

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

Condensed Consolidated Interim
Financial Statements As at and For
The Six-Month Period
Ended 30 June 2026



REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Türk Hava Yolları Anonim Ortaklığı

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Türk Hava Yolları Anonim Ortaklığı (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2026 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six month period then ended and other explanatory information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

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

Muratcan Aksoy, SMMM
Independent Auditor

Istanbul, 4 August 2026

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Financial Position as at 30 June 2026
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

ASSETS	Notes	Reviewed	Audited
		30 June 2026	31 December 2025
Non-Current Assets			
Financial Investments	6	3,247	2,683
Other Receivables			
-Related Parties	8	56	53
-Third Parties	9	2,246	1,975
Investments Accounted for Using Equity Method	3	728	763
Investment Property		43	43
Property and Equipment	11	9,039	8,463
Right of Use Assets	11	21,242	19,786
Intangible Assets			
- Other Intangible Assets	12	116	180
- Goodwill		27	27
Prepaid Expenses		2,371	2,031
Deferred Tax Assets	25	560	413
TOTAL NON-CURRENT ASSETS		39,675	36,417
Current Assets			
Cash and Cash Equivalents	5	1,725	2,008
Financial Investments	6	4,584	4,265
Trade Receivables			
-Related Parties	8	28	36
-Third Parties		1,455	1,033
Other Receivables			
-Third Parties	9	832	919
Derivative Financial Instruments	27	363	247
Inventories		1,106	968
Prepaid Expenses		494	421
Current Income Tax Assets	25	129	-
Other Current Assets		280	289
TOTAL CURRENT ASSETS		10,996	10,186
TOTAL ASSETS		50,671	46,603

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 Financial Position as at 30 June 2026
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

LIABILITIES AND EQUITY	Notes	Reviewed	Audited
		30 June 2026	31 December 2025
Equity			
Share Capital	18	1,597	1,597
Share Premium	18	1	1
Treasury Shares	18	(54)	(47)
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial Losses on Retirement Pay Obligation	18	(299)	(287)
Items That May Be Reclassified to Profit or (Losses)			
-Foreign Currency Translation Differences	18	(163)	(164)
-Fair Value Gains / (Losses) on Hedging Instruments Entered into for Cash Flow Hedges	18	65	(138)
-Gains on Remeasuring FVOCI	18	68	71
Restricted Profit Reserves	18	91	84
Previous Years Profit		20,188	17,285
Net Profit for the Period		425	2,910
Equity of the Parent		21,919	21,312
Non-Controlling Interests		-	2
TOTAL EQUITY		21,919	21,314
Non-Current Liabilities			
Long-Term Borrowings	7	1,883	1,141
Long-Term Lease Liabilities	7 and 13	13,698	12,879
Other Payables			
-Third Parties		35	29
Deferred Revenue	10	64	76
Long-Term Provisions			
-Provisions for Employee Termination Benefits	16	314	282
-Other Provisions		233	195
Deferred Tax Liabilities	25	25	73
Other Non-Current Liabilities		354	315
TOTAL NON-CURRENT LIABILITIES		16,606	14,990
Current Liabilities			
Short-Term Borrowings	7	1,559	1,632
Short-Term Portion of Long-Term Borrowings	7	231	145
Short-Term Portion of Lease Liabilities	7 and 13	2,223	2,007
Trade Payables			
-Related Parties	8	417	309
-Third Parties		1,412	1,523
Payables Related to Employee Benefits		523	468
Other Payables			
-Related Parties	8	25	31
-Third Parties		418	242
Derivative Financial Instruments	27	223	148
Deferred Revenue	10	4,816	3,524
Current Income Tax Provision	25	-	10
Short-Term Provisions			
-Provisions for Employee Benefits	14	142	131
-Other Provisions	14	23	18
Other Current Liabilities		134	111
TOTAL CURRENT LIABILITIES		12,146	10,299
TOTAL LIABILITIES AND EQUITY		50,671	46,603

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 Profit or Loss and Other Comprehensive Income

For the Six-Month Period Ended 30 June 2026

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

		Reviewed	Not Reviewed	Reviewed	Not Reviewed
		1 January -	1 April -	1 January -	1 April -
	Notes	30 June 2026	30 June 2026	30 June 2025	30 June 2025
PROFIT OR LOSS					
Revenue	19	13,122	7,205	10,867	5,980
Cost of Sales (-)	20	(12,170)	(6,747)	(9,393)	(4,835)
GROSS PROFIT		952	458	1,474	1,145
General Administrative Expenses (-)	21	(301)	(128)	(263)	(92)
Selling and Marketing Expenses (-)	21	(989)	(504)	(884)	(447)
Other Operating Income	22	315	103	337	109
Other Operating Expenses (-)	22	(98)	7	(34)	(9)
OPERATING (LOSS) / GAIN BEFORE INVESTMENT ACTIVITIES		(121)	(64)	630	706
Income from Investment Activities	23	1,031	534	608	273
Expenses for Investment Activities (-)	23	(96)	(13)	(53)	(16)
Share of Investments' (Loss) / Profit Accounted for Using The Equity Method	3	(52)	10	(28)	15
OPERATING PROFIT		762	467	1,157	978
Financial Income	24	326	158	543	310
Financial Expenses (-)	24	(791)	(429)	(954)	(493)
Monetary Gain		13	12	3	-
PROFIT BEFORE TAX		310	208	749	795
Tax Income		113	(11)	(102)	(104)
Current Income Tax (Expense)	25	(102)	(100)	(126)	(122)
Deferred Tax Income	25	215	89	24	18
NET PROFIT FOR THE PERIOD		423	197	647	691
Attributable to:					
Non-controlling interest		(2)	(1)	(3)	(3)
Equity of the Parent		425	198	650	694
OTHER COMPREHENSIVE INCOME					
Items That May Be Reclassified					
To Profit or Loss		201	(75)	(741)	(501)
Currency Translation Adjustment		1	(21)	26	21
(Losses) / Gains on Investments Remeasured FVOCI		(4)	106	1	13
Fair Value Gains / (Losses) on Hedging Instruments Entered into for Cash Flow Hedges		242	(94)	(956)	(666)
Fair Value Gains / (Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		28	(88)	(35)	(21)
Tax (Expense) / Income of Other Comprehensive Income		(66)	22	223	152
Items That Will Not Be Reclassified					
To Profit or Loss		(12)	(18)	(4)	(13)
Actuarial Gains on Retirement Pay Obligation		(15)	(23)	(5)	(16)
Tax income of Other Comprehensive Income		3	5	1	3
OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD		189	(93)	(745)	(514)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD		612	104	(98)	177
Attributable to:					
Non-controlling interest		(2)	(1)	(3)	(3)
Equity holders of the parent		614	105	(95)	180
Basic Earnings Per Share (Full US Cents)	26	0.31	0.14	0.47	0.50
Diluted Earnings Per Share (Full US Cents)	26	0.31	0.14	0.47	0.50

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 Changes in Equity
For the Six-Month Period Ended 30 June 2026

(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	Share Premium	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 2026	1,597	1	(47)	(287)	(164)	(138)	71	84	17,285	2,910	21,312	2	21,314
Transfers	-	-	-	-	-	-	-	7	2,903	(2,910)	-	-	-
Total comprehensive income	-	-	-	(12)	1	203	(3)	-	-	425	614	(2)	612
Increase through treasury share transactions	-	-	(7)	-	-	-	-	-	-	-	(7)	-	(7)
As of 30 June 2026	1,597	1	(54)	(299)	(163)	65	68	91	20,188	425	21,919	-	21,919

			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	Share Premium	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 2025	1,597	-	(39)	(284)	(214)	620	18	75	14,112	3,425	19,310	4	19,314
Transfers	-	-	-	-	-	-	-	7	3,418	(3,425)	-	-	-
Dividends paid	-	-	1	-	-	-	-	-	(243)	-	(242)	-	(242)
Total comprehensive income	-	-	-	(4)	26	(768)	1	-	-	650	(95)	(3)	(98)
Increase through treasury share transactions	-	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
As of 30 June 2025	1,597	-	(44)	(288)	(188)	(148)	19	82	17,287	650	18,967	1	18,968

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 Six-Month Period Ended 30 June 2026

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

		Reviewed	Reviewed
	Notes	1 January - 30 June 2026	1 January - 30 June 2025
Net Profit for the Period		423	647
Adjustments to Reconcile Profit		633	1,247
Adjustments for Depreciation and Amortisation Expense	11 and 12	1,318	1,147
Adjustments for Provisions Related to Employee Benefits	14 and 16	41	55
Adjustments for Other Provisions		44	1
Adjustments for Doubtful Receivables		32	1
Adjustments for Interest Income	23 and 24	(935)	(668)
Adjustments for Interest Expense	24	351	253
Adjustments for Unrealised Foreign Exchange Losses		14	202
Adjustments for Fair Value (Gains)/ Losses on Derivative Financial Instruments	24	(34)	254
Adjustments for Undistributed Losses of Associates	3	52	28
Adjustments for Tax (Income)/Expense	25	(113)	102
Adjustments for Losses / (Gains) Arised from Sale of Property, Plants and Equipments	23	8	(3)
Other Adjustments for Non-Cash Transactions	23	(145)	(125)
Changes in Working Capital		739	634
Decrease/(Increase) in Trade Receivables from Related Parties	8	8	(33)
Increase in Trade Receivables from Third Parties		(447)	(89)
(Increase)/Decrease in Other Receivables from Related Parties	8	(3)	1
Decrease / (Increase) in Other Receivables from Third Parties	9 and 23	161	(103)
Increase in Inventories		(138)	(133)
Increase in Prepaid Expenses		(413)	(223)
Increase/(Decrease) in Trade Payables to Related Parties	8	108	(1)
(Decrease)/Increase in Trade Payables to Third Parties		(111)	157
Increase / (Decrease) in Payables Due to Employee Benefits		55	(97)
Decrease/(Increase) in Other Payables to Related Parties	8	(6)	125
Increase/(Decrease) in Other Payables to Third Parties		182	(130)
Increase in Deferred Revenue		1,334	1,118
Decrease in Other Assets		9	42
Cash Flows From Operations		1,795	2,528
Payments for Provisions Related with Employee Benefits	16	(9)	(5)
Income Taxes Paid	25	(264)	(77)
Net Cash From Operating Activities		1,522	2,446
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant and Equipment and Intangible Assets	11,12 and 23	10	20
Payments For Purchasing of Property, Plant and Equipment and Intangible Assets		(997)	(912)
Payments For Purchasing and Sales of Other Financial Assets	6	(883)	(718)
Other Cash Advances and Loans		(249)	40
Dividends Received	3	-	2
Interest Received	23	745	439
Net Cash Flows Used In Investing Activities		(1,374)	(1,129)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Payments to Acquire Entity's Own Shares		(7)	(5)
Proceeds From Loans	7	3,271	1,118
Repayments of Loans	7	(2,413)	(1,678)
Payments of Lease Liabilities	7	(1,157)	(993)
Dividend Paid to Shareholders		-	(114)
Interest Paid		(194)	(162)
Interest Received	5 and 24	210	243
Net Cash Used in Financing Activities		(290)	(1,591)
Net Change in Cash and Cash Equivalents Before Effect of Foreing		(142)	(274)
Effects of Foreign Exchange on Cash and Cash Equivalents		(121)	53
Net Change in Cash and Cash Equivalents		(263)	(221)
CASH AND CASH EQUIVALENTS			
AT THE BEGINNING OF THE PERIOD	5	1,941	2,556
CASH AND CASH EQUIVALENTS			
AT THE END OF THE PERIOD	5	1,678	2,335

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Six-Month Period Ended 30 June 2026**

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

1. GROUP ORGANIZATION AND ITS OPERATIONS

Türk Hava Yolları Anonim Ortaklığı (the “Company” or “THY”) was incorporated in Türkiye in 1933. As of 30 June 2026, and 31 December 2025, the shareholders and their respective shareholdings in the Company are as follows:

	30 June 2026	31 December 2025
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 30 June 2026 is 66,758 (31 December 2025: 66,649). The average number of employees working for the Group for the period ended 30 June 2026, and 2025 are 66,788 and 64,272 respectively.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
As At And For the Six-Month Period Ended 30 June 2026
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Subsidiaries and Joint Ventures

The table below sets out the consolidated subsidiaries of the Group as of 30 June 2026, and 31 December 2025:

Company Name	Principal Activity	Ownership Rate		Country of Registration
		30 June 2026	31 December 2025	
Türk Hava Yolları Teknik A.Ş. (Turkish Technic)	Aircraft Maintenance	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)	Informatics and Technology	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 Systems	100%	100%	Türkiye
THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş.	Health Services	100%	100%	Türkiye
THY Gayrimenkul Yatırım Hizmetleri A.Ş. (Turkish Construction)	Management of Various Investment Projects	100%	100%	Türkiye
THY Spor A.Ş.	Sports Activities	100%	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 Six-Month Period Ended 30 June 2026
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Subsidiaries and Joint Ventures (cont'd)

The table below sets out the joint ventures of the Group as of 30 June 2026, and 31 December 2025:

Company Name	Principal Activity	Ownership Share and Voting Power		Country of Registration
		30 June 2026	31 December 2025	
Güneş Ekspres Havacılık A.Ş. (SunExpress)	Passenger and Cargo Transportation	50%	50%	Türkiye
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Catering Services	50%	50%	Türkiye
TGS Yer Hizmetleri A.Ş. (Turkish Ground Services) (TGS)	Aviation Ground Handling 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)	Passenger and Cargo 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2026 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 2025.

Board of Directors has approved the condensed consolidated interim financial statements as of 30 June 2026 on 4 August 2026. 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 paid 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 Six-Month Period Ended 30 June 2026**

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

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

As of 30 June 2026, 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	Compound Inflation Rate
30 June 2026	129.99	1.00000	206%
31 December 2025	110.39	1.17758	211%
30 June 2025	98.40	1.32109	220%

(*) As of 2026, the base year for index series has been updated to 2025=100 by Türkiye İstatistik Kurumu. Accordingly, index values previously reported using different reference years and scaling methodologies have been restated to align with the new base year. To ensure comparability, historical data have also been retrospectively adjusted on a consistent 2025=100 basis.

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

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

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of equity are restated by applying the relevant monthly conversion factors.
- All items in the statement of profit or loss are restated by applying the relevant conversion factors.
- All items in the balance sheet, statement of profit or loss and other comprehensive income of the subsidiaries whose functional currencies are TL are translated into USD using the closing rate as of 30 June 2026. 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.

2.2 Changes and Errors in Accounting Policies Estimates

The significant estimates and assumptions used in the preparation of these consolidated financial statements as at and for the period ended 30 June 2026 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2025.

2.3 Summary of Significant Accounting Policies

The significant estimates and assumptions used in the preparation of these consolidated financial statements as at and for the period ended 30 June 2026 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2025.

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

2.4 New and Revised Standards and Interpretations

a) Standards, amendments, and interpretations applicable as of 30 June 2026:

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 (earlier application permitted). 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 list of amended Accounting Standard and accompanying guidance include the following:

- 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.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity; effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). 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'.

The Group continues its efforts to comply with these standards.

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

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

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2026:

Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency; effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments aim to improve the usefulness of the resulting information in a cost-effective manner and reduce diversity in practice.

IFRS 18 Presentation and Disclosure in Financial Statements; effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). 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.

To comply with paragraph 30 of IAS 8, it is expected that March year-end disclosures should about:

- the nature of the changes,
 - the fact that IFRS 18 application is required for annual periods beginning on or after 1 January 2027,
 - the planned adoption date, and
- either:
- known or reasonably estimable information relevant to assessing the possible impact that application of IFRS 18 will have on the entity's financial statements in the period of initial application; or
 - if that impact is not known or reasonably estimable, a statement to that effect.

When preparing disclosures related to the adoption of IFRS 18 to comply with paragraph 30 of IAS 8, entities should consider the following principles:

a. Disclosures are expected to become increasingly detailed as entities' implementation process progresses toward 2027.

The level of detail that an entity includes in its disclosures will depend on the progress of its implementation activities, including those related to internal controls. For the year ending 31 March 2026, entities that have yet to make significant progress in implementation might only disclose that they are actively assessing the impact of IFRS 18 and that more comprehensive disclosures cannot reasonably be provided.

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

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

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2026 (cont'd):

b. Where appropriate and reliable, consider including quantitative information.

It may be appropriate to disclose preliminary figures, when the company has an appropriate and reliable basis for making such disclosures and provides clear explanations regarding their provisional nature. For example, an entity might quantify the effects on profit and loss subtotals. If the quantitative impact is not reasonably estimable, a statement to that effect should be included. An entity may disclose known and reasonably quantifiable impacts, but it is not expected to early provide IFRS 18 disclosures, such as an MPM reconciliation, before the application date.

c. Consider alignment with other public communications.

If management has publicly detailed anticipated impacts, such as in an investor presentation, the IAS 8 financial statement disclosures should be consistent with these communications.

Disclosures should be based on the information available through the date of issuance of the financial statements, not only the end of the reporting period.

IFRS 19 Subsidiaries without Public Accountability: Disclosures; effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). This new standard and amendments 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.

Amendment to IFRS 19 Subsidiaries without Public Accountability: Disclosures; effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). In developing the reduced disclosure requirements in IFRS 19, the IASB considered the disclosure requirements in other IFRS Accounting Standards as at 28 February 2021. When IFRS 19 was issued, it did not contain reduced versions of any disclosure requirements that were added or amended after that date. Subsequently, the IASB issued these amendments to help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:

- IFRS 18, 'Presentation and Disclosure in Financial Statements';
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
- Lack of Exchangeability (Amendments to IAS 21); and
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

IFRS 20 Regulatory Assets and Regulatory Liabilities; effective from annual periods beginning on or after 1 January 2029 (earlier application permitted). This is a new Accounting Standard for entities subject to a specific type of rate regulation. It aims to help investors better understand how that rate regulation affects an entity's financial performance, financial position and its prospects for future cash flows.

The effects of the above-mentioned changes on the financial position and performance of the Group are being assessed.

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

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.

2.7 Other

The impacts of the conflicts that began in the Middle East in March 2026 on fuel prices, the Group's and Middle East-based airline's operations in the region are being closely monitored, and necessary actions are being taken.

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3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

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

	30 June 2026	31 December 2025
SunExpress	251	354
Turkish DO&CO	118	100
TEC	108	102
TGS	108	101
TFS Akaryakıt	74	48
THY Opet	55	45
Goodrich	9	8
We World Express	5	5
	728	763

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

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
TFS Akaryakıt	34	26	5	2
Turkish DO&CO	15	8	16	10
THY Opet	7	1	2	3
TEC	5	4	4	(1)
TGS	4	8	9	5
Goodrich	1	-	-	-
SunExpress	(118)	(37)	(64)	(4)
Air Albania (*)	-	-	-	-
	(52)	10	(28)	15

(*) Since 31 December 2019, the loss of Air Albania, which exceeds the Group's total share in the joint venture's shareholders' equity, has not been accounted in the consolidated financial statements. As of 30 June 2026, the loss is USD 7. (The loss as of 31 December 2025: USD 4).

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

	1 January - 30 June 2026	1 January - 30 June 2025
Opening balance	763	644
Other comprehensive income / (expense) recognized in equity	16	(28)
Foreign currency translation difference	1	31
Dividends to shareholders	-	(2)
Share of net (loss)	(52)	(28)
Closing balance	728	617

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

	30 June 2026							
	SunExpress	TEC	Turkish DO&CO	TGS	TFS Akaryakıt	THY Opet	Other	Total
Total assets	3,841	455	427	448	757	243	47	6,218
Current assets	1,414	382	285	177	738	188	45	3,229
Non-current assets	2,427	73	142	271	19	55	2	2,989
Total liabilities	3,339	235	191	231	461	133	14	4,604
Current liabilities	1,647	173	169	161	461	112	14	2,737
Non-current liabilities	1,692	62	22	70	-	21	-	1,867
Total equity	502	220	236	217	296	110	33	1,614
Other comprehensive income / (expense)	21	-	(28)	(59)	-	(3)	-	(69)
Group's share in total equity	251	108	118	108	74	55	14	728
1 April -30 June 2026								
Revenue	625	210	238	267	1,524	277	21	3,162
(Loss) / Profit for the period	(74)	7	16	15	106	4	1	75
Group's share in joint venture's (loss) / profit for the period	(37)	4	8	8	26	1	-	10
1 January - 30 June 2026								
Revenue	859	373	433	501	2,371	442	41	5,020
(Loss) / Profit for the period	(236)	10	29	8	137	15	3	(34)
Group's share in joint venture's (loss) / profit for the period	(118)	5	15	4	34	7	1	(52)

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

31 December 2025								
	SunExpress	TEC	Turkish DO&CO	TGS	TFS Akaryakıt	THY Opet	Other	Total
Total assets	3,112	336	370	429	486	173	44	4,950
Current assets	623	266	239	183	472	119	41	1,943
Non-current assets	2,489	70	131	246	14	54	3	3,007
Total liabilities	2,405	127	170	228	292	84	13	3,319
Current liabilities	822	66	149	179	291	66	13	1,586
Non-current liabilities	1,583	61	21	49	1	18	-	1,733
Total equity	707	209	200	201	194	89	31	1,631
Other comprehensive income / (expense)	(24)	(4)	(29)	(55)	-	(2)	-	(114)
Group's share in total equity	354	102	100	101	48	45	13	763
1 April -30 June 2025								
Revenue	606	158	193	225	758	176	22	2,138
(Loss) / Profit for the period	(8)	(2)	20	10	8	6	-	34
Group's share in joint venture's (loss) / profit for the period	(4)	(1)	10	5	2	3	-	15
1 January - 30 June 2025								
Revenue	833	329	358	411	1,433	321	42	3,727
(Loss) / Profit for the period	(128)	9	32	17	20	4	-	(46)
Group's share in joint venture's (loss) / profit for the period	(64)	4	16	9	5	2	-	(28)

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4. SEGMENT REPORTING

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

Air Transport ("Aviation")

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

Technical Maintenance Services ("Technical")

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

4.1 Total Assets and Liabilities

Total Assets	30 June 2026	31 December 2025
Aviation	51,188	47,540
Technical	2,392	2,450
Total	53,580	49,990
Less: Eliminations due to consolidation	(2,909)	(3,387)
Total assets in consolidated financial statements	50,671	46,603
Total Liabilities	30 June 2026	31 December 2025
Aviation	28,501	25,501
Technical	913	725
Total	29,414	26,226
Less: Eliminations due to consolidation	(662)	(937)
Total liabilities in consolidated financial statements	28,752	25,289

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4. SEGMENT REPORTING (cont'd)

4.2 Net Profit / (Loss)

Segment Results:

1 January - 30 June 2026	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	12,826	296	-	13,122
Inter-Segment Sales	327	955	(1,282)	-
Revenue	13,153	1,251	(1,282)	13,122
Cost of Sales (-)	(12,169)	(1,278)	1,277	(12,170)
Gross Profit / (Loss)	984	(27)	(5)	952
Administrative Expenses (-)	(416)	(67)	182	(301)
Selling and Marketing Expenses (-)	(980)	(13)	4	(989)
Other Operating Income	507	55	(247)	315
Other Operating Expenses (-)	(113)	(51)	66	(98)
Operating (Loss) Before Investment Activities	(18)	(103)	-	(121)
Income from Investment Activities	1,031	-	-	1,031
Expenses from Investment Activities	(96)	-	-	(96)
Share of Investments' (Loss) / Profit Accounted for Using The Equity Method	(58)	6	-	(52)
Operating Profit / (Loss)	859	(97)	-	762
Financial Income	316	14	(4)	326
Financial Expense (-)	(775)	(20)	4	(791)
Monetary Gain	13	-	-	13
Profit / (Loss) Before Tax	413	(103)	-	310
Tax Income	105	8	-	113
Current Tax Expense (-)	(102)	-	-	(102)
Deferred Tax Income	207	8	-	215
Net Profit / (Loss) For The Period	518	(95)	-	423

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4. SEGMENT REPORTING (cont'd)

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

Segment Results (cont'd):

1 January - 30 June 2025	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	10,542	325	-	10,867
Inter-Segment Sales	257	898	(1,155)	-
Revenue	10,799	1,223	(1,155)	10,867
Cost of Sales (-)	(9,536)	(1,058)	1,201	(9,393)
Gross Profit	1,263	165	46	1,474
Administrative Expenses (-)	(375)	(38)	150	(263)
Selling and Marketing Expenses (-)	(874)	(13)	3	(884)
Other Operating Income	582	32	(277)	337
Other Operating Expenses (-)	(91)	(21)	78	(34)
Operating Profit Before Investment Activities	505	125	-	630
Income from Investment Activities	608	-	-	608
Expenses from Investment Activities	(53)	-	-	(53)
Share of Investments' (Loss) / Profit Accounted for Using The Equity Method	(32)	4	-	(28)
Operating Profit	1,028	129	-	1,157
Financial Income	533	10	-	543
Financial Expense (-)	(939)	(15)	-	(954)
Monetary Gain	3	-	-	3
Profit Before Tax	625	124	-	749
Tax (Expense)	(91)	(11)	-	(102)
Current Tax Expense (-)	(107)	(19)	-	(126)
Deferred Tax Income	16	8	-	24
Net Profit For The Period	534	113	-	647

4.3 Investing Activities

1 January - 30 June 2026	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment, intangible assets, and right of use assets	2,837	291	-	3,128
Current year depreciation and amortization charge	1,235	83	-	1,318
Share of Investments' (Loss) / Profit Accounted for Using The Equity Method	(58)	6	-	(52)

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4. SEGMENT REPORTING (cont'd)

4.3 Investing Activities (cont'd)

1 January - 30 June 2025	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment, intangible assets, and right of use assets	1,749	235	-	1,984
Current year depreciation and amortization charge	1,066	81	-	1,147
Share of Investments' (Loss) / Profit Accounted for Using The Equity Method	(32)	4	-	(28)

5. CASH AND CASH EQUIVALENTS

	30 June 2026	31 December 2025
Cash	1	1
Banks – Time deposits	1,337	1,164
Banks – Demand deposits	299	843
Investment Fund	88	-
	1,725	2,008

Details of the time deposits as of 30 June 2026, and 31 December 2025 are as follows:

Original Amount	Currency	Effective Interest Rate	Maturity	30 June 2026
33,347	TL	32.18% -35.89%	September 2026	761
504	EUR	2.66% -2.89%	August 2026	576
				1,337
Original Amount	Currency	Effective Interest Rate	Maturity	31 December 2025
33,865	TL	32.79% - 45.76%	March 2026	853
262	EUR	2.66% - 3.00%	February 2026	311
				1,164

Reconciliation with statement of cash flows as of 30 June 2026, and 2025 are as follows:

	30 June 2026	30 June 2025
Cash and cash equivalents	1,725	2,486
Interest accruals (-)	(47)	(151)
Cash and cash equivalents in statement of cash flows	1,678	2,335

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6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	<u>30 June 2026</u>	<u>31 December 2025</u>
Fair value through profit and loss (FVTPL)		
- Investment Fund	259	338
Fair value through other comprehensive income (FVOCI) (*)		
- Corporate debt securities	2,282	3,519
- Government debt securities	402	110
Time deposits with maturity more than 3 months	1,641	298
	<u>4,584</u>	<u>4,265</u>

Time deposit with maturity of more than 3 months as of 30 June 2026, and 31 December 2025 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2026</u>
66,000	TL	32.96% - 40.05%	June 2027	1,590
45	EUR	3.22% - 3.30%	December 2026	51
				<u>1,641</u>
<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2025</u>
10,000	TL	33.21% - 36.45%	December 2026	238
51	EUR	2.66%	April 2026	60
				<u>298</u>

Long-term financial investments are as follows:

	<u>30 June 2026</u>	<u>31 December 2025</u>
FVOCI (*)		
- Corporate debt securities	1,668	1,346
- Government debt securities	1,134	1,312
Time deposits with maturity more than 1 year	444	24
Other	1	1
	<u>3,247</u>	<u>2,683</u>

(*) Eurobonds with a market value of USD 499 have been collateralized for a 3-year term financing, with all rights and rewards retained by the Group.

Time deposit with maturity of more than 1 year as of 30 June 2026, and 31 December 2025 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2026</u>
20,500	TL	36.30% - 40.05%	September 2027	444
<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2025</u>
1,000	TL	36.09%	January 2027	24

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6. FINANCIAL INVESTMENTS (cont'd)

Contractual maturity dates of financial investments measured at FVOCI as of 30 June 2026, and 31 December 2025 are as follows:

	30 June 2026	31 December 2025
Less than 1 year	2,684	3,629
1 to 5 years	2,130	1,970
Over 5 years	672	688
	<u>5,486</u>	<u>6,287</u>

7. BORROWINGS

Short-term borrowings are as follows:

	30 June 2026	31 December 2025
Bank borrowings	<u>1,559</u>	<u>1,632</u>

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

	30 June 2026	31 December 2025
Lease liabilities (Note: 13)	2,223	2,007
Bank borrowings	231	145
	<u>2,454</u>	<u>2,152</u>

	30 June 2026	31 December 2025
Lease liabilities (Note: 13)	13,698	12,879
Bank borrowings	1,883	1,141
	<u>15,581</u>	<u>14,020</u>

The maturity analysis for bank loans as of as of 30 June 2026, and 31 December 2025 are as follows:

	30 June 2026	31 December 2025
Less than 1 year	1,790	1,777
Between 1 – 5 years	1,883	1,138
Over 5 years	-	3
	<u>3,673</u>	<u>2,918</u>

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7. BORROWINGS (cont'd)

Details of bank borrowings as of 30 June 2026, and 31 December 2025 are as follows:

<u>Original</u> <u>Amount</u>	<u>Currency</u>	<u>Interest</u> <u>Rate Type</u>	<u>Effective Interest</u> <u>Rate</u>	<u>Payment Period</u>	<u>30 June 2026</u>
1,340	EUR	FIXED	2.41% - 3.20%	July 2026 - March 2027	1,527
7,870	CNY	FIXED	2.80% -3.20%	November 2029 - October 2030	1,166
			Euribor + 0.65% -		
382	EUR	FLOATING	Estron + 1.22%	June 2029 - March 2031	435
292	CHF	FLOATING	SARON + 1.45%	March 2029	362
152	USD	FIXED	4.00%	March 2027	152
1,467	TL	FIXED	-	July 2026	31
					<u>3,673</u>
<u>Original</u> <u>Amount</u>	<u>Currency</u>	<u>Interest</u> <u>Rate Type</u>	<u>Effective Interest</u> <u>Rate</u>	<u>Payment Period</u>	<u>31 December</u> <u>2025</u>
1,388	EUR	Fixed	2.20% - 3.16%	January 2026 - December 2026	1,632
7,979	CNY	Fixed	2.80% - 3.20%	November 2029 - October 2030	1,148
103	USD	Fixed	4.40%	March 2026	103
30	EUR	Floating	Euribor + 0.65%	March 2031	35
					<u>2,918</u>

As at 30 June 2026, in respect of borrowings amounting to USD 30,357,423 under the terms of the loan agreement entered into between a bank and THY, the Group is required to comply with the following financial covenants:

- Net Worth will not at any time less than 5,435,000,000 USD.
- The ratio of EBITDA to Net Interest Expense for any relevant period will not be less than 6.

Repricing periods for bank borrowings with floating interest rates vary between 1 and 6 months. The Group evaluates the above mentioned conditions on an annual basis.

As at 30 June 2026, in respect of borrowings amounting to USD 435,695,113 under the terms of the loan agreement entered into between a bank and THY, the Group is required to comply with the following financial covenants:

- Net Worth will not at any time less than 4,500,000,000 EUR.
- The ratio of EBITDA to Net Interest Expense for any relevant period will not be less than 4.

As at 30 June 2026, in respect of borrowings amounting to USD 749,978,083 under the terms of the loan agreement entered into between a bank and THY, the Group is required to comply with the following financial covenants:

- Net Worth will not at any time less than 4,500,000,000 USD.
- The ratio of EBITDA to Net Interest Expense for any relevant period will not be less than 4.

As of 30 June 2026, there have been no changes in the covenant terms compared to those in effect at the year-end, 31 December 2025.

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7. BORROWINGS (cont'd)

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

	1 January 2026	Payment	Interest	Non-cash Changes (*)	Additions	30 June 2026
Bank Borrowings	2,918	(2,413)	(45)	(58)	3,271	3,673

	1 January 2025	Payment	Interest	Non-cash Changes (*)	Additions	30 June 2025
Bank Borrowings	1,895	(1,678)	(35)	204	1,118	1,504

	1 January 2026	Payment	Interest	Non-cash Changes (*)	Modifications	New Leases	30 June 2026
Aircraft	13,970	(1,104)	(125)	(60)	63	2,259	15,003
Property	910	(51)	-	(1)	46	8	912
Other	6	(2)	-	1	1	-	6
	<u>14,886</u>	<u>(1,157)</u>	<u>(125)</u>	<u>(60)</u>	<u>110</u>	<u>2,267</u>	<u>15,921</u>

	1 January 2025	Payment	Interest	Non-cash Changes (*)	Modifications	New Leases	30 June 2025
Aircraft	11,287	(954)	(127)	1,075	4	1,141	12,426
Property	678	(38)	-	88	17	2	747
Other	1	(1)	-	-	-	7	7
	<u>11,966</u>	<u>(993)</u>	<u>(127)</u>	<u>1,163</u>	<u>21</u>	<u>1,150</u>	<u>13,180</u>

* This amount consists of accrued interest on financial liabilities and foreign exchange differences resulting from the remeasurement of foreign currency denominated borrowings at the reporting date.

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8. RELATED PARTIES

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

	<u>30 June 2026</u>	<u>31 December 2025</u>
TGS	17	19
SunExpress	8	13
TEC	2	1
Turkish DO&CO	1	-
Türk Telekom	-	3
	<u>28</u>	<u>36</u>

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

	<u>30 June 2026</u>	<u>31 December 2025</u>
Air Albania	<u>56</u>	<u>53</u>

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

	<u>30 June 2026</u>	<u>31 December 2025</u>
TFS Akaryakıt Hizmetleri	191	116
TGS	79	77
TEC	57	42
Turkish DO&CO	56	51
THY Opet	29	14
Turkcell	2	2
SunExpress	2	2
Goodrich	1	3
Türk Telekom	-	2
	<u>417</u>	<u>309</u>

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

	<u>30 June 2026</u>	<u>31 December 2025</u>
Türkiye Sigorta	24	30
Air Albania	1	1
	<u>25</u>	<u>31</u>

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8. RELATED PARTIES (cont'd)

Transactions with related parties for the year ended 30 June 2026, and 2025 are as follows:

a) Sales to related parties:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
TGS	53	26	42	21
SunExpress	34	16	28	11
Türk Telekom	4	2	4	2
Türkiye Sigorta	4	2	4	-
TEC	2	1	1	-
PTT	1	1	1	-
Goodrich	1	1	1	1
Air Albania	-	-	1	1
	99	49	82	36

b) Purchases from related parties:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
TFS Akaryakıt Hizmetleri	1,928	1,273	1,198	620
TGS	467	242	369	192
Turkish DO&CO	352	183	300	161
THY Opet	238	149	151	77
TEC	25	12	225	84
Goodrich	14	7	10	5
Turkcell	7	4	6	3
Türk Telekom	5	2	11	6
Türkiye Sigorta	1	1	4	1
SunExpress	-	-	25	-
Ziraat Bankası	-	-	1	-
Halkbank	-	-	1	-
	3,037	1,873	2,301	1,149

Details of the financial assets and liabilities for related parties as of 30 June 2026, and 31 December 2025 are as follows:

	30 June 2026	31 December 2025
Debt Securities (*)	1,803	3,032
Banks - Time deposits (**)	232	127
Banks - Demand deposits	41	124
Investment Fund	83	83
Bank borrowings	(31)	-

(*) The amount mainly consists of debt securities issued by Vakıfbank. Additionally eurobonds with a market value of USD 110 have been collateralized for a 3-year term financing, with all rights and rewards retained by the Group.

(**) The amount mainly consists of time deposits held at Ziraat Bank.

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8. RELATED PARTIES (cont'd)

Details of the time deposits at related parties as of 30 June 2026, and 31 December 2025 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 June 2026
10,190	TL	35.27% - 35.68%	August 2026	232
Amount	Currency	Effective Interest Rate	Maturity	31 December 2025
2,836	TL	32.79% - 33.25%	February 2026	67
50	EUR	2.89%	February 2026	60
				127

As of 30 June 2026, the amount of letters of guarantee given through related financial institutions is USD 140. (31 December 2025: USD 138).

Details of the debt securities at related parties as of 30 June 2026, and 31 December 2025 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 June 2026
1,232	USD	5.50% -10.12%	August 2026 - October 2034	1,232
450	EUR	4.25% -4.75%	July 2026 - April 2027	513
2,650	TL	41.20% -41.25%	July 2026 - August 2026	58
				1,803
Amount	Currency	Effective Interest Rate	Maturity	31 December 2025
1,850	EUR	4.25% - 5.88%	January 2026 - August 2031	2,171
828	USD	5.25% - 10.12%	January 2026 - May 2047	828
1,400	TL	30.00% - 41.50%	February 2026 - July 2030	33
				3,032

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8. RELATED PARTIES (cont'd)

Interest income from related parties:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Vakıfbank	60	53	197	43
Ziraat Bankası	35	33	129	38
Halkbank	8	8	42	6
Ziraat Katılım	-	-	25	6
	<u>103</u>	<u>94</u>	<u>393</u>	<u>93</u>

Interest income from debt instruments of related parties:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Vakıfbank	49	24	35	19
Ziraat Bankası	12	6	4	2
Halk Yatırım	9	5	-	-
Halkbank	4	2	1	-
Türkiye Varlık Fonu	1	1	-	-
	<u>75</u>	<u>38</u>	<u>40</u>	<u>21</u>

Fair value gains from debt instruments from related parties:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Ziraat Bankası	8	9	-	-
Vakıfbank	5	18	-	1
Halkbank	1	9	-	2
Türkiye Varlık Fonu	-	2	-	-
	<u>14</u>	<u>38</u>	<u>-</u>	<u>3</u>

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8. RELATED PARTIES (cont'd)**Debt securities from related parties:**

	30 June 2026	31 December 2025
Vakıfbank	1,349	2,683
Ziraat Bankası	281	198
Halkbank	99	101
Halk Yatırım	57	33
Türkiye Varlık Fonu	17	17
Turkcell	-	-
	1,803	3,032

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 aircraft transportation, 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 Halkbank, Ziraat Bankası, Vakıf Bank and Ziraat Katılım 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 the Group is USD 10 for the period between 1 January - 30 June 2026 (1 January- 30 June 2025: USD 9).

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9. OTHER RECEIVABLES

Other short-term receivables from third parties as of 30 June 2026, and 31 December 2025 are as follows:

	30 June 2026	31 December 2025
Predelivery payments made for aircraft	370	341
Receivables from technical purchases	163	196
Bank deposits with transfer limitations (*)	157	209
Tax refund	49	46
Receivables from pilots for flight training	40	41
Others	53	86
	832	919

(*) As of 30 June 2026, the amount consists of bank deposits in Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Mozambique, Angola, Cameroon, Chad, Gabon, Benin, Cote D'Ivoire, Lebanon, Congo, Ghana, Pakistan, Malawi, Libya, Syria and Iran. (As of 31 December 2025, the amount consists of bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Burkina Faso, Mozambique, Angola, Cameroon, Chad, Gabon, Benin, Cote D'Ivoire, Lebanon, Congo, Ghana, Pakistan, Malawi, Equatorial Guinea, Venezuela, Libya, Syria and Iran).

Other long-term receivables from third parties as of 30 June 2026, and 31 December 2025 are as follows:

	30 June 2026	31 December 2025
Predelivery payments made for aircraft	919	748
Investment incentives	543	535
Receivables from pilots for flight training	255	239
Interest and commodity swap agreement deposits	104	47
Deposits and guarantees given	83	61
Other receivables (**)	342	345
	2,246	1,975

(**) The Company's offer to acquire minority shares in Air Europa Holding S.L.U. has been accepted, the relevant agreements have been signed, and the process of obtaining regulatory approvals has commenced. The final shareholding ratio resulting from the 300 million EUR (342 USD) convertible debt & equity share will be determined based on the conditions prevailing on the date the necessary approvals are obtained.

The movements in investment incentives for the year ended 30 June 2026, and 2025 are as follows:

	1 January - 30 June 2026	1 January - 30 June 2025
Investment incentives at the beginning of the period	535	420
Recognised / added during the period	145	124
Foreign currency translation differences	(48)	(51)
Utilised during the period	(89)	(56)
Investment incentives at the end of the period	543	437

10. DEFERRED REVENUE

Deferred revenue as of 30 June 2026, and 31 December 2025 are as follows:

Deferred revenue is as follows:

	30 June 2026	31 December 2025
Passenger flight liabilities	4,232	3,094
Other short-term deferred revenue	584	430
	4,816	3,524

Passenger flight liability is as follows:

	30 June 2026	31 December 2025
Flight liability for tickets sold	3,923	2,792
Frequent flyer program liability	309	302
	4,232	3,094

Other short-term deferred revenue is as follows:

	30 June 2026	31 December 2025
Advances received	414	250
Unused manufacturers' credits	81	123
Deferred other contract income	11	11
Other	78	46
	584	430

Long-term deferred revenue is as follows:

	30 June 2026	31 December 2025
Deferred other contract income	51	54
Other	13	22
	64	76

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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 2026	1,673	923	427	11,210	1,176	954	322	832	17,517
Additions	7	22	8	188	40	233	4	399	901
Transfer (*)	6	13	2	26	5	-	2	(64)	(10)
Transfers between the account	-	-	3	468	44	-	-	60	575
Disposals	-	(4)	(6)	(171)	(3)	(141)	-	(5)	(330)
Closing balance at 30 June 2026	1,686	954	434	11,721	1,262	1,046	328	1,222	18,653
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2026	605	497	297	6,470	545	474	166	-	9,054
Depreciation charge	40	23	24	340	46	39	11	-	523
Transfers between the account	-	-	-	212	20	-	-	-	232
Disposals	-	(4)	(6)	(161)	(3)	(21)	-	-	(195)
Closing balance at 30 June 2026	645	516	315	6,861	608	492	177	-	9,614
Net book value at 30 June 2026	1,041	438	119	4,860	654	554	151	1,222	9,039
Net book value at 31 December 2025	1,068	426	130	4,740	631	480	156	832	8,463

(*) The amount of USD 10 was transferred to the right of use asset 7 and intangible asset 3 from construction in progress.

USD 1,261 of depreciation and amortization expenses recognized in cost of sales (30 June 2025: USD 1,104), USD 50 of general administrative expenses (30 June 2025: USD 39) and USD 7 of selling and marketing expenses (30 June 2025: USD 4) in total of USD 1,318 as of 30 June 2026 (30 June 2025: USD 1,147).

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 30 June 2026 (30 June 2025: 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 2025	1,625	870	371	9,370	937	915	263	433	14,784
Additions	4	22	15	192	96	177	8	176	690
Transfer	1	1	13	38	20	-	5	(103)	(25)
Transfers between the accounts	-	-	-	788	21	-	-	-	809
Disposals	-	(3)	(2)	(165)	(6)	(147)	(1)	(7)	(331)
Closing balance at 30 June 2025	1,630	890	397	10,223	1,068	945	275	499	15,927
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2025	535	457	269	5,401	459	452	156	-	7,729
Depreciation charge	36	22	18	278	41	38	5	-	438
Transfers between the accounts	-	-	-	334	20	-	-	-	354
Disposals	-	(2)	(2)	(161)	(6)	(27)	(1)	-	(199)
Closing balance at 30 June 2025	571	477	285	5,852	514	463	160	-	8,322
Net book value at 30 June 2025	1,059	413	112	4,371	554	482	115	499	7,605

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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 2026	25,350	397	982	10	26,739
Additions (**)	2,177	19	13	1	2,210
Transfer	-	7	-	-	7
Disposals	(37)	-	(6)	-	(43)
Modifications	63	-	46	-	109
Transfers between the accounts (***)	(512)	-	-	-	(512)
Closing balance at 30 June 2026	27,041	423	1,035	11	28,510
	Aircraft	Spare engines	Real estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2026	6,709	100	139	5	6,953
Depreciation charge	736	12	27	2	777
Disposals	(36)	-	-	-	(36)
Modifications	(194)	-	-	-	(194)
Transfers between the account (***)	(232)	-	-	-	(232)
Closing balance at 30 June 2026	6,983	112	166	7	7,268
Net book value at 30 June 2026	20,058	311	869	4	21,242
Net book value at 31 December 2025	18,641	297	843	5	19,786
	Aircraft	Spare engines	Real estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2025	22,861	391	808	5	24,065
Additions	1,200	34	1	6	1,241
Transfers	24	-	-	-	24
Disposals	(68)	-	(5)	(3)	(76)
Modifications	61	-	11	1	73
Transfers between the accounts (***)	(809)	-	-	-	(809)
Closing balance at 30 June 2025	23,269	425	815	9	24,518
	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	661	12	22	1	696
Disposals	(68)	-	(5)	(2)	(75)
Modifications	(3)	-	(5)	-	(8)
Transfers between the account (***)	(354)	-	-	-	(354)
Closing balance at 30 June 2025	6,481	100	115	3	6,699
Net book value at 30 June 2025	16,788	325	700	6	17,819

(**) 29 USD of this amount consists of the maintenance of the aircraft that will become property at the end of the lease period.

(***) 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 2026	44	377	69	490
Additions	-	17	-	17
Disposals	-	(3)	-	(3)
Transfers	-	3	-	3
Transfers between the account	-	(27)	(36)	(63)
Closing balance at 30 June 2026	44	367	33	444
<u>Accumulated Amortization</u>				
Opening balance at 1 January 2026	-	294	16	310
Amortization charge	-	17	1	18
Closing balance at 30 June 2026	-	311	17	328
Net book value at 30 June 2026	44	56	16	116
Net book value at 31 December 2025	44	83	53	180
	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	-	36	17	53
Disposals	-	(5)	-	(5)
Transfers	-	1	-	1
Closing balance at 30 June 2025	44	354	45	443
<u>Accumulated Amortization</u>				
Opening balance at 1 January 2025	-	279	3	282
Amortization charge	-	12	1	13
Closing balance at 30 June 2025	-	291	4	295
Net book value at 30 June 2025	44	63	41	148

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

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13. LEASES

Maturities of lease obligations are as follows:

	Future Minimum Lease Payments		Interest		Present Values of Minimum Lease Payments	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025	30 June 2026	31 December 2025
Less than 1 year	2,709	2,428	(486)	(421)	2,223	2,007
Between 1 – 5 years	7,745	7,442	(1,324)	(1,136)	6,421	6,306
Over 5 years	8,364	7,558	(1,087)	(985)	7,277	6,573
	18,818	17,428	(2,897)	(2,542)	15,921	14,886

	30 June 2026	31 December 2025
Fixed rate lease liabilities	9,489	8,351
Floating rate lease liabilities	6,432	6,535
	15,921	14,886

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

As of 30 June 2026, the weighted average interest rates on lease payables are 4.58% for USD (31 December 2025: 4.56%), 2.75% for EUR (31 December 2025: 2.64%), 4.32% for CNY (31 December 2025: 4.32%), 1.86% for JPY (31 December 2025: 1.34%), 27.61% for TL (31 December 2025: 29.21%) and 0.93% for CHF (31 December 2025: 0.91%).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Short-term provisions as of 30 June 2026, and 31 December 2025 are as follows:

Short-term provision for employee benefits is as follows:

	30 June 2026	31 December 2025
Provisions for unused vacation	142	131

Changes in the provisions for the year ended 30 June 2026, and 2025 are set out below:

	1 January - 30 June 2026	1 January - 30 June 2025
Provisions at the beginning of the period	131	101
Provisions for the current period	695	554
Foreign currency translation differences	(12)	(13)
Provisions released	(672)	(516)
Provisions at the end of the period	142	126

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

Other short-term provision is as follows:

	30 June 2026	31 December 2025
Provisions for legal claims	23	18

Changes in the provisions for legal claims for the year ended 30 June 2026, and 2025 are set out below:

	1 January - 30 June 2026	1 January - 30 June 2025
Provisions at the beginning of the period	18	14
Provisions for the current period	6	4
Provisions released	-	(3)
Foreign currency translation differences	(1)	(1)
Provisions at the end of the period	23	14

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

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15. COMMITMENTS

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

Amount of letters of guarantees given as of 30 June 2026 is USD 232 (31 December 2025: USD 219).

As of 30 June 2026, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

	30 June 2026		31 December 2025	
	Original currency amount	USD equivalent	Original currency amount	USD equivalent
A. Total amounts of GPM given on the behalf of its own legal entity	-	232	-	219
-Collaterals				
TL	683	15	747	17
EUR	46	52	46	53
USD	143	143	128	128
Other	-	22	-	21
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>232</u>		<u>219</u>

As of 30 June 2026, the ratio of other GPMs (“D”) given by the Group to the Group's equity is 0% (31 December 2025: 0%).

b) Aircraft purchase commitments:

The Group has signed agreements for 465 aircraft that will be delivered between the years 2026 and 2036, (315 of aircraft are contractual and 150 of them are optional) with a list price value of USD 33,857 each. The Group has made a predelivery payment of USD 1,385 gross relevant to these purchases as of 30 June 2026 (31 December 2025: USD 1,165).

16. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 30 June 2026, and 31 December 2025 are comprised of the following:

	30 June 2026	31 December 2025
Provision for retirement pay liability	314	282

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 1,392 (full) (equivalent of TL 64,949 (full)) as of 30 June 2026. (31 December 2025: USD 1,256 (full) equivalent to TL 53,920 (full)).

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

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

The critical assumption is that the maximum liability amount increases in accordance with the inflation rate for every service year. Provisions in the accompanying consolidated financial statements as of 30 June 2026 are calculated by estimating the present value of liabilities due to the retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 24.61% annual inflation rate (31 December 2025: 24.61%) and 29.82% interest rate (31 December 2025: 29.82%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.19% (31 December 2025: 2.33%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 1,580 (full) (equivalent to TL 73,730 (full)) which has been in effect since 1 July 2026, is used in the calculation of the Group's provision for retirement pay liability.

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

	1 January - 30 June 2026	1 January - 30 June 2025
Provision at the beginning of the period	282	247
Interest cost	41	32
Service cost for the period	18	17
Actuarial loss	15	5
Payments	(9)	(5)
Foreign currency translation difference	(33)	(30)
Provision at the end of the period	314	266

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17. EXPENSES BY NATURE

Expenses by nature for the year ended 30 June 2026, and 2025 are as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Fuel	4,316	2,770	2,782	1,436
Personnel	3,274	1,616	2,676	1,331
Depreciation and amortisation	1,318	667	1,147	582
Ground services	897	452	780	401
Aircraft maintenance	803	415	630	317
Passenger services and catering	615	311	545	290
Airport	569	292	499	273
Air traffic control	517	272	446	245
Commissions and incentives	372	199	322	167
Advertisement and promotion	101	56	72	42
Reservation systems	99	43	119	55
Wet lease	81	34	128	50
IT and communication	71	27	54	19
Service	68	40	47	23
Rents	49	33	30	16
Transportation	46	24	40	20
Insurance	31	16	30	14
Taxes and duties	30	13	23	12
Call center	23	12	22	10
Systems use and associateship	19	10	17	10
Aircraft rent	19	6	14	8
Consultancy	15	8	14	7
Utility	12	5	13	6
Other	115	58	90	40
	13,460	7,379	10,540	5,374

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18. SHAREHOLDERS' EQUITY

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

(Millions of TL)	Class	%	30 June 2026	%	31 December 2025
Türkiye Wealth Fund	A	49.12	678	49.12	678
Republic of Türkiye Treasury and Finance Ministry Privatization Administration	C	-	-	-	-
Treasury Shares (*)	A	0.55	8	0.40	6
Other (publicly held)	A	50.33	694	50.48	696
Paid-in capital (Turkish Lira)			1,380		1,380
Inflation adjustment on share capital (Turkish Lira) (**)			2,504		1,124
Share capital (Turkish Lira)			3,884		2,504
Share capital (USD Equivalent)			1,597		1,597

(*) On 21.05.2025, in accordance with the Capital Market Board's Communiqué II-22.1 on treasury shares, 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 1.7% of the issued share capital. According to share buy-back program, company purchased 7,640,244 shares with the amount of USD 54 as of 30 June 2026.

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

The Company's issued share capital amounts to TL 1,380,000,000, all of which has been fully paid, and comprises 137,999,999,999 Class A shares with a nominal value of Kr 1 each and 1 Class C share with a nominal value of Kr 1. These shares are registered shares. 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 Company'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 Company 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 2026, 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 51% of borrowings. In this context, exchange differences arising from such these loans repayment are taken to equity and recognized in other comprehensive income.

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19. REVENUE

Breakdown of gross profit is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Passenger revenue				
Scheduled	10,293	5,616	8,803	4,892
Unscheduled	94	59	64	46
Total passenger revenue	10,387	5,675	8,867	4,938
Cargo revenue				
Carried by cargo aircraft	1,240	688	777	395
Carried by passenger aircraft	1,014	579	787	407
Total cargo revenue	2,254	1,267	1,564	802
Total passenger and cargo revenue	12,641	6,942	10,431	5,740
Technical revenue	296	149	325	184
Other revenue	185	114	111	56
Net sales	13,122	7,205	10,867	5,980
Cost of sales (-)	(12,170)	(6,747)	(9,393)	(4,835)
Gross profit	952	458	1,474	1,145

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

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
- Asia and Far East	4,078	2,232	2,806	1,475
- Europe	3,395	1,955	2,882	1,682
- Americas	2,435	1,377	2,139	1,172
- Africa	1,048	525	833	436
- Middle East	701	279	889	453
International flights	11,657	6,368	9,549	5,218
Domestic flights	984	574	882	522
Total passenger and cargo revenue	12,641	6,942	10,431	5,740

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20. COST OF SALES

Breakdown of the cost of sales is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Fuel	4,316	2,770	2,782	1,436
Personnel	2,852	1,418	2,290	1,169
Depreciation and amortisation	1,261	639	1,104	560
Ground services	897	452	780	401
Aircraft maintenance	803	415	630	317
Passenger services and catering	615	311	545	290
Airport	569	292	499	273
Air traffic control	517	272	446	245
Wet lease	81	34	128	50
Transportation	46	24	40	20
Service	44	28	26	13
Insurance	28	14	25	12
Rents	24	17	16	8
Aircraft rent	19	6	14	8
IT and communication	16	10	12	6
Taxes and duties	13	7	10	5
Utility	8	3	9	4
Systems use and associateship	5	2	4	2
Other	56	33	33	16
	12,170	6,747	9,393	4,835

21. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Personnel	158	65	145	43
Depreciation and amortisation	50	25	39	20
IT and communication	46	12	32	6
Systems use and associateship	10	6	8	5
Rents	7	5	4	2
Taxes and duties	6	3	6	3
Consultancy	5	3	5	3
Utility	4	2	4	2
Insurance	3	2	5	2
Service	3	2	7	3
Other	9	3	8	3
	301	128	263	92

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

Breakdown of selling and marketing expenses is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Commissions and incentives	372	199	322	167
Personnel	264	133	241	119
Advertisement and promotion	101	56	72	42
Reservation systems	99	43	119	55
Call center	23	12	22	10
Service	21	10	14	7
Rents	18	11	10	6
Taxes and duties	11	3	7	4
Consultancy	10	5	9	4
IT and communication	9	5	10	7
Depreciation and amortisation	7	3	4	2
Systems use and associateship	4	2	5	3
Other	50	22	49	21
	989	504	884	447

22. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income and expenses are as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Manufacturers' credits	143	65	189	53
Foreign exchange gains from operational activities, gross	63	(14)	52	19
Insurance, indemnities, penalties	27	6	14	4
Non- interest income from banks	22	11	23	11
Delay interest income	9	2	2	1
Rediscount interest income	7	-	21	3
Rent income	5	-	17	7
Provisions released	2	-	3	1
Reversal of ECL provision	-	-	1	(1)
Other	37	33	15	11
	315	103	337	109
	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Provisions	37	1	7	6
Foreign exchange losses from operational activities, gross	36	(23)	9	(1)
Indemnity and penalty expenses	6	3	8	2
Rediscount interest expenses	1	1	6	2
Other	18	11	4	-
	98	(7)	34	9

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23. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Interest income from financial investment	745	397	425	180
Income from investment incentives	145	86	125	68
Gain on sale of financial investments	112	39	55	24
Gain on sale of fixed assets	29	12	3	1
	1,031	534	608	273

Breakdown of expense from investment activities is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Losses on the remeasurement of financial investments	59	11	53	16
Loss on sale of fixed assets	37	2	-	-
	96	13	53	16

24. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Interest income	190	102	243	117
Foreign exchange gains from financial activities, gross	102	22	289	190
Fair value gains on derivative financial instruments, net	34	34	-	-
Other	-	-	11	3
	326	158	543	310

Breakdown of financial expenses is as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Foreign exchange losses on financial activities, gross (*)	424	264	439	304
Interest expense from leasing liabilities	243	125	186	95
Interest expenses on employee benefits	41	22	32	16
Interest expense from financial activities	39	24	33	17
Rediscount interest expense from repayments of aircraft, net	28	8	2	2
Aircraft financing expenses	10	3	5	2
Fair value losses on derivative financial instruments, net	-	(21)	254	56
Other	6	4	3	1
	791	429	954	493

(*) As of 30 June 2026, gross foreign exchange losses included in financial expenses mainly consist of foreign exchange losses arising from deposits, borrowings and lease obligations.

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25. TAX ASSETS AND LIABILITIES

Tax assets and tax income are as follows:

	30 June 2026	31 December 2025
Provisions for corporate tax	125	176
Prepaid taxes and funds	(254)	(166)
Current income tax (assets) / liabilities	<u>(129)</u>	<u>10</u>

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Deferred tax income	215	89	24	18
Current period tax (expense)	(102)	(100)	(126)	(122)
Tax income / (expense)	<u>113</u>	<u>(11)</u>	<u>(102)</u>	<u>(104)</u>

Tax effect related to other comprehensive income is as follows:

	1 January - 30 June 2026			1 January - 30 June 2025		
	Tax			Tax		
	Amount before tax	(expense) / income	Amount after tax	Amount before tax	(expense) / income	Amount after tax
Change in cash flow hedge reserve	270	(67)	203	(991)	223	(768)
Changes in foreign currency translation difference	1	-	1	26	-	26
Losses on Remeasuring FVOCI	(4)	1	(3)	1	-	1
Change in actuarial losses from retirement pay obligation	(15)	3	(12)	(5)	1	(4)
Other comprehensive income	<u>252</u>	<u>(63)</u>	<u>189</u>	<u>(969)</u>	<u>224</u>	<u>(745)</u>

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

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25. TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax

The general corporate income tax rate is 25% in Türkiye, the corporate tax rate is applied with a 5-point discount on the earnings of exporting institutions derived exclusively from exports. 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.

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 can not 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.

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25. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

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

	30 June 2026	31 December 2025
Deferred tax asset	560	413
Deferred tax liability	(25)	(73)
Deferred tax asset	<u>535</u>	<u>340</u>
	30 June 2026	31 December 2025
Expense and income accruals	284	183
Fixed assets	252	161
Provisions for employee benefits	79	70
Deferred revenue and prepaid expenses	49	66
Miles accruals	40	38
Provisions for unused vacation	35	32
Lease liabilities (net) (*)	29	29
Other incentives	27	22
Carry forward tax losses	7	2
Change in fair value of derivative instruments	(35)	(25)
Adjustments for passenger flight liabilities	(165)	(179)
Other	(67)	(59)
Deferred tax asset	<u>535</u>	<u>340</u>

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

Pursuant to Law No. 7571 published in the Official Gazette dated 25 December 2025, amendments were made to the Tax Procedure Law ("TPL"). In accordance with these amendments, statutory tax financial statements will not be subject to inflation adjustment for the 2026 fiscal year, including interim tax periods, as well as for the 2026 and 2027 fiscal years.

Furthermore, during these periods in which inflation accounting is not applied, it will be permissible to revalue depreciable assets in accordance with Article 298, paragraph (Ç) of the TPL.

Accordingly, the Group has elected to apply the revaluation practice in the current period, and property, plant and equipment have been carried at their revalued amounts. The deferred tax amount under Article 298 (Ç) for the fiscal year 2026 has been calculated based on these revalued amounts.

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25. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

The changes of deferred tax asset and (liability) for the year ended 1 January – 30 June 2026, and 2025 are as follows:

	1 January - 30 June 2026	1 January - 30 June 2025
Opening balance at 1 January	340	337
Deferred tax income	215	24
Foreign currency translation difference	43	-
Tax income of actuarial losses on retirement pay obligation	3	1
Tax income from FVOCI	2	-
Tax income from hedging reserves	(68)	223
Deferred tax asset at the end of the period	<u>535</u>	<u>585</u>

Reconciliation with current tax expense for the period 1 January – 30 June 2026, and 2025 are as follows:

	1 January - 30 June 2026	1 April - 30 June 2026	1 January - 30 June 2025	1 April - 30 June 2025
Reconciliation of effective tax charge				
Profit from operations before tax	310	208	749	795
Tax calculated with the effective tax rate	(78)	(52)	(187)	(199)
Taxation effects on:				
- revaluation	681	926	-	-
- income from investment certificates	36	21	28	14
- unused tax incentive	12	3	9	9
- exception	4	1	17	2
- effect of the change in the deferred tax rate	-	-	(23)	29
- non deductible expenses	(9)	(2)	(7)	-
- investments accounted by using the equity method	(13)	3	(6)	5
- foreign currency translation difference	(520)	(911)	67	36
Tax (expense) in statement of profit	<u>113</u>	<u>(11)</u>	<u>(102)</u>	<u>(104)</u>

26. EARNINGS PER SHARE

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

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares (“bonus interest”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the years has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year 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 per share at 1 January – 30 June 2026, and 2025:

	1 January - 30 June 2026	1 January - 30 June 2025
Number of shares outstanding at 1 January (in full)	137,993,344,756	137,994,458,955
Number of shares outstanding at 30 June (in full)	137,992,359,756	137,993,723,756
Weighted average number of shares outstanding during the period (in full)	137,992,666,441	137,994,151,112
Net profit / (loss) for the period	423	647
Basic earnings per share (Full US Cents) (*)	0.31	0.47
Diluted earnings per share (Full US Cents) (*)	0.31	0.47

(*) 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 30 June 2026, and 31 December 2025 are as follows:

<u>Derivative financial assets</u>	30 June 2026	31 December 2025
Derivative instruments not subject to hedge accounting	317	243
Derivative instruments for fuel prices cash flow hedge	43	-
Derivative instruments for cross currency rate cash flow hedge	3	3
Derivative instruments for interest rate cash flow hedge	-	1
	363	247
<u>Derivative financial liabilities</u>	30 June 2026	31 December 2025
Derivative instruments not subject to hedge accounting	189	118
Derivative instruments for fuel prices cash flow hedge	34	30
	223	148

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28. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

	30 June 2026					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER (**)
1.Trade Receivables	1,035	217	184	16	15	603
2a.Monetary Financial Assets	6,782	5,292	1,380	11	6	93
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	837	486	142	3	8	198
4.Current Assets (1+2+3)	8,654	5,995	1,706	30	29	894
5.Trade Receivables	9	-	9	-	-	-
6a.Monetary Financial Assets	875	742	131	-	-	2
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	1,158	557	601	-	-	-
8.Non Current Assets (5+6+7)	2,042	1,299	741	-	-	2
9.Total Assets (4+8)	10,696	7,294	2,447	30	29	896
10.Trade Payables	1,194	794	328	7	5	60
11.Financial Liabilities (*)	3,406	222	2,750	229	100	105
12a.Other Liabilities, Monetary	1,002	770	131	6	4	91
12b.Other Liabilities, Non Monetary	-	-	-	-	-	-
13.Current Liabilities (10+11+12)	5,602	1,786	3,209	242	109	256
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	11,182	103	5,704	2,838	1,073	1,464
16a.Other Liabilities, Monetary	303	303	-	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	11,485	406	5,704	2,838	1,073	1,464
18.Total Liabilities (13+17)	17,087	2,192	8,913	3,080	1,182	1,720
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	667	743	(76)	-	-	-
19a.Off-balance sheet foreign currency derivative assets	8,995	6,073	2,922	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	8,328	5,330	2,998	-	-	-
20.Net foreign currency asset / (liability) position (9-18+19)	(5,724)	5,845	(6,542)	(3,050)	(1,153)	(824)
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(8,386)	4,059	(7,209)	(3,053)	(1,161)	(1,022)
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	10,773	-	6,459	1,569	1,175	1,570

(*) 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 10,773 as of 30 June 2026.

(**) The amount of Chinese yuan in total assets is USD 168, in total liabilities is USD 1,577, in the hedged foreign currency liabilities is USD 1,570.

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

Foreign currency risk management (cont'd)

	31 December 2025					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER (**)
1.Trade Receivables	772	207	101	14	9	441
2a.Monetary Financial Assets	5,830	3,163	2,494	5	93	75
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	728	322	173	2	6	225
4.Current Assets (1+2+3)	7,330	3,692	2,768	21	108	741
5.Trade Receivables	18	-	18	-	-	-
6a.Monetary Financial Assets	1,230	984	246	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	1,133	547	586	-	-	-
8.Non Current Assets (5+6+7)	2,381	1,531	850	-	-	-
9.Total Assets (4+8)	9,711	5,223	3,618	21	108	741
10.Trade Payables	1,174	756	319	8	3	88
11.Financial Liabilities (*)	3,247	34	2,697	348	93	75
12a.Other Liabilities, Monetary	783	593	103	5	4	78
12b.Other Liabilities, Non Monetary	-	-	-	-	-	-
13.Current Liabilities (10+11+12)	5,204	1,383	3,119	361	100	241
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	10,676	74	5,891	2,527	702	1,482
16a.Other Liabilities, Monetary	282	282	-	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	10,958	356	5,891	2,527	702	1,482
18.Total Liabilities (13+17)	16,162	1,739	9,010	2,888	802	1,723
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	50	1,995	(1,928)	-	(3)	(14)
19a.Off-balance sheet foreign currency derivative assets	7,543	5,213	2,328	-	-	2
19b.Off-balance sheet foreign currency derivative liabilities	7,493	3,218	4,256	-	3	16
20.Net foreign currency asset/(liability) position (9-18+19)	(6,401)	5,479	(7,320)	(2,867)	(697)	(996)
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(8,312)	2,615	(6,151)	(2,869)	(700)	(1,207)
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-	-
24.Hedged foreign currency liabilities	10,292	-	6,801	1,144	795	1,552

(*) 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 10,292 as of 31 December 2025.

(**) The amount of Chinese yuan in total assets is USD 79, in total liabilities is USD 1,563, in the hedged foreign currency liabilities is USD 1,552.

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity

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

30 June 2026				
	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	585	(585)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	585	(585)	-	-
4- Euro net asset / liability	(654)	654	(646)	646
5- Part hedged from Euro risk (-)	646	(646)	-	-
6- Euro net effect (4+5)	(8)	8	(646)	646
7- JPY net asset / liability	(305)	305	(157)	157
8- Part hedged from JPY risk (-)	157	(157)	-	-
9- JPY net effect (7+8)	(148)	148	(157)	157
10- CHF net asset / liability	(115)	115	(118)	118
11- Part hedged from CHF risk (-)	118	(118)	-	-
12- CHF net effect (10+11)	3	(3)	(118)	118
13- Other foreign currency net asset / liability	(82)	82	(157)	157
14- Part hedged other foreign currency risk (-)	157	(157)	-	-
15- Other foreign currency net effect (13+14)	75	(75)	(157)	157
TOTAL (3 + 6 + 9 + 12 + 15)	507	(507)	(1,078)	1,078

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

	31 December 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	548	(548)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	548	(548)	-	-
4- Euro net asset / liability	(732)	732	(680)	680
5- Part hedged from Euro risk (-)	680	(680)	-	-
6- Euro net effect (4+5)	(52)	52	(680)	680
7- JPY net asset / liability	(287)	287	(114)	114
8- Part hedged from JPY risk (-)	114	(114)	-	-
9- JPY net effect (7+8)	(173)	173	(114)	114
10- CHF net asset / liability	(70)	70	(80)	80
11- Part hedged from CHF risk (-)	80	(80)	-	-
12- CHF net effect (10+11)	10	(10)	(80)	80
13- Other foreign currency net asset / liability	(100)	100	(155)	155
14- Part hedged other foreign currency risk (-)	155	(155)	-	-
15- Other foreign currency net effect (13+14)	55	(55)	(155)	155
TOTAL (3 + 6 + 9 + 12 + 15)	388	(388)	(1,029)	1,029

29. GOVERNMENT GRANTS AND INCENTIVES

Incentive certificates dated, 28 December 2010, 18 December 2014, 1 March 2018, 9 August 2018, 25 February 2022, 12 December 2023, 26 December 2024 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 a result of the revaluation process in tax based financial statements, the tax of \$1,691 that may arise in future periods upon the disposal of the revalued fixed assets can be offset against government incentive receivables that have not yet been recognized in the financial statements and remain unused.

As of 30 June 2026, The Group has discounts and exemptions amounting to USD 5,571 that it can benefit from in the foreseeable future (30 June 2025: USD 4,344). As of 1 January - 30 June 2026, 89 USD of this tax advantage has been used (30 June 2025: USD 56).

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

30. EVENTS AFTER THE BALANCE SHEET DATE

None.