

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

Condensed Consolidated Interim
Financial Statements As at and For
The Three-Month Period
Ended 31 March 2025

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Financial Position as at 31 March 2025
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

ASSETS	Notes	31 March 2025	31 December 2024
Non-Current Assets			
Financial Investments	6	1,777	1,113
Other Receivables			
-Related Parties	8	13	12
-Third Parties	9	1,345	1,252
Investments Accounted for Using Equity Method	3	607	644
Investment Property		43	43
Property and Equipment	11	7,173	7,055
Right of Use Assets	11	17,799	17,625
Intangible Assets			
- Other Intangible Assets	12	124	112
- Goodwill		27	27
Prepaid Expenses		1,803	1,696
Deferred Tax Asset	25	594	402
TOTAL NON-CURRENT ASSETS		31,305	29,981
Current Assets			
Cash and Cash Equivalents	5	2,352	2,721
Financial Investments	6	3,179	3,346
Trade Receivables			
-Related Parties	8	78	43
-Third Parties		1,002	862
Other Receivables			
-Related Parties	8	12	9
-Third Parties	9	1,328	1,359
Derivative Financial Instruments	27	55	119
Inventories		732	671
Prepaid Expenses		329	302
Current Income Tax Assets	25	50	29
Other Current Assets		221	232
TOTAL CURRENT ASSETS		9,338	9,693
TOTAL ASSETS		40,643	39,674

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Financial Position as at 31 March 2025
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

LIABILITIES AND EQUITY	Notes	31 March 2025	31 December 2024
Equity			
Share Capital	18	1,597	1,597
Treasury Shares	18	(41)	(39)
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial Losses on Retirement Pay Obligation	18	(275)	(284)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	18	(209)	(214)
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	18	387	620
-Gains on Remeasuring FVOCI		6	18
Restricted Profit Reserves	18	77	75
Previous Years Profit		17,535	14,112
Net (Loss) / Profit for the Period		(44)	3,425
Equity of the Parent		19,033	19,310
Non-Controlling Interests		2	4
TOTAL EQUITY		19,035	19,314
Non-Current Liabilities			
Long-Term Borrowings	7	32	33
Long-Term Lease Liabilities	7 and 13	10,513	10,139
Other Payables			
-Third Parties		29	32
Deferred Revenue	10	117	131
Long-Term Provisions			
-Provisions for Employee Termination Benefits	16	238	247
-Other Provisions		103	107
Deferred Tax Liability	25	189	65
TOTAL NON-CURRENT LIABILITIES		11,221	10,754
Current Liabilities			
Short-Term Borrowings	7	1,520	1,571
Short-Term Portion of Long-Term Borrowings	7	341	291
Short-Term Portion of Lease Liabilities	7 and 13	1,806	1,827
Trade Payables			
-Related Parties	8	367	293
-Third Parties		1,158	1,201
Payables Related to Employee Benefits		436	536
Other Payables			
-Related Parties	8	20	1
-Third Parties		204	315
Derivative Financial Instruments	27	163	37
Deferred Revenue	10	3,744	2,944
Short-Term Provisions			
-Provisions for Employee Benefits	14	121	101
-Other Provisions	14	11	14
Other Current Liabilities		496	475
TOTAL CURRENT LIABILITIES		10,387	9,606
TOTAL LIABILITIES AND EQUITY		40,643	39,674

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the Three-Month Period Ended 31 March 2025

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

		1 January - 31 March 2025	1 January - 31 March 2024
<u>PROFIT OR LOSS</u>	Notes		
Revenue	19	4,887	4,769
Cost of Sales (-)	20	(4,558)	(4,245)
GROSS PROFIT		329	524
General Administrative Expenses (-)	21	(171)	(108)
Selling and Marketing Expenses (-)	21	(437)	(444)
Other Operating Income	22	228	111
Other Operating Expenses (-)	22	(25)	(41)
OPERATING (LOSS) / PROFIT BEFORE INVESTMENT ACTIVITIES		(76)	42
Income from Investment Activities	23	335	310
Expenses for Investment Activities	23	(37)	(2)
Share of Investments' (Loss) / Profit Accounted for Using The Equity Method	3	(43)	2
OPERATING PROFIT		179	352
Financial Income	24	233	195
Financial Expenses (-)	24	(461)	(379)
Monetary Gain		3	-
(LOSS) / PROFIT BEFORE TAX		(46)	168
Tax Income		2	58
Current Income Tax (Expense)	25	(4)	-
Deferred Tax Income	25	6	58
NET (LOSS) / PROFIT FOR THE PERIOD		(44)	226
<u>OTHER COMPREHENSIVE INCOME</u>			
Items That May Be Reclassified Subsequently To Profit or Loss		(240)	209
Currency Translation Adjustment		5	(6)
(Losses) on Investments Remeasured FVOCI		(12)	(12)
Fair Value (Losses) / Gains on Hedging Instruments Entered into for Cash Flow Hedges		(290)	268
Fair Value (Losses) / Gains Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		(14)	16
Tax of Other Comprehensive Income / (Expense)		71	(57)
Items That Will Not Be Reclassified Subsequently To Profit or Loss		9	5
Actuarial Gains on Retirement Pay Obligation		11	6
Tax of Other Comprehensive Income		(2)	(1)
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD		(231)	214
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD		(275)	440
Basic Earnings Per Share (Full US Cents)	26	(0.03)	0.16
Diluted Earnings Per Share (Full US Cents)	26	(0.03)	0.16

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Three-Month Period Ended 31 March 2025

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

		Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss				Retained Earnings					
	Share Capital	Treasury Shares	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Gains on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net (Loss) for The Period	Equity Holders of the Parent	Non- controlling Interests	Total Equity
As of 1 January 2025	1,597	(39)	(284)	(214)	620	18	75	14,112	3,425	19,310	4	19,314
Transfers	-	-	-	-	-	-	2	3,423	(3,425)	-	-	-
Total comprehensive income	-	-	9	5	(233)	(12)	-	-	(44)	(275)	-	(275)
Increase through treasury share transactions	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2)	(2)
As of 31 March 2025	1,597	(41)	(275)	(209)	387	6	77	17,535	(44)	19,033	2	19,035

		Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss				Retained Earnings					
	Share Capital	Treasury Shares	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Gains on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	Equity Holders of the Parent	Non- controlling Interests	Total Equity
As of 1 January 2024	1,597	(33)	(274)	(221)	281	21	69	8,097	6,021	15,558	5	15,563
Transfers	-	-	-	-	-	-	-	6,021	(6,021)	-	-	-
Total comprehensive income	-	-	5	(6)	227	(12)	-	-	226	440	-	440
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1)	(1)
As of 31 March 2024	1,597	(33)	(269)	(227)	508	9	69	14,118	226	15,998	4	16,002

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Three-Month Period Ended 31 March 2025

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

	Notes	31 March 2025	31 March 2024
Net (Loss) / Profit for the Period		(44)	226
Adjustments to Reconcile Profit			
Adjustments for Depreciation and Amortisation Expense	11 and 12	565	531
Adjustments for Provisions Related to Employee Benefits	14 and 16	41	48
Adjustments for Other Provisions	14	(2)	2
Adjustments for Doubtful Receivables		(1)	(1)
Adjustments for Interest Income	23 and 24	(371)	(304)
Adjustments for Interest Expense	16 and 24	123	148
Adjustments for Unrealised Foreign Exchange Gains		(101)	(329)
Adjustments for Fair Value Losses on Derivative Financial Instruments	24	198	61
Adjustments for Fair Value Losses		45	159
Adjustments for Undistributed Losses / (Gains) of Associates	3	43	(2)
Adjustments for Tax Income	25	(2)	(61)
Adjustments for Gains Arised from Sale of Property, Plants and Equipments	23	(2)	(1)
Adjustments for Losses Arised from Sale of Other Non-Current Assets	11	46	8
Operating Profit Before Changes in Working Capital		538	485
(Increase)/Decrease in Trade Receivables from Related Parties	8	(35)	3
Increase in Trade Receivables from Third Parties		(141)	(138)
Increase in Other Receivables from Related Parties		(4)	-
(Increase)/Decrease in Other Receivables from Third Parties	9	(49)	93
Increase in Inventories		(61)	(28)
Increase in Prepaid Expenses		(134)	(263)
Increase/(Decrease) in Trade Payables to Related Parties	8	74	(21)
(Decrease)/Increase in Trade Payables to Third Parties		(43)	88
(Decrease)/Increase in Payables Due to Employee Benefits		(100)	5
Increase/(Decrease) in Other Payables to Related Parties	8	19	(2)
Decrease in Other Payables to Third Parties		(72)	(35)
Increase in Deferred Income		806	914
Decrease in Other Assets		11	9
Cash Flows From Operations		809	1,110
Payments for Provisions Related with Employee Benefits	16	(3)	(5)
Income Taxes Paid	25	(21)	(3)
Net Cash From Operating Activities		785	1,102
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant and Equipment and Intangible Assets		4	2
Payments For Purchasing of Property, Plant and Equipment and Intangible Assets	11 and 12	(375)	(253)
(Payments) / Proceeds For Purchasing and Sales of Other Financial Assets	6	(542)	217
Other Cash Advances	9	(13)	(20)
Dividends Received	3	1	16
Interest Received	5 and 23	221	213
Net Cash Flows Used In Investing Activities		(704)	175
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Payments to Acquire Entity's Own Shares		(2)	-
Proceeds From Loans	7	1,073	1,044
Repayments of Loans	7	(1,083)	(1,680)
Payments of Lease Liabilities	7	(496)	(438)
Interest Paid	7	(92)	(136)
Interest Received	24	126	63
Net Cash Used in Financing Activities		(474)	(1,147)
Net Change in Cash and Cash Equivalents		(393)	130
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,556	673
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	2,163	803

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Three-Month Period Ended 31 March 2025**

(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 31 March 2025, and 2024, the shareholders and their respective shareholdings in the Company are as follows:

	31 March 2025	31 December 2024
Türkiye Wealth Fund	49.12 %	49.12 %
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration	-	-
Other (publicly held and treasury share)	50.88 %	50.88 %
Total	<u>100.00 %</u>	<u>100.00 %</u>

The Company is controlled by Türkiye Wealth Fund.

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

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

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

The number of employees working for the Group as of 31 March 2025 is 64,570 (31 December 2024: 63,455). The average number of employees working for the Group for the period ended 31 March 2025 and 2024 are 63,927 and 57,390 respectively.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Three-Month Period Ended 31 March 2025**

(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 31 March 2025, and 2024:

<u>Name of the Company</u>	<u>Principal Activity</u>	<u>Ownership Rate</u>		<u>Country of Registration</u>
		<u>31 March 2025</u>	<u>31 December 2024</u>	
Türk Hava Yolları Teknik A.Ş. (Turkish Technic)	Aircraft Maintenance Services	100%	100%	Türkiye
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş. (Turkish Airlines Flight Academy) (TAFA)	Airport Operations and Flight Training	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 and Courier Transportation	100%	100%	Türkiye
THY Destek Hizmetleri A.Ş. (TSS)	Support Services	100%	100%	Türkiye
THY Özel Güvenlik ve Koruma Hizmetleri A.Ş.	Security Services	100%	100%	Türkiye
AJet Hava Taşımacılığı A.Ş. (AJet)	Passenger and Cargo Transportation	100%	100%	Türkiye
Türk Hava Yolları Elektronik Para ve Ödeme Hizmetleri A.Ş. (TKPAY)	Payment Services	100%	100%	Türkiye
THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş.	Occupational Health and Safety Services	100%	-	Türkiye
THY Gayrimenkul Yatırım Hizmetleri A.Ş.	Real Estate Investment Services	100%	-	Türkiye
THY Spor A.Ş.	Sports Activities	100%	-	Türkiye
TCI Kabin İçi Sistemleri San. ve Tic. A.Ş. (TCI Aircraft Interiors) (TCI)	Cabin Interior Production	80%	80%	Türkiye
TSI Seats Inc.	Cabin Interior Production	80%	80%	USA

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Three-Month Period Ended 31 March 2025
(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 31 March 2025, and 2024:

Company Name	Principal Activity	Ownership Share and Voting Power		Registration and Operations
		31 March 2025	31 December 2024	
Güneş Ekspres Havacılık A.Ş. (SunExpress)	Passenger and Cargo Transportation	50%	50%	Türkiye
THY DO&CO İkam Hizmetleri A.Ş. (Turkish DO&CO)	Catering Services	50%	50%	Türkiye
TGS Yer Hizmetleri A.Ş. (Turkish Ground Services) (TGS)	Ground Services	50%	50%	Türkiye
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Aviation Fuel Services	50%	50%	Türkiye
Pratt & Whitney THY Teknik Uçak Motoru Bakım Mrkz. Ltd. Şti. (Turkish Engine Center) (TEC)	Engine Maintenance	49%	49%	Türkiye
Air Albania SHPK (Air Albania)	Aircraft Transportation	49%	49%	Albania
We World Express Ltd. (We World Express)	Cargo and Courier Transportation	45%	45%	Hong Kong
Goodrich THY Teknik Servis Merkezi Ltd. Şti. (Turkish Nacelle Center) (TNC) (Goodrich)	Reverse Thrust and Engine Nacelle	40%	40%	Türkiye
TFS Akaryakıt Hizmetleri A.Ş. (TFS Akaryakıt) (TFS)	Aviation Fuel Services	25%	25%	Türkiye

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements

As At And For the Three-Month Period Ended 31 March 2025

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2025 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 2024.

Board of Directors has approved the condensed consolidated interim financial statements as of 31 March 2025 on 28 April 2025. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

Basis of Preparation

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

Functional and Reporting Currency

Functional currency

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

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

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

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Three-Month Period Ended 31 March 2025**

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.1 Basis of Presentation (cont'd)****Functional and Reporting Currency (cont'd)****Functional currency (cont'd)*****Financial reporting in hyperinflationary economies***

As of 31 March 2025, an adjustment has been made in accordance with the requirements of IAS 29, Financial Reporting in Hyperinflationary Economies ("IAS29") regarding the changes in the general purchasing power of TL. In terms of IAS 29 it is required that financial statements prepared in the currency in circulation in the economy with hyperinflation should be expressed in the unit of measurement valid at the balance sheet date, and the amounts in comparative periods should be prepared in the same way. One of the requirements for the application of IAS 29 is a three-year cumulative inflation rate approaching or exceeding 100%. The correction was made using the correction factor obtained from the Consumer Price Index in Türkiye published by Turkish Statistical Institute ("TUIK"). The indices and adjustment factors used to prepare the consolidated financial statements are as follows:

Date	Index	Adjustment Factor	Three Year Compound Inflation Rate
31 March 2025	2,954.69	1.00000	250%
31 December 2024	2,684.55	1.10063	291%
31 March 2024	2,139.47	1.38104	309%

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

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

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of equity are restated by applying the relevant monthly conversion factors.
- All items in the statement of profit or loss are restated by applying the relevant conversion factors.
- All items in the balance sheet, statement of profit or loss and other comprehensive income of the subsidiaries whose functional currencies are TL are translated into USD using the closing rate as of 31 March 2025. The combined effect of the restating in accordance with IAS 29 and translation in accordance with IAS 21 is presented as currency translation reserve in other comprehensive income.

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

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

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

Business Combinations

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

The Group measures goodwill at the acquisition date as follows:

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

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

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

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

2.2 Changes and Errors in Accounting Policies Estimates

The significant estimates and assumptions used in the preparation of these consolidated financial statements as at and for the period ended 31 March 2025 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2024.

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

2.3 Summary of Significant Accounting Policies

The accounting policies used in preparation of condensed consolidated interim financial statements as at 31 March 2025 are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2024.

2.4 New and Revised Standards and Interpretations

a) Standards, amendments, and interpretations applicable as of 31 March 2025:

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.

The Group continues its efforts to comply with these standards.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2025:

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

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

Annual improvements to IFRS – Volume 11; effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

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

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

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2025 (cont'd):

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity; effective from annual periods beginning on or after 1 January 2026 but can be early adopted subject to local endorsement where required. These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.

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

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

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

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

2.5 Determination of Fair Values

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

Evaluation methods in terms of levels are described as follows:

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

2.6 Going Concern

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

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

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

	31 March 2025	31 December 2024
SunExpress	263	322
TEC	99	94
Turkish DO&CO	75	67
TGS	72	67
TFS Akaryakıt	46	42
THY Opet	40	40
Goodrich	7	7
We World Express	5	5
	607	644

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

	1 January - 31 March 2025	1 January - 31 March 2024
Turkish DO&CO	6	1
TEC	5	1
TGS	4	19
TFS Akaryakıt	3	3
Goodrich	-	-
We World Express	-	-
Air Albania (*)	-	-
THY Opet	(1)	(2)
SunExpress	(60)	(20)
	(43)	2

(*) Since 31 December 2019, the loss of Air Albania, which exceeds the Group's total share in the joint venture's shareholders' equity, has not been accounted in the consolidated financial statements. As of 31 March 2025, the loss is USD 2. (The loss as of 31 December 2024: USD 3).

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

	1 January - 31 March 2025	1 January - 31 March 2024
Opening balance	644	497
Foreign currency translation difference	20	(1)
Dividends to shareholders	(1)	-
Other comprehensive (expense) / income recognized in equity	(4)	15
Statement of changes in consolidation adjust	(9)	-
Share of net profit	(43)	2
Closing balance	607	513

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

31 March 2025								
	SunExpress	TEC	Turkish DO&CO	TGS	TFS Akaryakıt	THY Opet	Other	Total
Total assets	2,649	339	309	379	545	169	40	4,430
Total liabilities	2,124	135	160	236	360	90	10	3,115
Total equity	525	204	149	143	185	79	30	1,315
Group's share in total equity	263	99	75	72	46	40	12	607
1 January - 31 March 2025								
Revenue	227	171	165	186	675	145	20	1,589
Profit for the period	(120)	11	12	7	12	(2)	-	(80)
Group's share in joint venture's profit for the period	(60)	5	6	4	3	(1)	-	(43)
31 December 2024								
	SunExpress	TEC	Turkish DO&CO	TGS	TFS Akaryakıt	THY Opet	Other	Total
Total assets	2,498	321	277	401	529	174	42	4,242
Total liabilities	1,854	128	144	268	360	94	13	2,861
Total equity	644	193	133	133	169	80	29	1,381
Group's share in total equity	322	94	67	67	42	40	12	644
1 January - 31 March 2024								
Revenue	226	110	122	148	797	145	28	1,576
Profit for the period	(40)	3	1	38	11	(3)	2	12
Group's share in joint venture's profit for the period	(20)	1	1	19	3	(2)	-	2

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4. SEGMENT REPORTING

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

Air Transport ("Aviation")

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

Technical Maintenance Services ("Technical")

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

4.1 Total Assets and Liabilities

Total Assets	31 March 2025	31 December 2024
Aviation	41,251	40,136
Technical	2,129	2,258
Total	43,380	42,394
Less: Eliminations due to consolidation	(2,737)	(2,720)
Total assets in consolidated financial statements	40,643	39,674
Total Liabilities	31 March 2025	31 December 2024
Aviation	21,724	20,630
Technical	581	699
Total	22,305	21,329
Less: Eliminations due to consolidation	(697)	(969)
Total liabilities in consolidated financial statements	21,608	20,360

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4. SEGMENT REPORTING (cont'd)

4.2 Net Profit / (Loss)

Segment Results:

1 January - 31 March 2025	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	4,747	141	-	4,888
Inter-Segment Sales	124	406	(531)	(1)
Revenue	4,871	547	(531)	4,887
Cost of Sales (-)	(4,570)	(528)	540	(4,558)
Gross Profit	301	19	9	329
Administrative Expenses (-)	(212)	(30)	71	(171)
Selling and Marketing Expenses (-)	(432)	(5)	-	(437)
Other Operating Income	343	20	(135)	228
Other Operating Expenses (-)	(65)	(13)	53	(25)
Operating (Loss) Before Investment Activities	(65)	(9)	(2)	(76)
Income from Investment Activities	335	-	-	335
Expenses from Investment Activities	(37)	-	-	(37)
Share of Investments' Profit Accounted for Using The Equity Method	(49)	6	-	(43)
Operating Profit / (Loss)	184	(3)	(2)	179
Financial Income	227	7	(1)	233
Financial Expense (-)	(456)	(8)	3	(461)
Monetary Gain	3	-	-	3
(Loss) Before Tax	(42)	(4)	-	(46)
Tax Income	2	-	-	2
Current Tax Expense (-)	(3)	(1)	-	(4)
Deferred Tax Income	5	1	-	6
Net Loss For The Period	(40)	(4)	-	(44)

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4. SEGMENT REPORTING (cont'd)

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

Segment Results (cont'd):

1 January - 31 March 2024	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	4,625	144	-	4,769
Inter-Segment Sales	94	320	(414)	-
Revenue	4,719	464	(414)	4,769
Cost of Sales (-)	(4,200)	(402)	357	(4,245)
Gross Profit	519	62	(57)	524
Administrative Expenses (-)	(134)	(31)	57	(108)
Selling and Marketing Expenses (-)	(442)	(3)	1	(444)
Other Operating Income	116	21	(26)	111
Other Operating Expenses (-)	(58)	(9)	26	(41)
Operating Profit Before Investment Activities	1	40	1	42
Income from Investment Activities	310	-	-	310
Expenses from Investment Activities	(2)	-	-	(2)
Share of Investments' Profit Accounted for Using The Equity Method	1	1	-	2
Operating Profit	310	41	1	352
Financial Income	195	-	-	195
Financial Expense (-)	(362)	(17)	-	(379)
Profit Before Tax	143	24	1	168
Tax Income / (Expense)	76	(18)	-	58
Deferred Tax Income / (Expense)	76	(18)	-	58
Net Profit For The Period	219	6	1	226

4.3 Investment Operations

1 January - 31 March 2025	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	736	129	-	865
Current year depreciation and amortization charge	525	40	-	565
Investments accounted for using equity method	501	106	-	607

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4. SEGMENT REPORTING (cont'd)

4.3 Investment Operations (cont'd)

1 January - 31 March 2024	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	742	84	-	826
Current year depreciation and amortization charge	478	53	-	531
Investments accounted for using equity method	423	90	-	513

5. CASH AND CASH EQUIVALENTS

	31 March 2025	31 December 2024
Cash	1	1
Banks – Time deposits	1,760	2,296
Banks – Demand deposits	591	424
	2,352	2,721

Details of the time deposits as of 31 March 2025, and 2024 are as follows:

Original Amount	Currency	Effective Interest Rate	Maturity	31 March 2025
37,684	TL	36.13% - 53.14%	June 2025	1,185
532	EUR	2.98% - 3.41%	June 2025	575
				1,760
Original Amount	Currency	Effective Interest Rate	Maturity	31 December 2024
66,608	TL	41.85% - 57.00%	March 2025	2,050
205	EUR	2.81% - 4.43%	March 2025	216
30	USD	3.00%	January 2025	30
				2,296

Reconciliation with statement of cash flows as of 31 March 2025 and 2024 are as follows:

	31 March 2025	31 March 2024
Cash and cash equivalents	2,352	841
Interest accruals (-)	(189)	(38)
Cash and cash equivalents in statement of cash flows	2,163	803

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6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	31 March 2025	31 December 2024
Fair value through profit and loss (FVTPL)		
- Currency protected deposit account (*)	423	975
- Investment Fund	322	198
- Equity securities	-	17
Fair value through other comprehensive income (FVOCI)		
- Corporate debt securities	659	901
- Government debt securities	71	47
Time deposits with maturity more than 3 months	1,704	1,208
	3,179	3,346

(*) Since the currency protected deposits are hybrid contracts with derivatives, they are accounted based on their fair values as of 31 March 2025 and changes in the fair values are accounted in the profit and loss.

Time deposit with maturity of more than 3 months as of 31 March 2025, and 2024 is as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 March 2025
824	EUR	3.00% - 4.25%	December 2025	891
27,891	TL	35.64% - 53.14%	November 2025	813
				1,704

Amount	Currency	Effective Interest Rate	Maturity	31 December 2024
35,438	TL	46.25% - 53.14%	July 2025	1,130
75	EUR	3.00%	June 2025	78
				1,208

Long-term financial investments are as follows:

	31 March 2025	31 December 2024
FVOCI		
- Corporate debt securities	1,530	897
- Government debt securities	246	215
Other	1	1
	1,777	1,113

Contractual maturity dates of financial investments measured at FVOCI as of 31 March 2025, and 2024 are as follows:

	31 March 2025	31 December 2024
Less than 1 year	730	948
1 to 5 years	1,301	673
Over 5 years	475	439
	2,506	2,060

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7. BORROWINGS

Short-term borrowings are as follows:

	31 March 2025	31 December 2024
Bank borrowings	1,520	1,571

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

	31 March 2025	31 December 2024
Lease liabilities (Note: 13)	1,806	1,827
Bank borrowings	341	291
	2,147	2,118

Long-term borrowings are as follows:

	31 March 2025	31 December 2024
Lease liabilities (Note: 13)	10,513	10,139
Bank borrowings	32	33
	10,545	10,172

Details of bank borrowings as of 31 March 2025, and 2024 are as follows:

	31 March 2025	31 December 2024
Less than 1 year	1,861	1,862
Between 1 – 5 years	26	24
Over 5 years	6	9
	1,893	1,895

Original		Interest	Effective Interest		
Amount	Currency	Rate Type	Rate	Payment Period	31 March 2025
1,443	EUR	Fixed	0.20% - 4.00%	April 2025 - March 2031	1,555
275	USD	Fixed	3.6% - 4.40%	March 2026	275
2,139	TL (*)	Fixed	-	April 2025	58
4	EUR	Floating	Euribor + 3.65%	October 2025	5
					1,893

(*) Due to overnight borrowings.

Original		Interest	Effective Interest		31 December
Amount	Currency	Rate Type	Rate	Payment Period	2024
1,542	EUR	Fixed	0.20% - 4.00%	January 2025 - March 2031	1,606
286	USD	Fixed	5.0% - 5.25%	February 2025	285
4	EUR	Floating	Euribor + 3.65%	October 2025	4
					1,895

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7. BORROWINGS (cont'd)

As of 31 March 2025, the Group meets the loan covenant compliance conditions.

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

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

	1 January 2025	Payment	Interest	Non-cash Changes	Additions	31 March 2025
Bank Borrowings	1,895	(1,083)	(28)	36	1,073	<u>1,893</u>

	1 January 2024	Payment	Interest	Non-cash Changes	Additions	31 March 2024
Bank Borrowings	2,435	(1,680)	(59)	(14)	1,044	<u>1,726</u>

	1 January 2025	Payment	Interest	Non-cash Changes	Modifications	New Leases	31 March 2025
Aircraft	11,289	(476)	(64)	348	(25)	545	11,617
Property	677	(20)	-	27	17	-	701
Other	1	-	-	-	-	-	1
	<u>11,967</u>	<u>(496)</u>	<u>(64)</u>	<u>375</u>	<u>(8)</u>	<u>545</u>	<u>12,319</u>

	1 January 2024	Payment	Interest	Non-cash Changes	Modifications	New Leases	31 March 2024
Aircraft	11,221	(423)	(77)	(209)	-	524	11,036
Property	590	(15)	-	(9)	8	-	574
Other	1	-	-	-	-	2	3
	<u>11,812</u>	<u>(438)</u>	<u>(77)</u>	<u>(218)</u>	<u>8</u>	<u>526</u>	<u>11,613</u>

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8. RELATED PARTIES

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

	31 March 2025	31 December 2024
Air Albania	41	38
TGS	21	-
SunExpress	7	3
Türkiye Sigorta A.Ş.	4	-
We World Express	2	2
Türk Telekomünikasyon A.Ş. (Türk Telekom)	2	-
TEC	1	-
	<u>78</u>	<u>43</u>

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

	31 March 2025	31 December 2024
TEC	10	7
Air Albania	2	2
	<u>12</u>	<u>9</u>

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

	31 March 2025	31 December 2024
Air Albania	<u>13</u>	<u>12</u>

Short-term trade payables to related parties are as follows:

	31 March 2025	31 December 2024
TFS Akaryakıt Hizmetleri	122	101
TGS	81	93
TEC	67	11
Turkish DO&CO	56	65
THY Opet	17	19
SunExpress	9	-
Türk Telekom	6	-
Goodrich	4	1
Turkcell İletişim Hizmetleri A.Ş. (Turkcell)	3	3
Air Albania	2	-
	<u>367</u>	<u>293</u>

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

	31 March 2025	31 December 2024
Türkiye Sigorta A.Ş.	18	-
Turkish DO&CO	1	-
Air Albania	1	1
	<u>20</u>	<u>1</u>

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8. RELATED PARTIES (cont'd)

Transactions with related parties for the period ended 31 March 2025 and 2024 are as follows:

a) Sales to related parties:

	1 January - 31 March 2025	1 January - 31 March 2024
TGS	21	20
SunExpress	17	8
Türkiye Sigorta A.Ş.	4	1
Türk Telekom	2	-
PTT	1	1
TEC	1	3
We World Express	-	1
Air Albania	-	1
	46	35

b) Purchases from related parties:

	1 January - 31 March 2025	1 January - 31 March 2024
TFS Akaryakıt Hizmetleri	578	685
TGS	177	132
TEC	141	70
Turkish DO&CO	139	106
THY Opet	74	84
SunExpress	25	3
Türk Telekom	5	-
Goodrich	5	4
Türkiye Sigorta A.Ş.	3	-
Turkcell	3	3
Ziraat Bankası	1	-
Halk Bankası	1	-
	1,152	1,087

Details of the financial assets and liabilities for related parties as of 31 March 2025, and 2024 are as follows:

	31 March 2025	31 December 2024
Debt Securities (*)	2,152	1,718
Financial investments (**)	1,428	1,082
Banks - Time deposits	1,084	1,637
Banks - Demand deposits	148	173
Investment Fund	61	49
Equity share	-	2
Bank borrowings	(63)	(5)

(*) This represents the nominal amount.

(**) As of 31 March 2025, this amount represents the currency protected time deposits and time deposit with maturity more than 3 months.

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8. RELATED PARTIES (cont'd)

Details of the time deposits at related parties as of 31 March 2025, and 2024 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 March 2025
19,403	TL	36.98% - 51.30%	June 2025	597
451	EUR	2.98% - 3.41%	June 2025	487
				<u>1,084</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2024
46,198	TL	41.85% - 49.40%	March 2025	1,391
205	EUR	2.81% - 4.43%	March 2025	216
30	USD	3.00%	January 2025	30
				<u>1,637</u>

As of 31 March 2025, the amount of letters of guarantees given to the related parties is USD 102 (31 December 2024: USD 90).

Details of the financial investments at related parties as of 31 March 2025, and 2024 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 March 2025
794	EUR	3.00% - 4.25%	December 2025	858
17,854	TL (*)	35.64% - 46.25%	November 2025	570
				<u>1,428</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2024
29,321	TL (*)	36.00% - 51.30%	July 2025	1,004
75	EUR	3.00%	June 2025	78
				<u>1,082</u>

(*) As of 31 March 2025, this amount represents the currency protected time deposits and time deposit with maturity more than 3 months.

Details of the debt securities at related parties as of 31 March 2025, and 2024 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 March 2025
1,309	EUR	3,25% - 5,88%	May 2025 - May 2030	1,411
681	USD	5,15% - 10,12%	June 2025 - May 2047	681
2,268	TL	12.60%	August 2025 - March 2026	60
				<u>2,152</u>
Amount	Currency	Effective Interest Rate	Maturity	31 December 2024
1,079	EUR	5,25% - 9,88%	June 2025 - May 2030	1,124
594	USD	3,95% - 10,12%	October 2026 - May 2047	594
				<u>1,718</u>

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8. RELATED PARTIES (cont'd)

Details of the bank borrowings at related parties as of 31 March 2025, and 2024 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	31 March 2025
2,139	TL (*)	-	April 2025	58
4	EUR	(Euribor + 3.65%)	October 2025	5
				<u>63</u>

(*) Due to overnight borrowings.

Amount	Currency	Effective Interest Rate	Maturity	31 December 2024
4	EUR	(Euribor + 3.65%)	October 2025	<u>5</u>

Interest income from related parties:

	1 January - 31 March 2025	1 January - 31 March 2024
Türkiye Vakıflar Bankası T.A.O. (Vakıfbank)	154	125
T.C. Ziraat Bankası A.Ş. (Ziraat Bankası)	91	123
Türkiye Halk Bankası A.Ş. (Halk Bankası)	36	162
Ziraat Katılım Bankası A.Ş.	19	13
	<u>300</u>	<u>423</u>

Interest expense to related parties:

	1 January - 31 March 2025	1 January - 31 March 2024
Vakıfbank	-	4
Ziraat Bankası	-	3
	<u>-</u>	<u>7</u>

Transactions between the Group and TFS Akaryakıt 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 SunExpress are related to cargo operations, seat sales operations and maintenance services; transactions between the Group and TGS are related to ground, support and technology services; transactions between the Group and TEC are related to engine maintenance services; transactions between the Group and PTT are related to cargo transportation; transactions between the Group and Halk Bankası, Ziraat Bankası, Türkiye Vakıflar Bankası and Ziraat Katılım Bankası A.Ş. are related to banking services; transactions between the Group and Air Albania are related to aircraft transportation; transactions between the Group and Turkcell and, Türk Telekom are related to telecommunication services; transactions between the Group and Goodrich are related to maintenance services; transactions between the Group and Türkiye Sigorta are related to insurance services; transactions between the Group and We World Express are related to cargo transportation and transactions between the Group. 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 - 31 March 2025 (1 January- 31 March 2024: USD 3).

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9. OTHER RECEIVABLES

Other short-term receivables from third parties as of 31 March 2025, and 2024 are as follows:

	31 March 2025	31 December 2024
Predelivery payments made for aircraft	817	837
Receivables from technical purchases	207	257
Bank deposits with transfer limitations (*)	128	145
Tax refund	73	49
Receivables from pilots for flight training	33	31
Others	70	40
	1,328	1,359

(*) As of 31 March 2025, the amount consists of bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Mozambique, Republic of Angola, Republic of Cameroon, Republic of Chad, Gabon, Benin, Republic of Cote D'ivoire, Republic of Sudan, Republic of Lebanon, Congo, Republic of Ghana, Egypt, Republic of Pakistan, Republic of Malawi, Republic of Equatorial Guinea, Bolivarian Republic of Venezuela, State of Libya, Syria, Somali, Mauritania and Iran. (As of 31 December 2024, the amount consists of bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Mozambique, Republic of Angola, Republic of Cameroon, Republic of Chad, Gabon, Benin, Republic of Cote D'ivoire, Republic of Sudan, Republic of Lebanon, Congo, Republic of Ghana, Egypt, Republic of Pakistan, Republic of Malawi, Republic of Equatorial Guinea, Bolivarian Republic of Venezuela, State of Libya and Iran).

Other long-term receivables from third parties as of 31 March 2025, and 2024 are as follows:

	31 March 2025	31 December 2024
Predelivery payments made for aircraft	599	566
Investment incentives (**)	445	420
Receivables from pilots for flight training	208	178
Deposits and guarentees given	80	75
Interest and commodity swap agreement deposits	13	13
	1,345	1,252

(**) This represents the accrued amount as of 31 March 2025. Total contribution of government incentives related to fleet investments amounts to USD 4,186 (31 December 2024: USD 4,225).

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10. DEFERRED INCOME

Deferred incomes as of 31 March 2025, and 2024 are as follows:

Deferred income is as follows:

	31 March 2025	31 December 2024
Passenger flight liabilities	3,487	2,659
Other short-term deferred income	257	285
	3,744	2,944

Passenger flight liability is as follows:

	31 March 2025	31 December 2024
Flight liability for tickets sold	3,216	2,352
Frequent flyer program liability	271	307
	3,487	2,659

Other short-term deferred income is as follows:

	31 March 2025	31 December 2024
Unused manufacturers' credits	146	172
Advances received	31	33
Deferred other contract income	31	31
Other	49	49
	257	285

Long-term deferred income is as follows:

	31 March 2025	31 December 2024
Deferred other contract income	77	81
Other	40	50
	117	131

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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 2025	1,625	870	371	9,370	937	915	263	433	14,784
Additions	1	5	7	61	24	92	1	46	237
Transfer (*)	1	-	2	-	11	-	2	(27)	(11)
Transfers between the account	-	-	-	274	-	-	-	-	274
Disposals	-	(1)	(1)	(39)	-	(59)	-	-	(100)
Closing balance at 31 March 2025	1,627	874	379	9,666	972	948	266	452	15,184
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2025	535	457	269	5,401	459	452	156	-	7,729
Depreciation charge	18	11	9	131	20	19	4	-	212
Transfers between the account	-	-	-	123	-	-	-	-	123
Disposals	-	(1)	-	(39)	-	(13)	-	-	(53)
Closing balance at 31 March 2025	553	467	278	5,616	479	458	160	-	8,011
Net book value at 31 March 2025	1,074	407	101	4,050	493	490	106	452	7,173
Net book value at 31 December 2024	1,090	413	102	3,969	478	463	107	433	7,055

(*) The amount of USD 22 was transferred to the right of use asset from construction in progress.

USD 544 of depreciation and amortization expenses recognized in cost of sales (31 March 2024: USD 512), USD 19 of general administrative expenses (31 March 2024: USD 17) and USD 2 of selling and marketing expenses (31 March 2024: USD 2) in total of USD 565 as of 31 March 2025 (31 March 2024: USD 531).

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 31 March 2025 (31 March 2024: 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 2024	1,554	812	321	7,529	881	846	254	323	12,520
Additions	2	7	11	35	3	61	(7)	88	200
Transfer (*)	34	6	2	6	-	-	1	(71)	(22)
Transfers to inventories	-	-	-	-	-	-	-	(8)	(8)
Transfers between the accounts	-	-	-	305	-	-	-	-	305
Disposals	-	(1)	(1)	(50)	(6)	(38)	-	-	(96)
Closing balance at 31 March 2024	1,590	824	333	7,825	878	869	248	332	12,899
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2024	470	424	249	4,344	388	428	142	-	6,445
Depreciation charge	17	10	6	107	20	34	4	-	198
Transfers between the accounts	-	4	-	114	-	-	-	-	118
Disposals	-	(5)	(1)	(49)	(6)	(30)	-	-	(91)
Closing balance at 31 March 2024	487	433	254	4,516	402	432	146	-	6,670
Net book value at 31 March 2024	1,103	391	79	3,309	476	437	102	332	6,229

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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 2025	22,861	391	808	5	24,065
Additions	609	-	-	-	609
Transfer	11	-	-	-	11
Disposals	(49)	-	(1)	-	(50)
Modifications	32	-	12	-	44
Transfers between the accounts (*)	(274)	-	-	-	(274)
Closing balance at 31 March 2025	23,190	391	819	5	24,405
	Aircraft	Spare engines	Real estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2025	6,245	88	103	4	6,440
Depreciation charge	329	6	11	1	347
Disposals	(49)	-	(1)	-	(50)
Modifications	(3)	-	(5)	-	(8)
Transfers between the account (*)	(123)	-	-	-	(123)
Closing balance at 31 March 2025	6,399	94	108	5	6,606
Net book value at 31 March 2025	16,791	297	711	-	17,799
	Aircraft	Spare engines	Real estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2024	22,011	338	663	8	23,020
Additions	616	-	-	2	618
Transfers	22	-	-	-	22
Disposals	(65)	-	-	(4)	(69)
Modifications	-	-	8	-	8
Transfers between the accounts (*)	(305)	-	-	-	(305)
Closing balance at 31 March 2024	22,279	338	671	6	23,294
	Aircraft	Spare engines	Real estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2024	5,936	71	78	7	6,092
Depreciation charge	313	5	10	1	329
Disposals	(65)	-	-	-	(65)
Transfers between the account (*)	(114)	-	-	(4)	(118)
Closing balance at 31 March 2024	6,070	76	88	4	6,238
Net book value at 31 March 2024	16,209	262	583	2	17,056

(*) 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 2025	44	322	28	394
Additions	-	14	5	19
Disposals	-	(3)	2	(1)
Closing balance at 31 March 2025	44	333	35	412

Accumulated Amortization

Opening balance at 1 January 2025	-	279	3	282
Amortization charge	-	6	-	6
Closing balance at 31 March 2025	-	285	3	288
Net book value at 31 March 2025	44	48	32	124
Net book value at 31 December 2024	44	43	25	112

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2024	44	299	5	348
Additions	-	8	-	8
Closing balance at 31 March 2024	44	307	5	356

Accumulated Amortization

Opening balance at 1 January 2024	-	258	3	261
Amortization charge	-	4	-	4
Closing balance at 31 March 2024	-	262	3	265
Net book value at 31 March 2024	44	45	2	91

(*) 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	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Less than 1 year	2,191	2,193	(385)	(366)	1,806	1,827
Between 1 – 5 years	6,421	6,223	(918)	(953)	5,503	5,270
Over 5 years	5,684	5,556	(674)	(687)	5,010	4,869
	<u>14,296</u>	<u>13,972</u>	<u>(1,977)</u>	<u>(2,006)</u>	<u>12,319</u>	<u>11,966</u>

	31 March 2025	31 December 2024
Fixed rate lease liabilities	6,618	6,668
Floating rate lease liabilities	5,701	5,298
	<u>12,319</u>	<u>11,966</u>

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

As of 31 March 2025, the USD, Euro, CNY, JPY, TRY and Swiss Franc denominated lease obligations' weighted average interest rates are 5.47% (31 December 2024: 5.43%) for the fixed rate obligations and 1.61% (31 December 2024: 1.55%) for the floating rate obligations.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Short-term provisions as of 31 March 2025, and 2024 are as follows:

Short-term provision for employee benefits is as follows:

	31 March 2025	31 December 2024
Provisions for unused vacation	<u>121</u>	<u>101</u>

Changes in the provisions for the period ended 31 March 2025 and 2024 are set out below:

	1 January - 31 March 2025	1 January - 31 March 2024
Provisions at the beginning of the period	101	50
Provisions for the current period	276	188
Foreign currency translation differences	(7)	(5)
Provisions released	(249)	(148)
Provisions at the end of the period	<u>121</u>	<u>85</u>

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

Other short-term provision is as follows:

	31 March 2025	31 December 2024
Provisions for legal claims	<u>11</u>	<u>14</u>

Changes in the provisions for legal claims for the period ended 31 March 2025 and 2024 are set out below:

	1 January - 31 March 2025	1 January - 31 March 2024
Provisions at the beginning of the period	14	6
Foreign currency translation differences	(1)	(1)
(Reversals) / provisions for the current period	(2)	2
Provisions at the end of the period	<u>11</u>	<u>7</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 31 March 2025 is USD 205 (31 December 2024: USD 165).

As of 31 March 2025, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

	31 March 2025		31 December 2024	
	Original currency amount	USD equivalent	Original currency amount	USD equivalent
A. Total amounts of GPM given on the behalf of its own legal entity	-	205	-	165
-Collaterals				
TL	441	12	298	8
EUR	41	45	38	40
USD	112	112	82	82
Other		36	-	35
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>205</u>		<u>165</u>

b) Aircraft purchase commitments:

The Group has signed agreements for 410 aircraft that will be delivered between the years 2025 and 2045, (285 of aircraft are contractual and 125 of them are optional) with a list price value of USD 27,310 each. The Group has made a predelivery payment of USD 1,498 gross relevant to these purchases as of 31 March 2025 (31 December 2024: USD 1,489).

As of 31 March 2025, the ratio of other GPMs (“D”) given by the Group to the Group's equity is 0% (31 December 2024: 0%).

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16. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 31 March 2025, and 2024 are comprised of the following:

	31 March 2025	31 December 2024
Provision for retirement pay liability	238	247

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

Retirement pay liability is subject to a limitation of monthly salaries by USD 1,233 (full) (equivalent of TL 46,655 (full)) as of 31 March 2025. (31 December 2024: USD 1,185 (full) equivalent to TL 41,828 (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 31 March 2025 are calculated by estimating the present value of liabilities due to the retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 24.95% annual inflation rate (31 December 2024: 24.95%) and 29.32% interest rate (31 December 2024: 29.32%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.22% (31 December 2024: 2.20%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 1,233 (full) (equivalent to TL 46,655 (full)) which has been in effect since 1 January 2025, 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 - 31 March 2025	1 January - 31 March 2024
Provision at the beginning of the period	247	229
Interest cost	16	14
Service cost for the period	14	8
Payments	(3)	(5)
Actuarial loss	(11)	(6)
Foreign currency translation difference	(25)	(27)
Provision at the end of the period	238	213

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17. EXPENSES BY NATURE

Expenses by nature for the period ended 31 March 2025 and 2024 are as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Fuel	1,346	1,537
Personnel	1,345	1,026
Depreciation and amortisation	565	531
Ground services	379	304
Aircraft maintenance	313	256
Passenger services and catering	255	212
Airport	226	219
Air traffic control	201	185
Commissions and incentives	155	157
Wet lease	78	92
Reservation systems	64	78
IT and communication	35	16
Advertisement and promotion	30	35
Service	24	23
Transportation	20	15
Insurance	16	17
Rents	14	10
Call center	12	7
Taxes and duties	11	20
Systems use and associateship	7	7
Consultancy	7	7
Utility	7	6
Aircraft rent	6	5
Other	50	32
	<u>5,166</u>	<u>4,797</u>

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18. SHAREHOLDERS' EQUITY

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

(Millions of TL)	Class	%	31 March 2025	%	31 December 2024
Türkiye Wealth Fund	A	49.12	678	49.12	678
Republic of Türkiye Treasury and Finance Ministry Privatization Administration	C	-	-	-	-
Treasury Shares (*)	A	0.42	6	0.40	6
Other (publicly held)	A	50.46	696	50.48	696
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 5,744,544 shares with the amount of USD 41 as of 31 March 2025.

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

As of 31 March 2025, 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 2025, lease liabilities and investment borrowings in Japanese Yen, Swiss Franc, Chinese Yuan 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, Chinese Yuan and Swiss Franc fully covered borrowings of such foreign currency, while Japanese Yen revenue covered %60 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 - 31 March 2025	1 January - 31 March 2024
Passenger revenue		
Scheduled	3,911	3,818
Unscheduled	18	6
Total passenger revenue	3,929	3,824
Cargo revenue		
Carried by cargo aircraft	382	340
Carried by passenger aircraft	380	410
Total cargo revenue	762	750
Total passenger and cargo revenue	4,691	4,574
Technical revenue	141	144
Other revenue	55	51
Net sales	4,887	4,769
Cost of sales (-)	(4,558)	(4,245)
Gross profit	329	524

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

	1 January - 31 March 2025	1 January - 31 March 2024
- Europe	1,200	1,255
- Asia and Far East	1,331	1,233
- Americas	967	970
- Middle East	436	414
- Africa	397	401
International flights	4,331	4,273
Domestic flights	360	301
Total passenger and cargo revenue	4,691	4,574

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20. COST OF SALES

Breakdown of the cost of sales is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Fuel	1,346	1,537
Personnel	1,121	843
Depreciation and amortisation	544	512
Ground services	379	304
Aircraft maintenance	313	256
Passenger services and catering	255	212
Airport	226	219
Air traffic control	201	185
Wet lease	78	92
Transportation	20	15
Insurance	13	15
Service	13	13
Rents	8	7
IT and communication	6	9
Aircraft rent	6	5
Taxes and duties	5	5
Utility	5	4
Systems use and associateship	2	1
Other	17	11
	4,558	4,245

21. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Personnel	102	66
IT and communication	26	5
Depreciation and amortisation	19	17
Service	4	4
Systems use and associateship	3	4
Insurance	3	2
Taxes and duties	3	2
Consultancy	2	2
Utility	2	2
Rents	2	-
Other	5	4
	171	108

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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 - 31 March 2025	1 January - 31 March 2024
Commissions and incentives	155	157
Personnel	122	117
Reservation systems	64	78
Advertisement and promotion	30	35
Call center	12	7
Service	7	6
Consultancy	5	5
Rents	4	3
Taxes and duties	3	13
IT and communication	3	2
Systems use and associateship	2	2
Depreciation and amortisation	2	2
Other	28	17
	437	444

22. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income and expenses are as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Manufacturers' credits	136	32
Foreign exchange gains from operational activities, gross	33	31
Rediscount interest income	18	-
Non- interest income from banks	12	5
Insurance, indemnities, penalties income	10	21
Rent income	10	10
Reversal of ECL provision	2	1
Provisions released	2	-
Turnover premium from suppliers	1	2
Delay interest income	1	2
Other	3	7
	228	111
	1 January - 31 March 2025	1 January - 31 March 2024
Foreign exchange losses from operational activities, gross	10	32
Indemnity and penalty expenses	6	2
Rediscount interest expenses	4	1
Provisions	1	4
Other	4	2
	25	41

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23. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Interest income from financial investment	245	241
Income from investment incentives	57	51
Gain on sale of financial investments	31	17
Gain on sale of fixed assets	2	1
	<u>335</u>	<u>310</u>

Breakdown of expense from investment activities is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Losses on the remeasurement of financial investments	37	2
	<u>37</u>	<u>2</u>

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24. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Interest income	126	63
Foreign exchange gains from financial activities, gross	99	60
Other	8	72
	<u>233</u>	<u>195</u>

Breakdown of financial expenses is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Fair value losses on derivative financial instruments, net	198	61
Foreign exchange losses on financial activities, gross (*)	135	149
Interest expense from leasing liabilities	91	126
Interest expense from financial activities	16	8
Interest expenses on employee benefits	16	14
Aircraft financing expenses	3	8
Rediscount interest expense from repayments of aircraft, net	-	11
Other	2	2
	<u>461</u>	<u>379</u>

(*) As of 31 March 2025, gross foreign exchange losses included in financial expenses mainly consist of foreign exchange losses arising from borrowings and lease obligations.

25. TAX ASSETS AND LIABILITIES

Tax liability and tax expense are as follows:

	31 March 2025	31 December 2024
Provisions for corporate tax	44	47
Prepaid taxes and funds	(94)	(76)
Corporate tax liability	<u>(50)</u>	<u>(29)</u>
	1 January - 31 March 2025	1 January - 31 March 2024
Current period tax (expense)	(4)	-
Deferred tax income	6	58
Tax income	<u>2</u>	<u>58</u>

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25. TAX ASSETS AND LIABILITIES (cont'd)

Tax effect related to other comprehensive income is as follows:

	1 January - 31 March 2025			1 January - 31 March 2024		
	Tax			Tax		
	Amount before tax	(expense) / income	Amount after tax	Amount before tax	(expense) / income	Amount after tax
Change in actuarial losses from retirement pay obligation	11	(2)	9	6	(1)	5
Changes in foreign currency translation difference	5	-	5	(6)	-	(6)
Losses on Remeasuring FVOCI	(12)	3	(9)	(12)	3	(9)
Change in cash flow hedge reserve	(304)	68	(236)	284	(60)	224
Other comprehensive income	(300)	69	(231)	272	(58)	214

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.

Türkiye started to adopt the OECD's Global Minimum Complementary Corporate Tax regulations (Pillar 2) with a Bill submitted to the Grand National Assembly of Türkiye on 16.07.2024. These regulations entered into force with the Law No. 7524 published in the Official Gazette No. 32620 dated 02.08.2024. The Turkish practice is broadly in line with the OECD's Pillar 2 Model Rules, with similarities in scope, exemptions, consolidation, tax calculations and filing periods. The secondary regulation on calculation details and implementation methodology has not yet been published, while specific issues such as Türkiye's unique circumstances and existing incentives are expected to be clarified by the Ministry's secondary legislation. These amendments did not have a significant impact on the financial position or performance of the Group.

Furthermore, Article 32/C titled "Domestic minimum corporate tax" has been added to the Corporate Tax Law with Article 36 of Law No. 7524. According to this regulation regarding the application of the domestic minimum corporate tax, the corporate tax calculated within the framework of Articles 32 and 32/A will not be less than 10% of the corporate income before the application of discounts and exemptions. The said regulation entered into force on the date of its publication to be applied to corporate earnings for the taxation period of 2025. Corporate Tax General Communiqué Serial No. 23 was published in the Official Gazette dated 28.09.2024 and numbered 32676.

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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:

	31 March 2025	31 December 2024
Deferred tax asset	594	402
Deferred tax liability	(189)	(65)
Deferred tax asset	<u>405</u>	<u>337</u>
	31 March 2025	31 December 2024
Fixed assets	289	97
Expense and income accruals	110	112
Provisions for employee benefits	55	57
Miles accruals	44	45
Provisions for unused vacation	28	23
Change in fair value of derivative instruments	24	(20)
Lease liabilities (net) (*)	17	16
Deferred income and prepaid expenses	9	188
Carry forward tax losses	2	2
Other receivables	-	3
Adjustments for passenger flight liabilities	(190)	(189)
Other	17	3
Deferred tax asset	<u>405</u>	<u>337</u>

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

The changes of deferred tax (asset) / liability for the year ended 1 January – 31 March 2025 and 2024 are as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Opening balance at 1 January	337	(282)
Tax income from hedging reserves	68	56
Deferred tax income / (expense)	6	(58)
Tax income / (expense) from FVOCI	3	(3)
Tax (expense) / income of actuarial losses on retirement pay obligation	(2)	1
Foreign currency translation difference	(7)	8
Deferred tax asset / (liability) at the end of the period	<u>405</u>	<u>(278)</u>

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25. TAX ASSETS AND LIABILITIES (cont'd)*Deferred Tax (cont'd)*

Reconciliation with current tax income / (charge) for the period 1 January – 31 March 2025 and 2024 are as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Reconciliation of effective tax charge		
Profit from operations before tax	(46)	168
Tax calculated with the effective tax rate	12	(42)
Taxation effects on:		
- foreign currency translation difference	31	7
- exception	14	123
- adjustment for prior year loss		
- income from investment certificates	14	13
- deduction	1	-
- income from inflation differences	-	67
- non deductible expenses	(7)	(45)
- investments accounted by using the equity method	(11)	1
- effect of the change in the deferred tax rate	(52)	(66)
Tax income in statement of profit	2	58

26. EARNINGS PER SHARE

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

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

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26. EARNINGS PER SHARE (cont'd)

Number of total shares and calculation of profits / losses per share at 1 January – 31 March 2025 and 2024:

	1 January - 31 March 2025	1 January - 31 March 2024
Number of shares outstanding at 1 January (in full)	137,994,458,955	137,995,202,955
Number of shares outstanding at 31 March (in full)	137,994,391,455	137,995,202,955
Weighted average number of shares outstanding during the period (in full)	137,994,452,955	137,995,202,955
Net (loss) / profit for the period	(44)	226
Basic earnings per share (Full US Cents) (*)	(0.03)	0.16
Diluted earnings per share (Full US Cents) (*)	(0.03)	0.16

(*) Basic and diluted earnings 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 31 March 2025, and 2024 are as follows:

<u>Derivative financial assets</u>	31 March 2025	31 December 2024
Derivative instruments not subject to hedge accounting	50	112
Derivative instruments for interest rate cash flow hedge	3	3
Derivative instruments for fuel prices cash flow hedge	2	4
	<u>55</u>	<u>119</u>
<u>Derivative financial liabilities</u>	31 March 2025	31 December 2024
Derivative instruments not subject to hedge accounting	145	21
Derivative instruments for fuel prices cash flow hedge	15	13
Derivative instruments for cross currency rate cash flow hedge	2	3
Derivative instruments for interest rate cash flow hedge	1	-
	<u>163</u>	<u>37</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:

	31 March 2025					
	USD					
	EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	1,061	319	136	14	8	584
2a.Monetary Financial Assets (**)	6,149	2,719	3,323	22	2	83
2b.Non Monetary Financial Assets	-					
3.Other	659	260	236	2	6	155
4.Current Assets (1+2+3)	7,869	3,298	3,695	38	16	822
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	685	446	228	1	-	10
8.Non Current Assets (5+6+7)	685	446	228	1	-	10
9.Total Assets (4+8)	8,554	3,744	3,923	39	16	832
10.Trade Payables	1,102	756	273	7	3	63
11.Financial Liabilities (*)	2,969	59	2,456	365	49	40
12a.Other Liabilities, Monetary	1,088	775	220	4	5	84
12b.Other Liabilities, Non Monetary	-	-	-	-	-	-
13.Current Liabilities (10+11+12)	5,159	1,590	2,949	376	57	187
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	7,983	69	5,306	1,940	285	383
16a.Other Liabilities, Monetary	238	238	-	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	8,221	307	5,306	1,940	285	383
18.Total Liabilities (13+17)	13,380	1,897	8,255	2,316	342	570
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	1,256	(1,334)	2,590	-	-	-
19a.Off-balance sheet foreign currency derivative assets	855	855	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(401)	2,189	(2,590)	-	-	-
20.Net foreign currency asset/(liability) position (9-18-19)	(6,082)	3,181	(6,922)	(2,277)	(326)	262
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(6,170)	1,141	(4,796)	(2,280)	(332)	97
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	7,727	-	5,582	1,388	334	423

(*) 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 7,727 as of 31 March 2025 (31 December 2024: USD 7,801).

(**) EUR amount equivalent to USD 396 represents the currency protected time deposit (31 December 2024: 674)

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

Foreign currency risk management (cont'd)

	31 December 2024					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	834	269	131	12	10	412
2a.Monetary Financial Assets	5,950	3,548	2,240	94	3	65
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	709	278	225	3	8	195
4.Current Assets (1+2+3)	7,493	4,095	2,596	109	21	672
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	631	420	201	-	-	10
8.Non Current Assets (5+6+7)	631	420	201	-	-	10
9.Total Assets (4+8)	8,124	4,515	2,797	109	21	682
10.Trade Payables	1,064	730	265	7	2	60
11.Financial Liabilities (*)	2,964	22	2,562	292	48	40
12a.Other Liabilities, Monetary	1,168	882	198	3	4	81
12b.Other Liabilities, Non Monetary	-	-	-	-	-	-
13.Current Liabilities (10+11+12)	5,196	1,634	3,025	302	54	181
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	7,588	65	5,267	1,576	290	390
16a.Other Liabilities, Monetary	247	247	-	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	7,835	312	5,267	1,576	290	390
18.Total Liabilities (13+17)	13,031	1,946	8,292	1,878	344	571
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	1,713	95	1,618	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	(1,713)	(95)	(1,618)	-	-	-
20.Net foreign currency asset/(liability) position (9-18-19)	(6,620)	2,474	(7,113)	(1,769)	(323)	111
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(6,247)	1,871	(5,921)	(1,772)	(331)	(94)
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	7,801	-	5,662	1,371	338	430

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

Foreign currency risk management (cont'd)

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

	31 March 2025			
	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	318	(318)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	318	(318)	-	-
4- Euro net asset / liability	(692)	692	(558)	558
5- Part hedged from Euro risk (-)	558	(558)	-	-
6- Euro net effect (4+5)	(134)	134	(558)	558
7- JPY net asset / liability	(228)	228	(139)	139
8- Part hedged from JPY risk (-)	139	(139)	-	-
9- JPY net effect (7+8)	(89)	89	(139)	139
10- CHF net asset / liability	(33)	33	(33)	33
11- Part hedged from CHF risk (-)	33	(33)	-	-
12- CHF net effect (10+11)	-	-	(33)	33
13- Other foreign currency net asset / liability	26	(26)	(42)	42
14- Part hedged other foreign currency risk (-)	42	(42)	-	-
15- Other foreign currency net effect (13+14)	68	(68)	(42)	42
TOTAL (3 + 6 + 9 + 12 + 15)	163	(163)	(772)	772

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As At And For the Three-Month Period Ended 31 March 2025

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

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

Foreign currency risk management (cont'd)

	31 December 2024			
	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	247	(247)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	247	(247)	-	-
4- Euro net asset / liability	(711)	711	(566)	566
5- Part hedged from Euro risk (-)	566	(566)	-	-
6- Euro net effect (4+5)	(145)	145	(566)	566
7- JPY net asset / liability	(177)	177	(137)	137
8- Part hedged from JPY risk (-)	137	(137)	-	-
9- JPY net effect (7+8)	(40)	40	(137)	137
10- CHF net asset / liability	(32)	32	(34)	34
11- Part hedged from CHF risk (-)	34	(34)	-	-
12- CHF net effect (10+11)	2	(2)	(34)	34
13- Other foreign currency net asset / liability	11	(11)	(43)	43
14- Part hedged other foreign currency risk (-)	43	(43)	-	-
15- Other foreign currency net effect (13+14)	54	(54)	(43)	43
TOTAL (3 + 6 + 9 + 12 + 15)	118	(118)	(780)	780

29. GOVERNMENT GRANTS AND INCENTIVES

Incentive certificates dated, 28 December 2010, 18 December 2014, 9 August 2018, 11 September 2018, 12 December 2023 and 28 February 2025 were obtained from Ministry of Industry and Technology for investment of aircrafts. These certificates provide the Group with certain advantages on reduction of corporate tax, customs duty exemption and support for insurance premium of employers.

As of 31 March 2025, The Group has discounts and exemptions amounting to USD 4,186 that it can benefit from in the foreseeable future (31 December 2024: USD 4,225). As of 1 January - 31 March 2025, an investment incentive discount of USD 359 has been used. (31 December 2024: USD 339).

- 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.

- The Group expects that the related tax benefits will be used within 1 - 5 years in this context. No change is expected in the 5 years usage plan.

- When a 10% deviation is applied to changes in the exchange rate, DPI-PPI ratio and other economic data that affect the use of investment incentives, as well as operational income/expenses that are likely to occur, no change is expected in the 1-5 years period of use.

30. EVENTS AFTER THE BALANCE SHEET DATE

None.