

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



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1 JANUARY – 31 MARCH 2022

BOARD's ACTIVITY REPORT

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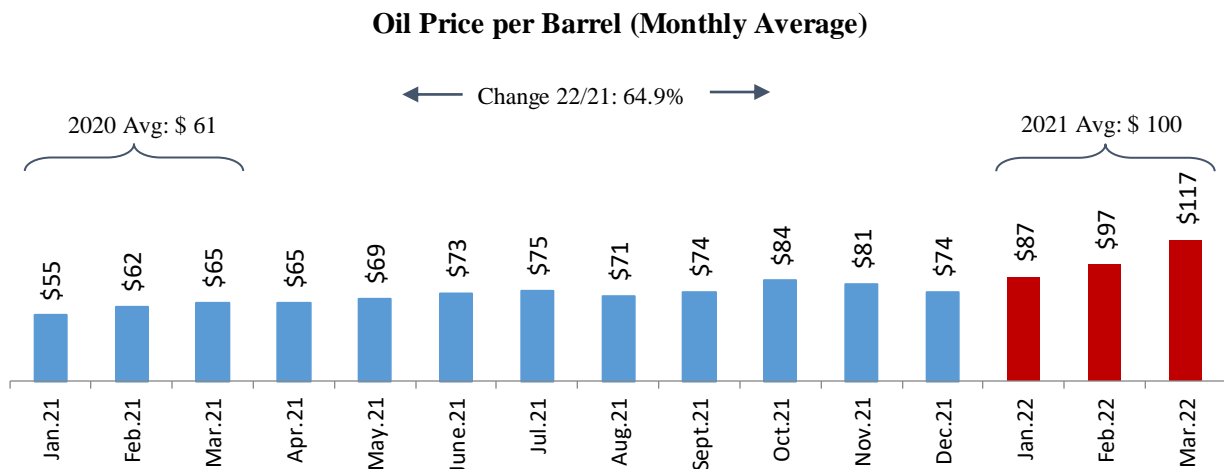
1. INDUSTRY DEVELOPMENTS

The global COVID-19 pandemic crisis we faced in the first quarter of 2020, has deeply affected the global aviation sector. Vaccine studies finally showed positive result in the later 2020 and the countries started to vaccinate their citizens afterward. The increase in the number of vaccinated people have a direct and positive impact on the world economy as well as the aviation sector. In consequence of successful vaccination roll out campaigns, many countries eased travel restrictions; even further some countries lifted mask mandate.

While travel restrictions have not been lifted completely worldwide, Turkish Airlines has achieved to carry 12,7 million passengers and reached 76% of 2019 levels in the first quarter of 2022. Total capacity (ASK) has reached 91% of 2019 levels. According to The International Air Transport Association (IATA), while global international capacity reached 49% of 2019 level, Europe international capacity reached 64% of 2019 level in February of 2022. Turkish Airlines has showed remarkable recovery and achieved 93% international capacity level of 2019. Besides, according to the European Organization for the Safety of Air Navigation (Eurocontrol)*, Turkish Airlines has ranked first in Europe among network carriers during the first quarter of 2022.

Turkish Airlines partly compensates diminishing demand on the passenger side with a strong cargo performance. Our Incorporation has made significant contributions to the transportation of medical supplies in the combat against COVID-19 outbreak. Turkish Cargo carried 335 million doses of Covid-19 vaccine to 61 countries. Especially considering the low number of carriers flying to Africa, Turkish Cargo undertook an important mission to ensure that vaccines remained accessible for people who live in this continent. The Incorporation has achieved to maintain its strong growth trend in the cargo market over the last decade and consequently, cargo revenue increased by 19% during the first quarter of 2022 compared to same period of previous year. According to data revealed by The International Air Transport Association (IATA), Turkish Cargo ranked in fifth place among global air cargo carriers excluding integrated cargo carriers in February in terms of carried cargo tonnage. 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, the Company aimed to improve its position among the top air cargo carriers in the world. Turkish Airlines takes firm steps forward to be one of the largest air cargo carriers in the world by increasing its market share in the global air cargo market.

*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	3M'21	3M'22
Fuel Expenses (Million \$)	3.768	3.873	1.638	2.756	418	957
Fuel Consumption (000 Tons)	5.278	5.525	2.803	4.156	752	1.114
Average Unit Cost (\$/Tons)	714	701	584	663	556	859
Average Change of Unit Cost (%)	21%	-2%	-17%	13%	-16%	55%
Fuel Expense Share in Operational Expenses (%)	32%	31%	23%	29%	22%	33%

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 İstanbul, 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

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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 7 subsidiaries as of 31 March 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>
THY Teknik A.Ş. (Turkish Technic)	Aircraft Maintenance Service	100%	Türkiye
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	Flight Training and Airport Operations	100%	Türkiye
THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	Investment & Airport Operations	100%	Türkiye
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	Transportation and Investment	100%	Türkiye
Cornea Havacılık Sistemleri San. Ve Tic. A.Ş.	In-Flight Entertainment Systems and Internet Service	80%	Türkiye
THY Teknoloji ve Bilişim A.Ş.	Information and Technology	100%	Türkiye
THY Hava Kargo Taşımacılığı A.Ş.	Cargo Transportation	100%	Türkiye

THY Teknik A.Ş. (Turkish Technic)

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 31 March 2022, with 8,830 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).

THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.

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

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half of 2013 provides flight training for Turkish Airlines pilot nominees. As of 31 March 2022, the Company has 89 employees.

THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş

The Company, which is wholly owned by our Incorporation, was established on 15 November 2017 in order to operate principally in the fields of airport operations and investments and also according to the fields of other activity that is specified in the Articles of Association of the Company.

THY Uluslararası Yatırım ve Taşımacılık A.Ş

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.

Cornea Havacılık Sistemleri San. Ve Tic. A.Ş.

On 11 October 2018, Cornea Havacılık Sistemleri Sanayi ve Ticaret A.Ş. 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 31 March 2022, the Company has 59 employees.

THY Teknoloji ve Bilişim A.Ş.

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 31 March 2022, the Company has 960 employees.

THY Hava Kargo Taşımacılığı A.Ş.

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 31 March 2022:

Company Name	Country of Registration and Operations	Proportion of Ownership	Field of Activity
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Türkiye	50%	Aircraft Transportation
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Türkiye	50%	Catering Services

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P&W T.T. Uçak Motoru Bakım Merkezi Ltd. Şti. (TEC)	Türkiye	49%	Maintenance Services
TGS Yer Hizmetleri A.Ş. (TGS)	Türkiye	50%	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Türkiye	50%	Aviation Fuel Services
Goodrich THY Teknik Servis Merkezi Ltd. Şti. (Goodrich)	Türkiye	40%	Maintenance Services
Uçak Koltuk Üretimi Sanayi ve Ticaret A.Ş. (Uçak Koltuk)	Türkiye	50%	Cabin Interior Products
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI)	Türkiye	50%	Cabin Interior Products
Vergi İade Aracılık A.Ş.	Türkiye	30%	VAT Return and Consultancy
Air Albania	Albania	49%	Aircraft Transportation
We World Express Ltd.	Hong Kong	45%	Cargo and Courier Transportation
TFS Akaryakıt Hizmetleri A.Ş.	Türkiye	%25	Fuel Supply Facilities

Sun Express - Türkiye

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 48 destinations including 17 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 of the first quarter of 2022, SunExpress operated 59 Aircraft and 104 lines in 16 countries with 3,395 employees. As of the mentioned period, 12 aircraft of SunExpress have been performing AnadoluJet operations.

Turkish DO&CO

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 31 March 2022, 3,667 employees are working for the Company.

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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 14,151 personnel as of 31 March 2022.

Turkish Opet Aviation Fuels

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 31 March 2022, the Company has 478 employees.

TSI Aviation Seats

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 31 March 2022, 123 employees are working for the Company.

Turkish Cabin Interior Systems Industries, 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 31 March 2022, the Company has 125 employees.

Pratt Whitney THY Turkish Engine Center (TEC)

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 408 employees as of 31 March 2022.

Goodrich Turkish Airlines Technical Service Center

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 31 March 2022, the Company has 76 employees.

Tax Free Zone, Inc. (Tax Refund)

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 31 March 2022, 14 employees are working for the Company.

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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 31 March 2022, 131 employees are working for the Company.

We World Express Ltd.

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 31 March 2022, 43 employees are working for the Company.

TFS Akaryakıt Hizmetleri A.Ş.

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 companies have same proportion of share. As of 31 March 2022, 96 employees are working for the Company.

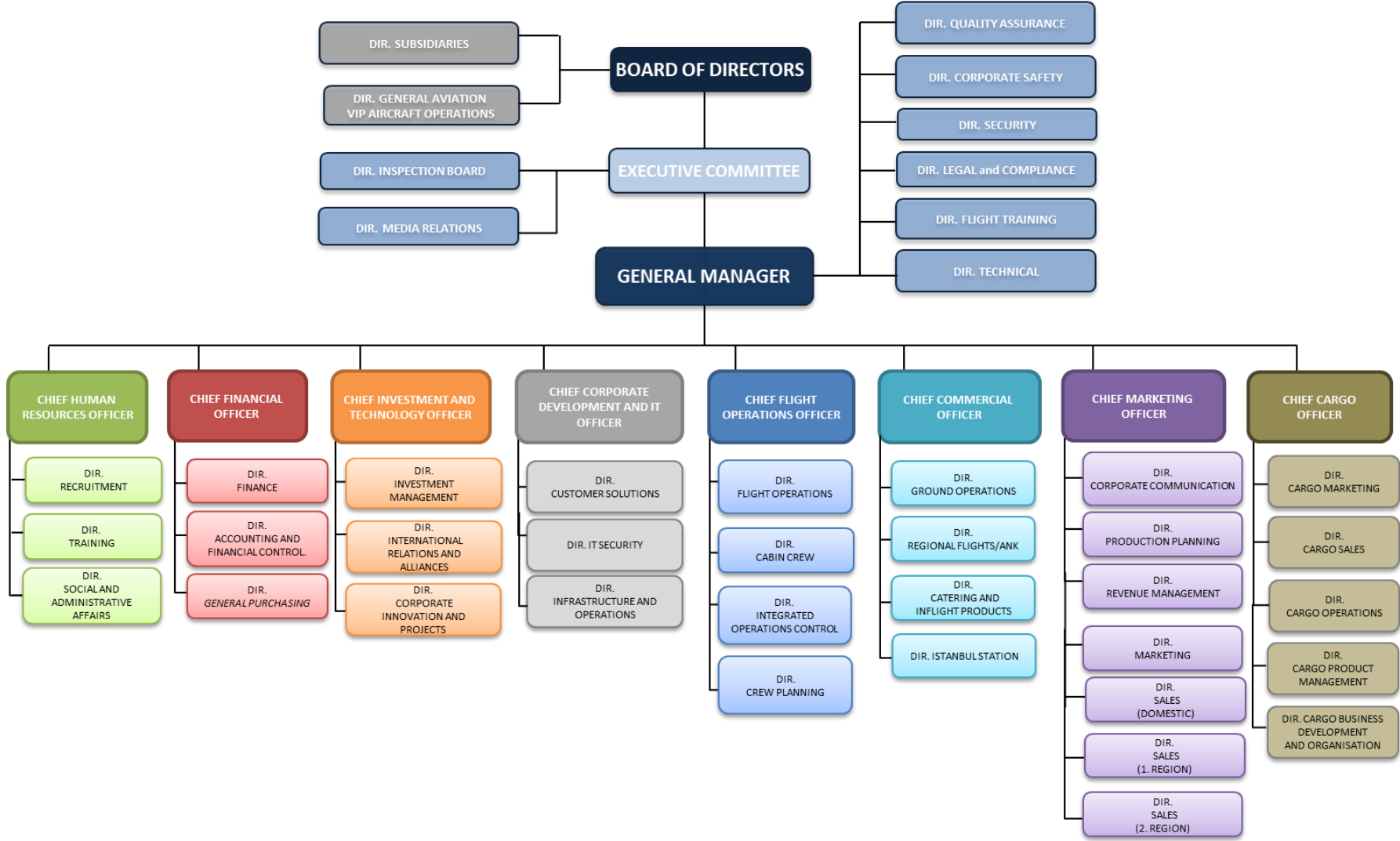
The Incorporation is responsible for the full and joint control over subsidiaries and affiliates through Board of Directors. In addition, operations of subsidiaries and affiliates are monitored by Senior Vice President of Subsidiaries located within the means of the Parent Company. The internal audit 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 31 March 2022, the number of countries served has reached to 128.

General Management and all central units are gathered around Istanbul Ataturk Airport. Organization chart of Turkish Airlines, as of 31 March 2022 is shown on the next page.

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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 31 March 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
Assoc. Prof. Murat ŞEKER	: Member of the Board and the Executive Committee
Bilal EKŞİ	: Member of the Board and General Manager
Mehmet KADAİFÇİLER	: Member of the Board and the Executive Committee
Orhan BİRDAL	: Member of the Board
Melih Şükrü ECERTAŞ	: Independent Board Member
Dr. Fatmanur ALTUN	: Independent Board Member
Şekib AVDAGİÇ	: Independent Board Member and Member of the Executive Committee

COMMITTEES**Audit Committee**

Chairman: Şekib Avdagiç

Member: Melih Şükrü Ecertaş

Corporate Governance Committee

Chairman: Fatmanur Altun

Member: Orhan Birdal, Mehmet Kadaifçiler, Mehmet Fatih Korkmaz (Investor Relations Manager)

Early Identification of Risks Committee

Chairman: 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 31 March 2022):

Name	Title	Starting Date of Position	Profession
Bilal Ekşi	General Manager	24.10.2016	Electronics and Communications Engineer
Assoc. Prof. Murat Şeker, Ph.D.	Chief Financial Officer	26.07.2016	Economist
Ahmet Olmuştur	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
Kerem Kızıltunç, Ph.D	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 decreased by 2% to 27,540 as of March 2022 from 27,975 as of March 2021. Personnel numbers according to working group are as follows:

	31.12.2021	31.03.2021	31.03.2022	Change(%)
Cockpit Personnel	5,561	5,715	5,541	-3%
Cabin Personnel	12,033	12,187	12,082	-1%
Aircraft Maintenance Tech.	53	57	56	-2%
Staff Abroad	3,177	3,233	3,184	-2%
Domestic Staff	6,708	6,783	6,677	-2%
TOTAL	27,532	27,975	27,540	-2%

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7. DEVELOPMENTS WITHIN THE INCORPORATION

I. Developments During the Period

New Route Announcement

The Incorporation decided to start operating scheduled flights, based on market conditions, to Tivat of Montenegro and Bergamo of Italy.

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 Avdağış 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 Avdağış 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.

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.

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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 Avdagiç, 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

The Incorporation has decided to start operating scheduled flights, based on market conditions, to Rize-Artvin Airport.

The Ordinary General Assembly Meeting

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.

8. TRAFFIC RESULTS

January – March 2022 period traffic results are shown below:

	TOTAL		
	2019*	2022	Change (%)
Number of Landing (Passenger Flights)	112,852	87,365	-22.6%
Available Seat Km ('000)	42,655,053	38,836,297	-9.0%
Revenue Passenger Km ('000)	34,146,819	27,272,252	-20.1%
Passenger Load Factor (%)	80.1%	70.2%	-9.8 pt
Passengers Carried	16,738,128	12,662,623	-24.3%

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Int-to-Int Transfer Passengers Carried	5,457,896	3,993,643	-26.8%
Cargo and Mail (Tons)	365,547	390,384	6.8%
Fleet	336	373	11.0%
Seat Capacity	65,329	75,459	15.5%
Km Flown ('000)	211,158	187,415	-11.2%
Hours Flown	344,116	290,910	-15.5%

	DOMESTIC		
	2019*	2022	Change (%)
Number of Landing (Passenger Flights)	48,831	35,777	-26.7%
Available Seat Km ('000)	5,416,517	4,149,050	-23.4%
Revenue Passenger Km ('000)	4,630,564	3,470,382	-25.1%
Passenger Load Factor (%)	85.5%	83.6%	-1.8 pt
Passengers Carried	7,353,475	5,104,559	-30.6%
Cargo and Mail (Tons)	15,961	14,267	-10.6%
Km Flown ('000)	30,420	24,128	-20.7%

	INTERNATIONAL		
	2019*	2022	Change (%)
Number of Landing (Passenger Flights)	64,021	51,588	-19.4%
Available Seat Km ('000)	37,238,536	34,687,247	-6.9%
Revenue Passenger Km ('000)	29,516,255	23,801,871	-19.4%
Passenger Load Factor (%)	79.3%	68.6%	-10.6 pt
Passengers Carried	9,384,653	7,558,064	-19.5%
Excl. Int-to-Int Transfer Passenger	3,926,757	3,564,421	-9.2%
Cargo and Mail (Tons)	349,586	376,117	7.6%
Km Flown ('000)	180,738	163,286	-9.7%

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

I. Scheduled Domestic Flights:

During January – March 2022, the Incorporation did not start any operating scheduled flight with TK main brand to new domestic destinations.

II. Scheduled International Flights:

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

Flight Destination
Philippines – Cebu

Flight Inaugural Date
03.01.2022

III. Additional, Charter and Hajj-Umrah Flights

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During January – March 2022, number of additional, charter and Hajj-Umrah flights and number of passengers carried on these flights are stated on the table below:

	Number of Flights		Number of Passengers
	Domestic	International	
Additional	443	468	80,010
Charter	205	320	97,077
Hajj-Umrah	-	-	-

IV. AnadoluJet Flights:

Scheduled and Additional Flights	3M'21	3M'22	Change (%)
Revenue Passenger (000)	1,908	3,296	73%
Available Seats*Km (Millions)	2,375	4,260	79%
Passenger Load Factor (%)	67.9%	76.6%	8.7 pt

- In the first quarter of 2022, AnadoluJet has been carrying out its operations with 12 aircraft (wetlease) from SunExpress and 40 aircraft from TK fleet (A total number of 52 B737-800).
- As of March 2022, 13 aircraft are based in Ankara Esenboğa and 35 in İstanbul Sabiha Gökçen Airport.
- During the period of January - March 2022, AnadoluJet flies to a total of 130 routes compared to a total of 89 routes in the same period of 2021.
- In the first quarter of 2022, Ankara Esenboğa based ASK increased by 63% while Sabiha Gökçen based ASK increased by 77% compared to 2021. Total ASK increased by 79%.
- In the first quarter of 2022, the load factor was 76.6%.

9. FLEET

31.03.2022	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity ('000)	Average Fleet Age
Wide Body	A330-200	13	5		8	3,5	14,0
	A330-300	38		29	9	11,2	8,2
	B777-3ER	33		27	6	11,7	8,1
	A350-900	6		6		2,0	0,9
	B787-9	15		15		4,5	2,1
	Total	105	5	77	23	32,8	7,6
Narrow Body	B737-900ER	15		15		2,4	8,7
	B737-9 MAX	5		5		0,8	1,0
	B737-800	81	28	29	24	13,8	11,5
	B737-8 MAX	20		20		3,0	2,0
	A321 NEO	32		24	8	5,8	1,9
	A319-100	6	1	5		0,8	10,8
	A320-200	11	11			1,7	13,9
	A321-200	66	28	34	4	12,1	9,5
	B737-800 WL	12			12	2,3	17,8
Total	248	68	132	48	42,7	9,0	
Cargo	A330-200F	10	1	9			8,3
	B777F	8		8			3,1
	Wet Lease	2			2		30,1
	Total	20	1	17	2		8,4
Grand Total	373	74	226	73	75,5	8,6	

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10. FINANCIAL SITUATION

SUMMARY OF BALANCE SHEET (Mn TRY)

	31 March 2022	31 December 2021
<u>ASSETS</u>		
Current Assets	81,812	65,797
Non-Current Assets	317,371	287,911
Total Assets	399,183	353,708
<u>LIABILITIES</u>		
Total Current Liabilities	111,996	90,443
Total Non-Current Liabilities	181,974	172,615
Total Equity	105,213	90,650
Total Liabilities and Equity	399,183	353,708
Debt to Assets Ratio	0.74	0.74
Equity Ratio	0.26	0.26

SUMMARY OF INCOME STATEMENT (Mn TRY)

	1 Jan. – 31 Mar. 2022	1 Jan. – 31 Mar. 2021
Sales Revenue	42,614	13,252
Gross Profit	7,188	1,275
Operating Profit Before Investment Activities	2,294	(293)
Profit/Loss Before Tax	1,654	229
Profit/Loss for the Period	2,220	438
Earnings Per Share (Kr)	1,61	0,32

SUMMARY OF BALANCE SHEET (Mn USD)

	31 March 2022	31 December 2021
<u>ASSETS</u>		
Current Assets	5,592	4,938
Non-Current Assets	21,682	21,599
Total Assets	27,274	26,537
<u>LIABILITIES</u>		
Total Current Liabilities	7,640	6,773
Total Non-Current Liabilities	12,411	12,927
Total Equity	7,223	6,837
Total Liabilities and Equity	27,274	26,537
Debt to Assets Ratio	0.74	0.74
Equity Ratio	0.26	0.26

BOARD ACTIVITY REPORT
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SUMMARY OF INCOME STATEMENT (Mn USD)

	1 Jan. – 31 Mar. 2022	1 Jan. – 31 Mar. 2021
Sales Revenue	3,051	1,796
Gross Profit	512	172
Operating Profit/Loss Before Investment Activities	163	(41)
Profit/Loss Before Tax	120	30
Profit/Loss for the Period	161	61
Earnings Per Share (USc)	0.12	0.04
EBITDAR	710	478
EBITDA	641	409
EBIT	194	(11)
EBITDAR Margin	23.3%	26.6%
EBITDA Margin	21.0%	22.8%
EBIT Margin	6.4%	(0.6%)
Operating Profit Margin	5.3%	(2.3%)
Net Profit Margin	5.3%	3.4%

11. INVESTMENTS, INCENTIVES AND INVESTMENT POLICIES

By the end of March 2022, our operations have been carried out by 105 double-aisle passenger aircraft, 248 single-aisle passenger aircraft and 20 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 2022:

- One A350-900
- One A321-Neo
- One 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,
-

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- 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:

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	57,802,592,077.71	0
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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(*) 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, Juba of South Sudan, Aswan of Egypt, Makhachkala of Russia, Krakow of Poland, La Coruna of Spain, Lenkeran of Azerbaijan, Nantes of France, Palermo and Bergamo of Italy, Port Sudan of Sudan, Atyrau of Kazakhstan, Sialkot of Pakistan, Hargeisa of Somalia, Denver, Seattle and Detroit of the United States of America, Tivat of Montenegro and Rize-Artvin Airport. 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.

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 subsidiary THY Teknoloji ve Bilişim A.Ş.

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

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The Incorporation does not have acquisition of own share.

DISCLAIMER

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