

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

Condensed Consolidated Interim
Financial Statements As at and For
The Six-Month Period
Ended 30 June 2022

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 June 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

ASSETS	Notes	Reviewed	Audited
		30 June 2022	31 December 2021
Non-Current Assets			
Financial Investments	6	118	88
Other Receivables			
-Third Parties	10	833	866
Investments Accounted for Using Equity Method	3	220	237
Property and Equipment	12	4,433	4,364
Right of Use Assets	12	15,668	15,110
Intangible Assets			
- Other Intangible Assets	13	73	82
- Goodwill		12	12
Prepaid Expenses		897	839
Deferred Tax Asset	26	1	1
TOTAL NON-CURRENT ASSETS		22,255	21,599
Current Assets			
Cash and Cash Equivalents	5	3,521	2,677
Financial Investments	6	795	5
Trade Receivables			
-Related Parties	9	23	24
-Third Parties		1,126	901
Other Receivables			
-Related Parties	9	19	6
-Third Parties	10	829	791
Derivative Financial Instruments	28	203	59
Inventories		301	261
Prepaid Expenses		206	114
Current Income Tax Assets	26	20	20
Other Current Assets		65	80
TOTAL CURRENT ASSETS		7,108	4,938
TOTAL ASSETS		29,363	26,537

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Balance Sheet as at 30 June 2022

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

		Reviewed	Audited
	Notes	30 June 2022	31 December 2021
LIABILITIES AND EQUITY			
Equity			
Share Capital	19	1,597	1,597
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial Losses on Retirement Pay Obligation	19	(82)	(71)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	19	(301)	(275)
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	19	771	151
-Losses on Remeasuring FVOCI		(25)	(7)
Restricted Profit Reserves		88	76
Previous Years Profit	19	5,353	4,406
Net Profit for the Period		737	959
Equity of the Parent		8,138	6,836
Non-Controlling Interests		1	1
TOTAL EQUITY		8,139	6,837
Non- Current Liabilities			
Long-Term Borrowings	7	1,418	2,333
Long-Term Lease Liabilities	7 and 14	8,287	8,574
Other Payables			
-Third Parties		173	55
Deferred Income	11	97	92
Long-Term Provisions			
-Provisions for Employee Benefits	17	137	113
-Other Provisions		46	46
Deferred Tax Liability	26	2,039	1,714
TOTAL NON-CURRENT LIABILITIES		12,197	12,927
Current Liabilities			
Short Term Borrowings	7	1,087	883
Short-Term Portion of Long-Term Borrowings	7	1,442	1,443
Short-Term Portion of Lease Liabilities	7 and 14	1,522	1,670
Other Financial Liabilities	8	4	8
Trade Payables			
-Related Parties	9	268	167
-Third Parties		1,018	724
Payables Related to Employee Benefits		122	105
Other Payables			
-Related Parties	9	6	5
-Third Parties		128	169
Derivative Financial Instruments	28	45	28
Deferred Income	11	3,034	1,264
Current Tax Provision	26	16	16
Short-Term Provisions			
-Provisions for Employee Benefits	15	32	18
-Other Provisions	15	7	8
Other Current Liabilities		296	265
TOTAL CURRENT LIABILITIES		9,027	6,773
TOTAL LIABILITIES AND EQUITY		29,363	26,537

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Six-Month Period Ended 30 June 2022
(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 2022	30 June 2022	30 June 2021	30 June 2021
PROFIT OR LOSS					
Revenue	20	7,586	4,535	3,972	2,176
Cost of Sales (-)	21	(6,137)	(3,598)	(3,450)	(1,826)
GROSS PROFIT		1,449	937	522	350
General Administrative Expenses (-)	22	(134)	(65)	(133)	(66)
Selling and Marketing Expenses (-)	22	(651)	(352)	(365)	(188)
Other Operating Income	23	72	42	93	36
Other Operating Expenses (-)	23	(43)	(32)	(44)	(18)
OPERATING PROFIT BEFORE INVESTMENT ACTIVITIES		693	530	73	114
Income from Investment Activities	24	106	60	104	54
Expenses for Investment Activities	24	(23)	-	(5)	-
Share of Investments' Profit / (Loss) Accounted for Using The Equity Method	3	10	15	(26)	(9)
OPERATING PROFIT		786	605	146	159
Financial Income	25	155	118	88	35
Financial Expenses (-)	25	(193)	(95)	(293)	(283)
PROFIT / (LOSS) BEFORE TAX		748	628	(59)	(89)
Tax (Expense) / Income		(11)	(52)	58	27
Current Tax Expense	26	(23)	(15)	(8)	(8)
Deferred Tax Income	26	12	(37)	66	35
NET PROFIT / (LOSS) FOR THE PERIOD		737	576	(1)	(62)

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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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		<u>Reviewed</u>	<u>Not Reviewed</u>	<u>Reviewed</u>	<u>Not Reviewed</u>
		<u>1 January -</u>	<u>1 April -</u>	<u>1 January -</u>	<u>1 April -</u>
<u>OTHER COMPREHENSIVE INCOME</u>	Notes	30 June 2022	30 June 2022	30 June 2021	30 June 2021
Items That May Be Reclassified Subsequently To					
Profit or Loss		576	348	285	(17)
Currency Translation Adjustment		(26)	(12)	(27)	(13)
Losses on Remeasuring FVOCI		(23)	(22)	(4)	2
Fair Value Gains on Hedging Instruments					
Entered into for Cash Flow Hedges		757	467	388	(9)
Fair Value Gains Hedging Instruments of					
Investment Accounted by Using the Equity Method					
Entered into for Cash Flow Hedges		24	4	8	3
Related Tax of Other Comprehensive Income		(156)	(89)	(80)	-
Items That Will Not Be Reclassified Subsequently					
To Profit or Loss		(11)	(8)	(2)	(7)
Actuarial Losses on Retirement Pay					
Obligation		(14)	(10)	(3)	(9)
Related Tax of Other Comprehensive Income		3	2	1	2
OTHER COMPREHENSIVE INCOME					
FOR THE PERIOD		565	340	283	(24)
TOTAL COMPREHENSIVE INCOME					
FOR THE PERIOD		1,302	916	282	(86)
Basic Earnings / (Losses) Per Share (Full US Cents)	27	0.53	0.42	(0.00)	(0.04)
Diluted Earnings / (Losses) Per Share (Full US Cents)	27	0.53	0.42	(0.00)	(0.04)

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss				Retained Earnings				
	Share Capital	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Losses on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Gain for The Period	Equity Holders of the Parent	Non- controlling Interests	Total Equity
As of 1 January 2022	1,597	(71)	(275)	151	(7)	76	4,406	959	6,836	1	6,837
Transfers	-	-	-	-	-	12	947	(959)	-	-	-
Total comprehensive income	-	(11)	(26)	620	(18)	-	-	737	1,302	-	1,302
As of 30 June 2022	1,597	(82)	(301)	771	(25)	88	5,353	737	8,138	1	8,139

		Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss				Retained Earnings				
	Share Capital	Actuarial Losses Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Losses on Hedging Instruments Entered Into For Cash Flow Hedges	Gains / (Losses) on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Loss for The Period	Equity Holders of the Parent	Non- controlling Interests	Total Equity
As of 1 January 2021	1,597	(48)	(201)	(450)	2	72	5,246	(836)	5,382	1	5,383
Transfers	-	-	-	-	-	4	(840)	836	-	-	-
Total comprehensive income	-	(2)	(27)	315	(3)	-	-	(1)	282	-	282
As of 30 June 2021	1,597	(50)	(228)	(135)	(1)	76	4,406	(1)	5,664	1	5,665

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Cash Flows
For the Six-Month Period Ended 30 June 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

		Reviewed	Reviewed
	Notes	30 June 2022	30 June 2021
Net Profit / (Loss) for the year		737	(1)
Adjustments to Reconcile Loss			
Adjustments for Depreciation and Amortisation Expense	12 and 13	899	847
Adjustments for Provisions Related to Employee Benefits	15 and 17	53	19
Adjustments for Provisions for Other Accruals	15	1	-
Adjustments for Reversal of Probable Risks		(2)	5
Adjustments for Interest Income	24 and 25	(84)	(42)
Adjustments for Interest Expense	17 and 25	155	167
Adjustments For Unrealised Foreign Exchange Gains		(262)	(55)
Adjustments for Fair Value Gains on Derivative Financial Instruments	25	(20)	(48)
Adjustments for Undistributed (Gains) / Losses of Associates	3	(10)	26
Adjustments for Tax Income	26	(12)	(58)
Adjustments for Losses Arised From Sale of Tangible Assets	24	18	-
Adjustments for Losses Arised from Sale of Other Non-Current Assets	12	23	33
Operating Profit Before Changes in Working Capital		1,496	893
Decrease / (Increase) in Trade Receivables from Related Parties	9	1	(12)
Increase in Trade Receivables from Third Parties		(224)	(216)
Increase in Other Receivables from Related Parties	9	(13)	(6)
Decrease in Other Receivables from Third Parties	10	21	9
Adjustments for (Increase) / Decrease in Inventories		(40)	32
Adjustments for (Increase) / Decrease in Prepaid Expenses		(150)	29
Increase / (Decrease) in Trade Payables to Related Parties	9	101	(36)
Increase in Trade Payables to Third Parties		294	40
Adjustments for Increase in Payables Due to Employee Benefits		17	6
Increase in Other Payables to Related Parties	9	1	2
Increase in Other Payables to Third Parties		77	92
Increase in Deferred Income	11	1,802	663
Decrease in Other Assets		15	27
Cash Flows From Operations		3,398	1,523
Payments for Provisions Related with Employee Benefits	17	(2)	(3)
Income taxes (paid)	26	-	(4)
Net Cash From Operating Activities		3,396	1,516
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant and Equipment		28	23
Payments For Purchasing of Property, Plant and Equipment	12 and 13	(436)	(380)
Payments For Purchasing of Other Short and Long-term Assets	6	(820)	(64)
Other Cash Advances and Loans	10	(61)	207
Dividends Received		3	21
Interest Received	24	29	3
Net Cash Flows Used In Investing Activities		(1,257)	(190)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds From Loans	7	722	1,544
Repayments of Loans	7	(1,074)	(1,349)
Payments of Lease Liabilities	7	(858)	(940)
Interest Paid		(136)	(163)
Interest Received	25	55	39
Other Cash Outflows	8	(4)	(14)
Net Cash Used in Financing Activities		(1,295)	(883)
Net Change in Cash and Cash Equivalents		844	443
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,677	1,811
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	3,521	2,254

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Notes to the Condensed Consolidated Interim Financial Statements****As At And For the Six-Month Period Ended 30 June 2022**

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

1. GROUP ORGANIZATION AND ITS OPERATIONS

Türk Hava Yolları Anonim Ortaklığı (the “Company” or “THY”) was incorporated in Turkey in 1933. As of 30 June 2022 and 31 December 2021, the shareholders and their respective shareholdings in the Company are as follows:

	30 June 2022	31 December 2021
Turkey Wealth Fund	49.12 %	49.12 %
Republic of Turkey Treasury and Finance Ministry Privatization Administration	-	-
Other (publicly held)	50.88 %	50.88 %
Total	100.00 %	100.00 %

The Company is controlled by Turkey Wealth Fund.

The number of employees working for the Group as of 30 June 2022 is 37,546 (31 December 2021: 37,394). The average number of employees working for the Group for the period ended 30 June 2022 and 2021 are 37,594 and 37,012 respectively. The Group is registered in İstanbul, Turkey and its head office address is as follows:

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

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

Subsidiaries and Joint Ventures

The table below sets out the consolidated subsidiaries of the Group as of 30 June 2022 and 31 December 2021:

<u>Name of the Company</u>	<u>Principal Activity</u>	<u>Ownership Rate</u>		<u>Country of Registration</u>
		<u>30 June 2022</u>	<u>31 December 2021</u>	
THY Teknik A.Ş. (THY Teknik)	Aircraft Maintenance Services	100%	100%	Turkey
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	Training & Airport Operations	100%	100%	Turkey
THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	Airport Investment	100%	100%	Turkey
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	Cargo and Courier Transportation	100%	100%	Turkey
Cornea Havacılık Sistemleri San. Ve Tic. A.Ş.	Software System Maintenance Services	80%	80%	Turkey
THY Teknoloji ve Bilişim A.Ş.	Information Technologies and Consulting	100%	100%	Turkey
THY Hava Kargo Taşımacılığı A.Ş. (*)	Cargo Transportation	100%	100%	Turkey

(*) THY Hava Kargo Taşımacılığı A.Ş. was established in 2021 using the partial demerger method.

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Subsidiaries and Joint Ventures (cont'd)

The table below sets out joint ventures of the Group as 30 June 2022 and 31 December 2021:

Company Name	Country of Registration and Operations	<u>Ownership Share and Voting Power</u>		Principal Activity
		30 June 2022	31 December 2021	
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Turkey	50%	50%	Aircraft Transportation
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Turkey	50%	50%	Catering Services
P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC)	Turkey	49%	49%	Maintenance Services
TGS Yer Hizmetleri A.Ş. (TGS)	Turkey	50%	50%	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Turkey	50%	50%	Aviation Fuel Services
Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (TNC) (Goodrich)	Turkey	40%	40%	Maintenance Services
Uçak Koltuk Sanayi ve Ticaret A.Ş. (Uçak Koltuk)	Turkey	50%	50%	Cabin Interior Products
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI)	Turkey	50%	50%	Cabin Interior Products
Vergi İade Aracılık A.Ş.	Turkey	30%	30%	VAT Return and Consultancy
Air Albania	Albania	49%	49%	Aircraft Transportation
We World Express Ltd.	Hong Kong	45%	45%	Cargo and Courier Transportation
TFS Akaryakıt Hizmetleri A.Ş.	Turkey	25%	25%	Aviation Fuel Services

The Group owns 49%, 49%, 45%, 40%, 30% and 25% equity shares of TEC, Air Albania, We World Express Ltd., Goodrich, Vergi İade Aracılık A.Ş. and TFS Akaryakıt Hizmetleri A.Ş. respectively. However, based on the contractual arrangements between the Group and the other respective investors, decisions about the relevant activities of the arrangements require both the Group and the other respective investor agreement. Thus, the Group concluded that it has joint control over TEC, Air Albania, We World Express, Goodrich, Vergi İade Aracılık A.Ş. and TFS Akaryakıt Hizmetleri A.Ş..

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 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 2021.

Board of Directors has approved the consolidated financial statements as of 30 June 2022 on 10 August 2022. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

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

2.1 Basis of Presentation (cont'd)

Basis of Preparation

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

Functional and Reporting Currency

Functional currency

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

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

IAS 29 requires the financial statements of an entity with a functional currency that is hyperinflationary to be restated for the changes in the general pricing power of the functional currency. The Group uses the USD in measuring items in its financial statements and uses the USD as the functional currency. Therefore, no adjustments have been made for high inflation according to IAS 29.

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

Basis of Consolidation

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

2.2 Changes and Errors in Accounting Policies Estimates

The significant estimates and assumptions used in preparation of these condensed consolidated interim financial statements as at and for the period ended 30 June 2022 are consistent with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2021.

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

2.3 Summary of Significant Accounting Policies

The accounting policies used in preparation of condensed consolidated interim financial statements as at 30 June 2022 are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2021.

2.4 New and Revised Standards and Interpretations

a) Standards, amendments and interpretations applicable as at 30 June 2022:

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021); The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021); These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

Amendment to IFRS 16, ‘Leases’ – COVID-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2022:

IFRS 17, ‘Insurance Contracts’, as amended in December 2021; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, ‘Presentation of financial statements’ on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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

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

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 2022

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

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

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

b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2022 (cont'd):

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

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

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. These amendments do not have a significant impact on the financial position and performance of the Group.

2.5 Determination of Fair Values

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

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. The Group's current liabilities exceed its current assets by USD 1,919 as of 30 June 2022.

The Group's net cash from operating activities increased by USD 1,880 compared to the same period of 2021. In addition, current liabilities exceeding current assets decreased by USD 298 compared to the same period of 2021.

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

2.6 Going Concern (cont'd)

The Group maintains its credit limits in banks and does not expect any hardship for future bank loan needs. Bank loans decreased by USD 1.467 compared to the same period of previous year. The Group's available bank loan limits are USD 3,334 as of 30 June 2022 (31 December 2021: USD 3,166).

2.7 Impact of COVID-19 Pandemic on Group Activities

Since the beginning of 2020, the COVID-19 pandemic has significantly affected global air traffic. As of June 2022, the impact of the Covid-19 pandemic on air traffic has decreased considerably in Turkey and around the globe. The Group constantly assesses further developments.

2.8 Other

Russia-Ukraine Conflict

Due to the Russia-Ukraine conflict that broke out towards the end of February, Turkish Airlines suspended Ukraine and Belarus flights as of February 24, 2022. The closure of the airspaces of these countries to European air carriers caused some airline companies to make route changes, while others were unable to fly to the far east region, the impact of the conflict was limited for the Group due to the geographical location of Istanbul Airport and the Russian airspace being open to Turkish carriers. The Group constantly assesses further developments.

3. INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

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

	30 June 2022	31 December 2021
TEC	61	57
Sun Express	57	84
TFS Akaryakıt	29	10
Turkish DO&CO	27	29
THY Opet	18	21
TGS	11	19
Goodrich	5	5
TCI	5	5
Uçak Koltuk	4	4
We World Express	3	3
Vergi İade Aracılık (*)	-	-
	220	237

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

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

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

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
TFS Akaryakıt	23	16	7	2
THY Opet	9	6	7	4
TGS	9	6	3	2
Turkish DO&CO	6	3	2	1
TEC	3	2	(2)	(3)
Goodrich	-	-	1	-
We World Express	-	-	-	-
TCI	-	-	(1)	(1)
Uçak Koltuk	-	-	-	-
Sun Express	(40)	(18)	(43)	(14)
	<u>10</u>	<u>15</u>	<u>(26)</u>	<u>(9)</u>

Financial information for Sun Express as of 30 June 2022 and 2021 are as follows:

			30 June 2022	31 December 2021
Total assets			1,952	1,838
Total liabilities			1,838	1,670
Shareholders' equity			114	168
Group's share in joint venture's shareholders' equity			57	84
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	454	316	172	118
Loss for the period	(79)	(34)	(86)	(29)
Group's share in joint venture's loss for the period	(40)	(18)	(43)	(14)

Financial information for TEC as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Total assets	287	204
Total liabilities	163	87
Shareholders' equity	124	117
Group's share in joint venture's shareholders' equity	61	57

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Financial information for TEC as of 30 June 2022 and 2021 are as follows (cont'd):

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	210	105	130	69
Profit / (loss) for the period	7	5	(3)	(6)
Group's share in joint venture's profit / (loss) for the period	3	2	(2)	(3)

Financial information for Turkish DO&CO as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Total assets	113	115
Total liabilities	58	58
Shareholders' equity	55	57
Group's share in joint venture's shareholders' equity	27	29

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	135	78	52	31
Profit for the period	11	6	3	2
Group's share in joint venture's profit for the period	6	3	2	1

Financial information for THY Opet as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Total assets	143	82
Total liabilities	106	40
Shareholders' equity	37	42
Group's share in joint venture's shareholders' equity	18	21

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	286	202	164	93
Profit for the period	18	13	14	7
Group's share in joint venture's profit for the period	9	6	7	4

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Financial information for TGS as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021		
Total assets	136	119		
Total liabilities	115	81		
Shareholders' equity	21	38		
Group's share in joint venture's shareholders' equity	11	19		
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	157	88	99	51
Profit for the period	17	10	5	4
Group's share in joint venture's profit for the period	9	6	3	2

Financial information for TFS Akaryakıt Hizmetleri as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021		
Total assets	612	244		
Total liabilities	496	204		
Shareholders' equity	116	40		
Group's share in joint venture's shareholders' equity	29	10		
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	1,430	958	391	233
Profit for the period	93	64	28	7
Group's share in joint venture's profit for the period	23	16	7	2

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Financial information for TCI as of 30 June 2022 and 2021 are as follows:

			30 June 2022	31 December 2021
Total assets			14	15
Total liabilities			5	6
Shareholders' equity			9	9
Group's share in joint venture's shareholders' equity			5	5
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	1	-	2	1
Loss for the period	-	-	(2)	(1)
Group's share in joint venture's loss for the period	-	-	(1)	(1)

Financial information for Goodrich as of 30 June 2022 and 2021 are as follows:

			30 June 2022	31 December 2021
Total assets			17	15
Total liabilities			4	3
Shareholders' equity			13	12
Group's share in joint venture's shareholders' equity			5	5
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	13	7	11	5
Profit for the period	1	1	2	1
Group's share in joint venture's profit for the period	-	-	1	-

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 2022**

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

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

Financial information for Uçak Koltuk as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Total assets	19	25
Total liabilities	12	17
Shareholders' equity	7	8
Group's share in joint venture's shareholders' equity	4	4

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	5	2	11	7
Loss for the period	(1)	(1)	-	-
Group's share in joint venture's loss for the period	-	-	-	-

Financial information for We World Express as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Total assets	13	21
Total liabilities	6	13
Shareholders' equity	7	8
Group's share in joint venture's shareholders' equity	3	3

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	21	10	17	10
Profit for the period	-	-	-	-
Group's share in joint venture's profit for the period	-	-	-	-

Since 31 December 2019, the loss of Air Albania, which is exceeding the Group's total share in joint venture's shareholders' equity, has not been accounted in the consolidated financial statements. As of 30 June 2022, the amount is USD 5 (31 December 2021 USD 5).

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 2022**

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

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

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

	1 January - 30 June 2022	1 January - 30 June 2021
Opening balance	237	256
Other expense and income recognized in equity	14	5
Share of investments' income/(loss) accounted for using the equity method	10	(26)
Dividends to shareholders	(17)	(27)
Foreign currency translation difference	(24)	(21)
Closing balance	<u>220</u>	<u>187</u>

4. SEGMENT REPORTING

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

Air Transport ("Aviation")

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

Technical Maintenance Services ("Technical")

The Group's technical activities consist of mainly aircraft repair and maintenance services and providing technical and infrastructure support related to aviation sector. The detailed information about the revenue of the Group is given in Note 20.

4.1 Total Assets and Liabilities

Total Assets	30 June 2022	31 December 2021
Aviation	29,225	26,504
Technical	1,559	1,615
Total	30,784	28,119
Less: Eliminations due to consolidation	(1,421)	(1,582)
Total assets in consolidated financial statements	<u>29,363</u>	<u>26,537</u>
 Total Liabilities	 30 June 2022	 31 December 2021
Aviation	21,046	19,737
Technical	428	407
Total	21,474	20,144
Less: Eliminations due to consolidation	(250)	(444)
Total liabilities in consolidated financial statements	<u>21,224</u>	<u>19,700</u>

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 2022

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

4. SEGMENT REPORTING (cont'd)

4.2 Profit / (Loss) before Tax

Segment Results:

1 January - 30 June 2022	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	7,421	165	-	7,586
Inter-Segment Sales	46	467	(513)	-
Revenue	7,467	632	(513)	7,586
Cost of Sales (-)	(6,114)	(514)	491	(6,137)
Gross Profit	1,353	118	(22)	1,449
Administrative Expenses (-)	(103)	(56)	25	(134)
Selling and Marketing Expenses (-)	(646)	(5)	-	(651)
Other Operating Income	78	3	(9)	72
Other Operating Expenses (-)	(38)	(11)	6	(43)
Operating Profit Before				
Investment Activities	644	49	-	693
Income from Investment Activities	106	-	-	106
Expenses from Investment Activities	(23)	-	-	(23)
Share of Investments' Profit				
Accounted for Using				
The Equity Method	6	4	-	10
Operating Profit	733	53	-	786
Financial Income	146	9	-	155
Financial Expense (-)	(190)	(3)	-	(193)
Profit Before Tax	689	59	-	748

1 January - 30 June 2021	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	3,839	133	-	3,972
Inter-Segment Sales	29	340	(369)	-
Revenue	3,868	473	(369)	3,972
Cost of Sales (-)	(3,433)	(375)	358	(3,450)
Gross Loss	435	98	(11)	522
Administrative Expenses (-)	(103)	(46)	16	(133)
Selling and Marketing Expenses (-)	(361)	(4)	-	(365)
Other Operating Income	98	6	(11)	93
Other Operating Expenses (-)	(36)	(14)	6	(44)
Operating Loss Before				
Investment Activities	33	40	-	73
Income from Investment Activities	104	-	-	104
Expenses from Investment Activities	(5)	-	-	(5)
Share of Investments' Loss				
Accounted for Using				
The Equity Method	(25)	(1)	-	(26)
Operating Loss	107	39	-	146
Financial Income	110	-	(22)	88
Financial Expense (-)	(320)	5	22	(293)
Loss Before Tax	(103)	44	-	(59)

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

4. SEGMENT REPORTING (cont'd)

4.3 Investment Operations

1 January - 30 June 2022	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	1,411	175	-	1,586
Current period depreciation and amortization charge	814	85	-	899
Investments accounted for using equity method	123	97	-	220
1 January - 30 June 2021	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible assets	1,338	53	-	1,391
Current period depreciation and amortization charge	773	74	-	847
Investments accounted for using equity method	113	74	-	187

5. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash	2	2
Banks – Time deposits	3,385	2,597
Banks – Demand deposits	134	78
	3,521	2,677

Details of the time deposits as of 30 June 2022 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 June 2022
4,438	TL	5.00% - 23.51%	August 2022	270
63	USD	0.45% - 4.50%	July 2022	63
2,904	EUR	1.76% - 3.80%	September 2022	3,037
1,540	DZD	1.08%	August 2022	11
260	MZN	8.10%	July 2022	4
				3,385

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

Amount	Currency	Effective Interest Rate	Maturity	31 December 2021
8,882	TL	5.00% - 24.70%	February 2022	671
265	USD	0.90% - 2.25%	March 2022	265
1,455	EUR	0.24% - 1.10%	March 2022	1,648
1,310	DZD	1.49% - 1.53%	February 2022	9
280	MZN	7.65%	January 2022	4
				2,597

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

6. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Fair value through profit and loss (FVTPL)		
- Equity securities	6	5
- Currency protected deposit account (*)	123	-
Fair value through other comprehensive income (FVOCI)		
- Corporate debt securities	3	-
Time deposits with maturity more than 3 months	663	-
	<u>795</u>	<u>5</u>

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

Time deposit with maturity more than 3 months as of 30 June 2022 is as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2022</u>
635	EUR	2.64% - 3.80%	November 2022	<u>663</u>

Long-term financial investments are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
FVOCI		
- Government debt securities	92	67
- Corporate debt securities	25	20
Other	1	1
	<u>118</u>	<u>88</u>

Contractual maturity dates of financial investments measured at FVOCI as of 30 June 2022 and 2021 is as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Less than 1 year	3	3
1 to 5 years	1	1
Over 5 years	116	83
	<u>120</u>	<u>87</u>

7. BORROWINGS

Short-term borrowings are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Bank borrowings	<u>1,087</u>	<u>883</u>

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

7. BORROWINGS (cont'd)

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
Lease liabilities (Note: 14)	1,522	1,670
Bank borrowings	1,442	1,443
	<u>2,964</u>	<u>3,113</u>

Long-term borrowings are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Lease liabilities (Note: 14)	8,287	8,574
Bank borrowings	1,418	2,333
	<u>9,705</u>	<u>10,907</u>

Details of bank borrowings as of 30 June 2022 and 2021 are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Less than 1 year	2,529	2,326
Between 1 – 5 years	1,396	2,307
Over 5 years	22	26
	<u>3,947</u>	<u>4,659</u>

<u>Amount</u>	<u>Currency</u>	<u>Interest Rate</u> <u>Type</u>	<u>Effective Interest Rate</u>	<u>Payment Period</u>	<u>30 June 2022</u>
2,265	EUR	Fixed	0.20% - 4.00%	July 2022 - March 2031	2,361
1,521	EUR	Floating	Euribor + 2.90% - Euribor + 5.50%	May 2023 - August 2026	1,586
					<u>3,947</u>

<u>Amount</u>	<u>Currency</u>	<u>Interest Rate</u> <u>Type</u>	<u>Effective Interest Rate</u>	<u>Payment Period</u>	<u>31 December 2021</u>
381	TRY	Floating	BIST TLREF(*) + 1.25% - BIST TLREF(*) + 1.50%	May 2022	29
2,333	EUR	Fixed	0.20% - 4.00%	January 2022 - March 2025	2,640
1,758	EUR	Floating	Euribor + 2.90% - Euribor + 5.50%	May 2023 - August 2026	1,990
					<u>4,659</u>

(*) It is a floating interest rate calculated by using the current BIST TLREF Index announced by Borsa İstanbul A.Ş. The floating interest rate is calculated for each interest period of time.

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

7. BORROWINGS (cont'd)

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

	<u>31 December</u>					<u>30 June</u>
	<u>2021</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Cash-in</u>	<u>2022</u>
Bank Borrowings	4,659	(1,074)	(68)	(292)	722	3,947

	<u>31 December</u>					<u>30 June</u>
	<u>2020</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Cash-in</u>	<u>2021</u>
Bank Borrowings	5,394	(1,349)	(80)	(95)	1,544	5,414

	<u>31 December</u>				<u>New</u>	<u>30 June</u>
	<u>2021</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Leases</u>	<u>2022</u>
Aircraft	10,206	(849)	(68)	(612)	537	9,214
Property	36	(8)	-	(8)	574	594
Other	2	(1)	-	-	-	1
	<u>10,244</u>	<u>(858)</u>	<u>(68)</u>	<u>(620)</u>	<u>1,111</u>	<u>9,809</u>

	<u>31 December</u>				<u>New</u>	<u>30 June</u>
	<u>2020</u>	<u>Payment</u>	<u>Interest</u>	<u>Non-cash Changes</u>	<u>Leases</u>	<u>2021</u>
Aircraft	11,259	(934)	(83)	(210)	871	10,903
Property	47	(5)	-	-	-	42
Other	1	(1)	-	-	4	4
	<u>11,307</u>	<u>(940)</u>	<u>(83)</u>	<u>(210)</u>	<u>875</u>	<u>10,949</u>

8. OTHER FINANCIAL LIABILITIES

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
Other financial liabilities	4	8

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

9. RELATED PARTIES

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
Air Albania	20	22
Posta ve Telgraf Teşkilatı A.Ş (PTT)	2	-
We World Express Ltd.	1	2
	<u>23</u>	<u>24</u>

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

9. RELATED PARTIES (cont'd)

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

	30 June 2022	31 December 2021
THY Opet	7	-
TGS	7	-
Air Albania	5	6
	<u>19</u>	<u>6</u>

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

	30 June 2022	31 December 2021
TFS Akaryakıt Hizmetleri	164	97
TEC	35	15
TGS	33	17
Turkish DO&CO	17	20
THY Opet	15	14
Sun Express	2	3
Goodrich	1	1
Turkcell	1	-
	<u>268</u>	<u>167</u>

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

	30 June 2022	31 December 2021
TFS Akaryakıt Hizmetleri	5	5
Türkiye Sigorta A.Ş.	1	-
	<u>6</u>	<u>5</u>

Transactions with related parties for the period ended 30 June 2022 and 2021 are as follows:

a) Sales to related parties:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Sun Express	15	7	17	8
TEC	13	2	15	5
Türkiye Sigorta A.Ş.	7	5	-	-
PTT A.Ş. (PTT)	5	2	5	2
We World Express Ltd.	4	2	9	4
Air Albania	3	1	5	2
TGS	2	1	3	3
Goodrich	1	1	1	-
Uçak Koltuk	1	1	-	-
	<u>51</u>	<u>22</u>	<u>55</u>	<u>24</u>

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

9. RELATED PARTIES (cont'd)

Transactions with related parties for the period ended 30 June 2022 and 2021 are as follows (cont'd):

b) Purchases from related parties:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
TFS Akaryakıt Hizmetleri	1,238	824	347	207
TGS	155	88	91	48
TEC	143	82	92	63
Turkish DO&CO	112	72	45	26
THY Opet	104	55	117	62
Sun Express	45	23	28	9
Goodrich	7	5	3	2
Turkcell	4	2	-	-
Uçak Koltuk	2	2	8	4
TCI	-	-	1	-
Air Albania	-	-	1	-
	1,810	1,153	733	421

Details of the financial assets and liabilities for related parties as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Banks - Time deposits	2,693	2,130
Financial assets	146	85
Currency protected deposit account	92	-
Financial investments	23	-
Banks - Demand deposits	11	18
Equity share	-	1
Bank borrowings	(1,313)	(1,673)
	1,652	561

As of 30 June 2022, the amount of letters of guarantees given to the related parties is USD 940. (31 December 2021: USD 942)

Details of the time deposits at related parties as of 30 June 2022 and 2021 are as follows:

Amount	Currency	Effective Interest Rate	Maturity	30 June 2022
2,532	TL	5.00% - 23.51%	August 2022	152
2,415	EUR	1.12% - 3.80%	September 2022	2,525
16	USD	1.00% - 3.60%	July 2022	16
				2,693
Amount	Currency	Effective Interest Rate	Maturity	31 December 2021
7,882	TL	5.00% - 24.46%	February 2022	595
1,187	EUR	0.24% - 1.10%	March 2022	1,344
191	USD	0.92% - 1.81%	March 2022	191
				2,130

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

9. RELATED PARTIES (cont'd)

Details of the financial investments at related parties as of 30 June 2022 are as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2022</u>
392	EUR	2.64% - 3.65%	November 2022	23

Details of the financial assets at related parties as of 30 June 2022 and 2021 are as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2022</u>
146	USD	5.38% - 8.60%	July 2022 - December 2022	146

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2021</u>
85	USD	5.75% - 8.00%	January 2022 - June 2022	85

Details of the bank borrowings at related parties as of 30 June 2022 and 2021 are as follows:

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>30 June 2022</u>
1,260	EUR	2.55% - Euribor + 5.50%	March 2026	1,313

<u>Amount</u>	<u>Currency</u>	<u>Effective Interest Rate</u>	<u>Maturity</u>	<u>31 December 2021</u>
1,478	EUR	2.55% - Euribor + 5.50%	March 2026	1,673

Interest income from related parties:

	<u>1 January - 30 June 2022</u>	<u>1 April - 30 June 2022</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>
Türkiye Vakıflar Bankası T.A.O. (Türkiye Vakıflar Bankası)	39	18	10	4
Türkiye Halk Bankası A.Ş. (Halk Bankası)	15	8	29	9
T.C. Ziraat Bankası A.Ş. (Ziraat Bankası)	11	6	3	1
	<u>65</u>	<u>32</u>	<u>42</u>	<u>14</u>

Interest expense to related parties:

	<u>1 January - 30 June 2022</u>	<u>1 April - 30 June 2022</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>
Türkiye Vakıflar Bankası	18	9	24	13
Ziraat Bankası	11	5	15	8
	<u>29</u>	<u>14</u>	<u>39</u>	<u>21</u>

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 2022**

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

9. RELATED PARTIES (cont'd)

Transactions between the Group and THY Opet are related to the supply of aircraft fuel; transactions between the Group and Turkish DO&CO are related to catering services; transactions between the Group and Sun Express are related to wet lease, seat sales operations and maintenance services; transactions between the Group and TGS are related to ground services; transactions between the Group and TEC are related to engine maintenance services; transactions between the Group and PTT are related to cargo transportation; transactions between the Group and Halk Bankası, Ziraat Bankası and Türkiye Vakıflar Bankası are related to banking services; transactions between the Group and Turkcell are related to telecommunication services; transactions between the Group and Uçak Koltuk and TCI are related to cabin interior products; transactions between the Group and Goodrich are related to maintenance services; transactions between the Group and Türkiye Sigorta are related to insurance services; transactions between the Group and We World Express are related to cargo transportation and transactions between the Group and TFS Akaryakıt Hizmetleri A.Ş. are related to the supply of aircraft fuel. Receivables from related parties are not collateralized and maturity of trade receivables is 30 days.

The total amount of salaries and other short-term benefits provided for the Board Members, General Manager and Deputy General Managers are USD 2 for the period between 1 January-30 June 2022 (1 January- 30 June 2021: USD 1).

10. OTHER RECEIVABLES

Other short-term receivables from third parties as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Predelivery payments made for aircrafts	569	546
Bank deposits with transfer limitations (*)	96	84
Receivables from technical purchases	88	97
Value added tax receivables	39	30
Receivables from pilots for flight training	25	27
Others	12	7
	829	791

(*) As of 30 June 2022, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Republic of Cote D'ivoire, Burkina Faso, Eritrea, Mozambique, Bolivarian Republic of Venezuela, Republic of Angola, Republic of Cameroon, Republic of Chad, Republic of Sudan, Gabon, Somalia, Benin, Republic of Zimbabwe, Republic of Cuba, Republic of Lebanon, Democratic Republic of the Congo, Republic of Ghana, Sri Lanka, Egypt and Iran. (As of 31 December 2021, the balance of this account includes bank deposits in Ethiopia, Bangladesh, Algeria, Nigeria, Senegal, Niger, Mali, Republic of Cote D'ivoire, Burkina Faso, Eritrea, Mozambique, Bolivarian Republic of Venezuela, Republic of Angola, Republic of Cameroon, Republic of Chad, Republic of Sudan, Gabon, Somalia, Benin, Republic of Zimbabwe, Democratic Republic of the Congo, Republic of Cuba, Republic of Lebanon, Republic of Ghana, Sri Lanka and Iran).

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 2022

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

10. OTHER RECEIVABLES (cont'd)

Other long-term receivables from third parties as of 30 June 2022 and 2021 are as follows:

	30 June 2022	31 December 2021
Receivables related to investment certificates (***)	342	349
Predelivery payments made for aircrafts	282	279
Receivables from pilots for flight training	161	193
Deposits and guarentees given	44	41
Bank deposits with transfer limitations (**)	4	4
	<u>833</u>	<u>866</u>

(**) As of 30 June 2022, the balance of this account includes bank deposits in Syria.

(***) This represents the accrued amount as of 30 June 2022. Total contribution of government incentives related to fleet investments amounts to USD 2,772. See note 2.3 for accounting policy.

11. DEFERRED INCOME

Deferred income is as follows:

	30 June 2022	31 December 2021
Passenger flight liabilities	2,989	1,216
Other short-term deferred income	45	48
	<u>3,034</u>	<u>1,264</u>

Passenger flight liability is as follows:

	30 June 2022	31 December 2021
Flight liability for ticket sales	2,819	1,018
Frequent flyer program liability	170	198
	<u>2,989</u>	<u>1,216</u>

Other short-term deferred income is as follows:

	30 June 2022	31 December 2021
Advances received	24	31
Deferred finance income	11	6
Unearned bank protocol income	8	8
Other income accruals	2	3
	<u>45</u>	<u>48</u>

Long-term deferred income is as follows:

	30 June 2022	31 December 2021
Deferred finance income	92	83
Unearned bank protocol income	5	9
	<u>97</u>	<u>92</u>

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

12. PROPERTY AND EQUIPMENT

	Land improvements and buildings	Technical equipment, simulator and vehicles	Other equipments, and fixtures	Aircrafts	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance at 1 January 2022	1,650	734	259	4,341	697	692	196	179	8,748
Additions	-	8	7	66	36	103	4	82	306
Transfer (*)	-	2	-	8	4	-	6	(34)	(14)
Transfers between the account	-	-	-	172	19	-	-	-	191
Disposals	(2)	(2)	(1)	(137)	(5)	(53)	(1)	-	(201)
Closing balance at 30 June 2022	1,648	742	265	4,450	751	742	205	227	9,030
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2022	336	344	211	2,709	288	385	111	-	4,384
Depreciation charge	36	21	9	122	31	47	8	-	274
Transfers between the account	-	-	-	66	10	-	-	-	76
Disposals	(1)	(1)	(1)	(98)	(5)	(30)	(1)	-	(137)
Closing balance at 30 June 2022	371	364	219	2,799	324	402	118	-	4,597
Net book value at 30 June 2022	1,277	378	46	1,651	427	340	87	227	4,433
Net book value at 31 December 2021	1,314	390	48	1,632	409	307	85	179	4,364

(*) In total of USD 14 of construction in progress has been transferred to intangible fixed assets amounting to USD 0 and right-of-use assets amounting to USD 14.

USD 865 of depreciation and amortization expenses recognized in cost of sales (30 June 2021: USD 809), USD 31 of general administrative expenses (30 June 2021: USD 34) and USD 3 of marketing and sales expenses (30 June 2021: USD 4) in total of USD 899 as of 30 June 2022 (30 June 2021: USD 847).

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

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

12. PROPERTY AND EQUIPMENT (cont'd)

	Land improvements and buildings	Technical equipments simulators and vehicles	Other equipments, and fixtures	Aircrafts	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance at 1 January 2021	1,175	636	250	4,115	705	688	179	587	8,335
Additions	-	6	4	24	45	35	-	152	266
Transfer	-	6	-	-	6	-	5	(24)	(7)
Transfers between the accounts	-	-	-	435	15	-	-	-	450
Disposals	-	(2)	(1)	(138)	(12)	(57)	(3)	-	(213)
Closing balance at 30 June 2021	1,175	646	253	4,436	759	666	181	715	8,831
<u>Accumulated Depreciation</u>									
Opening balance at 1 January 2021	275	307	193	2,678	283	353	101	-	4,190
Depreciation charge	25	19	10	113	32	37	7	-	243
Transfers between the accounts	-	-	-	201	8	-	-	-	209
Disposals	-	(2)	(1)	(116)	(12)	(24)	(3)	-	(158)
Closing balance at 30 June 2021	300	324	202	2,876	311	366	105	-	4,484
Net book value at 30 June 2021	875	322	51	1,560	448	300	76	715	4,347

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

12. PROPERTY AND EQUIPMENT (cont'd)

Right of use assets are as follows:

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2022	20,348	301	75	9	20,733
Additions	683	22	574	-	1,279
Transfer	3	11	-	-	14
Disposals	(170)	-	(1)	-	(171)
Transfers between the accounts (*)	(191)	-	-	-	(191)
Closing balance at 30 June 2022	20,673	334	648	9	21,664

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2022	5,525	62	31	5	5,623
Depreciation charge	594	10	10	1	615
Disposals	(166)	-	-	-	(166)
Transfers between the account (*)	(76)	-	-	-	(76)
Closing balance at 30 June 2022	5,877	72	41	6	5,996
Net book value at 30 June 2022	14,796	262	607	3	15,668

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Cost</u>					
Opening balance at 1 January 2021	19,381	202	75	6	19,664
Additions	1,114	-	-	5	1,119
Transfers	2	-	-	-	2
Disposals	(73)	-	(1)	(2)	(76)
Transfers between the accounts (*)	(450)	-	-	-	(450)
Closing balance at 30 June 2021	19,974	202	74	9	20,259

	Aircraft	Spare engines	Real Estate	Vehicles	Total
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2021	4,813	48	21	5	4,887
Depreciation charge	579	6	5	1	591
Disposals	(73)	-	-	(2)	(75)
Transfers between the account (*)	(209)	-	-	-	(209)
Closing balance at 30 June 2021	5,110	54	26	4	5,194
Net book value at 30 June 2021	14,864	148	48	5	15,065

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

The Group negotiated with the airport operator company (İGA Havalimanı İşletmesi A.Ş.) regarding the rental areas, rental fee, renting conditions and period for İstanbul Airport. As of May 2022, the agreement is signed with the airport operator company. Lease liabilities are discounted to present value by using the Group's incremental borrowing rate since there is no interest rate implicit in the lease agreement. The borrowing rates used are 25.78% and 3.862% for TL and Euro, respectively. The rental period has been determined as 22 years, taking into account the extension periods in the contract.

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

13. INTANGIBLE ASSETS

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2022	44	239	5	288
Additions	-	1	-	1
Transfers	-	-	-	-
Closing balance at 30 June 2022	44	240	5	289

Accumulated Amortization

Opening balance at 1 January 2022	-	203	3	206
Amortization charge	-	10	-	10
Closing balance at 30 June 2022	-	213	3	216
Net book value at 30 June 2022	44	27	2	73
Net book value at 31 December 2021	44	36	2	82

	Slot rights and acquired technical licenses (*)	Rights	Other intangible assets	Total
<u>Cost</u>				
Opening balance at 1 January 2021	44	221	5	270
Additions	-	6	-	6
Transfers	-	5	-	5
Closing balance at 30 June 2021	44	232	5	281

Accumulated Amortization

Opening balance at 1 January 2021	-	178	3	181
Amortization charge	-	13	-	13
Closing balance at 30 June 2021	-	191	3	194
Net book value at 30 June 2021	44	41	2	87

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

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

14. LEASING TRANSACTIONS

Maturities of lease obligations are as follows:

	Future Minimum Lease Payments		Interest		Present Values of Minimum Lease Payments	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Less than 1 year	1,730	1,844	(208)	(174)	1,522	1,670
Between 1 – 5 years	5,558	5,710	(495)	(396)	5,063	5,314
Over 5 years	3,668	3,401	(444)	(141)	3,224	3,260
	<u>10,956</u>	<u>10,955</u>	<u>(1,147)</u>	<u>(711)</u>	<u>9,809</u>	<u>10,244</u>

	30 June 2022	31 December 2021
Interest Range:		
Floating rate obligations	4,781	5,314
Fixed rate obligations	5,028	4,930
	<u>9,809</u>	<u>10,244</u>

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

As of 30 June 2022, the US Dollars, Euro, JPY and Swiss Franc denominated lease obligations' weighted average interest rates are 4.06% (31 December 2021: 3.77%) for the fixed rate obligations and 1.57% (31 December 2021: 1.56%) for the floating rate obligations.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions as of 30 June 2022 and 2021 are as follows:

Short-term provision for employee benefits is as follows:

	30 June 2022	31 December 2021
Provisions for unused vacation	<u>32</u>	<u>18</u>

Changes in the provisions for the period ended 30 June 2022 and 2021 are set out below:

	1 January - 30 June 2022	1 January - 30 June 2021
Provisions at the beginning of the period	18	16
Provisions for the current period	164	93
Provisions released	(144)	(87)
Foreign currency translation differences	(6)	(3)
Provisions at the end of the period	<u>32</u>	<u>19</u>

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

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Other short-term provision is as follows:

	30 June 2022	31 December 2021
Provisions for legal claims	<u>7</u>	<u>8</u>

Changes in the provisions for legal claims for the period ended 30 June 2022 and 2021 are set out below:

	1 January - 30 June 2022	1 January - 30 June 2021
Provisions at the beginning of the period	8	10
Provisions for the current period	1	1
Provisions released	-	(1)
Foreign currency translation differences	<u>(2)</u>	<u>(1)</u>
Provisions at the end of the period	<u>7</u>	<u>9</u>

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

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

16. COMMITMENTS

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

Amount of letters of guarantees given as of 30 June 2022 is USD 1,643 (31 December 2021: USD 1,530).

As of 30 June 2022, the letters of guarantee are given to various authorities (i.e. various banks and vendors.)

	30 June 2022		31 December 2021	
	Original currency amount	USD equivalent	Original currency amount	USD equivalent
A. Total amounts of GPM given on the behalf of its own legal entity	-	1,643	-	1,530
-Collaterals				
TL	69	4	62	5
EUR	1,501	1,565	1,295	1,466
USD	65	65	50	50
Other	-	9	-	9
B. Total amounts of GPM given on the behalf of subsidiaries that are included in full consolidation	-	-	-	-
C. Total amounts of GPM given in order to guarantee third party debts for routine trade operations	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of the Parent	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-	-	-
		<u>1,643</u>		<u>1,530</u>

The ratio of other GPM (“D”) given by the group to its equity is 0% as of 30 June 2022 (31 December 2021: 0%)

b) Aircraft purchase commitments:

To be delivered between the years 2022-2028, the Group signed an agreement for 93 aircrafts, (83 of aircrafts are contractual and 10 of them are optional) with a list price value of USD 13,898. The Group has made a predelivery payment of USD 883 relevant to these purchases as of 30 June 2022 (31 December 2021: USD 836).

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

17. EMPLOYEE BENEFITS

Provisions for retirement pay liability as of 30 June 2022 and 2021 is comprised of the following:

	30 June 2022	31 December 2021
Provision for retirement pay liability	<u>137</u>	<u>113</u>

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

Retirement pay liability is subject to an upper limit of monthly USD 921 (full) (equivalent of TL 15,371 (full)) as of 30 June 2022. (31 December 2021: USD 812 (full) equivalent of TL 10,849 (full)).

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

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

The key assumption is that maximum liability amount increases in accordance with the inflation rate for every service year. Provisions in the accompanying consolidated financial statements as of 30 June 2022 are calculated by estimating present value of liabilities due to retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 15.55% annual inflation rate (31 December 2021: 15.55%) and 20% interest rate (31 December 2021: 20%). Estimated amount of non-paid retirement pay retained in the Group due to voluntary leaves is assumed as 2.33% (31 December 2021: 2.45%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of USD 921 (full) which is in effect since 30 June 2022 is used in the calculation of Group's provision for retirement pay liability.

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

	1 January - 30 June 2022	1 January - 30 June 2021
Provision at the beginning of the period	113	134
Actuarial loss	14	3
Service charge for the period	33	13
Interest charges	9	8
Payments	(2)	(3)
Foreign currency translation difference	(30)	(24)
Provision at the end of the period	<u>137</u>	<u>131</u>

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 2022**

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

18. EXPENSES BY NATURE

Expenses by nature for the six-month period ended 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Fuel expenses	2,779	1,822	981	563
Depreciation and amortisation charges	899	452	847	427
Personnel expenses	898	455	598	294
Ground services expenses	399	217	284	148
Aircraft maintenance expenses	367	195	238	114
Airport expenses	298	163	204	113
Air traffic control expenses	277	152	180	101
Passenger services and catering expenses	246	149	97	54
Commissions and incentives	228	131	101	52
Reservation systems expenses	152	77	70	40
Wet lease expenses	66	38	90	43
Advertisement and promotion expenses	50	32	33	19
Service expenses	46	23	40	19
Insurance expenses	31	16	31	16
Transportation expenses	29	16	19	9
Taxes and duties	29	9	20	8
Rents	28	14	27	14
IT and communication expenses	17	10	23	11
Systems use and associateship expenses	8	4	5	2
Aircraft rent expenses	7	5	7	4
Consultancy expenses	7	4	11	8
Utility expenses	3	2	2	2
Other	58	29	40	19
	6,922	4,015	3,948	2,080

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

19. SHAREHOLDERS' EQUITY

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

(Millions of TL)	Class	%	30 June		31 December	
			2022	%	2021	
Turkey Wealth Fund (*)	A	49.12	678	49.12	678	
Republic of Turkey Treasury and Finance Ministry Privatization Administration (*)	C	-	-	-	-	
Other (publicly held)	A	50.88	702	50.88	702	
Paid-in capital (Turkish Lira)			1,380		1,380	
Inflation adjustment on share capital (Turkish Lira) (**)			1,124		1,124	
Share capital (Turkish Lira)			2,504		2,504	
Share capital (USD Equivalent)			1,597		1,597	

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

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

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

As of 30 June 2022, Registered paid-in share capital of the Company comprised 137,999,999,999 Class A shares and 1 Class C share, all with a par value of Kr 1 each. The Class C share belongs to the Republic of Turkey Treasury and Finance Ministry Privatization Administration and has the following privileges:

- Articles of Association 7: Positive vote of the board member representing class C share with Board's approval is necessary for transfer of shares issued to the name.
- Articles of Association 10: The Board of Directors consists of nine members of which one member has to be nominated by the class C shareholder and the rest eight members has to be elected by class A shareholders.
- Articles of Association 14: The following decisions of the Board of Directors are subject to the positive vote of the class C Shareholder:
 - a) Decisions that will negatively affect the Group's mission Defined in Article 3.1. of the Articles of Association,
 - b) Suggesting change in the Articles of Association at General Assembly,
 - c) Increasing share capital,
 - d) Approval of transfer of the shares issued to the name and their registration to the "Share Registry",
 - e) Every decision or action which directly or indirectly put the Group under commitment over 5% of its total assets of the latest annual financial statements prepared for Capital Market Board. (This sentence will expire when the Group's shares held by Turkish State decrease under 20%.)

19. SHAREHOLDERS' EQUITY (cont'd)

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

f) Decisions relating to merges and liquidation,

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

Restricted Profit Reserves

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

Foreign Currency Translation Differences

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

Distribution of Dividends

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

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

Actuarial Differences on Defined Benefit Plans

As a result of the adoption of IAS 19, all actuarial differences are recognized in other comprehensive income.

Gains/Losses from Cash Flow Hedges

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

As of 2022, lease liabilities and investment borrowings in Japanese Yen, Swiss Frank and Euro for investment financing are designated as cash flow hedge against exchange rate risk due to highly probable future same foreign currency revenues. Group's revenue denominated in Euro and Swiss Frank covered borrowings of such foreign currency, Japanese Yen revenue covered %18, Euro revenue covered %5, Swiss Frank covered %10 of borrowings. In this context, exchange differences arising from such these loans repayment are taken to equity and recognized in other comprehensive income.

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

20. REVENUE

Breakdown of gross profit is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Passenger revenue				
Scheduled	5,330	3,347	2,039	1,145
Unscheduled	35	28	21	14
Total passenger revenue	5,365	3,375	2,060	1,159
Cargo revenue				
Carried by passenger aircraft	828	437	426	239
Carried by cargo aircraft	1,216	627	1,339	702
Total cargo revenue	2,044	1,064	1,765	941
Total passenger and cargo revenue	7,409	4,439	3,825	2,100
Technical revenue	164	87	133	68
Other revenue	13	9	14	8
Net sales	7,586	4,535	3,972	2,176
Cost of sales (-)	(6,137)	(3,598)	(3,450)	(1,826)
Gross profit	1,449	937	522	350

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

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
International flights				
- Europe	2,063	1,312	863	469
- Asia and Far East	1,906	1,101	1,142	603
- Americas	1,644	990	869	508
- Africa	675	365	406	213
- Middle East	632	369	272	152
Total	6,920	4,137	3,552	1,945
Domestic flights	489	302	273	155
Total passenger and cargo revenue	7,409	4,439	3,825	2,100

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

21. COST OF SALES

Breakdown of the cost of sales is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Fuel expenses	2,779	1,822	981	563
Depreciation and amortisation charges	865	436	809	409
Personnel expenses	698	352	452	222
Ground services expenses	399	217	284	148
Aircraft maintenance expenses	367	195	238	114
Airport expenses	298	163	204	113
Air traffic control expenses	277	152	180	101
Passenger services and catering expenses	246	149	97	54
Wet lease expenses	66	38	90	43
Transportation expenses	29	16	19	9
Insurance expenses	29	15	29	15
Service expenses	20	11	19	9
Rents	17	9	13	7
Taxes and duties	9	4	9	5
Aircraft rent expenses	7	5	7	4
IT and communication expenses	3	1	3	1
Other	28	13	16	9
	6,137	3,598	3,450	1,826

22. GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

Breakdown of general administrative expenses is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	51	24	43	21
Depreciation and amortisation charges	31	15	34	16
Service expenses	20	9	16	8
IT and communication expenses	9	6	15	7
Systems use and associateship expenses	5	3	3	1
Utility expenses	3	2	2	2
Taxes and duties	3	1	1	1
Consultancy expenses	2	1	6	5
Insurance expenses	2	1	2	1
Rents	1	-	6	3
Other	7	3	5	1
	134	65	133	66

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 2022

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

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

Breakdown of selling and marketing expenses is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Commissions and incentives	228	131	101	52
Reservation systems expenses	152	77	70	40
Personnel expenses	149	79	103	51
Advertisement and promotion expenses	50	32	33	19
Taxes and duties	17	4	10	2
Rents	10	5	8	4
Service expenses	6	3	5	2
IT and communication expenses	5	3	5	3
Consultancy expenses	5	3	5	3
Depreciation and amortisation charges	3	1	4	2
Systems use and associateship expenses	3	1	2	1
Other	23	13	19	9
	651	352	365	188

23. OTHER OPERATING INCOME / EXPENSES

Breakdown of other operating income is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Manufacturers' credits	40	24	29	15
Insurance, indemnities, penalties income	10	7	28	6
Rent income	7	3	9	5
Non- interest income from banks	4	2	4	2
Provisions released	3	1	7	4
Turnover premium from suppliers	3	2	1	1
Delay interest income	1	1	-	-
Other	4	2	14	6
	72	42	93	36

Breakdown of other operating expenses is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange losses from operational activities, net	14	19	9	(5)
Rediscount interest expenses	11	3	3	(1)
Indemnity and penalty expenses	6	3	3	1
Provisions	3	1	16	14
Other	9	6	13	9
	43	32	44	18

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

24. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Breakdown of income from investment activities is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Income from investment incentives	69	33	94	47
Interest income from financial investment (*)	29	22	3	2
Gain on sale of fixed assets	5	4	4	3
Gain on sale of financial investments	3	1	3	2
	106	60	104	54

(*) The fair value gain for currency protected instruments is 7 USD.

Breakdown of expense from investment activities is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Loss on sale of fixed assets	23	-	4	-
Loss on sale of financial investments	-	-	1	-
	23	-	5	-

25. FINANCIAL INCOME/ EXPENSES

Breakdown of financial income is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange gains from financial activities, net	86	39	-	-
Interest income	55	28	39	12
Fair value gains on derivative financial instruments, net	14	51	49	23
	155	118	88	35

Breakdown of financial expenses is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Interest expense from leasing liabilities	84	45	96	46
Interest expense from financial activities	62	30	63	30
Rediscount interest expense from repayments of aircrafts	21	6	3	(4)
Aircraft financing expenses	12	7	14	7
Interest expenses on employee benefits	9	4	8	4
Foreign exchange losses on financial activities, net	-	-	102	196
Other	5	3	7	4
	193	95	293	283

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 2022

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

26. TAX ASSETS AND LIABILITIES

Breakdown of assets related to current tax is as follows:

	30 June 2022	31 December 2021
Prepaid taxes	20	20

Tax liability is as follows:

	30 June 2022	31 December 2021
Provisions for corporate tax	23	27
Prepaid taxes and funds	(7)	(11)
Corporate tax liability	16	16

Tax income is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Current period tax expense	23	15	8	8
Deferred tax income	(12)	37	(66)	(35)
Tax expense / (income)	11	52	(58)	(27)

Tax effect related to other comprehensive income is as follows:

	1 January - 30 June 2022			1 January - 30 June 2021		
	Amount before tax	Tax income	Amount after tax	Amount before tax	Tax expense	Amount after tax
Change in cash flow hedge reserve	781	(161)	620	396	(81)	315
Change in actuarial losses from retirement pay obligation	(14)	3	(11)	(3)	1	(2)
Losses on Remeasuring FVOCI	(23)	5	(18)	(4)	1	(3)
Changes in foreign currency translation difference	(26)	-	(26)	(27)	-	(27)
Other comprehensive income	718	(153)	565	362	(79)	283

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

Corporate Tax

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.

As of 30 June 2022, the corporate tax rate is 23% in Turkey (December 31, 2021: 25%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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 2022

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

26. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax

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

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

Deferred tax assets and liabilities as of 30 June 2022 are calculated with 23% tax rate for the temporary differences which will be realized in 2022, and with 20% tax rate for those which will be realized after 2022 and onwards.

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

	30 June 2022	31 December 2021
Deferred tax asset	1	1
Deferred tax liability	(2,039)	(1,714)
Deferred tax liability	(2,038)	(1,713)
	30 June 2022	31 December 2021
Fixed assets	(2,773)	(2,614)
Right of use asset	(394)	(268)
Change in fair value of derivative instruments	(39)	(7)
Adjustments for passenger flight liabilities	(18)	(22)
Tax loss carried forward	492	634
Lease liabilities	393	346
Accruals for expenses	84	79
Income and expense for future years	82	69
Provisions for employee benefits	28	23
Miles accruals	26	27
Provisions for unused vacation	7	4
Other	74	16
Deferred tax liabilities	(2,038)	(1,713)

The changes of deferred tax liability for the period ended 1 January – 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Opening balance at 1 January	1,713	1,119
Foreign currency translation difference	190	122
Tax expense from hedging reserves	155	79
Tax income of actuarial losses on retirement pay obligation	(3)	(1)
Tax income from FVOCI	(5)	(1)
Deferred tax income	(12)	(66)
Deferred tax liability at the end of the period	2,038	1,252

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

26. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

Reconciliation with current tax charge for the period 1 January – 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Reconciliation of effective tax charge				
Profit /(loss) from operations before tax	748	628	(59)	(89)
Domestic expense tax rate of 23% / 25%	(172)	(144)	15	21
Taxation effects on:				
- foreign currency translation difference	177	77	31	(16)
- effect of the change in the deferred tax rate	21	21	25	25
- income from investment certificates	14	12	15	6
- investment incentive	5	(2)	19	10
- adjustment for prior year loss	(1)	-	1	-
- investments accounted by using the equity method	(2)	(1)	(5)	(2)
- non deductible expenses	(53)	(15)	(43)	(17)
Tax (charge) / income in statement of profit	(11)	(52)	58	27

27. EARNINGS PER SHARE

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

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

Number of total shares and calculation of profits / losses per share at 1 January – 30 June 2022 and 2021:

	1 January - 30 June 2022	1 January - 30 June 2021
Number of shares outstanding at 1 January (in full)	138,000,000,000	138,000,000,000
Number of shares outstanding at 30 June (in full)	138,000,000,000	138,000,000,000
Weighted average number of shares outstanding during the period (in full)	138,000,000,000	138,000,000,000
Net profit / (loss) for the period	737	(1)
Basic earnings per share (Full US Cents) (*)	0.53	(0.00)
Diluted earnings per share (Full US Cents) (*)	0.53	(0.00)

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

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

28. DERIVATIVE FINANCIAL INSTRUMENTS

Breakdown of derivative financial assets and liabilities of the Group as of 30 June 2022 and 2021 are as follows:

<u>Derivative financial assets</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Derivative instruments for fuel prices	131	50
cash flow hedge		
Derivative instruments not subject to hedge	66	9
accounting		
Derivative instruments for interest rate		
cash flow hedge	6	-
	<u>203</u>	<u>59</u>
 <u>Derivative financial liabilities</u>	 <u>30 June 2022</u>	 <u>31 December 2021</u>
Derivative instruments for fuel prices	41	6
cash flow hedge		
Derivative instruments for interest rate	2	16
cash flow hedge		
Derivative instruments not subject to hedge	1	6
accounting		
Derivative instruments for cross currency rate	1	-
cash flow hedge		
	<u>45</u>	<u>28</u>

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 2022

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

29. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

	30 June 2022					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	1,030	112	181	10	18	709
2a.Monetary Financial Assets	4,299	397	3,782	4	2	114
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	559	114	191	-	5	249
4.Current Assets (1+2+3)	5,888	623	4,154	14	25	1,072
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	783	783	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	536	342	185	-	-	9
8.Non Current Assets (5+6+7)	1,319	1,125	185	-	-	9
9.Total Assets (4+8)	7,207	1,748	4,339	14	25	1,081
10.Trade Payables	975	675	240	1	3	56
11.Financial Liabilities (*)	3,592	8	3,263	299	22	-
12a.Other Liabilities, Monetary	413	157	189	2	-	65
12b.Other Liabilities, Non Monetary	39	39	-	-	-	-
13.Current Liabilities (10+11+12)	5,019	879	3,692	302	25	121
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities (*)	7,662	45	6,583	945	89	-
16a.Other Liabilities, Monetary	18	3	6	-	6	3
16b.Other Liabilities, Non Monetary	137	137	-	-	-	-
17.Non Current Liabilities (14+15+16)	7,817	185	6,589	945	95	3
18.Total Liabilities (13+17)	12,836	1,064	10,281	1,247	120	124
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	(5,629)	684	(5,942)	(1,233)	(95)	957
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(6,548)	404	(6,318)	(1,233)	(100)	699
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	1,363	-	1,363	-	-	-
24.Hedged foreign currency liabilities	-	-	-	-	-	-

(*) Net foreign exchange position of Group is mainly due to long term foreign currency borrowings denominated in Euro, Japanese Yen, Swiss Frank to funds its investments. Group uses these long term foreign currency borrowings to manage the risk of exchange differences with highly probable future foreign currency revenues. The USD equivalent of these borrowings amount to USD 7,916 as of 30 June 2022 (31 December 2021: USD 7,824).

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 2022

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

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

Foreign currency risk management (cont'd)

	31 December 2021					
	USD EQUIVALENT	TL	EUR	JPY	CHF	OTHER
1.Trade Receivables	854	58	147	4	16	629
2a.Monetary Financial Assets	2,415	678	1,658	3	2	74
2b.Non Monetary Financial Assets	-	-	-	-	-	-
3.Other	380	122	79	-	5	174
4.Current Assets (1+2+3)	3,649	858	1,884	7	23	877
5.Trade Receivables	-	-	-	-	-	-
6a.Monetary Financial Assets	974	974	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-	-
7.Other	574	350	217	-	-	7
8.Non Current Assets (5+6+7)	1,548	1,324	217	-	-	7
9.Total Assets (4+8)	5,197	2,182	2,101	7	23	884
10.Trade Payables	646	392	189	1	2	62
11.Financial Liabilities	3,439	38	3,112	266	23	-
12a.Other Liabilities, Monetary	97	6	48	2	3	38
12b.Other Liabilities, Non Monetary	25	25	-	-	-	-
13.Current Liabilities (10+11+12)	4,207	461	3,349	269	28	100
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities	8,846	3	7,559	1,180	104	-
16a.Other Liabilities, Monetary	24	15	7	-	-	2
16b.Other Liabilities, Non Monetary	113	113	-	-	-	-
17.Non Current Liabilities (14+15+16)	8,983	131	7,566	1,180	104	2
18.Total Liabilities (13+17)	13,190	592	10,915	1,449	132	102
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-	-	-
19a.Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b.Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	(7,993)	1,590	(8,814)	(1,442)	(109)	782
21.Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(8,809)	1,256	(9,110)	(1,442)	(114)	601
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-	-
23.Hedged foreign currency assets	1,570	-	1,570	-	-	-
24.Hedged foreign currency liabilities	-	-	-	-	-	-

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 2022

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

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

Foreign currency risk management (cont'd)

The Group is exposed to foreign exchange risk primarily from TL, EURO, JPY and CHF. The following table details the Group's sensitivity to a 10% increase and decrease in TL, EURO, JPY and CHF 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 2022			
	Profit / (Loss)		Equity	
	Before Tax			
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	68	(68)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	68	(68)	-	-
4- Euro net asset / liability	24	(24)	(618)	618
5- Part hedged from Euro risk (-)	136	(136)	-	-
6- Euro net effect (4+5)	160	(160)	(618)	618
7- JPY net asset / liability	(47)	47	(76)	76
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(47)	47	(76)	76
10- CHF net asset / liability	1	(1)	(11)	11
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	1	(1)	(11)	11
13- Other foreign currency net asset / liability	96	(96)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	96	(96)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	278	(278)	(705)	705

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 2022
(All amounts are expressed in Million US Dollars (USD) unless otherwise stated.)

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

Foreign currency risk management (cont'd)

	31 December 2021			
	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	159	(159)	-	-
2- Part hedged from TL risk (-)	-	-	-	-
3- TL net effect (1+2)	159	(159)	-	-
4- Euro net asset / liability	(197)	197	(684)	684
5- Part hedged from Euro risk (-)	157	(157)	-	-
6- Euro net effect (4+5)	(40)	40	(684)	684
7- JPY net asset / liability	(94)	94	(50)	50
8- Part hedged from JPY risk (-)	-	-	-	-
9- JPY net effect (7+8)	(94)	94	(50)	50
10- CHF net asset / liability	2	(2)	(13)	13
11- Part hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	2	(2)	(13)	13
13- Other foreign currency net asset / liability	78	(78)	-	-
14- Part hedged other foreign currency risk (-)	-	-	-	-
15- Other foreign currency net effect (13+14)	78	(78)	-	-
TOTAL (3 + 6 + 9 + 12 + 15)	105	(105)	(747)	747

30. EVENTS AFTER THE BALANCE SHEET DATE

None.