain effects, the Company includes fair workforce, improvement of labor standards, women's employment and inclusion (such as nondiscrimination on women, men, gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policy regarding the labor rights.	✓					https://tavhavalimanlari.com.tr/en-EN/human-resources/policies
C1.3	Announces the measures taken along the value chain for the protection of groups vulnerable to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/ equality of opportunity.	✓					https://tavhavalimanlari.com.tr/en-EN/human-resources/policies
C1.4	Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced labor and child labor are reported.	✓					2022 Annual Report- 79, 81

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.5	Investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management issues are included in employee rights policy.	✓					https://tavhavalimanlari.com.tr/en-EN/human-resources/policies/pages/training-and-development
	Dispute resolution processes are determined by creating mechanisms for employee complaints and dispute.	✓					https://tavhavalimanlari.com.tr/en-EN/about-tav/policies-about-tav/pages/ethics-and-compliance
	The activities carried out to ensure employee satisfaction during the reporting period are announced.	✓					2022 Annual Report- 58, 83,84
C1.6	Occupational health and safety policies are established and declared to the public.	✓					https://tavhavalimanlari.com.tr/en-EN/about-tav/pages/occupational-safety
	The occupational accidents, measures taken to maintain health, and accident statistics are announced.	✓					2022 Annual Report- 80, 85

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.7	Protection of personal data and data security policies are established and disclosed to the public.	✓					https://tavhavalimanlari.com.tr/en-EN/about-tav/policies-about-tav/pages/personal-data-protection
C1.8	Ethical policy is established and declared to the public.	✓					https://tavhavalimanlari.com.tr/en-EN/about-tav/policies-about-tav/pages/personal-data-protection
C1.9							
C1.10	Information meetings and training programs for employees on ESG policies and practices are organized.	✓					
	C2. Stakeholders, International Standards and Initiatives						
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints is established and announced.	✓					https://tavhavalimanlari.com.tr/en-EN/sustainability/pages/product-responsibility

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C2.2	Information on stakeholders communication (with which stakeholders, on what issue and how often) is announced.			✓		Available for certain group companies.	
C2.3	International reporting standards adopted for the reportings are disclosed.	✓					https://tavhavalimanlari.com.tr/en-EN/sustainability/pages/environmental-sustainability
C2.4	Principles, signatory and member international organizations, committees and principles on sustainability and adopted by the Company are disclosed.	✓					2022 Annual Report- 59, 82
C2.5	Improvements and activities are conducted in order to be listed in the sustainability indices of Borsa Istanbul and/or international index providers.	✓					

	If the compliance with the principles is determined as "Yes" or "Partial", the report information/link regarding the information disclosed to the public should be included. Information on compliance with the principles are included in the "Description" column. The extent to which the requested information is presented as consolidated or solo should be stated in the "Description" column.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
	D. Corporate Governance Principles						
D1	Applies to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	✓					
D2	Works on raising awareness about sustainability and its importance through social responsibility projects, awareness activities and trainings.	✓					

OPERATING PRINCIPLES OF THE COMMITTEES

Board Committees

In accordance with the provisions of the Capital Markets Board's Communiqué on the Determination and Implementation of Corporate Governance Principles, the Company's Board of Directors reviewed the structure and activities of the existing committees and resolved to constitute them as follows:

Our Company's Committee Working Principles are available at https://ir.tav.aero/Uploads/Documents/calisma_esaslari_2021.pdf.

Audit Committee

Chair of the Audit Committee	Filiz Demiroz
Audit Committee Member	Aylin Selen

Corporate Governance Committee

Chair of the Corporate Governance Committee	Ebru Yonca Capa
Corporate Governance Committee Members	Fernando Echegaray Filiz Demiroz Franck Mereyde Besim Meric

Nomination Committee

Chair of the Nomination Committee	Aylin Selen
Nomination Committee Members	Ebru Yonca Capa Edward Arkwright Xavier Hürstel

Risk Committee

Chair of the Risk Committee	Jean-Michel Vernhes
Risk Committee Members	Ali Haydar Kurtarcan Aylin Selen Jerome Calvet Xavier Hürstel

Board of Directors' Assessment for the Committees

The committees shall convene prior to each meeting of the Board of Directors whose agenda incorporates a decision concerning matters that are of relevance to them. The committees shall convene at least one day prior to the meeting of the Board of Directors, barring an urgency or material impediment. The chair of each committee, or, in case the chair is unavailable, one of the committee members who is designated for that purpose, shall report on the committee's work to the meeting of the Board of Directors that is held following the committee's meeting; the reporting shall comprise a summary of the committee's proceedings and transactions.

The "Audit Committee" is responsible for the effective implementation of the internal control system as well as taking all necessary measures for the adequate and transparent execution of all kinds of internal and independent audits. The Committee convened five times a year, at least once every three months, the meeting results were recorded in the minutes, and the decisions taken were submitted to the Board of Directors.

Audit Committee

The Audit Committee convened five times in 2022, at least once every three months, the meeting results were recorded in the minutes, and the decisions taken were submitted to the Board of Directors.

The scope of work of the Audit Committee comprises the reports and studies prepared by the independent external audit, the Holding Internal Audit Department, and legal authority auditing bodies. The Audit Committee determines the nature and scope of the Holding's Internal Audit Department's relations with auditing bodies of public institutions and organizations, independent audit firms, and tax auditors.

The Committee is authorized to approve the annual plan of the Internal Audit Department, to compare the planned and actual activities, to request explanations from the Internal Audit Department, to demand changes in annual plans, and to make additional audit demands.

It has absolute authority to appoint or change the independent external audit firm. However, while performing this duty, the Committee may also consider the opinions and requests of the Company's controlling shareholders.

The Committee is authorized to decide on changing the scope of work of the independent audit firm (consulting, etc.) when necessary.

Within the year, the Audit Committee successfully fulfilled its responsibilities, as detailed in the Working Principles of the Committee, regarding relations with the Independent external audit firm, relations with the Internal Audit Department, responsibilities related to the Internal Control System, reports prepared by the Legal Authority Auditing Bodies.

Corporate Governance Committee

The Corporate Governance Committee convened five times during 2022 and:

- Identified whether corporate governance principles are implemented;
- Identified the root causes for any non-compliance and the conflicts of interest arising from such non-compliance;
- Made recommendations to the Board of Directors to improve corporate governance practices;
- Oversaw the activities of the Investor Relations Department;
- Made recommendations pursuant to the related laws, rules and regulations in Türkiye, as well as corporate governance principles regarding general compensation of the Company's senior management and the scope of, and changes to, incentive packages, or alternative forms of remuneration where applicable;
- Set forth and oversaw the approach, principles and practices pertaining to the performance evaluation and career planning of the Members of the Board of Directors and the Company's executives;
- Recommended rules for the determination of the fixed and variable elements as well as the level of the compensation of the Company's senior management, oversaw the implementation of these rules, and ensured that the rules are consistent with the Company's annual performance assessment;
- Developed a proposal, to be submitted for the approval of the shareholders at the General Assembly meeting, for the rules governing the overall level of compensation to be awarded to the members of the Board of Directors by also taking into consideration the Board members' individual attendance records at Board of Directors meetings, their committee participation, and the duties and responsibilities they assumed. The Corporate Governance

OPERATING PRINCIPLES OF THE COMMITTEES

Committee also recommended to the Board of Directors a policy for the reimbursement of the expenses incurred by the members of the Board of Directors while carrying out their duties;

- Approved the information related to the compensation of the members of the Board of Directors that was disclosed to the shareholders and to the public at large;
- Oversaw compliance with Company regulations and policies that were designed to prevent the misuse of the Company's trade secrets and conflicts of interest among the Board of Directors, executives and other employees.

Nomination Committee

Nomination Committee convened three times during 2022 and:

- Identified suitable candidates for open positions on the Board of Directors and the management team;
- Undertook efforts to create a transparent system to identify suitable candidates for open positions on the Board of Directors and the management team;
- Assessed and trained the suitable candidates for open positions on the Board of Directors and the management team;
- Developed policies and strategies to identify suitable candidates for open positions on the Board of Directors and the management team;
- Procured the written declaration of candidates for Independent Board Membership stating that, as of the date of their nomination to the committee, they meet the independence criteria stipulated in the relevant regulation and in the Company's Articles of Association;
- Performed regular evaluations on the composition and effectiveness of the Board of Directors and reported recommendations for potential changes to the Board of Directors membership;

- Assessed whether the nominees for Independent Board Member positions, including the management and shareholders, met the independence criteria at the election process of independent members of the Board of Directors and submitted conclusions to the Board of Directors for approval;
- Oversaw the public disclosure of the final list of nominees for Independent Board Member positions at the same time as the announcement for the General Assembly meeting.

Risk Committee

The Risk Committee convenes to enable reporting to the Board of Directors every two months, while considering the Company's risk conditions and:

- Ensured that initiatives were carried out for advance identification and management of all risks that could endanger the existence, development and continuity of TAV Airports and Group companies and for the implementation of necessary measures to mitigate the risks identified;
- Oversaw the functioning of Enterprise Risk Management (ERM) and made recommendations for its improvement;
- Supported the Board of Directors in identifying the opportunities that can enhance the profitability and the effectiveness of the operations of the Company, overseeing the undertaking of necessary actions to take advantage of these opportunities and sharing these with the Board of Directors in a timely manner, evaluating major investment and sale/divestiture decisions, and setting the proper strategy for the Company by prudently assessing potential risks and opportunities;
- Carried out other tasks that the committee is responsible for pursuant to applicable laws, rules and regulations and reviewed risk management systems at least once a year.

ORDINARY GENERAL ASSEMBLIES

TAV AIRPORTS HOLDING 2022 Ordinary General Assembly Meeting Agenda

The agenda of the Ordinary General Assembly Meeting of TAV HAVALİMANLARI HOLDİNG ANONİM ŞİRKETİ for the year 2022 to be held on March 31, 2023, Friday.

1. Opening and forming of the Presidential Board and to authorize the Presidential Board to sign the meeting minutes and its annexes,
2. Review, discussion and approval of the Annual Report of the Board of Directors of the year 2022,
3. Review, discussion and approval of the summary statement of the Independent Audit Report of the fiscal year 2022,
4. Review, discussion and approval of the year-end Financial Statements for the fiscal year 2022,
5. Releasing severally the Members of the Board from their activities for the year 2022,
6. Approval, approval with amendment, or rejection of the Board of Directors' proposal to the General Assembly that there will not be a dividend distribution for the year 2022 in accordance with the Dividend Policy of our Company,
7. Submitting for the approval of the General Assembly the Remuneration Policy pursuant to the regulations of the Capital Markets Board,
8. Submitting for the approval of the General Assembly the revised Disclosure Policy pursuant to the regulations of the Capital Markets Board,
9. Determining the rights of the members of the Board of Directors regarding the wages and attendance fee, and rights such as bonus, premium,
10. Discussion and approval of the nomination of the Independent Audit Company proposed by the Board of Directors pursuant to the Turkish Commercial Code and the regulations of the Capital Markets Board,
11. Giving information to the General Assembly on the donations and aids which were provided by the Company in 2022 and determining the upper limit of donation to be made in the year 2023,
12. Giving information to the General Assembly regarding the transactions of the "Related Parties" as per third section of Corporate Governance Communiqué (II-17.1) of the Capital Markets Board,
13. Giving information to the General Assembly regarding pledges, collaterals, and mortgages as per fourth section of Corporate Governance Communiqué (II-17.1) of the Capital Markets Board,
14. Authorization of the shareholders that have management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders of the transactions carried out thereof in the year 2022 pursuant to the Corporate Governance Communiqué of the Capital Markets Board,
15. Wishes and requests,
16. Closing.

ORDINARY GENERAL ASSEMBLIES

Minutes of the Ordinary General Assembly Meeting of TAV Airports Holding Regarding the Year 2021

The Ordinary General Assembly meeting of TAV Airports Holding regarding the year 2021 was held on the March 31, 2022 at 10.00 at the address of Vadistanbul Bulvar, Ayazaga Mahallesi Azerbaijan Cad. 2C Blok. No.3L/6 Sarıyer/Istanbul under the supervision of the Ministry representatives Mrs. Nuran Devrim and Mr. Volkan Kucukcirkin who were appointed with the letter dated 30.03.2022 and numbered 73303137 of the Turkish Governorship of Istanbul Provincial Directorate of Commerce.

The invitation for the meeting was published on February 28, 2022 at the Public Disclosure Platform and Electronic General Assembly System within the statutory period in the appropriate format that covered the agenda and that complied with the law and the Articles of Association – on pages 563 and 564 of the Turkish Trade Registry Gazette dated March 04, 2022 and numbered 10530, on daily Dünya newspaper, and the Company website.

The list of attendees was examined, and it was seen that 268,120,415 shares equivalent to a total of TL 268,120,415 out of 363,281,250 shares equivalent to the company's total capital of TL 363,281,250 were represented at the meeting (with 19,123 shares acting as principal, 76,615,449 as assigned representatives, and 191,485,843 shares as other representatives), and that the minimum meeting quorum stipulated in the law and the articles of association was present. It was seen that the Executive Member of the Board of Directors of the Company Mr. Mustafa Sani Sener, the Member of the Board of Directors Franck Mereyde, Ebru Yonca Capa, Filiz Demiroz, Aylin Selen and Mr. Burç Seven on behalf of the Independent Audit Company were present at the meeting, and the agenda was opened after the meeting was launched physically and electronically (simultaneously) by the Executive Member of the Board of Directors Mr. Mustafa Sani Sener.

1. As per the first agenda item, the issue of electing Mr. Mehmet Erdogan as the Chair of the Meeting Council, Mr. Besim Meric as the vote collector and Mr. Nihat Kamil Akkaya as the scribe and, the issue of authorizing the Meeting Council to sign the General Assembly Minutes and, the issue about making the voting both physically and electronically (on the electronic environment), were voted and approved by majority.
2. As per the second agenda item, the proposal for the Company's Board of Directors annual report regarding 2021 to be deemed as read was submitted to the vote of the assembly, discussed and approved by majority, with 268,078,878 affirmative votes vs 41,537 negative votes. The Board of Directors' 2021 annual report was approved by majority, with 268,078,878 affirmative votes vs 41,537 negative votes.

3. As per the third agenda item, the proposal for the independent audit report given by the independent audit company regarding the year 2021 to be deemed as read was submitted to the vote of the assembly, discussed and approved -by majority - by 268,078,878 affirmative votes vs 41,537 negative votes. The summary of the independent audit report was read and discussed, and the independent audit report for 2021 was approved – by majority - by 268,078,878 affirmative votes vs 41,537 negative votes.
4. As per the fourth agenda item, the proposal for the financial statements of the Company regarding the accounting period of 2021 to be deemed as read was submitted to the vote of the assembly, discussed and approved by 268,078,878 affirmative votes vs 41,537 negative votes. The financial statements of the Company regarding the accounting period of 2021 were approved - by majority - with 268,078,878 affirmative votes vs 41,537 negative votes.
5. As per the fifth agenda item, the acquittance of the Members of the Board of Directors (who held office in 2021) regarding their activities in 2021 was submitted to the vote of the assembly and they were acquitted - by majority - with 268,078,878 affirmative votes versus 41,537 negative votes.

Members of the Board of Directors did not cast votes for their acquittances.

6. As per the sixth agenda item, due to the fund requirements of the acquisition of the Almaty Airport and winning the Antalya Airport concession tender in 2021 to enable our Company's long-term developments and the investments required thereof, it has been resolved that in accordance with the Dividend Policy of our Company, a dividend distribution proposal will not be made regarding the year 2021 by majority with 268,120,203 affirmative votes versus 212 negative votes.
7. Pursuant to the seventh agenda item, the proposal for the remuneration policy to be deemed as read was submitted to the vote of the assembly, discussed and approved by a majority, with 265,338,253 affirmative votes versus 2,782,162 negative votes. In accordance with the Capital Markets Board regulations, the Company's updated "Remuneration Policy" was submitted to the vote and approved by majority with 263,988,253 affirmative votes versus 4,132,162 negative votes. Mr. Haydar Acun, the representative of our shareholder Marmara Capital Fund, did not request a separate record in the protocol because he had already been briefed on his question.
8. As per article eight of the agenda the resignation of our Member of the Board, Sera Yapı Endüstri ve Ticaret A.Ş., who resigned from his duty on March 31, 2022, has been approved, its existing authorities were cancelled, and the election of Mr. Mustafa Sani Sener with ID No. 22628641168, who attended the meeting accepting to be elected instead in order to complete the remaining tenure, was approved by majority with 265,902,955 affirmative votes versus 2,217,460 negative votes.

ORDINARY GENERAL ASSEMBLIES

9. As per the ninth agenda item, issues about remuneration, honorarium, premiums, and bonuses of the Members of the Board of Directors were discussed. In line with the corporate governance principles of the Capital Market Board and based on the remuneration principles of the members of the TAV Airports Holding A.S. Board of Directors for honorarium, it was resolved to pay net USD 60,000 honorarium per annum to Independent Members of the Board and each Member of the Board with foreign nationality and who are not paid fees or honoraria from TAV Airports Holding A.S. or from TAV Airports Holding A.S. shareholders or the holding companies of the shareholders or partnerships/ subsidiaries of the shareholders; to pay net TL 600.000 honorarium per annum to each Member of the Board with Turkish nationality; and in order to provide fairness among the Members of the Board regarding financial rights paid to members of the board, to make an additional payment of net TL 100.000 for one time only to each independent member of the board with Turkish nationality in 2022; this resolution has been approved by majority with 266,532,203 affirmative votes vs. 1,588,212 negative votes. Mr. Haydar Acun, the representative of our shareholder Marmara Capital Fund, stated that it is appropriate to eliminate the distinction between Turkish Lira and foreign currency in honorarium payments to Board Members. Information on the subject has been provided.
10. As per the tenth agenda item, it was decided to appoint DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi registered at Istanbul Trade Registry Office with Registry No. 304099 for one year as an independent audit company to audit the financial reports of the 2022 accounting period in accordance with the Turkish Commercial Code and Capital Markets Board regulations and to carry out other tasks within the scope of the relevant regulations in these laws. The decision was approved by majority of 268,078,878 affirmative votes versus 41,537 negative votes.
11. As per the eleventh article of the agenda, the following has been approved by majority of 228,740,454 affirmative votes versus 39,379,961 negative votes: since the validity date of the registered capital ceiling approved by the Capital Market Board is about to expire, to grant authority and the amendment texts included in the Attachment for which required permissions have been obtained with the letters of the Capital Market Board dated 09.12.2021 No. E-29833736-110.04.04-14177 and the letter of the Republic of Türkiye Ministry of Trade dated 17.12.2021 No. E-50035491-431.02-00070158480, to amend article 6 of the Articles of Association entitled "Capital" due to the extension of the registered capital in the system, as per the Capital Market Legislation, and address change upon the partial arrangement of the municipality has been announced and registered on page 462 of the Türkiye Official Gazette dated May 24, 2019 No. 9836 and the Board of Directors Resolution dated 25.04.2019 No. 19 on page 148 of the Türkiye Official Gazette dated February 15, 2021 No. 10267, so that these amendments can be reflected in the related article of the Articles of Association, to amend article 3 of the Articles of Association entitled "Headquarters and Branches."

12. As per the twelfth agenda item, around TL 543 thousand of aid and donation was made by our Company in 2021 while the General Assembly was informed about this issue. The upper limit for total donations to be made in 2022 was approved to be set at TL 3 million by majority.
13. As per the thirteenth agenda item, General Assembly was informed regarding the transactions of the "related parties" as per the third section of Corporate Governance Communique (II-17.1) of the Capital Markets Board.
14. As per the fourteenth agenda item, General Assembly was informed regarding the prepared, given pledges, collaterals, and mortgages as per the fourth section of Corporate Governance Communique (II-17.1) of the Capital Markets Board.
15. As per the fifteenth agenda item, it was decided by majority of the attendees with 265,210,642 affirmative votes versus 2,909,773 negative votes to authorize the shareholders holding the management control, Members of the Board of Directors, senior managers and their spouses and relatives by blood and marriage up to the second degree to exercise the transactions specified in the 395th and 396th Articles of the Turkish Commercial Code.
16. As per the sixteenth agenda item, time was allocated for wishes and requests. Wishes and requests were listened to. Mr. Haydar Acun, the representative of our shareholder Marmara Capital Fund, stated that the share value of TAV is too low in comparison to comparables and that the company should resume the share buyback program. Mr. Mustafa Sani Sener, a member of our Board of Directors, provided information and answered questions from our shareholders.
17. Since there remained no item to be discussed in the agenda, the meeting was finalized and the minutes to the meeting (composed of four copies) and the list of attendees, were issued and signed by the meeting council and ministry representatives.



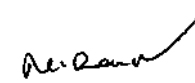
Chair of the Meeting
Mehmet Erdogan



Scribe of the Minutes
Nihat Kamil Akkaya



Vote Collector
Besim Meric



Ministry Representative
Nuray Devrim



Ministry Representative
Volkan Kucukcirkin

BOARD OF DIRECTORS

Board of Directors Meetings

The Board of Directors convened eight times in 2022. The attendance rate of members of the Board of Directors to the meetings is 95%. The Chair of the Board of Directors sets the agenda of the Board meetings in consultation with other Board Members and the Chief Executive Officer. Members make every effort to attend every meeting and voice their opinions at the meetings. The Company also facilitates Board of Directors meetings to be held in an electronic environment.



Edward Arkwright
Chair

Mustafa Sani Sener
Deputy Chair

Ali Haydar Kurtdarcan
Deputy Chair

Franck Mereyde
Executive Member of the Board

Fernando Echegaray
Board Member

Xavier Hürstel
Board Member

Jerome Calvet
Board Member

Aylin Selen
Board Member (Independent)

Ebru Yonca Capa
Board Member (Independent)

Filiz Demiroz
Board Member (Independent)

Jean-Michel Vernhes
Board Member (Independent)

Edward Arkwright
Chair

Edward Arkwright was born on April 26, 1974, is a graduate of the IEP in Paris and studied at the ESSEC Business School. Arkwright also holds a Master's of Advanced Studies in Modern History. In 1997, he became a civil servant appointed to the Senate, in the legislation department (1997-1999) and in the Finance Committee (1999-2002). From 2002 to 2007, Mr. Arkwright held several positions as Advisor to the Minister of Budget and the Minister of Finance in charge of the implementation of budgetary reform, State Reform and Public Finance. In 2007, he served as principal private Secretary to the General Director of the Caisse des Dépôts Group and Member of the Executive Committee. In 2010, Mr. Arkwright became Strategy Director for the Caisse des Dépôts Group. From 2007 to 2012, he was Member of the Board of companies of the Caisse des Dépôts Group, in real estate (as "Icade," a listed company), tourism and services for local government (chairman of SCET, a company dedicated to advisory for local government). When he joined Aéroports de Paris in December 2012, his first appointment was as Special Advisor to the Chairman & CEO of Aéroports de Paris, and Member of Executive Committee. On September 1, 2013, Edward Arkwright was appointed Chief Financial Officer, in charge of Finance, Strategy, Legal Department, Accountability and Purchasing. Arkwright has also been working as Deputy CEO since 2016. He is also Chairman of Hub One, an IT company of ADP Group; Chair of the Board of Directors of TAV Airports; Chair of the Board of Directors of ADP International. Mr. Arkwright also serves as a Member of the Board of Trustees of ESSEC Business School as well as the President of the Board of Directors of Cercle de l'Harmonie Orchestra.



Mustafa Sani Sener
Deputy Chair

Mustafa Sani Sener served as Member of Board of Directors and CEO of TAV Airports, of which he is founding partner, during 1997-2022. As of May 1, 2022 he assumed the position of Deputy Chair.

After graduating from Karadeniz Technical University (KTU) Department of Mechanical Engineering in 1977, Sener earned his Master's degree (M. Phil) in fluid mechanics in 1979 from University of Sussex in the UK. He has been awarded an Honorary Doctorate in engineering from KTU for "his invaluable contributions to the development of Turkish engineering at the international level," as well as an Honorary Doctorate in Business Administration from the New Hampshire University "for his accomplishments in project and risk management throughout his tenure at TAV."

Prior to his career at TAV Airports Holding, Sener served in various positions, from Project Manager to General Manager, in national and international projects. He attended the executive education program on the management of complex systems at the Massachusetts Institute of Technology (MIT). Sani Sener was a Member of the Board of Directors of the Airports Council International (ACI World) and the President of Foreign Economic Relations Board's Turkish-French and Türkiye-Croatia Business Councils. He is continuing to chair the Foreign Economic Relations Board's Türkiye-Kazakhstan Business Council since January 2022. In 2016, Sener was awarded the "Legion d'honneur (Order of Chivalry)" by the President of the Republic of France Francois Hollande, due to his contributions to the relations between Türkiye and France. During the same year, he was also given the High Honor of Service by the Georgian state while in 2019, he was honored with Medal of Merit by the Government of the Republic of Macedonia. The "business model" created at TAV Airports became a "case study" three times and Sani Sener gave a lecture in Harvard Business School (HBS) MBA Program on the Case Study of TAV Airports' "business model."

In the voting carried out by Thomson Extel among national and international finance corporations, he was chosen first in the category of "The Best CEO" in Türkiye in 2010, 2011, 2014, 2015 and 2016, and third in the European Transport Sector in 2014.



Ali Haydar Kurtdarcan
Deputy Chair

Ali Haydar Kurtdarcan graduated from Middle East Technical University (METU), Department of Civil Engineering in 1973. After performing freelance engineering activities until 1987, he has served in different managerial positions for Bilkent Holding companies. He was the Chairman of IDO Board of Directors between 2011 and 2013. Kurtdarcan has been serving as the CEO of Bilkent Holding since 2016.

BOARD OF DIRECTORS



Franck Mereyde
Executive Member of the Board

Franck Mereyde was born on April 6, 1972. He is a Civil Engineer and the holder of a postgraduate degree in Geophysics and Space Techniques. Commenced his professional career in Air Conditioning and Data Analysis with Environment Canada and then Météo France, Mr. Mereyde joined the Office of the Minister for Infrastructure in 2002 as Technical Advisor in the Research and Intermodal Transportation Department, then as Advisor for the Budget, Financial Affairs and Civil Aviation departments. Mereyde joined ADP in 2005 as Director of Operations at Paris-Charles de Gaulle Airport and later became Director of Operations. At the same time, he also served as the Head of ADP's Cargo Division. In 2007, Mr. Mereyde was appointed as the Director of Terminals 2A, 2B, 2C and 2D at Paris-Charles de Gaulle Airport and, in January 2010, Director of Terminals 2E, 2F and 2G, as well as of the TGV/RER connection at Paris-Charles de Gaulle Airport with high-speed rail. On March 1, 2011, he was appointed Director of Paris-Orly Airport. Mereyde also served as a Member of the Board of Directors at Aéroports de Paris Management and at Hub Safe.

Mr. Mereyde is Chair of the French-Turkish Chamber of Commerce, Türkiye Chair of French Commerce Advisors, Chair of the Board of the Institut du Bosphore and DEIK French Network.



Fernando Echegaray
Board Member

Fernando Echegaray was born on November 25, 1959 in Spain. He holds an Industrial Engineering degree from the Universitat Politècnica de Catalunya (Polytechnic University of Catalonia) and a Computer Engineering degree from the Universitat de les Illes Balears (University of the Balearic Islands). Mr. Echegaray also obtained a degree in Business Management and Administration from IESE Business School. He has held several management positions within the Spanish airport operator AENA. From 1985 to 1999, Mr. Echegaray served as the Deputy Director of Palma de Mallorca Airport. In 2000, he became the Director of Operations at Grupo Aeroportuario del Pacífico (GAP) in Mexico. From 2003 to 2004, Mr. Echegaray was CEO at Tenerife South Airport, and from 2004 to 2006 he was CEO at Canary Islands Airports. Fernando Echegaray was CEO at Barcelona-El Prat Airport from 2006 to 2012. Between 2012 – 2017, he was the Airport Network Director of Aena in charge of 46 airports in Spain. He was appointed Director of International Operations at ADP as of July 1, 2017. Fernando Echegaray was appointed Chief International Officer, Member of the Executive Committee, starting May 1, 2018. Since January 2020, he is also General Director of Operations of Groupe ADP.



Xavier Hürstel
Board Member

Xavier Hürstel, born in 1969, is a graduate of SciencesPo Paris and the University of Paris-Dauphine, and a former student of the ENA (National School of Administration). He spent fifteen years of his career serving the French Government (Ministry of Finance, French Representation to the European Union in Brussels, advisor to several Ministers of Economy, Finance and Budget, advisor to the Prime Minister).

In 2008, he joined the PMU as Deputy Chief Executive Officer and, in 2014, became Chairman and Chief Executive Officer. He implemented a profound digital transformation of the company in the context of the opening of the online gaming market and supported the company's strong internationalization. In 2017, he joined the Sopra Steria consulting and technology group as Executive Director, where he led the Public Sector business for Europe and the transformation of the Marketing, Communication and CSR divisions. In January 2020, he joined Groupe ADP as Deputy CEO in charge of coordinating development operations across all the group's activities and entities. He sits on the Executive Committee. He belongs to the Board of Directors of TAV Airports, listed at the Istanbul Stock Exchange.



Jerome Calvet
Board Member

Jerome Calvet received his law degree in 1978 and graduated from Institut d'Etudes Politiques in 1979 and from Ecole Nationale d'Administration in 1983. Jerome Calvet received his law degree from Institut d'Etudes Politiques de Paris in 1983. He worked in the Finance Ministry of France between 1983 and 1997 and as Financial Secretary of the France Mission of EU between 1988 and 1990, while also serving on the Boards of Directors of many companies. From 1998 until 2004, he led the Corporate Finance (France) Department of Société Générale and later on became the Europe Head of the Mergers & Acquisitions Department of the same bank. Between 2004 and 2008, he directed the Investment Banking Department (France) of Lehman Brothers. He has also been the CEO of Nomura (France) since 2009. Mr. Calvet served as an Independent Board Member between 2012-2017 in TAV Airports Holding.

BOARD OF DIRECTORS



Aylin Selen
Board Member (Independent)

Aylin Selen graduated from Middle East Technical University (METU) Department of Civil Engineering in 1991. After working in a number of companies, she joined Akfen Group in 1994. Selen served as Technical Manager during the construction phase of the Ataturk Airport, Türkiye's first build-operate-transfer airport project, as of 1997, and as Technical Services Director during the operation phase. Aylin Selen collaborated with METU faculty members to memorialize the accomplishments during the construction phase of the Ataturk Airport in a book titled "Beyond Construction." She also took part in presenting the preparations for and execution of this success story and the build-operate-transfer project in various universities and conferences. As TAV Insaat (TAV Construction) founding General Manager in 2003, Aylin Selen oversaw TAV Insaat's Türkiye, North Africa and Middle East airport and high-rise projects. Mrs. Selen provides consultation services since 2010, especially on Public Private Partnerships (PPP) and engineering, procurement, and construction contracts.



Ebru Yonca Capa
Board Member (Independent)

Ebru Yonca Capa is a Fulbright scholar with an International Baccalaureate degree from United World College and a BBA degree in International Business and Economics from University of Bridgeport, USA. She has participated in various leadership programs at IMD, Kellogg's Graduate School and Harvard Business School. She started her career at Procter & Gamble as Product Manager and later undertook the role of Marketing & Communications Manager at Digital Equipment Corporation in 1993. In 1997, she joined Microsoft Türkiye as Marketing & Communications manager. In 2004, she was appointed as MSN Türkiye's Country Manager and led the launch of internet services and the creation of the digital services business unit. From 2005 to 2008, served as Middle East & Africa Regional Director of Online Services. Between 2008 and 2011, she served as General Manager of Consumer and Online Services at Microsoft Türkiye. She joined Monster.com in 2011 as Regional VP of Developing Markets. Since 2014, she has been providing consulting and professional development services to local and international companies on digital transformation, marketing and leadership at her own consulting company. Being a member of CTI CO-Active Coach and European Mentoring and Coaching Council (EMCC), Capa has been doing leadership coaching for many years.



Filiz Demiroz
Board Member (Independent)

After graduating from Bogazici University, Department of Business Administration in 1995, Filiz Demiroz started her professional career at KPMG Türkiye Audit Department. At KPMG Türkiye, she has carried out a number of special assignments including mergers and acquisitions, valuations, and initial public offerings in addition to audit projects. Besides her role as Responsible Partner, chaired the Learning & Development Department and Department of Professional Practice. In 2016, Demiroz joined ACCA, the global professional accounting-finance body, as the Head of ACCA Türkiye and she continues to serve as the Regional Head of ACCA Türkiye, Azerbaijan, and Georgia. Filiz Demiroz also serves as a Member of the Supervisory Board at YenidenBiz Association, which aims to contribute to women's employment.



Jean-Michel Vernhes
Board Member (Independent)

Jean-Michel Vernhes graduated from the French Academy of Civil Aviation (ENAC) in 1974 with a Civil Aviation Enterprise and Research Engineering (IEEAC) degree and with a Civil Aviation Engineering degree in 1982. Jean-Michel Vernhes was appointed Aviation Concession Directorate at Toulouse-Blagnac Airport in January 1999. Prior to this, he had a long career at General Directorate of Civil Aviation. He served as assistant Navigation Director, Paris Human Resources Officer starting from 1993 until 1998. He was appointed General Manager of the Chamber of Commerce and Industry in Toulouse in June 2002. At the same time, he continued to work as Chairman of the Board of Directors of the Toulouse Blagnac Airport Company, which was established on 23 March 2007. In September 2009, Jean-Michel Vernhes left his position in the Chamber of Commerce and Industry of Toulouse, to serve as Chairman of the Board of Directors at the Toulouse-Blagnac Airport. Jean-Michel Vernhes carried out the French Airports Association Presidency (ALFA-ACI) from October 2008 until October 2011, in parallel with his role as Chairman of the Board of Directors of the Toulouse Blagnac Airport Company. He was elected President of the Union des Aeroports Francais starting from May 2011 to May 2017. He was elected Member of the Board of ACI-Europe in June 2017. He retired from Toulouse Blagnac airport company in September 2018.

He is President of the Supervisory Board of Strasbourg Airport and Member of the Supervisory Board of Fort de France Airport.

SENIOR MANAGEMENT



Serkan Kaptan
Chief Executive Officer (CEO)

Franck Meryde
Executive Member of the Board

Burcu Geris
Deputy Chief Executive Officer and
Chief Financial Officer

Kursad Kocak
Chief Operating Officer, Airports (COO)

Murat Ornekol
Chief Purchasing Officer (CPO)

Hakan Oker
Chief Human Resources Officer (CHRO)

M. Kerem Ozturk
Chief Information Officer (CIO) & TAV
Technologies General Manager

Serkan Kaptan
Chief Executive Officer

Serkan Kaptan received his BA degree from Istanbul University, Department of Business Administration and his MBA from Marmara University in 2002. He joined TAV Airports in 1998 with the build-operate-transfer project of the Istanbul Ataturk Airport. Until 2001, he served as a consultant at Airport Consulting Vienna, a company owned by VIE which was a partner of TAV Airports. From 2002 on, he was responsible for business development, airline marketing, R&D and investments. Having 25 years of experience in airport and airline operations and public-private partnership infrastructure projects, Kaptan was appointed as Deputy CEO of TAV Airports in 2016 and served as a Board Member for all TAV Airports' subsidiaries. In May 2022, he was appointed as the CEO of TAV Airports. Kaptan is also a Member of ADP Executive Board in charge of Central Asia, Middle East, Africa, Eastern Europe and CIS. Serkan Kaptan, serves as a Board Member of the Service Exporters' Association (HIB) and the Chairman of DEIK Türkiye-Latvia Business Council. In 2021, he was elected to the Board of Directors of the European Region of the Airports Council International (ACI Europe). Kaptan is married with two daughters.



Franck Meryde
Executive Member of the Board

Franck Meryde was born on April 6, 1972. He is a Civil Engineer and the holder of a postgraduate degree in Geophysics and Space Techniques. Commenced his professional career in Air Conditioning and Data Analysis with Environment Canada and then Météo France, Mr. Meryde joined the Office of the Minister for Infrastructure in 2002 as Technical Advisor in the Research and Intermodal Transportation Department, then as Advisor for the Budget, Financial Affairs and Civil Aviation departments. Meryde joined ADP in 2005 as Director of Operations at Paris-Charles de Gaulle Airport and later became Director of Operations. At the same time, he also served as the Head of ADP's Cargo Division. In 2007, Mr. Meryde was appointed as the Director of Terminals 2A, 2B, 2C and 2D at Paris-Charles de Gaulle Airport and, in January 2010, Director of Terminals 2E, 2F and 2G, as well as of the TGV/RER connection at Paris-Charles de Gaulle Airport with high-speed rail. On March 1, 2011, he was appointed Director of Paris-Orly Airport. Meryde also served as a Member of the Board of Directors at Aéroports de Paris Management and at Hub Safe.

Mr. Meryde is Chair of the French-Turkish Chamber of Commerce, Türkiye Chair of French Commerce Advisors, Chair of the Board of the Institut du Bosphore and DEIK French Network.



Burcu Geris
Deputy Chief Executive Officer and Chief Financial Officer
Burcu Geris graduated from Bogazici University, Department of Business Administration in 1999 and subsequently received her MBA degree from London Business School and Columbia Business School. She began her professional career at Garanti Bank where she worked in Treasury and Project Finance departments from 1999 until 2005. Joining TAV Airports in 2005, Geris led the Project & Structured Finance Department of the Company. Burcu Geris was appointed CFO in 2012 and Vice President in 2014. She was named a "Young Global Leader" by the World Economic Forum in 2015 as well as a "Rising Talent" by the Women's Forum in 2013. She was named one of Türkiye's 50 Most Influential CFOs by the Fortune magazine for three straight years in 2016, 2017 and 2018. In addition to serving as a Member of the Boards of Directors of TAV Group Companies, Geris is also a Member of Women Corporate Directors (WCD), Professional Women's Network (PWN), Global Board Ready Women (GBRW), Global Relations Forum Young Professionals Program, and BUMED, CBS and LBS Alumni Associations. She is married with two children.

SENIOR MANAGEMENT

**Kursad Kocak****Chief Operating Officer, Airports (COO)**

Kursad Kocak graduated from Ankara University in 1990 and began his career in the aviation sector in 1996. After joining Havas in 1997, he worked in executive positions at Istanbul, Dalaman, Trabzon and Antalya airports. Besides serving as General Manager of Cyprus Airport Services (CAS), Mr. Kocak was appointed Deputy General Manager of Havas in 2009. Kocak was appointed as the General Manager of Havas in 2015. He has been serving as Chief Operating Officer, Airports (COO) of TAV Airports Holding since July 1, 2020. In addition, Mr. Kocak plays an active role at Union of Chambers and Commodity Exchanges of Türkiye's (TOBB) Turkish Civil Aviation Assembly and Member of the Board of the Foreign Economic Relations Board's (DEİK) Türkiye-Georgia Business Council.

**Murat Ornekol****Chief Purchasing & Logistics Officer (CPO)**

Murat Ornekol graduated from Middle East Technical University, Department of Industrial Engineering in 1980 and served as General Manager of TAV Esenboga between 2006 and 2008. Prior to joining TAV Airports he worked as Planning Engineer, IT Manager and Commerce Manager at Kutlutas Holding. Ornekol also served as General Manager at Bordata, an information technology services company; Beretta Holding's General Manager; and Logistics & Business Development Coordinator, Head of the Healthcare Group, Telecom Project Director and the Holding's Deputy CEO at Bayindir Group companies. Ornekol was appointed as Operations Director at TAV Airports Holding in 2008 and served as Vice President of Operations and Purchasing between 2013- 2019. Murat Ornekol has been serving as the Chief Purchasing Officer (CPO) of TAV Airports Holding since January 2020.

**Hakan Oker****Chief Human Resources Officer (CHRO)**

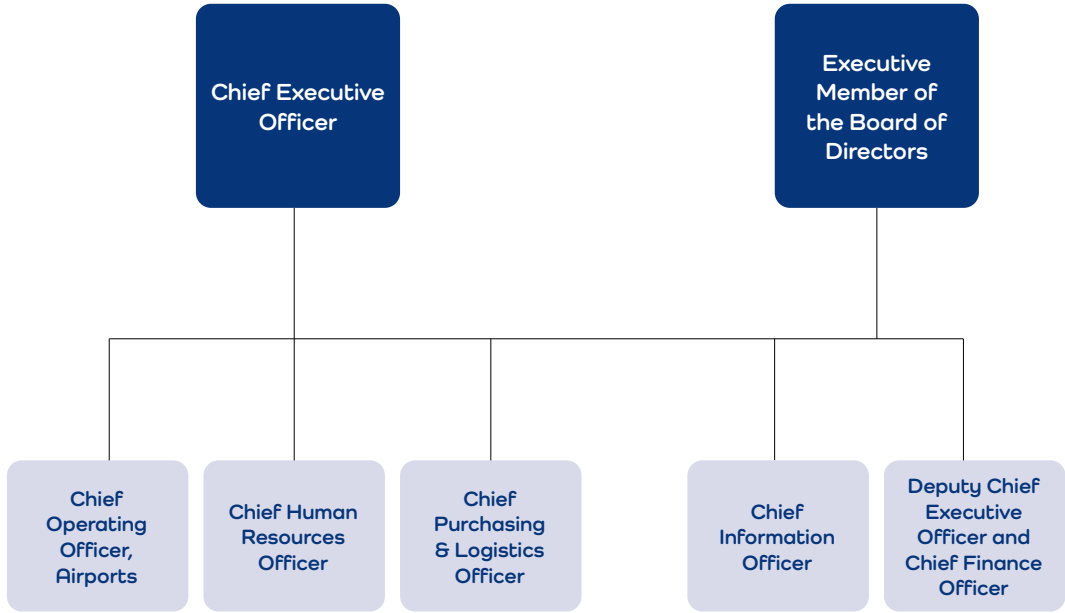
He graduated from Hacettepe University Department of Sociology in 1986. He started his professional career in 1988 as a Personnel Specialist at Beksa, Bekaert-Sabancı Celik Kord Steel Cord Plc. After assuming various responsibilities in Beksa between 1988 and 1998, he continued his career as Human Resources Director at Kordsa Türkiye, Quality and Information Systems Joint Services Director and then Projects Director within the Tire, Tire Reinforcement Materials and Automotive Group of Sabanci Holding. In January 2007, he was appointed as Global Director of Human Resources at Kordsa Global. In January 2009, he was promoted to Vice President of Human Resources and Information Systems in the same company. Oker assumed the position of Vice President of Human Resources in January 2016 at TAV Airports Holding. Since January 2020 he is in charge of Human Resources, Corporate Communications, Sustainability, and Business Excellence as Chief Human Resources Officer (CHRO). In addition to his roles as Chair and Member of Board of Directors in TAV Group companies, Oker is a Founding Member of the Women in Technology Association and continues his duty as Chair of Ethics Committee.

**M. Kerem Ozturk****Chief Information Officer (CIO) & TAV Technologies General Manager**

Mr. Ozturk has completed his Information Systems education at Marmara University and studied International Business Administration at the Vienna University; since 1996 he has worked at multinational firms like Mercedes Benz, KPMG, ALLIANZ Group, Vodafone, TUVTURK, and TUV-SUD, as Consultant, Project Manager, IT Policies Responsible, and CIO.

Before joining TAV Technologies, he was working as CTO at Mars Cinema Group and senior roles in strategy, governance, IT policies, IT processes and procedures, digital transformation, business intelligence, web and mobile application development. Mr. Ozturk has experience in technology, IT security and digital transformation, and speaks English and German.

ORGANIZATION CHART



As of 31.12.2022

Limits of Authority of Members of the Board of Directors

The Chair and the members of the Board of Directors have the powers and duties stipulated in the related articles of the Turkish Commercial Code and articles 17 and 18 of the Company’s Articles of Association.

During 2022, General Assembly, authorization was granted to the Chair and the Members of the Board on the fulfillment of the written transactions pursuant to Article 395 and 396 of the Turkish Commercial Code.

TAV Construction and Almaty International Airport JSC entered into an engineering, procurement and construction (EPC) contract for an amount of USD 196,5 million related to the construction of a new terminal building, a new general aviation building and a new governmental VIP building.

The group signed an EPC contract for an amount of EUR 657 million, with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Antalya Airport. On top of EPC amount, there is a price adjustment mechanism up to 7.5% of the total EPC amount.

FINANCIAL BENEFITS PROVIDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT AND MISCELLANEOUS EXPENSES

(TL Million)	2021	2022
Short-term Benefits (Salaries and Bonuses)	228	276
Travel and Accommodation Expenses	22	85
Representation Expenses	9	33

As of 2021 and 2022, the Group does not have any payable balances to the directors and senior management.

Information Regarding Expenses for Donation and Aid and for Social Responsibility Projects

In 2022, our Company made TL 433 thousand in aid and donation within the framework of its social responsibility approach. Within the scope of our donation policy accepted by the General Assembly, information about aid and donations that were made during the period is provided at the General Assembly with a separate agenda item.

Related Party Transactions

As cited in the footnote on the “related parties” in the footnote of the consolidated financial statements and independent audit report for the accounting period ending on December 31, 2022, the total amount of related transactions between our Company and ATU in 2022, 50% shares of which are owned by our Company, are below 10% of 2022 consolidated revenues. Note that TAV adopted the IFRS 11 “Joint Venture” Standard starting from January 1, 2012, after which it changed the grounds for calculating the ratio of total amount of transactions performed to revenues.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND OTHER REMARKS

In 2022, no amendments were made in the Articles of Association.

Other Remarks:

1) Information regarding research and development projects of the Company and the results of these:

TAV Technologies has gained the right to be an R&D Center as of May 2019 in scope of the Law No. 5746 Regarding Support to Research, Development and Design Activities and 12 projects conducted by engineers working for TAV Technologies were taken in scope of R&D and the works are continuing.

Upon becoming an R&D Center, other activities also swiftly increased within the company and significant developments were gained especially in the following subjects:

- Increasing collaborations with universities and global R&D centers
- Encouraging master or PhD degrees of employees,
- 6 international/national fund and incentive program applications under EU fund clusters and TUBITAK,
- 5 academic article publications and 3 conference participation,
- 2 patent application and 1 patent preliminary study,
- 8 “Proof of Concept” and innovation studies,
- 1 commercializable R&D product outputs,
- Supporting works regarding intellectual and industrial property rights, and reward program
- Collaborations with start-up firms.

Within the scope of the R&D Strategy Program put forward by TAV Technology in 2021, concrete and highly successful outputs were produced; and the 2021 audit realized in 2022 by the Ministry of Industry and Technology has been successfully concluded.

2) Information on lawsuits filed against the Company and their possible outcomes that may affect the financial status and activities of the Company:

There are no major lawsuits filed against our Company that may affect our financial status and activities.

3) Information on administrative and legal sanctions imposed to the company and members of the management body as a result of violation of legislative provisions:

There are no administrative or legal sanctions imposed to the company and members of the management body as a result of violation of legislative provisions.

4) Information on legislation changes having critical impact on company activities:

There are no legislation changes having critical impact on company activities.

5) Information on conflict of interests between the institutions that the Company is getting services on investment consultancy and rating and measures taken to prevent those conflict of interests by the Company:

There are no issues to result in conflict of interests between the institutions that the Company is getting services on investment consultancy and rating.

6) Organizational changes during the year:

The current organization structure of TAV Airports Holding is revealed on page 144 of the annual report. There are no significant organizational changes in 2022.

7) In the event of holding an extraordinary general assembly held within the year, information regarding the extraordinary general meeting, including date of the meeting, decisions taken in the meeting and actions taken regarding this:

No extraordinary general assembly was held throughout the year.

8) In the event of a subsidiary of the company group; legal actions taken with the holding company, a subsidiary of the holding company, for the benefit of that company or a subsidiary with the guidance of the holding company and all other measures taken or avoided for the benefit of the holding company or a subsidiary during the past year:

The relevant information is provided in the “Subsidiary Report” found in our Annual Report.

9) In the event of a precaution taken or not taken according to their best knowledge of situations and conditions, an appropriate counter-action was taken for each legal action and whether the company was at a loss for the measure taken or not taken, if the company was at a loss, whether this loss has been compensated:

The relevant information is provided in the “Subsidiary Report” found in our Annual Report.

10) Assessments of evaluation and management body regarding whether company capital remained unpaid or whether the company is in debt:

Detailed information regarding Company’s financial status can be found in the Financial Statement and its footnotes, reviewed during an Independent Audit, provided in the Annual Report, and the Company’s capital is paid and not sunk in debt.

DIVIDENDS

Our Company’s net income for the fiscal year 2022 according to the independently audited consolidated financial statements prepared in accordance with “The Capital Markets Board Communiqué About Financial Reporting in Capital Markets Serial: II No:14.1” was TL 1,899,087,000.

Our Company is presently in an extensive investment program. As part of this program, we have acquired Almaty Airport for USD 422 million in 2021 and we are investing a total of another USD 200 million in the airport. We have already invested EUR 1,813 million in upfront rent in Antalya Airport for the concession until 2052 and we are investing another EUR 600 million with our partner Fraport. In addition, we will pay an upfront rent of EUR 119 million and will invest another EUR 210 million in Ankara Esenboga Airport. We plan to complete all of these investments in the course of the next three years.

Considering the extensive amount of cash required for the investment program described above and also considering the fact that the cost of financing this cash has increased significantly in the last two years, our Board of Directors has unanimously resolved that in accordance with the Dividend Policy of our Company, a dividend distribution proposal will not be made to the approval of the General Assembly to convene for the fiscal year of 2022.

SUBSIDIARY REPORT

The Subsidiary Company Report of the TAV Airports Board of Directors for 2022 Prepared Pursuant to Article 199 of the Turkish Commercial Code:

Pursuant to Article 199 of the Turkish Commercial Code, Law No. 6102 that became effective on July 1, 2012, TAV Airports Board of Directors is obligated to issue a report within the first three months of the fiscal year regarding the Company’s relationships with its controlling shareholder and the subsidiaries of its controlling shareholder during the previous fiscal year, and to include the conclusion section of this report in the annual report. Necessary explanations about the transactions made by

TAV Airports with related parties are included in the footnote of the related financial report. The report issued by the Board of Directors states: “It was concluded that in each and every transaction TAV Airports executed with its controlling shareholders and the subsidiaries of its controlling shareholders in 2022, based on the situation and conditions known to us at the time the transaction was executed, or the measure was taken, or the measure was refrained from being taken, the Company had a commensurate gain in return and there was no measure taken or refrained from being taken that will lead to losses for the Company and, within this framework, there are no transactions or measures that require compensation.”

INDEPENDENT AUDITOR'S REPORT



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Ticari Sicil No: 304099

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of TAV Havalimanları Holding A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of TAV Havalimanları Holding A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2022-31/12/2022, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA"), which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POAA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and other provisions of the independent auditing legislation on ethics. We have also fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the legislation. We believe that the independent audit evidence we have obtained during the independent audit is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2022-31/12/2022 in our Auditor's Report dated 14 February 2023.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No. II.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within three months following the reporting date and presenting it to the General Assembly.
- b) Preparing the annual report with all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
- The significant events occurred in the Group's activities subsequent to the financial year ends,
 - The Group's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Independent Auditor's Responsibilities for the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.

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



Burç Seven,
SMMM Partner

Istanbul, 28 February 2023

AUDITOR'S REPORT ON RISK ASSESSMENT COMMITTEE AND RISK MANAGEMENT



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Ticari Sicil No: 304099

To the Board of Directors of TAV Havalimanları Holding A.Ş.,

We have audited the 2022 activities of the Early Identification of the Risk System and Committee established by TAV Havalimanları Holding A.Ş. ("Company").

Responsibility of the Board of Directors

Pursuant to the first paragraph of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the Independent Auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC, and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Türkiye. These Principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of the Risk System and Committee

The “Early Identification of Risk Committee” of the Company is chaired by the Independent Member of the Board of Directors, Mr. Jean Michel Vernhes, and consists of the following members: Member of the Board of Directors Mr. Ali Haydar Kurtudarcan, Mr. Jerome Calvet, Member of the Board of Ms. Aulin Selen and Mr. Xavier Hürstel.

The Committee met 6 times on the following dates in 2022; 14 February 2022, 25 April 2022, 25 July 2022, 15 September 2022, 25 October 2022, and 12 December 2022.

Result

Based on our audit, we have reached the conclusion that 2022 activities of the early identification of the risk system and committee of TAV Havalimanları Holding A.Ş. is, in all material respects, in compliance with article 378 of the TCC.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Burç Seven,
SMMM Partner

Istanbul, 14 February 2023

STATEMENT OF RESPONSIBILITY

Statement of Responsibility of Capital Markets Board's No. II-14-1. Statement of Responsibility Issued Pursuant to Article 9 Communiqué on the Principles of Financial Reporting

Regarding the Approval of the Board of Directors of the Financial Statements and Annual Reports

Date of Resolution: 14/02/2023

Resolution Number: 1

Within the framework of information available to us by virtue of our duties and responsibilities at the Company, we hereby declare that the Comprehensive Income Statement, Cash Flow Statement and Statement of Changes in Equity ("Financial Statements"), along with their footnotes, for the period between 01.01.2022 - 31.12.2022 prepared by the Company in compliance with the formats established by Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and the Capital Markets Board pursuant to the "Communiqué on the Principles of Financial Reporting in Capital Markets" ("Communiqué") No. II.14.1. of the Capital Markets Board and audited by the independent audit firm DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S. (A member firm of Deloitte Touche Tohmatsu Limited);

- have been examined by us,
- contain no inaccurate statement insofar as material issues are concerned nor any omissions that might result in their being misleading as of the date on which such statements are made,
- honestly reflect the true picture of the Company's assets, liabilities, financial position, and profits and losses, including those of entities whose financial reports conforming to the Communiqué are subject to consolidation and that the annual report honestly reflects the conduct and performance of business as well as the financial position of and the material risks and uncertainties confronting the Company along with any entities subject to consolidation with it.

We hereby acknowledge our responsibility for the foregoing statements.



Chair of the
Audit Committee
Filiz Demiroz



Audit Committee
Member
Aylin Selen



Deputy Chief Executive Officer
and Chief Finance Officer
Burcu Geris

STATEMENTS OF INDEPENDENCE

To TAV Airports Holding Board of Directors,

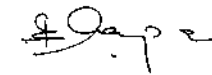
I hereby declare that I am a candidate for assuming the role of an "Independent Member" on the Board of Directors of TAV Airports Holding (Company), within the scope of the criteria stipulated in the legislations, the Articles of Association and the Capital Markets Board's Corporate Governance Communiqué, and within this scope;

- Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I shall assume as a result of my independent Membership on the Board,
- In accordance with the legislations, I will not be working fulltime in public institutions and organizations (except working as an academican at the university) after being elected as a member,
- I am considered a resident in Türkiye according to the Income Tax Law (n. 193) dated 31/12/1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- I have not been a board member of the company for more than six years in total within the last 10 years,
- I did not serve as an independent board member in more than three of the companies where the company or its ultimate controlling partners have managerial control, nor in more than five companies traded in the stock exchange,
- I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.

Yours sincerely,



Aylin Selen



Ebru Yonca Capa



Filiz Demiroz

STATEMENTS OF INDEPENDENCE

To TAV Airports Holding Board of Directors,

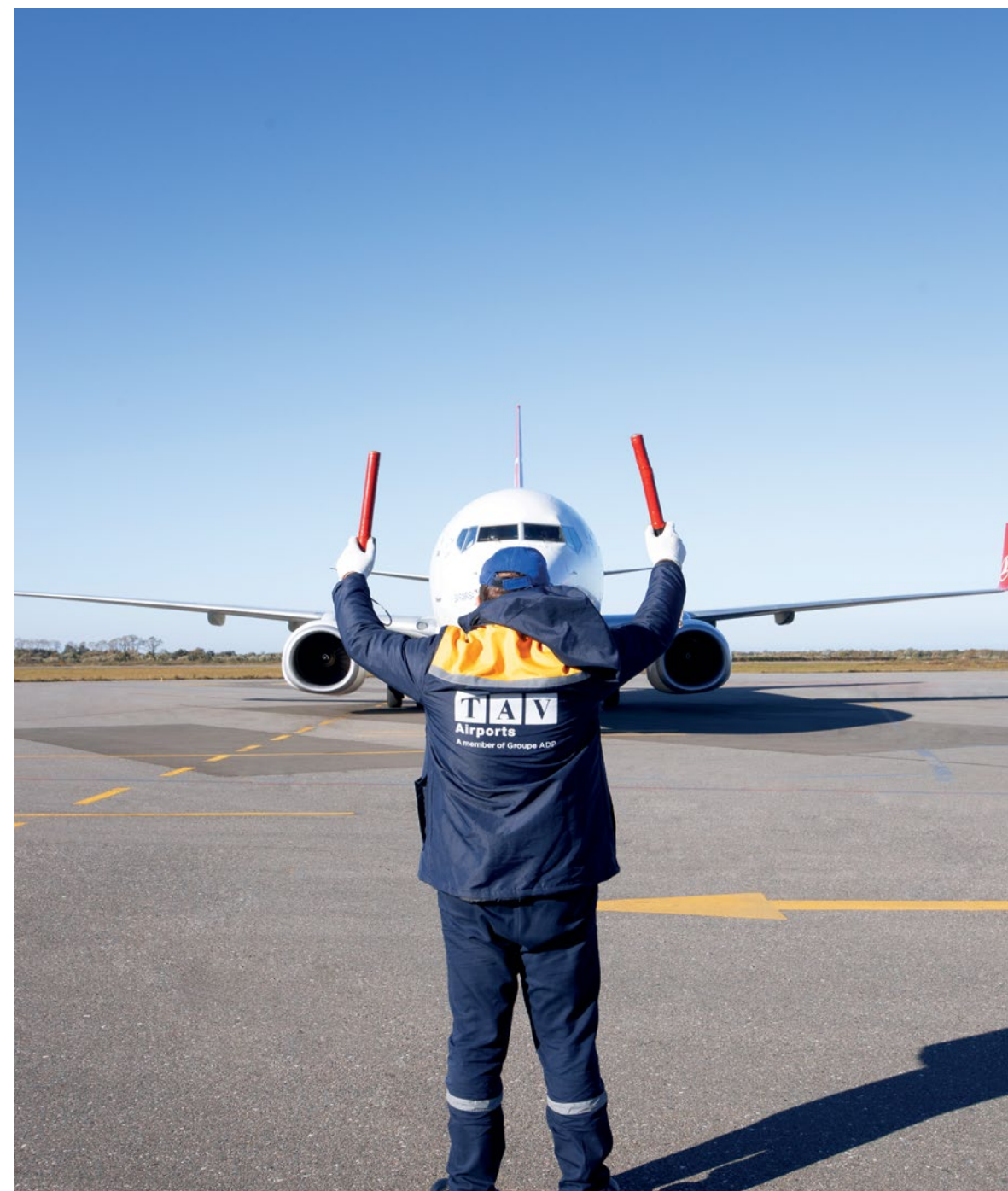
I hereby declare that I am a candidate for assuming the role of an "Independent Member" on the Board of Directors of TAV Airports Holding (Company), within the scope of the criteria stipulated in the legislations, the Articles of Association and the Capital Markets Board's Corporate Governance Communiqué, and within this scope;

- a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I shall assume as a result of my independent Membership on the Board,
- d) In accordance with the legislations, I will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member,
- e) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- f) I will be able to spare the sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- g) I have not been a board member of the company for more than six years in total within the last 10 years,
- h) I did not serve as an independent board member in more than three of the companies where the company or its ultimate controlling partners have managerial control, nor in more than five companies traded in the stock exchange,
- i) I have not been registered and announced on behalf of the juridical person elected as Member of the Board of Directors.

Yours sincerely,



Jean-Michel Vernhes



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EURO BASED FINANCIALS

TAV IN FIGURES

FX EXPOSURE OF OPERATIONS
(EUR MILLION)

(EUR million)	2021	2022	Change (%)
Revenue	522.1	1,051.4	101%
Cash Opex*	-372.5	-729.2	96%
EBITDA	149.5	322.1	115%
EBITDA margin (%)	28.6%	30.6%	2.0 points
FX Gain/Loss Revenue/ (Expense)	7.9	(10.1)	n.m.
Deferred Tax Revenue/ (Expense)	(20.1)	8.2	n.m.
Equity Accounted Investees	(22.7)	52.9	n.m.
Net Monetary Position Gain	0.0	15.6	n.m.
Net Profit after Minority	44.7	122.2	173%
Capex	22.4	175.3	682%
Net Debt (Incl. Shareholder Loans)	1,247	1,604	29%
Number of Employees (avg. incl. TAV Istanbul)	16,370	17,633	8%
Number of Passengers (m)	51.8	78.5	51%
- International	28.5	50.3	76%
- Domestic	23.3	28.2	21%
Duty Free Per Passenger (€)	8.8	8.9	1%

Revenue +101%

Revenue was positively affected by ongoing passenger recovery and addition of Almaty.

FY22 revenue was 40% above FY19 and 4Q22 revenue was 81% above 4Q19. (Like-for-like -4% vs FY19 and +18% vs 4Q19)

Cash Operating Expenses +96%

In FY22, like for like cash opex without Almaty was 3% above FY19 and 63% above FY21.

Cash opex increased €248m YoY in FY22 due to Almaty.

EBITDA +115%

FY22 EBITDA reached 15% above FY19 EBITDA.

Almaty generated 26% of FY22 consolidated EBITDA.

FX Gain/Loss Revenue (Expense)

FX loss in 4Q22 due to appreciation of EUR vs USD.

Net Profit +173%

Massive improvement YoY at EBITDA level and equity accounted investees (mostly due to TGS, ATU and TIBAH accounting application); FY21 net profit was positively affected by Tunisia debt restructuring which had a non-cash p&I effect of +€109.0m; Monetary gain of €15.6m in FY22 due to inflation accounting; (net total non-cash effect +€16.8m); €10m of impairment reversal in Tunisia (non-cash).

Net Debt +29%

€375m of equity was placed in the New Antalya SPV. €300m of shareholder loan was obtained from Groupe ADP. Almaty terminal capex started in 1Q22. Almaty capex in FY22 was €118m. Total capex made in FY22 was €175m.

Havas Zagreb was bought for €5.7m. (€2.9m upfront, €2.6m discounted earnout shown in Havas net debt) Almaty Deferred Payment Subject to Conditional Timeline and Almaty Minority Put (€104m in total) are also classified in net debt. €45m of currency hedged time deposits are not classified as cash-like.

Duty Free Spend Per Passenger +1%

Spend per passenger was EUR 8.9, which was slightly above the previous year.

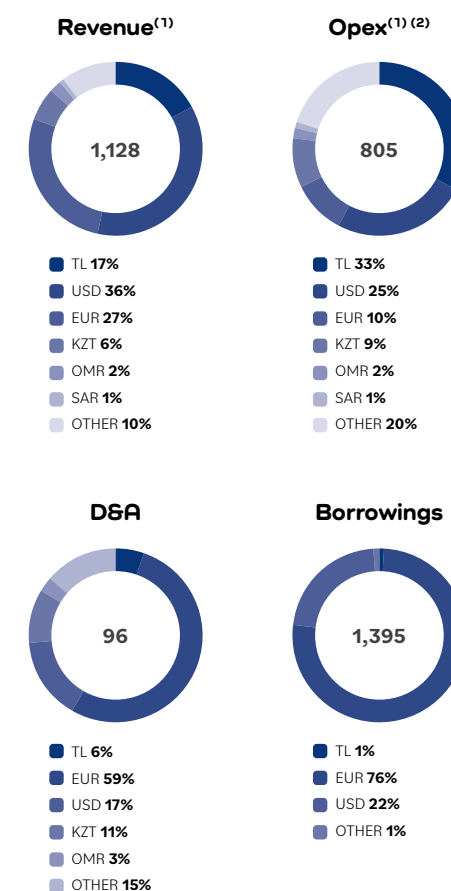
Equity Accounted Investees

There was a significant improvement due to the performance of TGS and ATU and the accounting application in TIBAH.

Number of Passengers +51%

FY22 total pax is 51% higher vs FY21 and at 88% of FY19 level.

Domestic traffic which is a secondary revenue driver is affected by domestic price caps.



⁽¹⁾ Based on combined financials before elimination and consolidated adjustment.

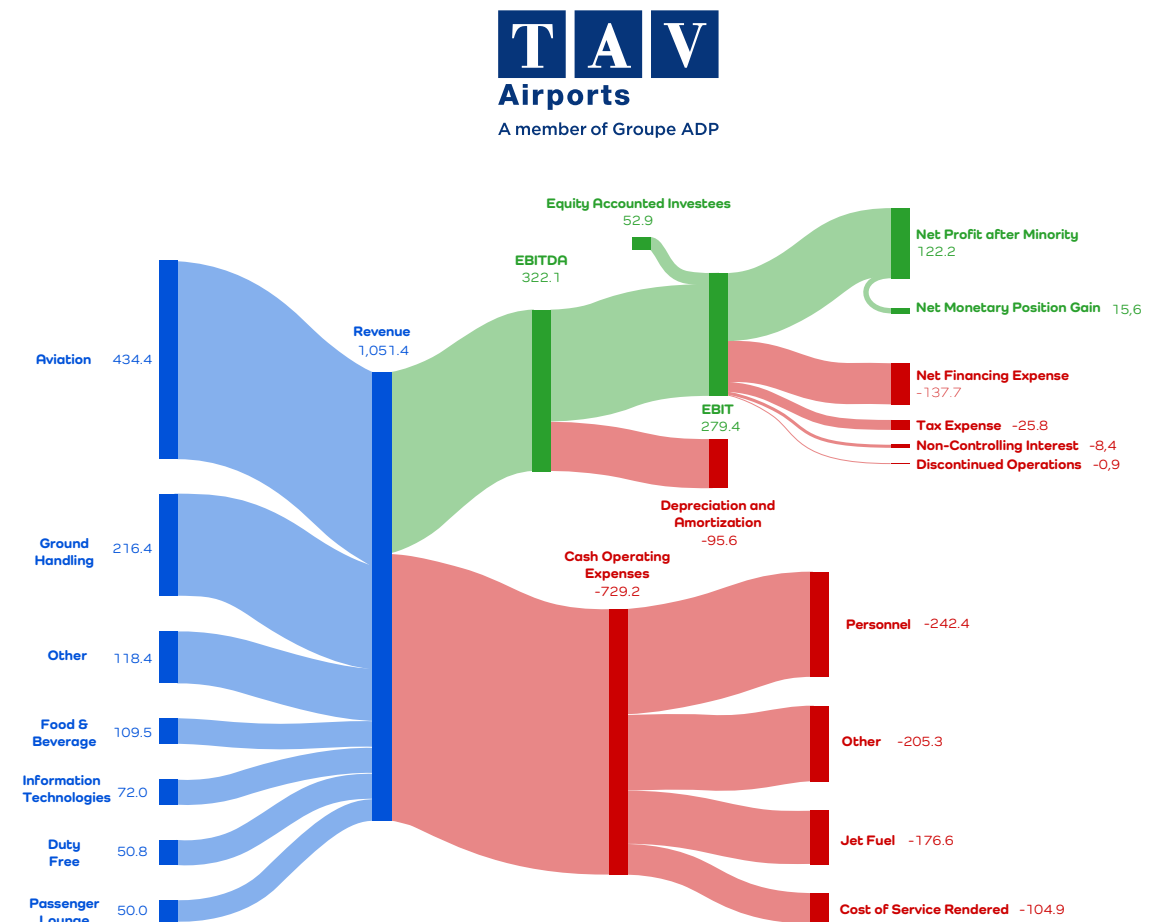
⁽²⁾ Excludes concession rent expenses and depreciation.

* Cash Operating Expenses = Operating Expenses before EBITDA (Revenues - Cash Opex = EBITDA)

GUIDANCE AND REALIZATION

	Guidance	Realization	Comment
Revenues (€m)	970 - 1,010	1,051	above guidance
Total Passenger	71 - 76	78	above guidance
International Passenger	46 - 49	50	above guidance
EBITDA Margin (%)	28 - 31	31	within guidance
Net Debt / EBITDA	5.0 - 6.0	5.0	within guidance
EBITDA (€m)	272 - 313	322	above guidance
Net Profit (€m)	75 -105	122	above guidance
Capex (€m)	170 -190	175	within guidance
Capex Rating	2/3 Almaty	118 Almaty (68%)	within guidance
Inflation Impact	(*) Net Income expectation includes a positive inflation accounting effect of around €25-30m based on an assumption of similar inflation levels for the second half of the year.	16.8	Lower than guidance due to lower than expected inflation and methodology change in calculation.

INCOME STATEMENT (EUR MILLION)



GUIDANCE FOR 2023 AND 2025

	2022 Results	2023 Guidance	2025 Previous Guidance	2025 New Guidance (Includes New Ankara 2025+)
Revenue (€m)	1,051	1,230 – 1,290		10-14% CAGR (2022-2025) expected.
Total Passengers (m)	78	81 – 91	102 – 107	10-14% CAGR (2022-2025) expected.
International Passengers (m)	50	52 – 59		
EBITDA Margin (%)	31%		42 – 45	above 2022 margin ⁽¹⁾
Net Debt/EBITDA	5.0	5.0 – 6.0	2.5 – 3.0	2.5 – 3.0
EBITDA (€m)	322	330 – 380		12-18% CAGR (2022-2025) expected.
Capex ⁽²⁾ (€m)	175	220 – 260		

⁽¹⁾ Due to significant growth in low-margin businesses such as Almaty and service companies in 2022 and beyond, margin expansion between 2022 and 2025 will be lower and EBITDA in 2025 will be higher than originally planned.

⁽²⁾ New Ankara about 35%, Almaty about 30% and N. Macedonia 15%

- Our 2023 to 2025 outlook is based on an assumption of continuation of recovery from pandemic related mobility restrictions, normal business conditions, no other force majeure or security related events and no unexpected volatility or other abnormal conditions in foreign exchange markets.
- Deviations from these assumptions could have material effects on our expected passenger volume and financial results for 2023 through 2025.
- Passenger outlook includes Antalya. Due to equity accounting, revenue and EBITDA outlook does not include Antalya.

MACRO DATA FOR THE COUNTRIES WE OPERATE IN

Country	Indicators	Unit	Scale	2019	2020	2021	2022	2023	2024	2025	2026	2027
Croatia	Gross Domestic Product, Current Prices	Change %		3.5	-8.1	10.2	5.9	3.5	3.0	2.9	2.7	2.5
Croatia	Gross Domestic Product, Current Prices	USD	Billion	62.2	57.2	67.7	69.4	73.5	78.7	83.8	88.4	92.8
Croatia	Gross Domestic Product per Capita, Current Prices	USD	Unit	15,313	14,131	16,785	17,318	18,451	19,873	21,139	22,214	23,249
Croatia	Inflation, average	Change %		0.8	0.1	2.6	9.8	5.5	3.9	3.3	2.3	1.9
Croatia	Population	People	Million	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Georgia	Gross Domestic Product, Current Prices	Change %		5.0	-6.8	10.4	9.0	4.0	5.2	5.2	5.2	5.2
Georgia	Gross Domestic Product, Current Prices	USD	Billion	17.5	15.8	18.7	25.2	26.9	29.6	32.3	35.3	38.5
Georgia	Gross Domestic Product per Capita, Current Prices	USD	Unit	4,694	4,263	5,014	6,770	7,270	8,003	8,787	9,630	10,537
Georgia	Inflation, average	Change %		4.9	5.2	9.6	11.6	6.0	3.0	3.0	3.0	3.0
Georgia	Population	People	Million	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Kazakhstan	Gross Domestic Product, Current Prices	Change %		4.5	-2.6	4.1	2.5	4.4	4.5	3.4	2.7	2.7
Kazakhstan	Gross Domestic Product, Current Prices	USD	Billion	181.7	171.1	197.1	224.3	243.4	254.4	264.7	275.1	283.4
Kazakhstan	Gross Domestic Product Per Capita, Current Prices	USD	Unit	9,750	9,063	10,306	11,591	12,432	12,851	13,233	13,610	13,882
Kazakhstan	Inflation, average	Change %		5.2	6.8	8.0	14.0	11.3	7.5	6.0	5.5	5.3
Kazakhstan	Population	People	Million	18.6	18.9	19.1	19.4	19.6	19.8	20.0	20.2	20.4
Latvia	Gross Domestic Product, Current Prices	Change %		2.5	-3.8	4.5	2.5	1.6	3.4	3.4	3.4	3.4
Latvia	Gross Domestic Product, Current Prices	USD	Billion	34.3	33.6	38.9	40.6	42.9	45.7	48.6	51.7	55.1
Latvia	Gross Domestic Product Per Capita, Current Prices	USD	Unit	17,871	17,623	20,546	21,482	22,764	24,294	25,869	27,602	29,456
Latvia	Inflation, average	Change %		2.7	0.1	3.2	16.5	8.0	2.9	2.5	2.5	2.5
Latvia	Population	People	Million	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9

MACRO DATA FOR THE COUNTRIES WE OPERATE IN

Country	Indicators	Unit	Scale	2019	2020	2021	2022	2023	2024	2025	2026	2027
North Macedonia	Gross Domestic Product, Current Prices	Change %		3.9	-6.1	4.0	2.7	3.0	3.9	3.8	3.8	3.8
North Macedonia	Gross Domestic Product, Current Prices	USD	Billion	12.6	12.1	13.9	14.1	15.0	16.1	17.3	18.5	19.8
North Macedonia	Gross Domestic Product Per Capita, Current Prices	USD	Unit	6,073	5,867	6,714	6,816	7,262	7,797	8,353	8,948	9,566
North Macedonia	Inflation, average	Change %		0.8	1.2	3.2	10.6	4.5	2.4	2.1	2.2	2.0
North Macedonia	Population	People	Million	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Saudi Arabia	Gross Domestic Product, Current Prices	Change %		0.3	-4.1	3.2	7.6	3.7	2.9	2.9	2.9	3.0
Saudi Arabia	Gross Domestic Product, Current Prices	USD	Billion	803.6	703.4	833.5	1010.6	996.4	1016.7	1044.2	1077.6	1116.1
Saudi Arabia	Gross Domestic Product Per Capita, Current Prices	USD	Unit	23,485	20,089	23,507	27,941	27,009	27,019	27,206	27,525	27,950
Saudi Arabia	Inflation, average	Change %		-2.1	3.4	3.1	2.7	2.2	2.0	2.0	2.0	2.0
Saudi Arabia	Population	People	Million	34.2	35.0	35.5	36.2	36.9	37.6	38.4	39.1	39.9
Tunisia	Gross Domestic Product, Current Prices	Change %		1.4	-8.7	3.3	2.2	1.6	2.1	2.4	2.6	2.6
Tunisia	Gross Domestic Product, Current Prices	USD	Billion	41.8	42.5	46.8	46.3	46.0	48.1	50.6	53.1	55.7
Tunisia	Gross Domestic Product Per Capita, Current Prices	USD	Unit	3,545	3,572	3,897	3,816	3,762	3,899	4,070	4,243	4,416
Tunisia	Inflation, average	Change %		6.7	5.6	5.7	8.1	8.5	7.9	6.7	5.5	4.8
Tunisia	Population	People	Million	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.5	12.6
Türkiye	Gross Domestic Product, Current Prices	Change %		0.8	1.9	11.4	5.0	3.0	3.0	3.0	3.0	3.0
Türkiye	Gross Domestic Product, Current Prices	USD	Billion	759.5	720.1	817.5	853.5	941.6	1037.9	1134.0	1239.1	1354.3
Türkiye	Gross Domestic Product Per Capita, Current Prices	USD	Unit	9,133	8,612	9,654	9,961	10,863	11,841	12,798	13,838	14,971
Türkiye	Inflation, average	Change %		15.2	12.3	19.6	73.1	51.2	24.2	17.2	15.4	15.0
Türkiye	Population	People	Million	83.2	83.6	84.7	85.7	86.7	87.6	88.6	89.5	90.5

International Monetary Fund, World Economic Outlook Database, October 2022

TAV Havalimanları Holding A.Ş. and Its Subsidiaries

Consolidated Financial Statements as at and for the Year Ended 31 December 2022

Deloitte.

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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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TAV Havalimanları Holding A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TAV Havalimanları Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December, 2022, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December, 2022, 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.

Key Audit Matter	How the matter was addressed during audit
<p>Recoverability of airport operation rights and goodwill</p> <p>The consolidated statement of financial position as of 31 December 2022 includes airport operation right of 1,652,220 thousand EUR and goodwill of 219,206 thousand EUR that comprises %44 of total consolidated assets.</p> <p>Details of airport operation right for each concession agreement and goodwill is disclosed in Note 13 and Note14.</p> <p>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>We performed the following auditing procedures in relation to the impairment tests of recoverability of airport operation rights and goodwill:</p> <ul style="list-style-type: none"> Evaluating management forecasts and future plans based on macroeconomic information, Evaluating the reasonableness of cash flow estimates for each CGU, Through involvement of valuation specialists, testing the reasonableness of the discount rates, estimations, assumptions and the mathematical accuracy of the models used, Testing of the setup of the discounted cash flow models and their mathematical accuracy, Assessing management's sensitivity analysis for key assumptions, Evaluating whether there is a significant indicator of impairment in the recoverable value of the rights and goodwill arising from concession agreements, Understanding and evaluating accounting policies for airport operation rights and goodwill, <p>We also evaluated the correctness and compliance with IFRS of the related disclosures in the consolidated financial statements.</p>

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.

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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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.



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

Istanbul, 14 February 2023

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Notes	31 December 2022	31 December 2021
ASSETS			
Property and equipment	12	487,345	370,958
Intangible assets	13	19,888	12,193
Airport operation right	14	1,652,220	1,680,901
Right of use assets	15	56,754	58,293
Equity-accounted investments	36	755,853	319,197
Goodwill	13	219,206	213,441
Derivative financial instruments	32	53,613	-
Trade receivables	20	-	9,683
Non-current due from related parties	35	144,016	204,265
Other non-current assets	19	107,913	110,089
Deferred tax assets	17	28,593	18,468
Total non-current assets		3,525,401	2,997,488
Inventories	18	50,169	20,740
Financial assets	16	45,466	-
Trade receivables	20	113,771	85,471
Due from related parties	35	20,078	34,441
Other receivables and current assets	19	159,264	131,439
Cash and cash equivalents	21	258,015	92,939
Restricted bank balances	22	105,569	82,211
Total current assets		752,332	447,241
TOTAL ASSETS		4,277,733	3,444,729

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

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Notes	31 December 2022	31 December 2021
EQUITY			
Share capital	23	162,384	162,384
Share premium		220,286	220,286
Legal reserves	23	121,975	121,975
Other reserves		(74,341)	(52,523)
Treasury reserves	23	-	(4,282)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		46,885	(17,895)
Translation reserves		(38,431)	(64,975)
Retained earnings		725,838	590,668
Total equity attributable to equity holders of the Company		1,204,660	995,702
Non-controlling interests	23,36	19,998	14,951
Total Equity		1,224,658	1,010,653
LIABILITIES			
Loans and borrowings	25	1,007,692	847,600
Reserve for employee severance indemnity	26	24,029	10,973
Due to related parties	35	465,279	153,623
Derivative financial instruments	32	-	24,521
Deferred income	29	11,724	13,204
Other payables	27	709,987	732,089
Liabilities from equity-accounted investments	28	9,542	90,076
Deferred tax liabilities	17	93,595	74,627
Total non-current liabilities		2,321,848	1,946,713
Bank overdraft	21	378	424
Loans and borrowings	25	387,677	344,067
Trade payables	31	70,415	41,931
Due to related parties	35	735	590
Derivative financial instruments	32	173	-
Current tax liabilities	11	10,820	3,296
Other payables	27	208,231	88,572
Provisions	30	6,936	5,147
Deferred income	29	45,862	3,336
Total current liabilities		731,227	487,363
Total Liabilities		3,053,075	2,434,076
TOTAL EQUITY AND LIABILITIES		4,277,733	3,444,729

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

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	Notes	2022	2021
Operating revenue	6	1,051,358	522,064
Cost of catering inventory sold		(34,385)	(19,115)
Cost of fuel sold		(176,595)	(46,004)
Cost of services rendered		(104,903)	(49,438)
Personnel expenses	7	(242,414)	(162,925)
Concession and rent expenses		(1,292)	-
Depreciation, amortisation and impairment expenses	9	(95,568)	(76,645)
Other operating income		7,319	523
Other operating expenses	8	(176,953)	(95,564)
Share of profit of equity-accounted investments, net of tax	36	52,880	(22,748)
Operating profit		279,447	50,148
Finance income		26,001	167,150
Finance costs		(163,729)	(134,558)
Net finance (costs)/ income	10	(137,728)	32,592
Net monetary position gains		15,599	-
Profit before tax		157,318	82,740
Tax expenses	11	(25,770)	(31,465)
Profit from continuing operations		131,548	51,275
Loss from discontinued operations		(941)	(1,321)
Profit for the year after discontinued operations		130,607	49,954
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences	11,26	(13,198)	145
Defined benefit obligation actuarial differences from equity accounted investments		(5,563)	(1,284)
Tax on defined benefit obligation actuarial differences	11,17	2,641	(29)
Tax on defined benefit obligation actuarial differences from equity accounted investments	11	27	(15)
Total items that will not be reclassified to profit or loss		(16,093)	(1,183)
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	10	85,372	74,743
Effective portion of changes in fair value of cash flow hedges from equity accounted investments	10	1,316	6,959
Portion of cash flow hedges charged to profit or loss	10	(6,410)	(36,207)
Foreign currency translation differences for foreign operations	10	40,492	21,835
Foreign currency translation differences for foreign operations from equity accounted investments		(10,538)	(17,891)
Tax on cash flow hedge reserves	10,11,17	(15,498)	(2,082)
Tax on cash flow hedge reserves from equity accounted investments	11	-	(696)
Total items that are or may be reclassified subsequently to profit or loss		94,734	46,661
Other comprehensive income for the year, net of tax		78,641	45,478
Total comprehensive income for the year		209,248	95,432

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

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	Notes	2022	2021
Profit attributable to:			
Owners of the Company		122,201	44,721
Non-controlling interest	36	8,406	5,233
Profit for the year after discontinued operations		130,607	49,954
Total comprehensive income attributable to:			
Owners of the Company		197,432	88,244
Non-controlling interest	23	11,816	7,188
Total comprehensive income for the year		209,248	95,432
Weighted average number of shares outstanding		361,576,076	361,233,919
Basic and diluted earnings per share for continued operations	24	0.34	0.13
Basic and diluted earnings per share for discontinued operations	24	(0.00)	(0.00)

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

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

(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	Share	Legal Reserves	Other Reserves	Treasury Reserves	Shares of Entities Under Common Control	Cash Flow Hedge Reserves	Translation Reserves	Retained Earnings	Total	
Balance at 1 January 2021	162,384	220,286	121,975	121,975	(29,445)	(4,282)	40,064	(60,612)	(66,964)	539,583	922,789	934,695
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	42,717	-	-	42,717	49,554
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	-	(1,183)	(1,183)	-
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-	1,989	-	1,989	3,944
Total other comprehensive income	-	-	-	-	-	-	-	-	1,989	(1,183)	806	3,944
Total comprehensive income for the year	-	-	-	-	-	-	-	-	1,989	806	806	3,944
Transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	(22,578)	-	-	-	-	7,547	(15,331)	(15,331)
Total transactions with owners of the Company	-	-	-	-	(22,578)	-	-	-	-	7,547	(15,331)	(15,331)
Balance at 31 December 2021	162,384	220,286	121,975	121,975	(52,023)	(4,282)	40,064	(17,895)	(64,975)	590,668	995,702	1,010,653
Balance at 1 January 2022	162,384	220,286	121,975	121,975	(52,023)	(4,282)	40,064	(17,895)	(64,975)	590,668	995,702	1,010,653
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	64,780	-	-	64,780	64,780
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	-	(16,093)	(16,093)	(16,093)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-	26,544	-	26,544	29,954
Total other comprehensive income	-	-	-	-	-	-	-	-	26,544	(16,093)	10,451	13,861
Total comprehensive income for the year	-	-	-	-	-	-	-	-	26,544	10,451	37,000	47,865
Transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distributions (Note 23, 36)	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Share buyback transactions	-	-	-	-	(21,818)	-	-	-	-	3,335	(18,483)	(18,483)
Purchase of non-controlling interest	-	-	-	-	-	4,282	-	-	-	-	4,282	4,282
Total transactions with owners of the Company	-	-	-	-	(21,818)	4,282	-	-	-	3,335	(14,536)	(14,536)
Balance at 31 December 2022	162,384	220,286	121,975	121,975	(73,841)	-	40,064	46,885	(38,431)	725,838	1,204,660	1,234,558

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

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		131,548	51,275
Loss from discontinued operations		(941)	(1,321)
Adjustments for:			
Amortisation and impairment of airport operation right	14	44,129	33,674
Depreciation and impairment of property and equipment and right of use assets	12,15	48,389	40,363
Amortisation of intangible assets	13	3,050	2,200
Concession and rent expenses		1,292	-
Provision for employee severance indemnity	26	2,579	2,566
Provision for doubtful receivables	33	10,425	5,277
Discount on receivables, payables and financial liabilities, net		(1,092)	(146,752)
Loss on sale of property and equipment		320	481
Disposal of goodwill	13	-	408
Provision set for unused vacation		1,029	136
Interest income		(17,589)	(12,618)
Interest expenses on financial liabilities		83,503	90,405
Tax expenses		25,735	32,707
Unwinding of discount on concession receivable and payable		37,775	27,595
Share of profit of equity-accounted investments, net of tax	36	(52,880)	22,748
Unrealized foreign exchange differences on statement of financial position items		(18,329)	(58,350)
Net monetary position gains		(15,770)	-
Cash flows from operating activities		283,173	90,794
Change in current trade receivables		(32,240)	(9,123)
Change in non-current trade receivables		9,683	21,541
Change in inventories		(24,419)	753
Change in due from related parties		935	(698)
Change in other receivables and other assets		(23,449)	171,592
Change in trade payables		24,206	4,365
Change in due to related parties		205	(7,737)
Change in other payables and provisions		67,535	(20,642)
Cash provided from operations		305,629	250,845
Income taxes paid	11	(26,446)	(12,078)
Retirement benefits paid	26	(805)	(654)
Net cash provided from operating activities		278,378	238,113

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		4,493	2,642
Acquisition of property and equipment	12	(132,574)	(21,323)
Additions to airport operation right	14	(454)	(81)
Proceeds from treasury bonds		-	50,000
Purchase of exchange rate protected deposit	16	(45,000)	-
Purchase of investment funds	16	(466)	-
Acquisition of intangible assets	13	(1,681)	(1,021)
Change in due from related parties		3,426	(196,921)
Acquisition of non-consolidated investments		(372,657)	-
Dividends from equity-accounted investments	36	19,072	27,889
Effect of acquisition of subsidiary		-	(306,652)
Net cash used in investing activities		(525,841)	(445,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	25	455,435	255,945
Repayment of borrowings	25	(248,536)	(289,710)
Lease payments	25	(11,370)	(11,628)
Dividends paid	36	(6,830)	(4,070)
Interest received		6,949	3,514
Interest paid	25	(61,888)	(50,827)
Change in due to related parties		294,570	(149,790)
Disposal of treasury shares		7,617	-
Change in restricted bank balances		(23,362)	(57,476)
Net cash provided / (used in) from financing activities		412,585	(304,042)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		165,122	(511,396)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	21	92,515	603,911
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	257,637	92,515

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TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

(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. Azerbaijan 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 2022 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 2022 and 2021 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	31 December 2022		31 December 2021	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. ("TAV Ege")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Milas Bodrum Terminal İşletmeciliği A.Ş. ("TAV Milas Bodrum")	Bodrum Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie SA ("TAV Tunisia")	Airport Operator	Tunisia	100.00	100.00	100.00	100.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	80.00	80.00	80.00	80.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	76.00	100.00	76.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	76.00	100.00	76.00	100.00
TAV Macedonia Doel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Alanya Havalimanı İşletmeciliği A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
SIA TAV Latvia ("TAV Latvia")	Commercial Area Operator	Latvia	100.00	100.00	100.00	100.00
Almaty International Airport JSC ("AIA")	Airport Operator	Kazakhstan	85.00	85.00	85.00	85.00
Venus Trading LLP ("VT")	Fuel Services	Kazakhstan	85.00	85.00	85.00	85.00
Almaty Catering Services LLP ("ACS")	Food and Beverage Services	Kazakhstan	85.00	85.00	85.00	85.00
Almaty FBO LLP ("FBO")	Fuel Services	Kazakhstan	85.00	85.00	85.00	85.00
TAV Kazakhstan LLP ("TAV Kazakhstan")	Holding	Kazakhstan	85.00	85.00	85.00	85.00
TAV Holdco B.V. ("Holdco")	Holding	Netherlands	100.00	100.00	100.00	100.00
Almaty Airport Investment Holding B.V. ("AAIH")	Holding	Netherlands	85.00	85.00	85.00	85.00

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022		31 December 2021	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
Havaş Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
Havaş Georgia LLC ("HAVAŞ Georgia")	Ground Handling Services	Georgia	100.00	100.00	100.00	100.00
Havaş Macedonia LLC ("HAVAŞ Macedonia")	Ground Handling Services	Macedonia	100.00	100.00	100.00	100.00
Havaş Latvia SIA ("HAVAŞ Latvia")	Ground Handling Services	Latvia	100.00	100.00	100.00	100.00
Havaş Adriatic D.O.O. ("HAVAŞ Adriatic")	Ground Handling Services	Croatia	100.00	100.00	100.00	100.00
Havaş Kazakhstan L.L.P. ("Havaş Kazakhstan")	Ground Handling Services	Kazakhstan	100.00	100.00	100.00	100.00
MZLZ-Zemaljske usluge d.o.o ("HAVAŞ MZLZ") (*)	Group Handling Services	Croatia	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 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

(*) Acquired in 2022.

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2022(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 2022		31 December 2021	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
TAV Latvia Operation Services SIA ("TAV İşletme Latvia")	Lounge Services	Latvia	100.00	100.00	100.00	100.00
TAV Africa Operation Services Ltd. ("TAV İşletme Kenya")	Lounge Services	Kenya	100.00	100.00	100.00	100.00
TAV USA Operation Services Co. ("TAV İşletme America")	Holding	United States	100.00	100.00	100.00	100.00
TAV Washington Operation Services Ltd. ("TAV İşletme Washington")	Lounge Services	United States	100.00	100.00	100.00	100.00
TAV Madagascar Operation Services S.A. ("TAV İşletme Madagascar")	Lounge Services	Madagascar	100.00	100.00	100.00	100.00
TAV New York Operation Services ("TAV İşletme New York")	Lounge Services	United States	100.00	100.00	100.00	100.00
Gestio I Services Trade Center S.A. ("GIS Spain") (*)	Lounge Services	Spain	100.00	100.00	94.25	94.25
GIS Premium France SAS ("GIS France") (*)	Lounge Services	France	100.00	100.00	94.25	94.25
GIS Premium Deutschland GmbH ("GIS Germany") (*)	Lounge Services	Germany	100.00	100.00	94.25	94.25
GIS Premium Italy SRL ("GIS Italy") (*)	Lounge Services	Italy	100.00	100.00	94.25	94.25
GIS Premium Mexico SAdCV ("GIS Mexico") (*)	Lounge Services	Mexico	100.00	100.00	94.25	94.25
TAV Havacılık A.Ş. ("TAV Havacılık")	Airline Taxi Services	Turkey	100.00	100.00	100.00	100.00
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	100.00	100.00	100.00	100.00
TAV Information and Technologies Saudi Ltd. Company ("TAV IT Saudi")	Software and System Services	Saudi Arabia	100.00	100.00	100.00	100.00
Avito Technologies B.V. ("TAV IT Netherlands")	Software and System Services	Netherlands	100.00	100.00	100.00	100.00
Avito Technologies W.L.L. ("TAV IT Qatar")	Software and System Services	Qatar	49.00	100.00	49.00	100.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	100.00	100.00	100.00	100.00
TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi")	Education Services	Turkey	100.00	100.00	100.00	100.00
Aviator Netherlands B.V. ("Aviator Netherlands")	Holding	Netherlands	100.00	100.00	100.00	100.00
PMIA Aviator B.V. ("PMIA Aviator BV")	Holding	Netherlands	90.00	90.00	90.00	90.00
TAV Uluslararası Yatırım A.Ş. ("TAV Uluslararası Yatırım")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
Aerosec Özel Güvenlik Hizmetleri A.Ş. ("Aerosec Security")	Security Services	Turkey	100.00	100.00	100.00	100.00

(*) Additional shares have been purchased in 2022.

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2022(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 2022 and 2021 are as follows:

Name of joint venture	Principal activity	Place of operation	31 December 2022		31 December 2021	
			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 Doool ("ATU Macedonia")	Duty Free Services	Macedonia	50.00	50.00	50.00	50.00
AS Riga Airport Commercial Development ("ATU Latvia")	Duty Free Services	Latvia	50.00	50.00	50.00	50.00
Tunisia Duty Free S.A. ("ATU Tunisia Duty Free")	Duty Free Services	Tunisia	14.98	39.98	14.98	39.98
Saudi ATU Trading Limited Co. ("ATU Medinah") (*)	Duty Free Services	Saudi Arabia	50.00	50.00	50.00	50.00
ATU Mağazacılık İşletmeleri A.Ş. ("ATU Mağazacılık")	Duty Free Services	Turkey	50.00	50.00	50.00	50.00
ATU Uluslararası Mağaza Yiyecek ve İçecek İşletmeciliği A.Ş. ("ATU Uluslararası Mağazacılık")	Duty Free Services	Turkey	51.15	51.17	51.15	51.17
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. ("TAV Gözen")	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
TGS Yer Hizmetleri A.Ş. ("TGS")	Ground Handling	Turkey	50.00	50.00	50.00	50.00
Saudi HAVAŞ Ground Handling Services Limited ("Saudi HAVAŞ") (*)	Ground Handling	Saudi Arabia	66.66	66.66	66.66	66.66
Saudi BTA Airports Food And Beverages Serv.Ltd. ("BTA Medinah") (*)	Food and Beverage Services	Saudi Arabia	66.66	66.66	66.66	66.66
Tibah Airports Development Company CJSC ("Tibah Development")	Airport Operator	Saudi Arabia	50.00	50.00	50.00	50.00
Tibah Airports Operation Limited ("Tibah Operation")	Airport Operator	Saudi Arabia	51.00	51.00	51.00	51.00
Primeclass Pasifico JSV. ("TAV İşletme Chile")	Lounge Services	Chile	50.00	50.00	50.00	50.00
TAV Operation Services Saudi Arabia LLC. ("TAV İşletme Saudi") (*)	Lounge Services	Saudi Arabia	66.66	66.66	66.66	66.66
TAV-GD Bermuda Operation Services ("TAV OS Bermuda")	Lounge Services	Bermuda	40.00	40.00	40.00	40.00
Paris Lounge Network SAS ("Paris Lounge Network") (**)	Lounge Services	France	51.00	51.00	-	-
Madinah Airport Hotel Company ("Madinah Hotel")	Hotel Management	Saudi Arabia	33.33	33.33	33.33	33.33
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. ("TAV Antalya")	Antalya Airport Terminal Services	Turkey	49.00	50.00	49.00	50.00
Fraport TAV Antalya Yatırım Yapım ve İşletme A.Ş. ("TAV Antalya Yatırım")	Antalya Airport Terminal Services	Turkey	51.00	50.00	51.00	50.00

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

(**) Established in 2022.

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1. REPORTING ENTITY (continued)

The associates of the Company as at 31 December 2022 and 2021 are as follows:

Name of associates	Principal activity	Place of operation	31 December 2022		31 December 2021	
			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
Upravitelj 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. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal ("AIAT") and Atatürk Domestic Airport Terminal ("ADAT") for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015. The Group indirectly acquired 85% of AIA and VT through its holding companies in 2021.

BOT, BTO and Concession Agreements

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

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1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

İstanbul Atatürk International Airport (continued)

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.

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 DHMI. 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 DHMI as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Group. On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group accrued a compensation income amounting to EUR 389,000 and fully reimbursed this amount in 2020 and 2021.

Ankara Esenboğa International Airport

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

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

The Group has won the tender on 20 December 2022, held by State Airports Authority (DHMI) for additional investments to increase capacity of Ankara Esenboga Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries.

As per tender specifications, the Group has the concession right to operate Ankara Esenboga Airport for 25 years between the dates 24 May 2025 and 23 May 2050. EUR 475,000 (VAT excluded) will be paid as total concession rent to DHMI.

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1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Izmir 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.

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

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

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

Milas Bodrum Airport

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

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

Tbilisi International Airport

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

Batumi International Airport

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

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1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Tunisia Monastir and Enfidha International Airports

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

Alanya-Gazipaşa Airport

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

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

Macedonia Skopje, Ohrid and Shtip Airports

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

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancelation of concession payments of 2020 and 2021 and approval of an investment schedule to be undertaken by TAV Macedonia. Additionally, the Government of the Republic of North Macedonia extended the concession period of Alexander the Great Airport in Skopje by 104 days and St. Paul the Apostle Airport in Ohrid by 107 days. Construction of the New Cargo Airport in Shtip was also canceled in the signed amendment. The Group has successfully completed force majeure compensation discussions with the Ministry of Transport and Communication of North Macedonia, to compensate for the negative effects of the COVID-19 pandemic. TAV Macedonia DOOEL and the Ministry of Transport and Communication of North Macedonia have signed an agreement in regards to these discussions.

As per this agreement, the concession periods of Skopje and Ohrid airports that Group operates in North Macedonia have each been extended for two years and thus the concession expiry date for these airports which was June 2030, has been updated to June 2032.

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1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

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.

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

Zagreb International Airport

A Concession Agreement was executed between ZAIC-A limited and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Holding signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Nederland 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 İçtaş Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş., was established in Turkey on 18 May 2007. The Company's main activity is the operation of the terminal building at Antalya Airport, Southern Turkey in accordance with the Lease Agreement made with Devlet Hava Meydanları İşletmesi ("DHMI"). The terms of the lease agreement gives the Company the right to operate the present Domestic Terminal and parking lot, International Terminal I and parking lot and CIP terminal and parking lot and all the complementary units as well as the present heating center starting from 14 September 2007, and International Terminal II, Parking Lot and all the complementary units starting from 23 September 2009. The Lease Agreement between the Company and DHMI will expire on 31 December 2024 and all terminals together with their correspondent units explained above will be transferred to DHMI by then. The rent payable under the present lease is EUR 2,010,000 plus Value Added Tax ("VAT"). The Company shall pay this total sum of the rent to DHMI in cash; 3% on the date of the signature of the contract, 15% within 5 business days from 14 September 2007, 7% within 5 business days from 14 September 2008 and 5% within 5 business days.

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

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

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

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1. REPORTING ENTITY (continued)

BOT, BTO and Concession Agreements (continued)

Antalya Airport (continued)

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

Upfront concession fee of 1.8 billion euros has been fully paid to DHMI on 28 March 2022.

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

Almaty Airport

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

The Group indirectly acquired through holding companies, 85% of Almaty International Airport JSC, its subsidiaries (Almaty Catering Services LLP and Almaty FBO LLP) and fuel related businesses carried on by Venus Trading LLP. The partner holding the remaining 15%, KIF Warehouses Coöperatief U.A. (investment fund held by VPE Capital and Kazina Capital Management), has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option is estimated at EUR 58,146 as at 31 December 2022. (31 December 2021: EUR 34,828)

Lagos Airport

The consortium formed by the Group, Nahco Management Services Ltd and Planet Project Limited (the Consortium), submitted a bid for the tender to operate and develop the international passenger & cargo terminals of Lagos Airport in Nigeria for a period of 20 years on 19 September 2022.

According to the announcement made by the Federal Airports Authority of Nigeria (FAAN) on 17 October 2022, the Consortium has been selected as the "preferred bidder". This selection is subject to the necessary official approvals.

After the necessary approvals are obtained, the next step in the tender process is a negotiation stage between FAAN and the Consortium. The result of this negotiation stage will be disclosed through the Public Disclosure Platform and if the negotiations conclude affirmatively then detailed operating conditions will also be shared with the public.

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").

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1. REPORTING ENTITY (continued)

Operations Contracts (continued)

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

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

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

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

Airline taxi services – The Group renders airline taxi services.

Seasonality in Operations

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

The Group employs 17,840 in subsidiaries (average: 17,644) and 9,062 in joint ventures (average: 9,095) excluding TAV İstanbul (31 December 2021: 15,727 in subsidiaries (average: 16,342) and 7,999 in joint ventures (average: 8,009) excluding TAV İstanbul).

TAV İstanbul employs 3 (average:4) (31 December 2021: 12 (average: 27)) people as at 31 December 2022.

Covid-19 Impact and Impairment Analysis

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

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

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

Impairment tests were carried as at 31 December 2022 on the main concession and service companies, as a result of the impairment testing performed on CGU basis no additional impairment has been identified.

As a result of the impairment testing performed on CGU basis, EUR 10,000 impairment loss is reversed (EUR 20,000 impairment loss was recognized in 31 December 2020) for TAV Tunisia.

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

Due to the significant increase in vaccination rates all over the world, travel restrictions have been partially removed. With this effect, passenger numbers reached approximately 88% of 2019. As at third and fourth quarters, which are the busiest periods for airports due to seasonality, passenger figures reached 91% of third quarter of 2019 and 96% of fourth quarter of 2019.

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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 14 February 2023. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly.

b) Basis of measurement

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

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

c) Functional and presentation currency

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

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

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

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2. BASIS OF PREPARATION (continued)

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

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

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2. BASIS OF PREPARATION (continued)**c) Functional and presentation currency (continued)**

Company	Functional Currency
GIS France	EUR
GIS Germany	EUR
GIS Italy	EUR
GIS Mexico	Mexican Peso ("MEX")
Paris Lounge Network	EUR
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	USD
TAV Uluslararası Yatırım	EUR
ATU	EUR
ATU Georgia	GEL
ATU Tunisia	EUR
ATU Macedonia	EUR
ATU Latvia	EUR
ATU Tunisia Duty Free	EUR
ATU Medinah	USD
ATU Mağazacılık	TRL
ATU Uluslararası Mağazacılık	EUR
ATU Holdings	USD
TAV Gözen	USD
TGS	TRL
Saudi HAVAŞ	SAR
BTA Medinah	SAR
Tibah Development	SAR
Tibah Operation	SAR
TAV İşletme Chile	Chilean Peso ("CLP")
TAV İşletme Saudi	SAR
TAV İşletme Bermuda	USD
TAV Antalya Yatırım	EUR
TAV Antalya	EUR
ZAIC-A	EUR
MZLZ	HRK
MZLZ Operation	HRK
AMS	HRK
Medinah Hotel	SAR

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

d) Use of estimates and judgements

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

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

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2. BASIS OF PREPARATION (continued)

d) Use of estimates and judgements (continued)

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:

Note 1 – sensitivity analysis

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

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

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

Note 13 – key assumptions used in discounted cash flow projections

Note 17 – utilisation of tax losses and tax incentives

Note 26 – measurement of reserve for employee severance indemnity

Note 32 and 33 – valuation of financial instruments

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

A business plan with a duration until end of concession term (May 2047) prepared by the management of TAV Tunisia and it was used in the valuation of company. The growth in business plan of TAV Tunisia is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in EUR discounted cash flows are the weighted average cost of capitals (“WACC”) of the company, with average post-tax discount rate of 14% during the projection period (between 2021 and 2047). Since TAV Tunisia has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, EUR 10,000 impairment loss is reversed for TAV Tunisia as of 31 December 2022 (EUR 20,000 impairment loss recognized in 31 December 2020) (Note 14).

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

A business plan with a duration until end of concession term (December 2037) prepared by the management of TAV Milas Bodrum and it was used in the valuation of company. The growth in business plan of TAV Milas Bodrum is driven by passenger and aircraft related projections as well as growth in commercial products related demand in the airports. The discount rates used in EUR discounted cash flows are the WACC of the company, with average post-tax discount rate of 11.6% during the projection period (between 2022 and 2037). Since TAV Milas Bodrum has a limited life, terminal growth rate is not used in the valuation.

As a result of the impairment testing performed on CGU basis, no impairment loss is recognized for TAV Milas Bodrum as of 31 December 2022 (31 December 2021: EUR 15,000) (Note 14).

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

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2. BASIS OF PREPARATION (continued)

e) Restatement of financial statements during periods of high inflation

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

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

IAS 29 requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency, so that the financial information provided is more meaningful. The Standard lists factors that indicate an economy is hyperinflationary. One of the indicators of hyperinflation is if cumulative inflation over a three-year period approaches, or is in excess of, 100 per cent. Currently, Turkey has economic conditions that will now require reporting entities to follow the requirements set out in IAS 29 ‘Financial Reporting in Hyperinflationary Economies’.

Cumulative change in Consumer Price Index (CPI) for the last 3 years exceeded 100% in 2022. Although Group's hard currency is EUR, Group applied IAS 29 for the group companies which have TRL as their functional currency starting from 1 January 2022. Indexation of all non-monetary assets, non-monetary liabilities and income statement has been done by using Consumer Price Index. Effect of IAS 29 indexation until 31 December 2021 is accounted under equity. Effect of IAS 29 indexation from 1 January 2022 until 31 December 2022 is accounted under consolidated statement of profit or loss and other comprehensive income.

Effect of IAS 29 in Groups financial statements is as shown below:

EBITDA: EUR 655

Share of profit of equity-accounted investments: EUR 7,927

Net income: EUR 16,841

Equity: EUR 25,727

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Macedonia, TAV Gazipaşa, TAV Tunisia, TAV Latvia, HAVAŞ, HAVAŞ Latvia, Havaş Kazakhstan, HAVAŞ Adriatic, HAVAŞ Macedonia, HAVAŞ Georgia, HAVAŞ MZLZ, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, 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, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, TAV Havaacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, TAV IT Netherlands, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, TAV Uluslararası Yatırım, Holdco, AAHH, TAV Kazakhstan, AIA, VT, ACS and FBO are fully consolidated without non-controlling interest's ownership.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

- TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus and TAV İşletme Macedonia, are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.
- ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık, TAV Gözen, TGS, Saudi HAVAŞ, BTA Medinah, Tibah Development, Tibah Operation, TAV İşletme Chile, TAV İşletme Bermuda, Paris Lounge Network, TAV İşletme Saudi, TAV Antalya, TAV Antalya Yatırım, ZAIC-A, MZLZ, MZLZ Operation, AMS and Medinah Hotel are consolidated using the equity method.

i) Business combinations:

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

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

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

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

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.

vi) Joint arrangements and associates:

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

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

Associates

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

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

vii) Transactions eliminated on consolidation:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, TRY, 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.

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

c) Financial instruments

i) Non-derivative financial assets:

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

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

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

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

Loans and receivables

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

i) Non-derivative financial assets (continued):

Cash and cash equivalents

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

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

Service concession arrangements

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

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

ii) Non-derivative financial liabilities:

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

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

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

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

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

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

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

iii) Share capital:

Ordinary shares are classified as equity.

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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 other 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.

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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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assetsi) 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.

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

iii) Internally generated software:

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

iv) Other intangible assets:

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

v) Subsequent expenditure:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)vii) Amortisation:

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

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

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

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

viii) 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. In 2021, operating period has been extended for 2 years due to Force Majeure conditions.

The Group has won the tender on 20 December 2022, held by State Airports Authority (DHMİ) for additional investments to increase capacity of Ankara Esenboga Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries.

As per tender specifications, the Group has the concession right to operate Ankara Esenboga Airport for 25 years between the dates 24 May 2025 and 23 May 2050. EUR 475,000 (VAT excluded) will be paid as total concession rent to DHMİ.

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

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

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

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

In 2020, an amendment was signed between TAV Macedonia and the Government of the Republic of North Macedonia regarding cancellation 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)vii) Service concession arrangements (continued)

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

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

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

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

i) Intangible assets:

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

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

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

ii) Financial assets:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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) Impairmenti) 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.

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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 CGUs 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 19,983 which is applicable starting from 1 January 2023 as at 31 December 2022 (equivalent to full EUR 1,002 as at 31 December 2022) (31 December 2021: full TRL 10,849 (equivalent to full EUR 739 as at 31 December 2021)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 26) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

All actuarial differences are recognised immediately in other comprehensive income.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

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

k) Revenue

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

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

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

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue (continued)

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

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

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

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

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

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

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

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

l) Finance income and finance costs

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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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 2022 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 2022. 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 and revised IFRS Standards that are effective for the current year

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9
Amendments to IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) *The new and revised IFRS Standards that are effective for the current year (continued)*

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.

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

The International Auditing and Assurance Standards Board (“IAASB”) has published Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* 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 IAASB 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.

The Group assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group’s consolidated financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) *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:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>

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.

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of IFRS 17.

Amendments to IAS 1 Disclosure of Accounting Policies

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

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

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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)****Amendments to IAS 8 Definition of Accounting Estimates**

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

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

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

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

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

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 Non-current Liabilities with Covenants

Amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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

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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.

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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.
-

31 December 2022	Level 1	Level 2	Level 3
Financial assets	-	45,466	-
Interest rate swap	-	53,613	-
Financial liabilities at fair value through profit or loss	-	(25,390)	-
Forward		(173)	
31 December 2021	Level 1	Level 2	Level 3
Interest rate swap	-	(24,521)	-
Financial liabilities at fair value through profit or loss	-	(23,756)	-

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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 Esenboga, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation, AMS; TAV Antalya and AIA. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, TAV Antalya, TAV Antalya Yatırım, MZLZ and AIA also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.
- **Catering operations:** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTA Tedarik, BTA Latvia, BTA Denizyolları, BTA Medinah, BTA Uluslararası Yiyecek, BTA MZLZ and ACS.
- **Duty free operations:** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık and ATU Uluslararası Mağazacılık.
- **Ground handling and bus operations:** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Latvia, TAV Gözen, TGS, Saudi HAVAŞ, HAVAŞ Adriatic, HAVAŞ Kazakhstan, HAVAŞ MZLZ, HAVAŞ Macedonia and Havaş Georgia. HAVAŞ provides bus operations.
- **Other:** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme New York, TAV İşletme Madagascar, TAV İşletme Bermuda, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, TAV İşletme Saudi, Paris Lounge Network, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Netherlands, TAV IT Qatar, TAV Güvenlik, Aerosec Security, TAV Akademi, Aviator Netherlands, PMIA Aviator BV, ZAIC-A, ATU Holdings, Medinah Hotel, Holdco, AAIH, TAV Kazakhstan, VT and FBO.

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

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

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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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total external revenues	857,308	392,069	126,532	64,548	170,807	81,630	322,212	230,779	184,791	84,283	1,661,650	853,309
Inter-segment revenue	46,881	26,477	10,965	5,732	80	48	1,200	703	46,979	55,237	106,105	88,197
Construction revenue	54,660	-	-	-	-	-	-	-	-	-	54,660	-
Construction expenditure	(54,660)	-	-	-	-	-	-	-	-	-	(54,660)	-
Interest income	44,165	4,497	461	359	1,977	1,107	1,949	537	26,536	39,162	75,088	45,662
Interest expense	(72,899)	(103,194)	(2,724)	(3,149)	(1,383)	(1,290)	(5,584)	(6,743)	(78,106)	(20,096)	(160,696)	(134,471)
Depreciation and amortisation	(175,035)	(110,529)	(7,047)	(5,476)	(10,672)	(6,319)	(17,160)	(16,120)	(10,538)	(9,362)	(220,452)	(147,806)
Reportable segment operating profit / (loss)	240,864	74,572	8,708	(1,388)	18,389	267	57,755	41,432	7,382	(2,341)	333,098	112,542
Capital expenditure	239,697	256,009	6,058	2,198	8,469	3,118	9,159	4,731	12,867	5,917	276,250	41,973

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Reportable segment assets	4,663,529	3,654,865	33,891	13,994	154,257	144,878	263,389	210,416	1,265,705	754,929	6,380,771	4,779,082
Reportable segment liabilities	3,715,781	2,834,585	74,245	71,479	96,895	99,298	145,990	143,754	758,317	254,962	4,791,228	3,404,078

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5. OPERATING SEGMENTS (continued)

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

Revenues	2022	2021
Total revenue for reportable segments	1,590,645	801,986
Other revenue	231,770	139,520
Elimination of inter-segment revenue	(106,105)	(88,197)
	1,716,310	853,309
Effect of using the equity method for joint ventures	(664,952)	(331,245)
Consolidated revenue	1,051,358	522,064
Operating profit	2022	2021
Segment operating profit	325,716	114,883
Other operating profit/(loss)	7,382	(2,341)
	333,098	112,542
Effect of using the equity method for joint ventures	(53,651)	(62,394)
Consolidated operating profit	279,447	50,148
Finance income	26,001	167,150
Finance expense	(163,729)	(134,558)
Net monetary position gains	15,599	-
Consolidated profit before tax	157,318	82,740
Assets	31 December 2022	31 December 2021
Total assets for reportable segments	5,115,066	4,024,153
Other assets	1,265,705	754,929
	6,380,771	4,779,082
Effect of using the equity method for joint ventures	(2,103,038)	(1,334,353)
Consolidated total assets	4,277,733	3,444,729
Liabilities	31 December 2022	31 December 2021
Total liabilities for reportable segments	4,032,911	3,149,116
Other liabilities	758,317	254,962
	4,791,228	3,404,078
Effect of using the equity method for joint ventures	(1,738,153)	(970,002)
Consolidated total liabilities	3,053,075	2,434,076

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5. OPERATING SEGMENTS (continued)

Interest income	2022	2021
Total interest income for reportable segments	48,552	6,500
Other interest income	26,536	39,162
Elimination of inter-segment interest income	(53,469)	(31,957)
	21,619	13,705
Effect of using the equity method for joint ventures	(4,036)	(7,057)
Consolidated interest income	17,583	6,648
Interest expense	2022	2021
Total interest expense for reportable segments	(82,590)	(114,375)
Other interest expense	(78,106)	(20,096)
Elimination of inter-segment interest expense	51,645	14,839
	(109,051)	(119,632)
Effect of using the equity method for joint ventures	25,548	29,327
Consolidated interest expense	(83,503)	(90,305)

Geographical information

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

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

Revenue	2022	2021
Turkey	387,140	268,131
Kazakhstan	333,865	104,522
Georgia	97,842	53,229
Qatar	49,428	6,263
Macedonia	37,890	24,146
Tunisia	26,469	10,736
Croatia	26,019	4,479
Oman	20,539	10,130
Latvia	19,732	13,435
Saudi Arabia	11,323	10,142
Spain	11,089	5,901
Other	30,022	10,950
Consolidated revenue	1,051,358	522,064
Non-current assets	31 December 2022	31 December 2021
Turkey	2,333,428	1,892,942
Kazakhstan	501,915	364,415
Tunisia	432,628	431,389
Macedonia	98,376	95,050
Georgia	82,984	74,331
Oman	10,879	12,273
Croatia	10,729	4,016
Spain	4,653	5,158
Qatar	4,515	209
Latvia	2,618	906
Saudi Arabia	2,239	865
Other	40,437	115,934
Consolidated non-current assets	3,525,401	2,997,488

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6. OPERATING REVENUE

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

	2022	2021
Aviation income	434,368	169,176
Ground handling income	216,362	143,653
Catering services income	109,460	57,627
Hardware sales income	62,639	10,416
Commission from sales of duty free goods	50,766	27,019
Income from lounge services	49,306	20,785
Area allocation income	28,590	17,647
Income from car parking operations and valet service income	15,667	10,247
Security services income	12,302	9,595
Software sales income	9,358	16,186
Bus services income	7,319	6,178
Rent income from sublease	4,554	2,125
Utility and general participation income	4,232	2,693
Hotel and reservation income	3,861	2,633
Advertising income	3,739	2,316
Operating financial revenue	3,435	5,471
Loyalty card income	669	723
Other operating revenue	34,731	17,574
Total operating revenue	1,051,358	522,064

7. PERSONNEL EXPENSES

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

	2022	2021
Wages and salaries	192,895	132,682
Compulsory social security contributions	21,234	11,620
Employee severance indemnity expenses	1,119	1,324
Other personnel expenses	27,166	17,299
Total personnel expenses	242,414	162,925

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8. OTHER OPERATING EXPENSES

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

	2022	2021
Consultancy expense	29,980	13,395
Utility cost	28,491	11,931
Rent expense	19,726	11,337
Maintenance expenditures	17,969	8,416
VAT non-recoverable	13,272	4,576
Taxes	10,992	5,507
Provision expenses	10,382	5,044
Cleaning expense	8,186	5,692
Insurance expense	7,434	6,783
Traveling and transportation expenses	4,889	2,134
Security cost	3,093	2,006
Communication and stationary expenses	2,962	2,033
Representation expenses	1,917	908
Advertisement and marketing expenses	1,637	1,545
Commission and license expense	605	421
Other operating expenses	15,418	13,836
Total other operating expenses	176,953	95,564

9. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

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

	2022	2021
Airport operation right	54,129	33,674
Property and equipment	40,935	33,307
Right of use asset	8,043	7,056
Intangible assets	3,050	2,200
Impairment of goodwill	-	408
Reversal of impairment of airport operation right	(10,000)	-
Reversal of impairment of property and equipment	(589)	-
Total depreciation, amortisation and impairment expenses	95,568	76,645

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10. FINANCE INCOME AND FINANCE COSTS
Recognised in profit or loss

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

	2022	2021
Interest income on bank deposits and intercompany loans	17,583	6,648
Discount income (*)	1,092	145,948
Foreign exchange gain, net	-	7,933
Other financial assets income (**)	5,965	5,921
Other finance income	1,361	700
Finance income	26,001	167,150
Interest expense on financial liabilities and intercompany loans	(83,503)	(90,305)
Discount expense (***)	(41,210)	(33,066)
Foreign exchange loss, net	(10,095)	-
Bank charges	(9,104)	(7,769)
Commission expense	(4,231)	(2,176)
Interest expense provision on employee benefit obligation	(1,450)	(1,242)
Other finance costs (****)	(14,136)	-
Finance costs	(163,729)	(134,558)
Net finance costs	(137,728)	32,592

(*) EUR 144,877 of the discount income was related with the amortised loan liabilities and fair value adjustment of participation rights for TAV Tunisia loan restructuring process as of 31 December 2021.

(**) Other financial assets income is related with 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.

(***) Discount expense is mainly related with the unwinding of discount on concession payables amounting to EUR 41,210 as of 31 December 2022 (31 December 2021: EUR 33,066).

(****) Other finance costs include financial expenses due to the application of IAS 28 (Note 35).

Recognised in other comprehensive income

	2022	2021
Effective portion of changes in fair value of cash flow hedges	86,688	81,702
Foreign currency translation differences for foreign operations	40,492	21,835
Tax on cash flow hedge reserves	(15,498)	(2,082)
Portion of cash flow hedges charged to profit or loss	(6,410)	(36,207)
Finance costs recognised in other comprehensive income, net of tax	105,272	65,248

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11. TAX EXPENSE

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

Tax recognised in profit or loss

	2022	2021
Current tax expense		
Current year tax expense	30,785	11,328
Adjustments for prior periods	3,214	-
	<u>33,999</u>	<u>11,328</u>
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	(2,984)	22,239
Change in previously recognised investment incentives	(4,483)	(2,307)
Recognition of current period tax losses	(762)	205
	<u>(8,229)</u>	<u>20,137</u>
Total tax expense	<u>25,770</u>	<u>31,465</u>

Tax recognised in other comprehensive income

	2022			2021		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Foreign currency translation differences for foreign operations	40,492	-	40,492	21,835	-	21,835
Effective portion of changes in fair value of cash flow hedges	78,962	(15,498)	63,464	38,536	(2,082)	36,454
Defined benefit obligation actuarial differences	(13,198)	2,641	(10,557)	145	(29)	116
Other comprehensive income from equity accounted investments	(14,785)	27	(14,758)	(12,216)	(711)	(12,927)
	<u>91,471</u>	<u>(12,830)</u>	<u>78,641</u>	<u>48,300</u>	<u>(2,822)</u>	<u>45,478</u>

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11. TAX EXPENSE (continued)

Reconciliation of effective tax rate

The reported tax expenses for the years ended 31 December 2022 and 2021 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:

	%	2022	%	2021
Profit before tax from continuing operations		157,318		82,740
Loss before tax from discontinued operations		(976)		(79)
Profit before tax		156,342		82,661
Tax using the Company's domestic tax rate	23	35,959	25	20,665
Tax effects of:				
- non-deductible expenses	8	12,565	14	11,903
- translation effect	(4)	(6,434)	15	12,283
- change in previously recognised investment incentives	(3)	(4,483)	(3)	(2,307)
- tax exempt income	(10)	(16,230)	(23)	(18,956)
- used tax loss carry forwards which no deferred tax asset is recognised	(1)	(2,247)	(4)	(2,916)
- current year losses for which no deferred tax asset is recognised	16	24,272	16	12,957
- effect of different tax rates for foreign jurisdictions	(2)	(3,333)	(6)	(4,587)
- under / (over) provided in prior years	2	3,214	-	-
- adjustment for equity accounted investments	(8)	(12,162)	7	5,687
- adjustments related to tax legislation of subsidiaries which is in foreign countries	(1)	(1,722)	-	267
- effect of different tax rates applied	(1)	(1,311)	(5)	(4,084)
- other consolidation adjustments	(2)	(2,353)	2	1,795
Tax expense	16	25,735	40	32,707
Total tax expense from continuing operations		25,770		31,465
Total tax (income)/expense from discontinued operations		(35)		1,242

Corporate tax:

	2022	2021
Corporate tax provision from continuing operations	30,785	11,328
Corporate tax provision from discontinued operations	(29)	1,022
Corporate tax provision	<u>30,756</u>	<u>12,350</u>
Adjustments for prior periods	3,214	-
Add: taxes payable from previous year	3,296	3,024
Less: corporation taxes paid during the year	<u>(26,446)</u>	<u>(12,078)</u>
Current tax liabilities	10,820	3,296

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11. TAX EXPENSE (continued)

Corporate tax (continued):

Turkey

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

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

In Turkey, advance tax returns are filed on a quarterly basis – there are three advance tax return periods. The corporate income tax (CIT) rate at 31 December 2023 is 20% (The previous 2022 CIT rate was 23%) Losses can be carried forward to offset from future taxable income for up to 5 years. Losses cannot be carried back.

In Turkey, companies are subject to a standard corporate income tax rate of 20%. However, the rate was temporarily increased to 25% for the income generated in 2021 and to 23% for the income generated in 2022. The applicable rate as of 2023 is 20%. The tax legislation provides for a temporary tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 30th April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Georgia

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

Tunisia

Tunisian corporate income tax is levied at a rate of 15% on income less deductible expenses (31 December 2021: 15%).

Macedonia

Macedonian corporate income tax is levied at a rate of 10% on income less deductible expenses as from 2014 onwards (including determination of 2014 CIT). Losses can be carried forward for 3 years provided that the accumulated accounting losses are covered by the accumulated profits (31 December 2021: 10%).

Latvia

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

Germany

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

Kenya

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

United States

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

Croatia

Corporate income tax (CIT) is generally paid at a rate of 18%. For taxpayers with revenues in the tax period lower than HRK 7.5 million, the rate of 10% is applied. (31 December 2021: 18%).

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11. TAX EXPENSE (continued)

Corporate tax (continued):

Saudi Arabia

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

Oman

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

Chile

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

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

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

France

In 2021, the corporate tax rate was 26.5% for companies with a turnover of less than €250 million and 27.5% for large companies (turnover at or above €250 million). As of 2022, the standard corporate tax rate is 25% for all companies (31 December 2021: 25%).

Spain

Spain corporate income tax is levied at a rate of 25% on income less deductible expenses (31 December 2021: 25%).

Italy

Italy corporate income tax is levied at a rate of 24% on income less deductible expenses (31 December 2021: 24%).

Mexico

Mexico corporate income tax is levied at a rate of 30% on income less deductible expenses (31 December 2021: 30%).

Argentina

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

Colombia

The corporate income tax rate applicable to resident companies and PEs of nonresident companies is 35% for 2022 (Increased from 31% for 2021).

Brazil

Brazil corporate income tax is levied at a rate of 34% on income less deductible expenses (31 December 2021: 34%).

Kazakhstan

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

Bermuda

Corporate income tax is not applicable in Bermuda.

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11. TAX EXPENSE (continued)

Investment allowance:

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

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

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

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

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

Income withholding tax:

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

Transfer pricing regulations:

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

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

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12. PROPERTY AND EQUIPMENT

Cost	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Balance at 1 January 2021	123	19,787	103,106	31,844	55,875	120,860	19,444	351,039
Effect of movements in exchange rates	161	8,148	2,857	1,814	(2,410)	(1,720)	1,316	10,166
Additions (*)	26	-	4,098	1,449	2,554	6,086	7,110	21,323
Disposals	-	(652)	(1,967)	(1,048)	(535)	(3,901)	(84)	(8,187)
Transfers (**)	-	5,008	5,906	3	(2,455)	7,589	(17,526)	(1,475)
Effect of acquisitions of a subsidiary (***)	2,143	159,064	37,099	20,234	-	1,035	829	220,404
Effect of group structure change	-	-	(2,837)	-	(5,361)	-	(1,473)	(9,671)
Balance at 31 December 2021	2,453	191,355	148,262	54,296	47,668	129,949	9,616	583,599
Balance at 1 January 2022	2,453	191,355	148,262	54,296	47,668	129,949	9,616	583,599
Effect of movements in exchange rates	182	11,542	4,283	2,458	185	3,057	(615)	21,092
Additions (*)	-	108	10,123	4,559	4,805	14,328	98,651	132,574
Disposals	-	(202)	(1,612)	(4,167)	(793)	(404)	(309)	(7,487)
Transfers (**)	-	-	(3,259)	-	297	4,871	(9,200)	(7,291)
Effect of acquisitions of a subsidiary (***)	-	-	4,815	-	-	-	-	4,815
Effect of IAS 29 indexation	-	-	2,524	300	15,885	24,976	65	52,280
Balance at 31 December 2022	2,635	211,333	165,136	57,446	68,047	176,777	98,208	779,582

(*) There is no capitalised borrowing cost on property and equipment during 2022 (31 December 2021: None). In year 2022, additions to property and equipment have not been purchased by financial leasing (31 December 2021: None).

(**) Transfer amounting to EUR 4,163 comprises transfer to intangible assets and transfer amounting to EUR 3,128 comprises transfer to inventories as at 31 December 2022 (31 December 2021: Transfer amounting to EUR 1,475 comprises transfer to intangible assets).

(***) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ (31 December 2021: AIA, ACS, VT and FBO).

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12. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2021	-	1,197	67,109	15,651	31,654	53,058	-	168,669
Effect of movements in exchange rates	-	583	519	772	(2,029)	(1,583)	-	(1,738)
Depreciation for the year	-	3,896	8,116	3,265	4,086	13,944	-	33,307
Disposals	-	-	(1,464)	(401)	(290)	(3,770)	-	(5,925)
Transfers	-	-	(75)	-	(536)	875	-	264
Effect of acquisitions of a subsidiary (*)	-	11,991	5,243	3,720	-	186	-	21,140
Effect of change in group structure	-	-	(2,052)	-	(1,024)	-	-	(3,076)
Balance at 31 December 2021	-	17,667	77,396	23,007	31,861	62,710	-	212,641
Balance at 1 January 2022	-	17,667	77,396	23,007	31,861	62,710	-	212,641
Effect of movements in exchange rates	-	899	1,097	1,213	20	1,017	-	4,246
Depreciation for the year	-	6,276	11,390	4,279	5,018	13,972	-	40,935
Disposals	-	(3)	(1,191)	(1,787)	(645)	(290)	-	(3,916)
Impairment losses	-	-	(161)	(3)	(193)	(232)	-	(589)
Transfers (**)	-	(43)	(149)	-	341	23	-	172
Effect of acquisitions of a subsidiary (*)	-	-	2,786	-	-	-	-	2,786
Effect of IAS 29 indexation	-	581	1,770	211	13,900	19,500	-	35,962
Balance at 31 December 2022	-	25,377	92,938	26,920	50,302	96,700	-	292,237
Carrying amounts								
At 31 December 2021	2,453	173,688	70,866	31,289	15,807	67,239	9,616	370,958
At 31 December 2022	2,635	185,956	72,198	30,526	17,745	80,077	98,208	487,345

(*) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ (31 December 2021: AIA, ACS, VT and FBO).
(**) Transfer amounting to EUR 172 comprises transfer from intangible assets as at 31 December 2022 (31 December 2021: None).

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13. INTANGIBLE ASSETS

	Purchased software and brandmarks	Internally generated software	Customer relationships	DHMI and other operating licenses	Total
Cost					
Balance at 1 January 2021	20,490	6,875	28,005	5,324	60,694
Effect of movements in exchange rates	(632)	620	(76)	-	(88)
Additions	1,021	-	-	-	1,021
Disposals	(7)	-	-	-	(7)
Transfers (*)	(78)	1,465	-	88	1,475
Effect of acquisitions of a subsidiary (**)	1,067	-	-	-	1,067
Balance at 31 December 2021	21,861	8,960	27,929	5,412	64,162
Balance at 1 January 2022	21,861	8,960	27,929	5,412	64,162
Effect of movements in exchange rates	131	524	(30)	(9)	616
Additions	1,678	-	-	3	1,681
Disposals	(279)	-	-	-	(279)
Transfers (*)	6	4,155	-	2	4,163
Effect of acquisitions of a subsidiary (**)	-	-	-	3,957	3,957
Effect of IAS 29 indexation	4,101	-	-	-	4,101
Balance at 31 December 2022	27,498	13,639	27,899	9,365	78,401
Accumulated amortisation					
Balance at 1 January 2021	17,241	5,342	26,419	-	49,002
Effect of movements in exchange rates	(510)	460	(76)	-	(126)
Amortisation for the year	1,336	595	269	-	2,200
Transfers	11	-	-	-	11
Effect of acquisitions of a subsidiary (**)	882	-	-	-	882
Balance at 31 December 2021	18,960	6,397	26,612	-	51,969
Balance at 1 January 2022	18,960	6,397	26,612	-	51,969
Effect of movements in exchange rates	119	403	(29)	-	493
Amortisation for the year	1,634	983	433	-	3,050
Disposals	(265)	-	-	-	(265)
Transfers (***)	(172)	-	-	-	(172)
Effect of IAS 29 indexation	3,438	-	-	-	3,438
Balance at 31 December 2022	23,714	7,783	27,016	-	58,513
Carrying amounts					
At 31 December 2021	2,901	2,563	1,317	5,412	12,193
At 31 December 2022	3,784	5,856	883	9,365	19,888

(*) Transfer amounting to EUR 4,163 comprises transfer from property and equipment as at 31 December 2022 (31 December 2021: EUR 1,475 comprises transfer from property and equipment).
(**) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ (31 December 2021: AIA, ACS, VT and FBO).
(***) Transfer amounting to EUR 172 comprises transfer to property, plant & equipment as at 31 December 2022 (31 December 2021: None).

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13. 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 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Balance at 1 January	213,441	137,055
Addition during the year	755	72,049
Effect of movements in exchange rates	5,010	4,745
Disposals	-	(408)
Balance at the end of the year	219,206	213,441

Goodwill is related with the CGU's AIA, HAVAŞ, TAV Tbilisi, HAVAŞ MZLZ and GIS Spain as at 31 December 2022 (31 December 2021: AIA, HAVAŞ, TAV Tbilisi and GIS Spain).

Impairment testing for CGU's

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

	31 December 2022	31 December 2021
HAVAŞ	131,565	131,565
AIA	81,825	76,808
TAV Tbilisi	3,857	3,858
GIS Spain	1,094	1,094
Other	865	116
	219,206	213,441

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

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13. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment testing for CGU's (continued)

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

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised for HAVAŞ, TAV Tbilisi, GIS Spain and AIA as at 31 December 2022.

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 2022	
	Pre-tax discount rate	Terminal growth rate
HAVAŞ	17.1%	2.0%
TAV Tbilisi	25.4%	-
GIS Spain	13.0%	2.0%
AIA	10.2%	2.0%

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

Discount rate

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

Terminal growth rate for HAVAŞ is determined as 2.0%, GIS Spain as 2.0% and AIA as 2.0%. 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.

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14. AIRPORT OPERATION RIGHT

	Izmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Cost								
Balance at 1 January 2021	779,834	83,380	595,488	48,198	132,077	493,401	-	2,132,378
Effect of movements in exchange rates	-	12,194	-	-	-	-	5,068	17,262
Additions (*)	81	-	-	-	-	-	-	81
Effect of acquisitions of a subsidiary (**)	-	-	-	-	-	-	76,709	76,709
Transfers (***)	28,873	-	-	-	-	28,687	-	57,560
Balance at 31 December 2021	808,788	95,574	595,488	48,198	132,077	522,088	81,777	2,283,990
Balance at 1 January 2022	808,788	95,574	595,488	48,198	132,077	522,088	81,777	2,283,990
Effect of movements in exchange rates	-	21,034	-	-	-	-	5,340	26,374
Additions (*)	308	-	-	-	-	146	-	454
Balance at 31 December 2022	809,096	116,608	595,488	48,198	132,077	522,234	87,117	2,310,818

(*) There is no capitalised borrowing cost on airport operation right during 2022 (31 December 2021: None).

(**) Effect of acquisitions of a subsidiary is related with acquisition of AIA. Some portion of the provisional goodwill which is accounted in the consolidated financial statements of the Group as at 30 June 2021, is converted into airport operation right after the completion of PPA (Purchase Price Allocation) work in the 31 December 2021 consolidated financial statements.

(***) Transfer amounting to EUR 57,560 is related to 2 year extension on Izmir Adnan Menderes International Airport and Milas-Bodrum Airport as at 31 December 2021.

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14. AIRPORT OPERATION RIGHT (continued)

	Izmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas Bodrum Airport	Almaty Airport	Total
Accumulated amortisation								
Balance at 1 January 2021	232,528	40,471	156,335	11,872	38,370	83,664	-	563,240
Effect of movements in exchange rates	-	6,153	-	-	-	-	22	6,175
Amortisation for the year	16,098	3,305	1,554	739	4,271	7,167	540	33,674
Balance at 31 December 2021	248,626	49,929	157,889	12,611	42,641	90,831	562	603,089
Balance at 1 January 2022	248,626	49,929	157,889	12,611	42,641	90,831	562	603,089
Effect of movements in exchange rates	-	11,356	-	-	-	-	24	11,380
Amortisation for the year	23,585	7,167	4,500	858	6,207	10,962	850	54,129
Impairment reversals (*)	-	-	(10,000)	-	-	-	-	(10,000)
Balance at 31 December 2022	272,211	68,452	152,389	13,469	48,848	101,793	1,436	658,598

Carrying amounts

At 31 December 2021	560,162	45,645	437,599	35,587	89,436	431,257	81,215	1,680,901
At 31 December 2022	536,885	48,156	443,099	34,729	83,229	420,441	85,681	1,652,220

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

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15. RIGHT OF USE ASSETS

	Right-of-use assets					Lease liabilities
	Layout and development of land	Building	Vehicles	Other tangible assets	Total	
1 January 2022	41,244	15,105	1,473	471	58,293	60,760
Additions	428	3,160	-	-	3,588	3,345
Depreciation expense	(3,545)	(3,825)	(576)	(97)	(8,043)	-
Interest expense	-	-	-	-	-	3,189
Disposals	(1,172)	(56)	-	-	(1,228)	-
Payments	-	-	-	-	-	(11,370)
Effect of acquisition of subsidiary	-	-	-	-	-	2,344
Effect of IAS 29 indexation	-	4,465	131	-	4,596	-
Effect of movements in exchange rates	-	(441)	(110)	99	(452)	218
31 December 2022	36,955	18,408	918	473	56,754	58,486

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

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

16. FINANCIAL ASSETS

At 31 December 2022 and 31 December 2021, financial assets comprised the following:

	31 December 2022	31 December 2021
Exchange rate protected deposits (*)	45,000	-
Investment funds	466	-
	45,466	-

(*) Exchange rate protected deposits have 3 to 6 months maturity.

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17. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

The tax rate has changed from 20% since 1 January, 2018 within 3 years (in 2018, 2019 and 2020) to 22% and from 22% to 25% until end of 2021 in Turkey. In 2022, tax rate decreased to 23% in Turkey. However, since the corporate tax rate is 20% after 2022, 20% tax rate is used in 2022.

The rate of 15% for subsidiaries in Tunisia (31 December 2021: 15%) and the rate of 10% for subsidiaries in Macedonia (31 December 2021: 10%) are used.

Recognised deferred tax assets and liabilities

As at 31 December 2022 and 2021, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property and equipment, airport operation right, and intangible assets	-	-	(25,612)	(37,909)	(25,612)	(37,909)
Trade and other receivables and payables	516	2,641	-	-	516	2,641
Derivatives	-	4,798	(10,490)	-	(10,490)	4,798
Tax loss carry-forwards	18,225	16,033	-	-	18,225	16,033
Loans and borrowings	-	-	(1,145)	(1,154)	(1,145)	(1,154)
Reserve for employee severance indemnity	3,907	1,317	-	-	3,907	1,317
Provisions	1,027	1,429	-	-	1,027	1,429
Investment incentives	13,987	9,509	-	-	13,987	9,509
IFRS 16 Liabilities	9,465	10,050	-	-	9,465	10,050
Adjustments related to tax legislation of subsidiaries which is in foreign countries	-	-	(7,382)	(9,104)	(7,382)	(9,104)
Other items (*)	-	-	(67,500)	(53,769)	(67,500)	(53,769)
Deferred tax assets / (liabilities)	47,127	45,777	(112,129)	(101,936)	(65,002)	(56,159)
Set-off of tax	(18,534)	(27,309)	18,534	27,309	-	-
Net deferred tax assets / (liabilities)	28,593	18,468	(93,595)	(74,627)	(65,002)	(56,159)

(*) EUR 44.907 of other items is related with deferred tax liability effect of purchase price allocation of Almaty acquisition in 2021 as of 31 December 2022 (EUR 43.259 as at 31 December 2021).

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17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the year

	Balance at 31 December 2020	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 2021	Recognised in profit or loss	Effect of discontinued activities (*)	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Effect of discontinued activities	Balance at 31 December 2022
Property and equipment, airport operation right and other intangible assets	(28,425)	(3,323)	-	337	(6,484)	(37,909)	12,711	-	-	(414)	-	(25,612)
Trade and other receivables and payables	2,643	156	(2,082)	5	23	2,641	(2,849)	2	(15,498)	713	9	516
Debt	6,910	6	-	1	(37)	4,798	47	-	-	163	-	(10,490)
Loans and borrowings	(1,745)	664	-	(73)	(37)	(1,154)	21	-	-	(12)	-	(1,145)
Reserve for employee severance indemnity	1,977	(333)	(29)	(282)	-	1,317	76	141	2,641	(266)	(2)	3,907
Provisions	805	385	-	2	239	1,429	214	-	-	(616)	-	1,027
Tax loss carry-forwards	16,348	(205)	-	(110)	-	16,033	762	1,364	-	66	-	18,225
Investment incentives	15,613	(6,104)	-	-	-	9,509	4,483	-	-	(5)	-	13,987
IFRS 16 liabilities	11,427	(157)	-	(1,220)	-	10,050	(281)	-	-	(324)	-	9,465
Provision for tax	(8,837)	(10,659)	-	(3,487)	(41,518)	(63,491)	(8,722)	-	-	-	-	(7,285)
Other items	-	-	-	-	-	(53,109)	(8,677)	(708)	-	(4,325)	(1)	(6,710)
Tax assets / (liabilities)	18,913	(20,137)	(2,111)	(4,827)	(47,777)	(56,159)	8,229	799	(12,857)	(5,020)	6	(65,002)

(*) Effect of acquisition of a subsidiary is related with acquisition of HAVAS MZLZ. (31 December 2021:AIA, ACS, VT and FBO)

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17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 396,246 (31 December 2021: EUR 286,356) 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 2022 amounting to EUR 18,225 (31 December 2021: EUR 16,033), since it is assessed as probable that sufficient future taxable profits will be available, through increase in passenger numbers and improved operational performance in the following years. Total unused tax loss carry forwards will expire as follows:

	31 December 2022	31 December 2021
Expire in year 2022	-	13,739
Expire in year 2023	65,050	71,446
Expire in year 2024	61,189	64,484
Expire in year 2025	104,670	107,278
Expire in year 2026 and after	165,337	29,409
Total	396,246	286,356

As per the annulment decision of the Turkish Constitutional Court (see Note 11) 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 13,987 (31 December 2021: EUR 9,509) on such investment allowance of TAV Esenboğa and TAV Ege is recorded in the accompanying consolidated financial statements as at 31 December 2022 since it is assessed as probable that 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. Investment allowance of TAV Esenboğa has been fully used as of 31 December 2021.

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets related to tax-loss carry forwards as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Unrecognised deferred tax assets	62,920	46,609
	62,920	46,609

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 2022, a deferred tax liability of EUR 271,221 (31 December 2021: EUR 222,011) 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.

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18. INVENTORIES

At 31 December 2022 and 2021, inventories comprised the following:

	31 December 2022	31 December 2021
Spare parts and other inventories	36,248	9,803
Goods for sale	11,195	9,323
Catering inventories	2,726	1,614
	50,169	20,740

No impairment has been identified on inventories.

19. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December 2022 and 2021, other receivables and current assets comprised the following:

<u>Other receivables and current assets</u>	31 December 2022	31 December 2021
Advances to suppliers	84,532	58,034
VAT deductible	23,744	16,593
Income accruals	20,517	16,073
Other prepaid expense	12,048	19,912
Prepaid taxes and funds	10,662	8,865
Prepaid insurance	1,439	789
Advances given to personnel	1,316	863
Deposits and guarantees given	449	1,138
Other receivables	4,557	9,172
	159,264	131,439

At 31 December 2022 and 2021, other receivables and current assets comprised the following:

<u>Other non-current assets</u>	31 December 2022	31 December 2021
Financial assets (*)	73,782	86,243
Other non-current receivables	34,131	23,846
	107,913	110,089

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

20. TRADE RECEIVABLES

At 31 December 2022 and 2021, trade receivables comprised the following:

<u>Trade receivables:</u>	31 December 2022	31 December 2021
Trade receivables (*)	102,189	59,401
Guaranteed passenger fee receivable from DHMİ (**)	10,651	24,664
Doubtful receivables	49,244	45,778
Allowance for doubtful receivables (-)	(49,244)	(45,778)
Notes receivables	931	1,406
	113,771	85,471

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

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

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

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20. TRADE RECEIVABLES (continued)

At 31 December 2022 and 2021, trade receivables comprised the following:

	31 December 2022	31 December 2021
<u>Non-current trade receivables:</u>		
Guaranteed passenger fee receivable from DHMİ (*)	-	9,683
	-	9,683

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

21. CASH AND CASH EQUIVALENTS

At 31 December 2022 and 2021, cash and cash equivalents comprised the following:

	31 December 2022	31 December 2021
Cash on hand	609	430
Cash at banks		
- Demand deposits	195,534	66,014
- Time deposits	56,458	26,207
Other liquid assets	5,414	288
Cash and cash equivalents	258,015	92,939
Bank overdrafts used for cash management purposes	(378)	(424)
Cash and cash equivalents in the statement of cash flows	257,637	92,515

The details of the Group's time deposits, maturities and interest rates as at 31 December 2022 and 2021 are as follows:

31 December 2022			
Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2023	0.01 – 2.00	26,517
USD	January – April 2023	0.05 – 6.00	23,484
TRL	January – June 2023	5.00 – 19.00	1,433
Other	January – September 2023	1.90 – 11.90	5,024
			56,458

31 December 2021			
Original Currency	Maturity	Interest rate %	Balance
EUR	January – February 2022	0.01 – 0.30	15,529
USD	January – March 2022	0.01 – 1.00	9,405
TRL	January 2022	5.00 – 15.00	1,265
Other	February 2022	0.06	8
			26,207

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 2022 and 2021.

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22. RESTRICTED BANK BALANCES

At 31 December 2022 and 2021, restricted bank balances comprised the following:

	31 December 2022	31 December 2021
Project reserve and funding accounts (*)	105,569	82,211
	105,569	82,211

(*) TAV Holding, TAV Tunisia, TAV Macedonia, TAV Kazakhstan, TAV Milas Bodrum and TAV Ege ("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 2021: TAV Esenboğa, TAV Holding, 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 25, all cash except for cash on hand are classified in these accounts for 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 2022		
Original Currency	Interest rate %	Balance
EUR	0.05 – 5.00	99,591
USD	0.10 – 2.00	2,460
TRL	14.50 – 20.00	3,243
Other	15.00	275
		105,569

31 December 2021		
Original Currency	Interest rate %	Balance
EUR	0.10	81,356
USD	0.45	202
TRL	14.50	578
Other		75
		82,211

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23. CAPITAL AND RESERVES

At 31 December 2022 and 2021, the shareholding structure of the Company was as follows:

Shareholders	(%)	31 December 2022
Tank ÖWA alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. ("Sera Yapı")	1.16	4,218
Other free float	47.66	173,146
Paid in capital in TRL (nominal)	100.00	363,281
Paid in capital in EUR (nominal) as at 31 December 2022		18,223
Effect of non-cash increases and exchange rates		144,161
Paid in capital EUR		162,384

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

(*) According to the announcement dated 7 July 2017, the share transfer of Akfen Holding's 8.119% stake in TAV Airports to Tank ÖWA Alpha GmbH, which is wholly owned by Groupe ADP, has been completed.

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 December 2022 (31 December 2021: 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 2022, legal reserves of the Group amounted to EUR 121,975 (31 December 2021: EUR 121,975).

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23. CAPITAL AND RESERVES (continued)

Non-controlling interests

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

As at 31 December 2022 and 2021 the related amounts in the “Non-controlling interests” in the consolidated statement of financial position are respectively EUR 19,998 liability and EUR 14,951 liability. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the “Non-controlling interests” in the consolidated financial statements. As at 31 December 2022 and 2021, profit amounts attributable to non-controlling interests in the consolidated statement of other comprehensive income are respectively EUR 11,816 profit and EUR 7,188 profit.

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 2022, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2021: None). Dividend per share is nil (2021: Nil).

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.

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23. CAPITAL AND RESERVES (continued)

Translation reserve

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

Treasury reserves

Group’s buyback transactions have reached 2,047,331 shares in 2022 (2021: 2,047,331). All the shares that were bought back by the Group have been sold on 1 November 2022 on Borsa İstanbul through a block sale at the price of TL 76.00. A gain amounting to EUR 3,335 from sale of own shares has been recognized under equity.

Other reserves

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

24. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 December 2022 was based on the profit from continued operations attributable to ordinary shareholders of EUR 123,142 (31 December 2021: EUR 46,042), based on the loss from discontinued operations attributable to ordinary shareholders of EUR (941) (31 December 2021: EUR (1,321)) and a weighted average number of ordinary shares outstanding of 361,576,076 (31 December 2021: 361,233,919) as follows:

	2022	2021
Numerator:		
Profit for the period attributable to owners of the Company from continued operations	123,142	46,042
Loss for the period attributable to owners of the Company from discontinued operations	(941)	(1,321)
Denominator:		
Weighted average number of shares	361,576,076	361,233,919
Basic and diluted profit per share for continued operations (full EUR)	0.34	0.13
Basic and diluted loss per share for discontinued operations (full EUR)	(0.00)	(0.00)
	2022	2021
Issued ordinary shares at 1 January	361,576,076	361,233,919
Weighted average number of ordinary shares	361,576,076	361,233,919

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25. LOANS AND BORROWINGS

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

	31 December 2022	31 December 2021
Non-current liabilities		
Secured bank loans (*)	823,476	566,772
Unsecured bank loans	106,538	202,570
Lease liabilities	52,288	54,502
Financial liabilities at fair value through profit or loss	25,390	23,756
	1,007,692	847,600
Current liabilities		
Short term secured bank loans (*)	47,178	40,806
Current portion of long term secured bank loans (*)	92,267	158,774
Short term unsecured bank loans	229,591	128,683
Current portion of long term unsecured bank loans	12,443	9,546
Current portion of long term lease liabilities	6,198	6,258
	387,677	344,067

(*) 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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Bank loans	1,311,493	1,107,151
Lease liabilities	58,486	60,760
Financial liabilities at fair value through profit or loss	25,390	23,756
	1,395,369	1,191,667

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25. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2022 are as follows:

	Presented as Current liabilities	Non-current liabilities	Total
TAV Holding	213,526	93,820	307,346
TAV Kazakhstan	15,255	282,637	297,892
TAV Tunisia	15,887	218,649	234,536
TAV Ege	15,647	168,590	184,237
TAV Milas Bodrum	15,806	98,200	114,006
HAVAŞ	43,861	14,959	58,820
TAV Macedonia	4,265	39,273	43,538
BTA	28,052	11,907	39,959
TAV Gazipaşa	8,606	-	8,606
Other	20,574	1,979	22,553
	381,479	930,014	1,311,493

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

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

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

- TAV Tunisia's debt reduction which, after restructuring amounts to €234 million and;
- The issuance of TAV Tunisia's "titres participatifs" to the lenders benefit for a market value of EUR 25,390 (31 December 2021: EUR 23,756). These equity securities are qualified as financial instruments and do not confer any voting rights in the management bodies of TAV Tunisia. Holders of these securities benefit from a fixed remuneration, as well as a variable remuneration, according to TAV Tunisia's results until the end of the concession on May 2047.
- The impact of the restructuring is a net deferred tax income of EUR 109,333 as of 31 December 2021.

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25. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
On demand or within one year	381,479	337,809
In the second year	188,033	285,277
In the third year	97,532	88,066
In the fourth year	85,927	76,967
In the fifth year	89,564	69,954
After five years	468,958	249,078
	1,311,493	1,107,151

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 2022 are between 1.50% - 8.40%, USD denominated loans as at 31 December 2022 are between 0.90% - 4.50% (31 December 2021: Spreads for EUR and USD denominated loans are between 0.75% - 5.50% and %0.90-3.00%, respectively).

Interest payments of 93%, 53%, 100%, 90%, 70% and 81% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme America, TAV Milas Bodrum, TAV Kazakhstan and AIA respectively are fixed with interest rate swaps as explained in Note 32 (31 December 2021: 92%, 100%, 100% and 94%)

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

Details of the loans are summarised for each project below:

TAV Holding

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2023 - 2024	0.54% - 9.75%	304,000	307,346
				304,000	307,346

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

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2022 - 2023	0.54% - 4.90%	296,000	297,331
				296,000	297,331
				31 December 2022	31 December 2021
On demand or within one year				213,526	123,054
In the second year				93,820	174,277
				307,346	297,331

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25. LOANS AND BORROWINGS (continued)

TAV Kazakhstan

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2036	Euribor + 4.50%	297,728	297,892
				297,728	297,892
				31 December 2022	
On demand or within one year					15,255
In the second year					16,471
In the third year					24,169
In the fourth year					21,520
In the fifth year					24,196
After five years					196,281
					297,892

TAV Tunisia

The breakdown of bank loans as at 31 December 2022 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2032 - 2034	Euribor + 3.00%	234,535	234,536
				234,535	234,536

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

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2032-2034	Euribor + 3.00%	240,147	240,226
				240,147	240,226
				31 December 2022	31 December 2021
On demand or within one year				15,887	12,699
In the second year				22,383	15,317
In the third year				21,761	21,692
In the fourth year				24,468	21,095
In the fifth year				26,015	23,727
After five years				124,022	145,696
				234,536	240,226

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25. LOANS AND BORROWINGS (continued)

TAV Ege

The breakdown of bank loans as at 31 December 2022 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 - 2032	Euribor + 5.50%	184,107	184,237
				<u>184,107</u>	<u>184,237</u>

The breakdown of bank loans as at 31 December 2021 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%	231,415	231,513
				<u>231,415</u>	<u>231,513</u>

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 December 2022 and 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
On demand or within one year	15,647	52,936
In the second year	19,579	31,527
In the third year	20,143	34,796
In the fourth year	20,441	34,916
In the fifth year	19,720	34,349
After five years	88,707	42,989
	<u>184,237</u>	<u>231,513</u>

TAV Milas Bodrum

The breakdown of bank loans as at 31 December 2022 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	113,960	114,006
				<u>113,960</u>	<u>114,006</u>

The breakdown of bank loans as at 31 December 2021 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	121,660	121,675
				<u>121,660</u>	<u>121,675</u>

Redemption schedules of TAV Milas Bodrum bank loans as at 31 December 2022 and 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
On demand or within one year	15,806	12,343
In the second year	15,879	11,679
In the third year	14,694	13,130
In the fourth year	12,338	12,991
In the fifth year	12,796	11,321
After five years	42,493	60,211
	<u>114,006</u>	<u>121,675</u>

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25. LOANS AND BORROWINGS (continued)

HAVAŞ

The breakdown of bank loans as at 31 December 2022 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	2023- 2025	Euribor + 2.30%- Euribor + 8.40%	31,978	32,100
Secured bank loan	EUR	2023	2.80% - 9.75%	24,188	24,212
Secured bank loan	TRY	2023	15.93%	2,508	2,508
				<u>58,674</u>	<u>58,820</u>

The breakdown of bank loans as at 31 December 2021 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	2022 - 2023	2.35% - 2.90%	62,502	62,551
Secured bank loan	EUR	2023	Euribor + 2.70%	11,933	11,941
Secured bank loan	EUR	2023	Euribor + 2.30%	1,500	1,514
				<u>75,935</u>	<u>76,006</u>

Redemption schedules of the HAVAŞ bank loans as at 31 December 2022 and 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
On demand or within one year	43,861	52,317
In the second year	8,256	22,189
In the third year	6,703	1,500
	<u>58,820</u>	<u>76,006</u>

TAV Macedonia

The breakdown of bank loans as at 31 December 2022 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	2030	Euribor + 5.00%	43,500	43,538
				<u>43,500</u>	<u>43,538</u>

The breakdown of bank loans as at 31 December 2021 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%	29,711	29,719
				<u>29,711</u>	<u>29,719</u>

Redemption schedules of TAV Macedonia bank loans as at 31 December 2022 and 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
On demand or within one year	4,265	7,903
In the second year	2,668	3,859
In the third year	5,873	11,087
In the fourth year	6,749	6,870
In the fifth year	6,593	-
After five years	17,390	-
	<u>43,538</u>	<u>29,719</u>

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25. LOANS AND BORROWINGS (continued)

BTA

The breakdown of bank loans as at 31 December 2022 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	2023 – 2025	2.90% - 7.00%	22,060	22,376
Unsecured bank loan	EUR	2024 - 2025	4.20% - 4.56%	7,917	7,952
Secured bank loan	EUR	2023	Euribor + 2.35%	3,000	3,031
Secured bank loan	TL	2023-2024	11.50%-24.50%	2,268	2,589
Unsecured bank loan	USD	2023	5.00%	2,132	2,174
Secured bank loan	USD	2023 – 2024	5.20% - 6.50%	1,300	1,312
Secured bank loan	GEL	2023	14.75%	521	525
				39,198	39,959

The breakdown of bank loans as at 31 December 2021 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>
Unsecured bank loan	EUR	2023 - 2025	4.20% - 4.56%	15,000	15,117
Secured bank loan	EUR	2023 - 2024	2.90% - 3.95%	11,024	11,082
Unsecured bank loan	USD	2022 - 2023	5.00% - 6.10%	6,390	6,499
Secured bank loan	TL	2022 - 2024	14.50% - 20.50%	2,947	3,027
Secured bank loan	EUR	2023	Euribor + 2.35%	3,000	3,024
Secured bank loan	USD	2023 - 2024	5.20% - 5.76%	2,400	2,421
Secured bank loan	GEL	2022	11.75%	285	288
Unsecured bank loan	TL	2022 - 2023	11.50%	251	253
				41,297	41,711

Redemption schedules of BTA bank loans as at 31 December 2022 and 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
On demand or within one year	28,052	14,857
In the second year	8,208	21,472
In the third year	3,699	4,728
In the fourth year	-	654
	39,959	41,711

TAV Gazipaşa

The breakdown of bank loans as at 31 December 2022 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	2023	5.50%	8,500	8,606
				8,500	8,606

The breakdown of bank loans as at 31 December 2021 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	2022	4.10% - 4.25%	11,950	12,112
				11,950	12,112

Redemption schedules of TAV Gazipaşa bank loans as at 31 December 2022 and 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
On demand or within one year	8,606	12,112
	8,606	12,112

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25. LOANS AND BORROWINGS (continued)

Pledges

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

a) Share pledge: TAV Milas Bodrum and TAV Ege have pledges over shares amounting to, TRL 648,988 and TRL 973,345 respectively (31 December 2021: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege TRL 96,660, TRL 648,988 and TRL 973,345 respectively). In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

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

TAV Milas Bodrum and TAV Ege have pledged their receivables amounting to EUR 2,243 and EUR 5,400 respectively as at 31 December 2022 (31 December 2021: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege to EUR 6,116, EUR 1,600 and EUR 4,448 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 Milas Bodrum and TAV Ege have pledges over bank accounts amounting to EUR 10,392 and EUR 32,945 respectively as at 31 December 2022 (31 December 2021: For TAV Esenboğa, TAV Milas Bodrum and TAV Ege EUR 1,802, EUR 2,969 and EUR 20,193 respectively).

With the consent of the facility agent, as at 31 December 2021, TAV Esenboğa have a right to have an additional;

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

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

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

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

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

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25. LOANS AND BORROWINGS (continued)

Pledges (continued)

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to EUR 3,836 (31 December 2021: EUR 2,162) 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 pledged 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 5,000,
- 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 (as at 31 December 2021), TAV Tunisia, TAV Macedonia, TAV Ege, TAV Milas Bodrum must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded (except TAV Tbilisi),
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than, 1.30 for TAV Esenboğa, 1.10 for TAV Tunisia, 1.25 for TAV Macedonia and 1.20 for TAV Ege, 1.25 and 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 (as at 31 December 2021), TAV Milas Bodrum, TAV Ege, TAV Kazakhstan, TAV Tunisia and TAV Macedonia have covenants.

There is no breach of financial agreements as at 31 December 2022.

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25. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

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

	Cash flows			Non-cash changes			31 December 2022
	31 December 2021	Capital, lease & interest payments	Additions	New leases	Effect of restructuring	Effect of acquisition	Interest accruals & translation
Bank loans	1,107,151	(310,424)	455,435	-	-	-	59,331
Lease liabilities	60,760	(11,370)	-	3,345	-	2,344	3,407
Total financial liabilities	1,167,911	(321,794)	455,435	3,345	-	2,344	62,738

	Cash flows			Non-cash changes			31 December 2021
	31 December 2020	Capital, lease & interest payments	Additions	New leases	Effect of restructuring	Effect of acquisition	Interest accruals & translation
Bank loans	1,264,590	(340,537)	255,945	-	(128,030)	3,814	51,369
Lease liabilities	67,772	(11,628)	-	2,032	-	-	2,584
Total financial liabilities	1,332,362	(352,165)	255,945	2,032	(128,030)	3,814	53,953

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26. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

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

Such payments are calculated on the basis of 30 days' pay maximum full TRL 19,983 as at 31 December 2022 (equivalent to full EUR 1,002) (31 December 2021: full TRL 10,849 (equivalent to full EUR 739)) 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 2022, 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 2022 has been calculated assuming an annual inflation rate of 19.30% and a discount rate of 21.90% resulting in a real discount rate of approximately 2.18% (31 December 2021: an annual inflation rate of 14% and a discount rate of 18.60% resulting in a real discount rate of approximately 4%). 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.

	2022	2021
Balance at 1 January	10,973	15,601
Interest cost	1,456	1,242
Service cost	1,123	1,324
Payments made during the year	(805)	(654)
Effect of acquisition of subsidiary (*)	783	-
Effects of changes in foreign exchange rate	(2,699)	(6,395)
Actuarial difference	13,198	(145)
Balance at 31 December	24,029	10,973

(*) Effect of acquisitions of a subsidiary is related with acquisition of HAVAŞ MZLZ

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27. OTHER PAYABLES

At 31 December 2022 and 2021, other payables comprised the following:

	31 December 2022	31 December 2021
Other short term payables		
Concession payable (*)	123,439	44,501
Advances received	37,763	15,948
Expense accruals	15,366	9,320
Taxes and duties payable	14,318	10,820
Social security premiums payable	6,675	2,634
Due to personnel	5,974	5,333
Other accruals and liabilities	4,696	16
	208,231	88,572
Other long term payables		
Concession payable (*)	600,837	654,848
Deferred payment liability	106,552	76,088
Other accruals and liabilities	2,598	1,153
	709,987	732,089

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 2014 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 302,693 as of 31 December 2022 (31 December 2021: EUR 286,100). TAV Bodrum's concession rent payment of EUR 28,680 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

State Airports Authority (DHMI) has declared to the Group in its formal letter that, the applications that the Group had made as per Group's operating contracts due to the Force Majeure conditions created by pandemic related travel restrictions have been evaluated and the operating periods of the following airports that the Group operates in Turkey which are Antalya, Gazipasa-Alanya, Izmir Adnan Menderes and Milas-Bodrum have been extended for two years. In the same letter, DHMI has also informed the Group that concession rent payments for these airports that would normally be made in 2022 will be made in 2024. Concession payables for the extension periods are reflected in the consolidated financial statements over their net present values. TAV Ege's concession rent payment of EUR 28,975 for 2022 has been postponed to 2024 due to Force Majeure conditions created by the travel restrictions caused by the pandemic.

The concession payable of the international and domestic terminal of Izmir Adnan Menderes Airport is presented in financials EUR 287,194 as of 31 December 2022 (31 December: 2021: EUR 271,450).

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28. LIABILITIES FROM EQUITY-ACCOUNTED INVESTMENTS

The breakdown of liabilities from equity-accounted investments as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Liabilities from equity-accounted investments		
Saudi Havas	6,337	5,719
Medinah Hotel	1,449	5,322
Tibah Development (*)	-	72,595
Other	1,756	6,440
	9,542	90,076

(*) Please refer to note 35.

29. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Deferred income		
Short-term deferred income	45,862	3,336
Long-term deferred income	11,724	13,204
	57,586	16,540

EUR 33,075 of short-term deferred income is related with advance dividend amount of TAV Antalya as of 31 December 2022. The rest of deferred income related with the unearned portion of concession rent income from ATU is EUR 12,874 as at 31 December 2022 (EUR 13,864 as at 31 December 2021).

30. PROVISIONS

At 31 December 2022 and 2021, provisions comprised the following:

	31 December 2022	31 December 2021
Unused vacation provision	6,886	5,047
Other provisions	50	100
	6,936	5,147
Provisions	2022	2021
Balance at 1 January	5,147	4,345
Provision set / (released) during the year, net	1,029	243
Effects of change in foreign exchange rate	760	559
Balance at 31 December	6,936	5,147

31. TRADE PAYABLES

At 31 December 2022 and 2021, trade payables comprised the following:

	31 December 2022	31 December 2021
Trade payables	70,415	41,930
Other	-	1
	70,415	41,931

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.

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32. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2022 and 2021, derivative financial instruments comprised the following:

	31 December 2022		
	Assets	Liabilities	Net Amount
Interest rate swap	53,613	-	53,613
Forward	-	(173)	(173)
	53,613	(173)	53,440
	31 December 2021		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(24,521)	(24,521)
	-	(24,521)	(24,521)

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 2022, 93% 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 2021: 92%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 90% of total loan is hedged through IRS contract (31 December 2021: 94%).

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 53% of total loan is hedged through IRS contract (31 December 2021: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 100% of total loan is hedged through IRS contract (31 December 2021: 100%).

TAV Kazakhstan uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 70% of total loan is hedged through IRS contract (31 December 2021: 100%).

AIA uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2022, 81% of total loan is hedged through IRS contract (31 December 2021: 100%).

The fair value of derivatives at 31 December 2022 is estimated at profit of EUR 53,440 (31 December 2021: EUR 24,521). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2022, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 63,464 net of tax (31 December 2021: EUR 36,454).

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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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 Ege, TAV İşletme America, TAV Kazakhstan and AIA use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. 90%, 53%, 93%, 100%, 70% and 81% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA respectively are fixed).

Credit risk**Exposure to credit risk**

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

	Note	31 December 2022	31 December 2021
Cash and cash equivalents (**)	21	257,406	92,509
Due from related parties	35	164,094	238,706
Trade receivables - current	20	113,771	85,471
Restricted bank balances	22	105,569	82,211
Interest rate swaps used for hedging	32	53,613	-
Financial assets	16	45,466	-
Trade receivables - non-current	20	-	9,683
		739,919	508,580

(*) 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.

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33. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)**Impairment losses**

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

	31 December 2022	31 December 2021
Not due	64,021	64,164
Past due 1 - 30 days	28,495	8,551
Past due 31 - 90 days	10,114	8,406
Past due 91 - 360 days	13,147	11,880
Past due 1 - 5 year	47,238	47,931
	163,015	140,932

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

	2022	2021
Balance at 1 January	(45,778)	(30,194)
Collections during the year	7,145	88
Impairment loss recognised	(10,425)	(5,277)
Effect of acquisition of subsidiary	(61)	(11,105)
Effect of changes in foreign exchange rates	(125)	710
Balance at 31 December	(49,244)	(45,778)

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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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 2022	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	962,921	(1,246,307)	(5,488)	(136,756)	(391,746)	(712,317)
Unsecured bank loans	348,572	(366,922)	(32,346)	(211,650)	(122,723)	(203)
Lease liabilities	58,486	(89,559)	(2,530)	(7,061)	(29,013)	(50,955)
Financial liabilities at fair value through profit or loss	25,390	(25,390)	-	-	(963)	(24,427)
Trade payables (*)	70,415	(70,415)	(69,951)	(464)	-	-
Due to related parties	466,014	(526,702)	(3,637)	(191)	(522,874)	-
Other payables (*)	880,455	(1,055,209)	(146,538)	(100,700)	(278,039)	(529,932)
Bank overdraft	378	(378)	(378)	-	-	-
Derivative financial liabilities						
<u>Interest rate swaps</u>						
Inflow	(53,613)	80,220	-	11,570	38,920	29,730
<u>Forwards</u>						
Outflow	173	(181)	(181)	-	-	-
	2,759,191	(3,300,843)	(261,049)	(445,252)	(1,306,438)	(1,288,104)

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

31 December 2021	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	766,352	(915,172)	(117)	(206,816)	(397,603)	(310,636)
Unsecured bank loans	340,799	(347,015)	(46,891)	(94,178)	(205,743)	(203)
Lease liabilities	60,760	(96,973)	(2,298)	(6,936)	(30,224)	(57,515)
Financial liabilities at fair value through profit or loss	23,756	(23,756)	-	-	(1,978)	(21,778)
Trade payables (*)	41,931	(41,931)	(29,683)	(12,248)	-	-
Due to related parties	154,213	(154,213)	-	(590)	(153,623)	-
Other payables (*)	804,713	(978,275)	(76,491)	(86,205)	(271,636)	(543,943)
Bank overdraft	424	(424)	(424)	-	-	-
Derivative financial liabilities						
<u>Interest rate swaps</u>						
Outflow	24,521	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)
	2,217,469	(2,597,832)	(159,053)	(415,680)	(1,083,617)	(939,482)

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

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33. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

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

31 December 2022	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Assets	53,613	80,220	-	11,570	38,920	29,730
Forwards						
Liabilities	(173)	(181)	(181)	-	-	-
31 December 2021						
Interest rate swaps						
Liabilities	(24,521)	(40,073)	(3,149)	(8,707)	(22,810)	(5,407)

Currency risk

Exposure to currency risk:

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

31 December 2022	USD	EUR (*)	TRL	Other	Total
Foreign currency denominated financial assets					
Other non-current assets	76,951	-	11,050	370	88,371
Trade receivables	6,960	3,429	4,406	18,573	33,368
Due from related parties	2,124	1,512	477	1,132	5,245
Other receivables and current assets	7,712	3,667	48,822	55,258	115,459
Restricted bank balances	2,374	-	3,184	262	5,820
Cash and cash equivalents	50,602	5,346	1,795	11,720	69,463
	146,723	13,954	69,734	87,315	317,726
Foreign currency denominated financial liabilities					
Loans and borrowings	(6,790)	(50,703)	(12,130)	(1,490)	(71,113)
Trade payables	(4,957)	(1,336)	(5,196)	(26,790)	(38,279)
Due to related parties	(1)	(23)	(5)	(16)	(45)
Other payables	(72,530)	(781)	(7,964)	(37,768)	(119,043)
	(84,278)	(52,843)	(25,295)	(66,064)	(228,480)
Net exposure (*)	62,445	(38,889)	44,439	21,251	89,246

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

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33. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

31 December 2021

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

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

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

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

A 10 percent strengthening / (weakening) of EUR against the following currencies at 31 December 2022 and 2021 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		Profit or loss	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 December 2022				
USD	-	-	(6,245)	6,245
TRL	-	-	(4,444)	4,444
Other	-	-	(2,125)	2,125
Total	-	-	(12,814)	12,814
31 December 2021				
USD	-	-	(4,858)	4,858
TRL	-	-	(324)	324
Other	-	-	2,258	(2,258)
Total	-	-	(2,924)	2,924

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 Ege, TAV İşletme America, TAV Kazakhstan and AIA use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. Interest payments of 90%, 53%, 93%, 100%, 70% and 81% of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme America, TAV Kazakhstan and AIA respectively are fixed). Hedge accounting is applied for the mentioned derivative financial instruments (31 December 2021: Interest payments of 94%, 100%, 92%, 100% and 100%, of floating loans of TAV Milas Bodrum, TAV Macedonia, TAV Ege, TAV İşletme and TAV İşletme America respectively are fixed).

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33. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile:

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

	Carrying amount	
	31 December 2022	31 December 2021
Fixed rate instruments		
Financial assets	153,629	227,306
Financial liabilities	(721,103)	(427,128)
	<u>(567,474)</u>	<u>(199,822)</u>
	Carrying amount	
	31 December 2022	31 December 2021
Variable rate instruments		
Financial liabilities	(590,390)	(680,020)
	<u>(590,390)</u>	<u>(680,020)</u>

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

Based on the Group’s current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional interest expense of approximately EUR 67 on the Group’s variable rate debt when ignoring effect of derivative financial instruments (31 December 2021: EUR 1,162). EUR 62 of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of other comprehensive income would be EUR 5. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 12,622 and a 50 basis points decrease in Euribor or Libor would have resulted a decrease in cash flow hedge reserve in equity approximately by EUR 13,195 (31 December 2021:EUR 17,894).

Financial risk management

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

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

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

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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.

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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 2022, 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, KZT and MDG 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.

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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 2022		31 December 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Financial assets	16	45,466	45,466	-	-
Trade receivables - non current	20	-	-	9,683	10,323
Trade receivables - current	20	113,771	113,974	85,471	86,612
Due from related parties	35	164,094	164,094	238,706	238,706
Restricted bank balances	22	105,569	105,569	82,211	82,211
Cash and cash equivalents	21	258,015	258,015	92,939	92,939
Derivative financial instruments	32	53,613	53,613	-	-
Financial liabilities					
Bank overdraft	21	(378)	(378)	(424)	(424)
Loans and borrowings	25	(1,395,369)	(1,396,794)	(1,191,667)	(1,193,092)
Trade payables (**)	30	(70,415)	(70,415)	(41,931)	(41,931)
Due to related parties	35	(466,014)	(466,014)	(154,213)	(154,213)
Derivative financial instruments	32	(173)	(173)	(24,521)	(24,521)
Other payables (**)	27	(880,455)	(895,775)	(804,713)	(822,418)
		(2,072,276)	(2,088,818)	(1,708,459)	(1,725,808)

(*) 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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34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS**Commitments and contingencies**

	31 December 2022	31 December 2021
Letters of guarantee given to third parties	858,364	300,714
Letters of guarantee given to DHMİ	94,539	160,451
Letters of guarantee given to Tunisian Government	16,498	17,869
Letters of guarantee given to Saudi Arabian Government	12,466	11,715
Letters of guarantee given to Macedonian Government	250	250
	982,117	490,999

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,290 (EUR 12,466) (31 December 2021: USD 13,260 (EUR 11,715)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is not obliged to provide a letter of guarantee as of 31 December 2022 (31 December 2021: USD 162,883 (EUR 143,906)) 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 9,011 (31 December 2021: EUR 9,157) to the Ministry of State Property and Land Affairs and EUR 7,487 (31 December 2021: 8,713) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

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

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

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

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

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

The Group has a guarantee over the bank loan of TAV Antalya Yatırım amounting to EUR 687,250.

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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.

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34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tbilisi

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

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

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

The Final Acceptance Protocol was concluded in May 2011.

TAV Batumi

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

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

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

The Final Acceptance Protocol was concluded in March 2012.

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34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia

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

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

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

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

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

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

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

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

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

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34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Gazipaşa

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

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

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

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

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

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

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

TAV Macedonia

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

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

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

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

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34. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Ege

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

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

TAV Milas Bodrum

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

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

Management believes that as at 31 December 2022, the Group has complied with the terms of the contractual obligations mentioned above.

Almaty

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

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

EPC Completion Guarantee: This guarantee is triggered in case of EPC cost overrun. It must be noted that EPC cost is fixed under EPC contract as USD 196,500. On the other hand, the Group received 10% (USD 19,650) performance bond which covers the obligations of constructor under EPC Contract. Additionally, the Group received 15% (USD 11,899) advance bond from the constructor.

US Sanctions

In the context of the U.S. government's sanctions against Russia, Belarus and Iran, The Group received a letter in January 2023 from the U.S. Bureau of Industry and Security ("BIS"), Office of Export Enforcement ("OEE") like (or like) other airport operators in Turkey. The latter recalls the regulatory framework of the sanctions regime applicable in the United States, in particular in connection with the Export Administration Regulations ("EAR"), lists the aircraft specifically targeted by the said sanctions regime (aircraft containing a minimum of 25% of components of American origin and operated by Russian, Belarusian and Iranian airlines) and commits the Group to assess the risks involved in providing services to the listed aircraft operating in Turkish and Georgian airspace.

The Group has appointed a US law firm with this regard and in conjunction with the Turkish authorities and BIS, is committed to assessing this risk and commit to comply with such regulations.

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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:

	2022	2021
Short-term benefits (salaries, bonuses etc.)	15,551	16,400
	15,551	16,400

As at 31 December 2022 and 2021, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

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

Other related party transactions:

	31 December 2022	31 December 2021
Due from related parties	10,465	11,400
Current loan to related parties	9,613	23,041
	20,078	34,441
	31 December 2022	31 December 2021
Non-current loan to related parties	144,016	204,265
	144,016	204,265

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35. RELATED PARTIES (continued)

Other related party transactions (continued):

	31 December 2022	31 December 2021
Due from related parties		
ATU (1) (*)	4,118	6,744
Tibah Operation (1)	2,648	3,772
AMS (1)	2,312	-
BTA Medinah (1)	815	176
TGS (1)	158	62
Aéroports de Paris SA	-	7
Other related parties	414	639
	10,465	11,400

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

	31 December 2022	31 December 2021
Loan to related parties		
ZAIC-A (1)	2,616	1,253
Saudi Havaş (1)	2,225	2,099
ATU Medinah (1)	1,613	940
Paris Lounge Network (1)	1,342	-
BTA Medinah (1)	807	4,171
TAV İşletme Saudi (1)	554	1,208
TAV İşletme Chile (1)	409	366
Tibah Development (1)	47	10,394
Medinah Hotel (1)	-	2,610
	9,613	23,041

	31 December 2022	31 December 2021
Non-current loan to related parties		
Tibah Development (1) (*)	119,564	201,405
TAV Antalya Yatırım (1)	20,768	-
Saudi Havaş (1)	3,169	2,860
TAV İşletme Saudi (1)	515	-
	144,016	204,265

(1) Joint Ventures

(*) The Group has provided a shareholder loan of 218 million US dollars to Tibah Development, of which 193 million EUR with an interest rate of 3% has been mostly used to repay the equity bridge loan maturing in 2021 and will be paid back to the Group depending on the available cash after debt service of Tibah Development. The maturity of the shareholder loan provided is 31 December 2024. The excess cash flows will be shared between the Group and GACA where weight will be given to Groups' shareholder loan. The sharing of the excess cash flows with GACA will stop once all rent due for the force majeure period is paid.

Due to application of 38th and 39th paragraphs of IAS 28, negative net assets of Tibah Development which was accounted under "Liabilities from equity-accounted investees", has been netted-off from the Group's non-current loan to Tibah Development. In subsequent periods, comprehensive income or loss of this entity will be netted-off from the Group's non-current loan to Tibah Development. In case of a comprehensive income, a financial income, in case of a comprehensive loss, a financial expense will be booked to the consolidated financial statements of the Group.

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35. RELATED PARTIES (continued)

Other related party transactions (continued):

	31 December 2022	31 December 2021
Due to related parties	735	530
Current loan from related parties	-	60
	735	590
Non-current loan from related parties	465,279	153,623
	466,014	154,213
Due to related parties	31 December 2022	31 December 2021
Aéroports de Paris SA	-	226
Other related parties	735	304
	735	530
Current loan from related parties	31 December 2022	31 December 2021
Other related parties	-	60
	-	60
Non-current loan from related parties	31 December 2022	31 December 2021
Tank ÖWA alpha GmbH (1) (*)	465,279	153,623
	465,279	153,623
Short term deferred income from related parties	31 December 2022	31 December 2021
TAV Antalya (2) (**)	33,075	-
ATU (2) (***)	990	990
	34,065	990
Long term deferred income from related parties	31 December 2022	31 December 2021
ATU (2) (***)	11,720	12,874
	11,720	12,874

(*) The Group has obtained a shareholder loan amount of EUR 300,000 with a maturity of 14 May 2021, with a 3% interest rate, from Tank ÖWA alpha GmbH in 2018. Based on the additional agreement made in 2021, EUR 150,000 has been paid, and the remaining amount of EUR 150,000 has been converted into a new shareholder loan with 3.8% interest rate, with a maturity of 14 November 2024. Second shareholder loan amount of EUR 300,000 with a maturity of 23 March 2026, with a 4.88% interest rate is obtained by the Group from Tank ÖWA alpha GmbH by the Group in 2022.

(**) Short-term deferred income is mainly related with advance dividend amount of TAV Antalya as of 31 December 2022 (EUR: 33,075).

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

- (1) Shareholders
(2) Joint Ventures

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35. RELATED PARTIES (continued)

Services rendered to related parties	2022	2021
ATU (1) (*)	61,354	32,987
Tibah Operation (1)	9,239	8,536
TAV Antalya (1)	2,833	2,445
TGS (1)	2,003	1,340
TAV Antalya Yatırım (1)	899	-
Tibah Development (1)	86	1,928
Other related parties	2,694	-
	79,108	47,236

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

Services rendered by related parties	2022	2021
TAV Antalya (1)	3,324	1,388
TAV İnşaat (2) (*)	2,078	-
TGS (1)	136	77
ATU (1)	122	95
Other related parties	249	223
	5,909	1,783

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

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

The group signed an EPC contract for an amount of EUR 657,000, with a joint venture formed by TAV Construction and Sera related to additional investments for the capacity increase of Antalya Airport. On top of EPC amount, there is a price adjustment mechanism up to 7.5% of the total EPC amount.

Interest expense from related parties (net)	2022	2021
Tank ÖWA alpha GmbH (3)	(17,356)	(6,903)
Tibah Development (1)	3,320	-
Other related parties	815	119
	(13,221)	(6,784)

The average interest rate used within the Group is 4.63% per annum (31 December 2021: 3.46%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

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

Dividend distribution

In 2022, the Group did not distribute any dividend to the shareholders in accordance with its dividend policy (2021: None). Dividend per share is none (2021: None).

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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.

	31 December 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	20.00%		
Non-current assets	56,867		
Current assets	32,314		
Non-current liabilities	10,013		
Current liabilities	6,243		
Net assets	72,925		
Carrying amount of NCI	14,585	5,413	19,998
	14,585	5,413	19,998
	1 January – 31 December 2022		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	79,694		
Profit	36,566		
Total comprehensive income	46,517		
Profit allocated to NCI	7,313	1,093	8,406

In 2022, the Company distributed dividends to the non-controlling interests in subsidiaries amounting to EUR 6,830 (2021: EUR 4,070)

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36. INTERESTS IN OTHER ENTITIES (continued)

a) Non-controlling interests in subsidiaries

	31 December 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	20.00%		
Non-current assets	53,033		
Current assets	13,605		
Non-current liabilities	7,697		
Current liabilities	4,222		
Net assets	54,719		
Carrying amount of NCI	10,944	4,007	14,951
	10,944	4,007	14,951
	1 January – 31 December 2021		
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	42,944		
Profit	21,213		
Total comprehensive income	26,787		
Profit allocated to NCI	4,243	990	5,233

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36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and AssociatesAs of 31 December 2022 and 2021, equity-accounted investments in consolidated statement of financial position
comprise the following:

	31 December 2022	31 December 2021
Joint ventures	755,129	318,268
Associates	724	929
	<u>755,853</u>	<u>319,197</u>

For the years ended 31 December 2022 and 2021, share of profit equity-accounted investments, net of tax in
consolidated statement of comprehensive income comprise the following:

	2022	2021
Joint ventures	54,357	(21,745)
Associates	(1,477)	(1,003)
	<u>52,880</u>	<u>(22,748)</u>

i) Joint VenturesCarrying amounts of the Group's joint ventures in the statement of financial position as at 31 December 2022
and 2021 are as follows:

	31 December 2022	31 December 2021
TAV Antalya Yatırım	363,986	-
TAV Antalya	293,460	272,053
TGS	59,709	19,572
ATU	35,104	23,317
Tibah Operation	756	3,205
Other	2,114	121
	<u>755,129</u>	<u>318,268</u>

Group's share of profit / (loss) of the Group's joint ventures in the statement of comprehensive income for the
years ended 31 December 2022 and 2021 are as follows:

	2022	2021
TAV Antalya	28,702	14,200
TGS	23,683	11,322
ATU	11,823	(4,123)
Tibah Operation	1,105	1,120
Tibah Development (*)	-	(39,639)
TAV Antalya Yatırım	(11,290)	-
Other	334	(4,625)
	<u>54,357</u>	<u>(21,745)</u>

(*) Please refer to note 35.

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36. INTERESTS IN OTHER ENTITIES (continued)

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

The Group has the following significant interests in joint ventures:

TAV Antalya

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

	31 December 2022	31 December 2021
Percentage of interest	50.00%	50.00%
Non-current assets	1,069,629	1,190,469
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 84,091) (31 December 2021: EUR 74,815))	302,060	113,322
Non-current liabilities	570,743	707,372
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 168,390) (31 December 2021: EUR 6,700))	214,026	52,314
Net assets	586,920	544,105
Group's share of net assets	293,460	272,053
Carrying amount in the statement of financial position	293,460	272,053
	<u>2022</u>	<u>2021</u>
Revenue	378,582	240,935
Depreciation and amortisation	186,806	109,085
Interest expense	7,811	12,087
Tax expense	29,257	10,949
Profit for the year	57,405	28,400
Other comprehensive income	-	215
Total comprehensive income	57,405	28,615
Group's share of profit for the year	28,702	14,200
Cash dividends received by the Group	7,295	15,288

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Euro also expressed in thousands unless otherwise stated.)

36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)i) Joint Ventures (continued)TAV Antalya Yatırım

- 51.00% equity shareholding with 50.00% voting power in TAV Antalya Yatırım, a joint venture established in Turkey. The following tables summarise the financial information of TAV Antalya Yatırım. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TAV Antalya Yatırım, which is accounted for using the equity method:

	<u>31 December 2022</u>
Percentage of interest	50.00%
Non-current assets	294,481
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 41,260)	1,856,140
Non-current liabilities	1,318,760
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 15,313)	103,889
Net assets	<u>727,972</u>
Group's share of net assets	363,986
Carrying amount in the statement of financial position	363,986
	<u>2022</u>
Revenue	5
Depreciation and amortisation	17
Interest expense	1,303
Tax expense	10,642
Loss for the year	<u>(22,580)</u>
Other comprehensive income	-
Total comprehensive income	<u>(22,580)</u>
Group's share of loss for the year	(11,290)
Cash dividends received by the Group	-

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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 2022</u>	<u>31 December 2021</u>
Percentage of interest	50.00%	50.00%
Non-current assets	148,782	181,415
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 44,291 (31 December 2021: EUR 57,201))	183,465	156,246
Non-current liabilities	120,647	152,592
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 80,138 (31 December 2021: EUR 72,009))	141,392	138,435
Net assets	<u>70,208</u>	<u>46,634</u>
Group's share of net assets	35,104	23,317
Carrying amount in the statement of financial position	35,104	23,317
	<u>2022</u>	<u>2021</u>
Revenue	378,036	182,939
Tax expense	52,268	24,897
Depreciation and amortisation	3,109	3,635
Interest expense	6,798	5,053
Profit / (loss) for the year	<u>23,645</u>	<u>(8,245)</u>
Other comprehensive income	117	224
Total comprehensive income	<u>23,762</u>	<u>(8,021)</u>
Group's share of profit / (loss) for the year	11,823	(4,123)
Cash dividends received by the Group	-	-

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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:

	31 December 2022	31 December 2021
Percentage of interest	50.00%	50.00%
Non-current assets	136,766	49,256
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 25,705) (31 December 2021: EUR 24,498)	88,189	65,754
Non-current liabilities	25,465	23,361
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 73,565) (31 December 2021: EUR 47,495))	80,072	52,505
Net assets	119,418	39,144
Group's share of net assets	59,709	19,572
Carrying amount in the statement of financial position	59,709	19,572
	2022	2021
Revenue	300,668	220,296
Depreciation and amortisation	12,753	11,469
Interest expense	1,452	19,701
Tax expense	6,507	7,409
Profit for the year	47,366	22,643
Other comprehensive income	(30,091)	(29,655)
Total comprehensive income	17,275	(7,012)
Group's share of profit for the year	23,683	11,322
Cash dividends received by the Group	7,893	12,601

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36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Operation

- 51.00% equity shareholding with 51.00% voting power in Tibah Operation, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Operation. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Operation, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	51.00%	51.00%
Non-current assets	618	503
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 163 (31 December 2021: EUR 351))	18,392	22,327
Non-current liabilities	5,789	4,922
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 11,039 (31 December 2021: EUR 10,919))	11,739	11,624
Net assets	1,482	6,284
Group's share of net assets	756	3,205
Carrying amount in the statement of financial position	756	3,205
	2022	2021
Revenue	52,382	35,856
Tax expense	357	(31)
Profit for the year	2,166	2,196
Other comprehensive income	521	477
Total comprehensive income	2,687	2,673
Group's share of profit for the year	1,105	1,120
Cash dividends received by the Group	3,805	-

TAV HAVALIMANLARI HOLDING A.Ş. AND ITS SUBSIDIARIES

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36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Tibah Development

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

	31 December 2022	31 December 2021
Percentage of interest	50.00%	50.00%
Non-current assets	1,172,259	970,207
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 9 (31 December 2021: EUR 4))	97,093	48,934
Non-current liabilities	1,197,407	967,303
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 22,856 (31 December 2021: EUR 150,814))	71,945	197,028
Net assets	-	(145,190)
Group's share of net assets (*)	-	-
Carrying amount in the statement of financial position	-	-

(*) Tibah Development has negative net assets amounting to EUR 72,595 has reclassified to other liabilities from equity-accounted investments as of 31 December 2021.

	2022	2021
Revenue	197,800	42,725
Depreciation and amortization	28,442	9,068
Interest expense	36,919	34,994
Tax expense	(21)	194
Loss for the year	-	(79,277)
Other comprehensive income	-	4,830
Total comprehensive income	-	(74,447)
Group's share of loss for the year	-	(39,639)

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36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

i) Joint Ventures (continued)

Other

	31 December 2022	31 December 2021
Carrying amount of interest in joint ventures (*)	2,114	121
	2022	2021
Share of:		
Profit / (loss) for the year	334	(4,625)
Other comprehensive income	(1,291)	(1,009)
Total comprehensive income	(957)	(5,634)
Cash dividends received by the Group	79	-

(*) The companies have negative net assets amounting to EUR 9,542 has reclassified to other liabilities from equity-accounted investments as of 31 December 2022 (31 December 2021: EUR 17,481)

ii) Associates

Carrying amounts of the Group's associates in the statement of financial position as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
ZAIC-A	580	-
Other	144	929
	724	929

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:

	2022	2021
ZAIC-A	(693)	(1,154)
Other	(784)	151
	(1,477)	(1,003)

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36. INTERESTS IN OTHER ENTITIES (continued)

b) Joint Ventures and Associates (continued)

ii) Associates (continued)

ZAIC-A

- 15.00% equity shareholding with 15.00% voting power in ZAIC-A, an associate established in United Kingdom. The following tables summarise the financial information of ZAIC-A. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ZAIC-A, which is accounted for using the equity method:

	31 December 2022	31 December 2021
Percentage of interest	15.00%	15.00%
Non-current assets	329,750	353,883
Current assets (including cash and cash equivalents amounting to 31 December 2022: EUR 12,667 (31 December 2021: EUR 7,940))	25,974	16,633
Non-current liabilities	298,244	323,278
Current liabilities (including trade and other payables and provisions amounting to 31 December 2022: EUR 18,622 (31 December 2021: EUR 18,455))	53,615	54,199
Net assets	3,865	(6,961)
Group's share of net assets	580	-
Carrying amount in the statement of financial position	580	-
	2022	2021
Revenue	77,123	43,873
Expense	(81,742)	(51,569)
Loss for the year	(4,619)	(7,696)
Other comprehensive income	8,486	-
Total comprehensive income	3,867	(7,696)
Group's share of loss for the year	(693)	(1,154)

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37. ACQUISITIONS OF SUBSIDIARY

Almaty Airport Investment Holding BV, a consortium led by the Group, signed on May 7, 2020 an agreement to buy 100% stake in the Almaty Airport; and fuel related businesses carried on by Venus Trading LLP for an amount USD 417,074 composed by;

- USD 365,010 paid on April 29, 2021
- USD 6,639 paid in July 2021 as an adjustment to take into account the net indebtedness, working capital requirement and cash of acquired companies on the acquisition date;
- and USD 45,425 payable no later than 2030 or earlier depending on traffic levels.

Closing took place on April 29, 2021, since then the Group has ownership of 85% of shares of Venus Trading LLP, Almaty International Airport JSC and its subsidiaries Almaty Catering Services LLP and Almaty FBO LLP, 100% subsidiary of Almaty International Airport JSC. The consortium partner KIF Warehouses Coöperatief U.A. (investment fund owned by VPE Capital and Kazina Capital Management) holds the remaining 15%. The latter has a put option on the shares it holds and the Group benefits from a call option that can be exercised in the event of disagreement. At closing date, the debt relating to the put option was estimated at EUR 34,828. As the Group has the capacity to impose its decisions on relevant activities, the companies acquired are fully consolidated.

According to IFRS 3 "Business Combinations", the acquisition price has been provisionally allocated between the various identifiable assets and liabilities of the companies acquired. This work to identify and measure assets and liabilities at fair value on April 29, 2021 was carried out with the help of a consulting firm and resulted in the recognition of a partial goodwill for an amount of USD 84,764 (EUR 72,049).

38. AUDIT FEES

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2022 (*)	2021 (*)
Audit and assurance fee	1,275	1,064
Tax consulting fee	579	314
Other assurance services fee	83	133
	1,937	1,511

(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and foreign currency fees of foreign subsidiaries and affiliates have been converted into EUR using the annual average rates of the relevant years.

39. SUBSEQUENT EVENTS

A concession agreement was executed between TAV Esenboğa and DHMI on 1 February 2023 for the additional investments to increase capacity of Esenboğa Airport and concessioning of the operating rights of the existing international terminal, CIP terminal, general aviation terminal, domestic terminal and their auxiliaries. The Lease Agreement between the Company and DHMI will expire on 23 May 2050 and all terminals together with their correspondent units explained above will be transferred to DHMI by then.

Due to the negative impacts caused by the earthquake in Kahramanmaraş that affected many cities in the region and the whole country, it was decided to declare a state of emergency for three months in the cities of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa in accordance with the Official Gazette No. 32098 dated Wednesday, 8 February 2023. Developments related to this natural disaster are closely monitored and assessments to determine the situation are ongoing.

DISCLAIMER

This annual report includes forward-looking statements using words such as “expected”, “planned”, “considered”, and “targeted”. These are not statements of historical fact but “forward-looking statements”. These statements involve uncertainties and risks, and only indicate expectations and predictions as at the date of the publication of the annual report. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Neither the Company, stakeholders, management, employees nor any other people do not accept any liability for the damages that may arise from the use or the content of these forward-looking statements.



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