**PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Pegasus Hava Taşımacılığı Anonim Şirketi**

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Pegasus Hava Taşımacılığı Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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| Key audit matter | How the matter was addressed in the audit |
|---|---|
| ***Redelivery maintenance provision*** | |
| As explained in Note 15, as of 31 December 2024, the Group has recognized a provision of EUR 207.967.182 thousand for the redelivery maintenance provision costs at the delivery date of the aircraft where the aircrafts are leased without purchase option.<br><br>Regarding the aircrafts that are leased without purchase option, during the hand-over of these aircrafts, the Group is contractually committed to either comply with the conditions set forth in the contract or to compensate the lessor for the difference between the contractual hand-over conditions and the actual hand-over conditions of the airframe, engines and life-limited parts. A redelivery maintenance provision is recognised for this contractual obligation over the lease term, based on the present value of the estimated future cost calculated by reference to the number of hours flown and cycles operated during the year.<br><br>Redelivery maintenance provision amounts are material in the consolidated financial statements and they are based on certain assumptions, such as; likely utilization rates of the aircraft, the expected cost and the time of the heavy maintenance, the condition of the aircraft and the lifespan of life-limited parts. The changes in the assumptions may affect the consolidated financial statements significantly, hence, the matter is considered a key audit matter. | Among others, we have performed the following audit procedures on redelivery maintenance provision:<br><br>The design of controls have been examined to ensure the appropriateness of the calculation designed by the management. The assumptions used in the calculation of the redelivery maintenance provision are evaluated and the data used in these assumptions are compared with the costs used in the maintenance contracts made by the Group.<br><br>The actual maintenance amounts for the delivered aircraft are compared with the amounts calculated in the previous periods for these aircrafts and an assessment is made to see if there is a significant difference. Furthermore, substantive procedures are applied to the maintenance payments made by the Group for the aircrafts that are leased without purchase option. The records of the maintenance costs incurred during the year are compared with the corresponding invoices.<br><br>In addition, we have evaluated the adequacy of the disclosures in Note 2.5 and Note 15 in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. |

| ***Revenue recognition – complete and accurate recording of revenue and determination of passenger flight liability*** | |
|---|---|
| The Group generates its revenues from international and domestic flight operations. In order to perform the aforementioned operations, the Group uses information systems in which large volumes of data are processed. Due to the nature of operations, the ticket sales processes take place before the process of revenue recognition. The Group also earns ancillary revenue apart from flight revenue and separately monitors this revenue apart from flight revenues.<br><br>Revenue recognition has been identified as key audit matter since the amount of revenue is significant in the accompanying consolidated financial statements, the information systems, through processing large-volume of data, affects the period in which the revenue will be recorded and revenue recognition includes risks specific to the sector.<br><br>The accounting policy for the recognition of revenue of the Group is given in Note 2.4 and details of the revenue amount is presented in Note 21. | Among others, we have performed the following procedures on revenue recognition:<br><br>The appropriateness of the revenue recognition policy of the Group has been assessed.<br><br>The Group's revenue recognition process and the design and implementation of controls designed by management in the process have been examined and tested.<br><br>For significant revenue streams, procedures have been implemented to reconcile data exchanges between ticketing, collection and accounting ledger.<br><br>For significant revenue streams, procedures have been implemented to evaluate the completeness and accuracy of the end-to-end data flow between ticketing, collection and accounting ledger.<br><br>Substantive analytical tests have been applied for revenues. The data obtained from the accounting systems, traffic data and passenger flight reports were compared in order to test revenues.<br><br>In addition, the conformity of the disclosures in the consolidated financial statements as to IFRS has been also evaluated. |

**Other matters**

The Group has prepared a set of consolidated financial statements for the year ended 31 December 2024 in accordance with Turkish Financial Reporting Standards ("TFRS") on which we issued an unqualified auditor's report to the shareholders of the Group dated 4 March 2025.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

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**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Kaan Birdal, SMMM
Partner

March 4, 2025
İstanbul, Turkey

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024

(Amounts are expressed in full Euros (EUR) unless otherwise stated.)

| | Notes | Current period 31 December 2024 | Prior period 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | **1.891.835.243** | **1.473.620.823** |
| Cash and cash equivalents | 35 | 1.258.979.406 | 493.596.374 |
| Financial assets | 31 | 302.048.311 | 569.002.359 |
| Trade receivables | 6 | 73.467.728 | 51.234.258 |
| *Trade receivables from third parties* | 6 | 73.467.728 | 51.234.258 |
| Other receivables | 7 | 2.892.392 | 5.667.491 |
| *Other receivables from related parties* | 5 | - | 1.355 |
| *Other receivables from third parties* | | 2.892.392 | 5.666.136 |
| Derivative financial instruments | 30 | 3.963.837 | 387.044 |
| Inventories | 8 | 41.520.211 | 33.010.286 |
| Prepayments | 9 | 201.897.122 | 313.183.370 |
| Current income tax assets | 27 | 2.327.277 | 600.261 |
| Other current assets | 19 | 4.738.959 | 6.939.380 |
| **Non-Current assets** | | **5.819.032.995** | **4.726.283.979** |
| Financial assets | 31 | 125.770.276 | 51.398.067 |
| Other receivables | 7 | 84.911.131 | 54.610.528 |
| *Other receivables from third parties* | 7 | *84.911.131* | *54.610.528* |
| Investments accounted by using the equity method | 3 | 21.115.937 | 18.496.139 |
| Property and equipment | 10 | 470.967.606 | 318.589.424 |
| Intangible assets | 11 | 24.046.619 | 19.755.206 |
| Right of use assets | 12 | 4.172.222.342 | 3.484.661.746 |
| Prepayments | 9 | 493.115.950 | 390.435.418 |
| Deferred tax assets | 27 | 426.883.134 | 388.337.451 |
| **TOTAL ASSETS** | | **7.710.868.238** | **6.199.904.802** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024

(Amounts are expressed in full Euros (EUR) unless otherwise stated.)

| | Notes | Current period 31 December 2024 | Prior period 31 December 2023 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | **1.482.289.523** | **1.141.521.116** |
| Short term borrowings | 31 | 172.048.659 | 164.358.114 |
| Short term portion of long term borrowings | 31 | 218.212.572 | 59.701.410 |
| Short term portion of long term lease liabilities | 31 | 405.833.468 | 347.704.239 |
| Trade payables | 6 | 216.174.134 | 200.348.000 |
| *Trade payables to related parties* | *5* | *1.194.536* | *546.817* |
| *Trade payables to third parties* | | *214.979.598* | *199.801.183* |
| Employee benefit obligations | 17 | 14.704.364 | 12.226.645 |
| Other payables | 7 | 12.519.590 | 7.995.823 |
| *Other payables to third parties* | *7* | *12.519.590* | *7.995.823* |
| Contract liabilities | 9 | 333.941.687 | 258.437.538 |
| Derivative financial instruments | 30 | 4.645.693 | 3.348.688 |
| Deferred income | 9 | 40.016.533 | 24.007.806 |
| Short term provisions | | 64.192.823 | 63.392.853 |
| *Short term provisions for employee benefits* | *17* | *62.635.867* | *48.747.417* |
| *Other short term provisions* | *15* | *1.556.956* | *14.645.436* |
| **Non-Current liabilities** | | **4.189.573.178** | **3.380.071.120** |
| Long term borrowings | 31 | 469.797.544 | 377.971.840 |
| Long term lease liabilities | 31 | 3.260.356.410 | 2.719.405.614 |
| Derivative financial instruments | 30 | 364.343 | 1.972.462 |
| Deferred income | 9 | 202.964.552 | 107.657.057 |
| Long term provisions | | 256.090.329 | 173.064.147 |
| *Long term provisions for employee benefits* | *17* | *48.123.147* | *36.877.444* |
| *Other long term provisions* | *15* | *207.967.182* | *136.186.703* |
| **SHAREHOLDERS' EQUITY** | | **2.039.005.537** | **1.678.312.566** |
| Paid-in share capital | 20 | 230.037.951 | 60.544.134 |
| Share premiums on capital stock | | 24.595.488 | 194.089.305 |
| Other comprehensive income/expense not to be reclassified to profit or loss | | | |
| Actuarial losses on defined benefit plans | 26 | (4.263.048) | (3.254.102) |
| Currency translation differences | 26 | 6.188 | - |
| Other comprehensive income/expense to be reclassified to profit or loss | | | |
| Currency translation differences | | 8.445.337 | 8.808.787 |
| Hedge fund | 26 | (3.757.527) | (3.990.862) |
| Gain on financial assets measured at fair value | | 1.816.800 | 1.483.652 |
| Restricted profit reserves | | 4.047.406 | 4.047.406 |
| Retained earnings | | 1.416.584.246 | 626.643.772 |
| Net income for the period | | 361.492.696 | 789.940.474 |
| **TOTAL LIABILITIES AND EQUITY** | | **7.710.868.238** | **6.199.904.802** |

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

## PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts are expressed in full Euros (EUR) unless otherwise stated.)

| Profit or loss | Notes | Current period 1 January- 31 December 2024 | Prior period 1 January- 31 December 2023 |
|---|---|---|---|
| Revenue | 21 | 3.125.970.722 | 2.670.391.155 |
| Cost of sales (-) | 21 | (2.410.389.043) | (2.027.343.986) |
| **Gross profit** | | **715.581.679** | **643.047.169** |
| General administrative expenses (-) | 22 | (103.601.630) | (72.531.367) |
| Selling and marketing expenses (-) | 22 | (63.833.764) | (50.271.821) |
| Other operating income | 23 | 38.748.565 | 798.175 |
| Other operating expenses (-) | 23 | (8.705.751) | (31.813.205) |
| **Operating profit** | | **578.189.099** | **489.228.951** |
| Income from investing activities | 24 | 49.187.715 | 46.364.466 |
| Expenses from investing activities (-) | 24 | (1.460.575) | (2.204.032) |
| Share of investments income accounted for using the equity method | 3 | 2.624.202 | 771.984 |
| **Operating profit before financial expense** | | **628.540.441** | **534.161.369** |
| Financial income | 25 | 59.639.274 | 66.229.951 |
| Financial expense (-) | 25 | (365.085.216) | (230.277.959) |
| **Profit/(loss) before tax** | | **323.094.499** | **370.113.361** |
| **Tax income/(expense)** | | **38.398.197** | **419.827.113** |
| Deferred tax income/(expense) | 27 | 38.398.197 | 419.827.113 |
| **Net profit for the period** | | **361.492.696** | **789.940.474** |
| Income/(loss) per share EUR cents | 28 | 1,08 | 7,72 |
| **Other comprehensive income** | | | |
| **Items not to be reclassified to profit or loss** | | | |
| Actuarial (losses) / gains on defined benefit plans | 26 | (1.345.261) | 337.949 |
| Deferred tax effect | 26 | 336.315 | 149.351 |
| Currency translation differences | 26 | 6.188 | - |
| **Items to be reclassified to profit or loss** | | | |
| Currency translation differences | | (363.450) | 737.747 |
| Gain on financial assets measured at fair value | | 444.198 | 294.741 |
| Cash flow hedge | 26 | 311.114 | (23.048.790) |
| Deferred tax effect | 26 | (188.829) | 4.717.931 |
| **Other comprehensive income** | | **(799.725)** | **(16.811.071)** |
| **Total comprehensive income** | | **360.692.971** | **773.129.403** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts are expressed in full Euros (EUR) unless otherwise stated.)

| | | | | Other comprehensive income items not to be reclassified to profit or loss | | Other comprehensive income items to be reclassified to profit or loss | | | | Retained earnings | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Paid in share capital | Share premiums on capital stock | Actuarial gains/(losses) on defined benefit plans | Currency translation differences | Currency translation differences | Hedge reserve | Gain on financial assets measured at fair value | Restricted profit reserves | Retained earnings | Net profit/(loss) for the year | Shareholders' equity |
| **As at 1 January 2023** | **EUR** | **60.544.134** | **194.089.305** | **(3.741.402)** | **-** | **8.071.040** | **14.182.139** | **1.346.769** | **4.047.406** | **195.884.759** | **430.759.013** | **905.183.163** |
| Transfers | EUR | - | - | - | - | - | - | - | - | 430.759.013 | (430.759.013) | - |
| Net profit/(loss) for the period | EUR | - | - | - | - | - | - | - | - | - | 789.940.474 | 789.940.474 |
| Other comprehensive income / (expense) | EUR | - | - | 487.300 | - | 737.747 | (18.173.001) | 136.883 | - | - | - | (16.811.071) |
| **As at 31 December 2023** | **EUR** | **60.544.134** | **194.089.305** | **(3.254.102)** | **-** | **8.808.787** | **(3.990.862)** | **1.483.652** | **4.047.406** | **626.643.772** | **789.940.474** | **1.678.312.566** |
| **As at 1 January 2024** | **EUR** | **60.544.134** | **194.089.305** | **(3.254.102)** | **-** | **8.808.787** | **(3.990.862)** | **1.483.652** | **4.047.406** | **626.643.772** | **789.940.474** | **1.678.312.566** |
| Transfers (*) | EUR | 169.493.817 | (169.493.817) | - | - | - | - | - | - | 789.940.474 | (789.940.474) | - |
| Net profit/(loss) for the period | EUR | - | - | - | - | - | - | - | - | - | 361.492.696 | 361.492.696 |
| Other comprehensive income / (expense) | EUR | - | - | (1.008.946) | 6.188 | (363.450) | 233.335 | 333.148 | - | - | - | (799.725) |
| **As at 31 December 2024** | **EUR** | **230.037.951** | **24.595.488** | **(4.263.048)** | **6.188** | **8.445.337** | **(3.757.527)** | **1.816.800** | **4.047.406** | **1.416.584.246** | **361.492.696** | **2.039.005.537** |

(*) Within the registered capital ceiling of EUR 230.037.951, the Company's issued capital amounting to EUR 60.544.134 was increased by EUR 169.493.817 to EUR 230.037.951, all of which was covered from the amounts in the " Share Premiums on Capital Stock" account, and capital increase was registered with the Trade Registry on May 30, 2024.

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

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts are expressed in full Euros (EUR) unless otherwise stated.)

| | Notes | Current period 1 January- 31 December 2024 | Prior period 1 January- 31 December 2023 |
|---|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Income/(loss) for the period** | | **361.492.696** | **789.940.474** |
| **Adjustments to reconcile the income/(loss)** | | | |
| Depreciation and amortization | 10-11-12 | 338.692.016 | 303.533.846 |
| Adjustments related with impairments | | 1.264.353 | 1.607.293 |
| *Provision for doubtful receivable* | 6 | (193.900) | (596.739) |
| Adjustments related with financial investment impairments | 24 | 1.458.253 | 2.204.032 |
| Adjustments related with provisions | | 62.827.031 | 60.846.437 |
| *Provision for employee benefits* | 17 | 62.129.094 | 60.235.768 |
| *Legal provison* | 15 | 697.937 | 610.669 |
| Interest and commission income | 24-25 | 179.759.157 | 160.813.447 |
| Adjustments related with fair value expense (income) | | (668.652) | (947.941) |
| *Adjustments related with fair value expense (income) of financial assets* | | (668.652) | (947.941) |
| Gain on equity investments accounted for using the equity method | 3 | (2.624.202) | (771.984) |
| Current tax expense | 27 | (38.398.197) | (419.827.113) |
| Adjustments for (income)/expense caused by sale or changes in share of joint ventures | | (1.757.357) | - |
| Other provisions related with investing or financing activities | 24-25-33 | 79.945.190 | (42.297.824) |
| **Changes in working capital** | | | |
| Increase in trade receivables | | (22.039.570) | 8.306.728 |
| Increase in other receivables, prepayments and other assets | | (130.513.407) | (134.735.514) |
| Increase in inventories | | (8.509.925) | (7.843.081) |
| Increase in trade payables | | 15.826.134 | 3.178.362 |
| Increase in deferred income, other payables and other current liabilities | | 93.399.816 | 68.034.786 |
| **Net cash generated from operating activities** | | **928.695.083** | **789.837.916** |
| Payment for the employee benefits provisions | 17 | (28.393.246) | (8.437.371) |
| Payment for other provisions | 15 | (22.843) | (17.400) |
| | | **900.278.994** | **781.383.145** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Net cash changes from acquisition and sale of debt instruments of other entities | | (48.917.253) | (41.463.132) |
| Net cash changes from purchase and sale of property, equipment and intangible assets | | 69.088.390 | 6.250.570 |
| Interest received from financial investment | | 40.376.369 | 40.350.767 |
| Changes in cash advances and payables | | (109.660.781) | (96.681.940) |
| Other cash changes (*) | | 258.320.898 | (261.063.241) |
| | | **209.207.623** | **(352.606.976)** |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Increase in borrowings | | 761.466.720 | 315.231.973 |
| Repayment of borrowings | | (535.551.831) | (225.166.980) |
| Repayment of principal in lease liabilities | | (355.958.171) | (345.407.389) |
| Interest and commission paid | | (259.557.392) | (194.514.307) |
| Interest received | | 53.805.327 | 26.412.945 |
| | | **(335.795.347)** | **(423.443.758)** |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | | |
| **BEFORE TRANSLATION EFFECT (A+B+C)** | | **773.691.270** | **5.332.411** |
| **D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS** | | **(8.308.238)** | **(41.373.350)** |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)** | | **765.383.032** | **(36.040.939)** |
| **E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | | | |
| **AT THE BEGINNING OF THE PERIOD** | 35 | 493.596.374 | 529.637.313 |
| **AT THE END OF THE PERIOD (A+B+C+D+E)** | **35** | **1.258.979.406** | **493.596.374** |

EUR 1.337.946.977 of tangible and intangible assets additions in total of EUR 979.596.709 was financed through leases for the year ended 31 December 2024 (31 December 2023: EUR 834.803.129 of tangible and intangible assets additions in total of EUR 750.002.599 was financed through leases).

(*) The change in foreign exchange-protected deposits and time deposits with a maturity of more than three months, classified as financial investments, has been presented.

## NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Pegasus Hava Taşımacılığı A.Ş. (the "Company" or "Pegasus") and its subsidiaries (together "the Group") is a low cost airline company. The Group operates under a low cost business model and employs low cost airline business practices which focus on providing affordable, reliable and simple service. Group management focuses on providing high-frequency services on short- and medium-haul, point-to-point routes on its domestic and international transit network primarily from its main hub, Sabiha Gökçen Airport in İstanbul. The Group also operates scheduled flights from four other domestic hubs in Ankara, Adana, Antalya and İzmir. The Group operates with 118 aircraft (31 December 2023: 109 aircraft including 6 owned, all of them leased, 81 of which have purchase option) including 6 owned, 90 of which have purchase option and 22 leased as of 31 December 2024.

The Group offers a number of services ancillary to the core air passenger services and generates revenue through the provision of these services. These ancillary services include, but not limited to, revenue related to in-flight sale of beverages and food, excess baggage fees, reservation change and cancellation fees, airport check-in fees and seat selection fees.

The Group also provides cargo services and provides various training services. These training services include crew training, type rating training (i.e., training to fly a certain aircraft type), dangerous goods training and crew resource management (CRM) training.

The shareholders and ownership of the Company as of 31 December 2024 and 31 December 2023 are as follows:

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Esas Holding A.Ş. ("Esas Holding") | 52,81% | 56,65% |
| Publicly held | 45,37% | 41,53% |
| Sabancı Family Members | 1,82% | 1,82% |
| **Total** | **100,00%** | **100,00%** |

Shares of the Company have been started to be traded in İstanbul Stock Exchange since 26 April 2013, after the book building between the dates of 18-19 April 2013.

The Group's total number of full time employees as of 31 December 2024 is 8.459 (31 December 2023: 7.670). The address of its principal office is Aeropark Yenişehir Mah. Osmanlı Bulvarı No: 11/A Kurtkoy-Pendik İstanbul.

### Subsidiaries

*Pegasus Havacılık Teknolojileri ve Ticaret A.Ş.*

The Group established Pegasus Havacılık Teknolojileri ve Ticaret A.Ş. ("PHT") in Istanbul on 13 May 2016, to manage simulator technical support and maintenance operations. The Group holds 100% ownership of PHT's outstanding shares and consolidates it as a subsidiary on a line-by-line basis.

*Pegasus Airlines Innovation Lab, Inc.*

Pegasus Airlines Innovation Lab, Inc. ("PIL"), is incorporated in the State of Delaware, U.S.A., effective as of 28 December 2023, to undertake operations primarily in the Silicon Valley. Notifications regarding incorporation are completed with a capital amount of USD 150.000 as of 2 January 2024. The Group holds 100% ownership of PILs outstanding shares and consolidates it as a subsidiary on a line-by-line basis.

## NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

### Joint Ventures

*Pegasus Uçuş Eğitim Merkezi A.Ş.*

The Group incorporated Pegasus Uçuş Eğitim Merkezi A.Ş. ("PUEM") in October 2010 in Turkiye, a joint venture flight training company, with SIM Industries B.V., a Dutch simulator manufacturing and marketing company.
The Group owns 49,40% of the outstanding shares of PUEM and disclose as joint venture under investments accounted for using the equity method in the financial statements.
Following the sale of the simulator in January 2023, PUEM ceased its primary operations, and the liquidation process is ongoing.

*Hitit Bilgisayar Hizmetleri A.Ş.*

Hitit Bilgisayar Hizmetleri A.Ş. ("Hitit Bilgisayar") was established in 1994, and as of 31 December 2014 it was merged with its related company Hitit Yazılım A.Ş. The scope of operations of the entity is to develop software solutions for airlines and travel agencies as well as airports, and be engaged with the activities concerning service of the foregoing operations, services and sales thereof.

The Group owns 36,82% of the outstanding shares of Hitit Bilgisayar and disclose as joint venture under investments accounted for using the equity method in the financial statements.

### Approval of Financial Statements

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 4 March 2025.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

### Financial reporting standards

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. The accompanying condensed consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The consolidated financial statements have been prepared on a going concern basis, assuming that the Group will continue to utilize its assets effectively and meet its obligations in the normal course of business operations.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

**Functional and Presentation Currency**

Although there is no prominent currency affecting revenue and cost of sales, the Company's functional currency is determined as Euro because; significant portion of scheduled flight revenues, which represents the Company's primary operations, is generated from European flights, Euro represents a significant component of the financial liabilities of the Company and management reports and budget enabling the Company's management to make executive decisions are prepared in Euro. The functional currency of the Company, its subsidiary and associates, other than Hitit Bilgisayar and PIL, is Euro. Hitit Bilgisayar's and PIL's functional currency is US Dollars.

For the companies in Turkiye that maintain financial records in TL, currency translation from TL to the functional currency Euro is made under the framework described below:

- Monetary assets and liabilities have been converted to the functional currency with the Central Bank of Turkish Republic (CBRT) foreign exchange rate.
- Non-monetary items have been converted into the functional currency at the exchange rates prevailing at the transaction date.
- Profit or loss accounts have been converted into the functional currency using the exchange rates at the transaction date, except for depreciation expenses.
- The capital is followed according to historical costs.

The translation differences resulting from the above mentioned conversions are recognized under financial income / expenses in the statement of profit or loss.

**Financial Reporting in Hyperinflationary Economies**

In accordance with the POA's announcement dated 23 November 2023, companies applying International Financial Reporting Standards are required to present their financial statements for the annual reporting periods ending on or after 31 December 2023, adjusted for the effects of inflation in accordance with the relevant accounting principles in International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29). Since the Company's functional currency is Euro as of the reporting date, there is no need to make any adjustments within the scope of IAS 29 in its financial statements to be prepared in accordance with IFRS. However, the financial statements as of 31 December 2024 and 31 December 2023 are prepared in accordance with the Tax Law, have been subject to inflation correction in accordance with the legislation.

**Comparative Information and Reclassification of Prior Period Financial Statements**

Consolidated financial statements of Group are prepared in comparison to prior period in order to identify financial position and performance trends. In order to maintain consistency with current period consolidated financial statements, comparative information is reclassified and material changes are disclosed if necessary. Group has not made any reclassification in the prior period consolidated financial statements in order to maintain consistency with current period consolidated financial statements.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

### Basis of Consolidation

The following table illustrates the condensed consolidated subsidiaries and the Group's ownership percentage in these subsidiaries as of 31 December 2024 and 31 December 2023:

| | | Ownership rate | | Country of registration and |
|---|---|---|---|---|
| Name of the company | Principal activity | 31 December 2024 | 31 December 2023 | operation |
| Pegasus Havacılık Teknolojileri ve Ticaret A.Ş. | Simulator technical support and maintenance | 100% | 100% | Turkiye |
| Pegasus Airlines Innovation Lab, Inc. | Technology – R&D | 100% | 100% | USA |

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed to variable returns from its involvement with the investee or has rights to such returns; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other voting shareholders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate whether the Company currently has the ability to direct the relevant activities at the time decisions need to be made will be considered. This includes analyzing voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year, are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company no longer controls the subsidiary.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

**Basis of Consolidation**

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

*Changes in the Group's Ownership Interests in Existing Subsidiaries*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9 Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**Joint Ventures**

The following table illustrates the affiliates and joint ventures then indicates the Group's ownership percentage in these joint ventures as of 31 December 2024, 31 December 2023:

| | | Ownership rate | | | Country of |
|---|---|---|---|---|---|
| Name of the company | Principal activity | 31 December 2024 | 31 December 2023 | Ownership type | registration and operation |
| Pegasus Uçuş Eğitim Merkezi A.Ş. ("PUEM") | Simulator training | 49,40% | 49,40% | Joint venture | Turkiye |
| Hitit Bilgisayar Hizmetleri A.Ş. ("Hitit Bilgisayar") | Information system solutions | 36,82% | 36,82% | Joint venture | Turkiye |

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
(*) With the simulator sale in January 2023, PUEM stopped its main operations and the liquidation process continues.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of Presentation

### Joint Ventures

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. At first, investments in joint ventures are recorded on the consolidated financial statements at their initial cost under the equity method. Subsequently, adjustments are made to reflect the Group's portion of the joint venture's profit or loss and other comprehensive income. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

### 2.2 Changes in Accounting Estimates

Changes in accounting estimates are applied prospectively. If the change is effective for a specific period, it impacts only that period. If they relates to future periods, they are recognized prospectively both in the current period and in the future period. Significant errors identified by the Group in the accounting estimates are applied retrospectively and prior period financial statements are restated. The Group has not made any changes in accounting estimates in the current reporting period.

### 2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2024 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.3 The new standards, amendments and interpretations

### i) The new standards, amendments and interpretations which are effective as at January 1, 2024 are as follows:

**Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities**

In January 2020 and October 2022, IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, October 2022 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with IAS 8. The Group is in the process of assessing the impact of the amendments on financial position or performance of the the Group.

**Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16. The Group is in the process of assessing the impact of the amendments on financial position or performance of the the Group

**Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued in May 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.3 The new standards, amendments and interpretations

**i) The new standards, amendments and interpretations which are effective as at January 1, 2024 are as follows:**

**Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments did not have a significant impact on the financial position or performance of the Group.

**ii) Standards issued but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

**Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2015, IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will assess the effects of the amendments after the new standards have been finalized.

**Amendments to IAS 21 - Lack of exchangeability**

In August 2023, the Board issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.3 The new standards, amendments and interpretations

### ii) Standards issued but not yet effective and not early adopted

**Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments**

In May 2024, the Board issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the ‘settlement date’. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendment will be effective for annual periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. The amendments did not have a significant impact on the financial position or performance of the Group.

**Annual Improvements to IFRS Accounting Standards – Volume 11**

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter:* These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

- *IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition:* The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.

- *IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price:* IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price”.

- *IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent':* The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.

- *IAS 7 Statement of Cash Flows – Cost Method:* The amendments remove the term of “cost method” following the prior deletion of the definition of 'cost method'.

Improvements are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted for all. The amendments did not have a significant impact on the financial position or performance of the Group.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.3 The new standards, amendments and interpretations

### ii) Standards issued but not yet effective and not early adopted

**Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity**

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the “own use” requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments did not have a significant impact on the financial position or performance of the Group.

**IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements**

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. IFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. IFRS 18 will be applied retrospectively.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**IFRS 19 – Subsidiaries without Public Accountability: Disclosures**

In May 2024, the Board issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.3 The new standards, amendments and interpretations

### iii) The amendments which are effective immediately upon issuance

**Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules**

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

The amendments did not have a significant impact on the financial position or performance of the Group.

### 2.4 Summary of Significant Accounting Policies

**Related Parties**

Related parties comprise of any person or entity related to the entity preparing the financial statements (reporting entity).

a) Any individual or any one of the close family members of such individual are considered as being related with the reporting entity: In the event the subject matter individual,

(i) is in possession of control or joint control over the reporting entity,
(ii) is entitled to a crucial influence on the reporting entity,
(iii) is a member of the key management staff of the reporting entity or one of the major shareholders of the reporting entity.

(b) In the event any of the following circumstances is present in existence, the entity is considered to be in relation with the reporting entity:

(i) If the entity and the reporting entity are members of the same group (in other words, each major partnership, associated partnership and other associated partnership is related to the others).
(ii) If the entity is an affiliate or business partnership of the other entity (or a member of the group that such other entity is also a member of).
(iii) If both entities are business partnerships of the same third party.
(iv) If one of the entities is a business partnership of any third entity and the other entity is an affiliate of the subject matter third entity.
(v) If there are benefit plans for the post-retirement stage with respect to the employees of the entity, reporting entity or any other entity related to the reporting entity. In the event the reporting entity is itself in possession of such a plan, the sponsoring employers are likewise related to the reporting entity.
(vi) If the entity is controlled by any individual identified under article (a) or under joint control.
(vii) If any individual identified under item (i) of article (a) is in possession of a substantial influence on the entity or is a member of the key management personnel of the subject matter entity (or of the major shareholder of any such entity).

Consists of the transfer of sources, services or obligations between the related party and any party related to the reporting entity of the transaction performed, regardless of whether the same is in consideration for a charge or otherwise.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Revenue from Contracts with Customers**

The Group generates its revenues from international and domestic flight operations. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and revenue related taxes. These revenues are recognized as follows:

- Scheduled and charter flight revenues are recorded as revenue when the transportation service is provided. Tickets sold but not yet used are recorded as passenger flight liabilities. Passenger flight liability is followed in the balance sheet under the liabilities arising from customer contracts until the flight occurs.
- Cargo services and training services are recognized when services are provided.
- Ancillary revenue is recognized as revenue when the service is provided.
- The passenger service fee is a non-refundable fee added to the ticket price in order to perform the sales service. Since the passenger service fee is not considered as a performance obligation different from the transportation service, it is recorded as income when the transportation service is performed.

The Group has evaluated itself as a surrogate in terms of the airport tax paid to the relevant state institutions and collected from the passengers at the ticket price and has not included the taxes in the revenue amount. The most important factor in this evaluation is the fact that the addressee of the tax is not the Company but the passenger.

If the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

The Group also receives interest income, which is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Group recognises revenue based on the following five principles in accordance with the IFRS 15, “Revenue from Contracts with Customers Standard”; effective from 1 January 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Revenue from Contracts with Customers**

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

**Pegasus Card and Pegasus Bolbol Loyalty Program**

Pegasus Bolbol is the loyalty program of Pegasus. The members of Pegasus Bolbol program earn and accumulate flight points for both ticket and non-ticket purchases each time they use their Pegasus Bolbol membership. If the points are earned by ticket purchases, the flight points are provided by Pegasus and recognized as a separately identifiable component of the revenue transaction and measured at fair value. They are recorded as "flight liability from flight points" initially and recognized as revenue when the flight points are used. The value of flight points changes according to the ticket price during use and their fair value is adjusted according to the statistic during the current year.

If the points are earned through non-ticket purchases, the program partner funds the cost of the points through a payment to the Group. The Group defers this revenue, which it records as "flight liability from flight points" and recognizes the revenue when the points are used by the customer. Award points are valid for at least two years and expire on the last day of the second calendar year. Unused points are recognized as income based on historic usage.

**Inventories**

Inventories are composed of consumables, spare parts, catering stocks and other stocks and they are valued at the lower of cost or net realizable value. Spare parts are composed of large number of minor items of property, plant and equipment. For practical reasons, smaller items that are not significant are not recorded individually in the property, plant, and equipment register but are instead included in inventories.

**Tangible Assets**

Tangible assets are carried at historical costs less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised over their estimated useful lives, less their residual values using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Group allocates the cost of an acquired aircraft to its service potential reflecting the maintenance condition of its engines and airframe. This cost, which can equate to a substantial element of the total aircraft cost, is depreciated over the shorter of the period to the next maintenance check or the remaining life of the aircraft. The costs of subsequent major airframe and engine maintenance checks are capitalised and depreciated over the shorter of the period to the next check or the remaining life of the aircraft.

All significant components and repairable spare parts are accounted separately and depreciated over their respective estimated useful lives.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Tangible Assets**

Leased assets are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the disposal or retirement of a tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset. This gain or loss is recognized in the profit or loss statement.

**Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Acquired trademark, brands and licenses are shown at historical cost. Trademarks, brands and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives. The acquired software has a 5 year useful life.

**Provisions, Contingent Assets and Contingent Liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Impairment of Non-financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its aircraft to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which separately identifiable cash flows exist (cash-generating units). At the end of each reporting period, non-financial assets are reviewed for possible impairment reversals.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Impairment of Non-financial Assets**

The fleet has been determined as the lowest level cash generating unit and analysed for impairment accordingly. The aircraft fleet includes both right of use assets under lease agreements and aircraft, components, spare engines and other parts within the tangible asset account group. For determination of recoverable amounts the higher value between value in use and sale expenses deducted net selling prices in US Dollars is used. Net selling price for the aircraft is determined according to second hand prices in international price guides.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. There are no qualifying assets during the years ended 31 December 2024 and 31 December 2023. Therefore, no borrowing costs were capitalized for the years ended 31 December 2024 and 31 December 2023. All borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

**Maintenance and Repair Costs and Maintenance Reserve Contribution Receivables**

Although the definitions of finance lease and operating lease are removed with IFRS 16 for lessees, the Group continues to use these definitions because they represent different risk categories. Consistent with the definitions introduced by IFRS 16 for lessors; a lease agreement is defined as a financial lease, if the lease significantly transfers all risks and returns arising from the ownership of the underlying asset; otherwise, it is defined as an operating lease. However, this distinction does not affect the accounting for the relevant lease agreements. All lease agreements are accounted for in accordance with IFRS 16.

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft and aircraft that is leased with purchase option (financial leases) described in the accounting policy for tangible assets.

For some of leased aircraft without a purchase option (operating leases), the Group pays a monthly supplemental amount called the 'Maintenance Reserve Contribution' to operating lease companies for heavy maintenance expenditures. This reserve contribution is calculated based on the actual flight hours or the actual number of landings of the aircraft. These reserve payments are recognised on a monthly basis in the statement of financial position, netted from the maintenance provisions recorded in accordance with IFRS 16, during the lease term. However, when the Group incurs such heavy maintenance expenditures on behalf of the operating lease company, it claims these costs back and recognise an agreed maintenance reserve contribution receivables until it is collected. All other maintenance and repair costs are expensed as incurred.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Right of use assets**

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use asssets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. As of the leasing start date, redelivery maintenance provisions of the aircraft are considered as an indispensable obligation within the scope of the contract, and the estimated provisions are included in the discounted cost and the right of use assets.

Right of use assets are subject to impairment.

**Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. Additionally, the carrying amount of lease liabilities is remeasured in case of modification, changes in the lease term, changes in in-substance fixed lease payments, or changes in the assessment to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets lease recognition exemption to leases of office equipment that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Taxation and Deferred Income Taxes**

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

#### Taxation and Deferred Income Taxes

*Current Tax*

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

*Deferred Tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

*Current and Deferred Tax for the Period*

Taxes are recognised as an expense or income in profit or loss, except when they related to transactions that are recognised in equity. Otherwise, taxes are also recognized in equity with other related transactions.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

#### Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. As a financing instrument, government grants, rather than to be recognized in profit or loss to offset the expenses they are financing, are to be recognized in the balance sheet as deferred income and be recognized in profit or loss on a systematic basis over the economical life of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

*Investment Incentives*

The Turkish Government has an Investment Incentive Program which became effective upon the issuance of the Council of Ministers' resolution "Government Assistance for Investments" No:2009/15199 ("Incentive Program") on 14 July 2009.

The Incentive Program aims to provide support to companies which make investments by providing a credit against taxable income related to those investments. The amount of credit is determined based on a "contribution rate" in the Incentive Program. An entity must obtain an investment certificate related to the associated incentives.

The Group obtained incentive certificates from the Undersecretariat of Treasury for 100 aircraft. According to the incentive certificate of 16 aircraft, the Company will use 15% of the purchase value of the aircraft as the contribution rate which is the maximum amount that could be deducted against taxable income that is attributable to the operation of aircraft. The deduction will be performed by the application of 50% of the effective tax rate for the (i.e. use of 12,5% instead of 25%) taxable income attributable to the operation of these aircraft. According to the incentive certificate of 84 aircraft, the Company will use 50% of the purchase value of the aircraft as the contribution rate which is the maximum amount that could be deducted against taxable income that is attributable to the operation of aircraft. The deduction will be performed by the application of 90% of the effective tax rate for the (i.e. use of 2,5% instead of 25%) taxable income attributable to the operation of these aircraft. The Group has reflected the amount related to the above-mentioned "contribution amount" in the financial statements due to the formation of a Corporate Tax base in the foreseeable four-year period as of 31 December 2024 (Note 13).

#### Employee Benefits

*Defined Benefits*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation. The calculated actuarial gains and losses are accounted under the other comprehensive income when material.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Employee Benefits**

*Employee Bonus Plan*

The Group recognizes a liability and an expense for employee bonus, based on current year performance. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**Foreign Currency Transactions**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Based on the nature of the Group's business, there are various transactions entered into that are in currencies other than the functional currency. In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized either as finance income or finance costs in the period in which they arise.

**Financial Assets**

Recognition and Measurement

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. The Group determines the classification of its financial assets at the time of purchase.

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted in the consolidated statement of income.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Financial Assets**

Recognition and Measurement

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

The valuation differences classified under other comprehensive income are recognized in retained earnings upon derecognition of financial assets.

At initial recognition, the Group may make an irrevocable election for particular investments in equity instruments, which would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for in the consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss is measured as follows:

12- Month ECL: results from default events that are possible within 12 months after reporting date. Lifetime ECL: results from all possible default events over the expected life of financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Financial Assets**

Trade receivables

Trade receivables resulting from services provided directly to debtors are measured at amortized cost, using the effective interest rate method, short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply "simplified approach" defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss.

Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

**Financial Liabilities**

The Group's financial liabilities and equity instruments are classified according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The contract representing the right in the assets of the Group after deducting all debts of the Group which is an equity-based financial instrument. The accounting policies applied for certain financial liabilities and equity instruments are as follows.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities are initially recognized at fair value as a net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

In case of fulfilling the contractual obligations of other financial liabilities, cancelling the contract or expiring, the Group offsets this liability. The carrying amount of the off-balance sheet and the difference between the book value of the financial liability and the new financial liability arising are recognized in the statement of profit or loss.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Derivative Financial Instruments and Hedge Accounting**

Derivative financial instruments are initially recognized at fair value on the date when a derivative contract is entered into and subsequently remeasured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognized in the statement of profit or loss. Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group is exposed to foreign exchange risk through the impact of currency rate changes on translation into the Euro of its foreign currency denominated assets and liabilities and non-Euro denominated currency transactions. To monitor the risk, the Group enters into forward transactions where the Group is liable to pay a certain amount of Euro and receive a certain amount of foreign currency (mainly US Dollars) at a specified date. The change in the fair value of the derivative financial assets that qualify for hedge accounting according to IAS 39 (Financial Instruments) are recognized in other comprehensive income and the change in the fair value of the derivative financial assets that do not qualify for hedge accounting according to IAS 39 are recognized in statement of profit or loss. The Group has started applying IFRS 9 for derivative financial instruments starting from 1 October 2019.

Inherently, the Group is exposed to financial risks related to interest rate fluctuations. The most significant source of the interest rate risk is the financial lease liabilities. The policy of the Group is to transform a part of its floating rate financial liabilities into fixed rate financial liabilities by using derivative financial instruments. Derivative financial instruments procured for this purpose do not qualify for hedge accounting and the change in the fair value of these derivative financial assets are recognized immediately in profit or loss.

Fuel costs which are predominantly determined in US Dollars constitute a substantial portion of the Group’s cost base. The Group enters into forward and option forward transactions with financial institutions based on acquisition of jet fuel or Brent oil on specified prices. These commodity forward transactions qualify for hedge accounting and they are accounted as cash flow hedges under equity as at 31 December 2024 and 31 December 2023.

Brent within framework of hedge transactions against cash flow risk is a substitute product of Jet Fuel, whereas the correlation between the two commodities is set forth in terms of past statistics. The correlation rate between Brent and Jet Fuel between years 2010-2024 is within the effectiveness ranges. The excessive amount over the effective rate is accounted in profit or loss in the related period when the amount has material effect in the financial statements.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an on-going basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Amounts previously recognized in other comprehensive income are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the statement of comprehensive income as the recognized hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.4 Summary of Significant Accounting Policies

**Derivative Financial Instruments and Hedge Accounting**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques such as using the basis of recent market transactions on arm's length terms, using the fair value of similar financial instruments and using discounted cash flow analysis (Note 33).

**Events After Reporting Period**

Events after reporting period comprise any events between the reporting period and the date of authorization of the financial statements, even if the event after balance sheet date occurred subsequent to an announcement on the Group's profit or following any financial information that are released.

In the case of events requiring adjustments, the Group adjusts the amounts recognized in its financial statements to reflect the events. For non-adjusting events, disclosure is made in the notes to the financial statements.

**Contingent Liabilities and Contingent Assets**

Contingent liabilities are assessed continuously to determine the probability of outflow of the economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for the cases where a reliable estimate cannot be made.

When the Group's contingent liabilities are probable but the amount of resources containing the economic benefits cannot be measured reliably, then the Group discloses this fact in the notes to the financial statements.

**Earnings per Share**

Earnings per share is calculated by dividing net profit by weighted average number of shares outstanding in the relevant period. In Turkiye, companies are allowed to increase their capital by distributing free shares to shareholders from accumulated profits. In calculation of earnings per share, such free shares are considered as issued shares. Therefore, weighted average number of shares in the calculation of earnings per share is found by applying distribution of free shares retrospectively.

**Cash Flow Statement**

Cash flows for the period are classified and presented as operating, investing and financing activities in the cash flow statement.

Cash flows from operating activities present cash generated from the Group's airline operations.

Cash flows from investing activities present cash used in, generated from investing activities (capital investments and financial investments) of the Group.

Cash flows from financing activities present the funds used in financing operations and repayment regarding these operations.

Cash and cash equivalents are short term investments that are cash on hand, demand deposits, time deposits of with maturities not exceeding three months from purchase date and free of deterioration of value with high liquidity.

**Capital and Dividends**

Common shares are classified as equity. Dividends distributed over common shares are accounted by deduction from retained earnings in the period decision for dividend payment is undertaken.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.5 Critical Accounting Estimates and Assumptions

Preparation of the financial statements requires the amounts of assets and liabilities being reported, explanations of contingent liabilities and assets and the uses of accounting estimates and assumptions which would affect revenue and expense accounts reported during the accounting period. The Group makes estimates and assumptions about the future periods. Actual results could differ from those estimations. Accounting estimates and assumptions which might cause material adjustments on the book values of assets and liabilities in future financial reporting period are given below:

*Useful Lives and Residual Values of Tangible Assets, Right of Use Assets and Aircraft*

The Group has allocated depreciation over tangible assets and right of use assets by taking into consideration the useful lives and residual values which were explained in Note 10. While determining estimated useful lives and residual values, the Group makes estimations and assumptions by taking past experience and business plans into consideration.

*Income Taxes*

The Group recognizes deferred tax assets and liabilities using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. Main factor is this assessment is the expectation that there will be taxable temporary differences that will reverse during the period in which unused tax losses can be carried and the projections of the foreseeable future profits with reasonable assurance are taken into account. Based on the available evidence, the Group management has recognized the deferred tax assets as at 31 December 2023.

The Group estimates to utilize reduce corporate tax advantages arising from acquisition of aircrafts. The Company has recognized deferred tax assets for periods when sufficient profit can be generated within a foreseeable four-year period with reasonable assurance.

*Redelivery Maintenance Provision*

For leased aircraft where there is no purchase option (operating leases), the Group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor to the level of return condition of the aircraft based on the actual condition of the airframe, engines and life-limited parts upon return. A provision is made over the lease term for this contractual obligation, based on the present value of the estimated future cost complying with the contractual commitment described above, by reference to the number of hours flown or cycles operated during the year. The provision also incorporates management expectation on the cost of the maintenance and component compensation at the time of the redelivery. The group considers the estimated maintenance costs and estimated flight times and number of flights as significant assumptions. In case of a 10% increase in maintenance costs, redelivery maintenance provision will be higher by EUR 20.796.718.

*Fair Value of Derivatives and Other Financial Instruments*

The fair value of derivative financial instruments which are not traded in an active market is determined using valuation techniques based on market rates and expected yields. Fair value of non-derivative financial instruments is determined based on the present value of future principal and interest cash flows. These cash flows are calculated based on the discount rate prevailing at the reporting date.

## NOTE 3 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of investments accounted for using the equity method are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Joint ventures** | | |
| Hitit Bilgisayar | 21.115.937 | 17.189.351 |
| PUEM (*) | - | 1.306.788 |
| | **21.115.937** | **18.496.139** |

(*) With the simulator sale in January 2023, PUEM stopped its main operations and the liquidation process continues.

Total profit from investments accounted for using the equity method is as follows:

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Hitit Bilgisayar | 2.777.604 | 1.392.887 |
| PUEM | (153.402) | (620.903) |
| **Net profit** | **2.624.202** | **771.984** |

The summarized financial information of the investment accounted by using the equity method is as follows:

**PUEM**

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Current assets | 412.317 | 2.647.354 |
| Non-current assets | - | 9.298 |
| Current liabilities | (412.317) | (9.700) |
| Non-current liabilities | - | (1.632) |
| **Net assets of joint venture** | **-** | **2.645.320** |
| Group's ownership interest in the joint venture | 49,40% | 49,40% |
| **Group's share in the net assets of the joint venture** | **-** | **1.306.788** |

| **PUEM** | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Depreciation and amortisation expense | (9.298) | (89.086) |
| Interest income/(expense), net | 3.833 | 140.374 |
| Profit for the year | (157.128) | (1.256.889) |
| Other equity changes | (153.402) | - |
| Group's ownership interest | 49,40% | 49,40% |
| **Group's share in the net profit of the joint venture** | **(153.402)** | **(620.903)** |

## NOTE 3 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

**Hitit Bilgisayar**

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Current assets | 24.590.146 | 22.768.764 |
| Non-current assets | 46.605.202 | 30.759.077 |
| Current liabilities | (10.381.617) | (4.666.782) |
| Non-current liabilities | (3.781.199) | (2.474.670) |
| **Net assets of joint venture** | **57.032.532** | **46.386.389** |
| Group's ownership interest in the joint venture | 36,82% | 36,82% |
| Goodwill | 116.559 | 109.883 |
| **Group's share in the net assets of the joint venture** | **21.115.937** | **17.189.351** |

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Revenue | 31.631.239 | 23.714.455 |
| Depreciation and amortisation expense | (5.818.669) | (3.921.259) |
| Interest income/(expense), net | 1.349.044 | 3.175.549 |
| Profit for the year | 7.520.081 | 5.162.457 |
| Other equity changes | 23.655 | (1.379.494) |
| Group's weighted average ownership interest | 36,82% | 36,82% |
| **Group's share in the net profit of the joint venture** | **2.777.604** | **1.392.887** |

## NOTE 4 - SEGMENT REPORTING

The Group is managed as a single business unit that provides low fares airline-related services, including scheduled services, charter services, ancillary services and other services. The Group's Chief Operating Decision Maker is the Board of Directors. The resource allocation decisions are based on the entire network and the deployment of the entire aircraft fleet. The objective in making resource allocation decisions is to maximise consolidated financial results, rather than results on individual routes within the network. All other assets and liabilities have been allocated to the Group's single reportable segment.

## NOTE 5 - RELATED PARTY TRANSACTIONS

The ultimate parent and controlling party of the Group is Esas Holding. The Group has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders (which will be referred to as " other related parties" below). The related party receivables and payables resulting from operating activities are generally not secured and interest free.

**(i) Balances with Related Parties:**

**a) Other receivables from related parties**

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Balances with joint ventures:** | | |
| PUEM | - | 1.355 |
| | **-** | **1.355** |

## NOTE 5 - RELATED PARTY TRANSACTIONS

### (i) Balances with Related Parties:

### b) Trade payables to related parties

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Balances with joint ventures:** | | |
| Hitit Bilgisayar | 1.078.540 | 544.935 |
| **Balances with other related parties:** | | |
| Esasburda İnşaat Sanayi ve Ticaret A.Ş. ("Esasburda") | 25.774 | - |
| Alarm Sağlık Hizmetleri San. ve Tic. A.Ş. ("Alarm Sağlık") | - | 1.882 |
| Ere Avm İnşaat A.Ş. ("Ere Avm") | 90.222 | - |
| | **1.194.536** | **546.817** |

### (ii) Significant Transactions with Related Parties:

Transactions with Esas Holding consist of commissions paid. The Group recognizes these commissions under finance expense.

Until May 2024 , the Group leased their head office building from Esasburda, another Esas Holding subsidiary. Esasburda also charged dues, electricity, water and heating expenses for the head office, which is disclosed within "purchases of godds and services" section below.

The group received simulator training services from PUEM until January 2023 for the training of its pilots. Income is generated from labor hire and common areas used.

The Group receives software and software support services from Hitit Bilgisayar that provides information system solutions for transportation industry.

The Group receives health services from Alarm Sağlık.
The Group receives project consultancy services from Ere Avm İnşaat for the hangar project.

### a) Other income from related parties

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| **Transactions with joint ventures:** | | |
| PUEM | - | 94.282 |
| | **-** | **94.282** |

### b) Purchases of goods or services

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| **Transactions with joint ventures:** | | |
| Hitit Bilgisayar | 7.835.825 | 6.024.239 |
| **Transactions with other related parties:** | | |
| Ere Avm | 1.132.691 | - |
| Esasburda | 711.078 | 483.381 |
| Alarm Sağlık | 30.977 | 26.398 |
| Other | 10.619 | - |
| | **9.721.190** | **6.534.018** |

## NOTE 5 - RELATED PARTY TRANSACTIONS

### (ii) Significant Transactions with Related Parties:

### c) Lease expenses

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Esasburda (*) | 317.004 | 990.451 |
| | **317.004** | **990.451** |

(*)Lease expenses are recorded as depreciation and interest under IFRS 16 leases standard. Amounts presented above represent issued invoices. In May 2024, the Group decided to purchase the office building which is the basis of the lease expense. The transactions in this context have been mediated by a bank for the financing of the purchase and the Company will obtain ownership of the building from the bank at the end of the three-year lease period. In this context, the discounted net present value of the payments to be made for the building is EUR 20.619.494.

### d) Commission expenses

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Esas Holding | - | 642.007 |
| | **-** | **642.007** |

### (iii) Compensation of Key Management Personnel:

Key management personnel include members of the board of directors, general managers and assistant general managers. The remuneration of key management paid during the period ended 31 December 2024 and 31 December 2023 are as follows:

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Salaries and benefits | 5.027.709 | 4.438.212 |
| | **5.027.709** | **4.438.212** |

## NOTE 6 – TRADE RECEIVABLES AND PAYABLES

### Short term trade receivables

The details of short term trade receivables as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade receivables | 41.528.451 | 32.451.637 |
| Credit card receivables | 32.630.019 | 19.939.338 |
| Income accruals | 3.310.224 | 2.255.604 |
| | **77.468.694** | **54.646.579** |
| Allowance for credit risk adjustment under TFRS 9 | (4.000.966) | (3.412.321) |
| | **73.467.728** | **51.234.258** |

The average collection period of trade receivables is approximately 19 days (31 December 2023: 17 days).

## NOTE 6 – TRADE RECEIVABLES AND PAYABLES

### Short term trade receivables

The movement of provision for doubtful receivables for the years ended 31 December 2024 and 31 December 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| **1 January** | 3.412.321 | 4.429.597 |
| Charge for the year | 243.780 | 273.156 |
| Collections and written off allowances | (437.680) | (869.895) |
| Currency translation differences | 782.545 | (420.537) |
| **31 December** | **4.000.966** | **3.412.321** |

The nature and level of risks related to trade receivables is disclosed in Note 32.

### Short term trade payables

The details of short term trade payables as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade payables | 132.529.077 | 117.335.409 |
| Accrued direct operational costs | 82.450.521 | 82.465.774 |
| Trade payables to related parties (Note 5) | 1.194.536 | 546.817 |
| | **216.174.134** | **200.348.000** |

The average payment period of trade payables is approximately 30 days (31 December 2023: 35 days).

## NOTE 7 - OTHER RECEIVABLES AND PAYABLES

### Short term other receivables

The details of short term other receivables as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Deposits and guarantees given | 1.415.373 | 1.566.529 |
| Receivables from pilots for flight training | 284.615 | 581.780 |
| Receivables from tax office | 724.261 | 3.002.995 |
| Receivables from other related parties (Note 5) | - | 1.355 |
| Other receivables | 468.143 | 514.832 |
| | **2.892.392** | **5.667.491** |

### Long term other receivables

The details of long term other receivables as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Receivables from pilot trainings | 42.738.065 | 19.954.747 |
| Deposits given | 42.173.066 | 34.655.781 |
| | **84.911.131** | **54.610.528** |

## NOTE 7 - OTHER RECEIVABLES AND PAYABLES

**Short term other payables**

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Taxes payables | 10.170.687 | 5.146.711 |
| Deposits received | 2.348.903 | 2.849.112 |
| | **12.519.590** | **7.995.823** |

## NOTE 8 - INVENTORIES

The details of inventories as of 31 December 2024, 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Consumables and spare parts | 33.663.033 | 29.803.811 |
| Operational and other inventories | 7.568.375 | 3.179.137 |
| Catering inventories | 288.803 | 27.338 |
| | **41.520.211** | **33.010.286** |

## NOTE 9 - PREPAYMENTS, DEFERRED INCOME AND CONTRACT LIABILITIES

The details of prepayments as of 31 December 2024 and 31 December 2023 are as follows:

**Short term prepayments**

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Advances on aircraft purchases | 122.857.877 | 216.118.250 |
| Advances to suppliers | 51.230.811 | 83.131.675 |
| Prepaid insurance expenses | 18.002.352 | 9.447.292 |
| Other prepaid expenses | 9.806.082 | 4.486.153 |
| | **201.897.122** | **313.183.370** |

**Long term prepayments**

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Advances on aircraft purchases | 57.215.071 | 57.451.883 |
| Prepaid maintenance expenses | 435.654.062 | 331.463.388 |
| Other prepaid expenses | 246.817 | 1.520.147 |
| | **493.115.950** | **390.435.418** |

## NOTE 9 - PREPAYMENTS, DEFERRED INCOME AND CONTRACT LIABILITIES

### Deferred Income

### Contract Liabilities

The details of passenger flight liabilities as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Flight liability from ticket sales | 218.926.889 | 177.782.577 |
| Passenger airport fees received from customers (*) | 73.165.429 | 59.864.685 |
| Flight liability from flight points | 41.849.369 | 20.790.276 |
| | **333.941.687** | **258.437.538** |

(*) Passenger airport fees received from customers is included in the ticket price, but it is not recognized as revenue when the flight carried out. The amount represents the costs to be paid to airport operators and authorities in cash.

Ticket sales, flight and service obligations are usually realized within the following year. The movement of flight liability from flight points for the years ended 31 December 2024 and 31 December 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| **1 January** | 20.790.276 | 16.167.661 |
| Earned points | 84.920.332 | 72.807.329 |
| Used / expired points | (60.679.615) | (61.911.499) |
| Currency translation differences | (3.181.624) | (6.273.215) |
| **31 December** | **41.849.369** | **20.790.276** |

### Deferred income (excluding contract liabilities)

### Short term deferred income

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Advances received from customers | 27.513.947 | 18.032.923 |
| Other deferred income | 12.502.586 | 5.974.883 |
| | **40.016.533** | **24.007.806** |

### Long term deferred income

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Deferred income | 202.964.552 | 107.657.057 |
| | **202.964.552** | **107.657.057** |

(*) Long term deferred income represent discounts received in advance from supplier contracts.

## NOTE 10 - PROPERTY AND EQUIPMENT

| 31 December 2024 | Machinery and equipment | Motor vehicles | Furniture and fixtures | Leasehold improvements | Components, spare engine and repairables | Owned Aircraft | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | |
| Opening | **33.882.470** | **22.022.783** | **36.102.691** | **13.466.158** | **205.052.745** | **275.625.690** | **8.071.106** | **594.223.643** |
| Additions | 1.599.245 | 6.236.694 | 5.066.128 | 355.509 | 201.728.139 | 10.524.693 | 8.745.859 | 234.256.267 |
| Disposals | - | (763.191) | - | - | - | (272.213.175) | - | (272.976.366) |
| Transfers (*) | - | - | - | - | (33.322.250) | 272.213.175 | (7.392.711) | 231.498.214 |
| **Closing** | **35.481.715** | **27.496.286** | **41.168.819** | **13.821.667** | **373.458.634** | **286.150.383** | **9.424.254** | **787.001.758** |
| **Accumulated depreciation:** | | | | | | | | |
| Opening | **(12.882.366)** | **(8.843.803)** | **(26.613.317)** | **(13.273.790)** | **(81.576.702)** | **(132.444.241)** | **-** | **(275.634.219)** |
| Depreciation for the year | (2.213.992) | (2.017.421) | (2.846.356) | (84.824) | (20.811.521) | (13.200.258) | - | (41.174.372) |
| Disposals | - | 709.281 | - | - | - | 108.269.303 | - | 108.978.584 |
| Transfers (*) | - | - | - | - | 65.158 | (108.269.303) | - | (108.204.145) |
| **Closing** | **(15.096.358)** | **(10.151.943)** | **(29.459.673)** | **(13.358.614)** | **(102.323.065)** | **(145.644.499)** | **-** | **(316.034.152)** |
| **Net book value** | **20.385.357** | **17.344.343** | **11.709.146** | **463.053** | **271.135.569** | **140.505.884** | **9.424.254** | **470.967.606** |

(*) Transfers at “components, spare engine and repairables” represent derecognition of components that are used as part of delivery maintenance provisions. Transfers in owned aircraft include transfers from right of use assets of aircraft whose lease liabilities have expired.

## NOTE 10 - PROPERTY AND EQUIPMENT

| 31 December 2023 | Machinery and equipment | Motor vehicles | Furniture and fixtures | Leasehold improvements | Components, spare engine and repairables | Owned Aircraft | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | |
| Opening | **22.856.402** | **17.538.461** | **31.742.705** | **13.794.322** | **211.916.764** | **-** | **11.645.647** | **309.494.301** |
| Additions | 2.926.068 | 4.585.028 | 4.359.986 | 102.089 | 72.599.444 | - | 4.525.459 | 89.098.074 |
| Disposals | - | (100.706) | - | (430.253) | - | - | - | (530.959) |
| Transfers (*) | 8.100.000 | - | - | - | (79.463.463) | 275.625.690 | (8.100.000) | 196.162.227 |
| **Closing** | **33.882.470** | **22.022.783** | **36.102.691** | **13.466.158** | **205.052.745** | **275.625.690** | **8.071.106** | **594.223.643** |
| **Accumulated depreciation:** | | | | | | | | |
| Opening | **(11.145.716)** | **(7.376.805)** | **(24.959.374)** | **(13.538.437)** | **(76.170.728)** | **-** | **-** | **(133.191.060)** |
| Depreciation for the year | (1.736.650) | (1.567.704) | (1.653.943) | (165.606) | (13.754.053) | (3.855.192) | - | (22.733.148) |
| Disposals | - | 100.706 | - | 430.253 | - | - | - | 530.959 |
| Transfers (*) | - | - | - | - | 8.348.079 | (128.589.049) | - | (120.240.970) |
| **Closing** | **(12.882.366)** | **(8.843.803)** | **(26.613.317)** | **(13.273.790)** | **(81.576.702)** | **(132.444.241)** | **-** | **(275.634.219)** |
| **Net book value** | **21.000.104** | **13.178.980** | **9.489.374** | **192.368** | **123.476.043** | **143.181.449** | **8.071.106** | **318.589.424** |

(*) Transfers at "components, spare engine and repairables" represent derecognition of components that are used as part of delivery maintenance provisions.

## NOTE 10 - PROPERTY AND EQUIPMENT

The useful lives of the depreciable assets are as follows:

| | |
|---|---|
| Aircraft | 23 years |
| Simulator | 20 years |
| Engine and Engine LLP's | 16 years |
| Airframe and maintenance | 7-8 years |
| Repairables and components | 3-7 years |
| Machinery and equipment | 7 years |
| Furniture and fixtures | 7 years |
| Motor vehicles | 5 years |
| Leasehold improvements | 5 years or lease term |

The Group has determined the residual value of the aircraft as 15% of market value of a new aircraft in the same model.

Depreciation and amortisation expense charged to cost of sales, general administrative expenses, and selling and marketing expenses is summarized below:

| | **1 January-<br>31 December 2024** | **1 January-<br>31 December 2023** |
|---|---|---|
| Current year depreciation (Note 10,12) | 331.329.664 | 297.079.002 |
| Current year amortization (Note 11) | 7.362.352 | 6.454.844 |
| | **338.692.016** | **303.533.846** |

| | **1 January-<br>31 December 2024** | **1 January-<br>31 December 2023** |
|---|---|---|
| Cost of sales (Note 21) | 323.776.412 | 291.955.099 |
| General administrative expenses (Note 22) | 11.932.483 | 9.262.998 |
| Marketing expenses (Note 22) | 2.983.121 | 2.315.749 |
| | **338.692.016** | **303.533.846** |

## NOTE 11 - INTANGIBLE ASSETS

| **Software** | **31 December 2024** | **31 December 2023** |
|---|---|---|
| **Cost:** | | |
| Opening | **52.619.528** | **42.112.989** |
| Additions | 11.653.765 | 11.815.614 |
| Disposals | - | (1.309.075) |
| **Closing** | **64.273.293** | **52.619.528** |
| **Accumulated amortization:** | | |
| Opening | **(32.864.322)** | **(27.718.553)** |
| Amortization for the year | (7.362.352) | (6.454.844) |
| Disposals | - | 1.309.075 |
| **Closing** | **(40.226.674)** | **(32.864.322)** |
| **Net book value** | **24.046.619** | **19.755.206** |

Remaining average useful life of intangible assets as of 31 December 2024 is 1,88 years (31 December 2023: 1,89 years).

## NOTE 12 – RIGHT OF USE ASSETS

| 31 December 2024 | Field Rental | Building | Aircraft | Other | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| **Opening** | **14.570.782** | **7.785.814** | **4.552.812.457** | **311.363** | **4.575.480.416** |
| Additions | - | 24.733.614 | 1.117.414.093 | - | 1.142.147.707 |
| Disposals (*) | - | (7.785.815) | (178.441.294) | - | (186.227.109) |
| Transfers (*) | - | - | (272.213.175) | - | (272.213.175) |
| **Closing** | **14.570.782** | **24.733.613** | **5.219.572.081** | **311.363** | **5.259.187.839** |
| **Accumulated depreciation:** | | | | | |
| **Opening** | **(11.292.007)** | **(4.952.114)** | **- (1.074.263.186)** | **(311.363)** | **(1.090.818.670)** |
| Depreciation for the period | (3.050.311) | (893.365) | (286.211.616) | - | (290.155.292) |
| Disposals (*) | - | 6.451.103 | 179.288.059 | - | 185.739.162 |
| Transfers (*) | 1.001.744 | (1.001.744) | 108.269.303 | - | 108.269.303 |
| **Closing** | **(13.340.574)** | **(396.120)** | **(1.072.917.440)** | **(311.363)** | **(1.086.965.497)** |
| **Net book value** | **1.230.208** | **24.337.493** | **4.146.654.641** | **-** | **4.172.222.342** |

(*) Aircraft which are sold presented as disposals and aircraft whose lease liabilities have ended are classified as transfers to property and equipment. Explanations regarding the buildings are presented under Note 5.

| 31 December 2023 | Field Rental | Building | Aircraft | Other | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| **Opening** | **14.241.033** | **7.447.021** | **4.161.751.825** | **311.363** | **4.183.751.242** |
| Additions | 329.749 | 338.793 | 974.664.070 | - | 975.332.612 |
| Disposals (*) | - | - | (327.243.842) | - | (327.243.842) |
| Transfers (*) | - | - | (256.359.596) | - | (256.359.596) |
| **Closing** | **14.570.782** | **7.785.814** | **4.552.812.457** | **311.363** | **4.575.480.416** |
| **Accumulated depreciation:** | | | | | |
| **Opening** | **(8.212.994)** | **(3.758.071)** | **(1.224.298.994)** | **(311.363)** | **(1.236.581.422)** |
| Depreciation for the period | (3.079.013) | (1.194.043) | (270.072.798) | - | (274.345.854) |
| Disposals (*) | - | - | 273.682.161 | - | 273.682.161 |
| Transfers (*) | - | - | 146.426.445 | - | 146.426.445 |
| **Closing** | **(11.292.007)** | **(4.952.114)** | **(1.074.263.186)** | **(311.363)** | **(1.090.818.670)** |
| **Net book value** | **3.278.775** | **2.833.700** | **3.478.549.271** | **-** | **3.484.661.746** |

(*) Aircraft which are sold presented as disposals and aircraft whose lease liabilities have ended are classified as transfers to property and equipment. Explanations regarding the buildings are presented under Note 5.

## NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

The Group obtained incentive certificates from the Undersecretariat of Treasury for 100 aircraft. According to the incentive certificate of 16 aircraft, the Company will use 15% of the purchase value of the aircraft as the contribution rate which is the maximum amount that could be deducted against taxable income that is attributable to the operation of aircraft. The deduction will be performed by the application of 50% of the effective tax rate for the (i.e. use of 12,5% instead of 25%) taxable income attributable to the operation of these aircraft. According to the new incentive certificate of 84 aircraft the Company will use 50% of the purchase value of the aircraft as the contribution rate which is the maximum amount that could be deducted against taxable income that is attributable to the operation of aircraft. The deduction will be performed by the application of 90% of the effective tax rate for the (i.e. use of 2,5% instead of 25%) taxable income attributable to the operation of these aircraft.

## NOTE 14 - BORROWING COSTS

For the years ended 31 December 2024 and 31 December 2023, as there are no assets that necessarily take a substantial period of time to get ready for their intended use or sale, borrowing costs for the respective periods are not capitalized. All borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

## NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

**Short term provisions**

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Provision for litigation claims | 1.556.956 | 1.020.572 |
| Redelivery provision | - | 13.624.864 |
| | **1.556.956** | **14.645.436** |

**Long term provisions**

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Redelivery provision | 207.967.182 | 136.186.703 |
| | **207.967.182** | **136.186.703** |

Redelivery Maintenance Provision

The detail of redelivery maintenance provision is as follows:

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Short term | - | 13.624.865 |
| Long term | 207.967.182 | 136.186.703 |
| | **207.967.182** | **149.811.568** |

The movement of redelivery maintenance provision as of the years ended 31 December 2024 and 31 December 2023 are as follows:

| | **2024** | **2023** |
|---|---|---|
| 1 January | 149.811.568 | 194.688.769 |
| Charge for the year | 152.659.111 | 63.870.938 |
| Disposals | (94.503.497) | (108.748.139) |
| **31 December** | **207.967.182** | **149.811.568** |

## NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Litigation

The movement of litigation provision is as follows:

| | 2024 | 2023 |
|---|---|---|
| 1 January | 1.020.572 | 902.556 |
| Charge for the year | 774.473 | 658.734 |
| Payments | (22.843) | (17.400) |
| Reversal of provision | (76.536) | (48.065) |
| Currency translation differences | (138.710) | (475.253) |
| **31 December** | **1.556.956** | **1.020.572** |

The Group is involved in lawsuits and claims that have been filed against, the total claims constituted by which, excluding reserved rights for claiming excess amounts, risk of litigation and interest, is EUR 5.093.269 as of 31 December 2024 (31 December 2023: EUR 4.249.941). These lawsuits and fines have been evaluated by the Group's management and a litigation provision of EUR 1.556.956 (31 December 2023: EUR 1.020.572) has been provided against claims for which management believes it is probable it will be required to make a payment.

Tax Inspection

The Group's VAT transactions regarding loyalty card practices in year 2018 have been examined in 2020. The Company have been notified with a report stating "no subject to be examined have been found" in May 2021. However the judgement commission has objected this verdict and EUR 51.165 (equivalent of TL 1.780.660) tax assessment has been declared to the Company. Against the assessment, the Company filed a tax lawsuit on September 6, 2021, the counterparty's petition was received on October 25, 2021 and the petition was answered on November 23, 2021.
The 7th Tax Court of Istanbul decided to accept the Company's case and rejected all assessments on June 29, 2022, and the defendant Revenue Administration objected to the decision in August and submitted the petition of appeal to the Tax Court. The petition of appeal was notified to the Company on September 28, 2022, and it was answered within one month. Following the rejection of the opposite party's appeal, this time an appeal was made, and the defendant's appeal was served in April 2023. This petition was also answered by the Company within the time limit. The said lawsuit continues as of 31 December 2024. The Company has not recognised any provision in the financial statements in line with the opinions received from its lawyers regarding the aforementioned case.

Passenger Service Fee

T&T Havalimanı İşletmeciliği İnşaat Sanayi ve Ticaret Şirketi Limited filed three lawsuits against the Company before North Cyprus Lefkoşa Court of First Instance with claims of EUR 765.689, EUR 988.985 and EUR 475.031, respectively. All three lawsuits act on same claims and the airports no. 5/2013 whereby the plaintiff, as the operator of the Ercan Airport under North Cyprus Airports Services and Charges Law, claims EUR 15 passenger service fee for each Turkish Army Staff member traveling on the Company flights for the period between March 2013 and August 2020. Turkish Army Staff departing from North Cyprus are subject to an exemption from this fee under the law. The plaintiff's argument is based on the assumption that the Company has not carried any Turkish Army Staff members in this period of time. The Court of First Instance merged the first two lawsuits and rendered a judgment against the Company for a total principal payment obligation of EUR 1.679.114,2. The Company argues the legal prohibition to produce the documentation on traveling Army personnel requested by the airport operator, and further suggests that the additional controls sought by the airport operator is the responsibility of the airport operator. A judgment has not been rendered on the third lawsuit. The Company filed objection against the judgments rendered by the Court of First Instance. Considering that the claims do not rely on specific evidence and is judged on unreasonable assumptions, further taking into account the ongoing legal process, no contingency has been set aside for these lawsuits.

## NOTE 16 - COMMITMENTS

### Purchase Commitments

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Commitments to purchase aircraft | 29.164.611.749 | 10.108.778.049 |
| | **29.164.611.749** | **10.108.778.049** |

As of 31 December 2024, the Group holds the right to purchase 152 aircraft on firm order. In accordance with agreement the expected deliveries are 9 aircraft in 2025, 10 aircraft in 2026, 11 aircraft in 2027, 28 aircraft in 2028, 21 aircraft in 2029, 15 aircraft in 2030, 17 aircraft in 2031, 16 aircraft in 2032, 15 aircraft in 2033, 15 aircraft in 2034. The purchase commitments for these aircraft were calculated based on their list prices and actual purchase prices are typically lower than the list prices.

The Group has provided advances on aircraft purchases amounting to EUR 180.072.948 (31 December 2023: EUR 273.570.132). Of this amount, EUR 122.857.877 is reclassified as short-term, and EUR 57.215.071 is reclassified as long-term prepayments (31 December 2023: EUR 216.118.250 is reclassified as short-term, EUR 57.451.882 is reclassified as long-term prepayments).

### Collaterals-Pledges-Mortgages("CPM")

The details of the CPMs given by the Group as of 31 December 2024 is as follows:

| 31 December 2024 | EUR TOTAL | USD | EUR | TL | Other |
|---|---|---|---|---|---|
| A. Total amounts of CPM given on behalf of its own legal entity | | | | | |
| *-Collateral* | 37.857.724 | 19.818.530 | 12.544.285 | 109.847.593 | 3.324.929 |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| D. Total amounts of other CPM given | | | | | |
| i. Total amount of CPM given on behalf of the Parent | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| ii. Total amount of CPM given on behalf of other group companies not covered in B and C | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| iii. Total amount of CPM given on behalf of third parties not covered in C | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| | **37.857.724** | **19.818.530** | **12.544.285** | **109.847.593** | **3.324.929** |

The CPMs given by the Group are consisted of collaterals given to airports and terminals operators, aircraft leasing companies and service suppliers.

The other CPMs (in the scope of item D) given by the Group constitute 0% of the Group's equity as of 31 December 2024.

## NOTE 16 – COMMITMENTS

### Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 December 2023 is as follows:

| 31 December 2023 | EUR TOTAL | USD | EUR | TL | Other |
|---|---|---|---|---|---|
| A. Total amounts of CPM given on behalf of its own legal entity | | | | | |
| *-Collateral* | 35.802.496 | 20.033.224 | 12.074.404 | 96.652.641 | 2.656.169 |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| D. Total amounts of other CPM given | | | | | |
| i. Total amount of CPM given on behalf of the Parent | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| ii. Total amount of CPM given on behalf of other group companies not covered in B and C | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| iii. Total amount of CPM given on behalf of third parties not covered in C | | | | | |
| *-Collateral* | - | - | - | - | - |
| *-Pledge* | - | - | - | - | - |
| *-Mortgage* | - | - | - | - | - |
| | **35.802.496** | **20.033.224** | **12.074.404** | **96.652.641** | **2.656.169** |

The CPMs given by the Group are consisted of collaterals given to airports and terminals operators, aircraft leasing companies and service suppliers.

The other CPMs (in the scope of item D) given by the Group constitute 0% of the Group’s equity as of 31 December 2023.

## NOTE 17 - EMPLOYEE BENEFITS

### Employee benefit obligations

The details of employee benefit obligations as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---:|---:|
| Social security premiums payable | 7.470.737 | 8.069.589 |
| Accrual of employee wages | 7.233.627 | 4.157.056 |
| | **14.704.364** | **12.226.645** |

### Short term provisions for employee benefits

The details of short term provisions for employee benefits as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---:|---:|
| Unused vacation accrual | 15.457.315 | 13.622.803 |
| Employee bonus plan | 47.178.552 | 35.124.614 |
| | **62.635.867** | **48.747.417** |

### Long term provisions for employee benefits

The details of long term provisions for employee benefits as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---:|---:|
| Employment termination benefits | 5.709.597 | 4.193.360 |
| Employee bonus plan | 42.413.550 | 32.684.084 |
| | **48.123.147** | **36.877.444** |

Unused Vacation Accrual

The movement of unused vacation accrual as of the years ended 31 December 2024 and 31 December 2023 are as follows:

| | 2024 | 2023 |
|---|---:|---:|
| 1 January | 13.622.803 | 8.094.069 |
| Charge for the year | 4.484.845 | 9.158.447 |
| Payment during the year | (985.888) | (619.773) |
| Currency translation differences | (1.664.445) | (3.009.940) |
| **31 December** | **15.457.315** | **13.622.803** |

## NOTE 17 - EMPLOYEE BENEFITS

Employee Bonus Plan

The movement of employee bonus plan as of the years ended 31 December 2024 and 31 December 2023 are as follows:

| | **2024** | **2023** |
|---|---|---|
| 1 January | 67.808.698 | 48.927.591 |
| Charge for the year | 55.990.187 | 49.726.778 |
| Payment during the year | (25.913.026) | (18.508.900) |
| Currency translation differences | (8.293.757) | (12.336.771) |
| **31 December** | **89.592.102** | **67.808.698** |

Employee Defined Benefit Plans

The Group, according to Turkish Labor Law, has an obligation to pay legal defined benefits for every employee who has completed at least one year service and retired after completion of 25 years working life (for females 58 years, for males 60 years), fired from job, called up to military service or died.

The amount payable consists of one month's salary limited to a maximum of EUR 1.270 (equivalent of TL 46.655,43) for each period of service as of 31 December 2024 (31 December 2023: EUR 1.076 equivalent of TL 35.058,58 ).

There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 23% (2023: 21,37%) and a discount rate of 27,15% (2023: 25,05%), resulting in a real discount rate of approximately 3,37% (2023: 3,03%). Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 8,72% (2023: 8,22%) for employees with 0-15 years of service, and 0% for those with 16 or more years of service. As the maximum liability is revised annually, the maximum amount of EUR 1.270 (equivalent of TL 46.655,43) effective from 1 January 2025, has been taken into consideration in the calculation of the provision for employee defined benefits.

## NOTE 17 - EMPLOYEE BENEFITS

Employee Defined Benefits

The movement of employee defined benefits as of the years ended 31 December 2024 and 31 December 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| 1 January | 4.193.360 | 5.720.514 |
| Actuarial (gain) / loss | 1.345.261 | (337.949) |
| Service cost | 687.456 | 564.942 |
| Interest cost | 966.606 | 785.601 |
| Retirement benefits paid | (1.494.332) | (3.060.803) |
| Currency translation differences | 11.246 | 521.055 |
| **31 December** | **5.709.597** | **4.193.360** |

Service cost and interest expenses are recognized under payroll expenses. Calculated actuarial gains and losses are accounted under other comprehensive income as of 31 December 2024 and 31 December 2023.

Significant assumptions used in the calculation of employee defined benefits are the discount rate and anticipated turnover rate.

- If the discount rate had been 1% lower, provision for employee defined benefits would have increased by EUR 1.058.315 (2023: EUR 559.209); if the rate had been 1% higher, it would decrease by EUR 1.062.594 (2023: EUR 977.142).
- If the anticipated turnover rate had been 1% higher while all other variables had been held constant, provision for employee defined benefits would have decreased by EUR 472.108 (2023: EUR 561.533); if the rate had been 1% lower, it would have increased by EUR 273.618 (2023: EUR 3.844).

## NOTE 18 - EXPENSES BY NATURE

The details of expenses by nature for the years periods 31 December 2024 and 31 December 2023 are as follows:

| | 1 January- 31 December 2024 | 1 January- 31 December 2023 |
|---|---|---|
| Jet fuel expenses | 872.822.637 | 833.729.558 |
| Depreciation and amortisation expenses | 338.692.016 | 303.533.846 |
| Personnel expenses | 508.735.349 | 302.437.046 |
| Handling and station fees | 217.317.048 | 181.453.212 |
| Navigation expenses | 176.975.062 | 150.199.973 |
| Maintenance expenses | 108.999.604 | 71.862.024 |
| Landing expenses | 100.188.290 | 89.315.711 |
| Commission expenses | 20.419.761 | 17.876.150 |
| Advertising expenses | 18.793.191 | 16.647.503 |
| Passenger service and catering expenses | 36.251.908 | 25.293.871 |
| Short term lease expenses (*) | 1.262.099 | 26.522.315 |
| Other expenses | 177.367.472 | 131.275.965 |
| | **2.577.824.437** | **2.150.147.174** |

(*) Consists of short-term operating lease expenses.

## NOTE 19 - OTHER ASSETS AND LIABILITIES

### Other current assets

The details of other current assets as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| VAT receivables | 4.496.361 | 6.830.452 |
| Other | 242.598 | 108.928 |
| | **4.738.959** | **6.939.380** |

## NOTE 20 - SHAREHOLDERS' EQUITY, PROFIT RESERVES AND OTHER EQUITY ITEMS

The Company's shareholding structure as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| **Shareholders** | **(%)** | **EUR** | **(%)** | **EUR** |
| Esas Holding | 52,81 | 121.485.811 | 56,65 | 34.302.427 |
| Publicly held | 45,37 | 104.375.962 | 41,53 | 25.142.571 |
| Emine Kamışlı | 0,61 | 1.392.059 | 0,61 | 366.379 |
| Ali İsmail Sabancı | 0,61 | 1.392.059 | 0,61 | 366.379 |
| Kazım Köseoğlu | 0,30 | 696.030 | 0,30 | 183.189 |
| Can Köseoğlu | 0,30 | 696.030 | 0,30 | 183.189 |
| **EUR historic capital** | **100,00** | **230.037.951** | **100,00** | **60.544.134** |

The Company's share capital consists of 500.000.000 shares of par value TL 1 each (31 December 2023: 102.299.707 shares). All issued shares are fully paid in cash.

Within the registered capital ceiling of EUR 230.037.951, the Company's issued capital amounting to EUR 60.544.134 was increased by EUR 169.493.817 to EUR 230.037.951, all of which was covered from the amounts in the " Share Premiums on Capital Stock" account, and capital increase was registered with the Trade Registry on 30 May 2024.

### Dividend distribution

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 and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of associations.

*Resources Available for Profit Distribution:*

The Company does not have any distributable equity in statutory accounts as of balance sheet date.

## NOTE 20 - SHAREHOLDERS' EQUITY, PROFIT RESERVES AND OTHER EQUITY ITEMS

### Currency translation differences

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

### Gain/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 deferred gains or losses arising from hedging against financial risk are recognized in profit or loss when the hedged item affects profit or loss.

### Share premiums on capital stock

The surplus of sales price over nominal value amounted to EUR 194.089.305 during the initial public offering on 18-19 April 2013 was accounted as share premium. TL 397.700.293 was transferred to the paid in share capital on 30 May 2024, within the scope of capital increase transactions, and the remaining amount in share premiums on capital stock is TL 57.986.732.

### Actuarial gain/losses on defined benefit plans

The effects of the changes in actuarial valuations calculated in accordance with IAS 19, 'Employee Benefits,' are presented as actuarial gains or losses on defined benefit plans.

### Restricted profit reserves

In the statutory accounts, profit restricted from retained earnings and not subject to distribution are presented in the restricted profit reserves.

## NOTE 21 - REVENUE AND COST OF SALES

The details of revenue and cost of sales for the periods ended 31 December 2024 and 31 December 2023 are as follows:

**Revenue:**

| | **1 January-31 December 2024** | **1 January-31 December 2023** |
|---|---|---|
| Scheduled flight and service revenue | 3.070.515.924 | 2.624.624.979 |
| *International flight revenue* | *1.605.762.118* | *1.507.298.333* |
| *Domestic flight revenue* | *405.157.820* | *306.947.027* |
| *Service revenue* | *1.059.595.986* | *810.379.619* |
| Charter flight and service revenue | 41.982.271 | 36.085.063 |
| *Charter flight revenue* | *41.982.271* | *36.085.063* |
| Other revenue | 13.472.527 | 9.681.113 |
| | **3.125.970.722** | **2.670.391.155** |

The Group's revenue is disaggregated into revenue from scheduled flights, revenue from chartered flights, and other revenues in accordance with the IFRS 15 "Revenue from Contracts with Customers" standard. However, although the Group does not consider service revenues within these disaggregated revenue items as a separate performance obligation, it presents additional information due to their frequent disclosure to investors and continuous review by the authorities empowered to make decisions regarding operations.

Geographical details of revenue from the scheduled flights are as follows:

| | **1 January-31 December 2024** | **1 January-31 December 2023** |
|---|---|---|
| Europe | 1.216.516.688 | 1.112.522.871 |
| Domestic | 405.157.820 | 306.947.027 |
| Other | 389.245.430 | 394.775.462 |
| | **2.010.919.938** | **1.814.245.360** |

Geographical details of revenue from the charter flights are as follows:

| | **1 January-31 December 2024** | **1 January-31 December 2023** |
|---|---|---|
| Europe | 31.576.218 | 22.991.828 |
| Middle East | 10.185.831 | 12.889.058 |
| Domestic | 220.222 | 204.177 |
| | **41.982.271** | **36.085.063** |

## NOTE 21 - REVENUE AND COST OF SALES

**Cost of sales:**

| | 1 January- 31 December 2024 | 1 January- 31 December 2023 |
|---|---|---|
| Jet fuel expenses | 872.822.637 | 833.729.558 |
| Depreciation and amortisation expenses | 323.776.412 | 291.955.099 |
| Personnel expenses | 448.919.671 | 269.209.799 |
| Handling and station fees | 217.317.048 | 181.453.212 |
| Navigation expenses | 176.975.062 | 150.199.973 |
| Maintenance expenses | 108.999.604 | 71.863.492 |
| Landing expenses | 100.188.290 | 89.315.711 |
| Passenger service and catering expenses | 36.251.908 | 25.293.871 |
| Insurance expenses | 19.966.382 | 14.744.657 |
| Short term lease expenses | 1.262.099 | 26.522.315 |
| Other expenses | 103.909.930 | 73.056.299 |
| | **2.410.389.043** | **2.027.343.986** |

## NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

| | 1 January- 31 December 2024 | 1 January- 31 December 2023 |
|---|---|---|
| Marketing expenses | 63.833.764 | 50.271.821 |
| General administrative expenses | 103.601.630 | 72.531.367 |
| | **167.435.394** | **122.803.188** |

The details of general administrative expenses and marketing expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows (there are no research & development expenses in the periods ended in respective dates):

**General administrative expenses:**

| | 1 January- 31 December 2024 | 1 January- 31 December 2023 |
|---|---|---|
| Personnel expenses | 47.299.399 | 29.267.864 |
| Depreciation and amortisation expenses | 11.932.483 | 9.262.998 |
| IT expenses | 22.332.461 | 14.344.609 |
| Consultancy expenses | 8.116.489 | 4.259.304 |
| Communication expenses | 2.587.776 | 2.337.992 |
| Legal and notary expenses | 2.963.556 | 2.716.269 |
| Office utility expenses | 2.100.838 | 1.314.427 |
| Travel expenses | 3.204.600 | 2.612.388 |
| Training expenses | 523.496 | 475.717 |
| Other expenses | 2.540.532 | 5.939.799 |
| | **103.601.630** | **72.531.367** |

## NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

**Marketing expenses:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Commission expenses | 20.419.761 | 17.868.554 |
| Advertising expenses | 18.793.191 | 16.647.503 |
| Call center expenses | 6.313.050 | 4.399.433 |
| Personnel expenses | 12.516.279 | 6.902.601 |
| Depreciation and amortisation expenses | 2.983.121 | 2.315.749 |
| Other expenses | 2.808.362 | 2.137.981 |
| | **63.833.764** | **50.271.821** |

## NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows:

**Other operating income:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Foreign exchange gain from operating activities | 38.272.817 | - |
| Reversal of trade receivable impairment | - | 176.777 |
| Reversal of doubtful provision | - | 518.693 |
| Other | 475.748 | 102.705 |
| | **38.748.565** | **798.175** |

**Other operating expenses:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Foreign exchange loss from operating activities | - | 23.149.255 |
| Penalty expense | 624.050 | 184.455 |
| Cash and cash equivalents allowance expense | 531.084 | 122.193 |
| Trade receivables allowance expense | 106.514 | - |
| Doubtful receivable allowance expense | 643.795 | - |
| Donations | 940.763 | 1.178.949 |
| Other | 5.859.545 | 7.178.353 |
| | **8.705.751** | **31.813.205** |

## NOTE 24 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended 31 December 2024 and 31 December 2023 are as follows:

**Income from investing activities:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Interest income from eurobond | 23.721.318 | 19.617.965 |
| Interest income from currency protected instruments | 15.507.423 | 21.225.697 |
| Gain arising from aircraft sale | 6.186.883 | 4.084.660 |
| Dividend income from affiliate | 1.757.357 | - |
| Gain from eurobond sales (*) | 1.413.596 | 572.143 |
| Other income | 601.138 | 864.001 |
| | **49.187.715** | **46.364.466** |

(*) The amounts represents gains arising from the sale of financial investments that are carried at fair value through other comphensive income.

**Expense from investing activities:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Loss from eurobond sales | 2.322 | - |
| Financial investments allowance expense | 1.458.253 | 2.204.032 |
| | **1.460.575** | **2.204.032** |

## NOTE 25 - FINANCIAL INCOME AND EXPENSES

The details of financial income and expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows:

**Financial income:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Foreign exchange gain | - | 36.858.747 |
| Interest income | 55.616.203 | 28.620.850 |
| Gain on derivative contracts | 4.023.071 | 750.354 |
| | **59.639.274** | **66.229.951** |

**Financial expenses:**

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Interest expense on leases | 172.359.183 | 149.070.042 |
| Interest expense on bank loans | 15.931.357 | 14.833.031 |
| Interest expense on issued debt instruments | 37.686.176 | 32.182.380 |
| Foreign exchange loss | 90.481.115 | - |
| Commission and other expenses | 48.627.385 | 34.192.506 |
| | **365.085.216** | **230.277.959** |

## NOTE 26 - ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

### Currency Translation Differences

Items not to be reclassified to profit or loss

| | 2024 | 2023 |
|---|---|---|
| 1 January | - | - |
| Currency translation differences not to be reclassified to profit or loss | 6.188 | - |
| **31 December** | **6.188** | **-** |

Items to be reclassified to profit or loss

| | 2024 | 2023 |
|---|---|---|
| 1 January | 8.808.787 | 8.071.040 |
| Currency translation differences to be reclassified to profit or loss | (363.450) | 737.747 |
| **31 December** | **8.445.337** | **8.808.787** |

### Hedge Fund

| | 2024 | 2023 |
|---|---|---|
| 1 January | (3.990.862) | 14.182.139 |
| Gain/(loss) from the accounting of cash flow hedges against financial risk | 311.114 | (23.048.790) |
| Deferred tax related with the accounting of cash flow hedges against financial risk | (77.779) | 4.875.789 |
| **31 December** | **(3.757.527)** | **(3.990.862)** |

### Gain on financial assets measured at fair value

| | 2024 | 2023 |
|---|---|---|
| 1 January | 1.483.652 | 1.346.769 |
| Gain on financial assets measured at fair value | 444.198 | 294.741 |
| Deferred tax effect of gain on financial assets measured at fair value on defined benefit plans | (111.050) | (157.858) |
| **31 December** | **1.816.800** | **1.483.652** |

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

## NOTE 26 - ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

**Actuarial gains/(losses) on defined benefit plans**

| | 2024 | 2023 |
|---|---|---|
| 1 January | (3.254.102) | (3.741.402) |
| Actuarial gains / (losses) on defined benefit plans | (1.345.261) | 337.949 |
| Deferred tax effect of actuarial gains / (losses) on defined benefit plans | 336.315 | 149.351 |
| **31 December** | **(4.263.048)** | **(3.254.102)** |

## NOTE 27 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

The Group is subject to corporate tax valid in Turkiye. The corporate tax rate in Turkiye has been applied as 25% for corporate earnings for the 2023 and 2024 taxation periods. When calculating deferred tax on temporary differences, the company takes into account the tax rates valid on the date the temporary differences will be closed.
Tax expense components as of 31 December 2024 and 31 December 2023 are presented below:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Current corporate tax provision | - | - |
| Less: Prepaid taxes and funds | (2.327.277) | (600.261) |
| **Current tax assets (*)** | **(2.327.277)** | **(600.261)** |

(*) The exceeding portion of the prepaid taxes over current corporate tax provision is reported in current tax assets.

| | 1 January-<br>31 December 2024 | 1 January-<br>31 December 2023 |
|---|---|---|
| Tax income/(expense) | | |
| - Current tax expense | - | - |
| - Deferred tax income/(expense) | 38.398.197 | 419.827.113 |
| **Total tax income/(expense)** | **38.398.197** | **419.827.113** |

The Group's earnings from investments tied to an incentive certificate are subject to corporate tax at discounted rates, starting from the accounting period in which the investment is partially or fully operational, until the investment contribution amount is reached. In this context, tax advantage amounting to EUR 203.282.895 (equivalent of TL 7.469.203.072) (31 December 2023: EUR 143.218.297 eqivalent of TL 4.665.178.489) that the Group will benefit from in the foreseeable future as of 31 December 2024 is reflected in the consolidated financial statements as a deferred tax asset. As a result of the recognition of the mentioned tax advantage as of 31 December 2024, deferred tax expense amounting to EUR 60.064.598 has occurred in the consolidated profit or loss statement for the period 1 January - 31 December 2024.

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on longterm plans and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models that include taxable profit estimations.

## NOTE 27 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

In the sensitivity analysis carried out as of 31 December 2024, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased/decreased by 10%, the foreseen period of deferred tax assets regarding on the availability of investment incentives has not significantly changed.

### *Corporate Tax*

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The corporate tax rate in Turkiye is 25% (2023: 25%).

With the temporary article 33 of the Tax Procedure Law; It has been specified that no inflation adjustment will be made in the accounting periods of 2023 and 2024 and the provisional tax periods of 2024, regardless of whether the conditions in Article 298/A of the TPL are met, and that the financial statements dated 31 December 2024 will be subject to correction regardless of any conditions. In this context; The financial statements dated 31 December 2024, prepared in accordance with the Tax Procedure Law, have been subject to inflation correction.

### *Deferred Tax*

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

In the calculation of deferred tax assets and liabilities, the tax rates that will be valid on the date of closing the temporary differences are taken into account.

In Turkiye, companies cannot declare a consolidated tax return, therefore their deferred tax balances are not netted off and are disclosed separately.

## NOTE 27 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

### *Deferred Tax*

The consolidated deferred tax liability position as of 31 December 2024 is as follows:

| | 1 January - 31 December 2024 | | | |
|---|---|---|---|---|
| | 1 January 2024 | Other comprehensive income tax effect | Deferred tax charge for the year | 31 December 2024 |
| Difference between tax base and carrying value of tangible assets and intangible assets | 20.101.955 | - | 25.781.008 | 45.882.963 |
| Carry forward tax losses | 116.658.949 | - | (98.271.783) | 18.387.166 |
| Government grants and incentives | 143.218.297 | - | 60.064.598 | 203.282.895 |
| Provision for employee termination benefits | 2.133.041 | 336.315 | 379.059 | 2.848.415 |
| Provision for litigation claims | 255.143 | - | 134.096 | 389.239 |
| Unused vacation and bonus plans provision | 20.357.875 | - | 5.904.479 | 26.262.354 |
| Deferred revenue from flight points | 5.197.569 | - | 5.264.773 | 10.462.342 |
| Relivery provisions for the leased aircraft | 37.453.935 | - | 14.537.861 | 51.991.796 |
| Change in fair value of financial assets | (494.550) | (111.050) | - | (605.600) |
| Change in fair value of derivative contracts | 1.233.560 | (77.779) | (894.198) | 261.583 |
| Other | 42.221.677 | - | 25.498.304 | 67.719.981 |
| **Deferred tax liability** | **388.337.451** | **147.486** | **38.398.197** | **426.883.134** |

## NOTE 27 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

### *Deferred Tax*

The consolidated deferred tax liability position as of 31 December 2023 is as follows:

| | 1 January - 31 December 2023 | | | |
|---|---|---|---|---|
| | 1 January 2023 | Other comprehensive income tax effect | Deferred tax charge for the year | 31 December 2023 |
| Difference between tax base and carrying value of tangible assets and intangible assets | (308.416.479) | - | 328.518.434 | 20.101.955 |
| Carry forward tax losses | 54.988.785 | - | 61.670.164 | 116.658.949 |
| Government grants and incentives | 156.008.139 | - | (12.789.842) | 143.218.297 |
| Provision for employee termination benefits | 1.144.103 | 149.351 | 839.587 | 2.133.041 |
| Provision for litigation claims | 180.286 | - | 74.857 | 255.143 |
| Unused vacation and bonus plans provision | 11.390.077 | - | 8.967.798 | 20.357.875 |
| Deferred revenue from flight points | 3.229.490 | - | 1.968.079 | 5.197.569 |
| Relivery provisions for the leased aircraft | 51.061.596 | - | (13.607.661) | 37.453.935 |
| Change in fair value of financial assets | (336.692) | (157.858) | - | (494.550) |
| Change in fair value of derivative contracts | (3.541.103) | 4.875.789 | (101.126) | 1.233.560 |
| Other | (2.065.146) | - | 44.286.823 | 42.221.677 |
| **Deferred tax liability** | **(36.356.944)** | **4.867.282** | **419.827.113** | **388.337.451** |

## NOTE 27 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

### *Deferred Tax*

Tax effects related to other comprehensive income as of 31 December 2024 and 31 December 2023 are as follows:

| | 1 January - 31 December 2024 | | |
|---|---|---|---|
| | Amount before tax | Tax expense | Amount after tax |
| Change in foreign currency translation | 197.339.385 | - | 197.339.385 |
| Actuarial gains/(losses) on defined benefit plans | (1.902.113) | 475.528 | (1.426.585) |
| Gains/(losses) on fair value differences of financial assets | 692.142 | (173.036) | 519.107 |
| Change in cash flow hedge reserve | (302.926) | 75.731 | (227.195) |
| Other comprehensive income | **195.826.488** | **378.223** | **196.204.712** |

| | 1 January - 31 December 2023 | | |
|---|---|---|---|
| | Amount before tax | Tax income | Amount after tax |
| Change in foreign currency translation | 627.809.946 | - | 627.809.946 |
| Actuarial gains/(losses) on defined benefit plans | (1.871.075) | 649.097 | (1.221.978) |
| Gains/(losses) on fair value differences of financial assets | 1.201.121 | (365.551) | 835.569 |
| Change in cash flow hedge reserve | (20.489.139) | 4.434.946 | (16.054.193) |
| Other comprehensive income | **606.650.853** | **4.718.492** | **611.369.344** |

Reconciliation of tax expense in consolidated statement of profit or loss for the years 31 December 2024 and 31 December 2023 is as follows:

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| **(Loss) / Profit before tax** | **335.882.385** | **370.113.361** |
| Enacted local tax rate | 25% | 25% |
| Tax calculated at the enacted tax rate | (83.970.596) | (92.528.340) |
| Tax effect of disallowable expenses | (5.151.829) | (4.326.050) |
| Income from investment incentives | 60.064.598 | (12.789.842) |
| Tax-exempt revenue | 14.252.290 | 3.563.575 |
| Effect of inflation accounting | 168.685.104 | 580.767.844 |
| Effect of different tax rates applied | - | (7.836.374) |
| Translation effect and other | (115.481.370) | (47.023.700) |
| **Taxation income** | **38.398.197** | **419.827.113** |

As of 31 December 2024 and 31 December 2023, the Group does not have any carry forward tax losses that it did not recognize deferred tax assets.

## NOTE 28 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted number of shares that have been outstanding during the period concerned. Weighted average number of shares for 2023 and 2024 is calculated using the actual number of shares outstanding during the period, taking into consideration the actual date of capital increase.

Number of total shares and calculation of earnings per share at 31 December 2024 and 31 December 2023 are as follows:

| | **1 January- 31 December 2024** | **1 January- 31 December 2023** |
|---|---|---|
| Net profit | 361.492.696 | 789.940.474 |
| Weighted average number of shares issued in the year | 335.921.464 | 102.299.707 |
| **Income per share** | **1,08** | **7,72** |

## NOTE 29- EFFECTS OF EXCHANGE RATE CHANGES

Details related to effects of exchange rate changes are disclosed at foreign currency risk management in Note 32.

## NOTE 30 - DERIVATIVE FINANCIAL INSTRUMENTS

### Fair Value of Derivative Instruments

| | **31 December 2024** | | **31 December 2023** | |
|---|---|---|---|---|
| | **Asset** | **Liability** | **Asset** | **Liability** |
| Short term | 3.963.837 | 4.645.693 | 387.044 | 3.348.688 |
| Long term | - | 364.343 | - | 1.972.462 |
| | **3.963.837** | **5.010.036** | **387.044** | **5.321.150** |

Explanations related to derivative instruments are disclosed in Note 33.

## NOTE 31 - FINANCIAL INSTRUMENTS

### Financial Assets

| **Short term** | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Financial investments measured at amortized cost | 172.455.687 | 216.188.514 |
| Financial assets recognized at fair value through profit or loss | 101.104.332 | 62.663.933 |
| Time Deposit (*) | 28.842.985 | 291.545.322 |
| Less: Allowance for impairment under IFRS 9 | (354.693) | (1.395.410) |
| | **302.048.311** | **569.002.359** |

(*) The balance includes exchange rate protected time deposits with original maturities between three months and one year. As of December 31, 2024, there are no longer exchange rate protected time deposits.

## NOTE 31 - FINANCIAL INSTRUMENTS

### Financial Assets

| Long term | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Financial investments measured at amortized cost | 129.950.216 | 53.472.769 |
| Less: Allowance for impairment under IFRS 9 | (4.179.940) | (2.074.702) |
| | **125.770.276** | **51.398.067** |

### Financial investments accounted at amortized cost

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Short term financial investments measured at amortized cost | 172.455.687 | 216.188.514 |
| Long term financial investments measured at amortized cost | 129.950.216 | 53.472.769 |
| | **302.405.903** | **269.661.283** |

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Government Debt Securities | 192.939.473 | 201.521.696 |
| Corporate Debt Securities | 109.466.430 | 68.139.587 |
| | **302.405.903** | **269.661.283** |

The Group's fixed income securities are accounted at their amortized costs using the effective interest rate. These securities are denominated in Euros, US Dollars and Pounds or pay fixed interest every year and every six months.

The weighted average coupon interest rates of existing Euro, US Dollar and Pounds financial investments that are measured at amortized cost as of 31 December 2024 and 31 December 2023 are as follows:

| | Weighted average Coupon Interest Rate (%) | FX Type | Asset Value EUR |
|---|---|---|---|
| Government Debt Securities | 7,6 | US Dollars | 180.234.119 |
| Government Debt Securities | 6,7 | GBP | 12.705.354 |
| Corporate Debt Securities | 7,2 | US Dollars | 84.170.737 |
| Corporate Debt Securities | 6,7 | Euro | 25.295.693 |
| **31 December 2024** | | | **302.405.903** |

| | Weighted average Coupon Interest Rate (%) | FX Type | Asset Value EUR |
|---|---|---|---|
| Government Debt Securities | 6,9 | US Dollars | 201.521.696 |
| Corporate Debt Securities | 8,5 | US Dollars | 68.139.587 |
| **31 December 2023** | | | **269.661.283** |

## NOTE 31 - FINANCIAL INSTRUMENTS

### Financial Assets

### Financial investments at fair value through other comprehensive income

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Government Debt Securities | 72.038.270 | 57.790.966 |
| Corporate Debt Securities | 29.066.062 | 4.872.967 |
| | **101.104.332** | **62.663.933** |

The coupon interest rates of the financial investments in US Dollars that are measured by their fair value and continues as of the reporting date are as follows.

| | Weighted average Coupon Interest Rate (%) | FX Type | Asset Value EUR |
|---|---|---|---|
| Government Debt Securities | 8,4 | US Dollars | 72.038.270 |
| Corporate Debt Securities | 8,1 | US Dollars | 29.066.062 |
| **31 December 2024** | | | **101.104.332** |

| | Weighted average Coupon Interest Rate (%) | FX Type | Asset Value EUR |
|---|---|---|---|
| Government Debt Securities | 7,8 | US Dollars | 57.790.966 |
| Corporate Debt Securities | 9,3 | US Dollars | 4.872.967 |
| **31 December 2023** | | | **62.663.933** |

The financial investments at fair value through other comprehensive income is composed of bonds. These investments are denominated in US Dollars and pay fixed interest every year or every six months.

## NOTE 31 - FINANCIAL INSTRUMENTS

### Financial Liabilities

The details of financial liabilities as of 31 December 2024 and 31 December 2023 are as follows:

| **Short term financial liabilities** | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Short term bank borrowings | 172.048.659 | 164.358.114 |
| | **172.048.659** | **164.358.114** |

| **Short term portion of long term financial liabilities** | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Short term portion of long term bank borrowings | 21.884.352 | 31.048.114 |
| Principal and interest of bonds issued | 198.049.610 | 29.732.858 |
| Discount and commissions of bonds issued | (1.721.390) | (1.079.562) |
| Lease liabilities | 405.833.468 | 347.704.239 |
| *Short term portion of long term lease liabilities* | 50.453.044 | 42.133.438 |
| *Short term portion of long term lease liabilities with purchase option* | 355.380.424 | 305.570.801 |
| | **624.046.040** | **407.405.649** |

| **Long term financial liabilities** | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Long term bank borrowings | 22.009.344 | 64.658.631 |
| Issued debt instruments (*) | 452.471.482 | 314.750.653 |
| Discount and commissions of bonds issued | (4.683.282) | (1.437.444) |
| Lease liabilities | 3.260.356.410 | 2.719.405.614 |
| *Long term lease liabilities* | *205.615.854* | *146.880.324* |
| *Long term lease liabilities with purchase option* | *3.054.740.556* | *2.572.525.290* |
| | **3.730.153.954** | **3.097.377.454** |

(*) The Group issued bonds to qualified investors abroad on April 29, 2021, which were issued under the "Rule 144A" and/or "Regulation S" format, have a nominal value of US$ 375.000.000, at 9,25% interest rate and the maturity is 5 years with an early payment option in the third and fourth years. As of September 12, 2024, tender offer process is completed and the purchase and settlement by the Group of notes with a total nominal value of US$ 211.086.000 are concluded. Following the settlement of the notes that are purchased, the total nominal value of the outstanding notes due 2026 will be US 163.914.000.

The Group issued bonds to qualified investors abroad on December 31, 2024, which were issued under the "Rule 144A" and/or "Regulation S" format, have a nominal value of US$ 500.000.000, at 8,00% interest rate and the maturity is 7 years with an early payment option starting at the end of three years.

The bonds are traded on the Irish Stock Exchange (Euronext Dublin). There are some financial covenants in the Terms and Conditions of the notes. The covenants of the notes are; negative pledge, limitation in indebtedness, publication of financial information, limitations on transactions with affiliates, minimum liquidity, merger, consolidation and sale of all assets substantially, limitation on asset sales, limitation on restricted payments. As of 31 December 2024, the Group complied with all covenants.

## NOTE 31 - FINANCIAL INSTRUMENTS

### Financial Liabilities

Bank Borrowings

The effective interest rates, original currency and EUR equivalents of the short and long term bank borrowings as of 31 December 2024 and 31 December 2023 are as follows :

| 31 December 2024 | Weighted average interest rate (%) | Currency | Original amount | EUR equivalent |
|---|---|---|---|---|
| Short term bank borrowings | 6,09 | Euro | 172.048.659 | 172.048.659 |
| | | | | **172.048.659** |

| 31 December 2023 | Weighted average interest rate (%) | Currency | Original amount | EUR equivalent |
|---|---|---|---|---|
| Short term bank borrowings | 7,04 | Euro | 164.671.975 | 164.358.114 |
| | | | | **164.358.114** |

| 31 December 2024 | Weighted average interest rate (%) | Currency | Original amount | EUR equivalent |
|---|---|---|---|---|
| Short term portion of long term bank borrowings | 4,22 | Euro | 21.884.352 | 21.884.352 |
| | | | | **21.884.352** |

| 31 December 2023 | Weighted average interest rate (%) | Currency | Original amount | EUR equivalent |
|---|---|---|---|---|
| Short term portion of long term bank borrowings | 5,42 | Euro | 31.048.114 | 31.048.114 |
| | | | | **31.048.114** |

| 31 December 2024 | Weighted average interest rate (%) | Currency | Original amount | EUR equivalent |
|---|---|---|---|---|
| Long term bank borrowings | 4,19 | Euro | 22.009.344 | 22.009.344 |
| | | | | **22.009.344** |

| 31 December 2023 | Weighted average interest rate (%) | Currency | Original amount | EUR equivalent |
|---|---|---|---|---|
| Long term bank borrowings | 5,57 | Euro | 64.658.631 | 64.658.631 |
| | | | | **64.658.631** |

## NOTE 31 - FINANCIAL INSTRUMENTS

### Financial Liabilities

Lease Liabilities

The details of lease liabilities as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Less than 1 year | 542.771.838 | 479.304.856 |
| Between 1 - 5 years | 2.028.348.701 | 1.588.049.567 |
| Over 5 years | 1.808.218.806 | 1.589.358.777 |
| | 4.379.339.345 | 3.656.713.200 |
| Less: Future interest expenses | (713.149.467) | (589.603.347) |
| | **3.666.189.878** | **3.067.109.853** |

Present value of minimum lease payments of lease liabilities are as follows;

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Less than 1 year | 405.833.468 | 347.704.239 |
| Between 1 - 5 years | 1.659.063.767 | 1.303.602.221 |
| Over 5 years | 1.601.292.643 | 1.415.803.393 |
| | **3.666.189.878** | **3.067.109.853** |

The Group acquire certain of its handling equipment and aircraft through lease arrangements. The average lease term is 6,45 years. For the period ended 31 December 2024, the floating interest rate applicable to Euro-denominated lease liabilities, amounting to EUR 2.562.642.269, is 3,40% (31 December 2023: 3,92%) and the floating rate applicable to US Dollar-denominated lease liabilities, amounting to EUR 449.471.120, is 6,28% (31 December 2023: 6,71%).

Reconciliation of obligations arising from financing activities

The changes in the Group's liabilities arising from financing activities are given in the following table:

| | 1 January 2024 | Utilized bank loans and repayments, (net) | Finance lease obtained and repayment of principals | Non-cash changes | 31 December 2024 |
|---|---|---|---|---|---|
| Bank loans and Issued debt instruments | 602.031.364 | 123.912.487 | - | 134.114.924 | 860.058.775 |
| Lease payables | 3.067.109.853 | - | (513.513.161) | 1.112.593.186 | 3.666.189.878 |
| | **3.669.141.217** | **123.912.487** | **(513.513.161)** | **1.246.708.110** | **4.526.248.653** |

| | 1 January 2023 | Utilized bank loans and repayments, (net) | Finance lease obtained and repayment of principals | Non-cash changes | 31 December 2023 |
|---|---|---|---|---|---|
| Bank loans and Issued debt instruments | 485.367.931 | 21.132.315 | - | 95.531.118 | 602.031.364 |
| Lease payables | 2.574.589.256 | - | (470.989.018) | 963.509.615 | 3.067.109.853 |
| | **3.059.957.187** | **21.132.315** | **(470.989.018)** | **1.059.040.733** | **3.669.141.217** |

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Capital Risk Management

The Group manages its capital to ensure its ability to continue as a going concern while maximizing returns to stakeholders by optimizing the balance between debt and equity.

The capital structure of the Group includes debt, comprising financial liabilities and obligations under finance leases (as disclosed in Note 31), as well as cash and cash equivalents, and equity, which comprises issued capital, reserves, and retained earnings. The Group meets its working capital requirements using cash generated from operations and, if necessary, through credit lines from Turkish and foreign banks.

The Group's management reviews the cost of capital together with the risk associated with each class in the capital structure. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital and obtains approval from Board of Directors in the form of a resolution.

Based on evaluations of management and Board of Directors, the Group balances its overall capital structure from time to time through capital increases as well as the issue of new debt or the redemption of existing debt. The Group's overall capital risk management strategy remains unchanged from prior periods.

The debt-capital ratio that is calculated as net debt (total borrowings less cash and cash equivalents and financial investments) divided by total capital as of 31 December 2024 and 31 December 2023 are as follows.

| | **31 December 2024** | **31 December 2023** |
|---|---:|---:|
| Financial Liabilities | 4.526.248.653 | 3.669.141.217 |
| Less: Cash and Cash Equivalents & Financial Investments | (1.686.797.993) | (1.113.996.800) |
| Net Debt | 2.839.450.660 | 2.555.144.417 |
| Total Equity | 2.039.005.537 | 1.678.312.566 |
| Total Capital | 4.878.456.197 | 4.233.456.983 |
| Net Debt/Total Capital Ratio | **0,6** | **0,6** |

### Financial Risk Factors

The Group's activities expose financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management plan focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Credit Risk Management

The Group applied the simplified approach in IFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for the expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group grouped its trade receivables considering the maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and prospective macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and trade receivable sums.

| 31 December 2024 | Not Overdue | 0-1 Months Overdue | 1-3 Months Overdue | More than 3 Months Overdue | Total |
|---|---|---|---|---|---|
| Period end balance | 66.990.415 | 6.818.884 | 317.560 | 3.341.834 | 77.468.693 |
| Loan loss rate (%) | 1,1% | 0,7% | 0,6% | 96,1% | |
| Expected credit losses | 743.930 | 44.800 | 1.815 | 3.210.421 | 4.000.966 |

| 31 December 2023 | Not Overdue | 0-1 Months Overdue | 1-3 Months Overdue | More than 3 Months Overdue | Total |
|---|---|---|---|---|---|
| Period end balance | 45.222.629 | 5.997.814 | 94.557 | 3.331.579 | 54.646.579 |
| Loan loss rate (%) | 0,6% | 0,7% | 0,6% | 92,7% | |
| Expected credit losses | 284.966 | 39.406 | 540 | 3.087.409 | 3.412.321 |

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

***Credit risk management:***

| | **Receivables** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Trade Receivables** | | **Other Receivables** | | | | |
| **31 December 2024** | **Related Party** | **Other** | **Related Party** | **Other** | **Bank Deposits** | **Financial Investments** | **Derivative Instruments** |
| **Maximum exposed credit risk as of reporting date (A+B+C+D) (*)** | **-** | **73.139.116** | **-** | **87.803.523** | **1.259.666.911** | **427.818.587** | **3.963.837** |
| Secured portion of the maximum credit risk by guarantees, etc. (**) | - | 15.737.713 | - | - | - | - | - |
| A. Net book value of financial asset neither are not due or nor impaired | - | 71.777.855 | - | 87.803.523 | 1.259.666.911 | 427.818.587 | 3.963.837 |
| B. Net book value of financial assets that are past due but not impaired | - | 1.361.261 | - | - | - | - | - |
| -The part under guarantee with collateral etc. | - | 1.361.261 | - | - | - | - | - |
| C. Net book value of impaired assets | | | | | | | |
| - Past due (gross carrying amount) | - | 3.550.559 | - | - | - | - | - |
| - Impairment(-) | - | (3.550.559) | - | - | - | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| - Not Past due (gross carrying amount) | - | 450.408 | - | - | 737.512 | - | - |
| - Impairment(-) | - | (450.408) | - | - | (737.512) | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| D. Off-balance sheet items with credit risk | - | - | - | - | - | - | - |

(*) The factors that increase in credit reliability such as guarantees received are not considered in the balance.
(**) Guarantees consist of the letters of guarantee obtained from the customers.

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

***Credit risk management:***

| | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | | |
| **31 December 2023** | **Related Party** | **Other** | **Related Party** | **Other** | **Bank Deposits** | **Financial Investments** | **Derivative Instruments** |
| **Maximum exposed credit risk as of reporting date (A+B+C+D) (*)** | **-** | **50.884.415** | **1.355** | **60.276.665** | **493.720.311** | **620.400.426** | **387.044** |
| Secured portion of the maximum credit risk by guarantees, etc. (**) | - | 13.946.740 | - | - | - | - | - |
| A. Net book value of financial asset neither are not due or nor impaired | - | 49.565.766 | 1.355 | 60.276.665 | 493.720.311 | 620.400.426 | 387.044 |
| B. Net book value of financial assets that are past due but not impaired | - | 1.318.649 | - | - | - | - | - |
| -The part under guarantee with collateral etc. | - | 1.318.649 | - | - | - | - | - |
| C. Net book value of impaired assets | | | | | | | |
| - Past due (gross carrying amount) | - | 3.024.414 | - | - | - | - | - |
| - Impairment(-) | - | (3.024.414) | - | - | - | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| - Not Past due (gross carrying amount) | - | 387.907 | - | - | 232.848 | - | - |
| - Impairment(-) | - | (387.907) | - | - | (232.848) | - | - |
| - The part of net value under guarantee with collateral etc. | - | - | - | - | - | - | - |
| D. Off-balance sheet items with credit risk | - | - | - | - | - | - | - |

(*) The factors that increase in credit reliability such as guarantees received are not considered in the balance.
(**) Guarantees consist of the letters of guarantee obtained from the customers.

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

***Credit risk management***

Aging of the past due receivables is as follows:

| 31 December 2024 | Trade receivables | Other receivables | Bank deposits | Total |
|---|---|---|---|---|
| 1-30 days past due | 252.175 | - | - | 252.175 |
| 1-3 months past due | 94.064 | - | - | 94.064 |
| 3-12 months past due | 1.660 | - | - | 1.660 |
| 1-5 years past due | 4.563.921 | - | - | 4.563.921 |
| Receivables secured by guarantees | (1.361.261) | - | - | (1.361.261) |
| | **3.550.559** | - | - | **3.550.559** |

| 31 December 2023 | Trade receivables | Other receivables | Bank deposits | Total |
|---|---|---|---|---|
| 1-30 days past due | 56.114 | - | - | 56.114 |
| 1-3 months past due | 140.964 | - | - | 140.964 |
| 3-12 months past due | 84.079 | - | - | 84.079 |
| 1-5 years past due | 4.061.906 | - | - | 4.061.906 |
| Receivables secured by guarantees | (1.318.649) | - | - | (1.318.649) |
| | **3.024.414** | - | - | **3.024.414** |

***Liquidity risk management***

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables show the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

#### *Liquidity risk management*

| 31 December 2024<br>Due date on the contract | Carrying value | Contractual cash-flows (I+II+III+IV) | Up to 3 months (I) | 3 months-12 months (II) | 1 year-5 years (III) | More than 5 years (IV) |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Short term bank borrowings | 215.942.354 | 221.649.991 | 107.298.130 | 90.643.356 | 21.535.195 | 2.173.310 |
| Obligations under leases | 3.666.189.878 | 4.379.339.345 | 145.918.679 | 396.853.159 | 2.028.348.701 | 1.808.218.806 |
| Trade payables | 216.174.134 | 216.174.134 | 216.174.134 | - | - | - |
| Issued debt instruments | 644.116.421 | 921.240.690 | - | 204.658.623 | 156.609.655 | 559.972.412 |
| | **4.742.422.787** | **5.738.404.160** | **469.390.943** | **692.155.138** | **2.206.493.551** | **2.370.364.528** |

| Due date on the contract | Carrying value | Contractual cash-flows (I+II+III+IV) | Up to 3 months (I) | 3 months-12 months (II) | 1 year-5 years (III) | More than 5 years (IV) |
|---|---|---|---|---|---|---|
| **Derivative financial liabilities** | | | | | | |
| Derivative cash inflows outflows, net | (1.046.199) | (1.156.138) | 3.240.719 | (4.016.520) | (380.337) | - |

| 31 December 2023<br>Due date on the contract | Carrying value | Contractual cash-flows (I+II+III+IV) | Up to 3 months (I) | 3 months-12 months (II) | 1 year-5 years (III) | More than 5 years (IV) |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Short term bank borrowings | 260.064.859 | 269.359.171 | 133.263.569 | 65.211.607 | 51.609.588 | 19.274.407 |
| Obligations under leases | 3.067.109.853 | 3.656.713.200 | 132.214.962 | 347.089.894 | 1.588.049.567 | 1.589.358.777 |
| Trade payables | 200.348.000 | 200.348.000 | 200.348.000 | - | - | - |
| Passenger airport fees liability | 341.966.505 | 417.276.454 | - | 31.392.453 | 385.884.001 | - |
| | **3.869.489.217** | **4.543.696.825** | **465.826.531** | **443.693.954** | **2.025.543.156** | **1.608.633.184** |

| Due date on the contract | Carrying value | Contractual cash-flows (I+II+III+IV) | Up to 3 months (I) | 3 months-12 months (II) | 1 year-5 years (III) | More than 5 years (IV) |
|---|---|---|---|---|---|---|
| **Derivative financial liabilities** | | | | | | |
| Derivative cash inflows outflows, net | (4.934.106) | (5.474.014) | (610.372) | (2.804.589) | (2.059.053) | - |

### Financial Risk Factors

#### *Market risk*

The Group's activities expose primarily to the financial risks of changes in foreign currency exchange rates, fuel price and interest rates. The Group enters into a variety of derivative financial instruments to manage exposure to foreign currency, fuel price and interest rate risk.

#### *Foreign currency risk management*

The Group has transactions in non-Euro currencies including Turkish Lira revenues, US Dollar borrowings and fuel purchases. These non-Euro denominated transactions expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

### *Foreign currency risk management*

The Group's foreign currency position of monetary and non-monetary assets/liabilities for the years ended 31 December 2024 and 31 December 2023 are as follows:

| 31 December 2024 | EUR Total | USD | TL | GBP | Other |
|---|---|---|---|---|---|
| 1. Trade receivables | 52.554.233 | 7.421.689 | 1.404.084.196 | 1.817.410 | 5.037.207 |
| 2a. Monetary financial assets | 1.252.994.150 | 1.163.326.747 | 4.022.451.465 | 14.824.938 | 10.452.061 |
| 2b. Non monetary financial assets | - | - | - | - | - |
| 3. Other | 6.221.712 | 1.727.019 | 166.711.936 | 23.797 | 206 |
| 4. CURRENT ASSETS | 1.311.770.095 | 1.172.475.455 | 5.593.247.597 | 16.666.145 | 15.489.474 |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | 125.770.279 | 131.196.247 | - | - | - |
| 6b. Non monetary financial assets | - | - | - | - | - |
| 7. Other | 7.828.521 | 6.695.999 | 1.543.144 | 63.000 | 1.291.589 |
| 8. NON CURRENT ASSETS | 133.598.800 | 137.892.246 | 1.543.144 | 63.000 | 1.291.589 |
| 9. TOTAL ASSETS | 1.445.368.895 | 1.310.367.701 | 5.594.790.741 | 16.729.145 | 16.781.063 |
| 10. Trade payables | 124.022.824 | 90.371.223 | 1.020.393.435 | 2.635.892 | 6.443.828 |
| 11. Financial liabilities | 300.796.277 | 313.459.380 | 11.053.764 | - | - |
| 12a. Other liabilitites, monetary | 103.036.729 | 10.378.007 | 3.369.137.300 | 254.401 | 1.086.662 |
| 12b. Other liabilities, non monetary | - | - | - | - | - |
| 13. CURRENT LIABILITIES | 527.855.830 | 414.208.610 | 4.400.584.499 | 2.890.293 | 7.530.490 |
| 14. Trade payables | - | - | - | - | - |
| 15. Financial liabilities | 1.373.954.809 | 1.433.084.260 | 5.127.331 | - | - |
| 16a. Other lliabilities, monetary | 207.967.182 | 216.939.281 | - | - | - |
| 16b. Other liabilities, non monetary | - | - | - | - | - |
| 17. NON CURRENT LIABILITIES | 1.581.921.991 | 1.650.023.541 | 5.127.331 | - | - |
| 18. TOTAL LIABILITIES | 2.109.777.821 | 2.064.232.151 | 4.405.711.830 | 2.890.293 | 7.530.490 |
| 19. Net asset / (liability) position of Off-statement of financial position derivatives (19a-19b) | 488.885 | 21.424.898 | - | (16.650.000) | - |
| 19.a Off-statement of financial position foreign currency derivative assets | 20.538.815 | 21.424.898 | - | - | - |
| 19b. Off-statement of financial position foreign currency derivative liabilities | 20.049.930 | - | - | 16.650.000 | - |
| 20. Net foreign currency asset/(liability) position | (664.408.926) | (753.864.450) | 1.189.078.911 | 13.838.852 | 9.250.573 |
| 21. Net foreign currency asset / (liability) position of monetary items (1+2a+3+5+6a+7-10-11-12a-14-15-16a) | (664.408.926) | (753.864.450) | 1.189.078.911 | 13.838.852 | 9.250.573 |

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

### *Foreign currency risk management*

| 31 December 2023 | EUR Total | USD | TL | GBP | Other |
|---|---|---|---|---|---|
| 1. Trade receivables | 31.670.682 | 7.469.645 | 584.110.649 | 1.460.848 | 5.309.081 |
| 2a. Monetary financial assets | 754.084.586 | 668.634.650 | 3.870.699.898 | 9.097.013 | 20.530.787 |
| 2b. Non monetary financial assets | - | - | - | - | - |
| 3. Other | 6.195.544 | 6.084.964 | 14.408.539 | 189.475 | 36.220 |
| 4. CURRENT ASSETS | 791.950.812 | 682.189.259 | 4.469.219.086 | 10.747.336 | 25.876.088 |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | 51.398.067 | 56.872.890 | - | - | - |
| 6b. Non monetary financial assets | - | - | - | - | - |
| 7. Other | 27.578.135 | 25.840.671 | 631.013 | 1.000 | 4.204.474 |
| 8. NON CURRENT ASSETS | 78.976.202 | 82.713.561 | 631.013 | 1.000 | 4.204.474 |
| 9. TOTAL ASSETS | 870.927.014 | 764.902.820 | 4.469.850.099 | 10.748.336 | 30.080.562 |
| 10. Trade payables | 116.870.377 | 70.554.166 | 1.288.319.658 | 789.344 | 12.650.075 |
| 11. Financial liabilities | 125.371.459 | 138.430.478 | 8.693.284 | - | - |
| 12a. Other liabilitites, monetary | 93.780.943 | 21.299.965 | 2.365.708.819 | 133.847 | 1.751.652 |
| 12b. Other liabilities, non monetary | - | - | - | - | - |
| 13. CURRENT LIABILITIES | 336.022.779 | 230.284.609 | 3.662.721.761 | 923.191 | 14.401.727 |
| 14. Trade payables | - | - | - | - | - |
| 15. Financial liabilities | 1.100.169.275 | 1.216.807.510 | 16.181.095 | - | - |
| 16a. Other lliabilities, monetary | 136.186.703 | 150.693.047 | - | - | - |
| 16b. Other liabilities, non monetary | - | - | - | - | - |
| 17. NON CURRENT LIABILITIES | 1.236.355.978 | 1.367.500.557 | 16.181.095 | - | - |
| 18. TOTAL LIABILITIES | 1.572.378.757 | 1.597.785.166 | 3.678.902.856 | 923.191 | 14.401.727 |
| 19. Net asset / (liability) position of Off-statement of financial position derivatives (19a-19b) | (1.338.260) | 9.584.500 | - | (8.700.000) | - |
| 19.a Off-statement of financial position foreign currency derivative assets | 8.661.856 | 9.584.500 | - | - | - |
| 19b. Off-statement of financial position foreign currency derivative liabilities | 10.000.116 | - | - | 8.700.000 | - |
| 20. Net foreign currency asset/(liability) position | (701.451.743) | (832.882.346) | 790.947.243 | 9.825.145 | 15.678.835 |
| 21. Net foreign currency asset / (liability) position of monetary items (1+2a+3+5+6a+7-10-11-12a-14-15-16a) | (701.451.743) | (832.882.346) | 790.947.243 | 9.825.145 | 15.678.835 |

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

***Foreign currency risk management***

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily with respect to the US Dollar and Turkish Lira. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollar, and TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Foreign currency sensitivity tables as of 31 December 2024 and 31 December 2023 are as follows:

| **31 December 2024** | **Profit/(Loss)** | | **Shareholders' equity** | |
|---|---|---|---|---|
| | **If foreign currency appreciated 10%** | **If foreign currency depreciated 10%** | **If foreign currency appreciated 10%** | **If foreign currency depreciated 10%** |
| Effect of 10% change in USD rate | | | | |
| USD net asset / (liability) | (72.268.639) | 72.268.639 | - | - |
| Part of hedged from USD risk | 2.053.881 | (2.053.881) | - | - |
| **USD net effect** | **(70.214.758)** | **70.214.758** | **-** | **-** |
| Effect of 10% change in TL rate | | | | |
| TL net asset / (liability) | 3.236.214 | (3.236.214) | 204.276.306 | (204.276.306) |
| Part of hedged from TL risk | - | - | - | - |
| **TL net effect** | **3.236.214** | **(3.236.214)** | **204.276.306** | **(204.276.306)** |
| Effect of 10% change in GBP rate | | | | |
| GBP net asset / liability | 1.666.475 | (1.666.475) | - | - |
| Part of hedged from GBP risk | (2.004.993) | 2.004.993 | - | - |
| **GBP net effect** | **(338.518)** | **338.518** | **-** | **-** |

| **31 December 2023** | **Profit/(Loss)** | | **Shareholders' equity** | |
|---|---|---|---|---|
| | **If foreign currency appreciated 10%** | **If foreign currency depreciated 10%** | **If foreign currency appreciated 10%** | **If foreign currency depreciated 10%** |
| Effect of 10% change in USD rate | | | | |
| USD net asset / (liability) | (75.270.560) | 75.270.560 | - | - |
| Part of hedged from USD risk | 866.186 | (866.186) | - | - |
| **USD net effect** | **(74.404.374)** | **74.404.374** | **-** | **-** |
| Effect of 10% change in TL rate | | | | |
| TL net asset / (liability) | 2.428.163 | (2.428.163) | 168.230.343 | (168.230.343) |
| Part of hedged from TL risk | - | - | - | - |
| **TL net effect** | **2.428.163** | **(2.428.163)** | **168.230.343** | **(168.230.343)** |
| Effect of 10% change in GBP rate | | | | |
| GBP net asset / liability | 1.129.340 | (1.129.340) | - | - |
| Part of hedged from GBP risk | (1.000.012) | 1.000.012 | - | - |
| **GBP net effect** | **129.328** | **(129.328)** | **-** | **-** |

## NOTE 32 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

### Financial Risk Factors

***Interest rate risk management***

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between floating rate borrowings, by the use of interest rate swap contracts based on the approved policies.

Foreign currency sensitivity

The Group's distribution of interest rate-sensitive financial instruments is as follows:

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | **Floating rate** | **Fixed rate** | **Floating rate** | **Fixed rate** |
| Bank loans and Issued debt instruments | - | 860.058.775 | - | 602.031.364 |
| Finance leases | 3.360.751.410 | 305.438.468 | 2.853.454.730 | 213.655.123 |

For floating rate liabilities, the analysis is prepared under the assumption that the amount of liability outstanding at the balance sheet date remained outstanding for the entire year.

If interest rates had been 0.5% lower or higher during the reporting period, keeping all other variables constant:

The Group's profit before tax would have increased/decreased by EUR 13.522.921 (2023: EUR -10.581.439). This is mainly attributable to the Company's exposure to interest rates on its variable rate obligations under finance leases.

***Price risk management***

Fuel price risk management

The Group is exposed to commodity risk due to the significant of fuel purchases to its business. Fuel prices have been subject to wide fluctuations based on geopolitical issues, exchange rate fluctuations, supply and demand as well as market speculation. The fluctuations in fuel prices have had a significant impact on the cost of sales and results of operations of the Group.

The Group manages its risk to fuel prices through the use of derivative financial instruments. The Group's policy since 2011 includes a primary non-discretionary program for the first 50% of anticipated fuel consumption and a supplemental discretionary program for an additional 20% of our anticipated fuel consumption up to twelve months. Both programs use swap and option arrangements on jet fuel and Brent oil for hedging purposes. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Fuel price sensitivity

The Group entered into fuel purchase and option forward contracts to manage the cash flow risks associated with fuel purchases. Due to forward fuel purchase and option forward contracts subject to hedge accounting, as a result of a 1% increase/decrease in fuel prices, the shareholders' equity of the Group will increase/decrease by EUR 4.866.202 (2023: EUR 3.880.599) excluding deferred tax effect.

## NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Group Management believes that the carrying values of financial instruments approximates their fair values, except for financial investments, lease liabilities and issued debt instruments. The fair value of financial investments and issued bonds is determined by considering the market value (level 1).

### Fair Value of Financial Instruments

| 31 December 2024 | Financial assets and liabilities at amortized cost | Financial assets and derivative instruments which are recognized at fair value in shareholders' equity | Derivative instruments which are recognized at fair value in profit/loss | Carrying amount | Note |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 1.258.979.406 | - | - | 1.258.979.406 | 35 |
| Trade receivables | 73.467.728 | - | - | 73.467.728 | 6 |
| *- Other* | *73.467.728* | - | - | *73.467.728* | *6* |
| Other receivables | 87.803.523 | - | - | 87.803.523 | |
| *- Related party* | - | - | - | - | 5 |
| *- Other* | *87.803.523* | - | - | *87.803.523* | |
| Financial investments | 301.757.198 | 101.104.332 | - | 427.818.587 | 31 |
| Derivative financial assets | - | - | 3.963.837 | 3.963.837 | 30 |
| **Financial liabilities** | | | | | |
| Bank borrowings | 215.942.354 | - | - | 215.942.354 | 31 |
| Issued debt instruments | 636.265.140 | - | - | 644.116.421 | |
| Trade payables | 216.174.134 | - | - | 216.174.134 | 6 |
| *- Related party* | *1.194.536* | - | - | *1.194.536* | 5 |
| *- Other* | *214.979.598* | - | - | *214.979.598* | |
| Other payables | 12.519.590 | - | - | 12.519.590 | |
| Derivative financial liabilities | - | 5.010.036 | - | 5.010.036 | 30 |

## NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

### Fair Value of Financial Instruments

| 31 December 2023 | Financial assets and liabilities at amortized cost | Financial assets and derivative instruments which are recognized at fair value in shareholders' equity | Derivative instruments which are recognized at fair value in profit/loss | Carrying amount | Note |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 493.596.374 | - | - | 493.596.374 | 35 |
| Trade receivables | 51.234.258 | - | - | 51.234.258 | 6 |
| - *Other* | *51.234.258* | - | - | *51.234.258* | 6 |
| Other receivables | 60.278.018 | - | - | 60.278.019 | |
| - *Related party* | *1.355* | - | - | *1.355* | 5 |
| - *Other* | *60.276.664* | - | - | *60.276.664* | |
| Financial investments | 565.702.250 | 62.663.933 | - | 620.400.426 | 31 |
| Derivative financial assets | - | - | 387.044 | 387.044 | 30 |
| **Financial liabilities** | | | | | |
| Bank borrowings | 260.064.859 | - | - | 260.064.859 | 31 |
| Issued debt instruments | 346.781.110 | - | - | 341.966.505 | |
| Trade payables | 200.348.000 | - | - | 200.348.000 | 6 |
| - *Related party* | *546.817* | - | - | *546.817* | 5 |
| - *Other* | *199.801.183* | - | - | *199.801.183* | |
| Other payables | 7.995.823 | - | - | 7.995.823 | |
| Derivative financial liabilities | - | 5.321.150 | - | 5.321.150 | 30 |

## NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

### Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices:

- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

- Level 3: the fair value of financial assets and liabilities are determined by the input that does not reflect an actual data observed in the market while finding the fair value of an asset or liability.

| **Financial assets / (Financial liabilities)** | **Fair value as at** | | **Fair value hierarchy** | **Valuation technique** |
|---|---|---|---|---|
| | **31 December 2024** | **31 December 2023** | | |
| Fuel purchase option contracts | (5.010.036) | (5.321.150) | Level 2 | Discounted cash flow method |
| Currency forward contracts | 3.963.837 | 387.044 | Level 2 | Discounted cash flow method |

| **31 December 2024** | **Currency forward contracts** | **Fuel purchase option contracts** | **Total** |
|---|---|---|---|
| **Fair value:** | | | |
| Opening | 387.044 | (5.321.150) | (4.934.106) |
| Fair value increase | | | |
| Recognized in equity | - | 311.114 | 311.114 |
| Recognized in profit or loss | 3.576.793 | - | 3.576.793 |
| **Closing** | **3.963.837** | **(5.010.036)** | **(1.046.199)** |
| Assets | 3.963.837 | - | 3.963.837 |
| Liabilities | - | (5.010.036) | (5.010.036) |
| **Total net assets and liabilities** | **3.963.837** | **(5.010.036)** | **(1.046.199)** |

## NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

### Fair Value of Financial Instruments

| 31 December 2023 | Currency forward contracts | Fuel purchase option contracts | Total |
|---|---|---|---|
| **Fair value:** | | | |
| Opening | - | 17.727.674 | 17.727.674 |
| Fair value increase / (decrease) | | | |
| Recognized in equity | - | (23.048.824) | (23.048.824) |
| Recognized in profit or loss | 387.044 | - | 387.044 |
| **Closing** | **387.044** | **(5.321.150)** | **(4.934.106)** |
| Assets | 387.044 | - | 387.044 |
| Liabilities | - | (5.321.150) | (5.321.150) |
| **Total net assets and liabilities** | **387.044** | **(5.321.150)** | **(4.934.106)** |

The Group has forward fuel purchase option contracts, which are subject to hedge accounting, at a rate of 46,9% and 22,7% of the total fuel consumption estimated to occur in a period shorter than 1 year and more than 1 year, respectively. In line with its hedging policy, the Group can conclude contracts with maturities up to 24 months. As of 31 December 2024, the contracts last until December 2026. The total nominal value of these contracts is USD 503,7 million, and the weighted average price is in the range of USD 69-81. The ineffective portion of the hedge is not material as of 31 December 2024. In the current period, the income that is reclassified from hedging gain/(losses) fund under shareholders' equity to fuel expenses in the profit or loss statement is amounting to EUR 2.458.556 (31 December 2023: EUR 9.251.380 derivative income are charged to finance expenses).

## NOTE 34 - EVENTS AFTER BALANCE SHEET DATE

In accordance with the Board of Directors decision dated January 28, 2025, the Company has decided to increase the registered capital ceiling permission of TL 500.000.000 valid for the years 2023-2027 to TL 2.500.000.000 to cover the years 2025-2029 and to make the necessary applications to amend Article 6 of the Company's Articles of Association in this direction.

PFTC, in which the Company has a 49.40% share, was de-registered from the trade registry as of 27 February 2025 as a result of the liquidation procedures.

## NOTE 35 - EXPLANATIONS RELATED TO STATEMENT OF CASH FLOW

The details of cash and cash equivalents as of 31 December 2024 and 31 December 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Cash on hand | 50.008 | 108.911 |
| Cash at banks | 1.259.666.911 | 493.720.311 |
| - Demand deposits | 23.318.830 | 31.129.195 |
| - Time deposits | 1.236.348.081 | 462.591.116 |
| Less: Allowance for impairment under IFRS 9 | (737.513) | (232.848) |
| | **1.258.979.406** | **493.596.374** |

The weighted average interest rates of time deposits are as presented below:

| 31 December 2024 | Weighted average interest rates | Total |
|---|---|---|
| USD deposits | 4,51 % | 847.775.086 |
| EUR deposits | 2,65 % | 271.336.285 |
| TL deposits | 48,88 % | 108.344.284 |
| GBP deposits | 0,50 % | 3.115.816 |
| IRR deposits | 5,00 % | 5.776.610 |
| | | **1.236.348.081** |

| 31 December 2023 | Weighted average interest rates | Total |
|---|---|---|
| USD deposits | 4,24 % | 320.596.080 |
| EUR deposits | 3,16 % | 74.138.251 |
| TL deposits | 40,80 % | 58.306.992 |
| GBP deposits | 0,26 % | 9.549.793 |
| IRR deposits | 5,00 % | 5.410.557 |
| | | **468.001.673** |

As of 31 December 2024 and 31 December 2023 time deposits maturities are less than 90 days.