

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

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



## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of Türk Hava Yolları Anonim Ortaklığı

### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of Türk Hava Yolları Anonim Ortaklığı (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

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

Baki Erdal, SMMM  
Independent Auditor

Istanbul, 5 August 2024

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

ASSETS	Notes	Reviewed	Audited
		30 June 2024	31 December 2023
<b>Non-Current Assets</b>			
Financial Investments	6	599	398
Other Receivables			
-Related Parties	8	6	-
-Third Parties	9	1,314	1,395
Investments Accounted for Using Equity Method	3	496	497
Investment Property		43	43
Property and Equipment	11	6,545	6,075
Right of Use Assets	11	17,006	16,928
Intangible Assets			
- Other Intangible Assets	12	97	87
- Goodwill		27	27
Prepaid Expenses		1,552	1,294
Deferred Tax Asset	25	398	332
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,083</b>	<b>27,076</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	5	1,011	683
Financial Investments	6	4,788	5,344
Trade Receivables			
-Related Parties	8	50	50
-Third Parties		1,116	806
Other Receivables			
-Related Parties	8	15	9
-Third Parties	9	1,139	880
Derivative Financial Instruments	27	71	18
Inventories		499	418
Prepaid Expenses		692	237
Current Income Tax Assets	25	36	41
Other Current Assets		88	109
<b>TOTAL CURRENT ASSETS</b>		<b>9,505</b>	<b>8,595</b>
<b>TOTAL ASSETS</b>		<b>37,588</b>	<b>35,671</b>

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 June 2024**  
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

	Notes	Reviewed	Audited
		30 June 2024	31 December 2023
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
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	(299)	(274)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	18	(211)	(221)
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	18	604	281
-Gains on Remeasuring FVOCI		10	21
Restricted Profit Reserves	18	69	69
Previous Years Profit		14,118	8,097
Net Profit for the Period		1,169	6,021
Equity of the Parent		<b>17,024</b>	<b>15,558</b>
Non-Controlling Interests		4	5
<b>TOTAL EQUITY</b>		<b>17,028</b>	<b>15,563</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	7	37	472
Long-Term Lease Liabilities	7 and 13	9,852	10,052
Other Payables			
-Third Parties		41	25
Deferred Income	10	160	108
Long-Term Provisions			
-Provisions for Employee Termination Benefits	16	255	229
-Other Provisions		80	85
Deferred Tax Liability	25	51	50
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,476</b>	<b>11,021</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	1,063	1,345
Short-Term Portion of Long-Term Borrowings	7	307	618
Short-Term Portion of Lease Liabilities	7 and 13	1,684	1,760
Trade Payables			
-Related Parties	8	268	285
-Third Parties		1,242	1,006
Payables Related to Employee Benefits		361	418
Other Payables			
-Related Parties	8	2	4
-Third Parties		229	238
Derivative Financial Instruments	27	4	101
Deferred Income	10	4,167	2,705
Current Tax Provision	25	-	39
Short-Term Provisions			
-Provisions for Employee Benefits	14	92	50
-Other Provisions	14	7	6
Other Current Liabilities		658	512
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,084</b>	<b>9,087</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>37,588</b>	<b>35,671</b>

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 Six-Month Period Ended 30 June 2024**  
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

	Notes	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
<b><u>PROFIT OR LOSS</u></b>					
Revenue	19	10,430	5,661	9,502	5,149
Cost of Sales (-)	20	(8,815)	(4,570)	(7,567)	(3,862)
<b>GROSS PROFIT</b>		<b>1,615</b>	<b>1,091</b>	<b>1,935</b>	<b>1,287</b>
General Administrative Expenses (-)	21	(220)	(112)	(227)	(129)
Selling and Marketing Expenses (-)	21	(913)	(469)	(866)	(450)
Other Operating Income	22	217	106	301	172
Other Operating Expenses (-)	22	(66)	(25)	(235)	(86)
<b>OPERATING PROFIT BEFORE INVESTMENT ACTIVITIES</b>		<b>633</b>	<b>591</b>	<b>908</b>	<b>794</b>
Income from Investment Activities	23	751	441	352	201
Expenses for Investment Activities	23	(2)	-	(15)	(3)
Share of Investments' Profit Accounted for Using The Equity Method	3	19	17	30	42
<b>OPERATING PROFIT</b>		<b>1,401</b>	<b>1,049</b>	<b>1,275</b>	<b>1,034</b>
Financial Income	24	371	176	444	87
Financial Expenses (-)	24	(746)	(367)	(583)	(261)
<b>PROFIT BEFORE TAX</b>		<b>1,026</b>	<b>858</b>	<b>1,136</b>	<b>860</b>
<b>Tax Income / (Expense)</b>		<b>143</b>	<b>85</b>	<b>(268)</b>	<b>(225)</b>
Current Tax (Expense)	25	-	-	(6)	(2)
Deferred Tax Income / (Expense)	25	143	85	(262)	(223)
<b>NET PROFIT FOR THE PERIOD</b>		<b>1,169</b>	<b>943</b>	<b>868</b>	<b>635</b>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>					
<b>Items That May Be Reclassified Subsequently To Profit or Loss</b>					
Currency Translation Adjustment		322	113	(120)	(185)
(Losses) / Gains on Investments Remeasured FVOCI		10	16	(23)	(14)
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges		(11)	1	1	(4)
Fair Value Gains / (Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		382	114	(110)	(210)
Related Tax of Other Comprehensive Income		24	8	(13)	(1)
Related Tax of Other Comprehensive Income		(83)	(26)	25	44
<b>Items That Will Not Be Reclassified Subsequently To Profit or Loss</b>					
Actuarial (Losses) on Retirement Pay Obligation		(25)	(30)	(11)	(9)
Related Tax of Other Comprehensive Income		(30)	(36)	(14)	(11)
Related Tax of Other Comprehensive Income		5	6	3	2
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>297</b>	<b>83</b>	<b>(131)</b>	<b>(194)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,466</b>	<b>1,026</b>	<b>737</b>	<b>441</b>
<b>Basic Earnings Per Share (Full US Cents)</b>	26	0.85	0.68	0.63	0.46
<b>Diluted Earnings Per Share (Full US Cents)</b>	26	0.85	0.68	0.63	0.46

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 Six-Month Period Ended 30 June 2024**

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

	Share Capital	Treasury Shares	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Retained Earnings					
			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
<b>As of 1 January 2024</b>	<b>1,597</b>	<b>(33)</b>	<b>(274)</b>	<b>(221)</b>	<b>281</b>	<b>21</b>	<b>69</b>	<b>8,097</b>	<b>6,021</b>	<b>15,558</b>	<b>5</b>	<b>15,563</b>
Transfers	-	-	-	-	-	-	-	6,021	(6,021)	-	-	-
Total comprehensive income	-	-	(25)	10	323	(11)	-	-	1,169	1,466	-	1,466
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1)	(1)
<b>As of 30 June 2024</b>	<b>1,597</b>	<b>(33)</b>	<b>(299)</b>	<b>(211)</b>	<b>604</b>	<b>10</b>	<b>69</b>	<b>14,118</b>	<b>1,169</b>	<b>17,024</b>	<b>4</b>	<b>17,028</b>

	Share Capital	Treasury Shares	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Retained Earnings					
			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
<b>As of 1 January 2023</b>	<b>1,597</b>	<b>-</b>	<b>(228)</b>	<b>(294)</b>	<b>515</b>	<b>(14)</b>	<b>36</b>	<b>5,405</b>	<b>2,725</b>	<b>9,742</b>	<b>-</b>	<b>9,742</b>
Transfers	-	-	-	-	-	-	31	2,694	(2,725)	-	-	-
Total comprehensive income	-	-	(11)	(23)	(98)	1	-	-	868	737	-	737
Increase through treasury share transactions	-	(31)	-	-	-	-	-	-	-	(31)	-	(31)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	5	5
<b>As of 30 June 2023</b>	<b>1,597</b>	<b>(31)</b>	<b>(239)</b>	<b>(317)</b>	<b>417</b>	<b>(13)</b>	<b>67</b>	<b>8,099</b>	<b>868</b>	<b>10,448</b>	<b>5</b>	<b>10,453</b>

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 Six-Month Period Ended 30 June 2024**

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

	Notes	Reviewed 1 January - 30 June 2024	Reviewed 1 January - 30 June 2023
Net Profit for the Period		1,169	868
<b>Adjustments to Reconcile Profit</b>			
Adjustments for Depreciation and Amortisation Expense	11 and 12	1,074	994
Adjustments for Provisions Related to Employee Benefits	14 and 16	64	53
Adjustments for Provisions for Other Accruals	14	2	2
Adjustments for Reversal of Probable Risks		(4)	7
Adjustments for Interest Income	23 and 24	(664)	(314)
Adjustments for Interest Expense	16 and 24	301	254
Adjustments for Unrealised Foreign Exchange Gains		(809)	(118)
Adjustments for Fair Value Losses / (Gains) on Derivative Financial Instruments	24	333	(186)
Adjustments for Fair Value Losses		160	-
Adjustments for Undistributed Gains of Associates	3	(19)	(30)
Adjustments for Tax (Income) / Expense	25	(182)	261
Adjustments for Gains Arised from Sale of Tangible Assets	23	(3)	(16)
Adjustments for Losses Arised from Sale of Other Non-Current Assets	11	38	34
<b>Operating Profit Before Changes in Working Capital</b>		<b>1,460</b>	<b>1,809</b>
Increase in Trade Receivables from Related Parties	8	-	(11)
(Increase) / Decrease in Trade Receivables from Third Parties		(307)	100
Increase in Other Receivables from Related Parties	8	(12)	-
Increase in Other Receivables from Third Parties	9	(56)	(114)
Adjustments for Increase in Inventories		(47)	(27)
Adjustments for Increase in Prepaid Expenses		(713)	(314)
Decrease in Trade Payables to Related Parties	8	(17)	(59)
Increase in Trade Payables to Third Parties		236	161
Adjustments for (Decrease) / Increase in Payables Due to Employee Benefits		(57)	35
Decrease in Other Payables to Related Parties	8	(2)	(12)
Increase in Other Payables to Third Parties		7	76
Increase in Deferred Income	10	1,658	1,199
Decrease / (Increase) in Other Assets		21	(15)
<b>Cash Flows From Operations</b>		<b>2,171</b>	<b>2,828</b>
Payments for Provisions Related with Employee Benefits	16	(8)	(7)
Income Taxes (Paid) / Received	25	(5)	6
<b>Net Cash From Operating Activities</b>		<b>2,158</b>	<b>2,827</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Proceeds From Sales of Property, Plant and Equipment and Intangible Assets		30	28
Payments For Purchasing of Property, Plant and Equipment and Intangible Assets	11 and 12	(570)	(562)
Proceeds / (Payments) For Purchasing of Other Financial Assets	6	195	(2,732)
Other Cash Advances and Loans	9	(211)	(35)
Dividends Received	3	34	25
Interest Received	23	552	189
<b>Net Cash Flows Used In Investing Activities</b>		<b>30</b>	<b>(3,087)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Payments to Acquire Entity's Shares		-	(31)
Proceeds From Loans	7	1,261	1,419
Repayments of Loans	7	(2,083)	(1,678)
Payments of Lease Liabilities	7	(939)	(848)
Interest Paid		(211)	(180)
Interest Received	24	68	129
<b>Net Cash Used in Financing Activities</b>		<b>(1,904)</b>	<b>(1,189)</b>
<b>Net Change in Cash and Cash Equivalents</b>		<b>284</b>	<b>(1,449)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>675</b>	<b>4,063</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>959</b>	<b>2,614</b>

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 Six-Month Period Ended 30 June 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 June 2024, and 31 December 2023, the shareholders and their respective shareholdings in the Company are as follows:

	<u>30 June 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 June 2024 is 59,282 (31 December 2023: 55,884). The average number of employees working for the Group for the period ended 30 June 2024 and 2023 are 58,255 and 49,603 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 Six-Month Period Ended 30 June 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 June 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 June 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
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

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As At And For the Six-Month Period Ended 30 June 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 June 2024, and 31 December 2023:

Company Name	Country of Registration and Operations	<u>Ownership Share and Voting Power</u>		Principal Activity
		30 June 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 Six-Month Period Ended 30 June 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 six-month period ended 30 June 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 June 2024 on 5 August 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
THY Technology	TL
Widect	USD
TSS	TL
THY Özel Güvenlik ve Koruma Hizmetleri A.Ş.	TL
AJET	USD
TKPAY	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 Six-Month Period Ended 30 June 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 June 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 June 2024	2,319.29	1.00000	324%
31 December 2023	1,859.38	1.24735	268%
30 June 2023	1,351.59	1.71597	190%

IAS 29 is applicable for the subsidiaries whose functional currencies are TL. These subsidiaries are THY Technology, TSS, THY Özel Güvenlik ve Koruma Hizmetleri A.Ş. and TKPAY.

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 June 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.

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

**Notes to the Condensed Consolidated Interim Financial Statements**

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(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)**

**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 June 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.

## TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

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

## 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 June 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 June 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 June 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).

## TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

### Notes to the Condensed Consolidated Interim Financial Statements

As At And For the Six-Month Period Ended 30 June 2024

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

## 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 June 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.

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

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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 June 2024</u>	<u>31 December 2023</u>
Sun Express	232	240
TEC	89	85
Turkish DO&CO	52	47
TGS	48	56
THY Opet	33	30
TFS Akaryakıt	31	29
Goodrich	6	5
We World Express	5	5
	<u>496</u>	<u>497</u>

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

	<u>1 January - 30 June 2024</u>	<u>1 April - 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2023</u>
TGS	15	(4)	16	12
Turkish DO&CO	9	8	9	5
TFS Akaryakıt	8	5	13	8
TEC	4	3	9	6
Goodrich	1	1	-	-
Air Albania (*)	-	-	-	-
THY Opet	(1)	1	7	6
Sun Express	(17)	3	(24)	5
	<u>19</u>	<u>17</u>	<u>30</u>	<u>42</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 June 2024, the loss is USD 3. (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 June 2024</u>	<u>1 January - 30 June 2023</u>
Opening balance	497	277
Share of net profit	19	30
Foreign currency translation difference	12	(28)
Other comprehensive income / (expense) recognized in equity	2	(17)
Equity investment disposal	-	(4)
Dividends to shareholders	(34)	(23)
Closing balance	<u>496</u>	<u>235</u>



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

	<b>30 June 2024</b>							
	<b>Sun Express</b>	<b>TEC</b>	<b>Turkish DO&amp;CO</b>	<b>TGS</b>	<b>THY Opet</b>	<b>TFS Akaryakit</b>	<b>Other</b>	<b>Total</b>
Total assets	2,836	290	239	360	181	535	39	4,480
Total liabilities	2,372	108	136	264	115	413	11	3,419
Total equity	464	182	103	96	66	122	28	1,061
Group's share in total equity	232	89	52	48	33	31	11	496
	<b>1 April -30 June 2024</b>							
Revenue	484	107	154	221	208	925	32	2,131
Profit for the year	6	6	18	(8)	1	20	1	44
Group's share in joint venture's loss for the period	3	3	8	(4)	1	5	1	17
	<b>1 January -30 June 2024</b>							
Revenue	710	217	276	369	353	1,722	60	3,707
Profit for the year	(34)	9	19	30	(2)	31	3	56
Group's share in joint venture's loss for the period	(17)	4	9	15	(1)	8	1	19

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

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

	<b>31 December 2023</b>							
	<b>Sun Express</b>	<b>TEC</b>	<b>Turkish DO&amp;CO</b>	<b>TGS</b>	<b>THY Opet</b>	<b>TFS Akaryakit</b>	<b>Other</b>	<b>Total</b>
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
	<b>1 April -30 June 2023</b>							
Revenue	386	97	119	123	183	691	16	1,615
Profit for the year	12	11	10	24	12	36	1	106
Group's share in joint venture's loss for the period	5	6	5	12	6	8	-	42
	<b>1 January -30 June 2023</b>							
Revenue	557	215	219	242	342	1,459	29	3,063
Profit for the year	(48)	17	17	31	14	51	1	83
Group's share in joint venture's loss for the period	(24)	9	9	16	7	13	-	30

## TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

### Notes to the Condensed Consolidated Interim Financial Statements

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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 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. The detailed information about the revenue of the Group is given in Note 19.

#### 4.1 Total Assets and Liabilities

<b>Total Assets</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Aviation	37,654	35,497
Technical	1,976	1,937
Total	39,630	37,434
Less: Eliminations due to consolidation	(2,042)	(1,763)
Total assets in consolidated financial statements	37,588	35,671
<b>Total Liabilities</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Aviation	20,523	19,982
Technical	532	535
Total	21,055	20,517
Less: Eliminations due to consolidation	(495)	(409)
Total liabilities in consolidated financial statements	20,560	20,108

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

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**4. SEGMENT REPORTING (cont'd)**

**4.2 Net Profit / (Loss)**

Segment Results:

<b>1 January - 30 June 2024</b>	<b>Aviation</b>	<b>Technic</b>	<b>Inter-segment elimination</b>	<b>Total</b>
Sales to External Customers	10,146	284	-	10,430
Inter-Segment Sales	199	675	(874)	-
Revenue	10,345	959	(874)	10,430
Cost of Sales (-)	(8,759)	(857)	801	(8,815)
Gross Profit	1,586	102	(73)	1,615
Administrative Expenses (-)	(294)	(69)	143	(220)
Selling and Marketing Expenses (-)	(908)	(8)	3	(913)
Other Operating Income	274	58	(115)	217
Other Operating Expenses (-)	(85)	(23)	42	(66)
Operating Profit Before Investment Activities	573	60	-	633
Income from Investment Activities	751	-	-	751
Expenses from Investment Activities	(2)	-	-	(2)
Share of Investments' Profit Accounted for Using The Equity Method	14	5	-	19
Operating Profit	1,336	65	-	1,401
Financial Income	370	22	(21)	371
Financial Expense (-)	(747)	(20)	21	(746)
Profit Before Tax	959	67	-	1,026
Tax Income / (Expense)	145	(2)	-	143
Current Tax Expense	-	-	-	-
Deferred Tax Income / (Expense)	145	(2)	-	143
Net Profit For The Period	1,104	65	-	1,169

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

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**4. SEGMENT REPORTING (cont'd)**

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

Segment Results (cont'd):

<b>1 January - 30 June 2023</b>	<b>Aviation</b>	<b>Technic</b>	<b>Inter-segment elimination</b>	<b>Total</b>
Sales to External Customers	9,278	224	-	9,502
Inter-Segment Sales	97	575	(672)	-
Revenue	9,375	799	(672)	9,502
Cost of Sales (-)	(7,459)	(711)	603	(7,567)
Gross Profit	1,916	88	(69)	1,935
Administrative Expenses (-)	(224)	(80)	77	(227)
Selling and Marketing Expenses (-)	(862)	(6)	2	(866)
Other Operating Income	320	33	(52)	301
Other Operating Expenses (-)	(262)	(15)	42	(235)
Operating Profit Before Investment Activities	888	20	-	908
Income from Investment Activities	352	-	-	352
Expenses from Investment Activities	(15)	-	-	(15)
Share of Investments' Profit Accounted for Using The Equity Method	21	9	-	30
Operating Profit	1,246	29	-	1,275
Financial Income	736	32	(324)	444
Financial Expense (-)	(897)	(10)	324	(583)
Profit Before Tax	1,085	51	-	1,136
Tax (Expense) / Income	(223)	(45)	-	(268)
Current Tax (Expense)	-	(6)	-	(6)
Deferred Tax (Expense) / Income	(223)	(39)	-	(262)
Net Profit For The Period	862	6	-	868

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

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**4. SEGMENT REPORTING (cont'd)**

**4.3 Investment Operations**

<b>1 January - 30 June 2024</b>	<b>Aviation</b>	<b>Technic</b>	<b>Inter-segment elimination</b>	<b>Total</b>
Purchase of property and equipment and intangible assets	1,527	173	-	1,700
Current period depreciation and amortization charge	972	102	-	1,074
Investments accounted for using equity method	396	100	-	496
<b>1 January - 30 June 2023</b>	<b>Aviation</b>	<b>Technic</b>	<b>Inter-segment elimination</b>	<b>Total</b>
Purchase of property and equipment and intangible assets	1,464	204	-	1,668
Current period depreciation and amortization charge	893	101	-	994
Investments accounted for using equity method	138	97	-	235

**5. CASH AND CASH EQUIVALENTS**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Cash	1	1
Banks – Time deposits	871	583
Banks – Demand deposits	139	99
	<b>1,011</b>	<b>683</b>

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

<b>Original Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>30 June 2024</b>
16,849	TL	46.25% - 69.38%	September 2024	565
239	EUR (*)	2.06% - 4.28%	September 2024	256
45	USD	2.44%	July 2024	45
4	GBP	1.50%	July 2024	5
				<b>871</b>
<b>Original Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>31 December 2023</b>
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
				<b>583</b>

(\*) 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 153 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 June 2024 and 2023 are as follows:

	<u>30 June 2024</u>	<u>30 June 2023</u>
Cash and cash equivalents	1,011	2,622
Interest accruals (-)	(52)	(8)
Cash and cash equivalents in statement of cash flows	<u>959</u>	<u>2,614</u>

**6. FINANCIAL INVESTMENTS**

Short-term financial investments are as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Fair value through profit and loss (FVTPL)		
- Currency protected deposit account (*)	3,551	4,863
- Equity securities	89	16
- Investment Fund	36	22
Fair value through other comprehensive income (FVOCI)		
- Corporate debt securities	646	443
- Government debt securities	7	-
Time deposits with maturity more than 3 months	459	-
	<u>4,788</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 June 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 June 2024 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2024</u>
13,300	TL	49.03% - 66.50%	June 2025	432
25	EUR	4.13%	November 2024	27
				<u>459</u>

Long-term financial investments are as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
FVOCI		
- Corporate debt securities	341	139
- Government debt securities	225	258
Time deposits with maturity more than 1 year	32	-
Other	1	1
	<u>599</u>	<u>398</u>

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**6. FINANCIAL INVESTMENTS (cont'd)**

Time deposit with maturity of more than 1 year as of 30 June 2024 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2024</u>
1,000	TL	53.14%	July 2025	<u>32</u>

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Less than 1 year	653	443
1 to 5 years	241	119
Over 5 years	325	278
	<u>1,219</u>	<u>840</u>

**7. BORROWINGS**

Short-term borrowings are as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Bank borrowings	<u>1,063</u>	<u>1,345</u>

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Lease liabilities (Note: 13)	1,684	1,760
Bank borrowings	307	618
	<u>1,991</u>	<u>2,378</u>

Long-term borrowings are as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Lease liabilities (Note: 13)	9,852	10,052
Bank borrowings	37	472
	<u>9,889</u>	<u>10,524</u>

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Less than 1 year	1,370	1,963
Between 1 – 5 years	25	457
Over 5 years	12	15
	<u>1,407</u>	<u>2,435</u>



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**7. BORROWINGS (cont'd)**

Details of bank borrowings as of 30 June 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 June 2024</u>
1,102	EUR	Fixed	0.20% - 4.00%	July 2024 - March 2031	1,181
178	USD	Fixed	5.0% - 5.25%	February 2025	178
			Euribor + 2.90% -		
45	EUR	Floating	Euribor + 5.50%	July 2024 - October 2025	48
					<u>1,407</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
			Euribor + 2.90% -		
758	EUR	Floating	Euribor + 5.50%	February 2024 - August 2026	838
					<u>2,435</u>

As of 30 June 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 June 2024</u>
Bank Borrowings	2,435	(2,083)	(67)	(139)	1,261	<u>1,407</u>

	<u>1 January 2023</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Additions</u>	<u>30 June 2023</u>
Bank Borrowings	3,273	(1,678)	(67)	147	1,419	<u>3,094</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 June 2024</u>
Aircraft	11,221	(901)	(144)	(273)	-	917	10,820
Property	590	(37)	-	(3)	8	156	714
Other	1	(1)	-	-	-	2	2
	<u>11,812</u>	<u>(939)</u>	<u>(144)</u>	<u>(276)</u>	<u>8</u>	<u>1,075</u>	<u>11,536</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 June 2023</u>
Aircraft	10,171	(831)	(113)	125	-	926	10,278
Property	593	(17)	-	6	-	13	595
Other	2	-	-	-	-	-	2
	<u>10,766</u>	<u>(848)</u>	<u>(113)</u>	<u>131</u>	<u>-</u>	<u>939</u>	<u>10,875</u>

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**8. RELATED PARTIES**

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Air Albania	38	36
We World Express	6	9
Sun Express	6	4
PTT	-	1
	<u>50</u>	<u>50</u>

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Air Albania	8	2
THY Opet	7	7
	<u>15</u>	<u>9</u>

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

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

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
TFS Akaryakıt Hizmetleri	145	132
TGS	54	57
Turkish DO&CO	43	42
THY Opet	14	19
TEC	4	32
Turkcell	3	1
Türk Telekomünikasyon A.Ş. (Türk Telekom)	3	-
Goodrich	2	2
	<u>268</u>	<u>285</u>

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Türkiye Sigorta A.Ş.	1	4
Air Albania	1	-
	<u>2</u>	<u>4</u>

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**8. RELATED PARTIES (cont'd)**

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

**a) Sales to related parties:**

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
TGS	42	22	2	1
Sun Express	18	10	26	15
TEC	4	1	6	2
Air Albania	3	2	6	3
Türk Telekom	3	3	-	-
Türkiye Sigorta A.Ş.	2	1	2	2
We World Express	2	1	1	1
PTT	1	-	3	1
Turkcell	1	-	1	1
Goodrich	1	-	1	1
	<u>77</u>	<u>40</u>	<u>48</u>	<u>27</u>

**b) Purchases from related parties:**

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
TFS Akaryakıt Hizmetleri	1,415	730	1,253	594
TGS	287	155	184	67
Turkish DO&CO	236	130	212	117
TEC	169	99	190	75
THY Opet	122	38	180	87
Türk Telekom	16	16	-	-
Goodrich	8	4	4	2
Turkcell	7	4	7	3
Sun Express	3	-	8	-
Türkiye Sigorta A.Ş.	1	1	1	1
	<u>2,264</u>	<u>1,177</u>	<u>2,039</u>	<u>946</u>

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

	<b>30 June 2024</b>	<b>31 December 2023</b>
Financial investments (*)	2,569	3,174
Financial assets (**)	1,270	841
Banks - Time deposits	701	571
Investment Fund	49	21
Banks - Demand deposits	28	10
Equity share	1	1
Bank borrowings	(62)	(543)

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

(\*\*) This represents the nominal amount.

As of 30 June 2024, the amount of letters of guarantees given to the related parties is USD 100 (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 June 2024, and 31 December 2023 are as follows:

<b>Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>30 June 2024</b>
12,060	TL	46.25% - 64.75%	September 2024	398
239	EUR	2.06% - 4.28%	September 2024	256
42	USD	2.44%	July 2024	42
4	GBP	1.50%	July 2024	5
				<u>701</u>
				<u>701</u>
<b>Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>31 December 2023</b>
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>
				<u>571</u>

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

<b>Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>30 June 2024</b>
74,020	TL	15.00% - 64.75%	May 2025	2,542
25	EUR	4.13%	November 2024	27
				<u>2,569</u>
				<u>2,569</u>
<b>Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>31 December 2023</b>
93,432	TL	15.00% - 54.15%	November 2024	<u>3,174</u>
				<u>3,174</u>

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

<b>Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>30 June 2024</b>
611	EUR	3.25% - 5.70%	July 2024 - December 2024	654
616	USD	5.38% - 8.60%	July 2024 - December 2024	616
				<u>1,270</u>
				<u>1,270</u>
<b>Amount</b>	<b>Currency</b>	<b>Effective Interest Rate</b>	<b>Maturity</b>	<b>31 December 2023</b>
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>
				<u>841</u>

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**8. RELATED PARTIES (cont'd)**

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

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2024</u>
58	EUR	2.55% - (Euribor + 5.50%)	October 2025	62
<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2023</u>
496	EUR	2.55% - (Euribor + 5.50%)	March 2026	543

**Interest income from related parties:**

	<u>1 January - 30 June 2024</u>	<u>1 April - 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2023</u>
Türkiye Halk Bankası A.Ş. (Halk Bankası)	252	90	54	44
T.C. Ziraat Bankası A.Ş. (Ziraat Bankası)	211	88	31	22
Türkiye Vakıflar Bankası T.A.O. (Vakıfbank)	188	63	63	8
Ziraat Katılım Bankası A.Ş.	21	8	16	16
	<u>672</u>	<u>249</u>	<u>164</u>	<u>90</u>

**Interest expense to related parties:**

	<u>1 January - 30 June 2024</u>	<u>1 April - 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2023</u>
Vakıfbank	5	1	17	8
Ziraat Bankası	3	-	9	4
	<u>8</u>	<u>1</u>	<u>26</u>	<u>12</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 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 7 for the period between 1 January-30 June 2024 (1 January- 30 June 2023: USD 2).

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**9. OTHER RECEIVABLES**

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

	<b>30 June 2024</b>	<b>31 December 2023</b>
Predelivery payments made for aircraft (Gross)	528	305
Receivables from technical purchases	227	187
Bank deposits with transfer limitations (*)	184	225
Receivables from pilots for flight training	28	29
Value added tax receivables	88	69
Others	84	65
	<u>1,139</u>	<u>880</u>

(\*) As of 30 June 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 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 June 2024, and 31 December 2023 are as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
Investment incentives (**)	649	613
Predelivery payments made for aircraft (Gross)	400	501
Receivables from pilots for flight training	180	172
Deposits and guarentees given	85	80
Interest and commodity swap agreement deposits	-	29
	<u>1,314</u>	<u>1,395</u>

(\*\*) This represents the accrued amount as of 30 June 2024. Total contribution of government incentives related to fleet investments amounts to USD 4,094 (31 December 2023: USD 3,749).

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**10. DEFERRED INCOME**

**Deferred income is as follows:**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Passenger flight liabilities	3,850	2,656
Other short-term deferred income	317	49
	<u>4,167</u>	<u>2,705</u>

**Passenger flight liability is as follows:**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Flight liability for tickets sold	3,566	2,420
Frequent flyer program liability	284	236
	<u>3,850</u>	<u>2,656</u>

**Other short-term deferred income is as follows:**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Unused Manufacturers' credits	218	-
Deferred finance income	31	31
Advances received	18	10
Other	50	8
	<u>317</u>	<u>49</u>

**Long-term deferred income is as follows:**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Deferred finance income	90	107
Other	70	1
	<u>160</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
<b>Cost</b>									
Opening balance at 1 January 2024	1,554	812	321	7,529	881	846	254	323	12,520
Additions	3	20	21	79	3	123	2	155	406
Transfer (*)	35	4	2	47	8	-	1	(108)	(11)
Transfers to inventories	-	-	-	-	-	-	-	(34)	(34)
Transfers between the account	-	-	-	1,034	-	-	-	-	1,034
Disposals	-	(1)	(3)	(111)	(22)	(102)	-	-	(239)
<b>Closing balance at 30 June 2024</b>	<b>1,592</b>	<b>835</b>	<b>341</b>	<b>8,578</b>	<b>870</b>	<b>867</b>	<b>257</b>	<b>336</b>	<b>13,676</b>
<b>Accumulated Depreciation</b>									
Opening balance at 1 January 2024	470	424	249	4,344	388	428	142	-	6,445
Depreciation charge	34	20	14	226	40	63	8	-	405
Transfers between the account	-	-	-	463	6	-	-	-	469
Disposals	-	(1)	(3)	(110)	(10)	(64)	-	-	(188)
<b>Closing balance at 30 June 2024</b>	<b>504</b>	<b>443</b>	<b>260</b>	<b>4,923</b>	<b>424</b>	<b>427</b>	<b>150</b>	<b>-</b>	<b>7,131</b>
<b>Net book value at 30 June 2024</b>	<b>1,088</b>	<b>392</b>	<b>81</b>	<b>3,655</b>	<b>446</b>	<b>440</b>	<b>107</b>	<b>336</b>	<b>6,545</b>
<b>Net book value at 31 December 2023</b>	<b>1,084</b>	<b>388</b>	<b>72</b>	<b>3,185</b>	<b>493</b>	<b>418</b>	<b>112</b>	<b>323</b>	<b>6,075</b>

(\*) The amount of USD 11 was transferred to the right of use asset from construction in progress.

USD 1,037 of depreciation and amortization expenses recognized in cost of sales (30 June 2023: USD 957), USD 34 of general administrative expenses (30 June 2023: USD 34) and USD 3 of marketing and sales expenses (30 June 2023: USD 3) in total of USD 1,074 as of 30 June 2024 (30 June 2023: USD 994).

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
<b><u>Cost</u></b>									
Opening balance at 1 January 2023	1,600	759	279	5,028	750	746	210	242	9,614
Additions	1	15	31	110	41	129	3	89	419
Transfer (*)	-	10	-	22	10	-	2	(77)	(33)
Transfers between the accounts	-	-	-	1,555	33	-	-	-	1,588
Disposals	-	(2)	(2)	(138)	(22)	(61)	-	-	(225)
<b>Closing balance at 30 June 2023</b>	<b>1,601</b>	<b>782</b>	<b>308</b>	<b>6,577</b>	<b>812</b>	<b>814</b>	<b>215</b>	<b>254</b>	<b>11,363</b>
<b><u>Accumulated Depreciation</u></b>									
Opening balance at 1 January 2023	406	385	229	3,108	319	387	126	-	4,960
Depreciation charge	36	20	13	173	39	46	8	-	335
Transfers between the accounts	-	-	-	726	17	-	-	-	743
Disposals	-	(1)	(2)	(132)	(22)	(27)	-	-	(184)
<b>Closing balance at 30 June 2023</b>	<b>442</b>	<b>404</b>	<b>240</b>	<b>3,875</b>	<b>353</b>	<b>406</b>	<b>134</b>	<b>-</b>	<b>5,854</b>
<b>Net book value at 30 June 2023</b>	<b>1,159</b>	<b>378</b>	<b>68</b>	<b>2,702</b>	<b>459</b>	<b>408</b>	<b>81</b>	<b>254</b>	<b>5,509</b>

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**11. PROPERTY AND EQUIPMENT (cont'd)**

Right of use assets are as follows:

	<b>Aircraft</b>	<b>Spare engines</b>	<b>Real Estate</b>	<b>Vehicles</b>	<b>Total</b>
<b><u>Cost</u></b>					
Opening balance at 1 January 2024	22,011	338	663	8	23,020
Additions	1,104	20	148	2	1,274
Transfer	11	-	-	-	11
Disposals	(151)	-	(15)	(4)	(170)
Modifications	-	-	30	1	31
Transfers between the accounts (*)	(1,034)	-	-	-	(1,034)
<b>Closing balance at 30 June 2024</b>	<b>21,941</b>	<b>358</b>	<b>826</b>	<b>7</b>	<b>23,132</b>
<b><u>Accumulated Depreciation</u></b>					
Opening balance at 1 January 2024	5,936	71	78	7	6,092
Depreciation charge	625	10	23	1	659
Disposals	(151)	-	(1)	(4)	(156)
Transfers between the account (*)	(463)	(6)	-	-	(469)
<b>Closing balance at 30 June 2024</b>	<b>5,947</b>	<b>75</b>	<b>100</b>	<b>4</b>	<b>6,126</b>
<b>Net book value at 30 June 2024</b>	<b>15,994</b>	<b>283</b>	<b>726</b>	<b>3</b>	<b>17,006</b>
<b><u>Cost</u></b>					
Opening balance at 1 January 2023	21,737	369	654	7	22,767
Additions	1,085	24	119	1	1,229
Transfers	22	11	-	-	33
Disposals	(93)	-	(3)	-	(96)
Modifications	(30)	-	(97)	-	(127)
Transfers between the accounts (*)	(1,555)	(33)	-	-	(1,588)
<b>Closing balance at 30 June 2023</b>	<b>21,166</b>	<b>371</b>	<b>673</b>	<b>8</b>	<b>22,218</b>
<b><u>Accumulated Depreciation</u></b>					
Opening balance at 1 January 2023	6,044	83	59	4	6,190
Depreciation charge	610	11	19	2	642
Disposals	(93)	-	-	-	(93)
Modifications	(26)	-	(8)	-	(34)
Transfers between the account (*)	(726)	(17)	-	-	(743)
<b>Closing balance at 30 June 2023</b>	<b>5,809</b>	<b>77</b>	<b>70</b>	<b>6</b>	<b>5,962</b>
<b>Net book value at 30 June 2023</b>	<b>15,357</b>	<b>294</b>	<b>603</b>	<b>2</b>	<b>16,256</b>

(\*) 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**

	<b>Slot rights and acquired technical licenses (*)</b>	<b>Rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b><u>Cost</u></b>				
Opening balance at 1 January 2024	44	299	5	348
Additions	-	20	-	20
Closing balance at 30 June 2024	<u>44</u>	<u>319</u>	<u>5</u>	<u>368</u>
<b><u>Accumulated Amortization</u></b>				
Opening balance at 1 January 2024	-	258	3	261
Amortization charge	-	10	-	10
Closing balance at 30 June 2024	-	268	3	271
Net book value at 30 June 2024	<u>44</u>	<u>51</u>	<u>2</u>	<u>97</u>
Net book value at 31 December 2023	<u>44</u>	<u>41</u>	<u>2</u>	<u>87</u>
	<b>Slot rights and acquired technical licenses (*)</b>	<b>Rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b><u>Cost</u></b>				
Opening balance at 1 January 2023	44	263	5	312
Additions	-	20	-	20
Disposals	-	(2)	-	(2)
Closing balance at 30 June 2023	<u>44</u>	<u>281</u>	<u>5</u>	<u>330</u>
<b><u>Accumulated Amortization</u></b>				
Opening balance at 1 January 2023	-	232	3	235
Amortization charge	-	17	-	17
Closing balance at 30 June 2023	-	249	3	252
Net book value at 30 June 2023	<u>44</u>	<u>32</u>	<u>2</u>	<u>78</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:

	<b>Future Minimum Lease Payments</b>		<b>Interest</b>		<b>Present Values of Minimum Lease Payments</b>	
	<b>31 December</b>		<b>31 December</b>		<b>31 December</b>	
	<b>30 June 2024</b>	<b>2023</b>	<b>30 June 2024</b>	<b>2023</b>	<b>30 June 2024</b>	<b>2023</b>
Less than 1 year	2,064	2,141	(380)	(381)	1,684	1,760
Between 1 – 5 years	6,255	6,505	(969)	(991)	5,286	5,514
Over 5 years	5,286	5,170	(720)	(632)	4,566	4,538
	<b>13,605</b>	<b>13,816</b>	<b>(2,069)</b>	<b>(2,004)</b>	<b>11,536</b>	<b>11,812</b>

  

	<b>30 June 2024</b>	<b>31 December 2023</b>
Floating rate lease liabilities	5,065	5,463
Fixed rate lease liabilities	6,471	6,349
	<b>11,536</b>	<b>11,812</b>

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 June 2024, the USD, Euro, JPY, TRY and Swiss Franc denominated lease obligations' weighted average interest rates are 5.65% (31 December 2023: 5.62%) for the fixed rate obligations and 1.39% (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 June 2024, and 31 December 2023 are as follows:

Short-term provision for employee benefits is as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
Provisions for unused vacation	92	50

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

	<b>1 January - 30 June 2024</b>	<b>1 January - 30 June 2023</b>
Provisions at the beginning of the period	50	39
Provisions for the current period	407	243
Foreign currency translation differences	(7)	(16)
Provisions released	(358)	(224)
Provisions at the end of the period	<b>92</b>	<b>42</b>

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

Other short-term provision is as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
Provisions for legal claims	<u>7</u>	<u>6</u>

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

	<b>1 January - 30 June 2024</b>	<b>1 January - 30 June 2023</b>
Provisions at the beginning of the period	6	6
Provisions for the current period	2	2
Foreign currency translation differences	(1)	(2)
Provisions at the end of the period	<u>7</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 June 2024 is USD 159 (31 December 2023: USD 1,112).

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

	<b>30 June 2024</b>		<b>31 December 2023</b>	
	<b>Original currency amount</b>	<b>USD equivalent</b>	<b>Original currency amount</b>	<b>USD equivalent</b>
A. Total amounts of GPM given on the behalf of its own legal entity	-	159	-	1,112
-Collaterals				
TL	315	10	137	5
EUR	63	67	835	924
USD	70	70	64	64
Other	-	12	-	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>159</u>		<u>1,112</u>

b) Aircraft purchase commitments:

The Group has signed agreements for 420 aircraft that will be delivered between the years 2024 and 2045, (295 of aircraft are contractual and 125 of them are optional) with a list price value of USD 51,133 each. The Group has made a predelivery payment of USD 1,015 relevant to these purchases as of 30 June 2024 (31 December 2023: USD 868).

As of 30 June 2024, the ratio of other CPMs (“D”) given by the Group to the Group's equity is 0% (31 December 2022: 0%).

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**16. EMPLOYEE BENEFITS**

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

	<b>30 June 2024</b>	<b>31 December 2023</b>
Provision for retirement pay liability	<u>255</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 1,066 (full) (equivalent of TL 35,059 (full)) as of 30 June 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 June 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 2.28% (31 December 2023: 2.38%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 1,272 (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:

	<b>1 January - 30 June 2024</b>	<b>1 January - 30 June 2023</b>
Provision at the beginning of the period	229	273
Actuarial loss	30	14
Interest cost	28	13
Service cost for the period	15	34
Payments	(8)	(7)
Foreign currency translation difference	(39)	(84)
Provision at the end of the period	<u>255</u>	<u>243</u>

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**17. EXPENSES BY NATURE**

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

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Fuel	3,123	1,586	2,852	1,375
Personnel	2,117	1,091	1,563	837
Depreciation and amortisation	1,074	543	994	497
Ground services	717	413	605	343
Aircraft maintenance	517	261	476	235
Passenger services and catering	459	247	416	230
Airport	443	224	428	226
Air traffic control	387	202	345	185
Commissions and incentives	330	173	314	164
Wet lease	201	109	85	55
Reservation systems	161	83	160	78
Advertisement and promotion	86	51	86	51
Service	61	38	95	53
Insurance	36	19	32	16
Transportation	32	17	27	14
IT and communication	31	15	21	10
Taxes and duties	30	10	33	14
Call center	17	10	17	8
Aircraft rent	15	10	8	3
Rents	14	4	18	10
Systems use and associateship	14	7	11	6
Consultancy	14	7	8	3
Utility	12	6	18	6
Other	57	25	48	22
	<b>9,948</b>	<b>5,151</b>	<b>8,660</b>	<b>4,441</b>



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**18. SHAREHOLDERS' EQUITY**

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

<b>(Millions of TL)</b>	<b>Class</b>	<b>%</b>	<b>30 June 2024</b>	<b>%</b>	<b>31 December 2023</b>
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 June 2024.

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

As of 30 June 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 mergers 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:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Passenger revenue				
Scheduled	8,377	4,559	8,020	4,379
Unscheduled	44	38	40	33
Total passenger revenue	8,421	4,597	8,060	4,412
Cargo revenue				
Carried by cargo aircraft	759	419	574	287
Carried by passenger aircraft	876	466	617	313
Total cargo revenue	1,635	885	1,191	600
Total passenger and cargo revenue	10,056	5,482	9,251	5,012
Technical revenue	284	140	224	117
Other revenue	90	39	27	20
Net sales	10,430	5,661	9,502	5,149
Cost of sales (-)	(8,815)	(4,570)	(7,567)	(3,862)
Gross profit	1,615	1,091	1,935	1,287

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

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
- Europe	2,873	1,618	2,727	1,524
- Asia and Far East	2,638	1,405	2,141	1,093
- Americas	2,119	1,149	2,022	1,129
- Middle East	861	447	906	475
- Africa	797	396	805	403
International flights	9,288	5,015	8,601	4,624
Domestic flights	768	467	650	388
Total passenger and cargo revenue	10,056	5,482	9,251	5,012

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**20. COST OF SALES**

Breakdown of the cost of sales is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Fuel	3,123	1,586	2,852	1,375
Personnel	1,753	910	1,220	641
Depreciation and amortisation	1,037	525	957	478
Ground services	717	413	605	343
Aircraft maintenance	517	261	476	235
Passenger services and catering	459	247	416	230
Airport	443	224	428	226
Air traffic control	387	202	345	185
Wet lease	201	109	85	55
Service	37	24	54	35
Transportation	32	17	27	14
Insurance	31	16	29	14
IT and communication	17	8	4	1
Aircraft rent	15	10	8	3
Taxes and duties	10	5	13	7
Utility	8	4	15	5
Rents	8	1	10	5
Systems use and associateship	3	2	3	1
Other	17	6	20	9
	<b>8,815</b>	<b>4,570</b>	<b>7,567</b>	<b>3,862</b>

**21. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES**

Breakdown of general administrative expenses is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Personnel	135	69	130	83
Depreciation and amortisation	34	17	34	17
IT and communication	9	4	14	8
Service	7	3	26	9
Systems use and associateship	7	3	5	4
Consultancy	5	3	3	1
Insurance	5	3	3	2
Taxes and duties	4	2	4	3
Utility	4	2	3	1
Rents	1	1	2	1
Other	9	5	3	-
	<b>220</b>	<b>112</b>	<b>227</b>	<b>129</b>

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

Breakdown of selling and marketing expenses is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Commissions and incentives	330	173	314	164
Personnel	229	112	213	113
Reservation systems	161	83	160	78
Advertisement and promotion	86	51	86	51
Call center	17	10	17	8
Service	17	11	15	9
Taxes and duties	16	3	16	4
Consultancy	9	4	5	2
Rents	5	2	6	4
IT and communication	5	3	3	1
Systems use and associateship	4	2	3	1
Depreciation and amortisation	3	1	3	2
Other	31	14	25	13
	<b>913</b>	<b>469</b>	<b>866</b>	<b>450</b>

**22. OTHER OPERATING INCOME / EXPENSES**

Breakdown of other operating income and expenses are as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Insurance, indemnities, penalties	48	27	79	19
Manufacturers' credits	47	15	57	28
Rent income	30	20	16	9
Foreign exchange gains from operational activities, gross	27	(4)	132	109
Non- interest income from banks	15	10	4	2
Turnover premium from suppliers	6	4	7	1
Delay interest income	4	2	2	2
Reversal of ECL provision	1	-	-	-
Provisions released	-	-	2	2
Other	39	32	2	-
	<b>217</b>	<b>106</b>	<b>301</b>	<b>172</b>

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Foreign exchange losses from operational activities, gross	39	7	105	72
Rediscount interest expenses	9	8	-	-
Indemnity and penalty expenses	4	2	4	2
Provisions	2	(2)	7	2
Donations and aid	-	-	107	-
Adjustments for ECL provision	-	-	-	(2)
Other	12	10	12	12
	<b>66</b>	<b>25</b>	<b>235</b>	<b>86</b>

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**23. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

Breakdown of income from investment activities is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Interest income from financial investment	596	355	185	110
Income from investment incentives	102	51	128	79
Gain on sale of financial investments	50	33	21	5
Gain on sale of fixed assets	3	2	18	7
	<u>751</u>	<u>441</u>	<u>352</u>	<u>201</u>

Breakdown of expense from investment activities is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Loss on sale of financial investments	2	-	13	1
Loss on sale of fixed assets	-	-	2	2
	<u>2</u>	<u>-</u>	<u>15</u>	<u>3</u>

**24. FINANCIAL INCOME/ EXPENSES**

Breakdown of financial income is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Foreign exchange gains from financial activities, gross	107	47	31	(24)
Interest income	68	5	129	50
Fair value gains on derivative financial instruments, net	-	-	186	6
Reversal of ECL provision	-	-	2	-
Other	196	124	96	55
	<u>371</u>	<u>176</u>	<u>444</u>	<u>87</u>

Breakdown of financial expenses is as follows:

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Fair value losses on derivative financial instruments, net	333	272	-	94
Interest expense from leasing liabilities	228	102	175	94
Foreign exchange losses on financial activities, gross (*)	78	(71)	307	119
Interest expense from financial activities	45	37	66	32
Interest expenses on employee benefits	28	14	13	6
Rediscount interest expense from repayments of aircraft	17	6	7	4
Aircraft financing expenses	12	4	11	5
Other	5	3	4	1
	<u>746</u>	<u>367</u>	<u>583</u>	<u>261</u>

(\*) As of 30 June 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:

	<b>30 June 2024</b>	<b>31 December 2023</b>
Prepaid taxes	36	41
	<b>30 June 2024</b>	<b>31 December 2023</b>
Provisions for corporate tax	1	59
Prepaid taxes and funds	(1)	(20)
Corporate tax liability	-	39

  

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Current year tax expense	-	-	6	2
Deferred tax (income) / expense	(143)	(85)	262	223
Tax (income) / expense	(143)	(85)	268	225

Tax effect related to other comprehensive income is as follows:

	<b>1 January -30 June 2024</b>			<b>1 January -30 June 2023</b>		
	Amount before tax	Tax (expense) /	Amount after tax	Amount before tax	Tax (expense) /	Amount after tax
Change in cash flow						
hedge reserve	406	(85)	321	(123)	25	(98)
Changes in foreign						
currency translation						
difference	10	-	10	(23)	-	(23)
Losses on Remeasuring FVOCI	(11)	2	(9)	1	-	1
Change in actuarial						
losses from retirement						
pay obligation	(30)	5	(25)	(14)	3	(11)
Other comprehensive						
income	375	(78)	297	(159)	28	(131)

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:

	<b>30 June 2024</b>	<b>31 December 2023</b>
Deferred tax asset	398	332
Deferred tax liability	(51)	(50)
Deferred tax asset	<u>347</u>	<u>282</u>
	<b>30 June 2024</b>	<b>31 December 2023</b>
Deferred income and prepaid expenses	311	254
Expense accruals	204	135
Provisions for employee benefits	54	50
Carry forward tax losses	39	230
Miles accruals	38	34
Provisions for unused vacation	20	11
Lease liabilities (net) (*)	10	14
Other receivables	1	59
Fixed assets	(14)	(284)
Change in fair value of derivative instruments	(47)	(77)
Adjustments for passenger flight liabilities	(177)	(144)
Other	(92)	-
Deferred tax asset	<u>347</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 June 2024 and 2023 are as follows:

	<b>1 January - 30 June 2024</b>	<b>1 January - 30 June 2023</b>
Opening balance at 1 January	(282)	2,218
Tax expense from hedging reserves	82	(22)
Foreign currency translation difference	3	7
Tax (income) / expense from FVOCI	(2)	-
Tax income of actuarial losses on retirement pay obligation	(5)	(3)
Deferred tax (income) / expense	(143)	262
Deferred tax (asset) / liability at the end of the period	<u>(347)</u>	<u>2,462</u>

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

	<b>1 January - 30 June 2024</b>	<b>1 April - 30 June 2024</b>	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>
Reconciliation of effective tax charge				
Profit from operations before tax	1,026	858	1,136	860
Tax calculated with the effective tax rate	(257)	(215)	(227)	(172)
Taxation effects on:				
- exception	229	106	-	-
- income from inflation differences	180	113	-	-
- foreign currency translation difference	90	83	9	(10)
- income from investment certificates	26	13	26	16
- investments accounted by using the equity method	5	4	6	8
- investment incentive	-	-	-	(2)
- non deductible expenses	(48)	(3)	(82)	(65)
- effect of the change in the deferred tax rate	(82)	(16)	-	-
Tax income / (charge) in statement of profit	<u>143</u>	<u>85</u>	<u>(268)</u>	<u>(225)</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 June 2024 and 2023:

	<b>1 January - 30 June 2024</b>	<b>1 January - 30 June 2023</b>
Number of shares outstanding at 1 January (in full)	137,995,202,955	138,000,000,000
Number of shares outstanding at 30 June (in full)	137,995,202,955	137,995,514,199
Weighted average number of shares outstanding during the year (in full)	137,996,156,151	137,997,934,245
Net profit for the year	1,169	868
Basic earnings per share (Full US Cents) (*)	0.85	0.63
Diluted earnings per share (Full US Cents) (*)	0.85	0.63

(\*) 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 June 2024, and 31 December 2023 are as follows:

<u>Derivative financial assets</u>	<b>30 June 2024</b>	<b>31 December 2023</b>
Derivative instruments not subject to hedge accounting	39	5
Derivative instruments for fuel prices cash flow hedge	25	4
Derivative instruments for interest rate cash flow hedge	7	9
	<u>71</u>	<u>18</u>
<u>Derivative financial liabilities</u>	<b>30 June 2024</b>	<b>31 December 2023</b>
Derivative instruments not subject to hedge accounting	2	75
Derivative instruments for fuel prices cash flow hedge	2	15
Derivative instruments for cross currency rate cash flow hedge	-	10
Derivative instruments for interest rate cash flow hedge	-	1
	<u>4</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:

	<b>30 June 2024</b>					
	<b>USD EQUIVALENT</b>	<b>TL</b>	<b>EUR</b>	<b>JPY</b>	<b>CHF</b>	<b>OTHER</b>
1.Trade Receivables	1,371	176	230	13	13	939
2a.Monetary Financial Assets (**)	5,272	1,323	3,865	20	3	61
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	723	166	240	3	9	305
<b>4.Current Assets (1+2+3)</b>	<b>7,366</b>	<b>1,665</b>	<b>4,335</b>	<b>36</b>	<b>25</b>	<b>1,305</b>
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	864	650	204	-	-	10
<b>8.Non Current Assets (5+6+7)</b>	<b>864</b>	<b>650</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>9.Total Assets (4+8)</b>	<b>8,230</b>	<b>2,315</b>	<b>4,539</b>	<b>36</b>	<b>25</b>	<b>1,315</b>
10.Trade Payables	913	422	350	13	6	122
11.Financial Liabilities (*)	2,406	2	2,148	206	24	26
12a.Other Liabilities, Monetary	1,197	823	276	4	5	89
12b.Other Liabilities, Non Monetary	-	-	-	-	-	-
<b>13.Current Liabilities (10+11+12)</b>	<b>4,516</b>	<b>1,247</b>	<b>2,774</b>	<b>223</b>	<b>35</b>	<b>237</b>
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	7,706	64	5,843	1,480	48	271
16a.Other Liabilities, Monetary	255	255	-	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-	-
<b>17.Non Current Liabilities (14+15+16)</b>	<b>7,961</b>	<b>319</b>	<b>5,843</b>	<b>1,480</b>	<b>48</b>	<b>271</b>
<b>18.Total Liabilities (13+17)</b>	<b>12,477</b>	<b>1,566</b>	<b>8,617</b>	<b>1,703</b>	<b>83</b>	<b>508</b>
<b>19.Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>3,442</b>	<b>-</b>	<b>3,442</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(3,442)	-	(3,442)	-	-	-
<b>20.Net foreign currency asset/(liability) position (9-18-19)</b>	<b>(7,689)</b>	<b>749</b>	<b>(7,520)</b>	<b>(1,667)</b>	<b>(58)</b>	<b>807</b>
<b>21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(5,834)</b>	<b>(67)</b>	<b>(4,522)</b>	<b>(1,670)</b>	<b>(67)</b>	<b>492</b>
<b>22.Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23.Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24.Hedged foreign currency liabilities</b>	<b>8,040</b>	<b>-</b>	<b>6,235</b>	<b>1,436</b>	<b>72</b>	<b>297</b>

(\*) Net foreign exchange position of the Group is mainly due to long term foreign currency borrowings denominated in Euro, Japanese Yen 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 8,039 as of 30 June 2024 (31 December 2023: USD 8,286).

(\*\*) EUR amount equivalent to USD 2,875 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
<b>4.Current Assets (1+2+3)</b>	<b>6,799</b>	<b>1,255</b>	<b>4,558</b>	<b>14</b>	<b>20</b>	<b>952</b>
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	833	613	210	-	-	10
<b>8.Non Current Assets (5+6+7)</b>	<b>833</b>	<b>613</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>9.Total Assets (4+8)</b>	<b>7,632</b>	<b>1,868</b>	<b>4,768</b>	<b>14</b>	<b>20</b>	<b>962</b>
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	-	-	-	-
<b>13.Current Liabilities (10+11+12)</b>	<b>5,279</b>	<b>1,198</b>	<b>3,550</b>	<b>382</b>	<b>32</b>	<b>117</b>
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	-	-	-	-
<b>17.Non Current Liabilities (14+15+16)</b>	<b>8,342</b>	<b>282</b>	<b>6,409</b>	<b>1,577</b>	<b>64</b>	<b>10</b>
<b>18.Total Liabilities (13+17)</b>	<b>13,621</b>	<b>1,480</b>	<b>9,959</b>	<b>1,959</b>	<b>96</b>	<b>127</b>
<b>19.Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>4,175</b>	<b>-</b>	<b>4,175</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(4,175)	-	(4,175)	-	-	-
<b>20.Net foreign currency asset/(liability) position (9-18-19)</b>	<b>(10,164)</b>	<b>388</b>	<b>(9,366)</b>	<b>(1,945)</b>	<b>(76)</b>	<b>835</b>
<b>21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(7,193)</b>	<b>(168)</b>	<b>(5,575)</b>	<b>(1,946)</b>	<b>(82)</b>	<b>578</b>
<b>22.Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23.Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24.Hedged foreign currency liabilities</b>	<b>8,124</b>	<b>-</b>	<b>6,544</b>	<b>1,491</b>	<b>89</b>	<b>-</b>

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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 June 2024**

	<b>Profit / (Loss)</b>		<b>Equity</b>	
	<b>Before Tax</b>		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	75	(75)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	75	(75)	-	-
4- Euro net asset / liability	(129)	129	(623)	623
5- Part hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(129)	129	(623)	623
7- JPY net asset / liability	(23)	23	(144)	144
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(23)	23	(144)	144
10- CHF net asset / liability	1	(1)	(7)	7
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	1	(1)	(7)	7
13- Other foreign currency net asset / liability	111	(111)	(30)	30
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	111	(111)	(30)	30
<b>TOTAL (3 + 6 + 9 + 12 + 15)</b>	<b>35</b>	<b>(35)</b>	<b>(804)</b>	<b>804</b>

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

*Foreign currency risk management (cont'd)*

	<b>31 December 2023</b>			
	<b>Profit / (Loss)</b>		<b>Equity</b>	
	<b>Before Tax</b>		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	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)	-	-
<b>TOTAL (3 + 6 + 9 + 12 + 15)</b>	<b>(188)</b>	<b>188</b>	<b>(828)</b>	<b>828</b>

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

## 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.

There is no time limit for the use of incentives received in this scope. As of 30 June 2024, the Group has a discount and exemption amounting to USD 4,094, which can be used in the future within the scope of these incentives (31 December 2023: USD 3,749).

As of 30 June 2024, The Group has discounts and exemptions amounting to USD 4,094 that it can benefit from in the foreseeable future (31 December 2023: USD 3,749). As of 30 June 2024, no tax advantage has been used. (31 December 2023: USD 30).

- There is no time limit for the use of these incentives.
- 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.
- It is foreseen that this amount of usage will increase after the deduction of financial losses stated in footnote 25.
- 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.
- 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

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 other than aviation investment projects to the Group.