

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

Condensed Consolidated Interim
Financial Statements As at and For
The Nine-Month Period
Ended 30 September 2023

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 September 2023
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

ASSETS	Notes	Not Reviewed	Audited
		30 September 2023	31 December 2022
Non-Current Assets			
Financial Investments	6	368	165
Other Receivables			
-Third Parties	9	1,072	957
Investments Accounted for Using Equity Method	3	349	277
Investment Property		69	69
Property and Equipment	11	5,809	4,654
Right of Use Assets	11	16,411	16,577
Intangible Assets			
- Other Intangible Assets	12	83	77
- Goodwill		27	27
Prepaid Expenses		1,232	914
Deferred Tax Asset	25	7	2
TOTAL NON-CURRENT ASSETS		25,427	23,719
Current Assets			
Cash and Cash Equivalents	5	910	4,075
Financial Investments	6	5,586	626
Trade Receivables			
-Related Parties	8	57	31
-Third Parties		810	964
Other Receivables			
-Related Parties	8	19	13
-Third Parties	9	899	864
Derivative Financial Instruments	27	199	44
Inventories		359	331
Prepaid Expenses		312	176
Current Income Tax Assets	25	48	35
Other Current Assets		86	66
TOTAL CURRENT ASSETS		9,285	7,225
TOTAL ASSETS		34,712	30,944

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 30 September 2023
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Not Reviewed	Audited
	Notes	30 September 2023	31 December 2022
LIABILITIES AND EQUITY			
Equity			
Share Capital	18	1,597	1,597
Treasury Shares		(33)	-
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial Losses on Retirement Pay Obligation	18	(238)	(228)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	18	(324)	(294)
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	18	630	515
-Losses on Remeasuring FVOCI		(9)	(14)
Restricted Profit Reserves	18	69	36
Previous Years Profit	18	8,097	5,405
Net Profit for the Period		2,788	2,725
Equity of the Parent		12,577	9,742
Non-Controlling Interests		5	-
TOTAL EQUITY		12,582	9,742
Non- Current Liabilities			
Long-Term Borrowings	7	589	1,115
Long-Term Lease Liabilities	7 and 13	9,242	9,177
Other Payables			
-Third Parties		126	24
Deferred Income	10	104	108
Long-Term Provisions			
-Provisions for Employee Termination Benefits	16	230	273
-Other Provisions		77	61
Deferred Tax Liability	25	2,884	2,220
TOTAL NON-CURRENT LIABILITIES		13,252	12,978
Current Liabilities			
Short Term Borrowings	7	1,488	1,058
Short-Term Portion of Long-Term Borrowings	7	705	1,100
Short-Term Portion of Lease Liabilities	7 and 13	1,619	1,589
Trade Payables			
-Related Parties	8	256	270
-Third Parties		1,067	930
Payables Related to Employee Benefits		233	183
Other Payables			
-Related Parties	8	2	13
-Third Parties		168	112
Derivative Financial Instruments	27	23	211
Deferred Income	10	2,802	2,394
Current Tax Provision	25	16	3
Short-Term Provisions			
-Provisions for Employee Benefits	14	55	39
-Other Provisions	14	6	6
Other Current Liabilities		438	316
TOTAL CURRENT LIABILITIES		8,878	8,224
TOTAL LIABILITIES AND EQUITY		34,712	30,944

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Nine-Month Period Ended 30 September 2023
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January -	1 July -	1 January -	1 July -
	Notes	30 September 2023	30 September 2023	30 September 2022	30 September 2022
PROFIT OR LOSS					
Revenue	19	15,823	6,321	13,654	6,068
Cost of Sales (-)	20	(11,752)	(4,185)	(10,335)	(4,198)
GROSS PROFIT		4,071	2,136	3,319	1,870
General Administrative Expenses (-)	21	(330)	(103)	(220)	(86)
Selling and Marketing Expenses (-)	21	(1,316)	(450)	(998)	(347)
Other Operating Income	22	362	166	92	20
Other Operating Expenses (-)	22	(143)	(13)	(92)	(49)
OPERATING PROFIT BEFORE INVESTMENT ACTIVITIES		2,644	1,736	2,101	1,408
Income from Investment Activities	23	774	326	190	84
Expenses for Investment Activities	23	(58)	(43)	(23)	-
Share of Investments' Profit Accounted for Using The Equity Method	3	146	116	104	94
OPERATING PROFIT		3,506	2,135	2,372	1,586
Financial Income	24	496	179	401	246
Financial Expenses (-)	24	(561)	(9)	(299)	(106)
PROFIT BEFORE TAX		3,441	2,305	2,474	1,726
Tax Expense		(653)	(385)	(222)	(211)
Current Tax Expense	25	(28)	(22)	(32)	(9)
Deferred Tax Expense	25	(625)	(363)	(190)	(202)
NET PROFIT FOR THE PERIOD		2,788	1,920	2,252	1,515

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Nine-Month Period Ended 30 September 2023
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January -	1 July -	1 January -	1 July -
	Notes	30 September 2023	30 September 2023	30 September 2022	30 September 2022
<u>OTHER COMPREHENSIVE INCOME</u>					
Items That May Be Reclassified Subsequently To Profit or Loss		90	210	765	189
Currency Translation Adjustment		(30)	(7)	(30)	(4)
Gains / (Losses) on Investments Remeasured FVOCI		6	5	(24)	(1)
Fair Value Gains on Hedging Instruments					
Entered into for Cash Flow Hedges		132	242	1,008	251
Fair Value Gains Hedging Instruments of Investment Accounted by Using the Equity Method					
Entered into for Cash Flow Hedges		12	25	10	(14)
Related Tax of Other Comprehensive Income		(30)	(55)	(199)	(43)
Items That Will Not Be Reclassified Subsequently To Profit or Loss		(10)	1	(12)	(1)
Actuarial Losses on Retirement Pay Obligation		(12)	2	(15)	(1)
Related Tax of Other Comprehensive Income		2	(1)	3	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		80	211	753	188
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,868	2,131	3,005	1,703
Basic Earnings Per Share (Full US Cents)	26	2.02	1.39	1.63	1.10
Diluted Earnings Per Share (Full US Cents)	26	2.02	1.39	1.63	1.10

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2023
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

			Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Retained Earnings					
	Share Capital	Treasury Shares	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Losses on Hedging Instruments Entered Into For Cash Flow Hedges	Losses on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	Equity Holders of the Parent	Non- controlling Interests	Total Equity
As of 1 January 2022	1,597	-	(71)	(275)	151	(7)	76	4,406	959	6,836	1	6,837
Transfers	-	-	-	-	-	-	12	947	(959)	-	-	-
Total comprehensive income	-	-	(12)	(30)	814	(19)	-	-	2,252	3,005	-	3,005
As of 30 September 2022	1,597	-	(83)	(305)	965	(26)	88	5,353	2,252	9,841	1	9,842

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Nine-Month Period Ended 30 September 2023

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

		Not Reviewed	Not Reviewed
		1 January -	1 January -
	Notes	30 September 2023	30 September 2022
Net Profit for the period		2,788	2,252
Adjustments to Reconcile Profit			
Adjustments for Depreciation and Amortisation Expense	11 and 12	1,458	1,373
Adjustments for Provisions Related to Employee Benefits	14 and 16	72	67
Adjustments for Provisions for Other Accruals	14	2	1
Adjustments for Reversal of Probable Risks		-	(3)
Adjustments for Interest Income	23 and 24	(655)	(152)
Adjustments for Interest Expense	16 and 24	405	240
Adjustments For Unrealised Foreign Exchange Gains		(276)	(544)
Adjustments for Fair Value Gains on Derivative			
Financial Instruments	24	(356)	(120)
Adjustments for Undistributed Gains of Associates	3	(146)	(104)
Adjustments for Tax Expense	25	638	185
Adjustments for Losses Arised From Sale of Tangible Assets	23	25	17
Adjustments for Losses Arised from Sale of Other Non-Current Assets	11	55	31
Operating Profit Before Changes in Working Capital		4,010	3,243
Increase in Trade Receivables from Related Parties	8	(26)	(3)
Decrease / (Increase) in Trade Receivables from Third Parties		151	(222)
Increase in Other Receivables from Related Parties	8	(6)	(18)
Increase in Other Receivables from Third Parties	9	(75)	(43)
Adjustments for Increase in Inventories		(28)	(41)
Adjustments for Increase in Prepaid Expenses		(454)	(219)
(Decrease) / Increase in Trade Payables to Related Parties	8	(14)	86
Increase in Trade Payables to Third Parties		137	258
Adjustments for Increase in Payables Due to			
Employee Benefits		50	89
Decrease in Other Payables to Related Parties	8	(11)	(5)
Increase in Other Payables to Third Parties		158	276
Increase in Deferred Income	10	529	1,116
(Increase) / Decrease in Other Assets		(20)	20
Cash Flows From Operations		4,401	4,537
Payments for Provisions Related with Employee Benefits	16	(11)	(4)
Income Taxes Received	25	13	12
Net Cash From Operating Activities		4,403	4,545
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant and Equipment and Intangible Assets		62	29
Payments For Purchasing of Property, Plant and Equipment and			
Intangible Assets	11 and 12	(846)	(653)
Payments For Purchasing of Other Short and Long-term Assets	6	(5,163)	(926)
Other Cash Advances and Loans	9	(208)	(96)
Dividends Received		38	6
Interest Received	23	517	73
Net Cash Flows Used In Investing Activities		(5,600)	(1,567)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Payments to Acquire Entity's Shares		(33)	-
Proceeds From Loans	7	1,897	1,060
Repayments of Loans	7	(2,387)	(1,751)
Payments of Lease Liabilities	7	(1,303)	(1,244)
Interest Paid		(280)	(190)
Interest Received	24	138	79
Other Cash Outflows		-	(4)
Net Cash Used in Financing Activities		(1,968)	(2,050)
Net Change in Cash and Cash Equivalents		(3,165)	928
CASH AND CASH EQUIVALENTS			
AT THE BEGINNING OF THE PERIOD		4,075	2,677
CASH AND CASH EQUIVALENTS			
AT THE END OF THE PERIOD	5	910	3,605

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Nine-Month Period Ended 30 September 2023**

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

1. GROUP ORGANIZATION AND ITS OPERATIONS

Türk Hava Yolları Anonim Ortaklığı (the “Company” or “THY”) was incorporated in Türkiye in 1933. As of 30 September 2023, and 31 December 2022, the shareholders and their respective shareholdings in the Company are as follows:

	30 September 2023	31 December 2022
Türkiye Wealth Fund	49.12 %	49.12 %
Republic of Türkiye Treasury and Finance Ministry Privatization Administration	-	-
Other (publicly held and treasury share)	50.88 %	50.88 %
Total	<u>100.00 %</u>	<u>100.00 %</u>

The Company is controlled by Türkiye Wealth Fund.

The number of employees working for the Group as of 30 September 2023 is 52,414^(*) (31 December 2022: 40,264). The average number of employees working for the Group for the period ended 30 September 2023 and 2022 are 49,458^(*) and 38,009 respectively. The Group is registered in İstanbul, Türkiye 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. The Company and its subsidiaries will be referred to as “Group”.

^(*) THY Destek Hizmetleri A.Ş. while its employees were working in different companies within the scope of outsourced services before 06.03.2023, they joined the Group as of this date.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Nine-Month Period Ended 30 September 2023**

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

1. GROUP ORGANIZATION AND ITS OPERATIONS (cont'd)**Subsidiaries and Joint Ventures**

The table below sets out the consolidated subsidiaries of the Group as of 30 September 2023 and 2022:

<u>Name of the Company</u>	<u>Principal Activity</u>	<u>Ownership Rate</u>		<u>Country of Registration</u>
		<u>30 September 2023</u>	<u>31 December 2022</u>	
THY Teknik A.Ş. (Turkish Technic)	Aircraft Maintenance Services	100%	100%	Türkiye
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş. (TAFA)	Training & Airport Operations	100%	100%	Türkiye
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	Cargo and Courier Transportation	100%	100%	Türkiye
THY Teknoloji ve Bilişim A.Ş. (Turkish Technology)	Information Technologies and Consulting	100%	100%	Türkiye
THY Hava Kargo Taşımacılığı A.Ş. (Widect)	Cargo Transportation	100%	100%	Türkiye
THY Destek Hizmetleri A.Ş. (*) (TSS)	Support Services	100%	-	Türkiye
THY Özel Güvenlik ve Koruma Hizmetleri A.Ş. (**)	Security Services	100%	-	Türkiye
AJet Hava Taşımacılığı A.Ş. (***)	Air Transportation	100%	-	Türkiye
THY Finansal Teknolojiler A.Ş. (****)	Financial Services / Financial Technologies	100%	-	Türkiye
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI) (*****)	Cabin Interior Products	80%	50%	Türkiye
TSI Seats INC	Cabin Interior Products	80%	100%	USA

(*) THY Destek Hizmetleri A.Ş. was established on 06.03.2023 in order to meet the support service needs of the Incorporation's and subsidiaries' out of core business activities.

(**) THY Özel Güvenlik ve Koruma Hizmetleri A.Ş. was established on 12.05.2023 as a 100% THY Destek Hizmetleri A.Ş. subsidiary in order to meet the private security services.

(***) AJet Hava Taşımacılığı A.Ş. was established on 07.08.2023 in order to perform its activities as a low-cost airline at global standards and to strengthen its competitive position in the market.

(****) THY Finansal Teknolojiler A.Ş. was established on 18.08.2023 in order to meet carry out new business areas that the Company/Group will create through digital payment/collection channels, to transform its existing potential into a value-creating business model and to operate in the field of financial technologies.

(*****) The merger of the subsidiaries established for the design, production, marketing, and sales of cabin interior products, Uçak Koltuk Üretim Sanayi ve Ticaret A.Ş. ("TSI") and Cornea Havacılık Sistemleri Sanayi ve Ticaret A.Ş. ("Cornea") were dissolved without liquidation and TCI Kabin İçi Sistemleri Sanayi ve Ticaret A.Ş. ("TCI") to take over TSI and Cornea with all its assets and liabilities is completed on 15.02.2023. TSI Seats INC which is a subsidiary of ("TCI") operates in the USA.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Nine-Month Period Ended 30 September 2023
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Subsidiaries and Joint Ventures (cont'd)

The table below sets out the joint ventures of the Group as of 30 September 2023 and 2022:

Company Name	Country of Registration and Operations	<u>Ownership Share and Voting Power</u>		Principal Activity
		30 September 2023	31 December 2022	
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Türkiye	50%	50%	Aircraft Transportation
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Türkiye	50%	50%	Catering Services
TGS Yer Hizmetleri A.Ş. (TGS)	Türkiye	50%	50%	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Türkiye	50%	50%	Aviation Fuel Services
P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC)	Türkiye	49%	49%	Maintenance Services
Air Albania SHPK (Air Albania)	Albania	49%	49%	Aircraft Transportation
We World Express Ltd. (We World Express)	Hong Kong	45%	45%	Cargo and Courier Transportation
Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (TNC) (Goodrich)	Türkiye	40%	40%	Maintenance Services
TFS Akaryakıt Hizmetleri A.Ş. (TFS Akaryakıt)	Türkiye	25%	25%	Aviation Fuel Services
Vergi İade Aracılık A.Ş. (*)	Türkiye	-	30%	VAT Return and Consultancy

The Group owns 49%, 49%, 45%, 40% and 25% equity shares of TEC, Air Albania, We World Express Ltd., Goodrich 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 and TFS Akaryakıt Hizmetleri A.Ş..

(*) An agreement was reached to sell 30% of the Company's shares of Vergi İade Aracılık A.Ş., a share transfer agreement was signed between the Company and the buyers, and the closing procedures for the share transfer were completed on May 18, 2023.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2023 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 2022.

The Board of Directors has approved the condensed consolidated interim financial statements as of 30 September 2023 on 1 November 2023. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

Basis of Preparation

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

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

2.1 Basis of Presentation (cont'd)

Functional and Reporting Currency

Functional currency

The consolidated financial statements of the Group are presented in USD, 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 USD. USD 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 USD in measuring items in its financial statements and as the functional currency. All currencies other than those selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in USD have been remeasured in USD in accordance with the relevant provisions of IAS 21 *the Effects of Changes in Foreign Exchange Rates*.

IAS 29 *Financial Reporting in Hyperinflation Economy* requires the financial statements of an entity with a hyperinflationary functional currency to be restated for the changes in the general pricing power of the functional currency. The Group uses the USD to measure items in its financial statements and the USD as the functional currency. Therefore, no adjustments have been made for hyperinflation according to IAS 29.

According to the Türkiye local GAAP, the Group will make inflation adjustments in its tax-based statutory financial statements on December 31, 2023, in accordance with the temporary article 33 of Law No. 213, and evaluates the effects of these adjustments on IAS/IFRS based financial statements.

Except where otherwise indicated, all amounts disclosed in financial statements and notes are rounded the nearest million (USD 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 nine 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 jointly controlled by the Group and other shareholders and are accounted for using the equity method. Under the equity method, joint ventures are initially recognized at cost and adjusted to recognize any distributions received, impairments in the joint ventures and the Group's share of the profit or loss after the date of acquisition. Joint ventures' losses that exceed the Group's share are not recognized, unless the Group has incurred legal or constructive obligations on behalf of the joint venture.
- c. The non-controlling share in the assets and results of subsidiaries for the year are separately classified as "non-controlling interest" in the consolidated statements of financial position and consolidated statements of profit or loss.

Business Combinations

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

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

2.1 Basis of Presentation (cont'd)

Business Combinations (cont'd)

The Group measures goodwill at the acquisition date as follows:

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

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

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2.2 Changes and Errors in Accounting Policies Estimates

The significant estimates and assumptions used in the preparation of these consolidated financial statements as at and for the period ended 30 September 2023 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2022.

2.3 Summary of Significant Accounting Policies

The accounting policies used in preparation of condensed consolidated interim financial statements as at 30 September 2023 are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2022.

2.4 New and Revised Standards and Interpretations

a) Standards, amendments, and interpretations applicable as of 30 September 2023:

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.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The Group evaluates the effects of this reform on the financial statements.

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

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

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

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

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

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

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

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

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

2.5 Determination of Fair Values

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

Evaluation methods in terms of levels are described as follows:

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

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

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.

2.7 Other

Earthquakes in Türkiye

In order to alleviate the impact of social and economic consequences of the consecutive earthquakes which took place on February 6, 2023; passenger and cargo flights were carried out free of charge, a cash donation of USD 107 (TL 2,000) was made and it was decided by the Board of Directors to pursue all necessary work and procedures for the construction of 1,000 homes to be built in the earthquake-affected region. In addition to that, the earthquake does not have a significant impact on the Group's continuing operations.

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

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

	30 September 2023	31 December 2022
Sun Express	171	105
TEC	77	65
Turkish DO&CO	28	26
TFS Akaryakıt	23	30
THY Opet	21	21
TGS	19	17
Goodrich	5	5
We World Express	5	4
TCI (*)	-	4
	349	277

(*) TCI, which was previously consolidated using the Equity method, will be fully consolidated in the financial statements in the following periods.

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

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Sun Express	58	82	19	59
TGS	30	14	18	9
TFS Akaryakıt	18	5	37	14
THY Opet	14	7	13	4
Turkish DO&CO	14	5	11	5
TEC	11	2	6	3
We World Express	1	1	-	-
	146	116	104	94

Financial information for Sun Express as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			2,183	1,728
Total liabilities			1,842	1,517
Shareholders' equity			341	211
Group's share in joint venture's shareholders' equity			171	105
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	1,331	774	1,097	643
Profit for the period	115	163	39	118
Group's share in joint venture's loss for the period	58	82	19	59

Financial information for TEC as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			295	255
Total liabilities			138	122
Shareholders' equity			157	133
Group's share in joint venture's shareholders' equity			77	65
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	354	139	300	90
Profit for the period	23	6	11	4
Group's share in joint venture's loss for the period	11	2	6	3

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

Financial information for Turkish DO&CO as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			180	128
Total liabilities			125	76
Shareholders' equity			55	52
Group's share in joint venture's shareholders' equity			28	26
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	351	132	254	119
Profit for the period	27	10	21	10
Group's share in joint venture's loss for the period	14	5	11	5

Financial information for THY Opet as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			152	145
Total liabilities			111	104
Shareholders' equity			41	41
Group's share in joint venture's shareholders' equity			21	21
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	629	287	590	304
Profit for the period	28	14	26	8
Group's share in joint venture's loss for the period	14	7	13	4

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

Financial information for TGS as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			182	153
Total liabilities			145	118
Shareholders' equity			37	35
Group's share in joint venture's shareholders' equity			19	17
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	398	156	316	159
Profit for the period	59	28	35	18
Group's share in joint venture's loss for the period	30	14	18	9

Financial information for TFS Akaryakıt Hizmetleri as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			419	533
Total liabilities			328	412
Shareholders' equity			91	121
Group's share in joint venture's shareholders' equity			23	30
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	2,339	880	2,569	1,139
Profit for the period	72	21	149	56
Group's share in joint venture's loss for the period	18	5	37	14

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

Financial information for Goodrich as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			16	17
Total liabilities			3	4
Shareholders' equity			13	13
Group's share in joint venture's shareholders' equity			5	5
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	12	5	18	5
Profit for the period	-	-	1	-
Group's share in joint venture's loss for the period	-	-	-	-

Financial information for We World Express as of 30 September 2023 and 2022 are as follows:

			30 September 2023	31 December 2022
Total assets			19	14
Total liabilities			8	5
Shareholders' equity			11	9
Group's share in joint venture's shareholders' equity			5	4
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	40	18	29	8
Profit for the period	2	1	-	-
Group's share in joint venture's loss for the period	1	1	-	-

Since 31 December 2019, the loss of Air Albania, which exceeds the Group's total share in the joint venture's shareholders' equity, has not been accounted in the consolidated financial statements. There is no amount as of 30 September 2023 (31 December 2022: USD 8).

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

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance	277	237
Share of investments' income accounted for using the equity method	146	104
Other expense and income recognized in equity	2	2
Statement of changes in consolidation adjust	-	(1)
Equity Investment Disposal	(4)	-
Foreign currency translation difference	(30)	(38)
Dividends to shareholders	(42)	(25)
Closing balance	349	279

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4. SEGMENT REPORTING

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

Air Transport ("Aviation")

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

Technical Maintenance Services ("Technical")

The Group's technical activities consist of mainly aircraft repair and maintenance services and providing technical and infrastructure support related to the aviation sector. The detailed information about the revenue of the Group is given in Note 19.

4.1 Total Assets and Liabilities

Total Assets	30 September 2023	31 December 2022
Aviation	34,581	30,792
Technical	1,759	1,633
Total	36,340	32,425
Less: Eliminations due to consolidation	(1,628)	(1,481)
Total assets in consolidated financial statements	34,712	30,944
Total Liabilities	30 September 2023	31 December 2022
Aviation	21,880	21,051
Technical	527	422
Total	22,407	21,473
Less: Eliminations due to consolidation	(277)	(271)
Total liabilities in consolidated financial statements	22,130	21,202

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4. SEGMENT REPORTING (cont'd)

4.2 Profit / (Loss) before Tax

Segment Results:

1 January - 30 September 2023	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	15,448	375	-	15,823
Inter-Segment Sales	163	900	(1,063)	-
Revenue	15,611	1,275	(1,063)	15,823
Cost of Sales (-)	(11,612)	(1,083)	943	(11,752)
Gross Profit	3,999	192	(120)	4,071
Administrative Expenses (-)	(343)	(107)	120	(330)
Selling and Marketing Expenses (-)	(1,308)	(8)	-	(1,316)
Other Operating Income	312	50	-	362
Other Operating Expenses (-)	(116)	(27)	-	(143)
Operating Profit Before Investment Activities	2,544	100	-	2,644
Income from Investment Activities	774	-	-	774
Expenses from Investment Activities	(58)	-	-	(58)
Share of Investments' Profit Accounted for Using The Equity Method	134	12	-	146
Operating Profit	3,394	112	-	3,506
Financial Income	457	39	-	496
Financial Expense (-)	(548)	(13)	-	(561)
Profit Before Tax	3,303	138	-	3,441
Tax Expense	(582)	(71)	-	(653)
Current Tax Expense	(4)	(24)	-	(28)
Deferred Tax Expense	(578)	(47)	-	(625)
Net Profit For The Period	2,721	67	-	2,788

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4. SEGMENT REPORTING (cont'd)

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

Segment Results (cont'd):

1 January - 30 September 2022	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	13,389	265	-	13,654
Inter-Segment Sales	73	749	(822)	-
Revenue	13,462	1,014	(822)	13,654
Cost of Sales (-)	(10,324)	(799)	788	(10,335)
Gross Profit	3,138	215	(34)	3,319
Administrative Expenses (-)	(163)	(95)	38	(220)
Selling and Marketing Expenses (-)	(990)	(8)	-	(998)
Other Operating Income	91	5	(4)	92
Other Operating Expenses (-)	(81)	(11)	-	(92)
Operating Profit Before Investment Activities	1,995	106	-	2,101
Income from Investment Activities	190	-	-	190
Expenses from Investment Activities	(23)	-	-	(23)
Share of Investments' Profit Accounted for Using The Equity Method	98	6	-	104
Operating Profit	2,260	112	-	2,372
Financial Income	384	17	-	401
Financial Expense (-)	(294)	(5)	-	(299)
Profit Before Tax	2,350	124	-	2,474
Tax Expense	(236)	14	-	(222)
Current Tax Expense	-	(32)	-	(32)
Deferred Tax Expense	(236)	46	-	(190)
Net Profit For The Period	2,114	138	-	2,252

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4. SEGMENT REPORTING (cont'd)

4.3 Investment Operations

1 January - 30 September 2023	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	2,425	273	-	2,698
Current period depreciation and amortization charge	1,305	153	-	1,458
Investments accounted for using equity method	244	105	-	349
1 January - 30 September 2022	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	2,574	238	-	2,812
Current period depreciation and amortization charge	1,243	130	-	1,373
Investments accounted for using equity method	177	102	-	279

5. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash	1	1
Banks – Time deposits and Repo	775	3,980
Banks – Demand deposits	134	94
	910	4,075

Details of the time deposits and repo as of 30 September 2023 are as follows:

Original Amount	Currency	Effective Interest Rate	Maturity	30 September 2023
608	EUR (*)	2.81% - 5.63%	November 2023	647
2,869	TL	14.25% - 38.95%	October 2023	105
19	USD	3.56%	October 2023	19
3	GBP	2.06%	October 2023	4
				775

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5. CASH AND CASH EQUIVALENTS (cont'd)

Details of the time deposits as of 31 December 2022 are as follows:

<u>Original Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2022</u>
3,145	EUR (*)	1.00% - 3.15%	March 2023	3,368
7,358	TL	6.50% - 27.08%	March 2023	397
186	USD	1.00% - 4.00%	January 2023	186
3,500	DZD	0.90% - 0.99%	February 2023	25
250	MZN	9.45%	January 2023	4
				<u>3,980</u>

(*) In order to manage the risk resulting from the fluctuations of the USD/EUR parity, the Group implements in USD/EUR derivative instruments amounting to 427 USD of time deposits (2022: 1,795 USD).

6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Fair value through profit and loss (FVTPL)		
- Currency protected deposit account (*)	5,142	-
- Equity securities	19	11
Fair value through other comprehensive income (FVOCI)		
- Corporate debt securities	425	1
Time deposits with maturity more than 3 months	-	614
	<u>5,586</u>	<u>626</u>

(*) Currency protected time deposit defined as a hybrid contract with a derivative element in IFRS financial statements hence changes in the fair value is accounted in financial investments.

Time deposit with maturity of more than 3 months as of 31 December 2022 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2022</u>
550	EUR	2.76% - 4.20%	April 2023	587
500	TL	27.08%	April 2023	27
				<u>614</u>

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6. FINANCIAL INVESTMENTS (cont'd)

Long-term financial investments are as follows:

	30 September 2023	31 December 2022
FVOCI		
- Corporate debt securities	191	57
- Government debt securities	176	107
Other	1	1
	<u>368</u>	<u>165</u>

Contractual maturity dates of financial investments measured at FVOCI as of 30 September 2023 and 2022 are as follows:

	30 September 2023	31 December 2022
Less than 1 year	425	1
1 to 5 years	113	33
Over 5 years	254	131
	<u>792</u>	<u>165</u>

7. BORROWINGS

Short-term borrowings are as follows:

	30 September 2023	31 December 2022
Bank borrowings	<u>1,488</u>	<u>1,058</u>

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

	30 September 2023	31 December 2022
Lease liabilities (Note: 13)	1,619	1,589
Bank borrowings	705	1,100
	<u>2,324</u>	<u>2,689</u>

Long-term borrowings are as follows:

	30 September 2023	31 December 2022
Lease liabilities (Note: 13)	9,242	9,177
Bank borrowings	589	1,115
	<u>9,831</u>	<u>10,292</u>

Details of bank borrowings as of 30 September 2023 and 2022 are as follows:

	30 September 2023	31 December 2022
Less than 1 year	2,193	2,158
Between 1 – 5 years	575	1,095
Over 5 years	14	20
	<u>2,782</u>	<u>3,273</u>

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7. BORROWINGS (cont'd)

Details of bank borrowings as of 30 September 2023 and 2022 are as follows (cont'd):

<u>Original Amount</u>	<u>Currency</u>	<u>Interest Rate Type</u>	<u>Effective Interest Rate</u>	<u>Payment Period</u>	<u>30 September 2023</u>
1,694	EUR	Fixed	0.20% - 4.00%	November 2023 - March 2031	1,796
			Euribor + 2.90% -		
929	EUR	Floating	Euribor + 5.50%	February 2024 - August 2026	986
					<u>2,782</u>

<u>Original Amount</u>	<u>Currency</u>	<u>Interest Rate Type</u>	<u>Effective Interest Rate</u>	<u>Payment Period</u>	<u>31 December 2022</u>
1,805	EUR	Fixed	0.20% - 4.00%	January 2023 - March 2025	1,924
			Euribor + 2.90% -		
1,265	EUR	Floating	Euribor + 5.50%	May 2023 - August 2026	1,349
					<u>3,273</u>

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

	<u>31 December 2022</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Cash-in</u>	<u>30 September 2023</u>
Bank Borrowings	3,273	(2,387)	(103)	102	1,897	<u>2,782</u>

	<u>31 December 2021</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Cash-in</u>	<u>30 September 2022</u>
Bank Borrowings	4,659	(1,751)	(86)	(499)	1,060	<u>3,383</u>

	<u>31 December 2022</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>New Leases</u>	<u>30 September 2023</u>
Aircraft	10,171	(1,257)	(177)	(28)	1,581	10,290
Property	593	(45)	-	-	22	570
Other	2	(1)	-	-	-	1
	<u>10,766</u>	<u>(1,303)</u>	<u>(177)</u>	<u>(28)</u>	<u>1,603</u>	<u>10,861</u>

	<u>31 December 2021</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>New Leases</u>	<u>30 September 2022</u>
Aircraft	10,206	(1,221)	(104)	(1,000)	1,500	9,381
Property	36	(22)	-	(36)	573	551
Other	2	(1)	-	-	1	2
	<u>10,244</u>	<u>(1,244)</u>	<u>(104)</u>	<u>(1,036)</u>	<u>2,074</u>	<u>9,934</u>

In March 2021, it was announced that USD LIBOR 1-week and 2-month settings would cease to be published on December 31, 2021 and US Dollar Overnight, 1-month, 3-month, 6-month and 12-month settings will continue to be published until 30 June 2023. Due to the cessation of relevant USD LIBOR settings, replacement reference rates were determined to be CME TERM SOFR and SOFR for USD denominated finance leases with a total amount of USD 505 million as of the cessation date. The Group expects no material impact after the replacement of relevant rates.

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8. RELATED PARTIES

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

	30 September 2023	31 December 2022
Air Albania	33	26
Sun Express	17	-
We World Express Ltd.	6	4
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	1	1
	<u>57</u>	<u>31</u>

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

	30 September 2023	31 December 2022
THY Opet	7	7
TGS	7	-
Air Albania	5	6
	<u>19</u>	<u>13</u>

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

	30 September 2023	31 December 2022
TFS Akaryakıt Hizmetleri	141	131
TGS	42	38
Turkish DO&CO	31	22
TEC	24	50
THY Opet	16	17
Goodrich	1	2
Turkcell	1	-
Sun Express	-	10
	<u>256</u>	<u>270</u>

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

	30 September 2023	31 December 2022
Türkiye Sigorta A.Ş.	2	7
TFS Akaryakıt Hizmetleri	-	6
	<u>2</u>	<u>13</u>

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8. RELATED PARTIES (cont'd)

Transactions with related parties for the period ended 30 September 2023 and 2022 are as follows:

a) Sales to related parties:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Sun Express	57	31	21	6
TEC	9	3	23	10
Air Albania	8	2	6	3
Türkiye Sigorta A.Ş.	4	2	9	2
PTT A.Ş. (PTT)	4	1	6	1
TGS	4	2	2	-
We World Express Ltd.	2	1	7	3
Goodrich	1	-	1	-
Turkcell	1	-	-	-
Uçak Koltuk	-	-	2	1
	90	42	77	26

b) Purchases from related parties:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
TFS Akaryakıt Hizmetleri	1,972	719	2,187	949
Turkish DO&CO	338	126	205	93
TEC	311	121	194	51
TGS	310	126	295	140
THY Opet	286	106	175	71
Sun Express	11	3	73	28
Turkcell	10	3	5	1
Goodrich	7	3	9	2
Türkiye Sigorta A.Ş.	1	-	3	3
Uçak Koltuk	-	-	7	5
	3,246	1,207	3,153	1,343

Details of the financial assets and liabilities for related parties as of 30 September 2023 and 2022 are as follows:

	30 September 2023	31 December 2022
Financial investments	3,394	588
Financial assets (*)	822	194
Banks - Time deposits	758	3,890
Banks - Demand deposits	30	16
Equity share	1	1
Bank borrowings	(754)	(1,069)
	4,251	3,620

(*) This represents the nominal amount.

As of 30 September 2023, the amount of letters of guarantees given to the related parties is USD 561 (31 December 2022: USD 441).

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8. RELATED PARTIES (cont'd)

Details of the time deposits at related parties as of 30 September 2023 and 2022 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2023
602	EUR	2.81% - 5.63%	November 2023	641
2,862	TL	14.25% - 38.95%	October 2023	105
8	USD	3.56%	October 2023	8
3	GBP	2.06%	October 2023	4
				<u>758</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2022
3,095	EUR	1.00% - 3.15%	March 2023	3,314
7,354	TL	6.50% - 27.08%	March 2023	397
175	USD	1.00% - 4.00%	January 2023	175
250	MZN	9.45%	January 2023	4
				<u>3,890</u>

Details of the financial investments at related parties as of 30 September 2023 and 2022 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2023
92,921	TL	8.50% - 25.00%	September 2024	<u>3,394</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2022
525	EUR	2.76% - 3.15%	April 2023	561
500	TL	27.08%	April 2023	27
				<u>588</u>

Details of the financial assets at related parties as of 30 September 2023 and 2022 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2023
406	EUR	3.25% - 5.70%	October 2023 - March 2024	431
391	USD	5.38% - 8.60%	October 2023 - March 2024	391
				<u>822</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2022
194	USD	5.38% - 8.60%	January 2023 - June 2023	<u>194</u>

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8. RELATED PARTIES (cont'd)

Details of the bank borrowings at related parties as of 30 September 2023 and 2022 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 September 2023
711	EUR	2.55% - (Euribor + 5.50%)	March 2026	754
Amount	Currency	Effective Interest Rate	Maturity	31 December 2022
1,003	EUR	2.55% - (Euribor + 5.50%)	March 2026	1,069

Interest income from related parties:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Türkiye Vakıflar Bankası T.A.O. (Vakıfbank)	90	27	61	22
Türkiye Halk Bankası A.Ş. (Halk Bankası)	79	25	22	7
T.C. Ziraat Bankası A.Ş. (Ziraat Bankası)	45	14	21	10
Ziraat Katılım Bankası A.Ş.	22	6	-	-
	<u>236</u>	<u>72</u>	<u>104</u>	<u>39</u>

Interest expense to related parties:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Vakıfbank	25	8	24	6
Ziraat Bankası	17	8	16	5
	<u>42</u>	<u>16</u>	<u>40</u>	<u>11</u>

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

The total amount of all short-term benefits, including salaries, bonuses, vehicles allocated for their use and communication expenses provided for the Board Members, General Managers and Deputy General Managers of Group is USD 4 for the period between 1 January-30 September 2023 (1 January- 30 September 2022: USD 3).

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9. OTHER RECEIVABLES

Other short-term receivables from third parties as of 30 September 2023 and 2022 are as follows:

	30 September 2023	31 December 2022
Predelivery payments made for aircraft (Gross)	413	511
Receivables from technical purchases	186	100
Bank deposits with transfer limitations (*)	181	113
Value added tax receivables	59	69
Receivables from pilots for flight training	26	24
Others	34	47
	899	864

(*) As of 30 September 2023, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Libya, Syria, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Eritrea, Mozambique, Republic of Angola, Republic of Cameroon, Republic of Chad, Gabon, Benin, Republic of Lebanon, Democratic Republic of the Congo, Republic of Ghana, Egypt, Republic of Pakistan and Iran. (As of 31 December 2022, 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, Republic of Ghana, Egypt, Ukraine and Iran.).

Other long-term receivables from third parties as of 30 September 2023 and 2022 are as follows:

	30 September 2023	31 December 2022
Receivables related to investment incentives (**)	464	415
Predelivery payments made for aircraft (Gross)	389	291
Receivables from pilots for flight training	153	148
Deposits and guarantees given	66	45
Interest and commodity swap agreement deposits	-	58
	1,072	957

(**) The Group accounts for government incentives in accordance with the policies disclosed in its financial reports dated 31.12.2022. As of 30 September, 2023, The Group has discounts and exemptions amounting to USD 3,337 that it can benefit from in the foreseeable future (December 31, 2022: USD 3,452). As of September 30, 2023, 1 USD of this tax advantage has been used.

- There is no time limit for the use of these incentives.
- The Group regularly conducts forecast studies for the usage periods of the tax advantage. The periods of use of the tax advantage have been estimated under the current conditions.
- It is foreseen that this amount of usage will increase after the deduction of financial losses stated in footnote 25.
- The Group expects that the related tax benefits will be used within 5 -10 years in this context.
- When a 10% deviation is applied to changes in the exchange rate, DPI-PPI ratio and other economic data that affect the use of investment incentives, as well as operational income/expenses that are likely to occur, no change is expected in the 5-10 years period of use.

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10. DEFERRED INCOME

Deferred income is as follows:

	30 September 2023	31 December 2022
Passenger flight liabilities	2,740	2,291
Other short-term deferred income	62	103
	<u>2,802</u>	<u>2,394</u>

Passenger flight liability is as follows:

	30 September 2023	31 December 2022
Flight liability for ticket sales	2,525	2,107
Frequent flyer program liability	215	184
	<u>2,740</u>	<u>2,291</u>

Other short-term deferred income is as follows:

	30 September 2023	31 December 2022
Deferred finance income	41	81
Advances received	10	11
Other	11	11
	<u>62</u>	<u>103</u>

Long-term deferred income is as follows:

	30 September 2023	31 December 2022
Deferred finance income	103	107
Other	1	1
	<u>104</u>	<u>108</u>

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11. PROPERTY AND EQUIPMENT

	Land improvements and buildings	Technical equipment, simulator and vehicles	Other equipment, and fixtures	Aircraft	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance at 1 January 2023	1,600	759	279	5,028	750	746	210	242	9,614
Additions	2	24	39	168	59	185	5	178	660
Transfer (*)	-	10	-	22	10	-	2	(84)	(40)
Transfers between the account	-	-	-	2,129	33	-	-	-	2,162
Disposals	(50)	(2)	(3)	(177)	(24)	(91)	-	-	(347)
Closing balance at 30 September 2023	1,552	791	315	7,170	828	840	217	336	12,049
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2023	406	385	229	3,108	319	387	126	-	4,960
Depreciation charge	54	31	18	244	58	67	11	-	483
Transfers between the account	-	-	-	990	17	-	-	-	1,007
Disposals	(7)	(2)	(3)	(140)	(22)	(36)	-	-	(210)
Closing balance at 30 September 2023	453	414	244	4,202	372	418	137	-	6,240
Net book value at 30 September 2023	1,099	377	71	2,968	456	422	80	336	5,809
Net book value at 31 December 2022	1,194	374	50	1,920	431	359	84	242	4,654

(*) The amount of USD 40 was transferred to the right of use asset from construction in progress.

USD 1.403 of depreciation and amortization expenses recognized in cost of sales (30 September 2022: USD 1,321), USD 51 of general administrative expenses (30 September 2022: USD 47) and USD 4 of marketing and sales expenses (30 September 2022: USD 5) in total of USD 1.458 as of 30 September 2023 (30 September 2022: USD 1,373).

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

There is no mortgage on property, plant and equipment as of September 30, 2023 (December 31, 2022: None).

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11. PROPERTY AND EQUIPMENT (cont'd)

	Land improvements and buildings	Technical equipment, simulator and vehicles	Other equipment, and fixtures	Aircraft	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance at 1 January 2022	1,650	734	259	4,341	697	692	196	179	8,748
Additions	1	14	10	117	63	156	5	89	455
Transfer (*)	-	1	-	9	8	-	6	(38)	(14)
Transfers between the accounts	-	-	-	403	19	-	-	-	422
Disposals	(2)	(3)	(1)	(180)	(27)	(76)	(1)	-	(290)
Closing balance at 30 September 2022	1,649	746	268	4,690	760	772	206	230	9,321
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2022	336	344	211	2,709	288	385	111	-	4,384
Depreciation charge	53	31	14	190	48	72	12	-	420
Transfers between the accounts	-	-	-	165	10	-	-	-	175
Disposals	(1)	(2)	(1)	(141)	(27)	(45)	(1)	-	(218)
Closing balance at 30 September 2022	388	373	224	2,923	319	412	122	-	4,761
Net book value at 30 September 2022	1,261	373	44	1,767	441	360	84	230	4,560

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11. PROPERTY AND EQUIPMENT (cont'd)

Right of use assets are as follows:

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2023	21,737	369	654	7	22,767
Additions	1,859	24	125	1	2,009
Transfer	29	11	-	-	40
Disposals	(118)	-	(3)	-	(121)
Modifications	(30)	-	(102)	-	(132)
Transfers between the accounts (*)	(2,129)	(33)	-	-	(2,162)
Closing balance at 30 September 2023	21,348	371	674	8	22,401
	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2023	6,044	83	59	4	6,190
Depreciation charge	906	17	28	3	954
Disposals	(118)	-	-	-	(118)
Modifications	(26)	-	(3)	-	(29)
Transfers between the account (*)	(990)	(17)	-	-	(1,007)
Closing balance at 30 September 2023	5,816	83	84	7	5,990
Net book value at 30 September 2023	15,532	288	590	1	16,411

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2022	20,348	301	75	9	20,733
Additions	1,755	22	574	1	2,352
Transfers	3	11	-	-	14
Disposals	(259)	-	(1)	-	(260)
Transfers between the accounts (*)	(422)	-	-	-	(422)
Closing balance at 30 September 2022	21,425	334	648	10	22,417
	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2022	5,525	62	31	5	5,623
Depreciation charge	904	15	18	1	938
Disposals	(255)	-	-	-	(255)
Transfers between the account (*)	(175)	-	-	-	(175)
Closing balance at 30 September 2022	5,999	77	49	6	6,131
Net book value at 30 September 2022	15,426	257	599	4	16,286

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

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12. INTANGIBLE ASSETS

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2023	44	263	5	312
Additions	-	29	-	29
Disposals	-	(2)	-	(2)
Closing balance at 30 September 2023	44	290	5	339

Accumulated Amortization

Opening balance at 1 January 2023	-	232	3	235
Amortization charge	-	21	-	21
Closing balance at 30 September 2023	-	253	3	256
Net book value at 30 September 2023	44	37	2	83
Net book value at 31 December 2022	44	31	2	77

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2022	44	239	5	288
Additions	-	5	-	5
Closing balance at 30 September 2022	44	244	5	293

Accumulated Amortization

Opening balance at 1 January 2022	-	203	3	206
Amortization charge	-	15	-	15
Closing balance at 30 September 2022	-	218	3	221
Net book value at 30 September 2022	44	26	2	72

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

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13. LEASES

Maturities of lease obligations are as follows:

	Future Minimum Lease Payments		Interest		Present Values of Minimum Lease Payments	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Less than 1 year	1,971	1,883	(352)	(294)	1,619	1,589
Between 1 – 5 years	6,042	6,081	(883)	(732)	5,159	5,349
Over 5 years	4,678	4,370	(595)	(542)	4,083	3,828
	<u>12,691</u>	<u>12,334</u>	<u>(1,830)</u>	<u>(1,568)</u>	<u>10,861</u>	<u>10,766</u>

	30 September 2023	31 December 2022
Interest Range:		
Floating rate obligations	5,002	5,355
Fixed rate obligations	5,859	5,411
	<u>10,861</u>	<u>10,766</u>

The Group's assets that 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 30 September 2023, the USD, Euro, JPY and Swiss Franc denominated lease obligations' weighted average interest rates are 5.44% (31 December 2022: 5.82%) for the fixed rate obligations and 1.49% (31 December 2022: 1.53%) for the floating rate obligations.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions as of 30 September 2023 and 2022 are as follows:

Short-term provision for employee benefits is as follows:

	30 September 2023	31 December 2022
Provisions for unused vacation	<u>55</u>	<u>39</u>

Changes in the provisions for the period ended 30 September 2023 and 2022 are set out below:

	1 January - 30 September 2023	1 January - 30 September 2022
Provisions at the beginning of the period	39	18
Provisions for the current period	382	273
Foreign currency translation differences	(18)	(10)
Provisions released	(348)	(239)
Provisions at the end of the period	<u>55</u>	<u>42</u>

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

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

Other short-term provision is as follows:

	30 September 2023	31 December 2022
Provisions for legal claims	<u>6</u>	<u>6</u>

Changes in the provisions for legal claims for the period ended 30 September 2023 and 2022 are set out below:

	1 January - 30 September 2023	1 January - 30 September 2022
Provisions at the beginning of the period	6	8
Provisions for the current period	2	1
Foreign currency translation differences	(2)	(3)
Provisions at the end of the period	<u>6</u>	<u>6</u>

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

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15. COMMITMENTS

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

Amount of letters of guarantees given as of 30 September 2023 is USD 1,365 (31 December 2022: USD 1,675).

As of 30 September 2023, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

	30 September 2023		31 December 2022	
	Original currency amount	USD equivalent	Original currency amount	USD equivalent
A. Total amounts of GPM given on the behalf of its own legal entity	-	1,365	-	1,675
-Collaterals				
TL	96	3	75	4
EUR	1,214	1,288	1,530	1,632
USD	63	63	30	30
Other		11	-	9
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>1,365</u>		<u>1,675</u>

b) Aircraft purchase commitments:

The Group has signed agreements for 83 aircraft that will be delivered between the years 2023 and 2028, with a list price value of USD 15,759 each. The Group has made a predelivery payment of USD 856 relevant to these purchases as of 30 September 2023 (31 December 2022: USD 846).

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16. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 30 September 2023 and 2022 are comprised of the following:

	30 September 2023	31 December 2022
Provision for retirement pay liability	230	273

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

Retirement pay liability is subject to an upper limit of monthly USD 856 (full) (equivalent of TL 23,490 (full)) as of 30 September 2023. (31 December 2022: USD 821 (full) equivalent to TL 15,371 (full)).

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

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

The critical assumption is that the maximum liability amount increases in accordance with the inflation rate for every service year. Provisions in the accompanying consolidated financial statements as of 30 September 2023 are calculated by estimating the present value of liabilities due to the retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 10.08% annual inflation rate (31 December 2022: 10.08%) and 10.62% interest rate (31 December 2022: 10.62%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.34% (31 December 2022: 2.40%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 856 (full) (equivalent to TL 23,490 (full)) which has been in effect since 1 July 2023, is used in the calculation of the Group’s provision for retirement pay liability.

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

	1 January - 30 September 2023	1 January - 30 September 2022
Provision at the beginning of the period	273	113
Service charge for the period	38	33
Interest charges	18	13
Actuarial loss	12	15
Payments	(11)	(4)
Foreign currency translation difference	(100)	(44)
Provision at the end of the period	230	126

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17. EXPENSES BY NATURE

Expenses by nature for the nine-month period ended 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Fuel	4,545	1,693	4,886	2,107
Personnel	2,349	786	1,476	578
Depreciation and amortisation	1,458	464	1,373	474
Ground services	922	317	698	299
Aircraft maintenance	756	280	589	222
Airport	679	251	482	184
Passenger services and catering	631	215	433	187
Air traffic control	542	197	449	172
Commissions and incentives	495	181	365	137
Reservation systems	243	83	225	73
Wet lease	149	64	107	41
Advertisement and promotion	129	43	73	23
Service	124	29	86	40
Insurance	48	16	46	15
Taxes and duties	42	9	40	11
Transportation	41	14	42	13
IT and communication	40	19	29	12
Rents	26	8	31	3
Call center	25	8	15	4
Utility	23	5	25	8
Aircraft rent	19	11	11	4
Systems use and associateship	17	6	13	3
Consultancy	15	7	10	3
Other	80	32	49	18
	13,398	4,738	11,553	4,631

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18. SHAREHOLDERS' EQUITY

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

(Millions of TL)	Class	%	30 September		31 December	
			2023	%	2022	
Türkiye Wealth Fund	A	49.12	678	49.12	678	
Republic of Türkiye Treasury and Finance Ministry Privatization Administration	C	-	-	-	-	
Treasury Shares (*)	A	0.34	5			
Other (publicly held)	A	50.54	697	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)			2,504		2,504	
Share capital (USD Equivalent)			1,597		1,597	

(*) In accordance with the Capital Market Board's Communique II-22.1 on treasury shares and the related announcement dated 14.02.2023, in order to contribute to the fair price formation of Company's share, Board of Directors of THY A.O. decided to launch a Share Buy-back program covering 3 calendar years and to allocate a maximum of USD 480 (TL 9,000) for treasury shares from Company's cash portfolio, while limiting the number of shares that may be subject to buy-back be at most 5% of the issued share capital. According to share buy-back program, company purchased 4,704,044 shares with the amount of USD 33 as of 30 September 2023.

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

As of 30 September 2023, the Registered paid-in share capital of the Company comprised 137,999,999,999 Class A shares and 1 Class C share, all with a par value of Kr 1 each. The Class C share belongs to the Republic of Türkiye Treasury and Finance Ministry Privatization Administration and has the following privileges:

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

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18. SHAREHOLDERS' EQUITY (cont'd)

Restricted Profit Reserves

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

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

Foreign Currency Translation Differences

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

Distribution of Dividends

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

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

Actuarial Differences on Defined Benefit Plans

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

Gains/Losses from Cash Flow Hedges

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

As of 2023, lease liabilities and investment borrowings in Japanese Yen, Swiss Franc and Euro for investment financing are designated as cash flow hedge against exchange rate risk due to highly probable future same foreign currency revenues. Group's revenue denominated in Euro and Swiss Franc fully covered borrowings of such foreign currency, while Japanese Yen revenue covered %89 of borrowings. In this context, exchange differences arising from such these loans repayment are taken to equity and recognized in other comprehensive income.

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19. REVENUE

Breakdown of gross profit is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Passenger revenue				
Scheduled	13,498	5,479	10,355	5,025
Unscheduled	88	48	93	58
Total passenger revenue	13,586	5,527	10,448	5,083
Cargo revenue				
Carried by passenger aircraft	863	289	1,183	355
Carried by cargo aircraft	946	329	1,738	522
Total cargo revenue	1,809	618	2,921	877
Total passenger and cargo revenue	15,395	6,145	13,369	5,960
Technical revenue	375	151	265	101
Other revenue	53	25	20	7
Net sales	15,823	6,321	13,654	6,068
Cost of sales (-)	(11,752)	(4,185)	(10,335)	(4,198)
Gross profit	4,071	2,136	3,319	1,870

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
- Europe	4,882	2,082	4,193	2,075
- Asia and Far East	3,351	1,249	3,050	1,160
- Americas	3,212	1,255	2,799	1,187
- Middle East	1,548	580	1,248	605
- Africa	1,247	467	1,153	488
Total	14,240	5,633	12,443	5,515
Domestic flights (*)	1,155	512	926	445
Total passenger and cargo revenue	15,395	6,145	13,369	5,960

(*) Various routes, which included in non-scheduled flights previously, are re-evaluated within the operational framework and started to be classified as scheduled flights in accordance with the principle of substance over form.

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20. COST OF SALES

Breakdown of the cost of sales is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Fuel	4,545	1,693	4,886	2,107
Personnel	1,849	629	1,161	463
Depreciation and amortisation	1,403	446	1,321	456
Ground services	922	317	698	299
Aircraft maintenance	756	280	589	222
Airport	679	251	482	184
Passenger services and catering	631	215	433	187
Air traffic control	542	197	449	172
Wet lease	149	64	107	41
Service	75	21	38	18
Insurance	43	14	43	14
Transportation	41	14	42	13
Taxes and duties	20	7	15	6
Utility	19	4	20	6
Aircraft rent	19	11	11	4
Rents	11	1	15	(2)
IT and communication	11	7	5	2
Systems use and associateship	5	2	3	1
Other	32	12	17	5
	11,752	4,185	10,335	4,198

21. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Personnel	192	62	84	33
Depreciation and amortisation	51	17	47	16
Service	27	1	36	16
IT and communication	24	10	17	8
Systems use and associateship	8	3	6	1
Consultancy	6	3	3	1
Insurance	5	2	3	1
Utility	4	1	5	2
Taxes and duties	4	-	5	2
Rents	2	-	2	1
Other	7	4	12	5
	330	103	220	86

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

Breakdown of selling and marketing expenses is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Commissions and incentives	495	181	365	137
Personnel	308	95	231	82
Reservation systems	243	83	225	73
Advertisement and promotion	129	43	73	23
Call center	25	8	15	4
Service	22	7	12	6
Taxes and duties	18	2	20	3
Rents	13	7	14	4
Consultancy	9	4	7	2
IT and communication	5	2	7	2
Depreciation and amortisation	4	1	5	2
Systems use and associateship	4	1	4	1
Other	41	16	20	8
	1,316	450	998	347

22. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income and expenses are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Insurance, indemnities, penalties income	180	101	13	3
Manufacturers' credits	76	19	43	3
Foreign exchange gains from operational activities, net	46	19	-	-
Rent income	26	10	11	4
Turnover premium from suppliers	10	3	4	1
Non- interest income from banks	7	3	6	2
Rediscount interest income	3	3	-	-
Reversal of ECL provision	3	3	-	-
Delay interest income	2	-	1	-
Provisions released	2	-	4	1
Other	7	5	10	6
	362	166	92	20
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Donation	107	-	-	-
Indemnity and penalty expenses	13	9	9	3
Provisions	7	-	3	-
Foreign exchange losses from operational activities, net	-	-	47	33
Rediscount interest expenses	-	-	17	6
Adjustments for ECL provision	-	-	2	2
Other	16	4	14	5
	143	13	92	49

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23. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest income from financial investment	517	236	73	44
Income from investment incentives	208	80	106	37
Gain on sale of financial investments	29	8	5	2
Gain on sale of fixed assets	20	2	6	1
	<u>774</u>	<u>326</u>	<u>190</u>	<u>84</u>

Breakdown of expense from investment activities is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Loss on sale of fixed assets	45	43	23	-
Loss on sale of financial investments	13	-	-	-
	<u>58</u>	<u>43</u>	<u>23</u>	<u>-</u>

24. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Fair value gains on derivative financial instruments, net	356	170	120	106
Interest income	138	9	79	24
Reversal of ECL provision	2	-	-	-
Foreign exchange gains from financial activities, net	-	-	202	116
	<u>496</u>	<u>179</u>	<u>401</u>	<u>246</u>

Breakdown of financial expenses is as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest expense from leasing liabilities	297	122	142	58
Foreign exchange losses on financial activities, net	122	(154)	-	-
Interest expense from financial activities	90	24	85	23
Interest expenses on employee benefits	18	5	13	4
Aircraft financing expenses	17	6	19	7
Rediscount interest expense from repayments of aircraft	10	3	30	9
Other	7	3	10	5
	<u>561</u>	<u>9</u>	<u>299</u>	<u>106</u>

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25. TAX ASSETS AND LIABILITIES

Breakdown of assets related to current tax is as follows:

	30 September 2023	31 December 2022
Prepaid taxes	48	35

Tax liability and tax expense are as follows:

	30 September 2023	31 December 2022
Provisions for corporate tax	20	35
Prepaid taxes and funds	(4)	(32)
Corporate tax liability	16	3

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Current period tax expense	28	22	32	9
Deferred tax expense	625	363	190	202
Tax expense	653	385	222	211

Tax effect related to other comprehensive income is as follows:

	1 January - 30 September 2023			1 January - 30 September 2022		
	Amount before tax	Tax expense	Amount after tax	Amount before tax	Tax expense	Amount after tax
Change in cash flow						
hedge reserve	144	(29)	115	1,018	(204)	814
Losses on Remeasuring FVOCI	6	(1)	5	(24)	5	(19)
Change in actuarial						
losses from retirement						
pay obligation	(12)	2	(10)	(15)	3	(12)
Changes in foreign						
currency translation						
difference	(30)	-	(30)	(30)	-	(30)
Other comprehensive						
income	108	(28)	80	949	(196)	753

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

Corporate Tax

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

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

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25. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax

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

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

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

	30 September 2023	31 December 2022
Deferred tax asset	7	2
Deferred tax liability	(2,884)	(2,220)
Deferred tax liability	<u>(2,877)</u>	<u>(2,218)</u>
	30 September 2023	31 December 2022
Fixed assets	(3,163)	(2,770)
Right of use asset	(488)	(456)
Change in fair value of derivative instruments	(152)	33
Adjustments for passenger flight liabilities	(41)	(46)
Provisions for unused vacation	13	8
Carry forward tax losses	30	233
Miles accruals	31	24
Provisions for employee benefits	49	55
Accruals for expenses	78	82
Other receivables	95	22
Income and expense for future years	131	118
Lease liabilities	496	465
Other	44	14
Deferred tax liabilities	<u>(2,877)</u>	<u>(2,218)</u>

The changes of deferred tax liability for the period ended 1 January – 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance at 1 January	2,218	1,713
Deferred tax expense	625	190
Tax expense from hedging reserves	27	202
Foreign currency translation difference	8	267
Tax expense/(income) from FVOCI	1	(5)
Tax income of actuarial losses on retirement pay obligation	(2)	(3)
Deferred tax liability at the end of the period	<u>2,877</u>	<u>2,364</u>

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25. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

Reconciliation with current tax charge for the period 1 January – 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<u>Reconciliation of effective tax charge</u>				
Profit from operations before tax	3,441	2,305	2,474	1,726
Domestic expense tax rate of 20%-25% / 23%	(697)	(470)	(569)	(397)
Taxation effects on:				
- foreign currency translation difference	58	49	331	154
- income from investment certificates	42	16	21	7
- investments accounted by using the equity method	30	24	21	23
- investment incentive	3	3	6	1
- deduction	1	1	-	-
- adjustment for prior year loss	-	-	(1)	-
- effect of the change in the deferred tax rate	-	-	23	2
- non deductible expenses	(90)	(8)	(54)	(1)
Tax (charge) in statement of profit	(653)	(385)	(222)	(211)

26. EARNINGS PER SHARE

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

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

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26. EARNINGS PER SHARE (cont'd)

Number of total shares and calculation of profits / losses per share at 1 January – 30 September 2023 and 2022:

	1 January - 30 September 2023	1 January - 30 September 2022
Number of shares outstanding at 1 January (in full)	138,000,000,000	138,000,000,000
Number of shares outstanding at 30 September (in full)	137,995,295,955	138,000,000,000
Weighted average number of shares outstanding during the period (in full)	137,997,106,707	138,000,000,000
Net profit / (loss) for the period	2,788	2,252
Basic earnings per share (Full US Cents) (*)	2.02	1.63
Diluted earnings per share (Full US Cents) (*)	2.02	1.63

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

27. DERIVATIVE FINANCIAL INSTRUMENTS

Breakdown of derivative financial assets and liabilities of the Group as of 30 September 2023 and 2022 are as follows:

<u>Derivative financial assets</u>	30 September 2023	31 December 2022
Derivative instruments not subject to hedge accounting	141	-
Derivative instruments for fuel prices		
cash flow hedge	45	12
Derivative instruments for interest rate		
cash flow hedge	13	16
Derivative instruments for cross currency rate		
cash flow hedge	-	16
	<u>199</u>	<u>44</u>
 <u>Derivative financial liabilities</u>	 30 September 2023	 31 December 2022
Derivative instruments for cross currency rate		
cash flow hedge	19	-
Derivative instruments for fuel prices		
cash flow hedge	3	1
Derivative instruments for interest rate		
cash flow hedge	1	2
Derivative instruments not subject to hedge accounting	-	208
	<u>23</u>	<u>211</u>

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28. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

	30 September 2023					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	907	191	99	11	15	591
2a.Monetary Financial Assets (**)	5,727	706	4,925	7	2	87
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	578	136	181	1	6	254
4.Current Assets (1+2+3)	7,212	1,033	5,205	19	23	932
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	705	464	231	-	-	10
8.Non Current Assets (5+6+7)	705	464	231	-	-	10
9.Total Assets (4+8)	7,917	1,497	5,436	19	23	942
10.Trade Payables	701	339	286	5	1	70
11.Financial Liabilities (*)	3,428	1	3,087	317	23	-
12a.Other Liabilities, Monetary	590	256	265	2	4	63
12b.Other Liabilities, Non Monetary	60	60	-	-	-	-
13.Current Liabilities (10+11+12)	4,779	656	3,638	324	28	133
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	7,535	48	6,059	1,363	65	-
16a.Other Liabilities, Monetary	19	5	6	-	-	8
16b.Other Liabilities, Non Monetary	230	230	-	-	-	-
17.Non Current Liabilities (14+15+16)	7,784	283	6,065	1,363	65	8
18.Total Liabilities (13+17)	12,563	939	9,703	1,687	93	141
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	4,273	-	4,273	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(4,273)	-	(4,273)	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	(8,919)	558	(8,540)	(1,668)	(70)	801
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(5,639)	248	(4,679)	(1,669)	(76)	537
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	7,863	-	6,096	1,679	88	-

(*) Net foreign exchange position of the Group is mainly due to long term foreign currency borrowings denominated in Euro, Japanese Yen and Swiss Franc to fund its aircraft investments. The Group uses these long-term foreign currency borrowings to manage the risk of exchange differences with highly probable future foreign currency revenues. The USD equivalent of these borrowings amounts to USD 7,702 as of 30 September 2023 (31 December 2022: USD 7,679).

(**) EUR amount equivalent to USD 3,686 represents the currency protected time deposit (31 December 2022: None).

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

Foreign currency risk management (cont'd)

	31 December 2022					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	891	99	108	10	14	660
2a.Monetary Financial Assets	4,521	440	3,976	4	3	98
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	526	150	182	-	5	189
4.Current Assets (1+2+3)	5,938	689	4,266	14	22	947
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	585	585	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	640	416	218	-	-	6
8.Non Current Assets (5+6+7)	1,225	1,001	218	-	-	6
9.Total Assets (4+8)	7,163	1,690	4,484	14	22	953
10.Trade Payables	841	562	210	1	4	64
11.Financial Liabilities	3,529	4	3,160	342	23	-
12a.Other Liabilities, Monetary	441	185	197	3	6	50
12b.Other Liabilities, Non Monetary	45	45	-	-	-	-
13.Current Liabilities (10+11+12)	4,856	796	3,567	346	33	114
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities	8,009	39	6,427	1,462	81	-
16a.Other Liabilities, Monetary	18	3	6	-	-	9
16b.Other Liabilities, Non Monetary	273	273	-	-	-	-
17.Non Current Liabilities (14+15+16)	8,300	315	6,433	1,462	81	9
18.Total Liabilities (13+17)	13,156	1,111	10,000	1,808	114	123
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	3,994	-	3,994	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(3,994)	-	(3,994)	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	(1,999)	579	(1,522)	(1,794)	(92)	830
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(6,841)	331	(5,916)	(1,794)	(97)	635
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	6,728	-	5,660	964	104	-

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

Foreign currency risk management (cont'd)

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

	30 September 2023			
	Profit / (Loss)		Equity	
	Before Tax			
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	56	(56)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	56	(56)	-	-
4- Euro net asset / liability	(244)	244	(610)	610
5- Part hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(244)	244	(610)	610
7- JPY net asset / liability	(15)	15	(152)	152
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(15)	15	(152)	152
10- CHF net asset / liability	2	(2)	(9)	9
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	2	(2)	(9)	9
13- Other foreign currency net asset / liability	80	(80)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	80	(80)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	(121)	121	(771)	771

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

Foreign currency risk management (cont'd)

31 December 2022				
	Profit / (Loss)		Equity	
	Before Tax			
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	58	(58)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	58	(58)	-	-
4- Euro net asset / liability	460	(460)	(612)	612
5- Part hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	460	(460)	(612)	612
7- JPY net asset / liability	(57)	57	(122)	122
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(57)	57	(122)	122
10- CHF net asset / liability	1	(1)	(10)	10
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	1	(1)	(10)	10
13- Other foreign currency net asset / liability	83	(83)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	83	(83)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	545	(545)	(744)	744

29. EVENTS AFTER THE BALANCE SHEET DATE

None.