

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1**



WIDEN YOUR WORLD

**TURKISH
AIRLINES**



1 JANUARY – 31 MARCH 2024

BOARD's ACTIVITY REPORT

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1**

TABLE OF CONTENTS

1. INDUSTRY DEVELOPMENTS.....	3
2. FIELD OF ACTIVITY, CAPITAL STRUCTURE AND SUBSIDIARIES	4
3. ORGANIZATIONAL STRUCTURE.....	9
4. BOARD OF DIRECTORS AND COMMITTEES	11
5. SENIOR MANAGEMENT.....	12
6. HUMAN RESOURCES	12
7. DEVELOPMENTS WITHIN THE INCORPORATION.....	13
8. TRAFFIC RESULTS	15
9. FLEET	17
10. FINANCIAL SITUATION	17
11. INVESTMENTS, INCENTIVES AND INVESTMENT POLICIES.....	19
12. PROJECTIONS ABOUT THE INCORPORATION	20
13. OTHER INFORMATION	21

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1

1. INDUSTRY DEVELOPMENTS

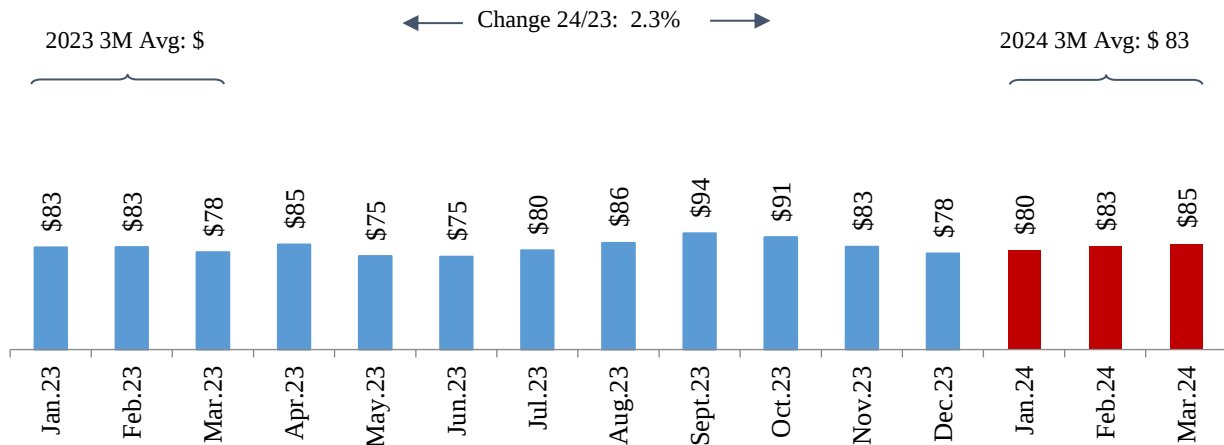
Despite the challenging operational environment in the sector due to ongoing global geopolitical tensions and macroeconomic uncertainties, Turkish Airlines continued its operations without interruption thanks to its operational agility and the highly qualified workforce maintained during the pandemic period, sustaining its growth in the first quarter of 2024. In the first three months of 2024, our Incorporation continued to grow, carrying 18.5 million passengers, exceeding the passenger count of the same period in 2019 by 10% and marking the highest first quarter passenger number in its history. According to data published by the International Air Transport Association (IATA), while the global international passenger capacity in the first quarter of 2024 remained 2% behind that of 2019, Turkish Airlines surpassed its 2019 international passenger capacity by 42%, as one of the leading airlines in the industry. Moreover, as per the data from the European Organization for the Safety of Air Navigation (Eurocontrol), Turkish Airlines was the most frequent flyer among network carriers in Europe during the first quarter of 2024.

In the first quarter of 2024, Turkish Airlines expanded its fleet by 10% compared to the same period last year, reaching 453 aircraft despite global supply chain issues and production bottlenecks in the aviation industry. This achievement places our fleet among the youngest and most modern in the world. Our Incorporation's success in integrating aircraft at low costs through innovative and diverse financing models is closely followed by the aviation sector. In this context, our brand's aircraft financing transactions were recognized in three different categories at the "Airline Economics Aviation 100" awards ceremony.

Through SMARTIST, our high-tech mega cargo center at Istanbul Airport, one of the world's largest hubs, and the unique breadth of Turkish Airlines' flight network, Turkish Cargo aims to further solidify its position among the world's leading air cargo brands. According to data published by the International Air Transport Association (IATA), Turkish Cargo achieved the status of being one of the top three air cargo carriers globally in terms of freight ton kilometers transported in the first quarter of 2024.

The development of jet fuel prices, a major cost factor in the aviation industry, is shown in the table below.

Oil Price per Barrel (Monthly Average)



Source: U.S. Energy Information Administration

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1

The table below sets out the fuel price analysis of the Incorporation.

FUEL PRICE ANALYSIS	2021	2022	2023	3M'23	3M'24
Fuel Expenses (Million \$)	2,756	6,467	6,232	1,477	1,537
Fuel Consumption (000 Tons)	4,156	5,653	6,429	1,407	1,625
Average Unit Cost (\$/Tons)	663	1,144	969	1,050	946
Average Change of Unit Cost (%)	13%	73%	-15%	8%	-10%
Fuel Expense Rate in Operational Expenses (%)	29%	41%	34%	35%	32%

2. FIELD OF ACTIVITY, CAPITAL STRUCTURE AND SUBSIDIARIES

Türk Hava Yolları Anonim Ortaklığı (the “Incorporation”) was founded in Türkiye in 1933. The Incorporation’s main fields of activity are all types of domestic and international passenger and cargo air transportation.

The Incorporation is registered in Istanbul, Türkiye (Reg. No: 75184) and its head office address is Türk Hava Yolları A.O. Genel Yönetim Binası, Yeşilköy Mah. Havaalanı Cad. No:3/1 34149 Bakırköy, İstanbul/Türkiye. Detailed information about the Incorporation can be found on Investor Relations Website. (<http://investor.turkishairlines.com/en>)

The authorized capital of the Incorporation is 5,000,000,000 (five billion) Turkish Lira, while the issued share capital is 1,380,000,000 (one billion three hundred and eighty million) Turkish Lira divided into 138,000,000,000 (one hundred thirty-eight billion) shares, each with the nominal value of 1 Kuruş (one kuruş) and is completely paid.

Shares are divided into two groups; the distribution of share groups of the issued capital is as follows:

Shareholder	Amount of Nominal Shares (TRY)	Ownership (%)	Amount of Shares (#)	Rate of Voting Right (%)
Türkiye Wealth Fund (Group A)	677,884,849	49.12	67,788,484,857	49.12
The Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Group C)	0.01		1	
Open for Public (Group A)	702,115,151	50.88	70,211,515,142	50.88
TOTAL	1,380,000,000	100.00	138,000,000,000	100.00

Group C share belongs to the The Republic of Türkiye Ministry of Treasury and Finance Privatization Administration and privileges granted to Group C share are defined in the Articles of Association of the Incorporation.

The Group has 11 subsidiaries (direct and direct participated) as of March 31, 2024. The table below sets out the consolidated subsidiaries and participation rates of the Group in these:

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1

Name of the Company	Field of Activity	Ownership Ratio	Country of Registration
Turkish Technic Inc.	Aircraft Maintenance Service	100%	Türkiye
Turkish Airlines Technology Inc.	Information and Technology	100%	Türkiye
Turkish Flight Training and Airport Operations Inc.	Flight Training and Airport Operations	100%	Türkiye
AJET Inc.	Aircraft Transportation	100%	Türkiye
Turkish Airlines International Investment and Transport Inc.	Transportation and Investment	100%	Türkiye
THY Air Cargo Transport Inc. (Widect)	Cargo Transportation	100%	Türkiye
Turkish Support Services Inc.	Support Services	100%	Türkiye
THY Financial Technologies Inc.	Payment Systems	100%	Türkiye
Turkish Cabin Interior Systems Inc	Cabin Interior Products	80%	Türkiye
THY Private Security and Protection Services Inc.	Security Services	100%	Türkiye
TSI Seats Inc.	Cabin Interior Products	80%	U.S. A

Turkish Technic Inc.

Turkish Technic was established in 2006 as a 100% owned subsidiary of Turkish Airlines, and merged with Turkish Airlines HABOM Inc. in June 2015. Turkish Airlines Teknik A.Ş., which merged with Turkish Airlines Technic Inc., is among the world's largest aircraft maintenance, repair and revision centers in the air transportation industry, with 10,580 employees and subsidiaries as of March 31, 2024. After moving to Istanbul Airport in 2019, it has become the first company to offer all MRO services from a single point to many domestic and foreign airlines, especially Turkish Airlines. To expand the number of foreign airlines it serves and to increase its market share, Turkish Technic continues its activities in its hangars located at 5 different airports in Ankara, Aydın and Istanbul (Atatürk, Istanbul and Sabiha Gökçen Airports).

Turkish Airlines Technology Inc.

THY Technology was established to provide end-to-end solutions and support for the technological needs of the aviation industry, especially Turkish Airlines and its subsidiaries. Besides, the Company aims to export its technologies developed through robust R&D efforts globally. It operates with its 1,484 employees in its offices in different locations, including Ankara and Izmir, primarily in its Istanbul head office.

Turkish Flight Training and Airport Operations Inc.

Turkish Airlines Flight Academy (TAFA), a sub-brand of Turkish Airlines, was established to train pilots and provide pilot training needed by Turkish Airlines and other airlines. Since 2013, the Academy has conducted its training programs at the facilities located at Aydın Çıldır Airport and started its flight operations at Efes Airport by the end of 2022 and at Usak Airport in March 2024. As of March 31, 2024, the Company has 156 employees.

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1**

AJET Air Transportation Inc.

The Company was established on August 7, 2023, as a wholly owned subsidiary of Turkish Airlines in order for our Incorporation's Anadolu Jet brand to continue its activities as a low-cost airline at global standards and to strengthen its competitive position in the market. As of March 31, 2024, it started its operations under the AJET brand, centered at Istanbul Sabiha Gökçen Airport and Ankara Esenboğa Airport. As of March 31, 2024, the Company has 1.649 employees.

Turkish Airlines International Investment and Transport Inc.

The Company, wholly owned by the Incorporation, was established on September 25, 2018, with the primary objective of investing both internationally and domestically, especially in the fields of cargo and courier transportation and in the fields that are specified in the Articles of Association of the Company. The Company represents Turkish Airlines group as a 45% partner of We World Express, which was established in 2019.

THY Air Cargo Transportation Inc. (Widect)

"THY Air Cargo Transportation Inc." was established as a 100% owned subsidiary of Turkish Airlines on March 25, 2021 and was restructured according to the door-to-door delivery business model with the WIDECT sub-brand in August 2023. As of March 31, 2024, the Company has 13 employees.

Turkish Support Services Inc.

The Company was established on March 6, 2023, as a wholly owned subsidiary of Turkish Airlines in order to meet the support service needs of our Incorporation's and subsidiaries' out of core business activities, including but not limited to cleaning, safety, facility management, financial affairs, flight and ground handling services, and operational and organizational services. As of March 31, 2024, the Company has 8,714 employees.

THY Financial Technologies Inc.

The Company was established on 18 August 2023, as a wholly owned subsidiary of Turkish Airlines, set to become an electronic money and payment institution following the acquisition and approval of the necessary authorizations and licenses. Its primary objectives are to offer a digital wallet for individual customers and provide a payment collection infrastructure for commercial customers. As of March 31, 2024, the Company has 5 employees.

Turkish Cabin Interior Systems Inc.

TSI Aviation Seats Inc. and Cornea Aviation Systems Industry and Commerce Inc., established for the design, production, marketing and sale of cabin interior products, merged with and into the Turkish Cabin Interior Systems Inc. ("TCI") on February 15, 2023. After merging, the company's shareholding structure is 59.25% Turkish Airlines, 20.84% Turkish Technic, 17% TUSAŞ and 2.91% Havelsan. As of March 31, 2024, the Company has 519 employees.

THY Private Security and Protection Services Inc.

The Company was established on May 12, 2023, as a wholly owned subsidiaries of Turkish Support Services Inc. in order to provide security and protection services. As of March 31, 2024, the Company has 1,521 employees.

TSI Seats Inc.

TSI Seats INC ("TSI") was established on June 17, 2014 in order to design, manufacture, modify and merchandise aircraft seats and spare parts in Utah. On April 2021, the facilities in Utah moved to Seattle where the production facilities of Boeing are located. TSI is an aircraft seat manufacturer which produces aircraft seats with the authorizations of EASA and FAA. In 2023, TCI merged with TSI Aviation Seats Inc. and after the merger, TSI became a 100% owned subsidiary of TCI.

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1

Turkish Airlines Inc. has 9 joint ventures. These affiliates are jointly controlled by the Group and are accounted for by using the equity method.

The table below sets out consolidated joint ventures and indicates the proportion of ownership interest of the Incorporation in these joint ventures as of March 31, 2024:

Name of the Company	Field of Activity	Participation Ratio	Country of Operation
Turkish Fuel Services	Fuel Supply Facilities	25%	Türkiye
SunExpress Aviation Inc.	Aircraft Transportation	50%	Türkiye
Turkish Opet Aviation Fuels Inc.	Aviation Fuel Services	50%	Türkiye
Turkish Ground Services Inc.	Ground Services	50%	Türkiye
Turkish Do&Co Catering Services Inc.	Catering Services	50%	Türkiye
Pratt&Whitney Turkish Engine Center Co. Ltd.	Maintenance Services	49%	Türkiye
We World Express Limited	Cargo and Courier Transportation	45%	Hong Kong
Goodrich Turkish Technic Service Center Co. Ltd.	Maintenance Services	40%	Türkiye
Air Albania SHPK	Aircraft Transportation	49%	Albania

Turkish Fuel Services Inc.

The Company was established as an equal partnership of THY A.O., Zirve Holding, Taya Gayrimenkul and Demirören Akaryakıt companies in order to provide services in the fields of transportation, storage and supply of fuel needed by aircraft and operates at Istanbul Airport. As of March 31, 2024, 121 employees are working for the Company.

SunExpress Aviation Inc.

SunExpress, established in 1989 in Antalya through a 50%-50% partnership between Turkish Airlines & Lufthansa, remains the market leader in tourism transportation between Türkiye and Central Europe. SunExpress connects 78 flight destinations, 22 of which are in Türkiye, with scheduled and charter flights. As of March 31, 2024, the airline operates with a fleet of 65 aircraft, covers 141 routes in 27 countries with 4,082 employees.

Turkish Opet Aviation Fuels Inc.

Turkish Opet Aviation Fuels Inc., established on September 18, 2009, engages in the domestic and international sale, importation, exportation, distribution and transport of various petroleum products, chemicals, lubricants and paints for all types of aircraft. The Company commenced operations on July 1, 2010. Kuzey Tankercilik A.Ş. and Güney Tankercilik A.Ş. were established on November 1, 2012, as wholly owned subsidiaries of Turkish Opet Aviation Fuels Inc., in order to provide transportation of petroleum and petroleum products. In addition to offering “into plane” services with its experienced staff at Istanbul Airport, Turkish OPET Aviation Fuels Inc. also

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1

provides storage and aircraft fuel supply services at Sabiha Gökçen Airport and operates at various Anatolian airports. As of March 31, 2024, the Company has 550 employees.

Turkish Ground Services Inc.

The Company was established as a joint venture with 50%-50% stakes of Turkish Airlines and Havaş Havaalanları Yer Hizmetleri A.Ş. on January 1, 2010. It operates at a total of 10 stations, including Istanbul, Istanbul Atatürk, Istanbul Sabiha Gökçen, Ankara Esenboğa, İzmir Adnan Menderes, Antalya, Adana, Milas Bodrum, Dalaman and Eskişehir Hasan Polatkan Airports. As of March 31, 2024, the Company has 18,079 employees.

Turkish Do&Co Catering Services Inc.

Established in September 2006, Turkish Do&Co is a joint venture between Turkish Airlines and Do&Co Restaurants & Catering AG (Austria based company), with each holding a 50% stake. The Company provides inflight catering services primarily to Turkish Airlines and more than 50 local and foreign airlines. As of March 31, 2024, it operates at 31 airports across Türkiye with 9 production units and 5,978 employees.

Pratt&Whitney Turkish Engine Center Co. Ltd. (TEC)

Turkish Engine Center delivers engine maintenance, repair and overhaul services to customers located in Türkiye and neighboring regions. It was founded in 2008 as a 49%-51% partnership between Turkish Technic Inc. and Pratt & Whitney, a subsidiary of United Technologies. Established over a 25 thousand m² area at Istanbul Sabiha Gökçen Airport, Turkish Engine Center's advanced technology and eco-friendly facility has the capability to provide maintenance to around 200 aircraft engines per year at full capacity. As of March 31, 2024, the Company has 505 employees.

We World Express Limited

We World Express Limited, headquartered in Hong Kong, is a joint venture company that was founded in January 2019 and began operations in April 2019. This global Cargo/courier company provides door-to-door logistics services, primarily targeting the global e-commerce market. Turkish Airlines International Investment and Transport, a 100% owned subsidiary of Turkish Airlines, holds a 45% stake, Hong Kong headquartered ZTO Express (Hong Kong) Limited owns a 45% stake and Hong Kong headquartered PAL Air Limited has a 10% stake of the company. As of March 31, 2024, 63 employees are working for the Company.

Goodrich Turkish Technic Service Center Co. Ltd. (TNC)

Established in 2010, the Goodrich Turkish Technic Service Center Co. Ltd. is a joint venture with 40%-60% stakes of Turkish Technic and Collins Aerospace. It provides maintenance and repair services regarding aircraft engine nacelles and reverse thrust systems to local and foreign airline companies, especially Turkish Airlines. The Company has been providing services under the brand "Turkish Nacelle Center" since 2019. As of March 31, 2024, the Company has 74 employees.

Air Albania SHPK

The Incorporation established a Republic of Albanian based Joint Venture Company, in order to operate in the field of passenger and cargo transportation. Established on September 12, 2018, the stakes of 49%, 41% and 10% are being held respectively by Turkish Airlines, MDN Investment SHPK, and Albcontrol, which manages Albanian airspace and air traffic and representing Government of Albania. As of March 31, 2024, 167 employees are working for the Company.

The Incorporation is responsible for the full and joint control over subsidiaries and affiliates through Board of Directors. Additionally, the operations of subsidiaries and affiliates are monitored by the Senior Vice President of Subsidiaries, within the body of the Parent Company. The internal audit and control functions in the Incorporation are managed by SVP of Inspection Board, SVP of Quality Assurance and other relevant expertise and financial departments.

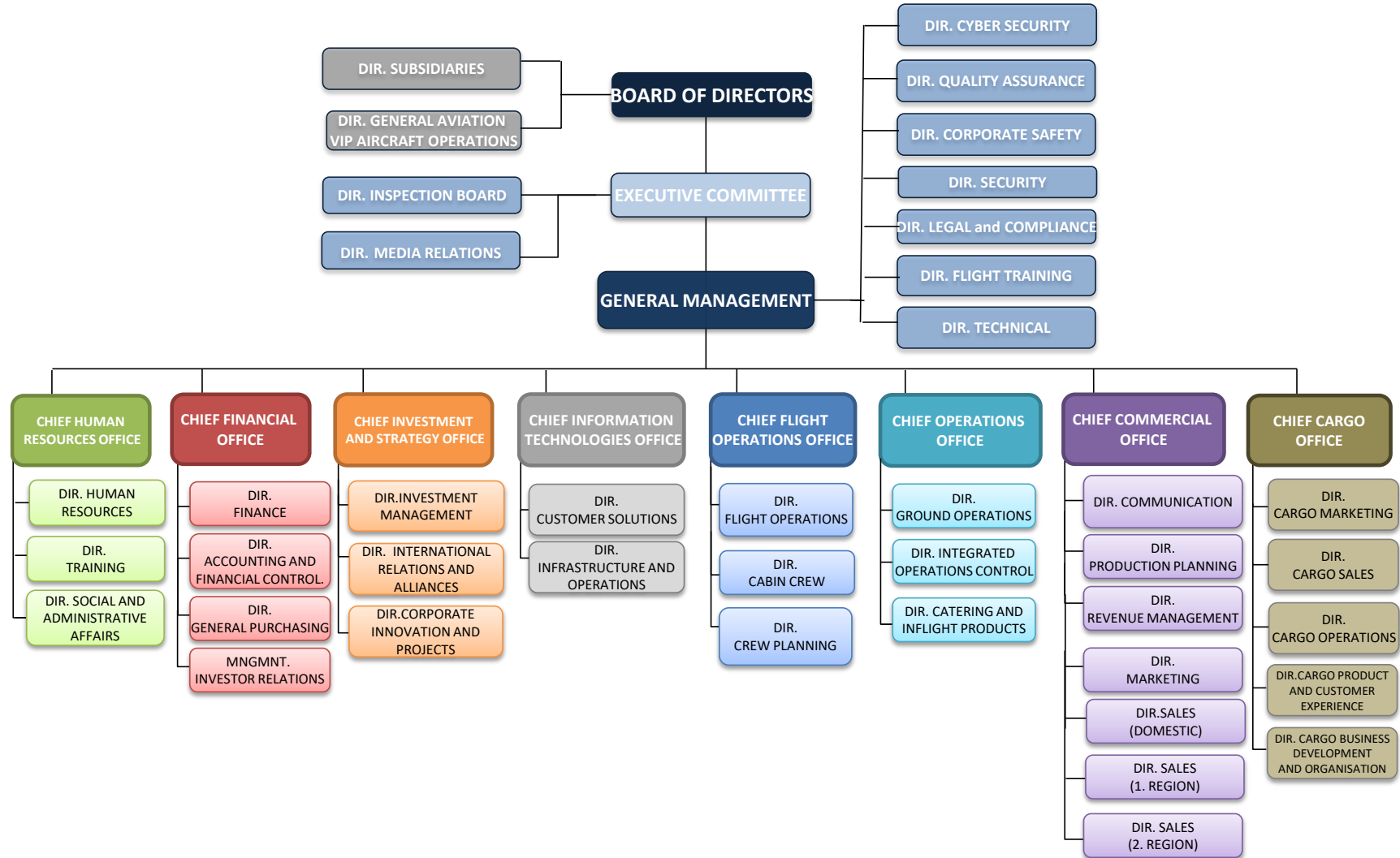
**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1**

3. ORGANIZATIONAL STRUCTURE

As of March 31, 2024, the number of countries served has reached to 130.

General Management and all central units are gathered around Istanbul Ataturk Airport. Organization chart of Turkish Airlines, as of March 31, 2024 is shown on the next page.

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMUNIQUE SERIAL II. NO.14.1**



**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

4. BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

The Board of Directors is comprised of 9 members, including 3 independent members, elected by the General Assembly. The Board of Directors shall approve the strategic targets, continuously and effectively monitor these targets, as well as the activities of the Incorporation and its past performance. In doing so, the Board shall strive to ensure compliance with international standards, and whenever necessary, take preemptive action for potential problems.

Members of the Board who were on duty and committees as of March 31, 2024 are listed below:

Prof. Dr. Ahmet BOLAT	: Chairman of the Board and the Executive Committee
Prof. Dr. Mecit EŞ	: Deputy Chairman of the Board and the Executive Committee
Bilal EKŞİ	: Member of the Board and General Manager
Assoc. Prof. Murat ŞEKER	: Member of the Board and the Executive Committee / Chief Financial Officer
Ramazan SARI	: Member of the Board and the Executive Committee / Senior Vice President General Aviation (VIP Aircraft) Operations
Dr. Hüseyin KESKİN	: Member of the Board
Dr. Melih Şükrü ECERTAŞ	: Independent Board Member
Assoc. Prof. Fatmanur ALTUN	: Independent Board Member
Şekib AVDAGIÇ	: Independent Board Member and Member of the Executive Committee

COMMITTEES

Chairman and the member of the Board Committees were appointed by the Board of Directors on July 25, 2023 as indicated below:

Audit Committee

Chairman: Şekib Avdagiç

Member: Dr. Melih Şükrü Ecertaş

Corporate Governance Committee

Chairman: Assoc. Prof. Fatmanur Altun

Member: Ramazan Sarı, Mehmet Fatih Korkmaz (Investor Relations Manager)

Early Identification of Risks Committee

Chairman: Dr. Melih Şükrü Ecertaş

Member: Şekib Avdagiç

Brief resumes of our Board of Directors and their duties outside of the company are reachable via Turkish Airlines Investor Relations Website. (<http://investor.turkishairlines.com/en/governance/board-of-directors>)

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

5. SENIOR MANAGEMENT

Information about the Senior Management of the Incorporation is presented below as of March 31, 2024:

Name	Title	Starting Date of Position	Profession
Bilal Ekşi	General Manager	24.10.2016	Electronics and Communications Engineer
Assoc. Prof. Murat Şeker	Chief Financial Officer	26.07.2016	Economist
Ahmet Olmuştur	Chief Commercial Officer	30.04.2014	Manager
M. Akif Konar	Chief Operations Officer	01.01.2024	Management Engineer
Levent Konukcu	Chief Investment and Strategy Officer	28.01.2022	Aeronautical Engineer
Abdulkerim Çay	Chief Human Resources Officer	21.04.2015	Manager
Dr. Kerem Kızıltunç	Chief Information Technology Officer	17.02.2022	Computer Engineer
Mehmet Kadaifçiler	Chief Flight Operations Officer	28.01.2022	Pilot
Ali Türk	Chief Cargo Officer	01.01.2014	Industrial Engineer

6. HUMAN RESOURCES

Number of employees increased by 8% to 33,350 as of March 2024 from 30,772 as of March 2023. Employee numbers according to working groups are as follows:

	31.12.2023	31.03.2023	31.03.2024	Change (%)
Cockpit Personnel	6,755	6,056	6,854	13%
Cabin Personnel	14,891	14,091	15,069	7%
Aircraft Maintenance Tech.	57	55	55	0%
Staff Abroad	3,463	3,300	3,495	6%
Domestic Staff	7,972	7,270	7,877	8%
TOTAL	33.138	30,772	33,350	8%

On the other hand, most of the employees located in Türkiye of our Incorporation are members of the labor union. The relations between the employees and the employer, at each level, with respect to the Collective Bargaining Agreement and any matter concerning the staff, are conducted in the most efficient manner and in a manner to obtain result, through the agency of the representatives and union executives assigned by the labor union, in numbers and proportions specified in the legal legislation. All employees get fair treatment in terms of the rights granted and also training programs are conducted to improve their skills, knowledge and experience. The employees are provided with a safe working environment and conditions, both in Türkiye and overseas.

The rights and benefits provided to the staff by the Incorporation are pass tickets, private health insurance, company kindergarten, marriage benefit, maternity benefit and death benefit.

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

7. DEVELOPMENTS WITHIN THE INCORPORATION**I. Developments During the Period****New Route Announcement**

Based on market conditions, our Incorporation decided to start operating scheduled flights to Melbourne in Australia in 2024.

28th Term Collective Bargaining Agreement

Türk Hava Yolları A.O. and Hava-İş Union signed 28th Collective Bargaining Agreement, which covers the two-year period starting from 01.01.2024 until 31.12.2025.

According to the agreement, the wage increase for the first half of 2024 will be 64%, for the second half of 2024, the sum of the change in Türkiye Consumer Price Index (CPI) and 10% of that change, and for the first and second half of 2025 the sum of the change in Türkiye Consumer Price Index (CPI) and 10% of that change for the respective periods.

As stated in our public disclosure dated 01.03.2024, in determining the retroactive wage differences back to 01.01.2024, an offset will be made by considering the 50% wage increase applied as of February.

Fitch Credit Rating-I

The international credit agency Fitch upgraded the credit rating of our Incorporation to BB- from B+. The outlook affirmed as Stable. Fitch also upgraded the rating on our USD-denominated Enhanced Equipment Trust Certificates (EETC) issued in 2015 to BB from BB-.

Fitch Credit Rating-II

On 8.02.2024, the international credit agency Fitch affirmed the credit rating of Turkish Airlines as "B+" and the outlook as "Stable". Fitch also affirmed "BB-" rating on our USD-denominated Enhanced Equipment Trust Certificates (EETC) issued in 2015.

Organizational Structure Change

Considering the evolving organizational structure of the Incorporation, our Board of Directors decided to transform;

- Chief Information Technology & Transformation Office into Chief Information Technology Office and
- Chief Investment & Technology Office into Chief Investment & Strategy Office.

Moody's EETC Credit Rating

International credit agency Moody's upgraded the rating assigned to Turkish Airlines' USD-denominated Enhanced Equipment Trust Certificate (EETC), which was issued in 2015, to B2 from B3 and the rating of the JPY-denominated Class A and B Enhanced Equipment Trust Certificates (EETCs) to B1 from B2. Additionally, the separate outlooks on these certificates revised to positive from stable.

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

Moody's Credit Rating

On 19.01.2024, the international credit agency Moody's raised the credit rating of Turkish Airlines from B3 to B2 and revised the outlook from stable to positive.

AJet Air Operator Certificate

All application processes of our subsidiary AJet Hava Taşımacılığı A.Ş. ("AJet") for obtaining an Air Operator Certificate within the framework of the Regulation on Commercial Air Transport Enterprises was completed and AJet was granted an Air Operator Certificate by the General Directorate of Civil Aviation on 02.01.2024. AJet is expected to start its operations at the beginning of the summer season in 2024.

I. Subsequent Events**S&P Credit Rating**

The international credit agency S&P upgraded the credit rating of our Incorporation to B+ from B. The outlook affirmed as Positive.

S&P also upgraded the rating on our USD-denominated Enhanced Equipment Trust Certificates (EETC) issued in 2015 by four notches to BB+ from B

Miles&Smiles Credit Card agreement with QNB Finansbank

A new agreement has been signed between our Incorporation and QNB Finansbank to extend the cooperation in providing credit cards to Turkish Airlines Frequent Flyer Program Miles&Smiles members for a period of 5 years.

Ordinary General Assembly Meeting

The Ordinary General Assembly of our Incorporation will take place on Friday, May 24, 2024 at 15:00 at the General Management Building located at Yeşilköy Mahallesi, Havaalanı Cad. No.3/1 Bakırköy/İstanbul.

Establishment of Turkish Airlines Sports Club

It has been decided to establish a joint stock company within the framework of the Sports Clubs and Sports Federations Law No. 7405 and the Turkish Commercial Code No. 6102 within the provincial borders of Istanbul to carry out all or some of the sports activities, currently carried out under the umbrella of Turkish Airlines Sports Club. Our Incorporation will hold 100% of the shares, with a cash capital of TL 1,000,000 under the name of "THY Spor A.Ş." or another trade name to be determined if this title cannot be used.

Dividend Payment

The Profit Distribution Table regarding FY2023 was disclosed in Public Disclosure Platform. The table is available on our Investor Relations Web Site.

Related Party Transactions

The conclusion section of the "Common and Continuous Related Party Transactions Report" prepared by the Board of Directors as per Article 10 of the Capital Markets Board's Communiqué No.II-17.1 on Corporate Governance is provided below.

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1

Due to the fact that the rate of the amount of common and continuous fuel supply / purchasing transactions executed between Turkish Airlines and TFS Akaryakıt Hizmetleri A.Ş. exceeded 10%, compared to the cost of sales in 2023 financial statements disclosed to public; it is also foreseen that transactions with similar features are expected to continue in compliance with the determined principles in 2024 as well. These transactions mentioned in the aforementioned report are considered to be made consistent with the transactions of previous years and at-arm's length when compared with market conditions.

8. TRAFFIC RESULTS

January – March 2024 period traffic results are shown below:

	TOTAL		
	2023	2024	Change (%)
Number of Landing (Passenger Flights)	110,698	119,345	7.8%
Available Seat Km ('000)	51,736,593	58,451,681	13.0%
Revenue Passenger Km ('000)	42,071,588	47,015,712	11.8%
Passenger Load Factor (%)	81.3%	80.4%	-0.9 pt
Passengers Carried	17,055,020	18,486,012	8.4%
Int-to-Int Transfer Passengers Carried	6,924,919	7,635,469	10.3%
Cargo and Mail (Tons)	352,879	477,538	35.3%
Fleet	411	453	10.2%
Seat Capacity	83,344	93,170	11.8%
Number of Destinations (City)	337	341	1.2%
Km Flown ('000)	235,962	267,904	13.5%
Hours Flown	376,332	423,915	12.6%

	DOMESTIC		
	2023	2024	Change (%)
Number of Landing (Passenger Flights)	41,890	44,970	7.4%
Available Seat Km ('000)	4,967,381	5,436,727	9.4%
Revenue Passenger Km ('000)	3,982,181	4,490,699	12.8%
Passenger Load Factor (%)	80.2%	82.6%	2.4 pt
Passengers Carried	5,766,590	6,443,975	11.7%
Cargo and Mail (Tons)	12,677	14,081	11.1%
Km Flown ('000)	28,419	30,705	8.0%

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

INTERNATIONAL			
	2023	2024	Change (%)
Number of Landing (Passenger Flights)	68,808	74,375	8.1%
Available Seat Km ('000)	46,769,211	53,014,955	13.4%
Revenue Passenger Km ('000)	38,089,407	42,525,013	11.6%
Passenger Load Factor (%)	81.4%	80.2%	-1.2 pt
Passengers Carried	11,288,430	12,042,037	6.7%
Excl. Int-to-Int Transfer Passenger	4,363,511	4,406,568	1.0%
Cargo and Mail (Tons)	340,203	463,457	36.2%
Km Flown ('000)	207,543	237,199	14.3%

I. Scheduled Domestic Flights:

During January – March 2024, the Incorporation did not start operating any scheduled flights with TK main brand to new domestic destinations.

II. Scheduled International Flights:

During January - March 2024, the Incorporation has started operating scheduled flights with TK main brand to new international destinations indicated below.

Flight Destination

Australia - Melbourne

Flight Inaugural Date

01.03.2024

III. Additional, Charter and Hajj-Umrah Flights

During January – March 2024, number of additional, charter and Hajj-Umrah flights with TK main brand and number of passengers carried on these flights are stated on the table below:

	Number of Flights			Number of Passengers		
	1Q'23	1Q'24	Change (%)	1Q'23	1Q'24	Change (%)
Additional	995	572	-43%	78,485	36,961	-53%
Charter	669	251	-62%	123,502	43,043	-65%
Hajj-Umrah	2,035	879	-57%	273,570	109,767	-60%

IV. AnadoluJet Flights:

Scheduled and Additional Flights	1Q'23	1Q'24	Change (%)
Number of Passenger (000)	3,905	4,402	13%
Available Seats*Km (Millions)	5,015	5,664	13%
Passenger Load Factor (%)	79.5%	78.8%	-0.7 pt

- By the end of 2023, AnadoluJet operated with 98 aircraft.
- During the period of January – March 2024, AnadoluJet flies to a total of 135 routes compared to a total of 127 routes in the same period of 2023.
- Number of passenger breakdown as domestic and international are 69% and 31% respectively.

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

9. FLEET

31.03.2024	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity ('000)	Average Fleet Age
Wide Body	A330-2/3	50	17	17	16	14.3	11.8
	B777-3ER	34	12	15	7	12.2	10.6
	A350-9	18		18		5.9	1.7
	B787-9	23		23		6.9	2.9
	Total	125	29	73	23	39.2	8.4
Narrow Body	B737-8/9 MAX	32		25	7	5.1	3.4
	A321/320 NEO	66		35	31	12.6	2.5
	B737-8/9	100	43	32	25	16.9	13.6
	A321/320/319	83	48	31	4	14.8	12.3
	B737-8 MAX WL	6			6	1.1	6.0
	A321/320 WL	17			17	3.5	17.2
	Total	304	91	123	90	54.0	9.8
Cargo	A330-200F	10	3	7			10.4
	B777F	8		8			5.2
	Wet Lease	6			6		24.1
	Total	24	3	15	6		12.1
Grand Total		453	123	211	119	93.2	9.5

WL:Wet Lease

10. FINANCIAL SITUATION**SUMMARY OF BALANCE SHEET (Mn TRY)**

	31 March 2024	31 December 2023
<u>ASSETS</u>		
Current Assets	275,598	253,043
Non-Current Assets	890,378	797,048
Total Assets	1,165,976	1,050,091
<u>LIABILITIES</u>		
Total Current Liabilities	306,574	267,956
Total Non-Current Liabilities	343,881	325,023
Total Equity	515,521	457,112
Total Liabilities and Equity	1,165,976	1,050,091
Debt to Assets Ratio	0.56	0.56
Equity Ratio	0.44	0.44

SUMMARY OF INCOME STATEMENT (Mn TRY)

	1 Jan. – 31 Mar. 2024	1 Jan. – 31 Mar. 2023
Sales Revenue	147,238	82,057
Gross Profit	16,140	12,218
Operating Profit Before Investment Activities	1,203	2,151
Profit/Loss Before Tax	5,095	5,218

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1

Profit/Loss for the Period	6,918	4,415
Earnings Per Share (Kr)	5.01	3.20

SUMMARY OF BALANCE SHEET (Mn USD)

	31 March 2024	31 December 2023
<u>ASSETS</u>		
Current Assets	8,535	8,595
Non-Current Assets	27,578	27,076
Total Assets	36,113	35,671
<u>LIABILITIES</u>		
Total Current Liabilities	9,479	9,087
Total Non-Current Liabilities	10,632	11,021
Total Equity	16,002	15,563
Total Liabilities and Equity	36,113	35,671
Debt to Assets Ratio	0.56	0.56
Equity Ratio	0.44	0.44

SUMMARY OF INCOME STATEMENT (Mn USD)

	1 Jan. – 30 Dec. 2022	1 Jan. – 30 Dec. 2021
Sales Revenue	4,769	4,353
Gross Profit	524	648
Operating Profit/Loss Before Investment Activities	42	114
Profit/Loss Before Tax	168	276
Profit/Loss for the Period	226	233
Earnings Per Share (USc)	0.16	0.17
EBITDAR	779	769
EBITDA	626	648
EBIT	95	151
EBITDAR Margin	16.3%	17.7%
EBITDA Margin	13.1%	14.9%
EBIT Margin	2.0%	3.5%
Operating Profit Margin	0.9%	2.6%
Net Profit Margin	4.7%	5.4%

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

11. INVESTMENTS, INCENTIVES AND INVESTMENT POLICIES

By the end of March 2024, our operations have been carried out by 125 double-aisle passenger aircraft, 304 single-aisle passenger aircraft and 24 cargo aircraft. Double-aisle aircraft constitute about 28% of the total number of aircraft in fleet.

Aircraft indicated below were received in the period of January – March 2024:

- One A321-Neo
- One B787-9
- Two A350-900
- Three B737-8 Max

Decree on State Aids for Investments

In our country, “Investment Incentive System” is implemented to aim targets such as:

- Increasing production and employment,
- Increasing international direct investment,
- Reducing the regional development disparities,
- Encouraging strategic investments with regional and large-scaled investment which has high research-development content to increase international competitiveness,
- Directing savings to high value-added investments in line with targets, foreseen in annual programs and development plans,
- Supporting research and development activities with clustering and environmental protection investments.

This system provides incentives to taxpayers when they guarantee the achievement of aforementioned targets. These incentives are:

- Customs Duty Exemption,
- Value Added Tax Exemption,
- Tax Reduction
- Income Tax Withholding Support,
- Insurance Premium Employer Contribution Support,
- Insurance Premium Employee Contribution Support,
- Interest Rate Support,
- Investment Space Allocation,

Our Incorporation has the right to benefit from some incentives in “Investment Incentive System” due to airline cargo and passenger transportation activities. As a result of the applications within this scope, Investment Incentive Certificates are obtained for supply of aircraft and ground handling services. The information on the Investment Incentive Certificates that may have an impact on the current or future financial reports of the Incorporation and the incentives utilized are listed below:

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

Date of Cabinet Decree	Number of Cabinet Decree	Date of Inv. Incentive Certificate	Investment Status	Tax Reduction	Total Amount of Investment TRY: (*)	Utilized Contribution Amount of Investment TRY: (**)
14.07.2009	2009/15199	28.12.2010	Completed	Tax Reduction 50% / Contribution rate to Investment 20%	13,267,897,366	16,587,441
15.06.2012	2012/3305	18.12.2014	Completed	Tax Reduction 50% / Contribution rate to Investment 15%	16,968,269,342	0
21.01.2018	2017/11133	9.08.2018	Continued	Tax Reduction 90% / Contribution rate to Investment 50%	164,261,387,949,30	0
21.01.2018	2017/11133	11.09.2018	Continued	Tax Reduction 50% / Contribution rate to Investment 25%	2,518,000,000	0

(*) As the investments are realized in foreign currency and revisions are made on investments, the amount of investment at the time of application and the amount of investment at the time of completion may vary.

(**) The contribution amount of investment, which is not utilizable when there is no tax base, is transferrable by indexing with revaluation rate in accordance with the provisions of the relevant legislation.

12. PROJECTIONS ABOUT THE INCORPORATION

Turkish Airlines decided to begin operating scheduled flights to cities including Abha (Saudi Arabia), Aswan (Egypt), Makhachkala (Russia), La Coruna (Spain), Lenkeran (Azerbaijan), Nantes (France), Port Sudan (Sudan), Atyrau (Kazakhstan), Sialkot (Pakistan), Hargeisa (Somalia), Denver and Detroit (United States of America) and Katowice (Poland) subject to aircraft availability and market conditions. The opening dates of these new destinations by the Incorporation are being evaluated in line with market conditions.

Turkish Airlines flies to more countries than any other airline in the world and is one of the leading airlines in the aviation industry's recovery. The Incorporation developed a strategic roadmap for 2033 to sustain growth post-pandemic and create significant value for all stakeholders. The plan includes enhancing the passenger experience, advancing digitalization, and committing to sustainability, with goals to double the number of aircraft and passengers. This strategy involves expanding the fleet to 800 aircraft by 2033 and increasing passenger capacity

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1

2.8 times compared to 2022. The Incorporation is also repositioning Anadolujet to strengthen market share by combining its low-cost structure with increased competitiveness. Providing a wide flight network and high connectivity, Turkish Airlines aims to expand its international destinations to 345 by 2033, more than doubling passenger numbers from 2022, thus enhancing connectivity and competitiveness.

Under the 10-year strategy, Turkish Cargo is set to multiply its cargo volume by 2.3 times that of 2022, capitalizing on the capabilities of SMARTIST at Istanbul Airport, one of the world's largest hubs equipped with high technology, and Turkish Airlines' uniquely expansive flight network. Turkish Cargo plans to increase cargo flight destinations from 104 in 2022 to 150 in 2033 aiming to become one of the top three air cargo brands in market share and service quality.

Aligned with the 2033 strategy, the Incorporation is focused on delivering integrated and customized services across all passenger channels, aiming to be among the global top three in digital experience.

In addition to operational growth targets, the Incorporation is committed to a sustainable future by aiming to have 75% of fleet consist of new generation aircraft by 2033 and reduce fuel consumption by 5% through operational improvements. As a member of IATA, Turkish Airlines adopts targets to reduce carbon emissions from aviation and is dedicated to achieving these targets. Firm steps are being taken towards becoming a “carbon-neutral” airline by 2050, increasing the use of Sustainable Aviation Fuel (SAF) across more frequencies and destinations.

13. OTHER INFORMATION

Information regarding to lawsuits against the Incorporation and any probable outcomes

None

Information about legislative amendments that may have a significant impact on Incorporation's Operations

None

Information on conflicts of interest with organizations from whom the Incorporation obtains investment consultancy, rating or similar services and measures taken by the Incorporation to prevent such conflicts of interest

None

Information on administrative or judicial sanctions imposed on the Incorporation and its management due to practices in violation of legislative provisions

There were no administrative or judicial sanctions imposed on the Incorporation and its management due to practices in violation of legislative provisions.

Incorporation's Efforts on Research and Development Activities

Incorporation's R&D activities are carried out by our subsidiaries Turkish Airlines Technology Inc. and Turkish Technic Inc.

Information about amendment on Articles of Association during the reporting period.

There is no amendment on Articles of Association during the reporting period.

**BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1**

Information on the Incorporation's Acquisition of Own Share

On February 6, 2023, in response to the earthquakes with an epicenter in Kahramanmaraş and their adverse effects on financial markets, the Capital Markets Board issued new regulations regarding share buybacks on February 14, 2023. These were implemented to minimize potential grievances and to prevent possible loss of value in the shares of the companies traded on Borsa Istanbul. Consequently, our Board of Directors decided on the same date to initiate a share buyback program to ensure that our Incorporation's shares trade close to their real value, mitigate any short-term adverse effects of sharp downward price movements on our investors and our Incorporation's market value, and support the stability of our share price, thus contributing to a healthy price formation. In this context, it has been decided to initiate a share buyback covering three calendar years, with a maximum limit of 9 billion TRY to be funded from our Incorporation's cash reserves, and the maximum number of shares to be repurchased will not exceed 5% of our issued capital.

Within the scope of the share buyback program, between February 17 and October 18, 2023, our Incorporation repurchased shares equivalent to 0.348% of the Incorporation capital, totaling 4,797,044 TL nominal value of THYAO shares at an average price of 136.5 TRY per share, amounting to a total expenditure of 654.9 million TRY (approximately 32.9 million USD). These repurchases were funded from our Incorporation's cash portfolio.

This is an English translation of the original Board Activity Report made by Türk Hava Yolları A.O. in Turkish, for information purposes only. In the event of any discrepancy between this translation and the original Turkish report, the original Turkish report shall prevail. Türk Hava Yolları A.O. makes no warranties or representations about the accuracy or completeness of the English translation and assumes no liability for any errors, omissions or inaccuracies that may arise from use of this translation.
