

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



WIDEN YOUR WORLD



1 JANUARY – 30 SEPTEMBER 2022

BOARD's ACTIVITY REPORT

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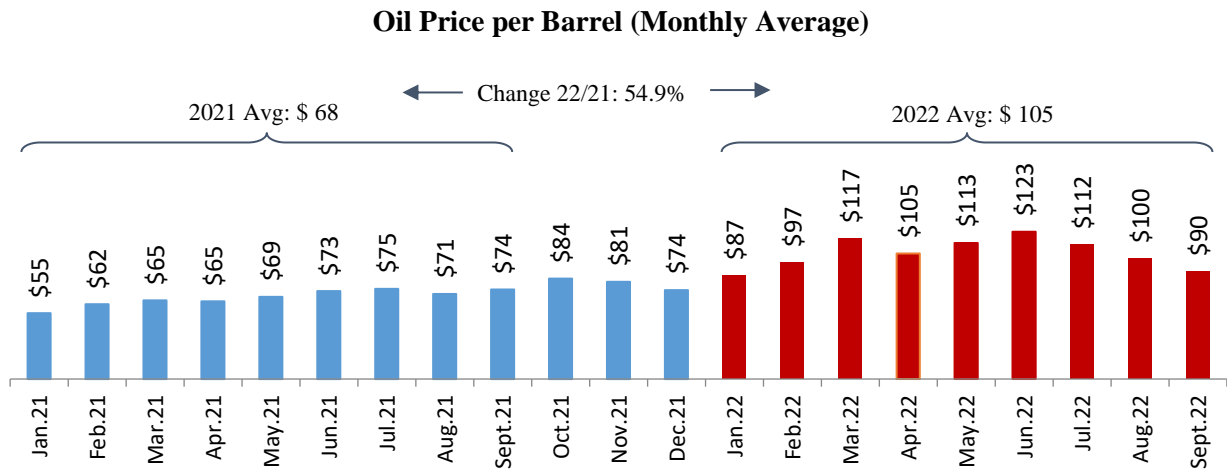
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1. INDUSTRY DEVELOPMENTS

At the beginning of 2022, while the impact of Covid-19 pandemic had not been fully recovered, rising geopolitical tensions effected the industry once again. Besides, airports across Europe have started to experience operational disruptions due to staff shortages and capacity constraints. Being on the other side of the spectrum, Turkish Airlines continued its operational and financial success in the third quarter thanks to operational resiliency and highly qualified work force which was preserved during the pandemic. In the first nine months of the year, our Incorporation carried 54 million passengers, reaching 96% of 2019 level. According to The International Air Transport Association (IATA) global and European international passenger capacity reached 62% and 75% of 2019 level respectively in August 2022. In the same period, Turkish Airlines has continued to differentiate itself from the peers and exceeded 2019 capacity levels by 17%. Additionally, in the nine months of 2022, Turkish Airlines ranked first among the European network carriers in terms of flights according to the European Organization for the Safety of Air Navigation (Eurocontrol)*.

In 2022, Turkish Cargo continued its strong growth trend over the last decade by building on its market share gains during the pandemic. Our Incorporation increased its cargo revenue by 140% during the first nine months of 2022 compared to same period of 2019. According to The International Air Transport Association, IATA, Turkish Cargo has strengthened its success by ranking fourth among air cargo carriers in August. In February of 2022, Turkish Cargo moved cargo operations to its highly technological new hub, SMARTIST. Thanks to its new home equipped with smart technology, Turkish Cargo aims to improve its position among the top air cargo carriers in the world.

*Average number of daily flights is considered.



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	2018	2019	2020	2021	9M'21	9M'22
Fuel Expenses (Million \$)	3,768	3,873	1,638	2,756	1,853	4,886
Fuel Consumption (000 Tons)	5,278	5,525	2,803	4,156	2,962	4,232
Average Unit Cost (\$/Tons)	714	701	584	663	626	1,154
Average Change of Unit Cost (%)	21%	-2%	-17%	13%	-6%	85%
Fuel Expense Share in Operational Expenses (%)	32%	31%	23%	29%	28%	42%

2. FIELD OF ACTIVITY, CAPITAL STRUCTURE AND SUBSIDIARIES

Türk Hava Yolları Anonim Ortaklığı (the “Incorporation” or “THY”) was founded in Türkiye in 1933. The Company’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 reached via 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 (TL)	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.

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The Group has 6 subsidiaries as of 30 September 2022. The table below sets out the consolidated subsidiaries and participation rate of the Group in these:

<u>Name of the Company</u>	<u>Field of Activity</u>	<u>Direct Participation Rate</u>	<u>Country of Registration</u>
Turkish Technic Inc.	Aircraft Maintenance Service	100%	Türkiye
Flight Training and Airport Operations Inc.	Flight Training and Airport Operations	100%	Türkiye
Turkish Airlines International Investment and Transport Inc.	Transportation and Investment	100%	Türkiye
Cornea Aviation Systems Industry and Commerce Inc.	In-Flight Entertainment Systems and Internet Service	80%	Türkiye
Turkish Airlines Technology Inc.	Information and Technology	100%	Türkiye
THY Air Cargo Transport Inc.	Cargo Transportation	100%	Türkiye

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. As of 30 September 2022, with 9,316 employees and various affiliate companies, Turkish Technic is among the world's largest aircraft maintenance, repair and overhaul (MRO) centers in the air transport industry. After moving to Istanbul Airport in 2019, Turkish Technic opened the first maintenance hangars of the MRO complex in October 2020. The facility was designed to provide all maintenance, repair and overhaul services from a single point to many domestic and foreign airlines, especially Turkish Airlines, in June 2021. Turkish Technic's facility is the first and only MRO providing base maintenance service at Istanbul Airport. In order to increase the number of foreign airlines it serves and 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 Flight Training and Airport Operations Inc. The Company was established on 21 June 2012 as a wholly owned subsidiary of Turkish Airlines. Yet to commence operations, it was established to operate Aydın Çıldır Airport, provide aviation training, organize sports-training flights and conduct all activities related to the transportation of passengers with aircraft appropriate to prevailing runway length. The airport is used as a base for Turkish Airlines Flight Academy and since the first half of 2013 provides flight training for Turkish Airlines pilot nominees. As of 30 September 2022, the Company has 108 employees.

Turkish Airlines International Investment and Transport Inc.

The Company, which is wholly owned by the Incorporation, was established on 25 September 2018 in order to invest at abroad and domestically, principally in the fields of cargo and courier transportation and in the fields that is 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.

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Cornea Aviation Systems Industry and Commerce Inc.

On 11 October 2018, Cornea Aviation Systems Industry and Commerce Inc. was established in order to operate principally in the fields of "In-Flight Entertainment Systems and Internet Service" and also according to the fields of other activity that is specified in the Articles of Association of the Company. Stakes of 80% and 20% are held respectively by THY Teknik A.Ş. and Havelsan Hava Elektronik Sanayi ve Ticaret A.Ş. As of 30 September 2022, the Company has 53 employees.

Turkish Airlines Technology Inc.

The Company was established on 8 December 2020 as a wholly owned subsidiary of Turkish Airlines in order to increase our contribution to the Turkish Aviation ecosystem, by utilizing the existing information technologies human resources more effectively and positioning the existing information technologies applications of our Incorporation as an income generating business line. As of 30 September 2022, the Company has 1,063 employees.

THY Air Cargo Transport Inc.

The Company was established on 25 March 2021, wholly-owned by the Incorporation, in order to strengthen Incorporation's position among the most crucial players in the cargo sector, by making the most of Turkish Cargo's unique competitive advantage and create a separate platform for potential strategic foreign partnerships in the future.

The Group has 12 joint ventures. The affiliates are controlled by the Group jointly, 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 30 September 2022:

Company Name	Country of Registration and Operations	Proportion of Ownership	Field of Activity
Sun Express Aviation Inc.	Türkiye	50%	Aircraft Transportation
Turkish Do&Co Catering Services Inc.	Türkiye	50%	Catering Services
Pratt&Whitney Turkish Engine Center Co. Ltd.	Türkiye	49%	Maintenance Services
Turkish Ground Services Inc.	Türkiye	50%	Ground Services
Turkish Opet Aviation Fuels Inc.	Türkiye	50%	Aviation Fuel Services
Goodrich Turkish Technic Service Center Co. Ltd.	Türkiye	40%	Maintenance Services
TSI Aviation Seats Inc.	Türkiye	50%	Cabin Interior Products

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Turkish Cabin Interior Systems Inc.	Türkiye	50%	Cabin Interior Products
Tax Refund and Intermediation Inc.	Türkiye	30%	VAT Return and Consultancy
Air Albania SHPK	Albania	49%	Aircraft Transportation
We World Express Limited	Hong Kong	45%	Cargo and Courier Transportation
Turkish Fuel Services Inc.	Türkiye	25%	Fuel Supply Facilities

SunExpress Aviation Inc.

SunExpress, which was established in 1989 in Antalya with a 50%-50% partnership of Turkish Airlines & Lufthansa, continues its tourism transportation activities as the market leader in flights between Türkiye and Central Europe. SunExpress operated its first flight in 1990, served in the charter market for many years and became the first private airline in Türkiye to operate scheduled international flights between Antalya and Frankfurt that is launched in 2001. SunExpress connects 83 destinations including 25 in Türkiye with scheduled and charter flights. SunExpress, which has been serving with a double hub model with Antalya and İzmir, is the airline that connects these two cities to the most destinations with direct and scheduled flights both on domestic and international lines. As the end of the third quarter of 2022, SunExpress operated 68 Aircraft and 221 lines in 30 countries with 3,619 employees. As of the mentioned period, 12 aircraft of SunExpress have been performing AnadoluJet operations.

Turkish Do&Co Catering Services Inc.

Founded in September 2006, commencing operations in 1 January 2007, Turkish DO&CO is a joint venture of Turkish Airlines and DO&CO Restaurants & Catering AG (Austria based company), in which each holds a 50% stake. The Company provides inflight catering services to Turkish Airlines and other domestic and international airlines. As of 30 September 2022, 5,263 employees are working for the Company.

Turkish Ground Services Inc.

The Company was established in 26 August 2008 as a wholly owned subsidiary of Turkish Airlines, in order to provide ground-handling services. By signing the articles of association in the framework of the Board Decision dated on 12 March 2009, 50% of shares was transferred to HAVAŞ Havaalanları Yer Hizmetleri A.Ş. On 1 January 2010, the Company began to provide services to Turkish Airlines. TGS has delivered services to more than 200 airlines, Turkish Airlines and SunExpress in particular. TGS is employing 16,251 personnel as of 30 September 2022.

Turkish Opet Aviation Fuels Inc.

Turkish Opet Aviation Fuels, established in 28 September 2009, engages in the domestic and international sale, importation, exportation, distribution, and transport of various petroleum products, chemicals, lubricants, and paints for all kinds of aircraft. The Company commenced operations on 1 July 2010. Kuzey Tankercilik A.Ş. and Güney Tankercilik A.Ş., were established on 1 November 2012, as wholly owned subsidiaries of THY Opet Havacılık Yakıtları A.Ş. in order to provide transportation of petroleum and petroleum products. Turkish OPET provides “into plane” services with its experienced staff at Istanbul Airport also provides storage and aircraft fuel supply services at Sabiha Gökçen Airport. As of 30 September 2022, the Company has 476 employees.

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Founded in 27 May 2011, the Company was set up to design and manufacture airline seats, and to make, modify, market, and sell spare parts to Turkish Airlines and other international airline companies. Stakes of 50%, 45%, 5% are respectively held by Assan Hanil Group, Turkish Airlines and Turkish Technic. As a result of Assan Hanil's shares transfer in 2021, it continues its activities with a 50% partnership of Kibar Holding. As of 30 September 2022, 120 employees are working for the Company.

Turkish Cabin Interior Systems Inc.

Established in 2011, TCI's objective is to undertake the design, manufacture, logistical support, modification, and marketing of aircraft cabin interior systems and components. Stakes of 30%, 20% and 50% are held respectively by Turkish Airlines, Turkish Technic and Türk Havacılık ve Uzay Sanayi A.Ş. (TUSAŞ – TAI). As of 30 September 2022, the Company has 124 employees.

Pratt&Whitney Turkish Engine Center Co. Ltd.

The Company provides aircraft engine maintenance, repair, and overhaul services to customers in Türkiye and its hinterland. Established on 10 October 2008, stakes of %51 and %49 are held respectively by Pratt&Whitney, a subsidiary of United Technologies, and Turkish Technic. Operating out of a maintenance center with an area of around 25,000 m² at Istanbul Sabiha Gökçen International Airport, the Company has 459 employees as of 30 September 2022.

Goodrich Turkish Technic Service Center Co. Ltd.

Established in 14 December 2010, the Goodrich Turkish Airlines Technical Service Center is a joint venture of Turkish Technic (40%) and Collins Aerospace (60%). Services for maintenance and repair of aircraft engine nacelles and thrust reversers are provided. As of 30 September 2022, the Company has 75 employees.

Tax Refund and Intermediation Inc.

The Company was established on 1 September 2014 as a joint venture of THY (30%), Maslak Oto (45%) and VK Holding (25%) to carry out brokerage operations of value added tax return regarding the goods bought in Türkiye by non-residents. As of 30 September 2022, 14 employees are working for the Company.

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 12 September 2018, the stakes of 49%, 41% and 10% is being held respectively by Turkish Airlines, MDN Investment SHPK, and Albcontrol, which manages Albanian airspace and air traffic, representing Government of Albania. As of 30 September 2022, 138 employees are working for the Company.

We World Express Limited

We World Express Limited is a Hong Kong headquartered joint venture company founded in January 2019. Commencing operations in April 2019, the world cargo/courier company provides door-to-door logistics services with a focus on 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 in the company. As of 30 September 2022, 45 employees are working for the Company.

Turkish Fuel Services Inc.

The Company was established in order to operate fuel supply facilities within the scope of fuel activities carried out at Istanbul Airport. Turkish Airlines became a 25% shareholder through capital increase. Other partners are Taya Liman İşletmesi A.Ş., Demirören Akaryakıt Sanayi ve Ticaret A.Ş. and Zirve Holding A.Ş. All joint venture

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companies have same proportion of share. As of 30 September 2022, 109 employees are working for the Company.

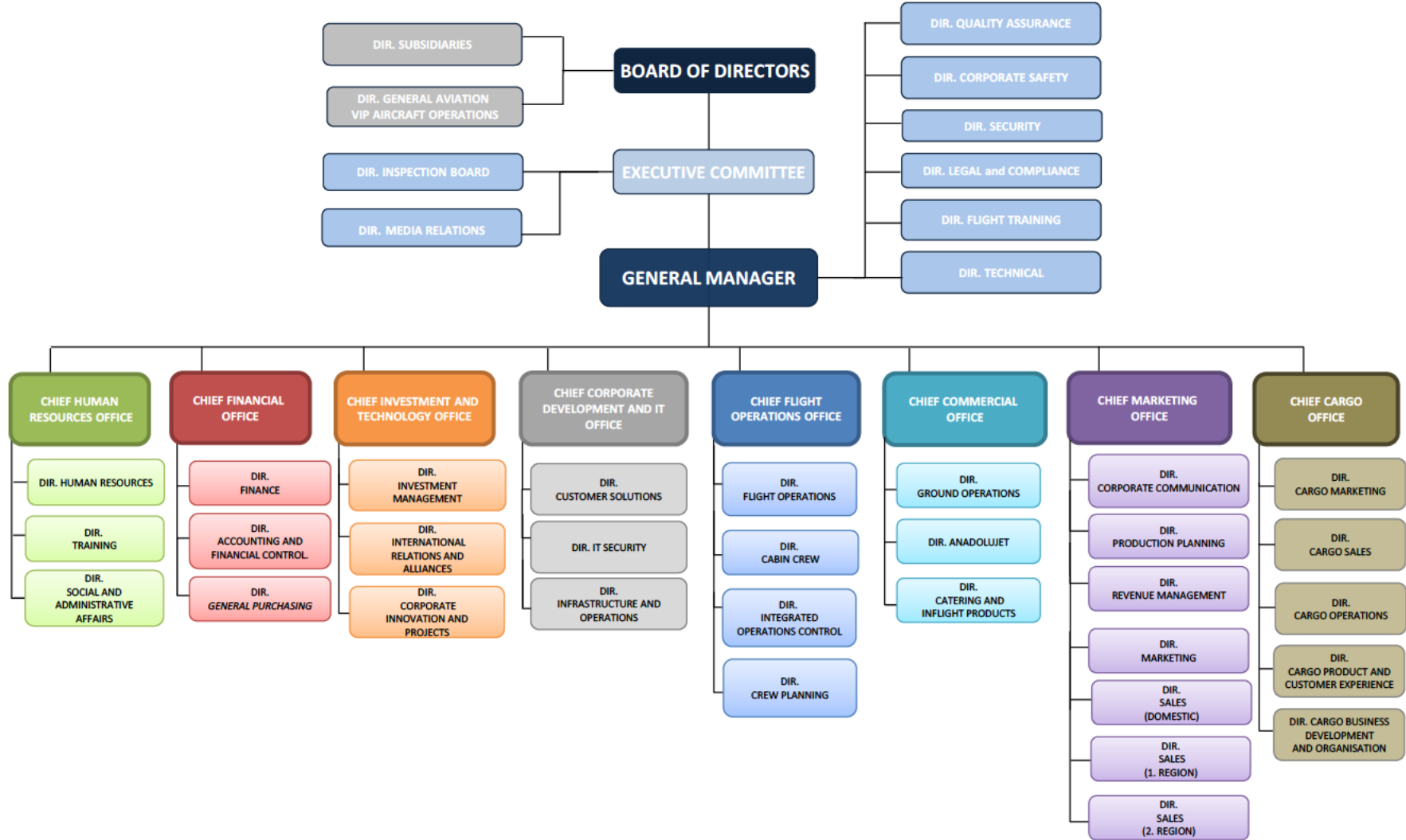
The Incorporation is responsible for the full and joint control over subsidiaries and affiliates through Board of Directors. In addition, operations of subsidiaries and affiliates are monitored by Senior Vice President of Subsidiaries located within the means of the Parent Company. The internal audit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

3. ORGANIZATIONAL STRUCTURE

As of 30 September 2022, the number of countries served has reached to 129.

General Management and all central units are gathered around Istanbul Ataturk Airport. Organization chart of Turkish Airlines, as of 30 September 2022 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 nine 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 to potential problems.

Members of the Board who were on duty and committees as of 30 September 2022 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
- Mehmet KADAİFÇİLER** : Member of the Board and the Executive Committee/ Chief Flight Operations Officer
- Dr. Orhan BİRDAL** : Member of the Board
- Dr. Melih Şükrü ECERTAŞ** : Independent Board Member
- Dr. Fatmanur ALTUN** : Independent Board Member
- Şekib AVDAGIÇ** : Independent Board Member and Member of the Executive Committee

COMMITTEES

Audit Committee

Chairman: Şekib Avdagiç

Member: Dr. Melih Şükrü Ecertaş

Corporate Governance Committee

Chairman: Dr. Fatmanur Altun

Member: Dr. Orhan Birdal, Mehmet Kadaifçiler, 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>)

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5. SENIOR MANAGEMENT

Information about the Senior Management of the Incorporation are presented below (as of 30 September 2022):

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 Olmuşur	Chief Marketing Officer	30.04.2014	Business Management Professional
Kerem Sarp	Chief Commercial Officer	28.01.2022	Business Management Professional
Levent Konukcu	Chief Investment and Technology Officer	28.01.2022	Aeronautical Engineer
Abdulkerim Çay	Chief Human Resources Officer	21.04.2015	Business Management Professional
Dr. Kerem Kızıltuğ	Chief Corporate Development and IT Officer	17.02.2022	Computer Engineer
Mehmet Kadaifçiler	Chief Flight Operations Officer	28.01.2022	Pilot
Turhan Özen	Chief Cargo Officer	12.12.2016	Business Management Professional

6. HUMAN RESOURCES

Number of personnel increased by 3% to 28,564 as of September 2022 from 27,619 as of September 2021. Personnel numbers according to working group are as follows:

	31.12.2021	30.09.2021	30.09.2022	Change(%)
Cockpit Personnel	5,561	5,602	5,539	-1%
Cabin Personnel	12,033	12,107	12,694	5%
Aircraft Maintenance Tech.	53	52	55	6%
Staff Abroad	3,177	3,181	3,264	3%
Domestic Staff	6,708	6,677	7,012	5%
TOTAL	27,532	27,619	28,564	3%

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Our Incorporation submitted its application to the Capital Markets Board on 28.04.2022 for the approval of the merger by acquisition of THY Havaalanı Gayrimenkul ve İşletme Anonim Şirketi, 100% subsidiary of our Incorporation. The aforementioned merger by acquisition procedure is regulated in the Communiqué of Capital Markets Board on Merger and Demerger numbered II-23.2, the articles 136-158 of the Turkish Commercial Code numbered 6102 and the articles 18,19 and 20 of the Corporate Tax Law numbered 5520.

Our Incorporation's application for the merger by acquisition of THY Havaalanı Gayrimenkul ve İşletme Anonim Şirketi is approved by Capital Markets Board on 16.06.2022. Merger by acquisition was registered by İstanbul Trade Registry Office on August 9, 2022.

Fitch Credit Rating Update

Being one of the fastest recovering airlines during the pandemic, our Incorporation continues perform strongly in 2022 as well. On the contrary, international credit agency Fitch affirmed long-term foreign and local currency IDR (issuer default rating) of our Incorporation as "B" and revised its outlook from stable to negative due to the downgrade of Türkiye's foreign currency long term IDR. Fitch also downgraded the rating assigned to Turkish Airlines' USD-denominated Enhanced Equipment Trust Certificates (EETC), which have been issued in 2015, by one notch to "BB-".

Wide Body Aircraft Purchase

Our Incorporation has decided to purchase six A350-900 type passenger aircraft from Airbus to be delivered in 2022 and 2023.

Moody's Credit Rating Update

On 10.05.2022, international credit agency Moody's affirmed corporate family rating (CFR) of Turkish Airlines as 'B3' and revised the outlook from negative to stable based on improving operating metrics and demand. Moody's also affirmed the rating assigned to Turkish Airlines' USD-denominated Enhanced Equipment Trust Certificate (EETC), which has been issued in 2015, as 'B2' and revised its outlook from negative to stable. Additionally, the credit rating agency downgraded the rating of the JPY-denominated Class A Enhanced Equipment Trust Certificate (EETC) to B1 from Ba3, positioning it one notch above the country foreign currency rating ceiling.

New Route Announcement

The Incorporation decided to start operating scheduled flights, based on market conditions, to Tivat of Montenegro, Bergamo of Italy, Bukhara of Uzbekistan and Rize-Artvin Airport. In the same period, the Incorporation started operating scheduled flight to these destinations as well as Juba of South Sudan and Seattle of United States of America.

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The Ordinary General Assembly of our Incorporation was held on Tuesday, March 29, 2022 at 14:00 at the General Management Building located at Yeşilköy Mahallesi, Havaalanı Cad. No.3/1 Bakırköy/İstanbul. The General Assembly Minutes of the Meeting and List of Attendants are available on our Investor Relations Web Site.

Resolutions of Ordinary General Assembly of our Incorporation was registered by Istanbul Trade Registry Office on April 1, 2022.

Dividend Payment

The Profit Distribution Table regarding FY2021 was disclosed in Public Disclosure Platform and submitted to the approval of the General Assembly. 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.

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 2021 financial statements disclosed to public; and that it is also foreseen that transactions with similar features will continue in 2022, in accordance with the determined principles. 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.

Management Change

Our Incorporation's Board of Directors decided to appoint Mr. Kerem Sarp, Senior Vice President of Sales as Chief Commercial Officer, to employ Mr. Levent Konukçu and appoint him as Chief Investment and Technology Officer, Mr. Mehmet Kadaifçiler as Chief Flight Operations Officer and Mr. Mehmet Kerem Kızıltunç as Chief Information Technology & Transformation Officer.

Fitch Credit Rating Update

On 11.02.2022, international credit agency Fitch affirmed long-term foreign and local currency issuer default ratings (IDR) of Turkish Airlines as "B" and revised the outlook from negative to stable based on rebounding passenger traffic, surge in cargo business and reducing demand volatility.

Independent Board Member Approval

Upon Board of Directors' decision dated 01.02.2022 related to the Independent Board Member nominee, Mr. Şekib Avdagiç has been approved as the Independent Board Member by the Capital Markets Board letter dated 11.02.2022.

Appointment of Committees

Due to the resignation of Mr. Mehmet İlker Aycı, Mr. Mehmet Muzaffer Akpınar and Mr. Mithat Görkem Aksoy; Prof. Dr. Ahmet Bolat has been assigned as the Chairman of the Executive Committee, Mr. Şekib Avdagiç has been assigned as the Member of the Executive Committee, Chairman of the Audit Committee and Member of the Early Identification of Risks Committee, and Mr. Mehmet Kadaifçiler has been assigned as the Member of the Executive Committee and Member of the Corporate Governance Committee.

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Investor Relations Manager, Mr. Mehmet Fatih Korkmaz has been appointed as the Member of the Corporate Governance Committee, within the scope of the Communiqué Serial II. No.17.1 on Corporate Governance Principles of the Capital Markets Board.

Investor Relations Manager Appointment

Our Incorporation's Investor Relations Manager Mr. Kadir Coşkun has been appointed as Vice President / Revenue Accounting and Mr. Mehmet Fatih Korkmaz has been appointed as Investor Relations Manager.

Appointment of the Board Members

Our Incorporation's Chairman of the Board of Directors and the Executive Committee Mr. Mehmet İlker Aycı, Our Incorporation's Executive Committee and Independent Member of the Board Mehmet Muzaffer Akpınar and Our Incorporation's Member of the Board Mithat Görkem Aksoy resigned from their duties.

Due to the resignations, our Board of Directors appointed Prof. Dr. Ahmet Bolat as the Chairman of the Board of Directors and the Executive Committee; Mr. Şekib Avdağ, as the Independent Member of the Board, upon the approval of the Capital Market Board, and Mr. Mehmet Kadaifçiler as the Member of the Board. The aforementioned appointments will be submitted for approval of the next General Assembly.

II. Subsequent Events**New Route Announcement**

Our Incorporation decided to start operating scheduled flights, based on market conditions, to Kirkuk of Iraq and Turkmenbashi of Turkmenistan. In the same period, the Incorporation started operating scheduled flight to Kirkuk of Iraq.

JCR Eurasia Credit Rating Update

Credit Rating Agency JCR Eurasia has evaluated Turkish Airlines in the highest investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'AAA(tr)' and assigned the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. Additionally, our Incorporation's Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative'.

S&P Credit Rating Update

The International Credit Agency Standard & Poor's (S&P) raised the stand-alone credit profile of Turkish Airlines by two notches to 'bb'- from 'b' based on our Incorporation's outstanding operational agility and performance compared to the peers. The Agency affirmed our B (stable) issuer credit rating at the sovereign rating level.

S&P has also affirmed 'B(sf)' rating on our USD-denominated Enhanced Equipment Trust Certificate (EETC) issued in 2015.

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8. TRAFFIC RESULTS

January – September 2022 period traffic results are shown below:

	TOTAL		
	2019*	2022	Change (%)
Number of Landing (Passenger Flights)	370,725	340,055	-8.3%
Available Seat Km ('000)	140,624,765	150,925,384	7.3%
Revenue Passenger Km ('000)	114,512,799	120,330,796	5.1%
Passenger Load Factor (%)	81.4%	79.7%	-1.7 pt
Passengers Carried	56,415,963	53,897,884	-4.5%
Int-to-Int Transfer Passengers Carried	18,222,689	16,751,882	-8.1%
Cargo and Mail (Tons)	1,117,038	1,258,569	12.7%
Fleet	344	390	13.4%
Seat Capacity	67,589	78,909	16.7%
Number of Destinations (City)	316	335	6.0%
Km Flown ('000)	693,842	717,042	3.3%
Hours Flown	1,123,975	1,125,550	0.1%

	DOMESTIC		
	2019*	2022	Change (%)
Number of Landing (Passenger Flights)	153,028	129,224	-15.6%
Available Seat Km ('000)	17,097,560	15,065,567	-11.9%
Revenue Passenger Km ('000)	14,781,524	13,041,516	-11.8%
Passenger Load Factor (%)	86.5%	86.6%	0.1 pt
Passengers Carried	23,420,201	19,348,685	-17.4%
Cargo and Mail (Tons)	51,451	42,551	-17.3%
Km Flown ('000)	96,226	86,943	-9.6%

	INTERNATIONAL		
	2019*	2022	Change (%)
Number of Landing (Passenger Flights)	217,697	210,831	-3.2%
Available Seat Km ('000)	123,527,205	135,859,817	10.0%
Revenue Passenger Km ('000)	99,731,275	107,289,280	7.6%
Passenger Load Factor (%)	80.7%	79.0%	-1.8 pt
Passengers Carried	32,995,762	34,549,199	4.7%
Excl. Int-to-Int Transfer Passenger	14,773,073	17,797,317	20.5%
Cargo and Mail (Tons)	1,065,586	1,216,017	14.1%
Km Flown ('000)	597,616	630,099	5.4%

* Since flight operations could not be carried out due to restrictions related to pandemic, the comparison is made to the year of 2019.

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

I. Scheduled Domestic Flights:

During January – September 2022, the Incorporation has started operating scheduled flight with TK main brand to new domestic destinations.

Flight Destination	Flight Inaugural Date
Türkiye - Rize-Artvin	14.05.2022

II. Scheduled International Flights:

During January - September 2022, the Incorporation has started operating scheduled flights with TK main brand to new international destination indicated below.

Flight Destination	Flight Inaugural Date
Philippines – Cebu	03.01.2022
İtaly – Bergamo*	16.05.2022
USA - Seattle	27.05.2022
South Sudan - Juba	1.06.2022
Uzbekistan - Bukhara	7.06.2022
Montenegro - Tivat	11.06.2022

*The operations are carried out by AnadoluJet.

III. Additional, Charter and Hajj-Umrah Flights

During January – September 2022, 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		
	9M'21	9M'22	Change (%)	9M'21	9M'22	Change (%)
Additional	1,733	2,934	69%	159,514	267,734	68%
Charter	4,479	11,545	158%	792,113	2,125,900	168%
Hajj-Umrah	-	849	-	-	90,655	-

IV. AnadoluJet Flights:

Scheduled and Additional Flights	9M'21	9M'22	Change (%)
Number of Passenger (000)	9,647	12,732	32%
Available Seats*Km (Millions)	11,829	16,680	41%
Passenger Load Factor (%)	73.8%	82.2%	8.4 pt

- By the end of September 2022, AnadoluJet operated with 63 aircraft.
- During the period of January – September 2022, AnadoluJet flies to a total of 173 routes compared to a total of 158 routes in the same period of 2021.
- Number of passenger breakdown as domestic and international are %58 and %42 respectively.
- In the first nine months of 2022, the load factor was 82.2%.

**BOARD ACTIVITY REPORT
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9. FLEET

30.09.2022	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity ('000)	Average Fleet Age
	A330-200	13	5		8	3,5	14,6
	A330-300	37	1	28	8	10,8	8,7
	B777-3ER	33	5	22	6	11,7	8,9
	A350-900	11		11		3,6	0,9
	B787-9	15		15		4,5	2,7
	Total	109	11	76	22	34,0	7,8
	B737-900ER	15		15		2,4	9,3
	B737-9 MAX	5		5		0,8	1,6
	B737-800	80	32	24	24	13,6	12,0
	B737-8 MAX	27		20	7	4,3	2,0
	A321 NEO	35		26	9	6,4	2,2
	A320 NEO	3			3	0,6	0,0
	A319-100	6	1	5		0,8	11,4
	A320-200	11	11			1,7	14,5
	A321-200	66	28	34	4	12,1	10,1
	B737-800 WL	12	6		6	2,3	18,5
	Total	260	78	129	53	44,9	9,1
	A330-200F	10	2	8			8,9
	B777F	8		8			3,7
	Wet Lease	3			3		27,5
	Total	21	2	16	3		9,6
	Grand Total	390	91	221	78	78,9	8,7

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

	30 September 2022	31 December 2021
<u>ASSETS</u>		
Current Assets	136,372	65,797
Non-Current Assets	427,845	287,911
Total Assets	564,217	353,708
<u>LIABILITIES</u>		
Total Current Liabilities	153,276	90,443
Total Non-Current Liabilities	229,402	172,615
Total Equity	181,539	90,650
Total Liabilities and Equity	564,217	353,708
Debt to Assets Ratio	0.68	0.74
Equity Ratio	0.32	0.26

BOARD ACTIVITY REPORT
PURSUANT TO THE COMMNIQUE SERIAL II. NO.14.1
SUMMARY OF INCOME STATEMENT (Mn TRY)

	1 Jan. – 30 Sept. 2022	1 Jan. – 30 Sept. 2021
Sales Revenue	223,120	60,518
Gross Profit	55,702	12,672
Operating Profit Before Investment Activities	36,120	6,828
Profit/Loss Before Tax	42,634	6,960
Profit/Loss for the Period	38,493	6,232
Earnings Per Share (Kr)	27.89	4.52

SUMMARY OF BALANCE SHEET (Mn USD)

	30 September 2022	31 December 2021
<u>ASSETS</u>		
Current Assets	7,365	4,938
Non-Current Assets	23,105	21,599
Total Assets	30,470	26,537
<u>LIABILITIES</u>		
Total Current Liabilities	8,262	6,773
Total Non-Current Liabilities	12,366	12,927
Total Equity	9,842	6,837
Total Liabilities and Equity	30,470	26,537
Debt to Assets Ratio	0.68	0.74
Equity Ratio	0.32	0.26

SUMMARY OF INCOME STATEMENT (Mn USD)

	1 Jan. – 30 Sept. 2022	1 Jan. – 30 Sept. 2021
Sales Revenue	13,654	7,377
Gross Profit	3,319	1,513
Operating Profit/Loss Before Investment Activities	2,101	795
Profit/Loss Before Tax	2,474	811
Profit/Loss for the Period	2,252	734
Earnings Per Share (USc)	1.63	0.53
EBITDAR	3,982	2,502
EBITDA	3,684	2,273
EBIT	2,311	988
EBITDAR Margin	29.2%	33.9%
EBITDA Margin	27.0%	30.8%

**BOARD ACTIVITY REPORT
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EBIT Margin	16.9%	13.4%
Operating Profit Margin	15.4%	10.8%
Net Profit Margin	16.5%	9.9%

11. INVESTMENTS, INCENTIVES AND INVESTMENT POLICIES

By the end of September 2022, our operations have been carried out by 109 double-aisle passenger aircraft, 260 single-aisle passenger aircraft and 21 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 – September 2022:

- Three A320-Neo
- Four A321-Neo
- Six A350-900
- Eight 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 support to taxpayers when they guarantee the achievement of aforementioned targets. These supports 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 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
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Date of Cabinet Decree	Number of Cabinet Decree	Date of Inv. Incentive Certificate	Investment Status	Tax Reduction	Total Amount of Investment TL: (*)	Utilized Contribution Amount of Investment TL: (**)
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	73,539,820,979.5	0
21.01.2018	2017/11133	11.09.2018	Continued	Tax Reduction %50 / Contribution rate to Investment %25	2,518,000,000	0

(*) Because the investments are realized in foreign currency and revisions 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

The Incorporation has decided to start operating scheduled flights, based on aircraft availability and market conditions to the cities Abha of Saudi Arabia, Aswan of Egypt, Makhachkala of Russia, Krakow of Poland, La Coruna of Spain, Lenkeran of Azerbaijan, Nantes of France, Palermo of Italy, Port Sudan of Sudan, Atyrau of Kazakhstan, Sialkot of Pakistan, Hargeisa of Somalia, Denver and Detroit of the United States of America and Turkmenbashi of Turkmenistan. Our Incorporation plans to evaluate these new destination openings in line with market conditions.

Flying to more countries than any other airline in the world, the Incorporation aims to be among the leading airlines in the world by maintaining its growth trend through increasing capacity offering and new routes. In addition, Turkish Airlines aims to be one of the largest air cargo carriers in the world by increasing its market share in the global air cargo market. As a member, Turkish Airlines adopts IATA targets which are aimed to reduce carbon emissions from aviation and works with dedication to achieve these targets.

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

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.

Information on the Incorporation's Acquisition of Own Share

The Incorporation does not have acquisition of own share.

DISCLAIMER

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