

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

Condensed Consolidated Interim
Financial Statements As at and For
The Three-Month Period
Ended 31 March 2021

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 31 March 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

| ASSETS | Notes | Not Reviewed | Audited |
|---|-------|---------------|------------------|
| | | 31 March 2021 | 31 December 2020 |
| Non-Current Assets | | | |
| Financial Investments | 6 | 53 | 75 |
| Other Receivables | | | |
| -Third Parties | 10 | 1,145 | 1,200 |
| Investments Accounted for Using Equity Method | 3 | 219 | 256 |
| Property and Equipment | 12 | 4,225 | 4,145 |
| Right of Use Assets | 12 | 14,722 | 14,777 |
| Intangible Assets | | | |
| - Other Intangible Assets | 13 | 90 | 89 |
| - Goodwill | | 12 | 12 |
| Prepaid Expenses | | 809 | 798 |
| TOTAL NON-CURRENT ASSETS | | 21,275 | 21,352 |
| Current Assets | | | |
| Cash and Cash Equivalents | 5 | 1,763 | 1,811 |
| Financial Investments | 6 | 16 | 18 |
| Trade Receivables | | | |
| -Related Parties | 9 | 27 | 18 |
| -Third Parties | | 692 | 619 |
| Other Receivables | | | |
| -Related Parties | 9 | 6 | 6 |
| -Third Parties | 10 | 987 | 1,095 |
| Derivative Financial Instruments | 28 | 43 | 2 |
| Inventories | | 282 | 305 |
| Prepaid Expenses | | 157 | 141 |
| Current Income Tax Assets | 26 | 36 | 38 |
| Other Current Assets | | 93 | 125 |
| TOTAL CURRENT ASSETS | | 4,102 | 4,178 |
| TOTAL ASSETS | | 25,377 | 25,530 |

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 Balance Sheet as at 31 March 2021

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

| LIABILITIES | Notes | Not Reviewed | Audited |
|---|--------------|----------------------|-------------------------|
| | | 31 March 2021 | 31 December 2020 |
| Equity | | | |
| Share Capital | 19 | 1,597 | 1,597 |
| Items That Will Not Be Reclassified to Profit or Loss | | | |
| -Actuarial Losses on Retirement Pay Obligation | 19 | (43) | (48) |
| Items That Are or May Be Reclassified to Profit or Loss | | | |
| -Foreign Currency Translation Differences | 19 | (215) | (201) |
| -Fair Value Losses on Hedging Instruments Entered into for Cash Flow Hedges | 19 | (129) | (450) |
| -(Losses) / Gains on Remeasuring FVOCI | 19 | (3) | 2 |
| Restricted Profit Reserves | 19 | 75 | 72 |
| Previous Years Profit | 19 | 4,406 | 5,246 |
| Net Profit / (Loss) for the Period | | 61 | (836) |
| Equity of the Parent | | 5,749 | 5,382 |
| Non-Controlling Interests | | 1 | 1 |
| TOTAL EQUITY | | 5,750 | 5,383 |
| Non- Current Liabilities | | | |
| Long-Term Borrowings | 7 and 14 | 2,737 | 2,681 |
| Long Term Lease Liabilities | 7 and 14 | 9,088 | 9,579 |
| Other Payables | | | |
| -Third Parties | | 27 | 22 |
| Deferred Income | 11 | 121 | 109 |
| Long-Term Provisions | | | |
| -Provisions for Employee Benefits | 17 | 124 | 134 |
| -Other Provisions | | 52 | 49 |
| Deferred Tax Liability | 26 | 1,249 | 1,119 |
| TOTAL NON-CURRENT LIABILITIES | | 13,398 | 13,693 |
| Current Liabilities | | | |
| Short Term Borrowings | 7 | 1,455 | 1,527 |
| Short-Term Portion of Long-Term Borrowings | 7 and 14 | 1,045 | 1,186 |
| Short Term Portion of Lease Liabilities | 7 and 14 | 1,679 | 1,728 |
| Other Financial Liabilities | 8 | 3 | 17 |
| Trade Payables | | | |
| -Related Parties | 9 | 108 | 141 |
| -Third Parties | | 658 | 720 |
| Payables Related to Employee Benefits | | 100 | 90 |
| Other Payables | | | |
| -Third Parties | | 68 | 88 |
| Derivative Financial Instruments | 28 | 48 | 64 |
| Deferred Income | 11 | 778 | 614 |
| Short-Term Provisions | | | |
| -Provisions for Employee Benefits | 15 | 18 | 16 |
| -Other Provisions | 15 | 9 | 10 |
| Other Current Liabilities | | 260 | 253 |
| TOTAL CURRENT LIABILITIES | | 6,229 | 6,454 |
| TOTAL LIABILITIES AND EQUITY | | 25,377 | 25,530 |

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 Three-Month Period Ended 31 March 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

| | | <u>Not Reviewed</u> 1 January - 31 March 2021 | <u>Not Reviewed</u> 1 January - 31 March 2020 |
|---|--------------|---|---|
| <u>PROFIT OR LOSS</u> | Notes | | |
| Revenue | 20 | 1,796 | 2,533 |
| Cost of Sales (-) | 21 | (1,624) | (2,474) |
| GROSS PROFIT | | 172 | 59 |
| General Administrative Expenses (-) | 22 | (67) | (71) |
| Selling and Marketing Expenses (-) | 22 | (177) | (288) |
| Other Operating Income | 23 | 57 | 41 |
| Other Operating Expenses (-) | 23 | (26) | (65) |
| OPERATING LOSS BEFORE INVESTMENT ACTIVITIES | | (41) | (324) |
| Income from Investment Activities | 24 | 50 | 39 |
| Expenses from Investment Activities | 24 | (5) | - |
| Share of Investments' Loss Accounted by Using The Equity Method | 3 | (17) | (17) |
| OPERATING LOSS | | (13) | (302) |
| Financial Income | 25 | 147 | 20 |
| Financial Expenses (-) | 25 | (104) | (140) |
| PROFIT / (LOSS) BEFORE TAX | | 30 | (422) |
| Tax Income | | 31 | 95 |
| Current Tax Expense | 26 | - | - |
| Deferred Tax Income | 26 | 31 | 95 |
| NET PROFIT / (LOSS) FOR THE PERIOD | | 61 | (327) |
| <u>OTHER COMPREHENSIVE INCOME</u> | | | |
| Items That May Be Reclassified Subsequently To Profit or Loss | | 302 | (192) |
| Currency Translation Adjustment | | (14) | (10) |
| Losses on Remeasuring FVOCI | | (6) | (13) |
| Fair Value Gains / (Losses) on Hedging Instruments Entered into for Cash Flow Hedges | | 397 | (201) |
| Fair Value Gains / (Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges | | 5 | (20) |
| Related Tax of Other Comprehensive Income | | (80) | 52 |
| Items That Will Not Be Reclassified Subsequently To Profit or Loss | | 5 | (1) |
| Actuarial Losses on Retirement Pay Obligation | | 6 | (1) |
| Related Tax of Other Comprehensive Income | | (1) | - |
| OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD | | 307 | (193) |
| TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD | | 368 | (520) |
| Basic Gain / (Loss) Per Share (Full US Cents) | 27 | 0.04 | (0.24) |
| Diluted Gain / (Loss) Per Share (Full US Cents) | 27 | 0.04 | (0.24) |

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 Three-Month Period Ended 31 March 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

| | Items That Will Not Be Reclassified Subsequently To Profit or Loss | | Items That May Be Reclassified Subsequently To Profit or Loss | | | Retained Earnings | | | | | |
|-----------------------------|--|--|---|---|---------------------------------------|----------------------------|-----------------------|-------------------------|------------------------------|---------------------------|--------------|
| | Share Capital | Actuarial (Losses) Retirement Pay Obligation | Foreign Currency Translation Differences | Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges | Gains / (Losses) on Remeasuring FVOCI | Restricted Profit Reserves | Previous Years Profit | Net Gain for The Period | Equity Holders of the Parent | Non-controlling Interests | Total Equity |
| As of 1 January 2021 | 1,597 | (48) | (201) | (450) | 2 | 72 | 5,246 | (836) | 5,382 | 1 | 5,383 |
| Transfers | - | - | - | - | - | - | (836) | 836 | - | - | - |
| Total comprehensive income | - | 5 | (14) | 321 | (5) | 3 | (4) | 61 | 367 | - | 367 |
| As of 31 March 2021 | 1,597 | (43) | (215) | (129) | (3) | 75 | 4,406 | 61 | 5,749 | 1 | 5,750 |

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 Three-Month Period Ended 31 March 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

| | Items That Will Not Be Reclassified Subsequently To Profit or Loss | | Items That May Be Reclassified Subsequently To Profit or Loss | | | | Retained Earnings | | | | |
|-----------------------------|--|--|---|---|---------------------------------------|----------------------------|-----------------------|----------------------------------|------------------------------|---------------------------|--------------|
| | Share Capital | Actuarial (Losses) Retirement Pay Obligation | Foreign Currency Translation Differences | Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges | Gains / (Losses) on Remeasuring FVOCI | Restricted Profit Reserves | Previous Years Profit | Net Gain / (Loss) for The Period | Equity Holders of the Parent | Non-controlling Interests | Total Equity |
| As of 1 January 2020 | 1,597 | (38) | (184) | 171 | (1) | 67 | 4,463 | 788 | 6,863 | 1 | 6,864 |
| Transfers | - | - | - | - | - | - | 788 | (788) | - | - | - |
| Total comprehensive income | - | (1) | (10) | (172) | (10) | - | - | (327) | (520) | - | (520) |
| As of 31 March 2020 | 1,597 | (39) | (194) | (1) | (11) | 67 | 5,251 | (327) | 6,343 | 1 | 6,344 |

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 Three-Month Period Ended 31 March 2021
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

| | Notes | Not Reviewed 31 March 2021 | Not Reviewed 31 March 2020 |
|---|-----------|-------------------------------|-------------------------------|
| Net Profit / (Loss) for the period | | 61 | (327) |
| Adjustments to Reconcile Loss | | | |
| Adjustments for Depreciation and Amortisation Expense | 12 and 13 | 420 | 411 |
| Adjustments for Provisions Related with Employee Benefits | 15 and 17 | 8 | 5 |
| Adjustments for Reversal of Probable Risks | | (5) | 2 |
| Adjustments for Interest Income | 24 and 25 | (28) | (19) |
| Adjustments for Interest Expense | 17 and 25 | 87 | 78 |
| Adjustments For Unrealised Foreign Exchange (Gains) / Losses | | (369) | 18 |
| Adjustments for Fair Value (Gains) / Losses on Derivative Financial Instruments | 25 | (26) | 53 |
| Adjustments for Undistributed Losses of Associates | 3 | 17 | 17 |
| Adjustments for Tax Income | 26 | (31) | (95) |
| Adjustments for Losses / (Gains) Arised From Sale of Tangible Assets | 24 | 3 | (1) |
| Adjustments for Losses Arised from Sale of Other Non-Current Assets | 12 | 16 | 13 |
| Operating Profit Before Changes in Working Capital | | 153 | 155 |
| Increase in Trade Receivables from Related Parties | 9 | (9) | (9) |
| (Increase) / Decrease in Trade Receivables from Non Related Parties | | (72) | 346 |
| Decrease in Other Related Party Receivables Related with Operations | 9 | - | 6 |
| Decrease / (Increase) in Other Non-Related Party Receivables Related with Operations | 10 | 49 | (349) |
| Adjustments for Decrease / (Increase) in Inventories | | 23 | (22) |
| Adjustments for (Increase) / Decrease in Prepaid Expenses | | (27) | 7 |
| Decrease in Trade Payables to Related Parties | 9 | (33) | (29) |
| Decrease in Trade Payables to Non-Related Parties | | (62) | (116) |
| Adjustments for Decrease in Payables Due to Employee Benefits | | 10 | 9 |
| Increase / (Decrease) in Other Operating Payables to Non-Related Parties | | 154 | (1) |
| Increase / (Decrease) in Deferred Income | 11 | 185 | (177) |
| Decrease in Other Assets Related with Operations | | 32 | 35 |
| Cash Flows From Operations | | 403 | (145) |
| Payments for Provisions Related with Employee Benefits | 17 | (2) | (4) |
| Income taxes (paid) | 26 | (2) | (6) |
| Net Cash From Operating Activities | | 399 | (155) |
| CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES | | | |
| Cash Outflow Arising From Capital Increase in Investments | | - | (2) |
| Cash Receipts Proceed From Sales of Property, Plant and Equipment | | 10 | 2 |
| Cash Payments From Purchasing of Property, Plant and Equipment | 12 and 13 | (162) | (470) |
| Cash Receipts From Sales of Other Long-term Assets | 6 | 24 | 204 |
| Other Cash Advances and Loans | 12 | 114 | (4) |
| Dividends Received | | 6 | - |
| Interest Received | 24 and 25 | 28 | 5 |
| Net Cash Flows Used In Investing Activities | | 20 | (265) |
| CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES | | | |
| Proceeds From Loans | 7 | 857 | 924 |
| Payments of Loans | | (781) | (589) |
| Payments of Lease Liabilities | | (454) | (367) |
| Interest Paid | | (75) | (54) |
| Other Cash Outflows | 8 | (14) | (14) |
| Net Cash Used in Financing Activities | | (467) | (100) |
| Net Change in Cash and Cash Equivalents | | (48) | (520) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 1,811 | 2,075 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 1,763 | 1,555 |

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 Three-Month Period Ended 31 March 2021

(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 Turkey in 1933. As of 31 March 2021 and 31 December 2020, the shareholders and their respective shareholdings in the Company are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--|----------------------|-------------------------|
| Turkey Wealth Fund | 49.12 % | 49.12 % |
| Republic of Turkey Treasury and Finance Ministry Privatization Administration | - | - |
| Other (publicly held) | 50.88 % | 50.88 % |
| Total | <u>100.00 %</u> | <u>100.00 %</u> |

The number of employees working for the Group as of 31 March 2021 is 37,657 (31 December 2020: 37,896). The average number of employees working for the Group for the periods ended 31 March 2021 and 2020 are 37,789 and 39,071 respectively. The Group is registered in İstanbul, Turkey and its head office address is as follows:

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

The Company’s shares have been traded on Borsa İstanbul (“BIST”) since 1990.

Subsidiaries and Joint Ventures

The table below sets out the consolidated subsidiaries of the Group as of 31 March 2021 and 31 December 2020:

| <u>Name of the Company</u> | <u>Principal Activity</u> | <u>Ownership Rate</u> | | <u>Country of</u> |
|---|---|-----------------------|-------------------------|---------------------|
| | | <u>31 March 2021</u> | <u>31 December 2020</u> | <u>Registration</u> |
| THY Teknik A.Ş. (THY Teknik) | Aircraft Maintenance Services | 100% | 100% | Turkey |
| THY Uçuş Eğitim ve Havalimanı İşletme A.Ş. | Training & Airport Operations | 100% | 100% | Turkey |
| THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş. | Airport Investment | 100% | 100% | Turkey |
| THY Uluslararası Yatırım ve Taşımacılık A.Ş. | Cargo and Courier Transportation | 100% | 100% | Turkey |
| Cornea Havacılık Sistemleri San. Ve Tic. A.Ş. | Software System Maintenance Services | 80% | 80% | Turkey |
| THY Teknoloji ve Bilişim A.Ş. | Technologies and Consulting | 100% | 100% | Turkey |
| THY Hava Kargo Taşımacılığı A.Ş. (*) | Cargo Transportation | 100% | - | Turkey |

(*) THY Hava Kargo Taşımacılığı A.Ş. an air cargo company, wholly owned by the Incorporation, due to the increasing trend on cargo operations and to take quick actions while improving focused strategies like new product development and vertical integration, was established by the resolution of the Board of Directors. The newly established Company will strengthen our position among the most crucial players in the cargo sector, by making the most of Turkish Cargo's unique competitive advantage and create a separate platform for potential strategic foreign partnerships in the future.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Three-Month Period Ended 31 March 2021
(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 joint ventures of the Group as 31 March 2021 and 31 December 2020:

| Company Name | Country of Registration and Operations | Ownership Share and Voting Power | | Principal Activity |
|---|--|----------------------------------|------------------|----------------------------|
| | | 31 March 2021 | 31 December 2020 | |
| Güneş Ekspres Havacılık A.Ş. (Sun Express) | Turkey | 50% | 50% | Aircraft Transportation |
| THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO) | Turkey | 50% | 50% | Catering Services |
| P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC) | Turkey | 49% | 49% | Maintenance Services |
| TGS Yer Hizmetleri A.Ş. (TGS) | Turkey | 50% | 50% | Ground Services |
| THY OPET Havacılık Yakıtları A.Ş. (THY Opet)☐ | Turkey | 50% | 50% | Aviation Fuel Services |
| Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (TNC) (Goodrich) | Turkey | 40% | 40% | Maintenance Services |
| Uçak Koltuk Sanayi ve Ticaret A.Ş. (Uçak Koltuk) | Turkey | 50% | 50% | Cabin Interior Products |
| TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI) | Turkey | 50% | 50% | Cabin Interior Products |
| Vergi İade Aracılık A.Ş. | Turkey | 30% | 30% | VAT Return and Consultancy |
| Air Albania | Albania | 49% | 49% | Aircraft Transportation |
| We World Express Ltd. | Hong Kong | 45% | 45% | Cargo and Courier |
| TFS Akaryakıt Hizmetleri A.Ş. | Turkey | 25% | 25% | Aviation Fuel Services |

The Group owns 49%, 49%, 45%, 40%, 30% and 25% equity shares of TEC, Air Albania, We World Express Ltd., Goodrich, Vergi İade Aracılık A.Ş. and TFS Akaryakıt Hizmetleri A.Ş. 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 respective investor agreement. Thus, the Group concluded that it has joint control over TEC, Air Albania, We World Express, Goodrich, Vergi İade Aracılık A.Ş. and TFS Akaryakıt Hizmetleri A.Ş..

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 three-month period ended 31 March 2021 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 2020.

Board of Directors has approved the consolidated financial statements as of 31 March 2021 on 3 May 2021. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Three-Month Period Ended 31 March 2021
(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 Preparation

The consolidated financial statements, except for derivative financial instruments, 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.

Adjustment of Financial Statements in Hyperinflationary Periods

As of 1 January 2005, “IAS 29: Financial Reporting in Hyperinflationary Economies” was no longer applied henceforward.

Functional and Reporting Currency

Functional currency

The consolidated financial statements of the Group are presented in US Dollars, which is the functional currency of the Group.

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

Except where otherwise indicated, all values are rounded the nearest million (US Dollar 000,000).

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 twelve joint ventures (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 controlled by the Group jointly, 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.

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

2.1 Basis of Presentation (cont'd)

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control 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:

- 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 preparation of these condensed consolidated interim financial statements as at and for the period ended 31 March 2021 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2020.

2.3 Summary of Significant Accounting Policies

The accounting policies used in preparation of condensed consolidated interim financial statements as at 31 March 2021 are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2020.

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

2.4 New and Revised Standards and Interpretations

a) Standards, amendments and interpretations applicable as at 31 March 2021:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

These changes have no material impacts on the financial position and performance of the Group.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2021:

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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 at 31 March 2021 (cont'd):

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from Annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

The new standards, amendments and improvements have no material impacts on the financial position and performance of the Group.

2.5 Determination of Fair Values

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

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

2.5 Determination of Fair Values (cont'd)

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. In spite of the negative impacts of Covid-19 pandemic, the Group achieved a net profit of USD 61 for first quarter of 2021. The Group's current liabilities exceed its current assets by USD 2,127 as of 31 March 2021.

The Group has managed to preserve its cash at the same level as of 2019 year-end thanks to cost saving actions, postponement of supplier payments and Bank credits as well as tax&legal liabilities. The Group preserved its cash in the first quarter of 2021 thanks to continuation of the actions taken in 2020. The Group also used bank loans to preserve its cash level which is a sign of its high credibility before creditors.

Cost saving actions and the employee pay agreements with the Unions also contributed to the Group's ability to minimize Covid-19's adverse financial effects. The employee pay agreements will be valid till the end of 2021 which will contribute positively to the Group's 2021 operational results. Saving actions taken in other fixed or operational costs together with employee costs resulted in an amount of USD 200 million total cost savings for first quarter of 2021. Discretionary capital expenditures are postponed. Furthermore, Cargo revenues in this period increased by 77% as a result of increase in unit revenues. In addition, cargo related costs are managed carefully. Cash flow from cargo activities contributed positively to the preservation of Group's cash level. The Group also managed to maintain contribution margin of passenger operations to the cash flow at the 2019 levels which is also a positive contributor to cash preservation. As a result of all these financial and operational actions, the Group was able to keep the shrink in Shareholder's Equity limited.

The Group predicts passenger operations will be affected positively from the widespread use of Covid-19 vaccinations in 2021 and beyond. The agreements with the Unions and suppliers will enable to continue cost savings in employee and some other fixed costs. The Group foresees positive cash flows and high unit revenues for cargo operations will continue also in 2021.

Some of the capital expenditure for 2021 and beyond are also postponed or cancelled. The negotiations with aircraft manufacturers agreed upon, so the agreements for postponement and cancellation of aircraft deliveries are signed. According to the agreement with Boeing for B737-Maxs, 10 aircraft are permanently cancelled, 40 aircraft are turned into options until December 2021. At the same time, delivery dates for 13 B737 MAXs are rescheduled according to operational and financial capacity of the Group. These agreements will have very positive impacts on the Group's finance needs for the period between 2021 and 2028. In addition, the Group maintains its credit limits in banks and does not expect any hardship for future bank loan needs. The Group does not predict any important risk in terms of cash and equities as the adverse effects of the pandemic diminishes throughout time.

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

2.7 Impact of Covid-19 Pandemic on Group Activities

Due to the impact of COVID-19 in the first half of 2020, global air traffic has significantly declined and stringent measures have been taken to slow the expansion of the pandemic. Several constraints were imposed and restrictions continue to have a major impact on global aviation industry.

To mitigate the effect of the pandemic, THY has taken several measures and assesses further developments. The actions taken are listed below:

Capacity

Although several countries around the world continue to vaccinate their citizens, inadequacy in vaccine quantities and mutation of the Covid-19 virus caused partial travel restrictions to continue in the first quarter of 2021. While THY reopened some of closed international destinations in the countries where flight restrictions are abolished, it added new international destinations to its network at low frequencies after necessary negotiations depending on the pandemic situation in corresponding countries where measures are relaxed. In the first quarter of 2021, compared to the same period of 2019, THY reached 54% of capacity (ASK) in domestic routes, 47% of capacity in international routes and 47% capacity in total. As far as passenger numbers are concerned, THY reached 42% of 2019 Q1 in domestic routes, 36% international routes and 38% of same period in total. Thanks to lower cost base and wide flight network of THY, the Group realized a faster recovery than its competitors in financial and operational results; especially due to faster recovery in ethnic and opportunistic leisure passenger segments. THY became the leading carrier in Europe regarding the number of flights according to the European Organization for the Safety of Air Navigation (Eurocontrol) data.

Cargo business

Cargo operations are continuing at full capacity with freighters and more than 10 wide body passenger aircraft are being utilized for cargo operations. The number of passenger aircraft utilized in cargo operations may also be increased depending on the cargo demand environment and passenger flight restrictions. As a result, 77% increase was recorded in cargo revenues compared to the same period of last year. Cargo operations made a significant contribution to total revenue and profit compared to those of the previous year, thanks to increasing unit revenues and declining operational costs led by the drop in fuel prices.

Cost reductions

THY is taking actions to decrease the operational expenses and secure the financial liquidity of the Group. Cost saving actions and the employee pay agreements with the Unions also contributed to the Group's ability to minimize Covid-19's adverse financial effects. The employee pay agreements will be valid till the end of 2021 which will contribute positively to the Group's 2021 operational results. Saving actions taken in other fixed or operational costs together with employee costs resulted in an amount of USD 200 million total cost savings for first quarter of 2021. Discretionary capital expenditures are postponed. Aircraft delivery plans determined before the pandemic for 2020-2021 are discussed together with OEMs and aircraft deliveries are postponed. Cash outflows reduced thanks to the use of previous prepayments in the prepayments of the aircrafts to be received. The Group also requested support from the Government in 2021 as well as in 2020. The rents paid in the airports operated by State Airports Authority DHMİ in the period of July-December 2020 are canceled retrospectively, canceled amounts are deducted from the rents to be paid in 2021. Also, Discount of 50% for 2021 and 2022 will be applied for airport rents operated by DHMİ.

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

2.7 Impact of Covid-19 Pandemic on Group Activities (cont'd)

Asset valuation

Related to the COVID-19 pandemic, THY paid attention to the recoverability of fleet, right of use assets and deferred tax assets and conducted impairment tests under different scenarios. As a result, no impairment related to fleet and right of use assets was recognized.

Accounting estimates and assumptions

Due to COVID-19 pandemic, THY reviewed accounting estimates and assumptions.

According to IFRS 9, ECL estimations, especially historical loss rates, for trade receivables was reviewed to include forward-looking information with regard to COVID-19. In addition, estimates used in the calculation of provisions for receivables from pilots for flight training were reviewed to reflect current environment.

Discount rates and inflation rates used in calculations of provisions for employee benefits were revised to incorporate related COVID-19 impact.

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

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

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-------------------------|----------------------|-------------------------|
| TEC | 60 | 59 |
| Turkish DO&CO | 43 | 47 |
| Sun Express | 36 | 64 |
| TGS | 30 | 34 |
| THY Opet | 28 | 28 |
| TFS Akaryakıt | 6 | 8 |
| Uçak Koltuk | 6 | 6 |
| Goodrich | 4 | 4 |
| TCI | 4 | 4 |
| We World Express | 2 | 2 |
| Vergi İade Aracılık (*) | - | - |
| | <u>219</u> | <u>256</u> |

(*) The Group's share in the shareholders' equity of Vergi İade Aracılık is less than USD 1.

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

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

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|---------------|--------------------------------------|--------------------------------------|
| TFS Akaryakıt | 5 | - |
| THY Opet | 3 | (2) |
| TEC | 1 | 3 |
| Turkish DO&CO | 1 | 3 |
| TGS | 1 | 2 |
| Goodrich | 1 | - |
| Uçak Koltuk | - | 1 |
| Sun Express | (29) | (24) |
| | <u>(17)</u> | <u>(17)</u> |

Financial information for Sun Express as of 31 March 2021 and 2020 are as follows:

| | 31 March 2021 | 31 December 2020 |
|--|--------------------------------------|--------------------------------------|
| Total assets | 1,624 | 1,728 |
| Total liabilities | 1,552 | 1,600 |
| Shareholders' equity | 72 | 128 |
| Group's share in joint venture's shareholders' equity | 36 | 64 |
| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
| Revenue | 54 | 179 |
| Loss for the period | (57) | (49) |
| Group's share in joint venture's loss for the period | (29) | (24) |

Financial information for TEC as of 31 March 2021 and 2020 are as follows:

| | 31 March 2021 | 31 December 2020 |
|---|--------------------------------------|--------------------------------------|
| Total assets | 240 | 198 |
| Total liabilities | 117 | 77 |
| Shareholders' equity | 123 | 121 |
| Group's share in joint venture's shareholders' equity | 60 | 59 |
| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
| Revenue | 61 | 129 |
| Profit for the period | 3 | 6 |
| Group's share in joint venture's profit for the peirod | 1 | 3 |

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

Financial information for Turkish DO&CO as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Total assets | 126 | 160 |
| Total liabilities | 41 | 65 |
| Shareholders' equity | 85 | 95 |
| Group's share in joint venture's shareholders' equity | 43 | 47 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 21 | 71 |
| Profit for the period | 1 | 6 |
| Group's share in joint venture's profit for the period | 1 | 3 |

Financial information for TGS as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Total assets | 148 | 187 |
| Total liabilities | 89 | 119 |
| Shareholders' equity | 59 | 68 |
| Group's share in joint venture's shareholders' equity | 30 | 34 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 48 | 74 |
| Profit for the period | 1 | 4 |
| Group's share in joint venture's profit for the period | 1 | 2 |

Financial information for THY Opet as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--|--------------------------------------|--------------------------------------|
| Total assets | 174 | 169 |
| Total liabilities | 119 | 113 |
| Shareholders' equity | 55 | 56 |
| Group's share in joint venture's shareholders' equity | 28 | 28 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 71 | 111 |
| Profit / (loss) for the period | 7 | (3) |
| Group's share in joint venture's profit / (loss) for the period | 3 | (2) |

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

Financial information for Uçak Koltuk as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Total assets | 31 | 33 |
| Total liabilities | 20 | 21 |
| Shareholders' equity | 11 | 12 |
| Group's share in joint venture's shareholders' equity | 6 | 6 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 4 | 11 |
| Profit for the period | - | 2 |
| Group's share in joint venture's profit for the period | - | 1 |

Financial information for TCI as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--|--------------------------------------|--------------------------------------|
| Total assets | 14 | 15 |
| Total liabilities | 6 | 6 |
| Shareholders' equity | 8 | 9 |
| Group's share in joint venture's shareholders' equity | 4 | 4 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 1 | 1 |
| (Loss) / profit for the period | (1) | (1) |
| Group's share in joint venture's (loss) / profit for the period | - | - |

Financial information for TFS Akaryakıt Hizmetleri as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Total assets | 156 | 212 |
| Total liabilities | 132 | 182 |
| Shareholders' equity | 24 | 30 |
| Group's share in joint venture's shareholders' equity | 6 | 8 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 158 | 341 |
| Profit / (loss) for the period | 21 | (2) |
| Group's share in joint venture's profit for the period | 5 | - |

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

Financial information for Goodrich as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Total assets | 15 | 12 |
| Total liabilities | 4 | 3 |
| Shareholders' equity | 11 | 9 |
| Group's share in joint venture's shareholders' equity | 4 | 4 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 6 | 5 |
| Profit for the period | 1 | 1 |
| Group's share in joint venture's profit for the period | 1 | - |

Financial information for We World Express as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Total assets | 9 | 8 |
| Total liabilities | 5 | 5 |
| Shareholders' equity | 4 | 3 |
| Group's share in joint venture's shareholders' equity | 2 | 2 |
| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
| Revenue | 7 | 3 |
| Profit for the period | - | - |
| Group's share in joint venture's profit for the period | - | - |

Since 31 December 2019, the loss of Air Albania, which is exceeding the Group's total share, has not been presented in financial statements. As of 31 March 2021, the amount is USD 1 (31 December 2020 USD 5).

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 main 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 aviation sector. The detailed information about the revenue of the Group is given in Note 20.

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4. SEGMENT REPORTING (cont'd)

4.1 Total Assets and Liabilities

| Total Assets | 31 March 2021 | 31 December 2020 |
|--|----------------------|-------------------------|
| Aviation | 25,305 | 25,425 |
| Technical | 1,536 | 1,547 |
| Total | 26,841 | 26,972 |
| Less: Eliminations due to consolidation | (1,464) | (1,442) |
| Total assets in consolidated financial statements | <u>25,377</u> | <u>25,530</u> |
| | | |
| Total Liabilities | 31 March 2021 | 31 December 2020 |
| Aviation | 19,607 | 20,096 |
| Technical | 354 | 370 |
| Total | 19,961 | 20,466 |
| Less: Eliminations due to consolidation | (334) | (319) |
| Total liabilities in consolidated financial statements | <u>19,627</u> | <u>20,147</u> |

4.2 Profit / (Loss) before Tax

Segment Results:

| 1 January - 31 March 2021 | Inter-segment | | | Total |
|---|----------------------|----------------|--------------------|--------------|
| | Aviation | Technic | elimination | |
| Sales to External Customers | 1,731 | 65 | - | 1,796 |
| Inter-Segment Sales | 13 | 165 | (178) | - |
| Revenue | 1,744 | 230 | (178) | 1,796 |
| Cost of Sales (-) | (1,606) | (190) | 172 | (1,624) |
| Gross Profit | 138 | 40 | (6) | 172 |
| Administrative Expenses (-) | (50) | (25) | 8 | (67) |
| Selling and Marketing Expenses (-) | (175) | (2) | - | (177) |
| Other Operating Income | 59 | 5 | (7) | 57 |
| Other Operating Expenses (-) | (34) | 3 | 5 | (26) |
| Operating Loss Before Investment Activities | (62) | 21 | - | (41) |
| Income from Investment Activities | 50 | - | - | 50 |
| Expenses from Investment Activities | (5) | - | - | (5) |
| Share of Investments' Loss Accounted by Using The Equity Method | (19) | 2 | - | (17) |
| Operating Loss | (36) | 23 | - | (13) |
| Financial Income | 123 | 8 | 16 | 147 |
| Financial Expense (-) | (86) | (2) | (16) | (104) |
| Profit Before Tax | <u>1</u> | <u>29</u> | <u>-</u> | <u>30</u> |

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4. SEGMENT REPORTING (cont'd)

4.2 Profit / (Loss) before Tax (cont'd)

Segment Results:

| 1 January - 31 March 2020 | Aviation | Technic | Inter-segment elimination | Total |
|---|-----------------|----------------|--------------------------------------|--------------|
| Sales to External Customers | 2,478 | 55 | - | 2,533 |
| Inter-Segment Sales | 11 | 233 | (244) | - |
| Revenue | 2,489 | 288 | (244) | 2,533 |
| Cost of Sales (-) | (2,464) | (255) | 245 | (2,474) |
| Gross Profit | 25 | 33 | 1 | 59 |
| Administrative Expenses (-) | (45) | (27) | 1 | (71) |
| Selling and Marketing Expenses (-) | (285) | (3) | - | (288) |
| Other Operating Income | 41 | 4 | (4) | 41 |
| Other Operating Expenses (-) | (65) | (2) | 2 | (65) |
| Operating Loss Before Investment Activities | (329) | 5 | - | (324) |
| Income from Investment Activities | 39 | - | - | 39 |
| Share of Investments' Loss Accounted by Using The Equity Method | (20) | 3 | - | (17) |
| Operating Loss | (310) | 8 | - | (302) |
| Financial Income | 18 | 3 | (1) | 20 |
| Financial Expense (-) | (139) | (2) | 1 | (140) |
| Loss Before Tax | (431) | 9 | - | (422) |

4.3 Investment Operations

| 1 January - 31 March 2021 | Aviation | Technic | Inter-segment elimination | Total |
|---|-----------------|----------------|--------------------------------------|--------------|
| Purchase of property and equipment and intangible assets | 453 | 22 | - | 475 |
| Current period depreciation and amortization charge | 383 | 37 | - | 420 |
| Investments accounted by using equity method | 145 | 74 | - | 219 |

| 1 January - 31 March 2020 | Aviation | Technic | Inter-segment elimination | Total |
|---|-----------------|----------------|--------------------------------------|--------------|
| Purchase of property and equipment and intangible assets | 1,357 | 88 | - | 1,445 |
| Current period depreciation and amortization charge | 373 | 38 | - | 411 |
| Investments accounted by using equity method | 253 | 76 | - | 329 |

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5. CASH AND CASH EQUIVALENTS

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-------------------------|----------------------|-------------------------|
| Cash | 2 | 2 |
| Banks – Time deposits | 1,713 | 1,749 |
| Banks – Demand deposits | 48 | 60 |
| | <u>1,763</u> | <u>1,811</u> |

Details of the time deposits as of 31 March 2021 are as follows:

| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 March 2021</u> |
|---------------|-----------------|--------------------------------|-----------------|----------------------|
| 1,335 | TL | 9.00% - 19.50% | April 2021 | 165 |
| 205 | USD | 1.35% - 2.40% | June 2021 | 205 |
| 1,135 | EUR | 0.40% - 1.68% | June 2021 | 1,333 |
| 818 | DZD | 1.89% | April 2021 | 6 |
| 270 | MZN | 6.80% | April 2021 | 4 |
| | | | | <u>1,713</u> |

Details of the time deposits as of 31 December 2020 are as follows:

| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 December 2020</u> |
|---------------|-----------------|--------------------------------|-----------------|-------------------------|
| 6,230 | TL | 9.00% - 18.50% | March 2021 | 857 |
| 186 | USD | 1.80% - 2.85% | January 2021 | 186 |
| 565 | EUR | 1.88% - 2.35% | March 2021 | 693 |
| 1,180 | DZD | 1.89% | January 2021 | 9 |
| 295 | MZN | 5.20% | January 2021 | 4 |
| | | | | <u>1,749</u> |

6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--|----------------------|-------------------------|
| Fair value through profit and loss (FVTPL) | | |
| - Equity securities | 16 | 18 |

Long-term financial investments are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|------------------------------|----------------------|-------------------------|
| FVOCI | | |
| - Government debt securities | 36 | 42 |
| - Corporate debt securities | 16 | 32 |
| Other | 1 | 1 |
| | <u>53</u> | <u>75</u> |

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6. FINANCIAL INVESTMENTS (cont'd)

Period remaining to contractual maturity dates for FVOCI as of 31 March 2021 and 2020 is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|------------------|----------------------|-------------------------|
| Less than 1 year | - | - |
| 1 to 5 years | 4 | 4 |
| Over 5 years | 48 | 70 |
| | <u>52</u> | <u>74</u> |

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---------------------|----------------------|-------------------------|
| FVTPL | | |
| - Equity securities | 16 | 18 |

7. BORROWINGS

Short-term borrowings are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-----------------|----------------------|-------------------------|
| Bank borrowings | 1,455 | 1,527 |

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

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|------------------------------|----------------------|-------------------------|
| Lease liabilities (Note: 14) | 1,679 | 1,728 |
| Bank borrowings | 1,045 | 1,186 |
| | <u>2,724</u> | <u>2,914</u> |

Long-term borrowings are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|------------------------------|----------------------|-------------------------|
| Lease liabilities (Note: 14) | 9,088 | 9,579 |
| Bank borrowings | 2,737 | 2,681 |
| | <u>11,825</u> | <u>12,260</u> |

Details of bank borrowings as of 31 March 2021 and 2020 are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---------------------|----------------------|-------------------------|
| Less than 1 year | 2,500 | 2,713 |
| Between 1 – 5 years | 2,699 | 2,615 |
| Over 5 years | 38 | 66 |
| | <u>5,237</u> | <u>5,394</u> |

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7. BORROWINGS (cont'd)

Details of bank borrowings as of 31 March 2021 and 2020 are as follows (cont'd):

| <u>Amount</u> | <u>Currency</u> | <u>Interest Rate</u> | | <u>Effective Interest Rate</u> | <u>Payment Period</u> | <u>31 March</u> |
|---------------|-----------------|----------------------|--|------------------------------------|---------------------------|-----------------|
| | | <u>Type</u> | | | | <u>2021</u> |
| 594 | TRY | Fixed | | 8.50% - 9.25% | April 2021 - June 2021 | 71 |
| 2,602 | EUR | Fixed | | 0.30% - 4.00% Euribor + 2.45% - | May 2021 - March 2025 | 3,055 |
| 1,798 | EUR | Floating | | Euribor + 5.50% | August 2021 - August 2026 | 2,111 |
| | | | | | | <u>5,237</u> |

| <u>Amount</u> | <u>Currency</u> | <u>Interest Rate</u> | | <u>Effective Interest Rate</u> | <u>Payment Period</u> | <u>31 December</u> |
|---------------|-----------------|----------------------|--|------------------------------------|---------------------------|--------------------|
| | | <u>Type</u> | | | | <u>2020</u> |
| 590 | TRY | Fixed | | 8.50% - 9.25% | February 2021 - June 2021 | 80 |
| 1,652 | EUR | Fixed | | 0.30% - 4.00% Euribor + 2.45% - | January 2021 - March 2025 | 3,413 |
| 1,549 | EUR | Floating | | Euribor + 5.50% | August 2021 - August 2026 | 1,901 |
| | | | | | | <u>5,394</u> |

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

| | <u>31 December</u> | | | | | <u>31 March</u> |
|-----------------|--------------------|----------------|-----------------|-------------------------|----------------|-----------------|
| | <u>2020</u> | <u>Payment</u> | <u>Interest</u> | <u>Non-cash Changes</u> | <u>Cash-in</u> | <u>2021</u> |
| Bank Borrowings | 5,394 | (781) | (30) | (203) | 857 | <u>5,237</u> |

| | <u>31 December</u> | | | | | <u>31 December</u> |
|-----------------|--------------------|----------------|-----------------|-------------------------|----------------|--------------------|
| | <u>2019</u> | <u>Payment</u> | <u>Interest</u> | <u>Non-cash Changes</u> | <u>Cash-in</u> | <u>2020</u> |
| Bank Borrowings | 3,453 | (2,463) | (81) | 522 | 3,963 | <u>5,394</u> |

| | <u>31 December</u> | | | | | <u>31 March</u> |
|----------|--------------------|----------------|-----------------|-------------------------|-------------------|-----------------|
| | <u>2020</u> | <u>Payment</u> | <u>Interest</u> | <u>Non-cash Changes</u> | <u>New Leases</u> | <u>2021</u> |
| Aircraft | 11,259 | (450) | (45) | (353) | 312 | 10,723 |
| Property | 47 | (4) | - | - | - | 43 |
| Other | 1 | - | - | - | - | 1 |
| | <u>11,307</u> | <u>(454)</u> | <u>(45)</u> | <u>(353)</u> | <u>312</u> | <u>10,767</u> |

| | <u>31 December</u> | | | | | <u>31 December</u> |
|----------|--------------------|----------------|-----------------|-------------------------|-------------------|--------------------|
| | <u>2019</u> | <u>Payment</u> | <u>Interest</u> | <u>Non-cash Changes</u> | <u>New Leases</u> | <u>2020</u> |
| Aircraft | 9,858 | (1,527) | (160) | 868 | 2,220 | 11,259 |
| Property | 58 | (12) | - | - | 1 | 47 |
| Other | 3 | (2) | - | - | - | 1 |
| | <u>9,919</u> | <u>(1,541)</u> | <u>(160)</u> | <u>868</u> | <u>2,221</u> | <u>11,307</u> |

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8. OTHER FINANCIAL LIABILITIES

Short-term other financial liabilities of the Group are as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-----------------------------|----------------------|-------------------------|
| Other financial liabilities | <u>3</u> | <u>17</u> |

Other financial liabilities consist of overnight interest-free borrowings from banks obtained for settlement of monthly tax and social security premium payments.

9. RELATED PARTIES

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

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-----------------------|----------------------|-------------------------|
| Air Albania | 17 | 14 |
| Sun Express | 8 | - |
| We World Express Ltd. | 2 | 4 |
| | <u>27</u> | <u>18</u> |

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

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-------------|----------------------|-------------------------|
| Air Albania | <u>6</u> | <u>6</u> |

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

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--------------------------|----------------------|-------------------------|
| TGS | 33 | 39 |
| TFS Akaryakıt Hizmetleri | 29 | 37 |
| Turkish DO&CO | 20 | 23 |
| TEC | 14 | 10 |
| THY Opet | 10 | 18 |
| Goodrich | 1 | 4 |
| TCI | 1 | - |
| Sun Express | - | 10 |
| | <u>108</u> | <u>141</u> |

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9. RELATED PARTIES (cont'd)

Transactions with related parties for the year ended 31 March 2021 and 2020 are as follows:

a) Sales to related parties:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|-----------------------|--------------------------------------|--------------------------------------|
| TEC | 10 | 13 |
| Sun Express | 9 | 6 |
| We World Express Ltd. | 5 | - |
| PTT | 3 | 1 |
| Air Albania | 3 | - |
| Goodrich | 1 | 1 |
| TGS | - | 1 |
| | <u>31</u> | <u>22</u> |

b) Purchases from related parties:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--------------------------|--------------------------------------|--------------------------------------|
| TFS Akaryakıt Hizmetleri | 140 | 307 |
| THY Opet | 55 | 87 |
| TGS | 43 | 72 |
| TEC | 29 | 50 |
| Turkish DO&CO | 19 | 66 |
| Sun Express | 19 | 32 |
| Uçak Koltuk | 4 | 3 |
| Goodrich | 1 | 5 |
| Air Albania | 1 | 4 |
| TCI | 1 | - |
| | <u>312</u> | <u>626</u> |

Details of the financial assets and liabilities for related parties as of 31 March 2021 and 2020 are as follows:

| | 31 March 2021 | 31 December 2020 |
|-------------------------|----------------------|-------------------------|
| Banks - Time deposits | 1,464 | 1,524 |
| Financial assets | 59 | 71 |
| Banks - Demand deposits | 12 | 12 |
| Equity share | 2 | 2 |
| Bank borrowing | (2,054) | (1,854) |
| | <u>(517)</u> | <u>(245)</u> |

As of 31 March 2021, the amount of letters of guarantee given to the related parties is USD 1,182. (31 December 2020: USD 1,236)

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9. RELATED PARTIES (cont'd)

Details of the time deposits at related parties as of 31 March 2021 and 2020 are as follows:

| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 March 2021</u> |
|---------------|-----------------|--------------------------------|-----------------|-------------------------|
| 903 | TL | 9.00% - 19.50% | April 2021 | 111 |
| 1,062 | EUR | 0.40% - 1.60% | June 2021 | 1,248 |
| 105 | USD | 1.68% - 2.12% | June 2021 | 105 |
| | | | | <u>1,464</u> |
| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 December 2020</u> |
| 4,905 | TL | 9.00% - 18.50% | March 2021 | 673 |
| 564 | EUR | 1.88% - 2.24% | March 2021 | 693 |
| 158 | USD | 2.28% | January 2021 | 158 |
| | | | | <u>1,524</u> |

Details of the financial assets at related parties as of 31 March 2021 and 2020 are as follows:

| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 March 2021</u> |
|---------------|-----------------|--------------------------------|--------------------------------|-------------------------|
| 59 | USD | 5.75% - 8.00% | April 2021 - September 2021 | 59 |
| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 December 2020</u> |
| 71 | USD | 4.88% - 8.50% | January 2021 - June 2021 | 71 |

Details of the bank borrowings at related parties as of 31 March 2021 and 2020 are as follows:

| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 March 2021</u> |
|---------------|-----------------|--------------------------------|-----------------|-------------------------|
| 1,739 | EUR | 2.55% - Euribor + 5.50% | March 2026 | 2,042 |
| 101 | TRY | 9.25% | June 2021 | 12 |
| | | | | <u>2,054</u> |
| <u>Amount</u> | <u>Currency</u> | <u>Effective Interest Rate</u> | <u>Maturity</u> | <u>31 December 2020</u> |
| 1,499 | EUR | 2.55% - Euribor + 5.50% | December 2025 | 1,840 |
| 101 | TRY | 9.25% | June 2021 | 14 |
| | | | | <u>1,854</u> |

Interest income from related parties:

| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
|---------------------------------|--------------------------------------|--------------------------------------|
| Türkiye Halk Bankası A.Ş. | 20 | 3 |
| Türkiye Vakıflar Bankası T.A.O. | 6 | - |
| T.C. Ziraat Bankası A.Ş. | 2 | - |
| | <u>28</u> | <u>3</u> |

Interest expense to related parties:

| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
|---------------------------------|--------------------------------------|--------------------------------------|
| Türkiye Vakıflar Bankası T.A.O. | 11 | - |
| Ziraat Bankası A.Ş. | 7 | 3 |
| | <u>18</u> | <u>3</u> |

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9. RELATED PARTIES (cont'd)

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 wet lease, seat sales operations and maintenance services; transactions between the Group and TGS are related to ground 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 and Türkiye Vakıflar Bankası are related to banking 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 salaries and other short-term benefits provided for the Board Members, General Manager and Deputy General Managers are USD 1 (1 January- 31 March 2020: USD 1).

10. OTHER RECEIVABLES

Other short-term receivables from third parties as of 31 March 2021 and 2020 are as follows:

| | 31 March 2021 | 31 December 2020 |
|---|----------------------|-------------------------|
| Predelivery payments made for aircrafts | 630 | 731 |
| Receivables from technical purchases | 215 | 223 |
| Bank deposits with transfer limitations (*) | 38 | 39 |
| Value added tax receivables | 31 | 30 |
| Receivables from pilots for flight training | 26 | 32 |
| Others | 47 | 40 |
| | 987 | 1,095 |

(*)As of 31 March 2021, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Republic of Cote D'ivoire, Burkina Faso, Eritrea, Mozambique, Bolivarian Republic of Venezuela, Republic of Angola, Republic of Cameroon, Republic of Chad, Republic of Sudan, Gabon, Somalia, Benin, Republic of Zimbabwe, Republic of Cuba, Republic of Lebanon, Democratic Republic of the Congo and Iran. (As of 31 December 2020, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Republic of Cote D'ivoire, Burkina Faso, Eritrea, Mozambique, Bolivarian Republic of Venezuela, Republic of Angola, Republic of Cameroon, Republic of Chad, Republic of Sudan, Gabon, Somalia, Benin, Republic of Zimbabwe, Democratic Republic of the Congo, Republic of Cuba, Republic of Lebanon and Iran).

Other long-term receivables from third parties as of 31 March 2021 and 2020 are as follows:

| | 31 March 2021 | 31 December 2020 |
|--|----------------------|-------------------------|
| Predelivery payments made for aircrafts | 502 | 515 |
| Receivables related to investment certificates (***) | 404 | 409 |
| Receivables from pilots for flight training | 195 | 199 |
| Deposits and guarentees given | 40 | 42 |
| Bank deposits with transfer limitations (**) | 4 | 4 |
| Interest and commodity swap agreement deposits | - | 31 |
| | 1,145 | 1,200 |

(**) As of 31 March 2021, the balance of this account includes bank deposits in Syria.

(***) This represents the accrued amount as of 31 March 2021. Total contribution of government incentives related to fleet investments amounts to USD 3,231. See note 2.3 for accounting policy.

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11. DEFERRED INCOME

Deferred income is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|----------------------------------|----------------------|-------------------------|
| Passenger flight liabilities | 736 | 580 |
| Other short-term deferred income | 42 | 34 |
| | <u>778</u> | <u>614</u> |

Passenger flight liability is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|----------------------|-------------------------|
| Flight liability generating from ticket sales | 529 | 381 |
| Flight liability generating from frequent flyer program | 207 | 199 |
| | <u>736</u> | <u>580</u> |

Other short-term deferred income is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|----------------------|-------------------------|
| Advances received | 23 | 21 |
| Deferred finance income | 11 | 11 |
| Unearned bank protocol revenue accruals | 8 | 2 |
| | <u>42</u> | <u>34</u> |

Long-term deferred income is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---|----------------------|-------------------------|
| Deferred finance income | 107 | 109 |
| Unearned bank protocol revenue accruals | 15 | - |
| Deferred finance income | <u>121</u> | <u>109</u> |

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12. PROPERTY AND EQUIPMENT

| | Land, land improvements and buildings | Technical Equipment, Simulator and Vehicles | Other equipments, and fixtures | Aircrafts | Spare engines | Components and repairable spare parts | Leasehold improvements | Construction In Progress | Total |
|--|---|--|--------------------------------------|-----------|------------------|--|---------------------------|-----------------------------|-------|
| <u>Cost</u> | | | | | | | | | |
| Opening balance at 1 January 2021 | 1,175 | 636 | 250 | 4,115 | 705 | 688 | 179 | 587 | 8,335 |
| Additions | - | 3 | 1 | 1 | 10 | 15 | - | 77 | 107 |
| Transfer (*) | - | 5 | - | - | - | - | 5 | (16) | (6) |
| Transfers between the account | - | - | - | 233 | 15 | - | - | - | 248 |
| Disposals | - | - | - | (65) | (3) | (29) | (3) | - | (100) |
| Closing balance at 31 March 2021 | 1,175 | 644 | 251 | 4,284 | 727 | 674 | 181 | 648 | 8,584 |
| <u>Accumulated Depreciation</u> | | | | | | | | | |
| Opening balance at 1 January 2021 | 275 | 307 | 193 | 2,678 | 283 | 353 | 101 | - | 4,190 |
| Depreciation charge | 13 | 10 | 5 | 55 | 15 | 18 | 4 | - | 120 |
| Transfers between the account | - | - | - | 112 | 8 | - | - | - | 120 |
| Disposals | - | - | - | (52) | (3) | (13) | (3) | - | (71) |
| Closing balance at 31 March 2021 | 288 | 317 | 198 | 2,793 | 303 | 358 | 102 | - | 4,359 |
| Net book value at 31 March 2021 | 887 | 327 | 53 | 1,491 | 424 | 316 | 79 | 648 | 4,225 |
| Net book value at 31 December 2020 | 900 | 329 | 57 | 1,437 | 422 | 335 | 78 | 587 | 4,145 |

(*)From construction in progress amounting to USD 6 has been transferred to intangible fixed assets amounting to USD 5 and right-of-use assets amounting to USD 1.

Depreciation and amortization expenses are recognized in cost of sales is amounting to USD 400 (31 March 2020: USD 395), general administrative expenses is amounting to USD 18 (31 March 2020: USD 14) and marketing and sales expenses is amounting to USD 2 (31 March 2020: USD 2) in total of USD 420 as of 31 March 2021 (31 March 2020: USD 411).

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

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12. PROPERTY AND EQUIPMENT (cont'd)

| | Land improvements and buildings | Technical equipments simulators and vehicles | Other equipments, and fixtures | Aircrafts | Spare engines | Components and repairable spare parts | Leasehold improvements | Construction in progress | Total |
|--|---------------------------------------|---|--------------------------------------|-----------|------------------|--|---------------------------|-----------------------------|-------|
| <u>Cost</u> | | | | | | | | | |
| Opening balance at 1 January 2020 | 874 | 585 | 239 | 3,167 | 661 | 660 | 183 | 692 | 7,061 |
| Additions | - | 6 | 2 | 10 | 8 | 59 | - | 136 | 221 |
| Transfer | - | 27 | - | 4 | 14 | - | 1 | (57) | (11) |
| Transfers between the accounts | - | - | - | 180 | - | - | - | - | 180 |
| Disposals | - | - | (2) | (10) | (3) | (28) | (4) | - | (47) |
| Closing balance at 31 March 2020 | 874 | 618 | 239 | 3,351 | 680 | 691 | 180 | 771 | 7,404 |
| <u>Accumulated Depreciation</u> | | | | | | | | | |
| Opening balance at 1 January 2020 | 232 | 268 | 173 | 2,095 | 240 | 315 | 95 | - | 3,418 |
| Depreciation charge | 10 | 10 | 6 | 41 | 14 | 21 | 4 | - | 106 |
| Transfers between the accounts | - | - | - | 81 | - | - | - | - | 81 |
| Disposals | - | - | (1) | (10) | (3) | (15) | (4) | - | (33) |
| Closing balance at 31 March 2020 | 242 | 278 | 178 | 2,207 | 251 | 321 | 95 | - | 3,572 |
| Net book value at 31 March 2020 | 632 | 340 | 61 | 1,144 | 429 | 370 | 85 | 771 | 3,832 |

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12. PROPERTY AND EQUIPMENT (cont'd)

Right of use assets are as follows:

| | Aircraft | Spare engines | Real Estate | Vehicles | Total |
|---|-----------------|----------------------|--------------------|-----------------|---------------|
| <u>Cost</u> | | | | | |
| Opening balance at 1 January 2021 | 19,381 | 202 | 75 | 6 | 19,664 |
| Additions | 366 | - | - | - | 366 |
| Transfer | 1 | - | - | - | 1 |
| Disposals | (9) | - | - | - | (9) |
| Transfers between the accounts (*) | (248) | - | - | - | (248) |
| Closing balance at 31 March 2021 | 19,491 | 202 | 75 | 6 | 19,774 |

| | Aircraft | Spare engines | Real Estate | Vehicles | Total |
|---|-----------------|----------------------|--------------------|-----------------|---------------|
| <u>Accumulated Depreciation</u> | | | | | |
| Opening balance at 1 January 2021 | 4,813 | 48 | 21 | 5 | 4,887 |
| Depreciation charge | 287 | 3 | 3 | 1 | 294 |
| Disposals | (9) | - | - | - | (9) |
| Transfers between the account (*) | (120) | - | - | - | (120) |
| Closing balance at 31 March 2021 | 4,971 | 51 | 24 | 6 | 5,052 |
| Net book value at 31 March 2021 | 14,520 | 151 | 51 | - | 14,722 |

| | Aircraft | Spare engines | Real Estate | Vehicles | Total |
|---|-----------------|----------------------|--------------------|-----------------|---------------|
| <u>Cost</u> | | | | | |
| Opening balance at 1 January 2020 | 17,647 | 165 | 74 | 6 | 17,892 |
| Additions | 1,221 | - | - | - | 1,221 |
| Transfers | 10 | - | - | - | 10 |
| Disposals | (40) | - | - | - | (40) |
| Transfers between the accounts (*) | (180) | - | - | - | (180) |
| Closing balance at 31 March 2020 | 18,658 | 165 | 74 | 6 | 18,903 |

| | Aircraft | Spare engines | Real Estate | Vehicles | Total |
|---|-----------------|----------------------|--------------------|-----------------|---------------|
| <u>Accumulated Depreciation</u> | | | | | |
| Opening balance at 1 January 2020 | 4,222 | 39 | 10 | 3 | 4,274 |
| Depreciation charge | 294 | 2 | 3 | 1 | 300 |
| Disposals | (40) | - | - | - | (40) |
| Transfers between the account (*) | (81) | - | - | - | (81) |
| Closing balance at 31 March 2020 | 4,395 | 41 | 13 | 4 | 4,453 |
| Net book value at 31 March 2020 | 14,263 | 124 | 61 | 2 | 14,450 |

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

The Group is still carrying out negotiations with the airport operator company (İGA Havalimanı İşletmesi A.Ş.) regarding the rental areas, rental fee, renting conditions and period for İstanbul Airport. Yet, no agreement is signed and there is no Board Decision about the above mentioned rental matters. Despite the fact that there is a PPP tariff issued by State Airports Authority (DHMI), it does not eliminate the uncertainties regarding rental areas, rental fee, renting conditions and period which are considered as material terms of a contract. Thus, it is not considered as appropriate to consider them under IFRS16 scope and no calculations for assets or liabilities are made concerning the İstanbul Airport rentals at March 2021 financial statements. However, the payments for the areas used at İstanbul Airport are made with reservation according to PPP tariff and they are recorded under expense accounts for the period.

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13. INTANGIBLE ASSETS

| | Slot rights and acquired technical licenses (*) | Rights | Other intangible assets | Total |
|--|--|---------------|--|--------------|
| <u>Cost</u> | | | | |
| Opening balance at 1 January 2021 | 44 | 221 | 5 | 270 |
| Additions | - | 2 | - | 2 |
| Transfers | - | 5 | - | 5 |
| Closing balance at 31 March 2021 | <u>44</u> | <u>228</u> | <u>5</u> | <u>277</u> |
| <u>Accumulated Amortization</u> | | | | |
| Opening balance at 1 January 2021 | - | 178 | 3 | 181 |
| Amortization charge | - | 6 | - | 6 |
| Closing balance at 31 March 2021 | <u>-</u> | <u>184</u> | <u>3</u> | <u>187</u> |
| Net book value at 31 March 2021 | <u>44</u> | <u>44</u> | <u>2</u> | <u>90</u> |
| Net book value at 31 December 2020 | <u>44</u> | <u>43</u> | <u>2</u> | <u>89</u> |
| | | | | |
| | Slot rights and acquired technical licenses (*) | Rights | Other intangible assets | Total |
| <u>Cost</u> | | | | |
| Opening balance at 1 January 2020 | 44 | 193 | 5 | 242 |
| Additions | - | 3 | - | 3 |
| Transfers | - | 1 | - | 1 |
| Closing balance at 31 March 2020 | <u>44</u> | <u>197</u> | <u>5</u> | <u>246</u> |
| <u>Accumulated Amortization</u> | | | | |
| Opening balance at 1 January 2020 | - | 157 | 3 | 160 |
| Amortization charge | - | 5 | - | 5 |
| Closing balance at 31 March 2020 | <u>-</u> | <u>162</u> | <u>3</u> | <u>165</u> |
| Net book value at 31 March 2020 | <u>44</u> | <u>35</u> | <u>2</u> | <u>81</u> |
| Net book value at 31 December 2019 | <u>44</u> | <u>36</u> | <u>2</u> | <u>82</u> |

(*) The Group considers slot rights and licenses received through the acquisition of MNG Teknik and accounted such assets as intangible assets at an amount of USD 10 with indefinite useful lives as these assets do not have any expiry date and are usable in the foreseeable future.

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14. LEASING TRANSACTIONS

Maturities of lease obligations are as follows:

| | Future Minimum Lease Payments | | Interest | | Present Values of Minimum Lease Payments | |
|---------------------|-------------------------------|------------------|---------------|------------------|--|------------------|
| | 31 March 2021 | 31 December 2020 | 31 March 2021 | 31 December 2020 | 31 March 2021 | 31 December 2020 |
| Less than 1 year | 1,872 | 1,934 | (193) | (206) | 1,679 | 1,728 |
| Between 1 – 5 years | 6,035 | 6,275 | (438) | (455) | 5,597 | 5,820 |
| Over 5 years | 3,654 | 3,931 | (163) | (172) | 3,491 | 3,759 |
| | <u>11,561</u> | <u>12,140</u> | <u>(794)</u> | <u>(833)</u> | <u>10,767</u> | <u>11,307</u> |

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|---------------------------|----------------------|-------------------------|
| Interest Range: | | |
| Floating rate obligations | 5,595 | 5,788 |
| Fixed rate obligations | 5,172 | 5,519 |
| | <u>10,767</u> | <u>11,307</u> |

The Group's assets which are acquired by leasing have average 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 31 March 2021, the US Dollars, Euro, JPY and Swiss Franc denominated lease obligations' weighted average interest rates are 3.73% (31 December 2020: 3.74%) for the fixed rate obligations and 1.49% (31 December 2020: 1.42%) for the floating rate obligations.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions as of 31 March 2021 and 2020 are as follows:

Short-term provision for employee benefits is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--------------------------------|----------------------|-------------------------|
| Provisions for unused vacation | 18 | 16 |

Changes in the provisions for the period ended 31 March 2021 and 2020 are set out below:

| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
|---|----------------------------------|----------------------------------|
| Provisions at the beginning of the period | 16 | 39 |
| Provisions for the current period | 44 | 77 |
| Provisions released | (41) | (75) |
| Foreign currency translation differences | (1) | (3) |
| Provisions at the end of the period | <u>18</u> | <u>38</u> |

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

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

Other short-term provision is as follows:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|-----------------------------|----------------------|-------------------------|
| Provisions for legal claims | <u>9</u> | <u>10</u> |

Changes in the provisions for legal claims for the period ended 31 March 2021 and 2020 are set out below:

| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
|---|--------------------------------------|--------------------------------------|
| Provisions at the beginning of the period | 10 | 13 |
| Provisions for the current period | - | - |
| Provisions released | - | - |
| Foreign currency translation differences | (1) | (1) |
| Provisions at the end of the period | <u>9</u> | <u>12</u> |

The Group provides with 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 legal advices.

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16. COMMITMENTS

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

Amount of letters of guarantees given as of 31 March 2021 is USD 1,856 (31 December 2020: USD 1,956).

As of 31 March 2021, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

| | 31 March 2021 | | 31 December 2020 | |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
| | Original currency amount | USD equivalent | Original currency amount | USD equivalent |
| A. Total amounts of GPM given on the behalf of its own legal entity | - | 1,856 | - | 1,956 |
| -Collaterals | | | | |
| TL | 54 | 7 | 52 | 7 |
| EUR | 1,520 | 1,785 | 1,511 | 1,854 |
| USD | 55 | 55 | 59 | 59 |
| Other | - | 9 | - | 36 |
| 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>1,856</u> | | <u>1,956</u> |

The ratio of other GPM (“D”) given by the group to its equity is 0% as of 31 March 2021 (31 December 2020: 0%)

b) Aircraft purchase commitments:

To be delivered between the years 2021-2028, the Group signed an agreement for 155 aircrafts, (105 of aircrafts are contractual and 50 of them are optional) with a list price value of 16,382 US Dollars. The Group has made a predelivery payment of 1,147 US Dollars relevant to these purchases as of 31 March 2021 (31 December 2020: 1,253 US Dollars).

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17. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 31 March 2021 and 2020 is comprised of the following:

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--|----------------------|-------------------------|
| Provision for retirement pay liability | <u>124</u> | <u>134</u> |

Under Labor Law effective in Turkey, it is an obligation to make legal retirement pay to employees whose employment is terminated in certain ways. Also, according to Article 60 of Social Security Law numbered 506 which was revised by the laws 2422, dated 6 March 1981 and numbered 4447, dated 25 August 1999, it is an obligation to make legal retirement pay to those who entitled to receive retirement pay when leaving their work. Some transfer provisions related to employment conditions prior to retirement are removed from the Law by the revise made on 23 May 2002. Retirement pay liability assumptions and calculations are changed in line with the revise made on 8 May 2008, which altered age of retirement.

Retirement pay liability is subject to an upper limit of monthly US Dollar 917 (full) (equivalent of TL 7,639 (full)) as of 31 March 2021. (31 December 2020: US Dollar 970 (full) equivalent of TL 7,117 (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 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 key assumption is that maximum liability amount increases in accordance with the inflation rate for every service year. Provisions in the accompanying consolidated financial statements as of 31 March 2021 are calculated by estimating present value of liabilities due to retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 9.00% annual inflation rate (31 December 2020: 9%) and 13.20% interest rate (31 December 2020: 13.20%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.33% (31 December 2020: 2.53%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of US Dollar 1,041 (full) which is in effect since 1 January 2021 is used in the calculation of Group’s provision for retirement pay liability.

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

| | <u>1 January - 31 March 2021</u> | <u>1 January - 31 March 2020</u> |
|--|--------------------------------------|--------------------------------------|
| Provision at the beginning of the period | 134 | 135 |
| Service charge for the period | 5 | 3 |
| Interest charges | 4 | 4 |
| Payments | (2) | (4) |
| Actuarial loss | (6) | 1 |
| Foreign currency translation difference | (11) | (13) |
| Provision at the end of the period | <u>124</u> | <u>126</u> |

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18. EXPENSES BY NATURE

Expenses by nature for the three-month period ended 31 March 2021 and 2020 are as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Depreciation and amortisation charges | 420 | 411 |
| Fuel expenses | 418 | 789 |
| Personnel expenses | 304 | 490 |
| Ground services expenses | 136 | 184 |
| Aircraft maintenance expenses | 124 | 217 |
| Airport expenses | 91 | 129 |
| Air traffic control expenses | 79 | 123 |
| Commissions and incentives | 49 | 91 |
| Wet lease expenses | 47 | 63 |
| Passenger services and catering expenses | 43 | 121 |
| Reservation systems expenses | 30 | 46 |
| Service expenses | 21 | 22 |
| Insurance expenses | 15 | 14 |
| Advertisement and promotion expenses | 14 | 37 |
| Rents | 13 | 15 |
| Taxes and duties | 12 | 21 |
| IT and communication expenses | 12 | 10 |
| Transportation expenses | 10 | 10 |
| Aircraft rent expenses | 3 | 5 |
| Consultancy expenses | 3 | 5 |
| Systems use and associateship expenses | 3 | 3 |
| Other expenses | 21 | 27 |
| | <u>1,868</u> | <u>2,833</u> |

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19. SHAREHOLDERS' EQUITY

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

| (Millions of TL) | Class | % | 31 March | | 31 December | |
|---|--------------|----------|-----------------|----------|--------------------|----------|
| | | | 2021 | % | 2020 | % |
| Turkey Wealth Fund (*) | A | 49.12 | 678 | 49.12 | 678 | |
| Republic of Turkey Treasury and Finance Ministry Privatization Administration (*) | C | - | - | - | - | |
| Other (publicly held) | A | 50.88 | 702 | 50.88 | 702 | |
| Paid-in capital (Turkish Lira) | | | 1,380 | | 1,380 | |
| Inflation adjustment on share capital (Turkish Lira) (**) | | | 1,124 | | 1,124 | |
| Share capital (Turkish Lira) | | | <u>2,504</u> | | <u>2,504</u> | |
| Share capital (USD Equivalent) | | | <u>1,597</u> | | <u>1,597</u> | |

(*) 1,644 (full) shares belonging to various private shareholders were not taken into consideration when the Group was included to the privatization program in 1984. Subsequently, these shares were registered on behalf of Privatization Administration according to Articles of Association of the Company, approved by the decision of the Turkish Republic High Planning Board on 30 October 1990.

49.12% share of the Company and its subsidiaries (together the "Group") owned by Republic of Turkey Prime Ministry Privatisation Administration has been transferred to Sovereign Wealth Fund of Turkey as of 3 February 2017.

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

As of 31 March 2021, 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 Turkey 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 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 rest eight members has to 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 put 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%.)

19. SHAREHOLDERS' EQUITY (cont'd)

- Articles of Association 14: The following decisions of the Board of Directors are subject to the positive vote of the class C Shareholder (cont'd):

f) Decisions relating to merges and liquidation,

g) Decisions cancelling flight routes or significantly decreasing frequency of flight routes, not including the ones that cannot even recover their operational expenses, subject to the market conditions.

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 get worse, to prevent unemployment and are not available for any other usage unless they exceed 50% of paid-in share capital.

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 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 financial statements of the Group.

Actuarial Differences on Defined Benefit Plans

As a result of the adoption of 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 are accounted in profit or loss when the hedged item impacts profit or loss.

As of 2021, lease liabilities and investment borrowings in Japanese Yen, Swiss Frank 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 Frank covered borrowings of such foreign currency, Japanese Yen revenue covered %47, Euro revenue covered %26, Swiss Frank covered %21 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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20. REVENUE

Breakdown of gross profit is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Passenger revenue | | |
| Scheduled | 894 | 1,988 |
| Unscheduled | 7 | 4 |
| Total passenger revenue | 901 | 1,992 |
| Cargo revenue | | |
| Carried by passenger aircraft | 187 | 163 |
| Carried by cargo aircraft | 637 | 303 |
| Total cargo revenue | 824 | 466 |
| Total passenger and cargo revenue | 1,725 | 2,458 |
| Technical revenue | 65 | 55 |
| Other revenue | 6 | 20 |
| Net sales | 1,796 | 2,533 |
| Cost of sales (-) | (1,624) | (2,474) |
| Gross profit | 172 | 59 |

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

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| International flights | | |
| - Far East | 539 | 650 |
| - Europe | 394 | 638 |
| - America | 361 | 421 |
| - Africa | 193 | 273 |
| - Middle East | 120 | 255 |
| Total | 1,607 | 2,237 |
| Domestic flights | 118 | 221 |
| Total passenger and cargo revenue | 1,725 | 2,458 |

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21. COST OF SALES

Breakdown of the cost of sales is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Fuel expenses | 418 | 789 |
| Depreciation and amortisation charges | 400 | 395 |
| Personnel expenses | 230 | 388 |
| Ground services expenses | 136 | 184 |
| Aircraft maintenance expenses | 124 | 217 |
| Airport expenses | 91 | 129 |
| Air traffic control expenses | 79 | 123 |
| Wet lease expenses | 47 | 63 |
| Passenger services and catering expenses | 43 | 121 |
| Insurance expenses | 14 | 13 |
| Transportation expenses | 10 | 10 |
| Service expenses | 10 | 10 |
| Rents | 6 | 10 |
| Taxes and duties | 4 | 7 |
| Aircraft rent expenses | 3 | 5 |
| IT and communication expenses | 2 | 1 |
| Other expenses | 7 | 9 |
| | <u>1,624</u> | <u>2,474</u> |

22. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Personnel expenses | 22 | 30 |
| Depreciation and amortisation charges | 18 | 14 |
| IT and communication expenses | 8 | 7 |
| Service expenses | 8 | 8 |
| Rents | 3 | - |
| Systems use and associateship expenses | 2 | 2 |
| Consultancy expenses | 1 | 3 |
| Insurance expenses | 1 | 1 |
| Taxes and duties | - | 1 |
| Other general administrative expenses | 4 | 5 |
| | <u>67</u> | <u>71</u> |

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

Breakdown of selling and marketing expenses is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Personnel expenses | 52 | 72 |
| Commissions and incentives | 49 | 91 |
| Reservation systems expenses | 30 | 46 |
| Advertisement and promotion expenses | 14 | 37 |
| Taxes and duties | 8 | 13 |
| Rents | 4 | 5 |
| Service expenses | 3 | 4 |
| IT and communication expenses | 2 | 2 |
| Depreciation and amortisation charges | 2 | 2 |
| Consultancy expenses | 2 | 2 |
| Systems use and associateship expenses | 1 | 1 |
| Other marketing and sales expenses | 10 | 13 |
| | <u>177</u> | <u>288</u> |

23. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Insurance, indemnities, penalties income | 22 | 9 |
| Manufacturers' credits | 14 | 15 |
| Rent income | 4 | 4 |
| IFRS 9 Adjustment | 4 | 1 |
| Provisions released | 3 | 1 |
| Non- interest income from banks | 2 | 3 |
| Turnover premium from suppliers | - | 2 |
| Other operating income | 8 | 6 |
| | <u>57</u> | <u>41</u> |

Breakdown of other operating expenses is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|---|--------------------------------------|--------------------------------------|
| Foreign exchange losses from operational activities, net | 14 | 52 |
| Rediscount interest expenses | 4 | - |
| Provisions | 2 | 4 |
| Indemnity and penalty expenses | 2 | 1 |
| Other operating expenses | 4 | 8 |
| | <u>26</u> | <u>65</u> |

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24. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|---|--------------------------------------|--------------------------------------|
| Income from investment incentives | 47 | 36 |
| Gain on sale of financial investments | 1 | 1 |
| Interest income from financial investment | 1 | 1 |
| Gain on sale of fixed assets | 1 | 1 |
| | <u>50</u> | <u>39</u> |

Breakdown of expense from investment activities is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Loss on sale of fixed assets | 4 | - |
| Loss on sale of financial investments | 1 | - |
| | <u>5</u> | <u>-</u> |

25. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|---|--------------------------------------|--------------------------------------|
| Foreign exchange gains from financial activities, net | 94 | 2 |
| Interest income | 27 | 4 |
| Fair value gains on derivative financial instruments, net | 26 | - |
| Rediscount interest income from repayments of aircrafts | - | 14 |
| | <u>147</u> | <u>20</u> |

Breakdown of financial expenses is as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Interest expense from leasing liabilities | 50 | 56 |
| Interest expense from financial activities | 33 | 18 |
| Aircraft financing expenses | 7 | 7 |
| Rediscount interest expense from repayments of aircrafts | 7 | - |
| Interest expenses on employee benefits | 4 | 4 |
| Fair value losses on derivative financial instruments, net | - | 53 |
| Other financial expenses | 3 | 2 |
| | <u>104</u> | <u>140</u> |

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26. TAX ASSETS AND LIABILITIES

Breakdown of assets related to current tax is as follows:

| | | |
|---------------|----------------------|-------------------------|
| | 31 March 2021 | 31 December 2020 |
| Prepaid taxes | <u>36</u> | <u>38</u> |

Tax income is as follows:

| | | |
|----------------------------|--------------------------------------|--------------------------------------|
| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
| Current period tax expense | - | - |
| Deferred tax income | <u>(31)</u> | <u>(95)</u> |
| Tax income | <u>(31)</u> | <u>(95)</u> |

Tax effect related to other comprehensive income is as follows:

| | 1 January - 31 March 2021 | | | 1 January - 31 March 2020 | | |
|---|----------------------------------|---------------|---------------------|----------------------------------|----------------|---------------------|
| | Amount before tax | Tax income | Amount after tax | Amount before tax | Tax expense | Amount after tax |
| Change in cash flow hedge reserve | 402 | (81) | 321 | (221) | 49 | (172) |
| Losses on Remeasuring FVOCI | (6) | 1 | (5) | (13) | 3 | (10) |
| Change in actuarial losses from retirement pay obligation | 6 | (1) | 5 | (1) | - | (1) |
| Changes in foreign currency translation difference | (14) | - | (14) | (10) | - | (10) |
| Other comprehensive income | <u>388</u> | <u>(81)</u> | <u>307</u> | <u>(245)</u> | <u>52</u> | <u>(193)</u> |

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

Corporate Tax

The effective tax rate is 20%. In accordance with the Temporary Artical 13 of regulation numbered 7316,published in Offical Gazzete Article which published on 22 April 2021, "Legislation on the Procedure for the Collection of Public Receivables and Other Certain Legislation", corporate tax rate has increased from %20 to %25 for 2021. The tax rate for 2021 will be applied as of 2nd temporary tax return. For the year 2022, corporate tax rate will be %23.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back for offset against profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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26. TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of immovable properties and participation shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity until the end of the fifth year following the sale. The remaining 25% of such capital gains are subject to corporate tax. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% with regard to immovable properties and tax declarations starting from 2018 will be calculated using 50% for immovable properties.

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

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for dividend receiving companies who are Turkish residents and Turkish branches of foreign companies. Income withholding tax rate is 15%. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising 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 and they are given below. For calculation of deferred tax asset and liabilities, the corporate tax rate of 20% is used.

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

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

| | <u>31 March 2021</u> | <u>31 December 2020</u> |
|--|----------------------|-------------------------|
| Fixed assets | (2,119) | (1,972) |
| Right of use asset | (309) | (312) |
| Adjustments for passenger flight liabilities | (106) | (133) |
| Tax loss carried forward | 771 | 764 |
| Lease obligations | 309 | 311 |
| Income and expense for future years | 81 | 88 |
| Accruals for expenses | 67 | 65 |
| Provisions for employee benefits | 25 | 27 |
| Miles accruals | 18 | 16 |
| Incentives | 4 | 13 |
| Provisions for unused vacation | 3 | 3 |
| Change in fair value of derivative instruments | 1 | 12 |
| Other | 6 | (1) |
| Deferred tax liabilities | <u>(1,249)</u> | <u>(1,119)</u> |

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26. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

The changes of deferred tax liability for the period ended 1 January – 31 March 2021 and 2020 are as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|---|--------------------------------------|--------------------------------------|
| Opening balance at 1 January | 1,119 | 1,293 |
| Tax expense / (income) from hedging reserves | 80 | (45) |
| Foreign currency translation difference | 81 | 27 |
| Tax income of actuarial losses on retirement pay obligation | 1 | - |
| Tax income from FVOCI | (1) | (3) |
| Deferred tax income | (31) | (95) |
| Deferred tax liability at the end of the period | <u>1,249</u> | <u>1,177</u> |

Reconciliation with current tax charge for the period 1 January – 31 March 2021 and 2020 are as follows:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| <u>Reconciliation of effective tax charge</u> | | |
| Profit / (Loss) from operations before tax | <u>30</u> | <u>(422)</u> |
| Domestic expense tax rate of 20% | (6) | 93 |
| Taxation effects on: | | |
| - foreign currency translation difference | 47 | (4) |
| - investment incentive | 9 | 8 |
| - expense from investment certificates | 9 | 7 |
| - adjustment for prior year loss | 1 | (2) |
| - investments accounted by using the equity method | (3) | (3) |
| - non deductible expenses | (26) | (4) |
| Tax charge in statement of profit | <u>31</u> | <u>95</u> |

27. 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 Turkey, 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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27. EARNINGS PER SHARE (cont'd)

Number of total shares and calculation of profits / losses per share at 1 January – 31 March 2021 and 2020:

| | 1 January - 31 March 2021 | 1 January - 31 March 2020 |
|--|--------------------------------------|--------------------------------------|
| Number of shares outstanding at 1 January (in full) | 138,000,000,000 | 138,000,000,000 |
| Number of shares outstanding at 31 March (in full) | 138,000,000,000 | 138,000,000,000 |
| Weighted average number of shares outstanding during the period (in full) | 138,000,000,000 | 138,000,000,000 |
| Net profit / (loss) for the period | 61 | (327) |
| Basic profit / (loss) per share (Full US Cents) (*) | 0.04 | (0.24) |
| Diluted profit / (loss) per share (Full US Cents) (*) | 0.04 | (0.24) |

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

28. DERIVATIVE FINANCIAL INSTRUMENTS

Breakdown of derivative financial assets and liabilities of the Group as of 31 March 2021 and 2020 are as follows:

| <u>Derivative financial assets</u> | 31 March 2021 | 31 December 2020 |
|---|--------------------------|-----------------------------|
| Derivative instruments for fuel prices cash flow hedge | 24 | - |
| Derivative instruments not subject to hedge accounting | 19 | 2 |
| | <u>43</u> | <u>2</u> |
| <u>Derivative financial liabilities</u> | 31 March 2021 | 31 December 2020 |
| Derivative instruments for interest rate cash flow hedge | 27 | 32 |
| Derivative instruments not subject to hedge accounting | 19 | 13 |
| Derivative instruments for fuel prices cash flow hedge | 2 | 18 |
| Derivative instruments for cross currency rate cash flow hedge | - | 1 |
| | <u>48</u> | <u>64</u> |

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29. 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:

| | 31 March 2021 | | | | | |
|---|-------------------|--------------|-----------------|----------------|--------------|------------|
| | USD EQUIVALENT | TL | EUR | JPY | CHF | OTHER |
| 1.Trade Receivables | 585 | 49 | 121 | 3 | 9 | 403 |
| 2a.Monetary Financial Assets | 1,586 | 179 | 1,355 | 4 | 2 | 46 |
| 2b.Non Monetary Financial Assets | - | - | - | - | - | - |
| 3.Other | 391 | 144 | 131 | - | 5 | 111 |
| 4.Current Assets (1+2+3) | 2,562 | 372 | 1,607 | 7 | 16 | 560 |
| 5.Trade Receivables | - | - | - | - | - | - |
| 6a.Monetary Financial Assets | 829 | 829 | - | - | - | - |
| 6b.Non Monetary Financial Assets | - | - | - | - | - | - |
| 7.Other | 631 | 404 | 220 | - | - | 7 |
| 8.Non Current Assets (5+6+7) | 1,460 | 1,233 | 220 | - | - | 7 |
| 9.Total Assets (4+8) | 4,022 | 1,605 | 1,827 | 7 | 16 | 567 |
| 10.Trade Payables | 532 | 254 | 228 | - | 4 | 46 |
| 11.Financial Liabilities (*) | 3,659 | 76 | 3,338 | 223 | 22 | - |
| 12a.Other Liabilities, Monetary | 110 | 93 | 14 | 1 | - | 2 |
| 12b.Other Liabilities, Non Monetary | 27 | 27 | - | - | - | - |
| 13.Current Liabilities (10+11+12) | 4,328 | 450 | 3,580 | 224 | 26 | 48 |
| 14.Trade Payables | - | - | - | - | - | - |
| 15.Financial Liabilities (*) | 9,742 | 5 | 8,179 | 1,441 | 117 | - |
| 16a.Other Liabilities, Monetary | 27 | 18 | 8 | - | - | 1 |
| 16b.Other Liabilities, Non Monetary | 124 | 124 | - | - | - | - |
| 17.Non Current Liabilities (14+15+16) | 9,893 | 147 | 8,187 | 1,441 | 117 | 1 |
| 18.Total Liabilities (13+17) | 14,221 | 597 | 11,767 | 1,665 | 143 | 49 |
| 19.Net asset / liability position of off-balance sheet derivatives (19a-19b) | - | - | - | - | - | - |
| 19a.Off-balance sheet foreign currency derivative assets | - | - | - | - | - | - |
| 19b.Off-balance sheet foreign currency derivative liabilities | - | - | - | - | - | - |
| 20.Net foreign currency asset/(liability) position (9-18+19) | (10,199) | 1,008 | (9,940) | (1,658) | (127) | 518 |
| 21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (11,070) | 611 | (10,291) | (1,658) | (132) | 400 |
| 22.Fair value of foreign currency hedged financial assets | - | - | - | - | - | - |
| 23.Hedged foreign currency assets | 960 | - | 960 | - | - | - |
| 24.Hedged foreign currency liabilities | - | - | - | - | - | - |

(*) Net foreign exchange position of Group is mainly due to long term foreign currency borrowings denominated in Euro, Japanese Yen, Swiss Frank to funds its investments. 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 amount to USD 7,505 as of 31 March 2021 (31 December 2020: USD 7,798).

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

Foreign currency risk management (cont'd)

| | 31 December 2020 | | | | | |
|---|-------------------|--------------|-----------------|----------------|--------------|------------|
| | USD EQUIVALENT | TL | EUR | JPY | CHF | OTHER |
| 1.Trade Receivables | 516 | 13 | 122 | 1 | 11 | 369 |
| 2a.Monetary Financial Assets | 1,635 | 874 | 698 | 4 | 1 | 58 |
| 2b.Non Monetary Financial Assets | - | - | - | - | - | - |
| 3.Other | 417 | 161 | 137 | - | 5 | 114 |
| 4.Current Assets (1+2+3) | 2,568 | 1,048 | 957 | 5 | 17 | 541 |
| 5.Trade Receivables | - | - | - | - | - | - |
| 6a.Monetary Financial Assets | 743 | 743 | - | - | - | - |
| 6b.Non Monetary Financial Assets | - | - | - | - | - | - |
| 7.Other | 652 | 409 | 236 | - | - | 7 |
| 8.Non Current Assets (5+6+7) | 1,395 | 1,152 | 236 | - | - | 7 |
| 9.Total Assets (4+8) | 3,963 | 2,200 | 1,193 | 5 | 17 | 548 |
| 10.Trade Payables | 595 | 298 | 244 | - | 4 | 49 |
| 11.Financial Liabilities | 3,884 | 99 | 3,521 | 241 | 23 | - |
| 12a.Other Liabilities, Monetary | 114 | 87 | 19 | 1 | - | 7 |
| 12b.Other Liabilities, Non Monetary | 26 | 26 | - | - | - | - |
| 13.Current Liabilities (10+11+12) | 4,619 | 510 | 3,784 | 242 | 27 | 56 |
| 14.Trade Payables | - | - | - | - | - | - |
| 15.Financial Liabilities | 10,099 | 6 | 8,365 | 1,598 | 130 | - |
| 16a.Other Liabilities, Monetary | 29 | 18 | 8 | - | - | 3 |
| 16b.Other Liabilities, Non Monetary | 134 | 134 | - | - | - | - |
| 17.Non Current Liabilities (14+15+16) | 10,262 | 158 | 8,373 | 1,598 | 130 | 3 |
| 18.Total Liabilities (13+17) | 14,881 | 668 | 12,157 | 1,840 | 157 | 59 |
| 19.Net asset / liability position of off-balance sheet derivatives (19a-19b) | - | - | - | - | - | - |
| 19a.Off-balance sheet foreign currency derivative assets | - | - | - | - | - | - |
| 19b.Off-balance sheet foreign currency derivative liabilities | - | - | - | - | - | - |
| 20.Net foreign currency asset/(liability) position (9-18+19) | (10,918) | 1,532 | (10,964) | (1,835) | (140) | 489 |
| 21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (11,827) | 1,122 | (11,337) | (1,835) | (145) | 368 |
| 22.Fair value of foreign currency hedged financial assets | - | - | - | - | - | - |
| 23.Hedged foreign currency assets | 506 | - | 506 | - | - | - |
| 24.Hedged foreign currency liabilities | - | - | - | - | - | - |

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29. 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. 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 include 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.

| | 31 March 2021 | | | |
|--|---|---|---------------------------------|---------------------------------|
| | Profit / (Loss) | | Equity | |
| | Before Tax | | If foreign | If foreign |
| | If foreign currency appreciated 10 % | If foreign currency depreciated 10 % | currency appreciated 10 % | currency depreciated 10 % |
| 1- TL net asset / liability | 101 | (101) | - | - |
| 2- Part hedged from TL risk (-) | - | - | - | - |
| 3- TL net effect (1+2) | 101 | (101) | - | - |
| 4- Euro net asset / liability | (324) | 324 | (670) | 670 |
| 5- Part hedged from Euro risk (-) | 96 | (96) | - | - |
| 6- Euro net effect (4+5) | (228) | 228 | (670) | 670 |
| 7- JPY net asset / liability | (107) | 107 | (59) | 59 |
| 8- Part hedged from JPY risk (-) | - | - | - | - |
| 9- JPY net effect (7+8) | (107) | 107 | (59) | 59 |
| 10- CHF net asset / liability | 1 | (1) | (14) | 14 |
| 11- Part hedged from CHF risk (-) | - | - | - | - |
| 12- CHF net effect (10+11) | 1 | (1) | (14) | 14 |
| 13- Other foreign currency net asset / liability | 52 | (52) | - | - |
| 14- Part hedged other foreign currency risk (-) | - | - | - | - |
| 15- Other foreign currency net effect (13+14) | 52 | (52) | - | - |
| TOTAL (3 + 6 + 9 + 12 + 15) | (181) | 181 | (743) | 743 |

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

Foreign currency risk management (cont'd)

| | 31 December 2020 | | | |
|--|---|---|---------------------------------|---------------------------------|
| | Profit / (Loss) | | Equity | |
| | Before Tax | | If foreign | If foreign |
| | If foreign currency appreciated 10 % | If foreign currency depreciated 10 % | currency appreciated 10 % | currency depreciated 10 % |
| 1- TL net asset / liability | 153 | (153) | - | - |
| 2- Part hedged from TL risk (-) | - | - | - | - |
| 3- TL net effect (1+2) | 153 | (153) | - | - |
| 4- Euro net asset / liability | (369) | 369 | (727) | 727 |
| 5- Part hedged from Euro risk (-) | 51 | (51) | - | - |
| 6- Euro net effect (4+5) | (318) | 318 | (727) | 727 |
| 7- JPY net asset / liability | (120) | 120 | (64) | 64 |
| 8- Part hedged from JPY risk (-) | - | - | - | - |
| 9- JPY net effect (7+8) | (120) | 120 | (64) | 64 |
| 10- CHF net asset / liability | 1 | (1) | (15) | 15 |
| 11- Part hedged from CHF risk (-) | - | - | - | - |
| 12- CHF net effect (10+11) | 1 | (1) | (15) | 15 |
| 13- Other foreign currency net asset / liability | 49 | (49) | - | - |
| 14- Part hedged other foreign currency risk (-) | - | - | - | - |
| 15- Other foreign currency net effect (13+14) | 49 | (49) | - | - |
| TOTAL (3 + 6 + 9 + 12 + 15) | (235) | 235 | (806) | 806 |

30. EVENTS AFTER THE BALANCE SHEET DATE

None.