2022 Q1 RESULTS PRESENTATION

May 2022

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KEY HIGHLIGHTS

1Q22 EBITDA/seat exceeded pre-COVID level on rebounding demand and strong yield environment.

Traffic

- 1Q22 was shaped by an accelerating demand amidst on one hand the fading COVID impact and on the other hand the rise in geopolitical tensions.
- Int'l switch strategy is progressing: in 1Q22, int'l ASK reached 104% while int'l pax reached 91% of 1Q19, marking the highest readings since the start of COVID.
- Overall, 1Q22 total ASK and pax realized at 89% and 70% of 1Q19.

Financial Performance

- Q1 revenues of EUR270mn grew 120% YoY and reached 93% of 1Q19: accelerating int'l demand, strong yield environment and the remarkable ancillary performance with a record high EUR19.2 revenue/pax were the drivers.
- Q1 EBITDA climbed to EUR33mn on 12.1% margin from the negative EUR-5mn EBITDA in 1Q20. On the EBITDA/seat parameter, 1Q22 realization exceeded the 1Q19 figure, a first since the start of the pandemic.

Liquidity

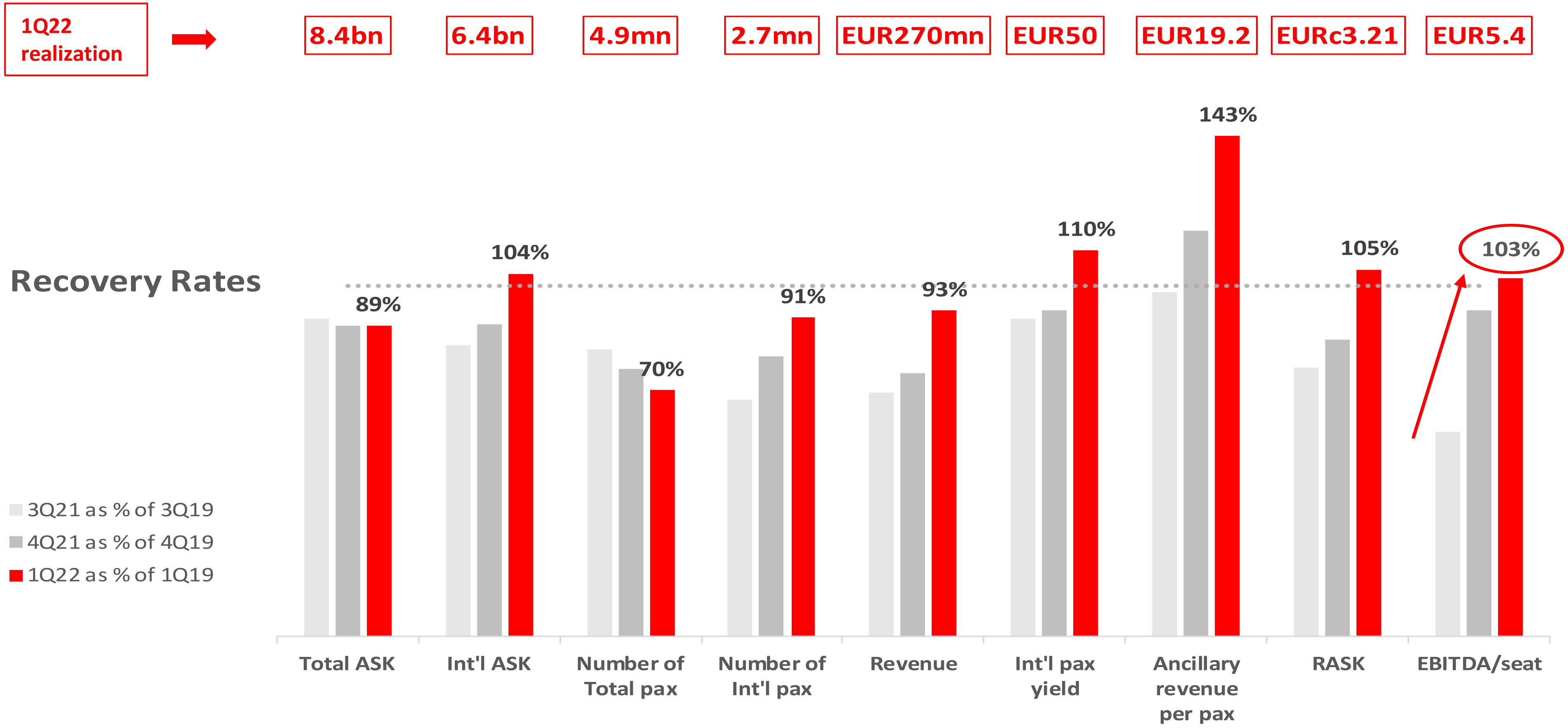
- Total cash reserve stands at EUR643mn as of 1Q22-end.
- Positive cash reserve after deducting total short and long term bank loans and debt instruments increased to EUR77mn as of the end of 1Q22, up from EUR66mn at the end of 4Q21.
- EUR10mn cash was created in Q1, marking the second quarterly period of positive cash generation in the COVID environment.

Outlook

- Pre-COVID strategy of «favoring growth in int'l operations» is progressing: route network is expanding notably with the announced new int'l destinations for 2022.
- Capacity plans continue to be for 2022 ASK production to be «at least» equal to 2019 production. 3Q22 plans are for total ASK to be at 110%-115% of 3Q19.
- Fleet size is at 91 aircraft as of the end of 1Q22. 2022 year-end fleet size is estimated at 101 A/C.

KEY HIGHLIGHTS

Recovery rate in key metrics further accelerated in 1Q22, EBITDA/seat metric surpassed the 1Q19 level.



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ROUTE NETWORK

Notable growth underway in international route network with the announced new destinations for 2022

Current Network
47 Countries
124 Destinations
36 Domestic, 88 Int'l

Announced additions to the int'l route network for 2022:

Istanbul Sabiha Gokcen
→ Yerevan → Ganja
→ Helsinki *

Ankara
→ Bagdat → Sofia

Izmir
→ Frankfurt → Tbilisi
→ Skopje → Tel Aviv

Antalya
→ Sofia → Yerevan
→ Skopje → Bucharest

Dalaman
→ London Stansted → Manchester

Trabzon
→ Bagdat → Doha

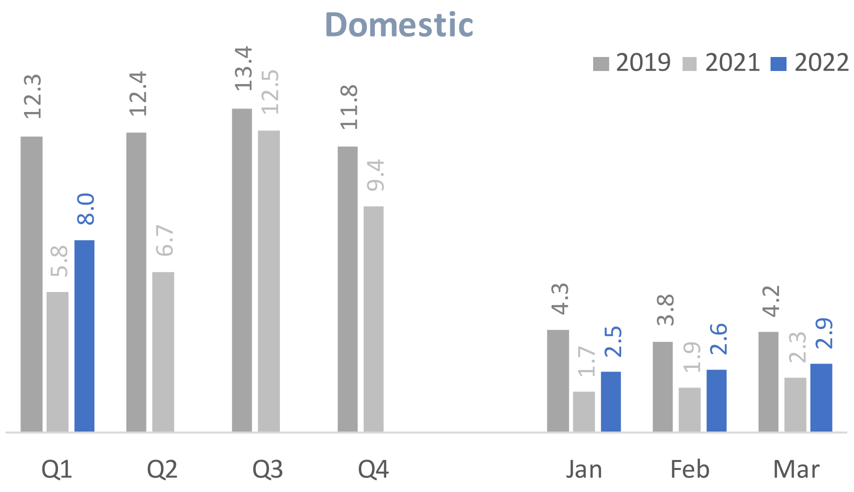
Zafer
→ Cologne → Duesseldorf
→ Brussels

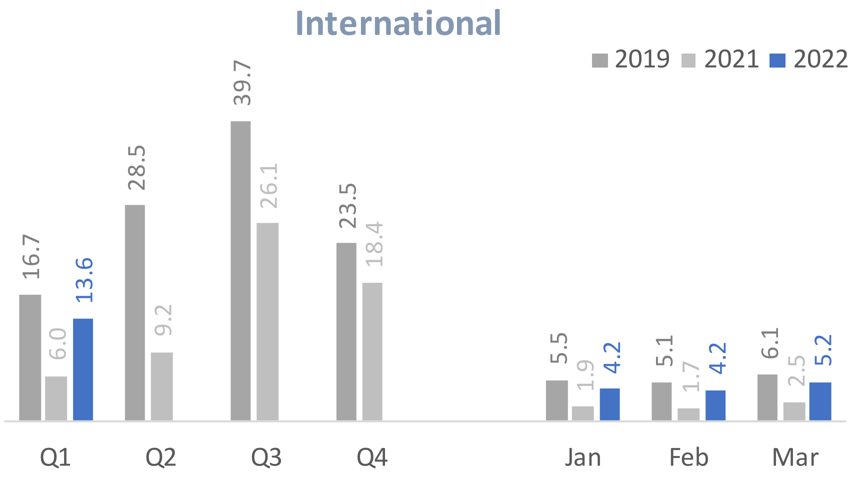
* Helsinki was planned to be initiated in 2020 but was postponed due to the pandemic

OPERATING ENVIRONMENT

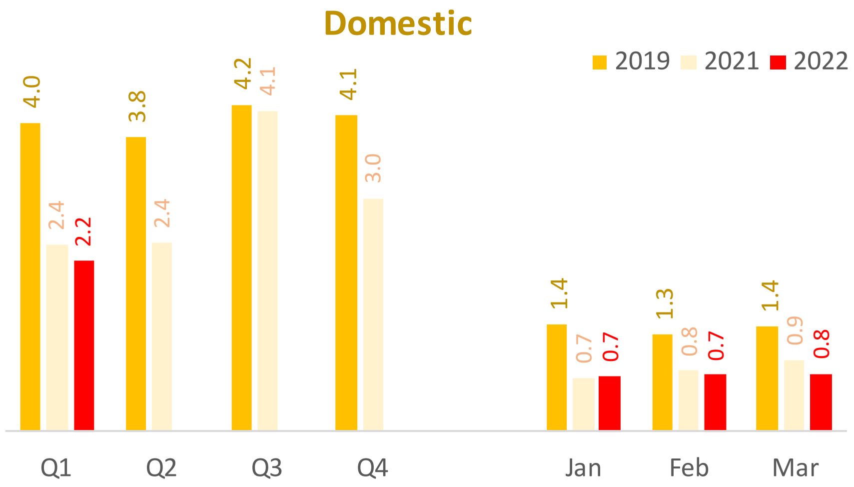
Int’l passenger demand followed an upward trend in Q1 regardless of the unfavorable geopolitical developments.

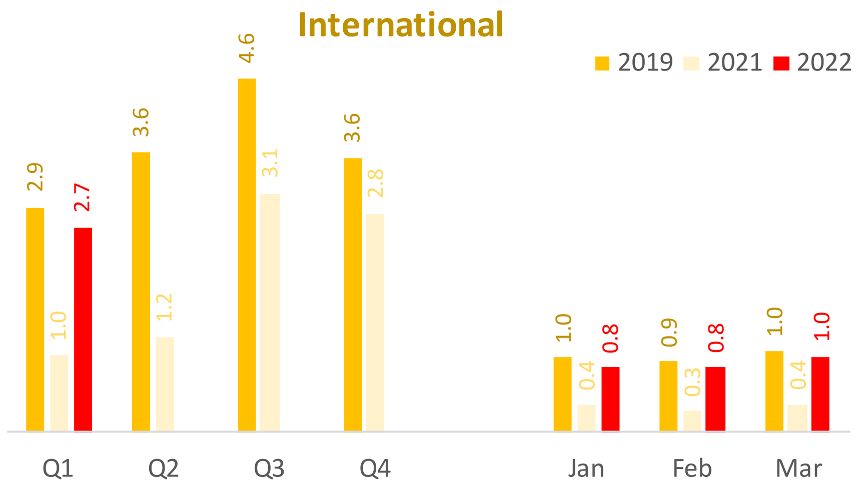
TÜRKİYE PAX. (mn)





PEGASUS PAX. (mn)

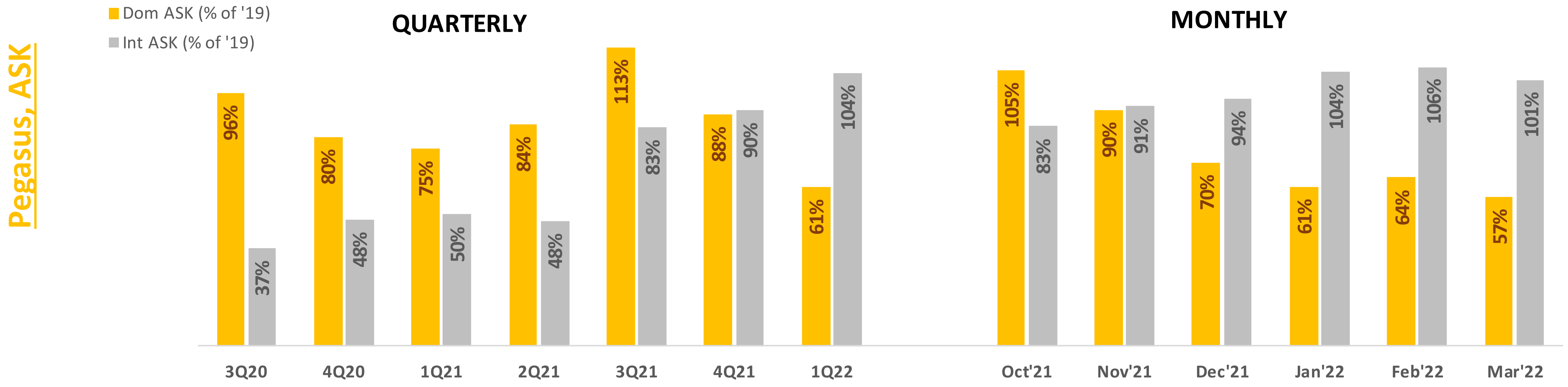


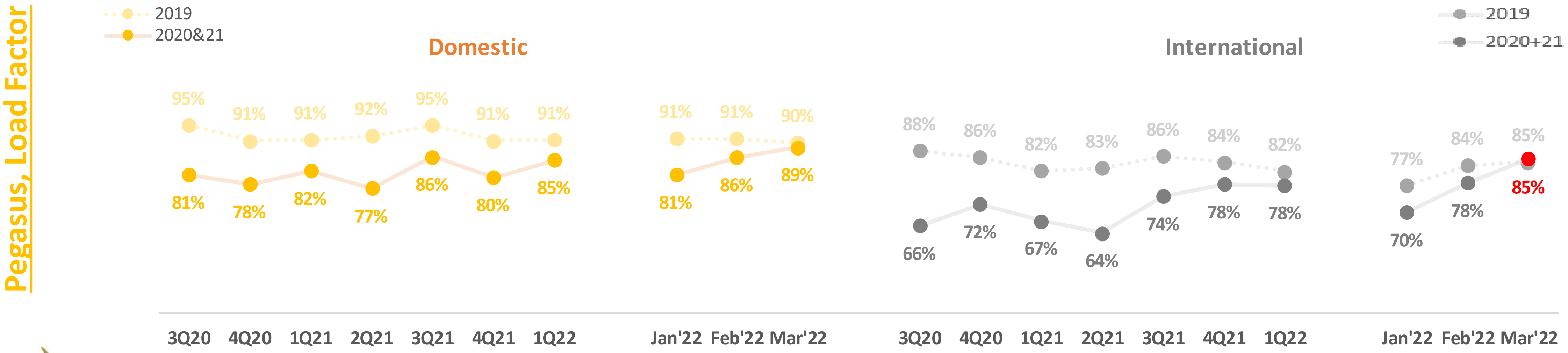


Türkiye passenger data is taken from General Directorate of State Airports Authority, domestic passengers are divided by 2 in order to avoid double counting.
Pegasus figures reflect booked passengers, international pax includes charter pax

OPERATING ENVIRONMENT

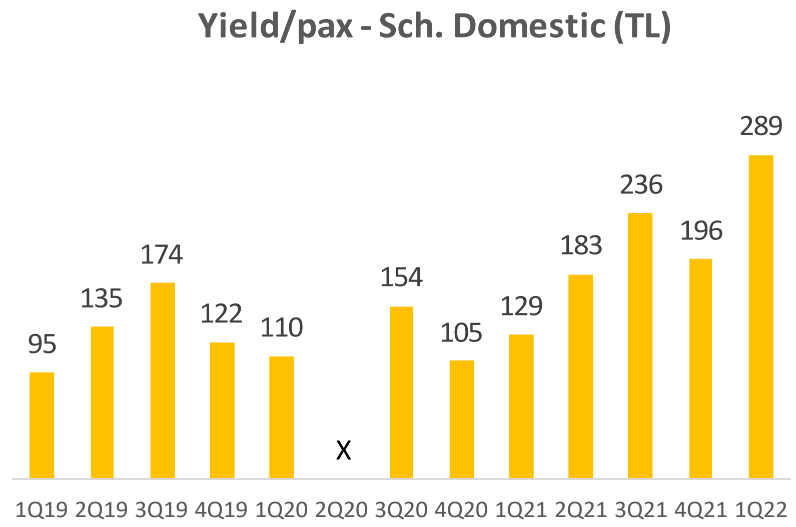
Strong result from «int'l growth» strategy : 1Q22 int'l ASK at above 1Q19, March int'l LF at highest level since 2 years.

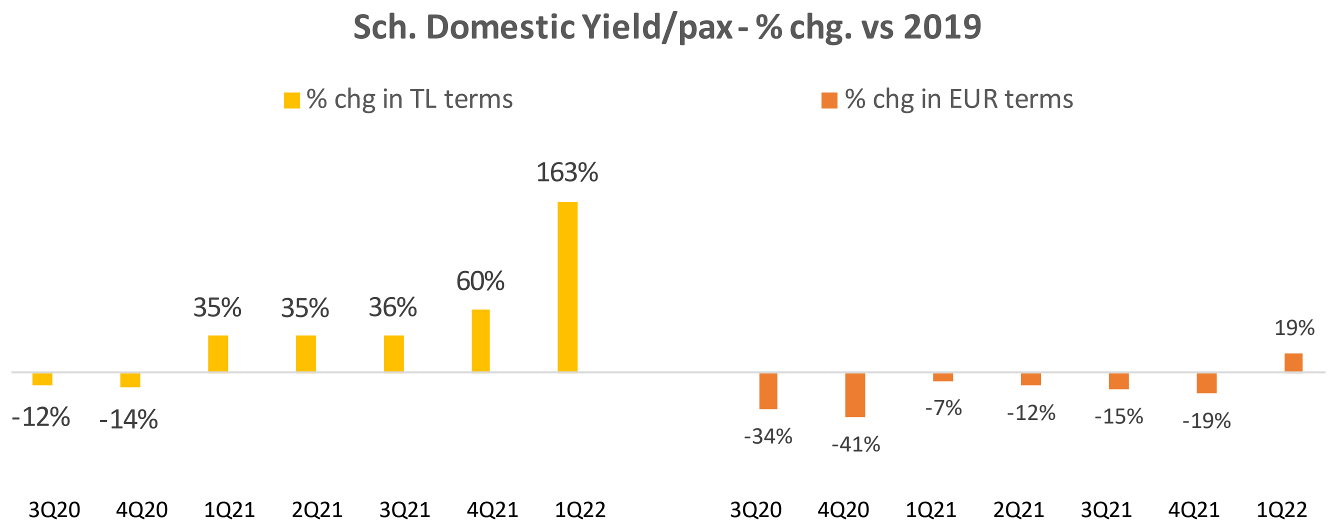


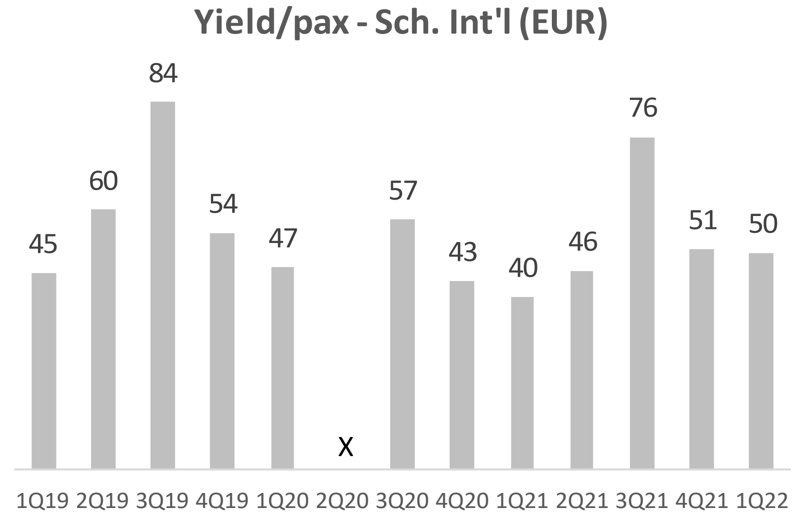


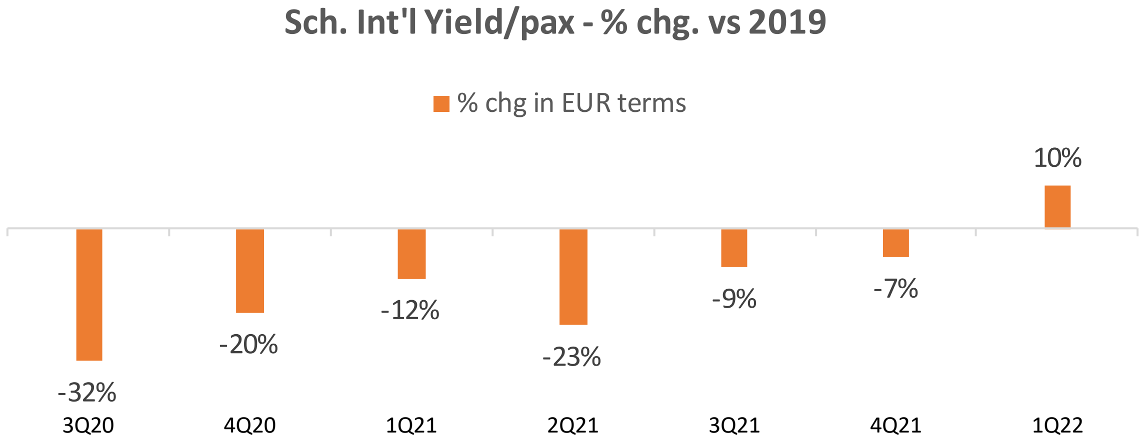
Int'l load factor at 85% in March '22 marks the highest monthly reading in the pandemic.

Better-than-expected rebound in demand is supporting the passenger yields: 1Q22 yields surpassed the 1Q19 level









SUMMARY FINANCIAL HIGHLIGHTS

Bottom-line loss narrowed from EUR101mn in 1Q21 to EUR60mn in 1Q22.

EURmn	2019 Q1	2021 Q1	2022 Q1	'22 vs '19 % ch.
Revenues	290	123	270	-7%
Costs	306	194	300	-2%
EBITDA	42	-5	33	-23%
Net profit/loss	-42	-101	-60	n.m.

- Overall 1Q22 traffic trend was better than expected: the negative impact of Omicron on demand gradually faded away from January to March as the authorities eased the travel restrictions. In the meantime, the rise in geopolitical tensions made the headlines.
- Regardless of the challenging environment, further progress was achieved in the strategy of prioritizing international growth. Share of seats supplied to international business reached 57% of total seats in 1Q22, the highest level ever. This was realized despite the suspension of Ukraine and Russia operations (Ukraine after February 24, Russia after March 13).
- On a YoY basis (1Q22 vs. 1Q21), pax volumes increased by 42%, total scheduled pax yield spiked up by 63% and ancillary revenue per pax climbed by 46%, altogether leading to a 120% growth in total revenues. When indexed to 1Q19, while pax volumes reached 70%, revenue recovery accelerated to 93%, the highest level in the pandemic.
- Total **RASK** was EURc3.21 in 1Q22, at +5% vs 1Q19.

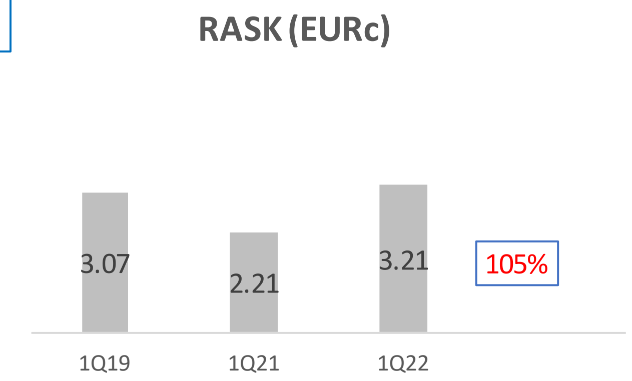
- On a YoY basis (1Q22 vs. 1Q21), total costs increased by 55% in 1Q22. The effective fuel hedding strategy helped to weather the massive increase in fuel prices. Personnel costs were higher YoY parallel to the increase in capacity and wage adjustments, yet were still 20% lower compared to 1Q19.
- Total **CASK** was EURc3.57 in 1Q22, at+10% vs 1Q19.

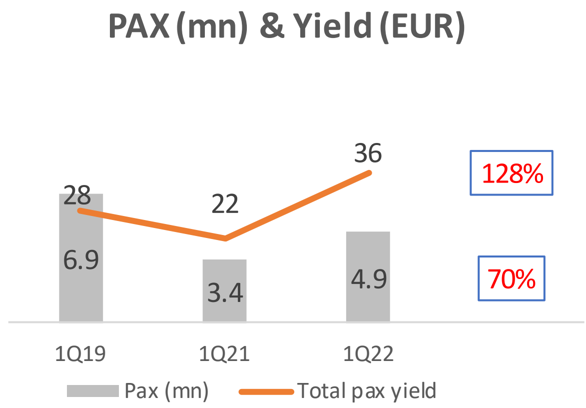
- 1Q22 bottom-line read EUR60mn loss compared to the EUR101mn loss in 1Q21 and EUR42mn loss in 1Q19. EUR23mn net interest expenses and EUR9mn net FX losses were recorded in 1Q22.

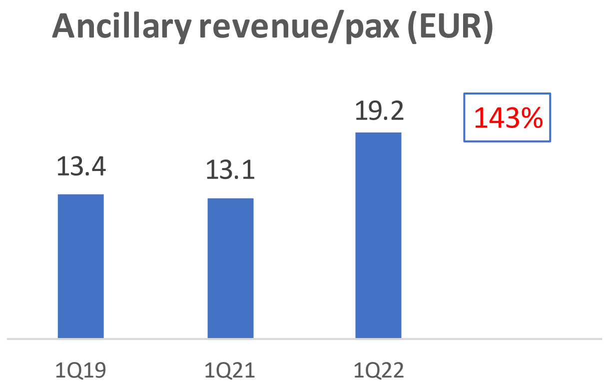
SUMMARY FINANCIAL HIGHLIGHTS

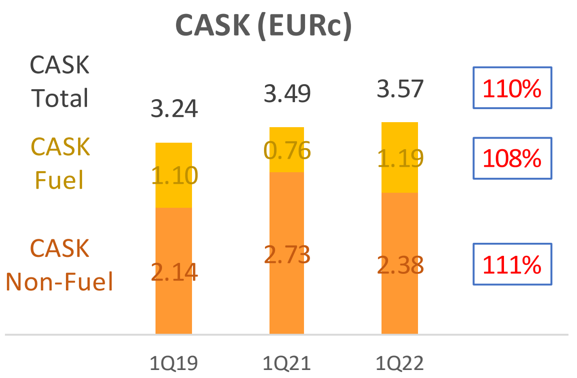
1Q22 RASK was at 105% of 1Q19 while total CASK was at 110%.

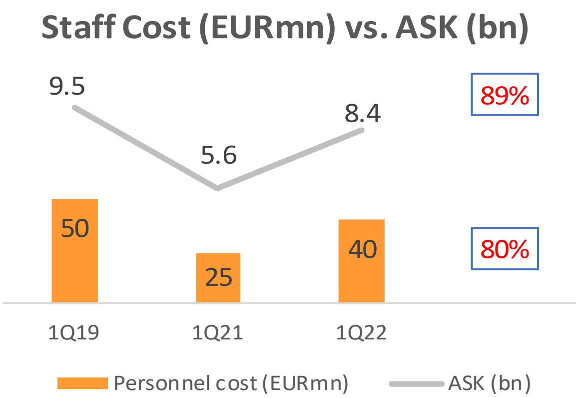
‘22 as % of ‘19

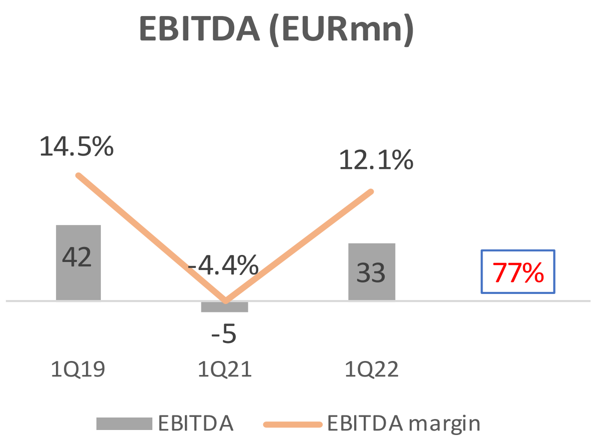










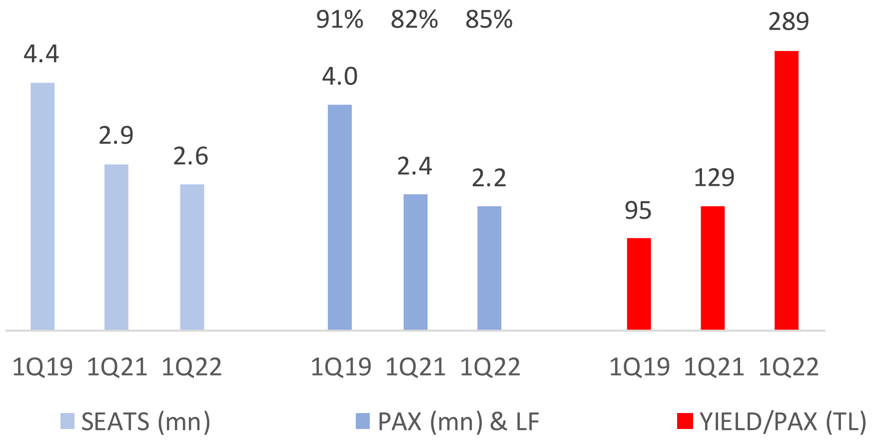


REVENUES

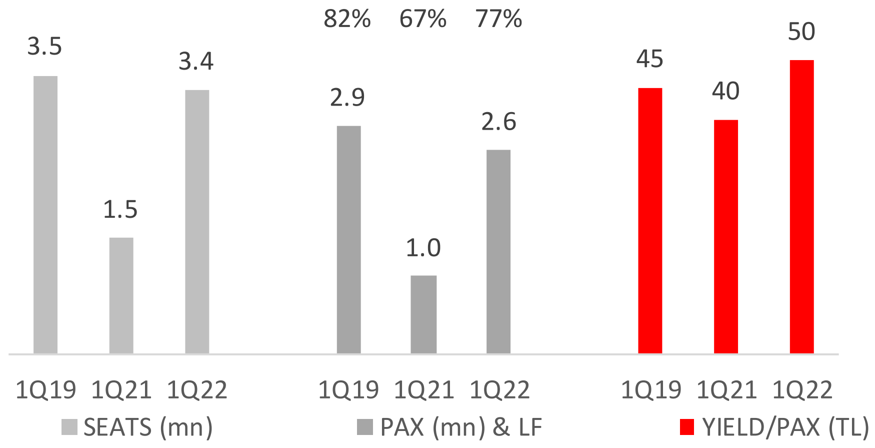
Strong demand enabled a successfull pass-on of higher costs to ticket prices: 1Q22 int'l pax yield realized above 1Q19 level.

EURmn	Q1'19	Q1'21	Q1'22	'22 vs '19 chg.
TOTAL REVENUES	**290**	**123**	**270**	**-7%**
Domestic scheduled	62	35	42	-33%
International scheduled	131	39	129	-1%
Ancillary	93	45	93	0%
Charter and Other	4	4	6	34%

Scheduled Domestic - KPIs



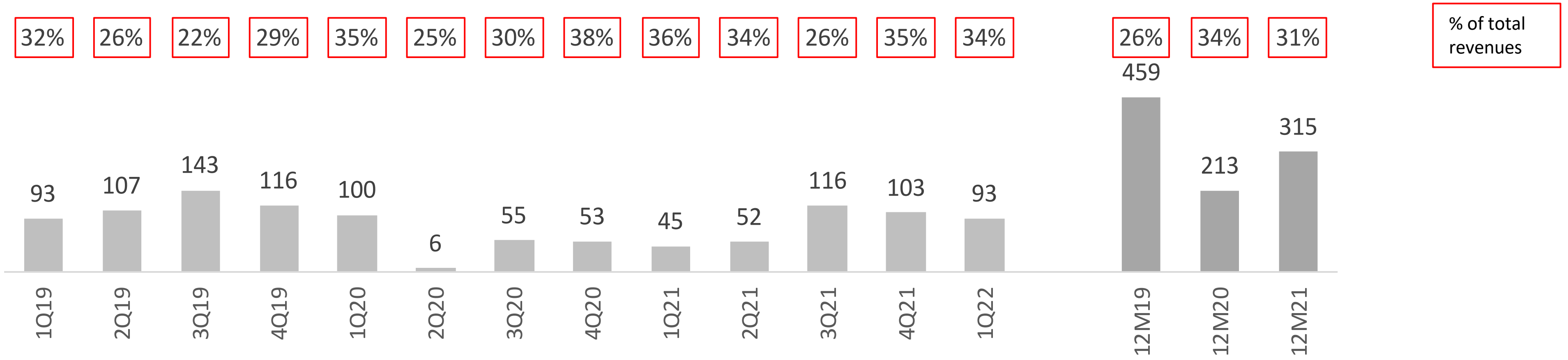
Scheduled International - KPIs



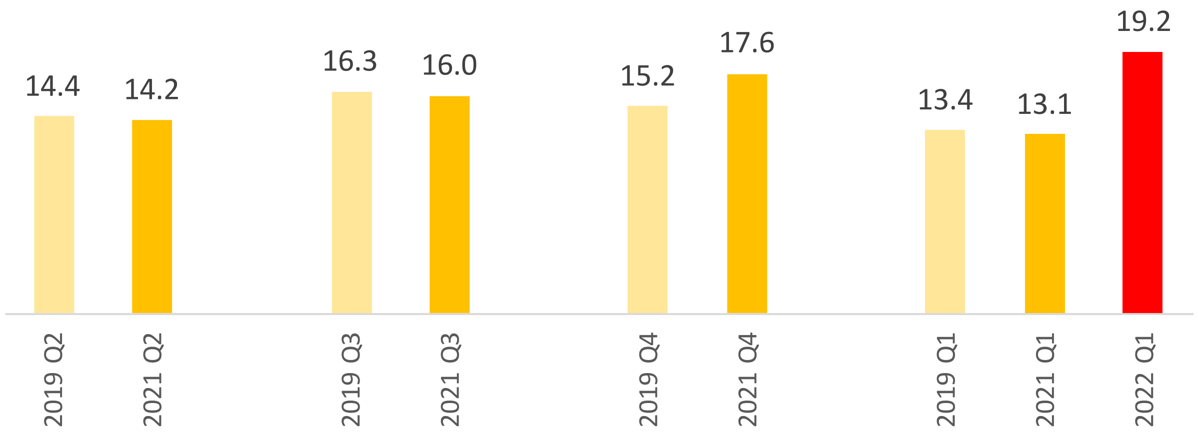
ANCILLARY REVENUES

Ancillary revenue/pax continue climbing up at record high levels.

Ancillary Revenues (EURmn)



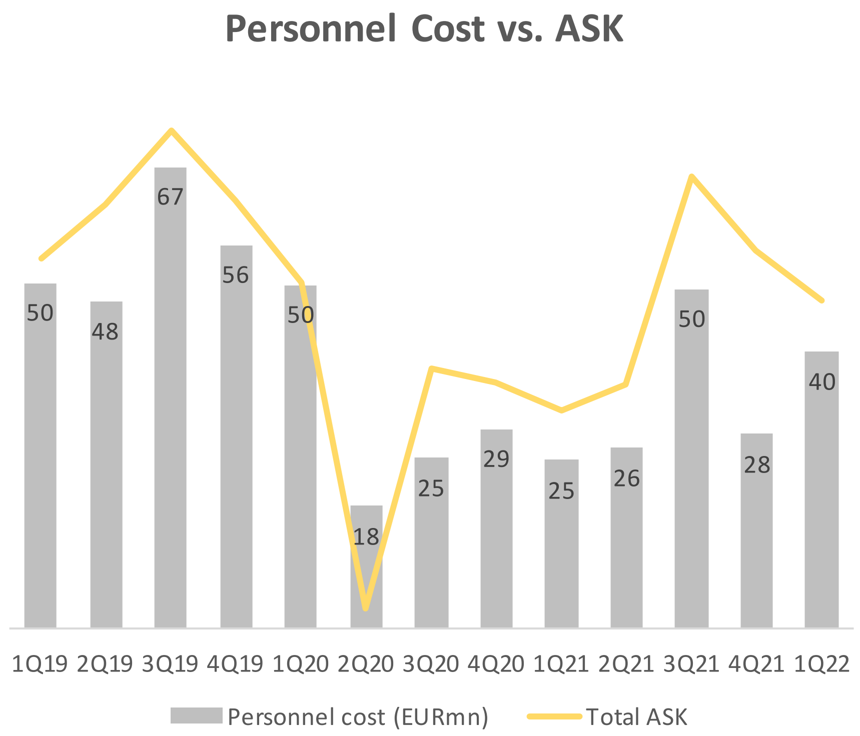
Ancillary Revenue per Pax (EUR)



COSTS

CASK was higher in 1Q22 vs. 1Q21 due to global inflationary pressures, particulary the significant rise in jet fuel price.

Cost Items (EURmn)	2019FY	2020FY	2021FY	'21 as % of '19	1Q19	1Q21	1Q22	'22 as % of '19
Jet fuel expenses	497	200	301	**-39%**	104	42	100	**-4%**
Personnel expenses	222	122	129	**-42%**	50	25	40	**-20%**
Maintenance	61	23	58	**-5%**	14	12	17	**23%**
Depreciation & amortization	244	272	269	**11%**	58	66	62	**7%**
Handling	113	54	83	**-27%**	23	13	24	**2%**
Navigation	92	45	71	**-23%**	19	12	20	**4%**
Landing	50	20	34	**-33%**	10	5	10	**-4%**
Commision	22	8	13	**-39%**	5	1	3	**-33%**
Passenger service & catering	15	5	7	**-51%**	3	1	2	**-33%**
Advertising	14	5	5	**-69%**	3	1	1	**-51%**
Overhead	12	10	11	**-14%**	4	3	5	**19%**
Other expenses	60	45	59	**-2%**	12	14	15	**24%**
TOTAL COSTS	**1403**	**809**	**1040**	**-26%**	**306**	**194**	**300**	**-2%**
CASK (€ cent)	3.19	3.63	3.15	**-1%**	3.24	3.49	3.57	**10%**
CASK non fuel (€ cent)	2.06	2.74	2.23	**8%**	2.14	2.73	2.38	**11%**



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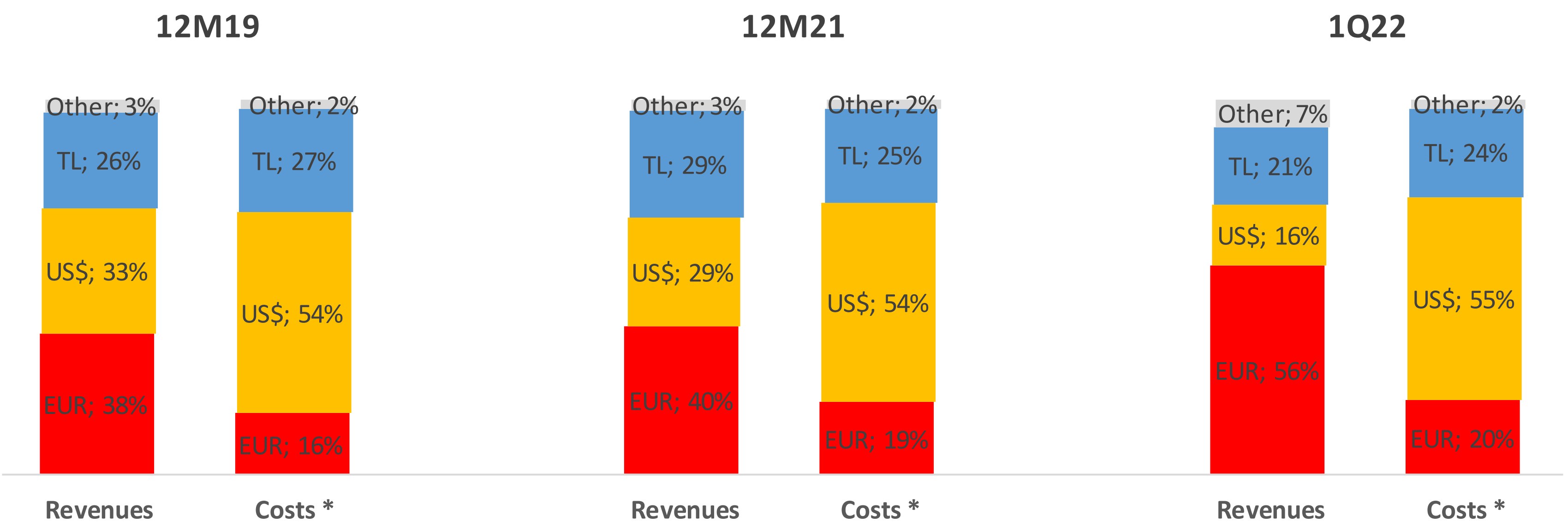
CURRENCY BREAKDOWN – OPERATIONAL PERSPECTIVE

Share of TL in revenues and share of TL in costs are nearly even.

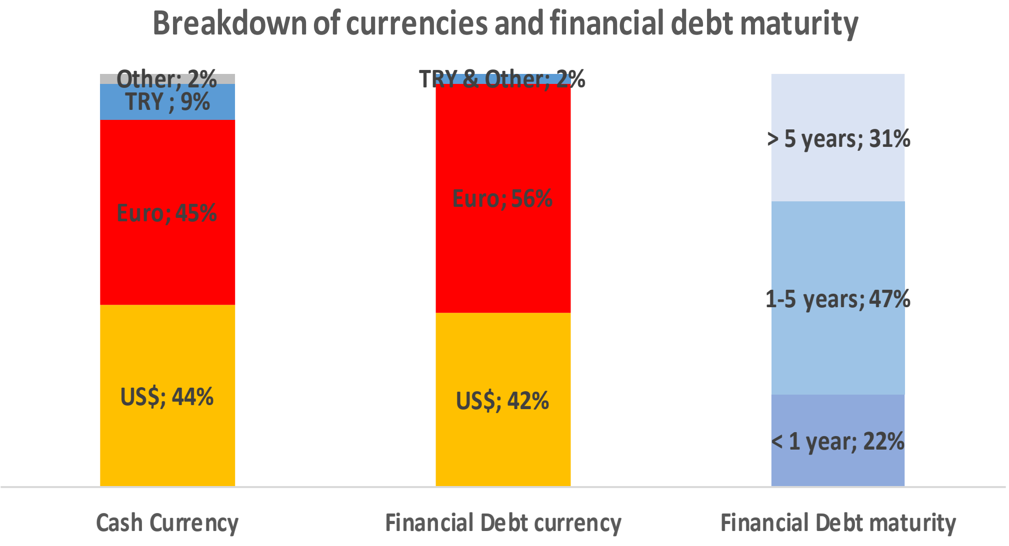


* Costs excluding depreciation expenses

LIQUIDITY

Total cash reserve stands at EUR643mn as of 1Q22-end.

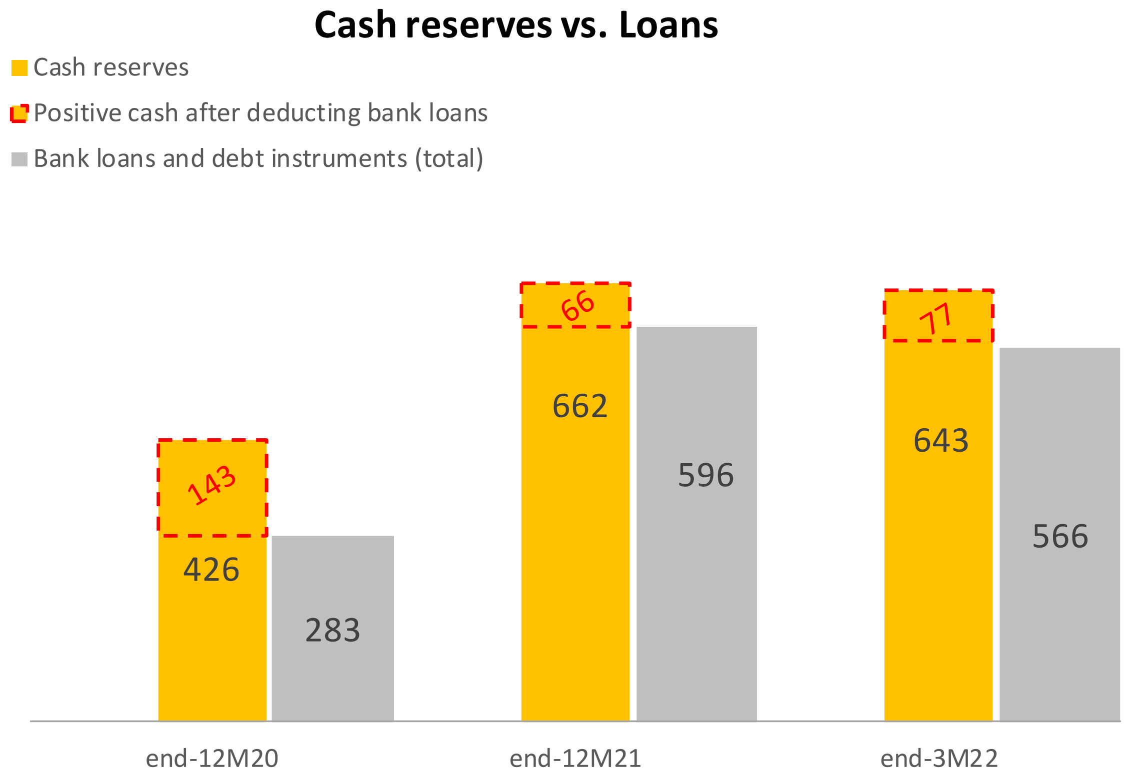
EURmn	Mar 31, 2020	Dec 31, 2020	Dec 31, 2021	Mar 31, 2022
Cash & Equivalents	486	426	662	643
Other Assets	247	101	109	147
Pre-delivery payment	270	208	295	321
Fixed Assets	2,151	2,491	2,536	2,641
Total Assets	**3,154**	**3,226**	**3,602**	**3,752**
Liabilities	774	519	642	773
Bank Loans & Debt Instruments	196	283	596	576
Leasing Liabilities	1,494	1,828	1,901	1,951
Shareholders' Equity	690	597	462	452
Total Liab. & Sh. Equity	**3,154**	**3,226**	**3,602**	**3,752**
Net Debt, EURmn	**1,069**	**1,580**	**1,688**	**1,723**



Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities
Cash & equivalents include short and long-term financial assets

CASH RESERVES

Positive cash reserves are at EUR77mn as of the end of 1Q22, compared to EUR66mn at 2021 year-end



- Total cash reserves are at EUR643mn as of the end of 1Q22, compared to EUR662mn at the end of 2021.
- Positive cash reserve after deducting short and long term bank loans and issued debt instruments stands at EUR77mn as of the end of 1Q22, compared to EUR66mn at the end of 4Q21.
- EUR10mn cash was created in Q1, marking the second quarterly period of positive cash generation since the start of the pandemic.

- *Cash reserves include short and long term financial assets.*
- *Interest accruals (EUR10mn) are excluded from total bank loans.*

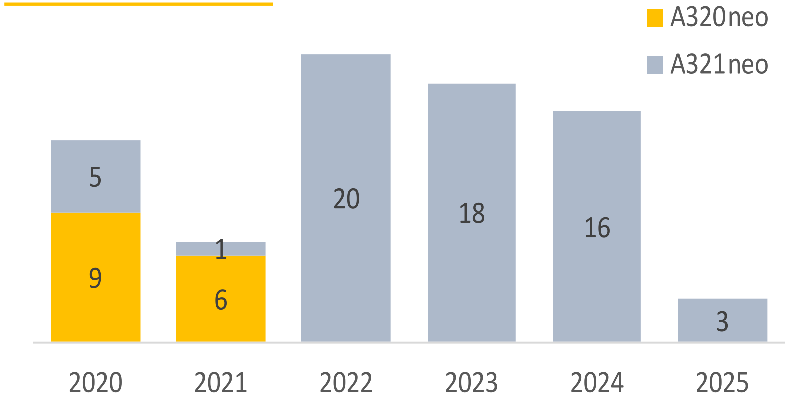
FLEET DEVELOPMENT

Fleet size is at 91 aircraft at the end of 1Q22.

FLEET (as of March 31, 2022)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	-	13	11	**24**
Airbus A320ceo	-	-	11	**11**
Airbus A320neo	-	40	6	**46**
Airbus A321neo	-	10	-	**10**
Total	**-**	**62**	**28**	**91**

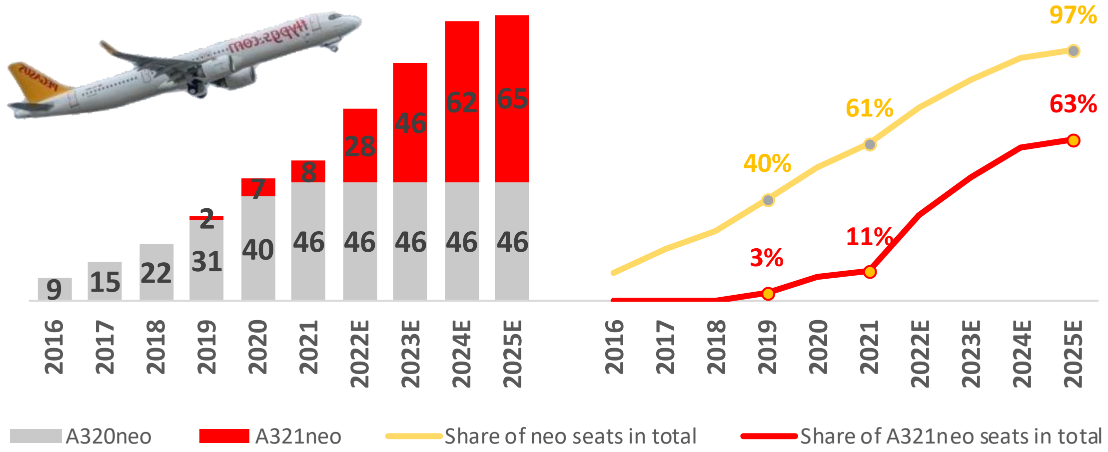
ORDER BOOK



FLEET INFORMATION

- Youngest fleet in Türkiye and one of the youngest among LCCs: **5.0 years.**
- **42 A320neo** and **64 A321neo** on order.
- Fleet size will be **101 aircraft** at the end of 2022.
  - **2 A321neo** delivered in 1Q21**, 18 A321neo** delivery in plans in the Apr-Dec 2022 period.
  - **1 737-800 redelivered** in 1Q21**, 5 A320ceo** and **3 737-800** will be redelivered in the Apr-Dec 2022 period.
- From 2021-end, all deliveries in the order book are of **A321neo type.**
  - **Average seat count of the fleet** will increase from **191 in 2021 to 216 in 2025.**

Evolution of the A320neo and A321neo fleet



HEDGING & RISK MANAGEMENT

2022 estimated jet fuel consumption is hedged by 46%.

HEDGE VOLUME AND PRICE

	2022FY	2023FY
Hedge Ratio	46%	29%

Hedged Price range, $/mt	570-739	584-766
Brent equivalent*	60-78	61-81

Price ranges are calculated by using market data of March 31, 2022
** Jet Fuel Price/9.5*

HEDGE STRATEGY

- Non-discretionary portion is limited with 60% at any annual budgeting period, which is executed regardless of the price levels utilizing layered-hedging strategy.
- Discretionary portion is up to 20% of any annual budgeting period pursuant to the approval of Hedge Committee.
- Hedging tenor for non-discretionary portion is 24 months.
- **Instruments**: Vanilla Call Options, Zero Cost Collars and Swaps

RISK MANAGEMENT POLICY

- Currency Risk Hedge Program to weather exchange rate fluctuations.
- 100% international ticket revenues which are filed in US$ but collected in TRY, EUR and GBP as well as up to 25% of domestic ticket revenues collected in TRY (if required) are converted to US$ in daily spot market.

ESG UPDATE

Continuous improvement on ESG performance, as reflected in our Non-Financial KPIs published in 2021 Annual Report.

E

- Committed to achieve 'Net Zero Carbon Emissions by 2050'.
- Mid-term carbon intensity target to reduce carbon emissions per RPK by 20% by 2030 compared to 2019 levels.
- Awarded 'B' score by the CDP for climate change.
- In compliance with the CORSIA, EU ETS ve UK ETS regulations.
- Young fleet w/5.0-yr. avg. age. Share of fuel-efficient new-gen Airbus NEOs in total seats is 61% in 2021 (to be 94% in 2024).
- First use of Sustainable Aviation Fuel in domestic flights in Turkey in March 2022.
- Participating to 'Zero Waste' project - recycled 5.6 tons of waste/month in 2021.
- Certified with ISO 14001 Environmental Management certificate.

S

- First Turkish airline to sign UN Global Compact in 2019 and a volunteer in the 2022 UNGC Early Adopter Program.
- Network LCC business model, making air travel accessible to wider communities across a network of 124 destinations in 47 countries.
- "Digital Airline of Türkiye": Full use of benefits of technology in all processes to make lives and work of passengers and employees easier.
- Above 30% female employees in workforce, already exceeding IATA's '25by2025' initiative target.
- Personal development programs for employees focusing on professional, personal and management skills.
- Certified with ISO 45001 Occupational Health and Safety certificate.

G

- Highest ranking aviation company in the BIST Corporate Governance Index, rated at 96.8% in 2021.
- Listed in the BIST Sustainability Index.
- Set Board Policy for 25% female representation by 2025 in alignment with IATA's '25by2025' initiative.
- Strong Board & Board Committees governance structure reflecting on key metrics.
- 1st airline to join UN Women's Empowerment Principles. Turkish CAA Gender Balance Council member & partner w/NGOs on gender equality.

E: Environmental S: Social G: Governance

HIGHLIGHTS
and
FINANCIAL STATEMENTS

OPERATIONAL & FINANCIAL HIGHLIGHTS

	2019 12M	2020 12M	2021 12M	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	Q1/Q1 YoY chg
TOTAL REVENUE (€mn)	**1,739**	**630**	**1,025**	**290**	**407**	**647**	**396**	**287**	**22**	**181**	**140**	**123**	**155**	**450**	**298**	**270**	**120%**
ANCILLARY REVENUE (€mn)	459	213	315	93	107	143	116	100	6	55	53	45	52	116	103	93	108%
EBITDA (€mn)	**580**	**93**	**254**	**42**	**131**	**314**	**93**	**41**	**-14**	**55**	**10**	**-5**	**14**	**172**	**74**	**33**	**n.m.**
EBITDA Margin	**33.3%**	**14.7%**	**24.8%**	**14.5%**	**32.1%**	**48.6%**	**23.5%**	**14.4%**	**-61.9%**	**30.1%**	**7.5%**	**-4.4%**	**9.0%**	**38.1%**	**25.0%**	**12.1%**	**16.5pp**
PAX (mn)	**30.8**	**14.7**	**20.2**	**6.90**	**7.41**	**8.80**	**7.64**	**6.23**	**0.36**	**4.28**	**3.84**	**3.41**	**3.67**	**7.24**	**5.85**	**4.85**	**42%**
LOAD FACTOR	**88.6%**	**79.7%**	**77.8%**	**86.9%**	**87.3%**	**91.3%**	**88.4%**	**86.6%**	**70.6%**	**76.1%**	**75.0%**	**76.8%**	**72.1%**	**80.6%**	**78.9%**	**80.8%**	**4.0pp**
ASK (bn)	43.9	22.3	33.1	9.5	10.8	12.7	10.9	8.8	0.5	6.6	6.3	5.6	6.3	11.6	9.7	8.4	51%
AVG. STAGE LENGTH (km)	1,266	1,207	1,276	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	1,232	1,212	1,286	1,306	1,399	14%
RASK, (€c)	**3.96**	**2.83**	**3.10**	**3.07**	**3.76**	**5.08**	**3.62**	**3.25**	**4.30**	**2.73**	**2.22**	**2.21**	**2.47**	**3.89**	**3.08**	**3.21**	**46%**
CASK, (€c)	**3.19**	**3.63**	**3.15**	**3.24**	**3.10**	**3.10**	**3.36**	**3.50**	**19.43**	**2.88**	**3.32**	**3.49**	**3.29**	**2.98**	**3.06**	**3.57**	**2%**
Non-fuel CASK, (€c)	2.06	2.74	2.23	2.14	1.96	1.95	2.24	2.37	18.62	2.12	2.60	2.73	2.50	2.02	2.03	2.38	-13%
ANCILLARY PER PAX (€)	14.9	14.5	15.6	13.4	14.4	16.3	15.2	16.0	15.6	12.8	13.8	13.1	14.2	16.0	17.6	19.2	46%
EUR/US$ rate (avg.)	1.12	1.14	1.18	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.19	1.21	1.20	1.18	1.14	1.12	-7%
EUR/TRY rate (avg.)	6.35	8.01	10.43	6.09	6.59	6.30	6.40	6.72	7.54	8.41	9.37	8.88	10.07	10.06	12.70	15.62	76%

P&L STATEMENT

P&L STATEMENT, EURmn	2020 12M	2021 12M	2021 3M	2022 3M
Sales	630	1,025	123	270
Cost of sales	-753	-971	-183	-281
Gross profit	**-123**	**53**	**-60**	**-11**
General administrative expenses (-)	-35	-43	-7	-11
Marketing expenses (-)	-21	-26	-4	-8
Other operating income	44	2	0.1	0.1
Other operating expenses (-)	-1	-9	-2	-2
Operating profit	**-136**	**-22**	**-73**	**-32**
Income/expense from investing activities	-22	1.3	0.4	8
Share of investments income (equity method)	2	1.0	0.2	0.3
Operating profit before financial expense	**-156**	**-19**	**-72**	**-24**
Financial income	48	14	2	3
Financial expense (-)	-110	-153	-34	-43
Profit / (loss) before tax	**-218**	**-158**	**-105**	**-63**
Current tax expense	0	0	0	0
Deferred tax income / (expense)	7	8	4	3
Profit / (loss) for the period	**-211**	**-150**	**-101**	**-60**

BALANCE SHEET

ASSETS, EURmn	2021 12M	2022 3M
Current assets	**864**	**875**
Cash and cash equivalents	475	426
Financial assets	39	48
Trade receivables	23	39
Other receivables	9	15
Derivative financial instruments	8	45
Inventories	10	11
Prepaid expenses	275	292
Other current assets	5	1
Non-Current assets	**2,742**	**2,877**
Financial assets	148	169
Other receivables	26	25
Derivative financial instruments	3	24
Investments (equity method)	11	17
Property and equipment	126	123
Intangible assets	13	12
Right of use assets	2,226	2,289
Prepaid expenses	189	217
TOTAL ASSETS	**3,606**	**3,752**

LIABILITIES, EURmn	2021 12M	2022 3M
Current liabilities	**864**	**1,009**
Short term financial liabilities	529	565
Trade payables	129	119
Passenger flight liabilities	100	155
Derivative financial instruments	0	0
Short term provisions	71	73
Other current liabilities	35	97
Non-Current liabilities	**2,276**	**2,291**
Long term financial liabilities	1,968	1,961
Derivative financial instruments	0.0	0.0
Deferred income	28	26
Long term provisions	216	230
Deferred tax liabilities	63	74
SHAREHOLDERS' EQUITY	**467**	**452**
Paid-in share capital	61	61
Share premiums on capital stock	194	194
Other	16	62
Retained earnings and net profit/loss	196	136
TOTAL LIABILITIES AND EQUITY	**3,606**	**3,752**

CASH FLOW STATEMENT

CASH FLOW STATEMENT, EURmn	2021 3M	2022 3M
A. CASH FLOWS FROM OPERATING ACTIVITIES	**14**	**125**
Net cash generated from operating activities	-4	34
Changes in working capital	18	91
B. CASH FLOWS FROM INVESTING ACTIVITIES	**-9**	**-69**
Cash payments to acquire debt instruments of other entities	0	-10
Proceeds from sale of property, equipment and intangible assets	-1	-1
Interest received from financial investment	0.2	4
Changes in cash advances and payables	-7	-44
Other cash changes	0	-18
C. CASH FLOWS FROM FINANCING ACTIVITIES	**-23**	**-108**
Increase in borrowings	98	52
Repayment of borrowings	-36	-90
Repayment of principal in lease liabilities	-64	-57
Interest and commission paid	-24	-20
Interest received	2	6
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	**16**	**3**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**-2**	**-49**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**400**	**475**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**398**	**426**

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We didn’t start aviation in Turkey but we transformed it!

Thank you