

**TÜRK HAVA YOLLARI ANONİM
ORTAKLIđI AND ITS SUBSIDIARIES**

Condensed Consolidated Interim
Financial Statements As at and For
The Nine-Month Period
Ended 30 September 2024

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Financial Position as at 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

ASSETS	Notes	Not Reviewed	Audited
		30 September 2024	31 December 2023
Non-Current Assets			
Financial Investments	6	1,137	398
Other Receivables			
-Related Parties	8	6	-
-Third Parties	9	1,224	1,395
Investments Accounted for Using Equity Method	3	618	497
Investment Property		43	43
Property and Equipment	11	6,952	6,075
Right of Use Assets	11	17,449	16,928
Intangible Assets			
- Other Intangible Assets	12	106	87
- Goodwill		27	27
Prepaid Expenses		1,675	1,294
Deferred Tax Asset	25	504	332
TOTAL NON-CURRENT ASSETS		29,741	27,076
Current Assets			
Cash and Cash Equivalents	5	1,836	683
Financial Investments	6	4,400	5,344
Trade Receivables			
-Related Parties	8	51	50
-Third Parties		1,108	806
Other Receivables			
-Related Parties	8	14	9
-Third Parties	9	1,334	880
Derivative Financial Instruments	27	15	18
Inventories		457	418
Prepaid Expenses		522	237
Current Income Tax Assets	25	49	41
Other Current Assets		146	109
TOTAL CURRENT ASSETS		9,932	8,595
TOTAL ASSETS		39,673	35,671

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Financial Position as at 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

LIABILITIES AND EQUITY	Notes	Not Reviewed	Audited
		30 September 2024	31 December 2023
Equity			
Share Capital	18	1,597	1,597
Treasury Shares	18	(33)	(33)
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial Losses on Retirement Pay Obligation	18	(293)	(274)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	18	(191)	(221)
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	18	161	281
-Gains on Remeasuring FVOCI		29	21
Restricted Profit Reserves	18	69	69
Previous Years Profit		14,118	8,097
Net Profit for the Period		2,712	6,021
Equity of the Parent		18,169	15,558
Non-Controlling Interests		3	5
TOTAL EQUITY		18,172	15,563
Non-Current Liabilities			
Long-Term Borrowings	7	38	472
Long-Term Lease Liabilities	7 and 13	10,703	10,052
Other Payables			
-Third Parties		41	25
Deferred Income	10	146	108
Long-Term Provisions			
-Provisions for Employee Termination Benefits	16	258	229
-Other Provisions		82	85
Deferred Tax Liability	25	52	50
TOTAL NON-CURRENT LIABILITIES		11,320	11,021
Current Liabilities			
Short-Term Borrowings	7	1,670	1,345
Short-Term Portion of Long-Term Borrowings	7	225	618
Short-Term Portion of Lease Liabilities	7 and 13	1,843	1,760
Trade Payables			
-Related Parties	8	244	285
-Third Parties		1,160	1,006
Payables Related to Employee Benefits		421	418
Other Payables			
-Related Parties	8	1	4
-Third Parties		379	238
Derivative Financial Instruments	27	108	101
Deferred Income	10	3,367	2,705
Current Tax Provision	25	16	39
Short-Term Provisions			
-Provisions for Employee Benefits	14	107	50
-Other Provisions	14	12	6
Other Current Liabilities		628	512
TOTAL CURRENT LIABILITIES		10,181	9,087
TOTAL LIABILITIES AND EQUITY		39,673	35,671

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Nine-Month Period Ended 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January -	1 July -	1 January -	1 July -
	Notes	30 September 2024	30 September 2024	30 September 2023	30 September 2023
<u>PROFIT OR LOSS</u>					
Revenue	19	17,060	6,630	15,823	6,321
Cost of Sales (-)	20	(13,625)	(4,810)	(11,752)	(4,185)
GROSS PROFIT		3,435	1,820	4,071	2,136
General Administrative Expenses (-)	21	(386)	(166)	(330)	(103)
Selling and Marketing Expenses (-)	21	(1,355)	(442)	(1,316)	(450)
Other Operating Income	22	359	142	493	192
Other Operating Expenses (-)	22	(74)	(8)	(274)	(39)
OPERATING PROFIT BEFORE INVESTMENT ACTIVITIES		1,979	1,346	2,644	1,736
Income from Investment Activities	23	1,278	527	774	326
Expenses for Investment Activities	23	(32)	(30)	(58)	(43)
Share of Investments' Profit Accounted for Using The Equity Method	3	133	114	146	116
OPERATING PROFIT		3,358	1,957	3,506	2,135
Financial Income	24	923	552	538	190
Financial Expenses (-)	24	(1,560)	(814)	(603)	(20)
PROFIT BEFORE TAX		2,721	1,695	3,441	2,305
Tax (Expense)		(9)	(152)	(653)	(385)
Current Tax (Expense)	25	(157)	(157)	(28)	(22)
Deferred Tax Income / (Expense)	25	148	5	(625)	(363)
NET PROFIT FOR THE PERIOD		2,712	1,543	2,788	1,920
Attributable to:					
Non-controlling interest		(1)	(1)	-	-
Equity of the Parent		2,713	1,544	-	-

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Nine-Month Period Ended 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January -	1 July -	1 January -	1 July -
OTHER COMPREHENSIVE INCOME	Notes	30 September 2024	30 September 2024	30 September 2023	30 September 2023
Items That May Be Reclassified Subsequently To Profit or Loss					
Currency Translation Adjustment		(82)	(404)	90	210
Gains on Investments Remeasured FVOCI		30	20	(30)	(7)
Fair Value (Losses) / Gains on Hedging Instruments Entered into for Cash Flow Hedges		8	19	6	5
Fair Value Gains / (Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		(155)	(537)	132	242
Related Tax of Other Comprehensive Income		7	(17)	12	25
Items That Will Not Be Reclassified Subsequently To Profit or Loss		28	111	(30)	(55)
Actuarial Gains / (Losses) on Retirement Pay Obligation		(19)	6	(10)	1
Related Tax of Other Comprehensive Income		(23)	7	(12)	2
		4	(1)	2	(1)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(101)	(398)	80	211
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,611	1,145	2,868	2,131
Basic Earnings Per Share (Full US Cents)	26	1.97	1.12	2.02	1.39
Diluted Earnings Per Share (Full US Cents)	26	1.97	1.12	2.02	1.39

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Changes in Equity

For the Nine-Month Period Ended 30 September 2024

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

			Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Retained Earnings					
	Share Capital	Treasury Shares	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Gains on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	Equity Holders of the Parent	Non-controlling Interests	Total Equity
As of 1 January 2024	1,597	(33)	(274)	(221)	281	21	69	8,097	6,021	15,558	5	15,563
Transfers	-	-	-	-	-	-	-	6,021	(6,021)	-	-	-
Total comprehensive income	-	-	(19)	30	(120)	8	-	-	2,712	2,611	-	2,611
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2)	(2)
As of 30 September 2024	1,597	(33)	(293)	(191)	161	29	69	14,118	2,712	18,169	3	18,172

			Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Retained Earnings					
	Share Capital	Treasury Shares	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Losses on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	Equity Holders of the Parent	Non-controlling Interests	Total Equity
As of 1 January 2023	1,597	-	(228)	(294)	515	(14)	36	5,405	2,725	9,742	-	9,742
Transfers	-	-	-	-	-	-	33	2,692	(2,725)	-	-	-
Total comprehensive income	-	-	(10)	(30)	115	5	-	-	2,788	2,868	-	2,868
Increase through treasury share transactions	-	(33)	-	-	-	-	-	-	-	(33)	-	(33)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	5	5
As of 30 September 2023	1,597	(33)	(238)	(324)	630	(9)	69	8,097	2,788	12,577	5	12,582

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Nine-Month Period Ended 30 September 2024

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

		<u>Not Reviewed</u> <u>1 January -</u>	<u>Not Reviewed</u> <u>1 January -</u>
	Notes	<u>30 September 2024</u>	<u>30 September 2023</u>
Net Profit for the Period		2,712	2,788
Adjustments to Reconcile Profit			
Adjustments for Depreciation and Amortisation Expense	11 and 12	1,629	1,458
Adjustments for Provisions Related to Employee Benefits	14 and 16	100	72
Adjustments for Provisions for Other Accruals	14	7	2
Adjustments for Reversal of Probable Risks		(1)	-
Adjustments for Interest Income	23 and 24	(1,101)	(655)
Adjustments for Interest Expense	16 and 24	450	405
Adjustments for Unrealised Foreign Exchange Gains		(501)	(276)
Adjustments for Fair Value Losses / (Gains) on Derivative Financial Instruments	24	365	(356)
Adjustments for Fair Value Losses		174	-
Adjustments for Undistributed Gains of Associates	3	(133)	(146)
Adjustments for Tax (Income) / Expense	25	(171)	638
Adjustments for Losses Arised from Sale of Tangible Assets	23	16	25
Adjustments for Losses Arised from Sale of Other Non-Current Assets	11	60	55
Operating Profit Before Changes in Working Capital		3,606	4,010
Increase in Trade Receivables from Related Parties	8	(1)	(26)
(Increase) / Decrease in Trade Receivables from Third Parties		(301)	151
Increase in Other Receivables from Related Parties	8	(11)	(6)
Increase in Other Receivables from Third Parties	9	(128)	(75)
Adjustments for Increase in Inventories		(39)	(28)
Adjustments for Increase in Prepaid Expenses		(666)	(454)
Decrease in Trade Payables to Related Parties	8	(41)	(14)
Increase in Trade Payables to Third Parties		154	137
Adjustments for Increase in Payables Due to Employee Benefits		3	50
Decrease in Other Payables to Related Parties	8	(3)	(11)
Increase in Other Payables to Third Parties		173	158
Increase in Deferred Income	10	813	529
Increase in Other Assets		(37)	(20)
Cash Flows From Operations		3,522	4,401
Payments for Provisions Related with Employee Benefits	16	(14)	(11)
Income Taxes (Paid) / Received	25	(8)	13
Net Cash From Operating Activities		3,500	4,403
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant and Equipment and Intangible Assets	11 and 12	20	62
Payments For Purchasing of Property, Plant and Equipment and Intangible Assets	11 and 12	(974)	(846)
Proceeds / (Payments) For Sales and Purchasing of Other Financial Assets	6	31	(5,163)
Other Cash Advances and Loans	9	(310)	(208)
Dividends Received	3	39	38
Interest Received	23	861	532
Net Cash Flows Used In Investing Activities		(333)	(5,585)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Payments to Acquire Entity's Shares		-	(33)
Proceeds From Loans	7	1,803	1,897
Repayments of Loans	7	(2,295)	(2,387)
Payments of Lease Liabilities	7	(1,464)	(1,303)
Interest Paid		(298)	(280)
Interest Received	24	142	138
Net Cash Used in Financing Activities		(2,112)	(1,968)
Net Change in Cash and Cash Equivalents		1,055	(3,150)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		677	4,057
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,732	907

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Nine-Month Period Ended 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

1. GROUP ORGANIZATION AND ITS OPERATIONS

Türk Hava Yolları Anonim Ortaklığı (the “Company” or “THY”) was incorporated in Türkiye in 1933. As of 30 September 2024, and 31 December 2023, the shareholders and their respective shareholdings in the Company are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Türkiye Wealth Fund	49.12 %	49.12 %
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration	-	-
Other (publicly held and treasury share)	50.88 %	50.88 %
Total	<u>100.00 %</u>	<u>100.00 %</u>

The Company is controlled by Türkiye Wealth Fund.

The number of employees working for the Group as of 30 September 2024 is 61,159 (31 December 2023: 55,884). The average number of employees working for the Group for the period ended 30 September 2024 and 2023 are 59,162 and 49,458 respectively.

The Group is registered in İstanbul, Türkiye and its registered head office address is as follows:

Türk Hava Yolları A.O. Genel Yönetim Binası, Yeşilköy Mahallesi, Havaalanı Caddesi No: 3/1
34149 Bakırköy İSTANBUL.

The Company’s shares have been publicly traded on Borsa İstanbul (“BIST”) since 1990. The Company and its subsidiaries will be referred to as “Group”.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Nine-Month Period Ended 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

1. GROUP ORGANIZATION AND ITS OPERATIONS (cont'd)

Subsidiaries and Joint Ventures

The table below sets out the consolidated subsidiaries of the Group as of 30 September 2024, and 31 December 2023:

<u>Name of the Company</u>	<u>Principal Activity</u>	<u>Ownership Rate</u>		<u>Country of Registration</u>
		<u>30 September 2024</u>	<u>31 December 2023</u>	
THY Teknik A.Ş. (Turkish Technic)	Aircraft Maintenance Services	100%	100%	Türkiye
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş. (TAFA)	Training & Airport Operations	100%	100%	Türkiye
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	Cargo and Courier Transportation	100%	100%	Türkiye
THY Teknoloji ve Bilişim A.Ş. (Turkish Technology)	Information Technologies and Consulting	100%	100%	Türkiye
THY Hava Kargo Taşımacılığı A.Ş. (Widect)	Cargo Transportation	100%	100%	Türkiye
THY Destek Hizmetleri A.Ş. (TSS)	Support Services	100%	100%	Türkiye
THY Özel Güvenlik ve Koruma Hizmetleri A.Ş.	Security Services	100%	100%	Türkiye
AJet Hava Taşımacılığı A.Ş. (AJET)	Air Transportation	100%	100%	Türkiye
THY Elektronik Para ve Ödeme Sistemleri A.Ş. (TKPAY)	Payment Services	100%	100%	Türkiye
THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş. (*)	Occupational Health and Safety Services	100%	-	Türkiye
THY Gayrimenkul Yatırım Hizmetleri A.Ş. (**)	Real Estate Investment Services	100%	-	Türkiye
THY Spor A.Ş. (***)	Sports Activities	100%	-	Türkiye
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI)	Cabin Interior Products	80%	80%	Türkiye
TSI Seats INC	Cabin Interior Products	80%	80%	USA

(*) THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş. was established on 10 July 2024 as a 100% subsidiary of THY Destek Hizmetleri A.Ş. to operate in the fields of Joint Health and Safety Unit and Occupational Health and Safety.

(**) THY Gayrimenkul Yatırım Hizmetleri A.Ş. was established on 24 July 2024 to manage various projects other than aviation investment projects to the Group.

(***) THY Spor A.Ş. was established on 20 August 2024 to carrying out all or part of the sports activities carried out under the Turkish Airlines Sports Club.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Nine-Month Period Ended 30 September 2024
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

1. GROUP ORGANIZATION AND ITS OPERATIONS (cont'd)

Subsidiaries and Joint Ventures (cont'd)

The table below sets out the joint ventures of the Group as of 30 September 2024, and 31 December 2023:

Company Name	Country of Registration and Operations	Ownership Share and Voting Power		Principal Activity
		30 September 2024	31 December 2023	
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Türkiye	50%	50%	Aircraft Transportation
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Türkiye	50%	50%	Catering Services
TGS Yer Hizmetleri A.Ş. (TGS)	Türkiye	50%	50%	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Türkiye	50%	50%	Aviation Fuel Services
P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC)	Türkiye	49%	49%	Maintenance Services
Air Albania SHPK (Air Albania)	Albania	49%	49%	Aircraft Transportation
We World Express Ltd. (We World Express)	Hong Kong	45%	45%	Cargo and Courier Transportation
Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (TNC) (Goodrich)	Türkiye	40%	40%	Maintenance Services
TFS Akaryakıt Hizmetleri A.Ş. (TFS Akaryakıt)	Türkiye	25%	25%	Aviation Fuel Services

The Group owns 49%, 49%, 45%, 40% and 25% of equity shares of TEC, Air Albania, We World Express, Goodrich and TFS Akaryakıt respectively. However, based on the contractual arrangements between the Group and the other respective investors, decisions about the relevant activities of the arrangements require both the Group and the other shareholders according to the respective investor agreements. Thus, TEC, Air Albania, We World Express, Goodrich and TFS Akaryakıt are controlled jointly by the Group and other shareholders.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements

As At And For the Nine-Month Period Ended 30 September 2024

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2024 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information required for complete annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2023.

Board of Directors has approved the condensed consolidated interim financial statements as of 30 September 2024 on 4 November 2024. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

Basis of Preparation

The consolidated financial statements, except for some financial instruments that are stated at fair value, have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Functional and Reporting Currency

Functional currency

The consolidated financial statements of the Group are presented in USD, which is the functional currency of the Company. Details of the functional currencies of the subsidiaries of the Company are as follows;

<u>Subsidiaries</u>	<u>Functional currencies</u>
Turkish Technic	USD
TAFA	USD
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	USD
Turkish Technology	TL
Widect	USD
TSS	TL
THY Özel Güvenlik ve Koruma Hizmetleri A.Ş.	TL
AJET	USD
TKPAY	TL
THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş.	TL
THY Gayrimenkul Yatırım Hizmetleri A.Ş.	TL
THY Spor A.Ş.	TL
TCI	USD
TSI Seats INC	USD

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

Except where otherwise indicated, all amounts disclosed in financial statements and notes are rounded the nearest million (USD 000,000).

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements

As At And For the Nine-Month Period Ended 30 September 2024

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Functional and Reporting Currency (cont'd)

Functional currency (cont'd)

Financial reporting in hyperinflationary economies

As of 30 September 2024, an adjustment has been made in accordance with the requirements of IAS 29, Financial Reporting in Hyperinflationary Economies (“IAS29”) regarding the changes in the general purchasing power of TL. In terms of IAS 29 it is required that financial statements prepared in the currency in circulation in the economy with hyperinflation should be expressed in the unit of measurement valid at the balance sheet date, and the amounts in comparative periods should be prepared in the same way. One of the requirements for the application of IAS 29 is a three-year cumulative inflation rate approaching or exceeding 100%. The correction was made using the correction factor obtained from the Consumer Price Index in Turkey published by Turkish Statistical Institute (“TUIK”). The indices and adjustment factors used to prepare the consolidated financial statements are as follows:

<u>Date</u>	<u>Index</u>	<u>Adjustment Factor</u>	<u>Three Year Compound Inflation Rate</u>
30 September 2024	2,526.16	1.00000	343%
31 December 2023	1,859.38	1.35860	268%
30 September 2023	1,691.04	1.49385	254%

IAS 29 is applicable for the subsidiaries whose functional currencies are TL. These subsidiaries are Turkish Technology, TSS, THY Özel Güvenlik ve Koruma Hizmetleri A.Ş., TKPAY, THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş., THY Gayrimenkul Yatırım Hizmetleri A.Ş., and THY Spor A.Ş.

The main procedures for the above-mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of equity are restated by applying the relevant monthly conversion factors.
- All items in the statement of profit or loss are restated by applying the relevant conversion factors.
- All items in the balance sheet, statement of profit or loss and other comprehensive income of the subsidiaries whose functional currencies are TL are translated into USD using the closing rate as of 30 September 2024. The combined effect of the restating in accordance with IAS 29 and translation in accordance with IAS 21 is presented as currency translation reserve in other comprehensive income.

Net monetary position (losses) / gains arising from the application of inflation accounting for companies with a functional currency of TL are not separately disclosed in the condensed consolidated interim statement of profit or loss since they are below USD 1.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

- a. The consolidated financial statements include the accounts of the parent company, THY, its subsidiaries and its joint ventures on the basis set out in sections (b) below. Financial statements of the subsidiaries and joint ventures are adjusted where applicable in order to apply the same accounting policies. All transactions, balances, profit and loss within the Group are eliminated during consolidation.
- b. The Group has nine joint ventures as disclosed in Note: 1. These joint ventures are economical activities whereby decisions about strategic finance and operating policy are jointly made by the consensus of the Group and other investors. The joint ventures are jointly controlled by the Group and other shareholders and are accounted for using the equity method. Under the equity method, joint ventures are initially recognized at cost and adjusted to recognize any distributions received, impairments in the joint ventures and the Group's share of the profit or loss after the date of acquisition. Joint ventures' losses that exceed the Group's share are not recognized, unless the Group has incurred legal or constructive obligations on behalf of the joint venture.
- c. The non-controlling share in the assets and results of subsidiaries for the year are separately classified as "non-controlling interest" in the consolidated statements of financial position and consolidated statements of profit or loss.

Business Combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control occurs when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as follows:

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

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

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

Transaction 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.

2.2 Changes and Errors in Accounting Policies Estimates

The significant estimates and assumptions used in the preparation of these consolidated financial statements as at and for the period ended 30 September 2024 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2023.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies

The accounting policies used in preparation of condensed consolidated interim financial statements as at 30 September 2024 are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2023.

2.4 New and Revised Standards and Interpretations

a) Standards, amendments, and interpretations applicable as of 30 September 2024:

Amendment to IAS 1 – Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS S1, 'General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2, 'Climate-related disclosures'; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2024:

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments; effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available) These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Standards and Interpretations (cont'd)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2024: (cont'd)

Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

IFRS 18 Presentation and Disclosure in Financial Statements; effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 19 Subsidiaries without Public Accountability: Disclosures; effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

2.5 Determination of Fair Values

Various accounting policies and explanations of the Group necessitate to determine the fair value of both financial and non-financial assets and liabilities. If applicable, additional informations about assumptions used for the determination of fair value are presented in notes particular to assets and liabilities.

Evaluation methods in terms of levels are described as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and obligations.
- Level 2: Variables obtained directly (via prices) or indirectly (by deriving from prices) which are observable for similar assets and liabilities other than quoted prices mentioned in Level 1.
- Level 3: Variables, which are not related to observable market variable for assets and liabilities (unobservable variables).

2.6 Going Concern

The Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern.

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

The joint ventures accounted for using the equity method are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Sun Express	318	240
TEC	93	85
TGS	61	56
Turkish DO&CO	60	47
THY Opet	38	30
TFS Akaryakıt	37	29
Goodrich	6	5
We World Express	5	5
	<u>618</u>	<u>497</u>

Share of investments' profit / (loss) accounted by using the equity method are as follows:

	<u>1 January - 30 September 2024</u>	<u>1 July - 30 September 2024</u>	<u>1 January - 30 September 2023</u>	<u>1 July - 30 September 2023</u>
Sun Express	67	84	58	82
TGS	26	11	30	14
Turkish DO&CO	15	6	14	5
TFS Akaryakıt	13	5	18	5
TEC	9	5	11	2
THY Opet	2	3	14	7
Goodrich	1	-	-	-
We World Express	-	-	1	1
Air Albania (*)	-	-	-	-
	<u>133</u>	<u>114</u>	<u>146</u>	<u>116</u>

(*) Since 31 December 2019, the loss of Air Albania, which exceeds the Group's total share in the joint venture's shareholders' equity, has not been accounted in the consolidated financial statements. As of 30 September 2024, the loss is USD 1. (The loss as of 31 December 2023: USD 2).

Movement in investments accounted by using the equity method is as follows:

	<u>1 January - 30 September 2024</u>	<u>1 January - 30 September 2023</u>
Opening balance	497	277
Share of net profit	133	146
Foreign currency translation difference	43	(30)
Other comprehensive income / (expense) recognized in equity	(16)	2
Equity investment disposal		(4)
Dividends to shareholders	(39)	(42)
Closing balance	<u>618</u>	<u>349</u>

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

	30 September 2024							Total
	Sun Express	TEC	Turkish DO&CO	TGS	THY Opet	TFS Akaryakıt	Other	
Total assets	2,767	328	278	353	183	508	41	4,458
Total liabilities	2,132	137	159	231	107	361	13	3,140
Total equity	635	191	119	122	76	147	28	1,318
Group's share in total equity	318	93	60	61	38	37	11	618
1 July -30 September 2024								
Revenue	906	128	205	226	243	951	59	2,718
Profit for the year	169	9	12	23	7	21	-	241
Group's share in joint venture's loss for the period	84	5	6	11	3	5	-	114
1 January - 30 September 2024								
Revenue	1,616	345	481	595	596	2,673	119	6,425
Profit for the year	135	18	31	53	5	52	3	297
Group's share in joint venture's loss for the period	67	9	15	26	2	13	1	133

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (cont'd)

	31 December 2023							Total
	Sun Express	TEC	Turkish DO&CO	TGS	THY Opet	TFS Akaryakıt	Other	
Total assets	2,222	275	227	317	133	499	41	3,714
Total liabilities	1,743	102	134	206	73	381	17	2,656
Total equity	479	173	93	111	60	118	24	1,058
Group's share in total equity	240	85	47	56	30	29	10	497
1 July - 30 September 2023								
Revenue	774	139	132	156	287	880	23	2,391
Profit for the year	163	6	10	28	14	21	1	243
Group's share in joint venture's loss for the period	82	2	5	14	7	5	1	116
1 January - 30 September 2023								
Revenue	1,331	354	351	398	629	2,339	52	5,454
Profit for the year	115	23	27	59	28	72	2	326
Group's share in joint venture's loss for the period	58	11	14	30	14	18	1	146

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4. SEGMENT REPORTING

Group management makes decisions regarding resource allocation to segments based upon the results and the activities of its air transport and aircraft technical maintenance services segments for the purpose of segments' performance evaluation. The detailed information about the revenue of the Group is given in Note 19. The Group's principal activities can be summarized as follows:

Air Transport ("Aviation")

The Group's aviation activities consist of mainly domestic and international passenger and cargo air transportation.

Technical Maintenance Services ("Technical")

The Group's technical activities consist of mainly aircraft repair and maintenance services and providing technical and infrastructure support related to the aviation sector..

4.1 Total Assets and Liabilities

Total Assets	30 September 2024	31 December 2023
Aviation	39,967	35,497
Technical	1,961	1,937
Total	41,928	37,434
Less: Eliminations due to consolidation	(2,255)	(1,763)
Total assets in consolidated financial statements	39,673	35,671
Total Liabilities	30 September 2024	31 December 2023
Aviation	21,613	19,982
Technical	521	535
Total	22,134	20,517
Less: Eliminations due to consolidation	(633)	(409)
Total liabilities in consolidated financial statements	21,501	20,108

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4. SEGMENT REPORTING (cont'd)

4.2 Net Profit / (Loss)

Segment Results:

1 January - 30 September 2024	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	16,656	404		17,060
Inter-Segment Sales	315	1,060	(1,375)	-
Revenue	16,971	1,464	(1,375)	17,060
Cost of Sales (-)	(13,588)	(1,331)	1,294	(13,625)
Gross Profit	3,383	133	(81)	3,435
Administrative Expenses (-)	(520)	(97)	231	(386)
Selling and Marketing Expenses (-)	(1,348)	(11)	4	(1,355)
Other Operating Income	498	69	(208)	359
Other Operating Expenses (-)	(103)	(31)	60	(74)
Operating Profit Before Investment Activities	1,910	63	6	1,979
Income from Investment Activities	1,277	1	-	1,278
Expenses from Investment Activities	(32)	-	-	(32)
Share of Investments' Profit Accounted for Using The Equity Method	128	10	(5)	133
Operating Profit	3,283	74	1	3,358
Financial Income	921	25	(23)	923
Financial Expense (-)	(1,555)	(27)	22	(1,560)
Profit Before Tax	2,649	72	-	2,721
Tax Income / (Expense)	(6)	(3)	-	(9)
Current Tax Expense	(157)	-	-	(157)
Deferred Tax Income / (Expense)	151	(3)	-	148
Net Profit For The Period	2,643	69	-	2,712

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4. SEGMENT REPORTING (cont'd)

4.2 Net Profit / (Loss) (cont'd)

Segment Results (cont'd):

1 January - 30 September 2023	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	15,448	375	-	15,823
Inter-Segment Sales	163	900	(1,063)	-
Revenue	15,611	1,275	(1,063)	15,823
Cost of Sales (-)	(11,612)	(1,083)	943	(11,752)
Gross Profit	3,999	192	(120)	4,071
Administrative Expenses (-)	(343)	(107)	120	(330)
Selling and Marketing Expenses (-)	(1,308)	(8)	-	(1,316)
Other Operating Income	443	50	-	493
Other Operating Expenses (-)	(247)	(27)	-	(274)
Operating Profit Before				
Investment Activities	2,544	100	-	2,644
Income from Investment Activities	774	-	-	774
Expenses from Investment Activities	(58)	-	-	(58)
Share of Investments' Profit				
Accounted for Using				
The Equity Method	134	12	-	146
Operating Profit	3,394	112	-	3,506
Financial Income	499	39	-	538
Financial Expense (-)	(590)	(13)	-	(603)
Profit Before Tax	3,303	138	-	3,441
Tax (Expense)	(582)	(71)	-	(653)
Current Tax (Expense)	(4)	(24)	-	(28)
Deferred Tax (Expense)	(578)	(47)	-	(625)
Net Profit For The Period	2,721	67	-	2,788

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4. SEGMENT REPORTING (cont'd)

4.3 Investment Operations

1 January - 30 September 2024	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	2,733	250	-	2,983
Current period depreciation and amortization charge	1,477	152	-	1,629
Investments accounted for using equity method	519	99	-	618
1 January - 30 September 2023	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	2,425	273	-	2,698
Current period depreciation and amortization charge	1,305	153	-	1,458
Investments accounted for using equity method	244	105	-	349

5. CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Cash	1	1
Banks – Time deposits	1,168	583
Banks – Demand deposits	667	99
	1,836	683

Details of the time deposits as of 30 September 2024, and 31 December 2023 are as follows:

Original Amount	Currency	Effective Interest Rate	Maturity	30 September 2024
297	EUR (*)	2.81% - 4.13%	December 2024	334
24,984	TL	45.33% - 66.50%	December 2024	834
				1,168
Original Amount	Currency	Effective Interest Rate	Maturity	31 December 2023
264	EUR (*)	0.01% - 4.05%	January 2024	292
6,139	TL	38.95% - 53.20%	January 2024	214
72	USD	1.50% - 3.38%	January 2024	72
4	GBP	1.69%	January 2024	5
				583

(*) In order to manage the risk resulting from the fluctuations of the USD/EUR parity, the Group implements in USD/EUR derivative instruments amounting to 162 USD of time deposits (2023: 154 USD).

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5. CASH AND CASH EQUIVALENTS (cont'd)

Reconciliation with statement of cash flows as of 30 September 2024 and 2023 are as follows:

	<u>30 September 2024</u>	<u>30 September 2023</u>
Cash and cash equivalents	1,836	910
Interest accruals (-)	(104)	(3)
Cash and cash equivalents in statement of cash flows	<u>1,732</u>	<u>907</u>

6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Fair value through profit and loss (FVTPL)		
- Currency protected deposit account (*)	2,392	4,863
- Investment Fund	127	22
- Equity securities	17	16
Fair value through other comprehensive income (FVOCI)		
- Corporate debt securities	779	443
- Government debt securities	35	-
Time deposits with maturity more than 3 months	1,050	-
	<u>4,400</u>	<u>5,344</u>

(*) Since the currency protected deposits are hybrid contracts with derivatives, they are accounted based on their fair values as of 30 September 2024 and changes in the fair values are accounted in the profit and loss.

Time deposit with maturity of more than 3 months as of 30 September 2024 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 September 2024</u>
27,556	TL	47.50% - 57.00%	July 2025	880
151	EUR	2.81% - 4.43%	February 2025	170
				<u>1,050</u>

Long-term financial investments are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
FVOCI		
- Corporate debt securities	901	139
- Government debt securities	235	258
Other	1	1
	<u>1,137</u>	<u>398</u>

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6. FINANCIAL INVESTMENTS (cont'd)

Contractual maturity dates of financial investments measured at FVOCI as of 30 September 2024, and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Less than 1 year	814	443
1 to 5 years	773	119
Over 5 years	363	278
	<u>1,950</u>	<u>840</u>

7. BORROWINGS

Short-term borrowings are as follows:

	30 September 2024	31 December 2023
Bank borrowings	<u>1,670</u>	<u>1,345</u>

Short-term portions of long-term borrowings are as follows:

	30 September 2024	31 December 2023
Lease liabilities (Note: 13)	1,843	1,760
Bank borrowings	225	618
	<u>2,068</u>	<u>2,378</u>

Long-term borrowings are as follows:

	30 September 2024	31 December 2023
Lease liabilities (Note: 13)	10,703	10,052
Bank borrowings	38	472
	<u>10,741</u>	<u>10,524</u>

Details of bank borrowings as of 30 September 2024, and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Less than 1 year	1,895	1,963
Between 1 – 5 years	30	457
Over 5 years	8	15
	<u>1,933</u>	<u>2,435</u>

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7. BORROWINGS (cont'd)

Details of bank borrowings as of 30 September 2024, and 31 December 2023 are as follows (cont'd):

<u>Original Amount</u>	<u>Currency</u>	<u>Interest Rate Type</u>	<u>Effective Interest Rate</u>	<u>Payment Period</u>	<u>30 September 2024</u>
1,562	EUR	Fixed	0.20% - 4.00%	October 2024 - March 2031	1,744
181	USD	Fixed	5.0% - 5.25%	February 2025	181
7	EUR	Floating	Euribor + 3.65%	October 2025	8
					<u>1,933</u>

<u>Original Amount</u>	<u>Currency</u>	<u>Interest Rate Type</u>	<u>Effective Interest Rate</u>	<u>Payment Period</u>	<u>31 December 2023</u>
1,443	EUR	Fixed	0.20% - 4.00%	March 2024 - March 2031	1,597
758	EUR	Floating	Euribor + 2.90% - Euribor + 5.50%	February 2024 - August 2026	838
					<u>2,435</u>

As of 30 September 2024, the Group meets the loan covenant compliance conditions.

Repricing periods for bank borrowings with floating interest rates vary between 1 and 6 months.

Reconciliation of bank borrowings and lease liabilities arising from financing activities:

	<u>1 January 2024</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Additions</u>	<u>30 September 2024</u>
Bank Borrowings	2,435	(2,295)	(77)	67	1,803	<u>1,933</u>

	<u>1 January 2023</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Additions</u>	<u>30 September 2023</u>
Bank Borrowings	3,273	(2,387)	(103)	102	1,897	<u>2,782</u>

	<u>1 January 2024</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Modifications</u>	<u>New Leases</u>	<u>30 September 2024</u>
Aircraft	11,221	(1,406)	(221)	364	-	1,864	11,822
Property	590	(56)	-	34	8	147	723
Other	1	(2)	-	-	-	2	1
	<u>11,812</u>	<u>(1,464)</u>	<u>(221)</u>	<u>398</u>	<u>8</u>	<u>2,013</u>	<u>12,546</u>

	<u>1 January 2023</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Modifications</u>	<u>New Leases</u>	<u>30 September 2023</u>
Aircraft	10,171	(1,257)	(177)	(28)	-	1,581	10,290
Property	593	(45)	-	-	-	22	570
Other	2	(1)	-	-	-	-	1
	<u>10,766</u>	<u>(1,303)</u>	<u>(177)</u>	<u>(28)</u>	<u>-</u>	<u>1,603</u>	<u>10,861</u>

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8. RELATED PARTIES

Short-term trade receivables from related parties are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Air Albania	40	36
Sun Express	6	4
We World Express	4	9
Türk Telekomünikasyon A.Ş. (Türk Telekom)	1	-
PTT	-	1
	<u>51</u>	<u>50</u>

Other short-term receivables from related parties are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Air Albania	8	2
THY Opet	6	7
	<u>14</u>	<u>9</u>

Other long-term receivables from related parties are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Air Albania	<u>6</u>	<u>-</u>

Short-term trade payables to related parties that are accounted by using the equity method are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
TFS Akaryakıt Hizmetleri	119	132
TGS	53	57
Turkish DO&CO	36	42
THY Opet	20	19
TEC	14	32
Turkcell İletişim Hizmetleri A.Ş. (Turkcell)	1	1
Goodrich	1	2
	<u>244</u>	<u>285</u>

Other short-term payables to related parties are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Air Albania	1	-
Türkiye Sigorta A.Ş.	-	4
	<u>1</u>	<u>4</u>

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8. RELATED PARTIES (cont'd)

Transactions with related parties for the period ended 30 September 2024 and 2023 are as follows:

a) Sales to related parties:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
TGS	66	24	4	2
Sun Express	24	6	57	31
TEC	8	4	9	3
We World Express	5	3	2	1
Air Albania	4	1	8	2
Türk Telekom	4	1	-	-
Türkiye Sigorta A.Ş.	2	-	4	2
PTT	2	1	4	1
Turkcell	1	-	1	-
Goodrich	1	-	1	-
	117	40	90	42

b) Purchases from related parties:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
TFS Akaryakıt Hizmetleri	2,150	735	1,972	719
TGS	474	187	310	126
Turkish DO&CO	389	153	338	126
THY Opet	263	141	286	106
TEC	259	90	311	121
Türk Telekom	20	4	-	-
Goodrich	13	5	7	3
Turkcell	10	3	10	3
Sun Express	3	-	11	3
Ziraat Bankası	2	-	-	-
Türkiye Sigorta A.Ş.	1	-	1	-
	3,584	1,318	3,246	1,207

Details of the financial assets and liabilities for related parties as of 30 September 2024, and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Debt Securities (**)	1,976	841
Financial investments (*)	1,925	3,174
Banks - Time deposits	879	571
Banks - Demand deposits	198	10
Investment Fund	67	21
Equity share	2	1
Bank borrowings	(26)	(543)

(*) This represents the nominal amount.

(**) As of 30 September 2024, this amount represents the currency protected time deposits and time deposit with maturity more than 3 months.

As of 30 September 2024, the amount of letters of guarantees given to the related parties is USD 93 (31 December 2023: USD 432).

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8. RELATED PARTIES (cont'd)

Details of the time deposits at related parties as of 30 September 2024, and 31 December 2023 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2024
16,761	TL	45.33% - 64.75%	December 2024	545
297	EUR	2.81% - 4.13%	December 2024	334
				<u>879</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2023
264	EUR	0.01% - 4.05%	January 2024	292
5,772	TL	38.95% - 53.20%	January 2024	202
72	USD	1.50% - 3.38%	January 2024	72
4	GBP	1.69%	January 2024	5
				<u>571</u>

Details of the financial investments at related parties as of 30 September 2024, and 31 December 2023 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2024
50,642	TL (*)	30.00% - 51.30%	May 2025	1,755
151	EUR	2.81% - 4.43%	February 2025	170
				<u>1,925</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2023
93,432	TL (*)	15.00% - 54.15%	November 2024	<u>3,174</u>

(*) As of 30 September 2024, this amount represents the currency protected time deposits and time deposit with maturity more than 3 months.

Details of the debt securities at related parties as of 30 September 2024, and 31 December 2023 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2024
1,079	EUR	3.25% - 5.70%	October 2024 - March 2025	1,207
769	USD	5.38% - 8.60%	October 2024 - March 2025	769
				<u>1,976</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2023
406	EUR	3.25% - 5.70%	January 2024 - June 2024	449
392	USD	5.38% - 8.60%	January 2024 - June 2024	392
				<u>841</u>

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8. RELATED PARTIES (cont'd)

Details of the bank borrowings at related parties as of 30 September 2024, and 31 December 2023 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2024
23	EUR	2.55% - (Euribor + 3.65%)	October 2025	26
Amount	Currency	Effective Interest Rate	Maturity	31 December 2023
496	EUR	2.55% - (Euribor + 5.50%)	March 2026	543

Interest income from related parties:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Türkiye Halk Bankası A.Ş. (Halk Bankası)	331	79	79	25
T.C. Ziraat Bankası A.Ş. (Ziraat Bankası)	287	76	45	14
Türkiye Vakıflar Bankası T.A.O. (Vakıfbank)	261	73	90	27
Ziraat Katılım Bankası A.Ş.	33	12	22	6
	<u>912</u>	<u>240</u>	<u>236</u>	<u>72</u>

Interest expense to related parties:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Vakıfbank	5	-	25	8
Ziraat Bankası	4	1	17	8
	<u>9</u>	<u>1</u>	<u>42</u>	<u>16</u>

Transactions between the Group and THY Opet are related to the supply of aircraft fuel; transactions between the Group and Turkish DO&CO are related to catering services; transactions between the Group and Sun Express are related to cargo operations, seat sales operations and maintenance services; transactions between the Group and TGS are related to ground and support services; transactions between the Group and TEC are related to engine maintenance services; transactions between the Group and PTT are related to cargo transportation; transactions between the Group and Halk Bankası, Ziraat Bankası, Türkiye Vakıflar Bankası and Ziraat Katılım Bankası A.Ş. are related to banking services; transactions between the Group and Air Albania are related to aircraft transportation; transactions between the Group and Turkcell and, Türk Telekom are related to telecommunication services; transactions between the Group and Goodrich are related to maintenance services; transactions between the Group and Türkiye Sigorta are related to insurance services; transactions between the Group and We World Express are related to cargo transportation and transactions between the Group and TFS Akaryakıt Hizmetleri A.Ş. are related to the supply of aircraft fuel. Receivables from related parties are not collateralized and maturity of trade receivables is 30 days.

The total amount of all short-term benefits, including salaries, bonuses, vehicles allocated for their use and communication expenses provided for the Board Members, General Managers and Deputy General Managers of Group is USD 11 for the period between 1 January - 30 September 2024 (1 January- 30 September 2023: USD 4).

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9. OTHER RECEIVABLES

Other short-term receivables from third parties as of 30 September 2024, and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Predelivery payments made for aircraft (Gross)	699	305
Receivables from technical purchases	283	187
Bank deposits with transfer limitations (*)	177	225
Value added tax receivables	72	69
Receivables from pilots for flight training	32	29
Others	71	65
	<u>1,334</u>	<u>880</u>

(*) As of 30 September 2024, the amount consists of bank deposits in Ethiopia, Bangladesh, Syria, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Mozambique, Republic of Angola, Republic of Cameroon, Republic of Chad, Gabon, Benin, Republic of Cote D'ivoire, Republic of Sudan, Republic of Lebanon, Congo, Republic of Ghana, Egypt, Republic of Pakistan, Ukraine, Mauritania, Republic of Malawi, Federal Republic of Somalia, Republic of Equatorial Guinea, Bolivarian Republic of Venezuela, State of Libya and Iran. (As of 31 December 2023, the amount consists of bank deposits in Ethiopia, Bangladesh, Libya, Syria, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Eritrea, Mozambique, Republic of Angola, Republic of Cameroon, Republic of Chad, Gabon, Benin, Republic of Cote D'ivoire, Republic of Sudan, Republic of Lebanon, Congo, Republic of Ghana, Egypt, Republic of Pakistan, Ukraine, Mauritania and Iran).

Other long-term receivables from third parties as of 30 September 2024, and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Investment incentives (**)	625	613
Predelivery payments made for aircraft (Gross)	262	501
Receivables from pilots for flight training	201	172
Deposits and guarentees given	76	80
Interest and commodity swap agreement deposits	60	29
	<u>1,224</u>	<u>1,395</u>

(**) This represents the accrued amount as of 30 September 2024. Total contribution of government incentives related to fleet investments amounts to USD 4,524 (31 December 2023: USD 3,749).

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10. DEFERRED INCOME

Deferred incomes as of 30 September 2024, and 31 December 2023 are as follows:

Deferred income is as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Passenger flight liabilities	3,001	2,656
Other short-term deferred income	366	49
	<u>3,367</u>	<u>2,705</u>

Passenger flight liability is as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Flight liability for tickets sold	2,701	2,420
Frequent flyer program liability	300	236
	<u>3,001</u>	<u>2,656</u>

Other short-term deferred income is as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Unused Manufacturers' credits	255	-
Deferred finance income	31	31
Advances received	31	10
Other	49	8
	<u>366</u>	<u>49</u>

Long-term deferred income is as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Deferred finance income	86	107
Other	60	1
	<u>146</u>	<u>108</u>

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11. PROPERTY AND EQUIPMENT

	Land improvements and buildings	Technical equipment, simulator and vehicles	Other equipment, and fixtures	Aircraft	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance at 1 January 2024	1,554	812	321	7,529	881	846	254	323	12,520
Additions	7	30	18	202	29	187	5	292	770
Transfer (*)	41	9	21	14	1	-	1	(154)	(67)
Transfers between the account	-	-	-	1,544	-	-	1	(1)	1,544
Disposals	-	(2)	(4)	(315)	(24)	(140)	-	-	(485)
Closing balance at 30 September 2024	1,602	849	356	8,974	887	893	261	460	14,282
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2024	470	424	249	4,344	388	428	142	-	6,445
Depreciation charge	51	31	21	349	59	94	11	-	616
Transfers between the account	-	-	2	671	6	-	-	-	679
Disposals	-	(1)	(4)	(313)	(12)	(80)	-	-	(410)
Closing balance at 30 September 2024	521	454	268	5,051	441	442	153	-	7,330
Net book value at 30 September 2024	1,081	395	88	3,923	446	451	108	460	6,952
Net book value at 31 December 2023	1,084	388	72	3,185	493	418	112	323	6,075

(*) The amount of USD 67 was transferred to the right of use asset from construction in progress.

USD 1,572 of depreciation and amortization expenses recognized in cost of sales (30 September 2023: USD 1,403), USD 52 of general administrative expenses (30 September 2023: USD 51) and USD 5 of marketing and sales expenses (30 September 2023: USD 4) in total of USD 1,629 as of 30 September 2024 (30 September 2023: USD 1,458).

The Group's construction in progress balances mainly consists of İstanbul Airport buildings, aircraft modifications, engine maintenance, backup engines and simulators.

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11. PROPERTY AND EQUIPMENT (cont'd)

	Land improvements and buildings	Technical equipment, simulator and vehicles	Other equipment, and fixtures	Aircraft	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance at 1 January 2023	1,600	759	279	5,028	750	746	210	242	9,614
Additions	2	24	39	168	59	185	5	178	660
Transfer (*)	-	10	-	22	10	-	2	(84)	(40)
Transfers between the accounts	-	-	-	2,129	33	-	-	-	2,162
Disposals	(50)	(2)	(3)	(177)	(24)	(91)	-	-	(347)
Closing balance at 30 September 2023	1,552	791	315	7,170	828	840	217	336	12,049
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2023	406	385	229	3,108	319	387	126	-	4,960
Depreciation charge	54	31	18	244	58	67	11	-	483
Transfers between the accounts	-	-	-	990	17	-	-	-	1,007
Disposals	(7)	(2)	(3)	(140)	(22)	(36)	-	-	(210)
Closing balance at 30 September 2023	453	414	244	4,202	372	418	137	-	6,240
Net book value at 30 September 2023	1,099	377	71	2,968	456	422	80	336	5,809

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11. PROPERTY AND EQUIPMENT (cont'd)

Right of use assets are as follows:

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2024	22,011	338	663	8	23,020
Additions	2,107	47	23	2	2,179
Transfer	61	6	-	-	67
Disposals	(174)	-	(24)	(4)	(202)
Modifications	-	-	157	1	158
Transfers between the accounts (*)	(1,544)	-	-	-	(1,544)
Closing balance at 30 September 2024	22,461	391	819	7	23,678
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2024	5,936	71	78	7	6,092
Depreciation charge	944	16	36	2	998
Disposals	(176)	-	(1)	(4)	(181)
Modifications	-	-	(1)	-	(1)
Transfers between the account (*)	(673)	(6)	-	-	(679)
Closing balance at 30 September 2024	6,031	81	112	5	6,229
Net book value at 30 September 2024	16,430	310	707	2	17,449
<u>Cost</u>					
Opening balance at 1 January 2023	21,737	369	654	7	22,767
Additions	1,859	24	125	1	2,009
Transfers	29	11	-	-	40
Disposals	(118)	-	(3)	-	(121)
Modifications	(30)	-	(102)	-	(132)
Transfers between the accounts (*)	(2,129)	(33)	-	-	(2,162)
Closing balance at 30 September 2023	21,348	371	674	8	22,401
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2023	6,044	83	59	4	6,190
Depreciation charge	906	17	28	3	954
Disposals	(118)	-	-	-	(118)
Modifications	(26)	-	(3)	-	(29)
Transfers between the account (*)	(990)	(17)	-	-	(1,007)
Closing balance at 30 September 2023	5,816	83	84	7	5,990
Net book value at 30 September 2023	15,532	288	590	1	16,411

(*) Transfers mainly consist of aircraft that lease payments have been completed and ownership has been transferred to the Group.

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12. INTANGIBLE ASSETS

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2024	44	299	5	348
Additions	-	20	14	34
Closing balance at 30 September 2024	<u>44</u>	<u>319</u>	<u>19</u>	<u>382</u>
<u>Accumulated Amortization</u>				
Opening balance at 1 January 2024	-	258	3	261
Amortization charge	-	15	-	15
Closing balance at 30 September 2024	-	<u>273</u>	<u>3</u>	<u>276</u>
Net book value at 30 September 2024	<u>44</u>	<u>46</u>	<u>16</u>	<u>106</u>
Net book value at 31 December 2023	<u>44</u>	<u>41</u>	<u>2</u>	<u>87</u>
	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2023	44	263	5	312
Additions	-	29	-	29
Disposals	-	(2)	-	(2)
Closing balance at 30 September 2023	<u>44</u>	<u>290</u>	<u>5</u>	<u>339</u>
<u>Accumulated Amortization</u>				
Opening balance at 1 January 2023	-	232	3	235
Amortization charge	-	21	-	21
Closing balance at 30 September 2023	-	<u>253</u>	<u>3</u>	<u>256</u>
Net book value at 30 September 2023	<u>44</u>	<u>37</u>	<u>2</u>	<u>83</u>

(*) The Group accounts slot rights as intangible assets with indefinite useful lives because these assets do not have any expiry date and are usable in the foreseeable future.

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13. LEASES

Maturities of lease obligations are as follows:

	Future Minimum Lease Payments		Interest		Present Values of Minimum Lease Payments	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Less than 1 year	2,231	2,141	(388)	(381)	1,843	1,760
Between 1 – 5 years	6,542	6,505	(1,001)	(991)	5,541	5,514
Over 5 years	5,894	5,170	(732)	(632)	5,162	4,538
	<u>14,667</u>	<u>13,816</u>	<u>(2,121)</u>	<u>(2,004)</u>	<u>12,546</u>	<u>11,812</u>

	30 September 2024	31 December 2023
Fixed rate lease liabilities	6,666	6,349
Floating rate lease liabilities	5,880	5,463
	<u>12,546</u>	<u>11,812</u>

The Group's assets that are acquired by leasing have lease term of 1 to 45 years. The Group has options to purchase related assets for an insignificant amount at the end of lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased asset.

As of 30 September 2024, the USD, Euro, JPY, TRY and Swiss Franc denominated lease obligations' weighted average interest rates are 5.54% (31 December 2023: 5.62%) for the fixed rate obligations and 1.48% (31 December 2023: 1.43%) for the floating rate obligations.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The Group recognizes an obligation for unused vacation liabilities based on vacation balances and salaries of employees at the end of each reporting period.

Short-term provisions as of 30 September 2024, and 31 December 2023 are as follows:

Short-term provision for employee benefits is as follows:

	30 September 2024	31 December 2023
Provisions for unused vacation	<u>107</u>	<u>50</u>

Changes in the provisions for the period ended 30 September 2024 and 2023 are set out below:

	1 January - 30 September 2024	1 January - 30 September 2023
Provisions at the beginning of the period	50	39
Provisions for the current period	671	382
Foreign currency translation differences	(11)	(18)
Provisions released	(603)	(348)
Provisions at the end of the period	<u>107</u>	<u>55</u>

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Other short-term provision is as follows:

	30 September 2024	31 December 2023
Provisions for legal claims	<u>12</u>	<u>6</u>

Changes in the provisions for legal claims for the period ended 30 September 2024 and 2023 are set out below:

	1 January - 30 September 2024	1 January - 30 September 2023
Provisions at the beginning of the period	6	6
Provisions for the current period	7	2
Foreign currency translation differences	(1)	(2)
Provisions at the end of the period	<u>12</u>	<u>6</u>

The Group provides provisions for lawsuits initiated against itself due to its operations. The lawsuits initiated against the Group are usually reemployment lawsuits by former employees or related to damaged luggage or cargo. The estimates have been made on the basis of the advice from the legal advisors.

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15. COMMITMENTS

a) Guarantees/Pledges/Mortgages (“GPM”) given by the Group:

Amount of letters of guarantees given as of 30 September 2024 is USD 150 (31 December 2023: USD 1,112).

As of 30 September 2024, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

	30 September 2024		31 December 2023	
	Original currency amount	USD equivalent	Original currency amount	USD equivalent
A. Total amounts of GPM given on the behalf of its own legal entity	-	150	-	1,112
-Collaterals				
TL	317	9	137	5
EUR	41	46	835	924
USD	80	80	64	64
Other	-	15	-	119
B. Total amounts of GPM given on the behalf of subsidiaries that are included in full consolidation	-	-	-	-
C. Total amounts of GPM given in order to guarantee third party debts for routine trade operations	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of the Parent	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-	-	-
		<u>150</u>		<u>1,112</u>

b) Aircraft purchase commitments:

The Group has signed agreements for 413 aircraft that will be delivered between the years 2024 and 2045, (288 of aircraft are contractual and 125 of them are optional) with a list price value of USD 49,538 each. The Group has made a predelivery payment of USD 1,023 relevant to these purchases as of 30 September 2024 (31 December 2023: USD 868).

As of 30 September 2024, the ratio of other GPMs (“D”) given by the Group to the Group's equity is 0% (31 December 2023: 0%).

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16. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 30 September 2024, and 31 December 2023 are comprised of the following:

	30 September 2024	31 December 2023
Provision for retirement pay liability	<u>258</u>	<u>229</u>

Under Labor Law, effective in Türkiye, it is an obligation to make legal retirement pay to employees whose employment is terminated in certain ways.

Retirement pay liability is subject to a limitation of monthly salaries by USD 1,224 (full) (equivalent of TL 41,828 (full)) as of 30 September 2024. (31 December 2023: USD 797 (full) equivalent to TL 23,490 (full)).

Retirement pay liability is not subject to any funding legally. Provisions for retirement pay liability are calculated by estimating the present value of probable liability that will arise due to the retirement of employees.

IAS 19 (“Employee Benefits”) stipulates the progress of the Group’s liabilities by use of actuarial valuation methods under defined benefit plans. Actuarial assumptions used in calculation of total liabilities are described as follows:

The critical assumption is that the maximum liability amount increases in accordance with the inflation rate for every service year. Provisions in the accompanying consolidated financial statements as of 30 September 2024 are calculated by estimating the present value of liabilities due to the retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 24.61% annual inflation rate (31 December 2023: 24.61%) and 28.00% interest rate (31 December 2023: 28.00%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.37% (31 December 2023: 2.38%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 1,224 (full) (equivalent to TL 41,828 (full)) which has been in effect since 1 July 2024, is used in the calculation of the Group’s provision for retirement pay liability.

Movement in the provisions for retirement pay liability is as follows:

	1 January - 30 September 2024	1 January - 30 September 2023
Provision at the beginning of the period	229	273
Interest cost	42	18
Service cost for the period	32	38
Actuarial loss	23	12
Payments	(14)	(11)
Foreign currency translation difference	(54)	(100)
Provision at the end of the period	<u>258</u>	<u>230</u>

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17. EXPENSES BY NATURE

Expenses by nature for the period ended 30 September 2024 and 2023 are as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Fuel	4,785	1,662	4,545	1,693
Personnel	3,326	1,209	2,349	786
Depreciation and amortisation	1,629	555	1,458	464
Ground services	1,102	385	922	317
Aircraft maintenance	818	301	756	280
Passenger services and catering	741	282	631	215
Airport	704	261	679	251
Air traffic control	611	224	542	197
Commissions and incentives	495	165	495	181
Wet lease	293	92	149	64
Reservation systems	224	63	243	83
Advertisement and promotion	138	52	129	43
IT and communication	75	44	40	19
Service	65	4	124	29
Insurance	55	19	48	16
Transportation	50	18	41	14
Taxes and duties	46	16	42	9
Call center	25	8	25	8
Consultancy	22	8	15	7
Systems use and associateship	21	7	17	6
Rents	20	6	26	8
Utility	18	6	23	5
Aircraft rent	15	-	19	11
Other	88	31	80	32
	15,366	5,418	13,398	4,738

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18. SHAREHOLDERS' EQUITY

The ownership structure of the Company's share capital is as follows:

(Millions of TL)	Class	%	30 September		31 December	
			2024	%	2023	
Türkiye Wealth Fund	A	49.12	678	49.12	678	
Republic of Türkiye Treasury and Finance Ministry Privatization Administration	C	-	-	-	-	
Treasury Shares (*)	A	0.35	5	0.35	5	
Other (publicly held)	A	50.53	697	50.53	697	
Paid-in capital (Turkish Lira)			1,380		1,380	
Inflation adjustment on share capital (Turkish Lira) (**)			1,124		1,124	
Share capital (Turkish Lira)			2,504		2,504	
Share capital (USD Equivalent)			1,597		1,597	

(*) In accordance with the Capital Market Board's Communique II-22.1 on treasury shares and the related announcement dated 14.02.2023, in order to contribute to the fair price formation of Company's share, Board of Directors of THY A.O. decided to launch a Share Buy-back program covering 3 calendar years and to allocate a maximum of USD 480 (TL 9,000) for treasury shares from Company's cash portfolio, while limiting the number of shares that may be subject to buy-back be at most 5% of the issued share capital. According to share buy-back program, company purchased 4,797,044 shares with the amount of USD 33 as of 30 September 2024.

(**) Inflation adjustment on share capital represents inflation uplift of historical capital payments based on inflation indices until 31 December 2004.

As of 30 September 2024, the Registered paid-in share capital of the Company comprised 137,999,999,999 Class A shares and 1 Class C share, all with a par value of Kr 1 each. The Class C share belongs to the Republic of Türkiye Treasury and Finance Ministry Privatization Administration and has the following privileges:

- Articles of Association 7: Positive vote of the board member representing class C share with the Board's approval is necessary for transfer of shares issued to the name.
- Articles of Association 10: The Board of Directors consists of nine members of which one member has to be nominated by the class C shareholder and the other eight members must be elected by class A shareholders.
- Articles of Association 14: The following decisions of the Board of Directors are subject to the positive vote of the class C Shareholder:
 - a) Decisions that will negatively affect the Group's mission, Defined in Article 3.1. of the Articles of Association,
 - b) Suggesting change in the Articles of Association at General Assembly,
 - c) Increasing share capital,
 - d) Approval of transfer of the shares issued to the name and their registration to the "Share Registry",
 - e) Every decision or action which directly or indirectly puts the Group under commitment over 5% of its total assets of the latest annual financial statements prepared for Capital Market Board. (This sentence will expire when the Group's shares held by Turkish State decrease under 20%.)
 - f) Decisions relating to merges and liquidation,
 - g) Decisions cancelling flight routes or significantly reduce the frequency of flight routes, not including the ones that cannot even recover their operational expenses, subject to the market conditions.

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18. SHAREHOLDERS' EQUITY (cont'd)

Restricted Profit Reserves

Turkish Commercial Code (TCC) stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Additionally, not limited with 20% of paid-in share capital, the general legal reserve is appropriated at the rate of 10% per annum of all cash dividends in excess of 5% of the paid-in share capital. Under TCC, the legal reserves can only be used to offset losses, to sustain business when conditions worsen, to prevent unemployment and are not available for any other usage unless they exceed 50% of paid-in share capital.

In accordance with Article 520 of the Turkish Commercial Code, the Group is required to allocate a reserve fund in an amount that covers the purchase value for its own shares purchased.

Foreign Currency Translation Differences

Currency translation differences under equity arise from Group's joint ventures, provisions for unused vacation, legal claims and retirement pay liability accounted under the equity method, which have functional currencies other than USD.

Distribution of Dividends

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB, which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly in accordance with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with their dividend policy or articles of associations. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on the financial statements of the Group.

Actuarial Differences on Defined Benefit Plans

According to IAS 19, all actuarial differences are recognized in other comprehensive income.

Gains/Losses from Cash Flow Hedges

Hedge gain/losses against cash flow risk arise from the accounting of the changes in the fair values of effective derivative financial instruments designated against financial risks of future cash flows under equity. Total of deferred gain/loss arising from hedging against financial risk is accounted in profit or loss when the hedged item impacts profit or loss.

As of 2024, lease liabilities and investment borrowings in Japanese Yen, Swiss Franc and Euro for investment financing are designated as cash flow hedge against exchange rate risk due to highly probable future same foreign currency revenues. Group's revenue denominated in Euro and Swiss Franc fully covered borrowings of such foreign currency, while Japanese Yen revenue covered %88 of borrowings. In this context, exchange differences arising from such these loans repayment are taken to equity and recognized in other comprehensive income.

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19. REVENUE

Breakdown of gross profit is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Passenger revenue				
Scheduled	13,856	5,479	13,498	5,479
Unscheduled	115	71	88	48
Total passenger revenue	<u>13,971</u>	<u>5,550</u>	<u>13,586</u>	<u>5,527</u>
Cargo revenue				
Carried by cargo aircraft	1,243	484	863	289
Carried by passenger aircraft	1,303	427	946	329
Total cargo revenue	<u>2,546</u>	<u>911</u>	<u>1,809</u>	<u>618</u>
Total passenger and cargo revenue	<u>16,517</u>	<u>6,461</u>	<u>15,395</u>	<u>6,145</u>
Technical revenue	404	120	375	151
Other revenue	139	49	53	25
Net sales	<u>17,060</u>	<u>6,630</u>	<u>15,823</u>	<u>6,321</u>
Cost of sales (-)	<u>(13,625)</u>	<u>(4,810)</u>	<u>(11,752)</u>	<u>(4,185)</u>
Gross profit	<u><u>3,435</u></u>	<u><u>1,820</u></u>	<u><u>4,071</u></u>	<u><u>2,136</u></u>

Breakdown of total passenger and cargo revenue by geographical locations is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
- Europe	4,922	2,049	4,882	2,082
- Asia and Far East	4,186	1,548	3,351	1,249
- Americas	3,447	1,328	3,212	1,255
- Middle East	1,309	448	1,548	580
- Africa	1,282	485	1,247	467
International flights	<u>15,146</u>	<u>5,858</u>	<u>14,240</u>	<u>5,633</u>
Domestic flights	<u>1,371</u>	<u>603</u>	<u>1,155</u>	<u>512</u>
Total passenger and cargo revenue	<u><u>16,517</u></u>	<u><u>6,461</u></u>	<u><u>15,395</u></u>	<u><u>6,145</u></u>

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20. COST OF SALES

Breakdown of the cost of sales is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Fuel	4,785	1,662	4,545	1,693
Personnel	2,752	999	1,849	629
Depreciation and amortisation	1,572	535	1,403	446
Ground services	1,102	385	922	317
Aircraft maintenance	818	301	756	280
Passenger services and catering	741	282	631	215
Airport	704	261	679	251
Air traffic control	611	224	542	197
Wet lease	293	92	149	64
Transportation	50	18	41	14
Insurance	46	15	43	14
Service	38	1	75	21
IT and communication	29	12	11	7
Aircraft rent	15	-	19	11
Taxes and duties	15	5	20	7
Utility	12	4	19	4
Rents	10	2	11	1
Systems use and associateship	5	2	5	2
Other	27	10	32	12
	13,625	4,810	11,752	4,185

21. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Personnel	230	95	192	62
Depreciation and amortisation	52	18	51	17
IT and communication	39	30	24	10
Systems use and associateship	11	4	8	3
Service	9	2	27	1
Insurance	9	4	5	2
Consultancy	8	3	6	3
Taxes and duties	8	4	4	-
Utility	6	2	4	1
Rents	4	3	2	-
Other	10	1	7	4
	386	166	330	103

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21. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES
(cont'd)

Breakdown of selling and marketing expenses is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Commissions and incentives	495	165	495	181
Personnel	344	115	308	95
Reservation systems	224	63	243	83
Advertisement and promotion	138	52	129	43
Call center	25	8	25	8
Taxes and duties	23	7	18	2
Service	18	1	22	7
Consultancy	14	5	9	4
IT and communication	7	2	5	2
Rents	6	1	13	7
Systems use and associateship	5	1	4	1
Depreciation and amortisation	5	2	4	1
Other	51	20	41	16
	1,355	442	1,316	450

22. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income and expenses are as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Manufacturers' credits	115	68	76	19
Foreign exchange gains from operational activities, gross	60	33	177	45
Insurance, indemnities, penalties income	56	8	180	101
Rent income	40	10	26	10
Non- interest income from banks	26	11	7	3
Turnover premium from suppliers	8	2	10	3
Delay interest income	5	1	2	-
Reversal of ECL provision	2	1	3	3
Provisions released	1	1	2	-
Rediscount interest income	-	-	3	3
Other	46	7	7	5
	359	142	493	192
	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange losses from operational activities, gross	37	(2)	131	26
Provisions	10	8	7	-
Indemnity and penalty expenses	6	2	13	9
Rediscount interest expenses	2	(7)	-	-
Donations and aid	-	-	107	-
Other	19	7	16	4
	74	8	274	39

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23. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Interest income from financial investment	959	363	517	236
Income from investment incentives	254	152	208	80
Gain on sale of financial investments	59	9	29	8
Gain on sale of fixed assets	6	3	20	2
	<u>1,278</u>	<u>527</u>	<u>774</u>	<u>326</u>

Breakdown of expense from investment activities is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Loss on sale of fixed assets	22	22	45	43
Loss on sale of financial investments	10	8	13	-
	<u>32</u>	<u>30</u>	<u>58</u>	<u>43</u>

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24. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange gains from financial activities, gross	350	243	42	11
Interest income	142	74	138	9
Fair value gains on derivative financial instruments, net	-	-	356	170
Reversal of ECL provision	-	-	2	-
Other	431	235	-	-
	923	552	538	190

Breakdown of financial expenses is as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange losses on financial activities, gross (*)	717	639	164	(143)
Fair value losses on derivative financial instruments, net	365	32	-	-
Interest expense from leasing liabilities	343	115	297	122
Interest expense from financial activities	65	20	90	24
Interest expenses on employee benefits	42	14	18	5
Aircraft financing expenses	18	6	17	6
Rediscount interest expense from repayments of aircraft, net	2	(15)	10	3
Other	8	3	7	3
	1,560	814	603	20

(*) As of 30 September 2024, gross foreign exchange losses included in financial expenses mainly consist of foreign exchange losses arising from borrowings and lease obligations.

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25. TAX ASSETS AND LIABILITIES

Tax liability and tax expense are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Prepaid taxes	49	41
	<u>30 September 2024</u>	<u>31 December 2023</u>
Provisions for corporate tax	16	59
Prepaid taxes and funds	-	(20)
Corporate tax liability	16	39

	<u>1 January - 30 September 2024</u>	<u>1 July - 30 September 2024</u>	<u>1 January - 30 September 2023</u>	<u>1 July - 30 September 2023</u>
Current period tax expense	157	157	28	22
Deferred tax (income) / expense	(148)	(5)	625	363
Tax expense	9	152	653	385

Tax effect related to other comprehensive income is as follows:

	<u>1 January - 30 September 2024</u>			<u>1 January - 30 September 2023</u>		
	Amount before tax	Tax (expense) / income	Amount after tax	Amount before tax	Tax (expense) / income	Amount after tax
Changes in foreign currency translation difference	30	-	30	(30)	-	(30)
Losses on Remeasuring FVOCI	8	(2)	6	6	(1)	5
Change in actuarial losses from retirement pay obligation	(23)	4	(19)	(12)	2	(10)
Change in cash flow hedge reserve	(148)	30	(118)	144	(29)	115
Other comprehensive income	(133)	32	(101)	108	(28)	80

There is no taxation effect for the changes in foreign currency translation difference that is included in other comprehensive income.

Corporate Tax

With the "Law on Amendments to the Decree Law No. 375" published in the official gazette of the Republic of Türkiye dated July 15, 2023, the corporate tax rate has been increased from 20% to 25%, and the corporate tax rate is applied with a 5-point discount on the earnings of exporting institutions derived exclusively from exports. This rate has come into force to be applied to corporate earnings for accounting periods starting from January 1, 2023 and declarations that must be submitted as of October 1, 2023. The corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. The corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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

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25. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes, which are given below.

In Türkiye, the companies cannot declare a consolidated tax return; therefore, subsidiaries with deferred tax assets were not netted off against subsidiaries with deferred tax liabilities position and they are disclosed separately.

Breakdown of the deferred tax assets / (liabilities) is as follows:

	30 September 2024	31 December 2023
Deferred tax asset	504	332
Deferred tax liability	(52)	(50)
Deferred tax asset	<u>452</u>	<u>282</u>
	30 September 2024	31 December 2023
Deferred income and prepaid expenses	330	254
Expense accruals	215	135
Provisions for employee benefits	55	50
Miles accruals	40	34
Fixed assets	28	(284)
Lease liabilities (net) (*)	27	14
Provisions for unused vacation	23	11
Carry forward tax losses	16	230
Change in fair value of derivative instruments	11	(77)
Other receivables	-	59
Adjustments for passenger flight liabilities	(177)	(144)
Other	(116)	-
Deferred tax asset	<u>452</u>	<u>282</u>

(*) The related amount includes the effects of lease liabilities and right of use assets on deferred tax assets and liabilities.

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25. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

The changes of deferred tax (asset) / liability for the period ended 1 January – 30 September 2024 and 2023 are as follows:

	1 January - 30 September 2024	1 January - 30 September 2023
Opening balance at 1 January	(282)	2,218
Foreign currency translation difference	8	8
Tax expense from FVOCI	2	1
Tax income of actuarial losses on retirement pay obligation	(4)	(2)
Tax expense from hedging reserves	(28)	27
Deferred tax (income) / expense	(148)	625
Deferred tax (asset) / liability at the end of the period	<u>(452)</u>	<u>2,877</u>

Reconciliation with current tax income / (charge) for the period 1 January – 30 September 2024 and 2023 are as follows:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Reconciliation of effective tax charge				
Profit from operations before tax	<u>2,721</u>	<u>1,695</u>	<u>3,441</u>	<u>2,305</u>
Tax calculated with the effective tax rate	(680)	(423)	(697)	(470)
Taxation effects on:				
- income from inflation differences	645	465	-	-
- exception	402	173	-	-
- income from investment certificates	64	38	42	16
- investments accounted by using the equity method	33	28	30	24
- deduction	15	15	1	1
- investment incentive	-	-	3	3
- non deductible expenses	(39)	9	(90)	(8)
- foreign currency translation difference	(90)	(180)	58	49
- effect of the change in the deferred tax rate	(120)	(38)	-	-
- adjustment for prior year loss	(239)	(239)	-	-
Tax (expense) in statement of profit	<u>(9)</u>	<u>(152)</u>	<u>(653)</u>	<u>(385)</u>

26. EARNINGS PER SHARE

Earnings per share disclosed in the consolidated profit or loss and other comprehensive income is determined by dividing the net income by the weighted average number of shares that have been outstanding during the relevant period.

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares (“bonus interest”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the years has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year.

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26. EARNINGS PER SHARE (cont'd)

Number of total shares and calculation of profits / losses per share at 1 January – 30 September 2024 and 2023:

	1 January - 30 September 2024	1 January - 30 September 2023
Number of shares outstanding at 1 January (in full)	137,995,202,955	138,000,000,000
Number of shares outstanding at 30 September (in full)	137,995,202,955	137,995,295,955
Weighted average number of shares outstanding during the year (in full)	137,995,202,955	137,997,106,707
Net profit for the year	2,712	2,788
Basic earnings per share (Full US Cents) (*)	1.97	2.02
Diluted earnings per share (Full US Cents) (*)	1.97	2.02

(*) Basic and diluted earnings / (losses) per share are the same as there are no dilutive potential ordinary shares.

27. DERIVATIVE FINANCIAL INSTRUMENTS

Breakdown of derivative financial assets and liabilities of the Group as of 30 September 2024, and 31 December 2023 are as follows:

<u>Derivative financial assets</u>	30 September 2024	31 December 2023
Derivative instruments not subject to hedge accounting	8	5
Derivative instruments for interest rate cash flow hedge	5	9
Derivative instruments for fuel prices cash flow hedge	2	4
	<u>15</u>	<u>18</u>
<u>Derivative financial liabilities</u>	30 September 2024	31 December 2023
Derivative instruments not subject to hedge accounting	64	75
Derivative instruments for fuel prices cash flow hedge	44	15
Derivative instruments for cross currency rate cash flow hedge	-	10
Derivative instruments for interest rate cash flow hedge	-	1
	<u>108</u>	<u>101</u>

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28. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

	30 September 2024					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	1,195	134	168	19	12	862
2a.Monetary Financial Assets (**)	6,209	2,152	3,832	135	3	87
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	744	178	254	3	9	300
4.Current Assets (1+2+3)	8,148	2,464	4,254	157	24	1,249
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	1,004	768	226	-	-	10
8.Non Current Assets (5+6+7)	1,004	768	226	-	-	10
9.Total Assets (4+8)	9,152	3,232	4,480	157	24	1,259
10.Trade Payables	1,057	693	297	7	2	58
11.Financial Liabilities (*)	3,200	1	2,830	278	51	40
12a.Other Liabilities, Monetary	1,170	781	287	5	4	93
12b.Other Liabilities, Non Monetary	-	-	-	-	-	-
13.Current Liabilities (10+11+12)	5,427	1,475	3,414	290	57	191
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	8,509	62	5,887	1,823	324	413
16a.Other Liabilities, Monetary	258	258	-	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	8,767	320	5,887	1,823	324	413
18.Total Liabilities (13+17)	14,194	1,795	9,301	2,113	381	604
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	3,270	-	3,270	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(3,270)	-	(3,270)	-	-	-
20.Net foreign currency asset/(liability) position (9-18-19)	(8,312)	1,437	(8,091)	(1,956)	(357)	655
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(6,790)	491	(5,301)	(1,959)	(366)	345
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	8,242	-	6,334	1,537	70	301

(*) Net foreign exchange position of the Group is mainly due to long term foreign currency borrowings denominated in Euro, Japanese Yen, Chinese Yuan and Swiss Franc to fund its aircraft investments. The Group uses these long-term foreign currency borrowings to manage the risk of exchange differences with highly probable future foreign currency revenues. The USD equivalent of these borrowings amounts to USD 8,242 as of 30 September 2024 (31 December 2023: USD 8,286).

(**) EUR amount equivalent to USD 1,993 represents the currency protected time deposit (31 December 2023: 3,540)

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28. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	31 December 2023					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	929	193	82	7	12	635
2a.Monetary Financial Assets	5,215	835	4,302	6	2	70
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	655	227	174	1	6	247
4.Current Assets (1+2+3)	6,799	1,255	4,558	14	20	952
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	833	613	210	-	-	10
8.Non Current Assets (5+6+7)	833	613	210	-	-	10
9.Total Assets (4+8)	7,632	1,868	4,768	14	20	962
10.Trade Payables	1,078	735	281	2	2	58
11.Financial Liabilities (*)	3,395	1	2,991	378	25	-
12a.Other Liabilities, Monetary	751	407	278	2	5	59
12b.Other Liabilities, Non Monetary	55	55	-	-	-	-
13.Current Liabilities (10+11+12)	5,279	1,198	3,550	382	32	117
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	8,092	49	6,402	1,577	64	-
16a.Other Liabilities, Monetary	21	4	7	-	-	10
16b.Other Liabilities, Non Monetary	229	229	-	-	-	-
17.Non Current Liabilities (14+15+16)	8,342	282	6,409	1,577	64	10
18.Total Liabilities (13+17)	13,621	1,480	9,959	1,959	96	127
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	4,175	-	4,175	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(4,175)	-	(4,175)	-	-	-
20.Net foreign currency asset/(liability) position (9-18-19)	(10,164)	388	(9,366)	(1,945)	(76)	835
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(7,193)	(168)	(5,575)	(1,946)	(82)	578
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	8,124	-	6,544	1,491	89	-

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28. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

The Group is exposed to foreign exchange risk primarily from TL, EURO, JPY and CHF. The following table details the Group's sensitivity to a 10% increase and decrease in TL, EURO, JPY and CHF against USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss with a same effect on equity. The Group accounted investment loans and aircraft financial liabilities in scope of cash flow hedge accounting and foreign exchange income/expense arising from these loans and liabilities are recognized in equity. 10% increase and decrease effect of foreign exchange rates are calculated with the same method and the calculated foreign exchange gains/losses are presented as hedged portion in the foreign exchange sensitivity table. Furthermore, the hedged portion of foreign exchange gains/losses via forwards and cross currency swap transactions is classified as the amount hedged against USD in the statement of exchange rate sensitivity analysis.

	30 September 2024			
	Profit / (Loss)		Equity	
	Before Tax		If foreign	If foreign
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	currency appreciated 10 %	currency depreciated 10 %
1- TL net asset / liability	144	(144)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	144	(144)	-	-
4- Euro net asset / liability	(176)	176	(633)	633
5- Part hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(176)	176	(633)	633
7- JPY net asset / liability	(42)	42	(154)	154
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(42)	42	(154)	154
10- CHF net asset / liability	(29)	29	(7)	7
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	(29)	29	(7)	7
13- Other foreign currency net asset / liability	96	(96)	(30)	30
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	96	(96)	(30)	30
TOTAL (3 + 6 + 9 + 12 + 15)	(7)	7	(824)	824

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28. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	31 December 2023			
	Profit / (Loss)		Equity	
	Before Tax			
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	39	(39)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	39	(39)	-	-
4- Euro net asset / liability	(283)	283	(654)	654
5- Part hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(283)	283	(654)	654
7- JPY net asset / liability	(29)	29	(165)	165
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(29)	29	(165)	165
10- CHF net asset / liability	1	(1)	(9)	9
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	1	(1)	(9)	9
13- Other foreign currency net asset / liability	84	(84)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	84	(84)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	(188)	188	(828)	828

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29. GOVERNMENT GRANTS AND INCENTIVES

Incentive certificates dated, 28 December 2010, 18 December 2014, 11 July 2017, 18 September 2017, 1 March 2018, 9 August 2018 and 11 September 2018 were obtained from Ministry of Industry and Technology for investment of aircrafts. These certificates provide the Group with certain advantages on reduction of corporate tax, customs duty exemption and support for insurance premium of employers.

As of 30 September 2024, The Group has discounts and exemptions amounting to USD 4,524 that it can benefit from in the foreseeable future (31 December 2023: USD 3,749). As of 1 January - 30 September 2024, an investment incentive discount of USD 141 has been used. (2023: USD 30).

- There is no time limit for the use of these incentives.
- The Group expects that the related tax benefits will be used within 0 - 5 years in this context. No change is expected in the 5 years usage plan.
- The Group regularly conducts forecast studies for the usage periods of the tax advantage. The periods of use of the tax advantage have been estimated under the current conditions.
- When a 10% deviation is applied to changes in the exchange rate, DPI-PPI ratio and other economic data that affect the use of investment incentives, as well as operational income/expenses that are likely to occur, no change is expected in the 0 - 5 years period of use.

30. EVENTS AFTER THE BALANCE SHEET DATE

None.