

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



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1 JANUARY – 30 JUNE 2024

BOARD'S ACTIVITY REPORT

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1. INDUSTRY DEVELOPMENTS

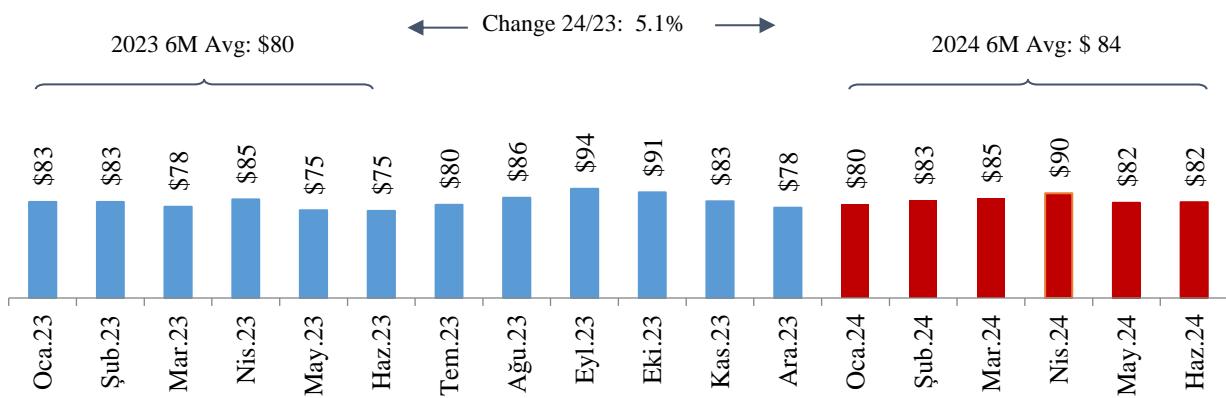
Despite the challenging operating environment in the sector due to ongoing global geopolitical tensions and macroeconomic uncertainties, Turkish Airlines continued its operations uninterrupted, thanks to its operational agility and the highly qualified workforce it maintained during the pandemic period, and sustained its growth in the second quarter of 2024. According to data published by the International Air Transport Association (IATA), while global passenger capacity in the second quarter of 2024 has just reached pre-pandemic levels, our Incorporation exceeded 2019 passenger capacity by 38% as one of the leading airlines in the industry amid intensifying competition. Additionally, according to data from the European Organization for the Safety of Air Navigation (Eurocontrol), Turkish Airlines operated the most flights among network carriers in Europe in the first half of 2024.

Having one of the youngest and most modern fleet in the world, Turkish Airlines increased its number of aircraft by 9% annually, reaching 458 aircraft in the second quarter of 2024. This growth was achieved despite global supply problems in the aviation sector and bottlenecks in aircraft production. By redesigning the cabins of the newly added aircraft, Turkish Airlines increases the number of seats per aircraft without compromising passenger comfort and reduced the overall weight of the aircraft. This strategy aims to both reduce costs and operate as a more sustainable airline.

Turkish Cargo aims to further enhance its position among the world's leading air cargo brands by 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 increased the amount of cargo transported in the first six months by 32% compared to the same period in 2023, ranking as the world's 3rd largest air cargo carrier according to IATA figures.

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

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

FUEL PRICE ANALYSIS	2021	2022	2023	6M'23	6M'24
Fuel Expenses (Million USD)	2,756	6,467	6,232	2,852	3,123
Fuel Consumption (Thousand Tons)	4,156	5,653	6,429	3,011	3,101
Average Unit Cost (USD/Tons)	663	1,144	969	947	1,007
Average Change of Unit Cost (%)	13%	73%	-15%	-2%	6%
Fuel Expense Rate in Operational Expenses (%)	29%	41%	34%	38%	35%

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	< 0.01	1	< 0.01
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.

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The Group has 11 directly controlled (consolidated) subsidiaries as of June 30, 2024. The table below sets out the consolidated subsidiaries and participation rates of the Group in these:

Name of the Company	Field of Activity	Ownership	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
Turkish Airlines Electronic Money and Payment Services 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 10,759 employees and subsidiaries as of June 30, 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, Aydin 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 1,562 as of June 30, 2024 employees in its offices in different locations, including Ankara and Izmir, primarily in its Istanbul head office.

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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 June 30, 2024, the Company has 165 employees.

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 June 30, 2024, the Company has 2,200 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 June 30, 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 June 30, 2024, the Company has 8,997 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 June 30, 2024, the Company has 1,528 employees.

Turkish Airlines Electronic Money and Payment Services 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 June 26, 2024, the Company will continue its activities as 'Turkish Airlines Electronic Money and Payment Services Inc.' (TKPAY). As of June 30, 2024, the Company has 5 employees.

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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 June 30, 2024, the Company has 567 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.

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 June 30, 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

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fuel needed by aircraft and operates at Istanbul Airport. As of June 30, 2024, 129 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 100 flight destinations, 27 of which are in Türkiye, with scheduled and charter flights. As of June 30, 2024, the airline operates with a fleet of 77 aircraft, covers 233 routes in 34 countries with 4,097 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 provides storage and aircraft fuel supply services at Sabiha Gökçen Airport and operates at various Anatolian airports. As of June 30, 2024, the Company has 547 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 June 30, 2024, the Company has 20,189 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 June 30, 2024, it operates at 31 airports across Türkiye with 9 production units and 6,774 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 June 30, 2024, the Company has 501 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

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Express (Hong Kong) Limited owns a 45% stake and Hong Kong headquartered PAL Air Limited has a 10% stake of the company. As of June 30, 2024, 68 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 June 30, 2024, the Company has 71 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 June 30, 2024, 162 employees are working for the Company.

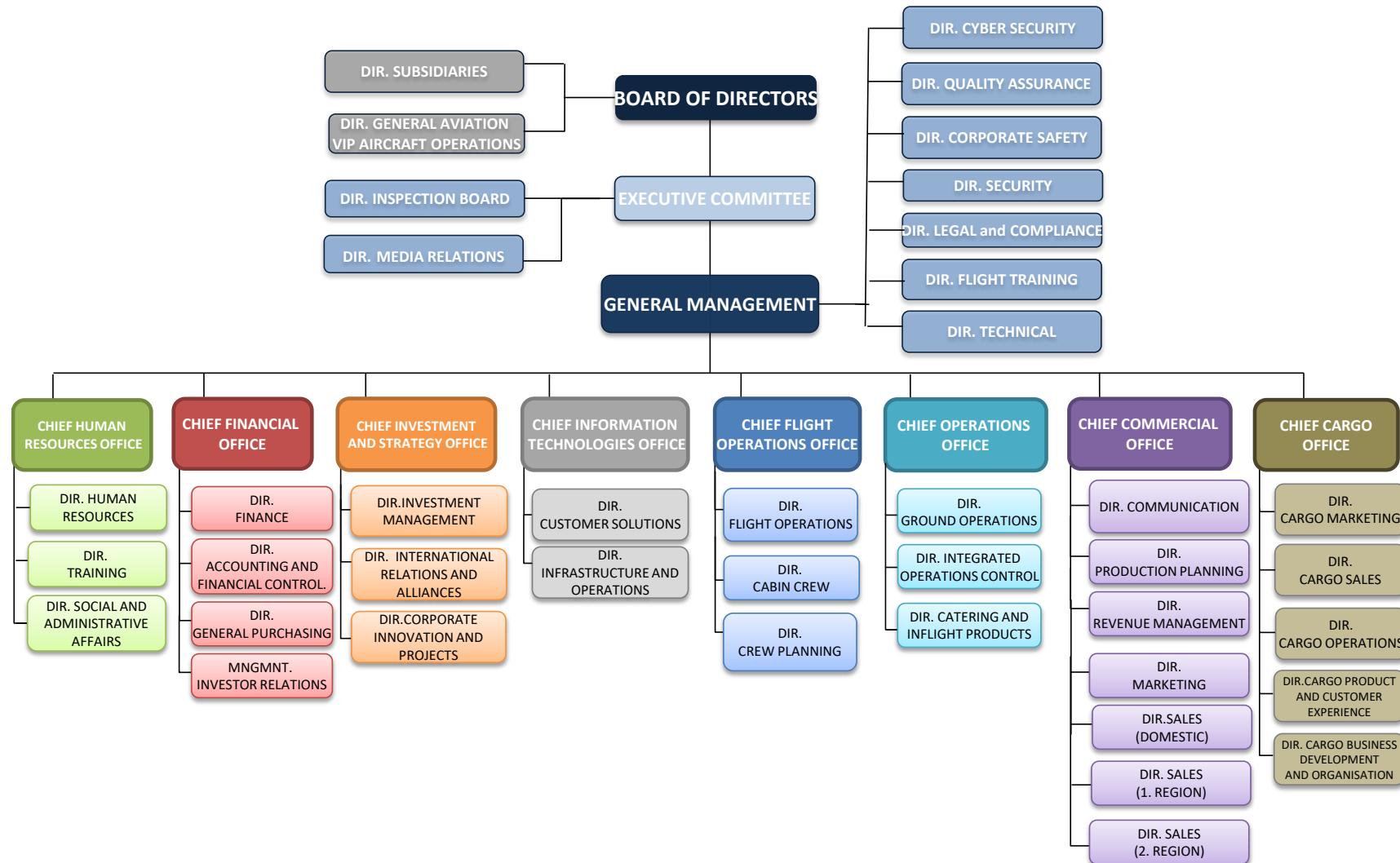
The Incorporation is responsible for the full and joint control over subsidiaries and affiliates through Board of Directors. Additionally, the operations of subsidiaries and affiliates are monitored by the Senior Vice President of Subsidiaries, within the body of the Parent Company. The internal audit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

3. ORGANIZATIONAL STRUCTURE

As of June 30, 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 June 30, 2024 is shown on the next page.

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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 June 30, 2024 are listed below:

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

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 Avdagıç
Member: Dr. Melih Şükrü Ecertas

Corporate Governance Committee

Chairman: Assoc. Prof. Fatmanur Altun
Member: Ramazan Sari, Mehmet Fatih Korkmaz (Investor Relations Manager)

Early Identification of Risks Committee

Chairman: Dr. Melih Şükrü Ecertas
Member: Şekib Avdagıç

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

5. SENIOR MANAGEMENT

Information about the Senior Management of the Incorporation is presented below as of June 30, 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	01.01.2024	Industrial Engineer

6. HUMAN RESOURCES

Number of employees increased by 7% to 33,486 as of June 2024 from 31,294 as of June 2023. Employee numbers according to working groups are as follows:

	31.12.2023	30.06.2023	30.06.2024	Change (%)
Cockpit Personnel	6,755	6,356	7,082	11%
Cabin Personnel	14,891	14,281	15,163	6%
Aircraft Maintenance Tech.	57	56	49	-13%
Staff Abroad	3,463	3,354	3,557	6%
Domestic Staff	7,972	7,247	7,635	5%
TOTAL	33,138	31,294	33,486	7%

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 training programs are conducted to improve their skills, knowledge and experience. The employees are provided

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with a safe working environment and conditions, both in Türkiye and abroad.

The rights and benefits provided to the staff by the Incorporation are including but not limited to; pass tickets, private health insurance, maternity, daycare, marriage, death allowances.

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 and Denver in USA in 2024.

Assignments of the Board of Directors

Our Board of Directors decided to appoint Prof. Ahmet Bolat as the Chairman of the Board and Mr. Şekib Avdagiç as the Deputy Chairman of the Board until the end of the Board term.

Additionally, our Board of Directors made the following appointments to the Executive Committee;

Chairman of the Board Prof. Ahmet Bolat as the Chairman of the Executive Committee, Mr. Şekib Avdagiç as the Deputy Chairman of the Executive Committee, Assoc. Prof. Murat Şeker, Dr. Melih Şükrü Ecertas and Mr. Ramazan Sarı as Members of the Executive Committee.

Ordinary General Assembly Meeting

The Ordinary General Assembly of our Incorporation took 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. Resolutions of Ordinary General Assembly of our Incorporation was registered with the Istanbul Trade Registry Office on 30.05.2024. The General Assembly Minutes of the Meeting and List of Attendants are available on our Investor Relations Web Site.

Dividend Payment

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

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.

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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.

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 for the information of our shareholders.

Conclusion Section of the Report on Related Party Transactions:

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.

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.

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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

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**New Route Announcement**

Our Incorporation decided to start operating scheduled flights to Santiago, capital of Chile, based on market conditions.

Moody's Credit Rating

The international credit agency Moody's upgraded the credit rating of our Incorporation by two notches to Ba3 from B2. The outlook affirmed as Positive.

Moody's also upgraded the rating assigned to Turkish Airlines' USD-denominated Enhanced Equipment Trust Certificate (EETC), which was issued in 2015, to Ba3 from B2 and the rating of the JPY-denominated Class A and B Enhanced Equipment Trust Certificates (EETCs) to Ba2 from B1.

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Establishment of THY Gayrimenkul Yatırım Hizmetleri A.Ş.

On 05.07.2024, Our Incorporation announced the establishment of a wholly owned subsidiary aimed at managing various investment projects. This subsidiary, named THY Gayrimenkul Yatırım Hizmetleri Anonim Şirketi, was registered and its incorporation process finalized on 24.07.2024, at the Istanbul Trade Registry Office.

Establishment of THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş.

THY Ortak Sağlık ve Güvenlik Birimi Hizmetleri A.Ş. was established on 10 July 2024 as a 100% subsidiary of Turkish Support Services Inc. to operate in the fields of Joint Health and Safety Unit and Occupational Health and Safety.

Revision of the Purchase and Maintenance Agreements with IAE

In accordance with our Board of Directors' decision, our Incorporation reached a compensation settlement with International Aero Engines LLC (IAE) in relation to mitigating the operational impact arising from engine availability and related issues for PW1100G-JM Engine powered A320/321NEO aircraft, including through the revision of the Purchase and Maintenance agreements between our Incorporation and IAE.

8. TRAFFIC RESULTS

January – June 2024 period traffic results are shown below:

	TOTAL		
	2023	2024	Change (%)
Number of Landing (Passenger Flights)	247,781	256,874	3.7%
Available Seat Km ('000)	110,822,845	122,076,274	10.2%
Revenue Passenger Km ('000)	90,440,484	98,596,150	9.0%
Passenger Load Factor (%)	81.6%	80.8%	-0.8 pt
Passengers Carried	38,716,300	40,576,997	4.8%
Int-to-Int Transfer Passengers Carried	14,143,589	15,240,831	7.8%
Cargo and Mail (Tons)	747,869	989,436	32.3%
Fleet	419	458	9.3%
Seat Capacity	85,559	94,148	10.0%
Number of Destinations (City)	339	342	0.9%
Km Flown ('000)	508,056	558,432	9.9%
Hours Flown	814,080	890,134	9.3%

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	DOMESTIC		
	2023	2024	Change (%)
Number of Landing (Passenger Flights)	100,259	99,939	-0.3%
Available Seat Km ('000)	12,121,100	12,161,513	0.3%
Revenue Passenger Km ('000)	9,827,406	10,281,145	4.6%
Passenger Load Factor (%)	81.1%	84.5%	3.5 pt
Passengers Carried	14,186,220	14,891,394	5.0%
Cargo and Mail (Tons)	27,000	28,862	6.9%
Km Flown ('000)	68,725	67,743	-1.4%

	INTERNATIONAL		
	2023	2024	Change (%)
Number of Landing (Passenger Flights)	147,522	156,935	6.4%
Available Seat Km ('000)	98,701,745	109,914,761	11.4%
Revenue Passenger Km ('000)	80,613,077	88,315,005	9.6%
Passenger Load Factor (%)	81.7%	80.3%	-1.3 pt
Passengers Carried	24,530,080	25,685,603	4.7%
Excl. Int-to-Int Transfer Passenger	10,386,491	10,444,772	0.6%
Cargo and Mail (Tons)	720,869	960,574	33.3%
Km Flown ('000)	439,331	490,689	11.7%

I. Scheduled Domestic Flights:

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

II. Scheduled International Flights:

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

Flight Destination	Flight Inaugural Date
Australia -Melbourne	01.03.2024
USA - Denver	11.06.2024

III. Additional, Charter and Hajj-Umrah Flights

During January – June 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:

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	Number of Flights			Number of Passengers		
	6M'23	6M'24	Change (%)	6M'23	6M'24	Change (%)
Additional	2,618	1,319	-50%	225,147	100,772	-55%
Charter	2,784	1,213	-56%	715,940	208,414	-71%
Hajj-Umrah	3,124	1,651	-47%	406,989	199,276	-51%

IV. AJet Flights:

Scheduled and Additional Flights	6M'23	6M'24	Change (%)
Number of Passenger (000)	9,348	10,165	9%
Available Seats*Km (Millions)	12,243	13,001	6%
Passenger Load Factor (%)	80.4%	79.6%	-0.8 pt

- By the end of June 2024, AJet operated with 95 aircraft.
- During the period of January – June 2024, AJet flies to a total of 162 routes compared to a total of 178 routes in the same period of 2023.
- Number of passenger breakdown as domestic and international are 68% and 32% respectively.

9. FLEET

30.06.2024	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity ('000)	Average Fleet Age
Wide Body	A330-2/3	49	20	14	15	14.0	12.0
	B777-3ER	34	12	15	7	12.2	10.8
	A350-9	20		20		6.5	1.7
	B787-9	23		23		6.9	3.2
	Total	126	32	72	22	39.6	8.4
Narrow Body	B737-8/9 MAX	32		25	7	5.1	3.7
	A321/320 NEO	67		36	31	12.8	2.7
	B737-8/9	100	51	24	25	16.9	13.9
	A321/320/319	83	49	30	4	14.8	12.6
	B737-8 MAX WL	7			7	1.3	6.2
Cargo	A321/320 WL	18			18	3.7	17.4
	Total	307	100	115	92	54.6	10.0
	A330-200F	10	3	7			10.7
	B777F	8		8			5.4
	Wet Lease	7			7		25.6
	Total	25	3	15	7		13.2
	Grand Total	458	135	202	121	94.1	9.8

WL:Wet Lease

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10. FINANCIALS

Incorporation's functional currency is US Dollars. Below financials for the period are stated in Turkish Lira and US Dollars in line with the relevant local regulations. Financial tables can be found on Investor Relations Website. (<http://investor.turkishairlines.com/en>).

SUMMARY OF BALANCE SHEET (Mn TRY)

	30 June 2024	31 December 2023
<u>ASSETS</u>		
Current Assets	312,030	253,043
Non-Current Assets	921,813	797,048
Total Assets	1,233,843	1,050,091
<u>LIABILITIES</u>		
Total Current Liabilities	331,593	267,956
Total Non-Current Liabilities	344,483	325,023
Total Equity	557,767	457,112
Total Liabilities and Equity	1,233,843	1,050,091
Debt to Assets Ratio	0.55	0.56
Equity Ratio	0.45	0.44

SUMMARY OF INCOME STATEMENT (Mn TRY)

	1 Jan. – 30 Jun. 2024	1 Jan. – 30 Jun. 2023
Sales Revenue	330,113	189,690
Gross Profit	51,386	39,468
Operating Profit Before Investment Activities	20,307	19,290
Profit/Loss Before Tax	32,778	24,298
Profit/Loss for the Period	37,309	18,173
Earnings Per Share (Kr)	27.04	13.17

SUMMARY OF BALANCE SHEET (Mn USD)

	30 June 2024	31 December 2023
<u>ASSETS</u>		
Current Assets	9,505	8,595
Non-Current Assets	28,083	27,076
Total Assets	37,588	35,671
<u>LIABILITIES</u>		
Total Current Liabilities	10,084	9,087
Total Non-Current Liabilities	10,476	11,021
Total Equity	17,028	15,563
Total Liabilities and Equity	37,588	35,671

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Debt to Assets Ratio	0.55	0.56
Equity Ratio	0.45	0.44

SUMMARY OF INCOME STATEMENT (Mn USD)

	1 Jan. – 30 Jun. 2024	1 Jan. – 30 Jun. 2023
Sales Revenue	10,430	9,502
Gross Profit	1,615	1,935
Operating Profit/Loss Before Investment Activities	633	908
Profit/Loss Before Tax	1,026	1,136
Profit/Loss for the Period	1,169	868
Earnings Per Share (USc)	0.85	0.63
EBITDAR	2,150	2,321
EBITDA	1,828	2,060
EBIT	754	1,066
EBITDAR Margin	20.6%	24.4%
EBITDA Margin	17.5%	21.7%
EBIT Margin	7.2%	11.2%
Operating Profit Margin	6.1%	9.6%
Net Profit Margin	11.2%	9.1%

11. INVESTMENTS, INCENTIVES AND INVESTMENT POLICIES

By the end of June 2024, our operations have been carried out by 126 double-aisle passenger aircraft, 307 single-aisle passenger aircraft and 25 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 – June 2024:

- Two A321-Neo
- One B787-9
- Four A350-900
- Four 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,

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- 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:

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%	177,438,372,287.80	0

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21.01.2018	2017/11133	11.09.2018	Continued	Tax Reduction 50% / Contribution rate to Investment 25%	2,518,000,000	0
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(*) 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 Santiago (Chile), Abha (Saudi Arabia), Aswan (Egypt), Makhachkala (Russia), La Coruna (Spain), Lenkeran (Azerbaijan), Nantes (France), Port Sudan (Sudan), Atyrau (Kazakhstan), Sialkot (Pakistan), Hargeisa (Somalia), and Katowice (Poland) subject to aircraft availability and 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 in order translate its post-pandemic recovery to sustained growth trend. 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 more than 800 aircraft by 2033 and increasing passenger capacity 2.5 times compared to 2022.

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 air cargo terminals 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 terms of 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 90% of fleet consist of new generation aircraft by 2033. As a member of IATA, Turkish Airlines adopted targets to reduce aviation related carbon emissions and is dedicated to achieving these goals. 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.

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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.

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 İstanbul. 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 Yollari 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 Yollari 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.
