

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



1 JANUARY – 31 MARCH 2021

BOARD ACTIVITY REPORT

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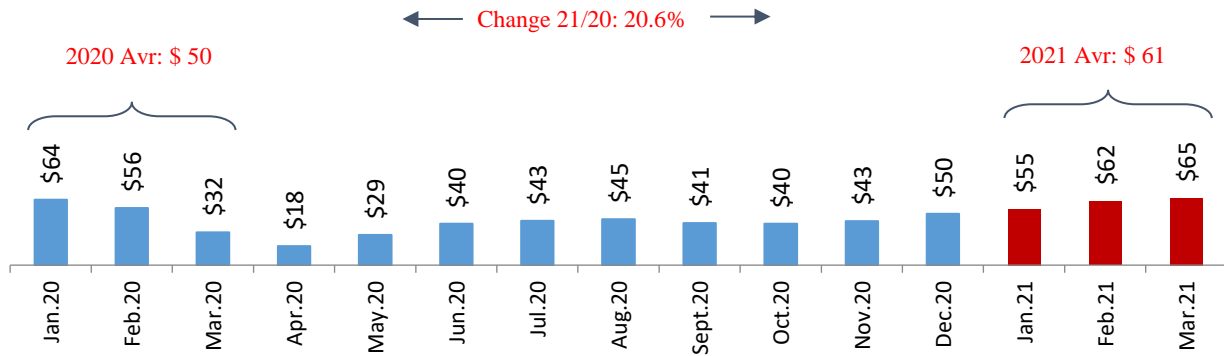
1. INDUSTRY DEVELOPMENTS

The global COVID-19 pandemic crisis we faced in the first quarter of 2020, has deeply affected the world and the aviation sector. Even there has been a loss in pace, the impact of the crisis still continues as of the end of the first quarter of 2021. Vaccine studies finally showed positive result in the later 2020 and the countries started to vaccinate their citizens afterward. During the period left behind, more than 1.08 billion doses vaccine have been administrated across 172 countries. This number corresponds to 14% of the world population. The increase in the number of vaccinated people will have a direct, positive impact on the world economics and the aviation sector. According to current data from Republic of Turkey Ministry of Health, 10.6% of Turkey population have been vaccinated with two doses and 5.8% of them have been vaccinated with one dose. It is also announced that the production of Russia's Sputnik V vaccine will start in Turkey. With this progress, it is expected that vaccine roll-out in Turkey will gather momentum.

While travel restrictions worldwide continues, Turkish Airlines has achieved to carry 6.4 million passengers in the first quarter of 2021. Along with that, according to the European Organization for the Safety of Air Navigation (Eurocontrol), Turkish Airlines was the airline with the highest number of the flights in Europe and İstanbul Airport has been recorded as the busiest airport in the first quarter of 2021.

Turkish Airlines partly compensates diminishing demand on the passenger side with a strong cargo transportation performance. Our Incorporation has made a significant contribution to the transportation of medical supplies in the combat against COVID-19 outbreak. The Incorporation has achieved to maintain its strong growth trend in the cargo market over the last decade and consequently, cargo revenue increased by 77% during the first quarter of 2021. 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.

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	2017	2018	2019	2020	3M'20	3M'21
Fuel Expenses (Million \$)	2.866	3.768	3.873	1.638	789	418
Fuel Consumption (000 Tons)	4.847	5.278	5.525	2.803	1.145	752
Average Unit Cost (\$/Tons)	591	714	701	584	689	556
Average Change of Unit Cost (%)	4%	21%	-2%	-16,6%	17,9%	-19,4%
Fuel Expense Rate in Operational Expenses (%)	28%	32%	31%	23%	28%	22%

2. FIELD OF ACTIVITY, CAPITAL STRUCTURE AND SUBSIDIARIES

Türk Hava Yolları Anonim Ortaklığı (the “Incorporation” or “THY”) was founded in Turkey 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, Turkey (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 (%)
Turkey Wealth Fund (Group A)	677,884,849	49.12	67,788,484,857	49.12
The Republic of Turkey 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 Turkey 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 7 subsidiaries as of 31 March 2021. 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%	Turkey
THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	Flight Training and Airport Operations	100%	Turkey
THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	Investment & Airport Operations	100%	Turkey
THY Uluslararası Yatırım ve Taşımacılık A.Ş.	Transportation and Investment	100%	Turkey
Cornea Havacılık Sistemleri San. Ve Tic. A.Ş.	In-Flight Entertainment Systems and Internet Service	80%	Turkey
THY Teknoloji ve Bilişim A.Ş.	Information and Technology	100%	Turkey
THY Hava Kargo Taşımacılığı A.Ş.	Cargo Transportation	100%	Turkey

THY Teknik A.Ş. (Turkish Technic)

Established on 23 May 2006, the Company is a wholly owned subsidiary of Turkish Airlines. Turkish Technic conducts its activities with the goal of becoming an important regional air transport technical maintenance base by supplying the full range of maintenance, repair, and technical and infrastructure support the aviation industry requires. Until 2013, Turkish Technic operated out of four hangars in Istanbul and Ankara. In June 2015, Turkish Technic merged with Turkish HABOM, which was also a fully owned subsidiary of Turkish Airlines and which has a total MRO capacity to provide simultaneous maintenance, repair and overhaul services for 30 narrow body aircraft and 10 wide body aircraft. As of 31 March 2021, Turkish Technic has 8,929 employees.

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 types 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 31 March 2021, Company has 70 employees. Name of the company has been changed from THY Aydın Çıldır Havalimanı İşletme A.Ş. to THY Uçuş Eğitim ve Havalimanı İşletme A.Ş. (TAFİ) on 12 June 2017.

THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.

The Company, which is wholly owned by our Incorporation, was established on 15 November 2017 with the cash capital of 50.000 TRY 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.

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THY Uluslararası Yatırım ve Taşımacılık A.Ş.

The Company, which is wholly owned by the Incorporation, was established on 25 September 2017 with the cash capital of 10.000.000 TRY 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.

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 2021, Company has 60 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 2021, Company has 674 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 2021:

Company Name	Country of Registration and Operations	Proportion of Ownership	Field of Activity
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Turkey	50%	Aircraft Transportation
THY DO&CO İkrâm Hizmetleri A.Ş. (Turkish DO&CO)	Turkey	50%	Catering Services
P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC)	Turkey	49%	Maintenance Services
TGS Yer Hizmetleri A.Ş. (TGS)	Turkey	50%	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Turkey	50%	Aviation Fuel Services

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Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (Goodrich)	Turkey	40%	Maintenance Services
Uçak Koltuk Sanayi ve Ticaret A.Ş. (Uçak Koltuk)	Turkey	50%	Cabin Interior Products
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI)	Turkey	50%	Cabin Interior Products
Vergi İade Aracılık A.Ş.	Turkey	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.	Turkey	%25	Fuel Supply Facilities

Sun Express - Turkey

Founded in 1989, SunExpress is a joint venture of Turkish Airlines and Lufthansa, in which each holds a 50% stake. The Company has a total of 52 aircraft in its fleet; 13 of them are operated by AnadoluJet operations of THY and 39 of them serve SunExpress' customers in both charter and scheduled business with 3,431 employees as of 31 March 2021. During the period of January-March 2021, total number of passengers carried was 529,199 and load factor was 64.2%. SunExpress flies to 23 domestic and 59 international destinations, which brings the total number to 82 destinations. SunExpress Germany which was founded in 2011 as a joint venture of Stiftung and SunExpress, in which each hold %50-50 stake, was closed down on 23 June 2020.

Turkish DO&CO

Founded in September 2006, commencing operations in 2007, Turkish DO&CO is a joint venture of Turkish Airlines and DO&CO Restaurants & Catering AG (Austria based), 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 2021, 3,923 employees are working for the Company.

Turkish Ground Services (TGS)

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 12.03.2009, 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. The Company provides ground services for Turkish Airlines in 9 airports in Turkey. TGS is employing 13,105 personnel as of 31 March 2021.

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. As of 31 March 2021, the Company has 447 employees.

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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 of 31 March 2021, 141 employees are working for the company.

Turkish Cabin Interior Systems Industries, Inc.

Established in December 2010, 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 2021, the Company has 164 employees.

Pratt Whitney THY Turkish Engine Center (TEC)

The Company provides aircraft engine maintenance, repair, and overhaul services to customers in Turkey 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 394 employees as of 31 March 2021.

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%), the latter a subsidiary of Goodrich Corporation. Services for maintenance and repair of nacelles, thrust reversers, related parts and rotatable support is provided. As of 31 March 2021, the Company has 77 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 Turkey by non-residents. As of 31 March 2021, 18 employees are working for the company.

Air Albania

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 2021, 81 employees are working for the company.

We World Express Ltd.

Hong Kong based We World Express Limited was established as a joint venture of THY Uluslararası Yatırım ve Taşımacılık A.Ş. (Turkish Airlines' 100% subsidiary), ZTO Express (Hong Kong) Limited and PAL Air (Hong Kong) Limited owning 45%, 45% and 10% respective stakes with the purpose of becoming a global door to door cargo/courier service provider which is focusing e-commerce market. As of 31 March 2021, 27 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 2021, 87 employees are working for the company

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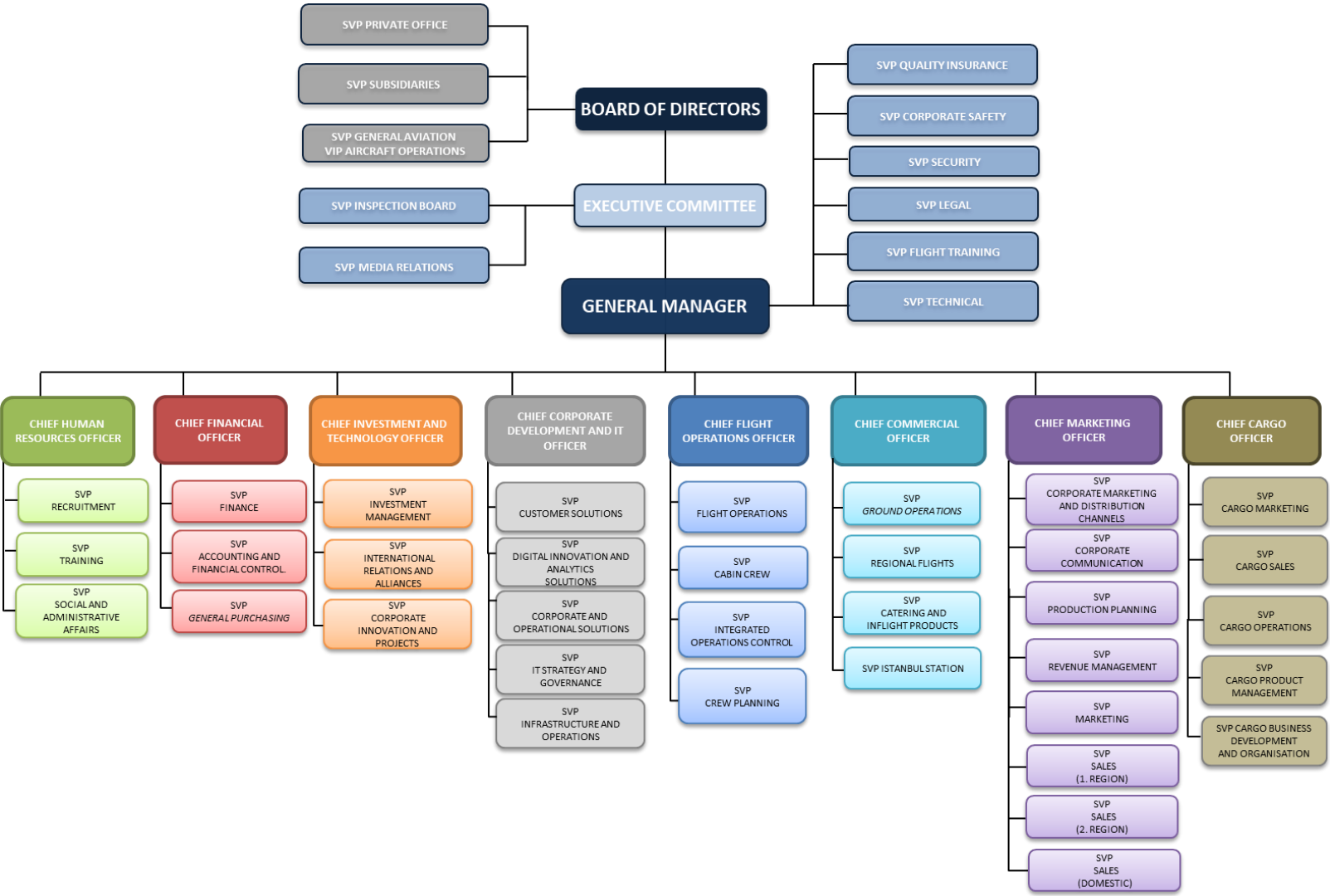
The Incorporation is responsible for the full and joint control over subsidiaries and affiliates through Board of Directors. In addition, operations of subsidiaries and affiliates are monitored by Senior Vice President of Subsidiaries located within the means of the Parent Company. The internal audit 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 2021, the number of countries served has reached to 127.

General Management and all central units are gathered around Istanbul Ataturk Airport. Organization chart of Turkish Airlines, as of 31 March 2021 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, out of 3 independent, 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 as of 31 March 2021 are listed below:

M. İlker AYCI	: 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, Ph.D.	: Member of the Board and the Executive Committee
Bilal EKŞİ	: Member of the Board and General Manager
Mithat Görkem AKSOY	: Member of the Board and the Executive Committee
Orhan Birdal	: Member of the Board
Melih Şükrü ECERTAŞ	: Independent Board Member
Dr. Fatmanur ALTUN	: Independent Board Member
M. Muzaffer AKPINAR	: Independent Board Member and Member of the Executive Committee

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>)

COMMITTEES

Audit Committee

Chairman: M. Muzaffer Akpınar

Member: Melih Şükrü Ecertaş

Corporate Governance Committee

Chairman: Fatmanur Altun

Member: Orhan Birdal, Mithat Görkem Aksoy, Kadir Coşkun (Investor Relations Manager)

Early Identification of Risks Committee

Chairman: Melih Şükrü Ecertaş

Member: M. Muzaffer Akpınar

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5. SENIOR MANAGEMENT

Information about the Senior Management of the Incorporation are presented below (as of 31 March 2021):

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, Manager
Mehmet Akif Konar	Chief Commercial Officer	16.04.2013	Management Engineer
Ahmet Bolat, Ph.D.	Chief Investment and Technology Officer	23.01.2012	Industrial Engineer
Abdulkirim Çay	Chief Human Resources Officer	21.04.2015	Business Management, Manager
Ali Serdar Yakut	Chief Corporate Development and IT Officer	01.06.2015	Computer Engineer
Aykut Alpa	Chief Flight Operations Officer	25.05.2018	Pilot
Turhan Özen	Chief Cargo Officer	12.12.2016	Business Management, Manager

6. HUMAN RESOURCES

Number of personnel decreased by 6% to 27,975 as of March 2021 from 29,673 as of March 2020. Personnel numbers according to classes are as follows:

	31.12.2020	31.03.2020	31.03.2021	Change(%)
Cockpit Personnel	5,756	5,899	5,715	-3%
Cabin Personnel	12,281	12,449	12,187	-2%
Aircraft Maintenance Tech.	61	74	57	-23%
Staff Abroad	3,301	3,484	3,233	-7%
Domestic Staff	7,269	7,767	6,783	-13%
TOTAL	28,668	29,673	27,975	-6%

7. DEVELOPMENTS WITHIN THE INCORPORATION

I. Developments During the Period

AnadoluJet International Flight Plan to/from Antalya, Bodrum and Dalaman

AnadoluJet, successful brand of our Incorporation, planned to increase its international flights in the summer of 2021 with its new strategy to contribute to the tourism of the country. In this context; it has been decided to operate 102 (frequency) flights per week from 19 new destinations in Europe and the Middle East to Antalya, Dalaman and Bodrum with AnadoluJet. This new responsibility taken by our AnadoluJet brand, will position our country

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as the most preferred tourism center of our region and will provide a significant income contribution to our Incorporation.

Appointment of the Board Members

At the Ordinary General Assembly Meeting, member of the Board of Directors have been selected and submitted to the approval of the General Assembly.

Dividend Payment

The Profit Distribution Table regarding FY2020 was disclosed in Public Disclosure Platform. The table is available on our Investor Relations Web Site.

The Ordinary General Assembly Meeting

The Ordinary General Assembly of our Incorporation was held on Friday, March 26, 2021 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.

New Route Announcement

The Incorporation has decided to start operating scheduled flights, based on market conditions, to Urmia of Iran and Sialkot of Pakistan.

II. Subsequent Events**New Route Announcement**

The Incorporation has decided to start operating scheduled flights, based on market conditions, to Fergana and Urgench of Uzbekistan, Turkistan of Kazakhstan and Hargeisa of Somalia.

Management Change

The Incorporation has decided to appoint Captain Pilot Baran GÜLBARAN, SVP, Flight Training as Chief Flight Operations Officer.

Amendment for Boeing Fleet Plan

Previously, in order to insure the need for narrow body aircraft, the Incorporation decided to purchase a total of 75 B737 MAX aircraft from the Boeing Company at the date of 09.04.2013. In view of the current situation with the effects of the Coronavirus (Covid-19) global pandemic on the aviation industry, the Incorporation reviewed its fleet plan and came to an agreement with Boeing as a result of the negotiations between the two parties. According to this agreement, 10 of the 75 B737 Max aircraft will be cancelled and 40 aircraft will be converted into options until December 21, 2021, on or prior to which, the Incorporation will decide whether or not it will exercise the options. At the same time, the delivery dates of currently undelivered 13 B737 MAX aircraft, have been rescheduled in line with the operational and financial capacity of our Incorporation.

Appointment of Committees

Independent Board Member Mr. Mehmet Muzaffer Akpınar has been assigned as the Chairman and Mr. Melih Şükrü Ecertaş as the Member of the Audit Committee;

Independent Board Member Ms. Fatmanur Altun as the Committee Chairman, Board Members Mr. Mithat Görkem Aksoy and Mr. Orhan Birdal and Investor Relations Manager Mr. Kadir Coşkun, in compliance with the Capital Market Board's Communique on Corporate Governance (II-17.1), as the members of the Corporate Governance Committee;

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Independent Board Member Mr. Melih Şükrü Ecertaş as the Chairman and Mr. Mehmet Muzaffer Akpınar, as the Member of the Early Identification of Risks Committee;

Chairman of the Board Mr. Mehmet İlker Aycı as the Chairman of the Executive Committee, Deputy Chairman of the Board Mr. Mecit Eş as the Deputy Chairman of the Executive Committee, Mr. Murat Şeker, Mr. Mehmet Muzaffer Akpınar and Mr. Mithat Görkem Aksoy as the Member of the Executive Committ

Registration of Ordinary General Assembly's Resolutions

Resolutions of Ordinary General Assembly of our Incorporation, which was held on March 26, 2021 was registered by Istanbul Trade Registry Office on April 5, 2021.

8. TRAFFIC RESULTS

January - March 2021 traffic results are shown below:

	TOTAL		
	2020	2021	Change (%)
Number of Landing (Passenger Flights)	95,079	50,099	-47.3%
Available Seat Km ('000)	38,422,033	20,251,251	-47.3%
Passenger Load Factor (%)	76.0%	62.6%	-13.4 pt
Passengers Carried	13,462,378	6,442,929	-52.1%
Cargo and Mail (Tons)	379,624	430,766	13.5%

	DOMESTIC		
	2020	2021	Change (%)
Number of Landing (Passenger Flights)	39,154	24,466	-37.5%
Available Seat Km ('000)	4,504,129	2,936,227	-34.8%
Passenger Load Factor (%)	81.4%	74.1%	-7.3 pt
Passengers Carried	5,601,314	3,065,232	-45.3%
Cargo and Mail (Tons)	16,680	22,115	32.6%

	INTERNATIONAL		
	2020	2021	Change (%)
Number of Landing (Passenger Flights)	55,925	25,633	-54.2%
Available Seat Km ('000)	33,917,904	17,315,024	-49.0%
Passenger Load Factor (%)	75.3%	60.6%	-14.6 pt
Passengers Carried	7,861,064	3,377,697	-57.0%
Cargo and Mail (Tons)	362,944	408,650	12.6%

I. Scheduled Domestic Flights:

During January - Mach 2021, the Incorporation did not start any operating scheduled flights with TK main brand to new domestic destinations.

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II. Scheduled International Flights:

During January – March 2021, the Incorporation start operating scheduled flights with TK main brand to new international destination indicated below.

Flight Destination	Flight Inaugural Date
Iran – Urmia	11.03.2021

III. Additional, Charter and Hajj-Umrah Flights

During January - March 2021, 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	89	185	23.569
Charter	509	294	135.367
Hajj-Umrah	-	-	-

IV. AnadoluJet Flights:

Scheduled and Additional Flights	3M'20	3M'21	Change (%)
Revenue Passenger (000)	2,427,747	1,903,236	-22%
Avaliable Seats*Km (Millions)	1,988	2,367	19%
Passenger Load Factor (%)	80.2%	67.8%	-12.4 pt

- In the first quarter of 2021, AnadoluJet has been pursuing its operations with 11 aircraft (wetlease) from SunExpress and 37 aircraft from TK fleet. (A total number of 48 B737-800).
- As of March 2021, 9 aircraft are based in Ankara Esenboğa and 25 in İstanbul Sabiha Gökçen.
- As of March 2021, AnadoluJet flies to a total of 65 destinations compared to a total of 41 destinations as of March 2020. (Esenboğa based 44, Sabiha Gökçen based 51, point to point (cross) flights 2).
- In the first quarter of 2021, Ankara Esenboğa based ASK decreased by 31% while Sabiha Gökçe based ASK increased by 73%. Total ASK increased by 19%.
- In the first quarter of 2021, the load factor was 67.8%.

AnadoluJet planned to increase its international flights in the summer of 2021 with its new strategy to contribute to the tourism of the country. In this context; it has been decided to operate 102 (frequency) flights per week from 19 new destinations in Europe and the Middle East to Antalya, Dalaman and Bodrum with AnadoluJet.

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9. FLEET

31.03.2021	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity ('000)	Average Fleet Age
Wide Body	A330-200	14	5		9	3,7	13,0
	A330-300	40		29	11	11,8	7,2
	B777-3ER	33		27	6	11,7	7,3
	A350-900	4		4		1,3	0,3
	B787-9	15		15		4,5	1,1
	Total	106	5	75	26	33,0	6,9
Narrow Body	B737-900ER	15		15		2,4	7,8
	B737-9 MAX	1		1		0,2	2,0
	B737-800	82	31	29	22	13,7	11,0
	B737-8 MAX	11		11		1,7	2,2
	A321 NEO	25		17	8	4,6	1,2
	A319-100	6	1	5		0,8	9,8
	A320-200	12	12			1,9	12,9
	A321-200	66	18	44	4	12,0	8,5
	B737-800 WL	13			13	2,5	15,1
	Total	231	62	122	47	39,6	8,9
Cargo	A330-200F	10	1	9			7,3
	B777F	8		8			2,1
	Wet Lease	7			7		25,5
	Total	25	1	17	7		10,7
Grand Total		362	68	214	80	72,6	8,4

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

	31 March 2021	31 December 2020
<u>ASSETS</u>		
Current Assets	34,150	30,659
Non-Current Assets	177,125	156,743
Total Assets	211,275	187,402
<u>LIABILITIES</u>		
Total Current Liabilities	51,859	47,379
Total Non-Current Liabilities	111,563	100,512
Total Equity	47,853	39,511
Total Liabilities and Equity	211,275	187,402
Debt to Assets Ratio	0.77	0.79
Equity Ratio	0.23	0.21

SUMMARY OF INCOME STATEMENT (Mn TRY)

	1 Jan. – 31 Mar. 2021	1 Jan. – 31 Mar. 2020
Sales Revenue	13,252	15,330
Gross Profit	1,275	320
Operating Profit Before Investment Activities	(293)	(2,005)
Profit/Loss Before Tax	229	(2,607)
Profit/Loss for the Period	438	(2,023)

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Earnings Per Share (Kr)	0.32	(1.47)
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SUMMARY OF BALANCE SHEET (Mn USD)

	31 March 2021	31 December 2020
<u>ASSETS</u>		
Current Assets	4,102	4,178
Non-Current Assets	21,275	21,352
Total Assets	25,377	25,530
<u>LIABILITIES</u>		
Total Current Liabilities	6,229	6,454
Total Non-Current Liabilities	13,398	13,693
Total Equity	5,750	5,383
Total Liabilities and Equity	25,377	25,530
Debt to Assets Ratio	0.77	0.79
Equity Ratio	0.23	0.21

SUMMARY OF INCOME STATEMENT (Mn USD)

	1 Jan. – 31 Mar. 2021	1 Jan. – 31 Mar. 2020
Sales Revenue	1,796	2,533
Gross Profit	172	59
Operating Profit/Loss Before Investment Activities	(41)	(324)
Profit/Loss Before Tax	30	(422)
Profit/Loss for the Period	61	(327)
Earnings Per Share (USc)	0.04	(0.24)
EBITDAR	478	252
EBITDA	409	106
EBIT	(11)	(305)
EBITDAR Margin	26.6%	9.9%
EBITDA Margin	22.8%	4.2%
EBIT Margin	(0.6%)	(12.0%)
Operating Profit Margin	(2.3%)	(12.8%)
Net Profit Margin	3.4%	(12.9%)

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11. INVESTMENTS, INCENTIVES AND INVESTMENT POLICIES

By the end of March 2021, the operation has been carried out by 106 double-aisle passenger aircraft, 231 single-aisle passenger aircraft and 25 cargo aircraft. Double-aisle aircraft constitute about 30% of the total number of aircraft in fleet. Due to the effect of stage length and seat capacity, contribution of wide body aircraft to the production is more than 50%.

As of 31 March 2021, two A350-900 type aircraft is received in 2021.

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 (reduce corporate tax)
- 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 /	13,267,897,366	16,587,441

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				Contribution rate to Investment %20		
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	Continue	Tax Reduction %90 / Contribution rate to Investment %50	36,692,857,268.39	0
21.01.2018	2017/11133	11.09.2018	Continue	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, Juba of South Sudan, Aswan of Egypt, Makhachkala of Russia, Krakow of Poland, La Coruna of Spain, Lenkeran of Azerbaijan, Luanda of Angola, Nantes of France, Palermo of Italy, Port Sudan of Sudan, Newark of United States of America, Vancouver of Canada, Atyrau, Aktau and Turkistan of Kazakhstan, Sialkot of Pakistan, Urmia of Iran, Fergana and Urgench of Uzbekistan, and Hargeisa of Somalia. 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 steady growth in parallel to the growth in number of transfer passengers by providing wide-body fleet investments, capacity increases mainly in long-range flights and new routes. In the second quarter, passenger capacity is expected to reach 50-60% passenger capacity of the same period of 2019. The Incorporation is targeting to increase unit revenue through expansion of cargo operations. 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 contribution to sustainability, Turkish Airlines is targeting to achieve net zero CO₂ emission by 2050.

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DISCLAIMER

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