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SALE DATE: 15-17 August 2022
TRAVEL DATE: 1 November 2022 - 25 March 2023

PEGASUS

* Offer is valid for 80,000 seats.



2022 Q2 RESULTS PRESENTATION

August 2022

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KEY HIGHLIGHTS

Strong set of results owing to high leisure traffic and faster yields; momentum continues in the peak of the summer season.

Traffic

- Recovery in leisure travel kicked in faster than expected in 2Q22 and the momentum continues in the peak of the summer season.
- 2Q22 int'l ASK climbed to 120% while int'l pax reached 104% of 2Q19, exceeding the pre-COVID levels for the first time .
- 2Q22 total ASK and pax realized at 110% and 88% of 2Q19.

Financial Performance

- 2Q22 revenues of EUR504mn grew 226% YoY - high travel demand, continuing yield expansion and robust ancillary performance (with a new record high of EUR19.5 revenue/pax) were the drivers.
- 2Q22 topline represented a 24% increase over 2Q19 and marked the highest Q2 reading in the company's history.
- 2Q22 EBITDA reached EUR104mn on 20.6% margin compared to EUR14mn (9.0% margin) in 2Q21.

Liquidity

- Total cash reserve grew to EUR789mn as of 2Q22-end, primarily supported by the cash generated from operations.
- Positive cash reserve after deducting total short and long term bank loans and debt instruments increased to EUR237mn as of the end of 2Q22, up from EUR77mn at the end of 1Q22.
- In total, EUR160mn cash was created in Q2.

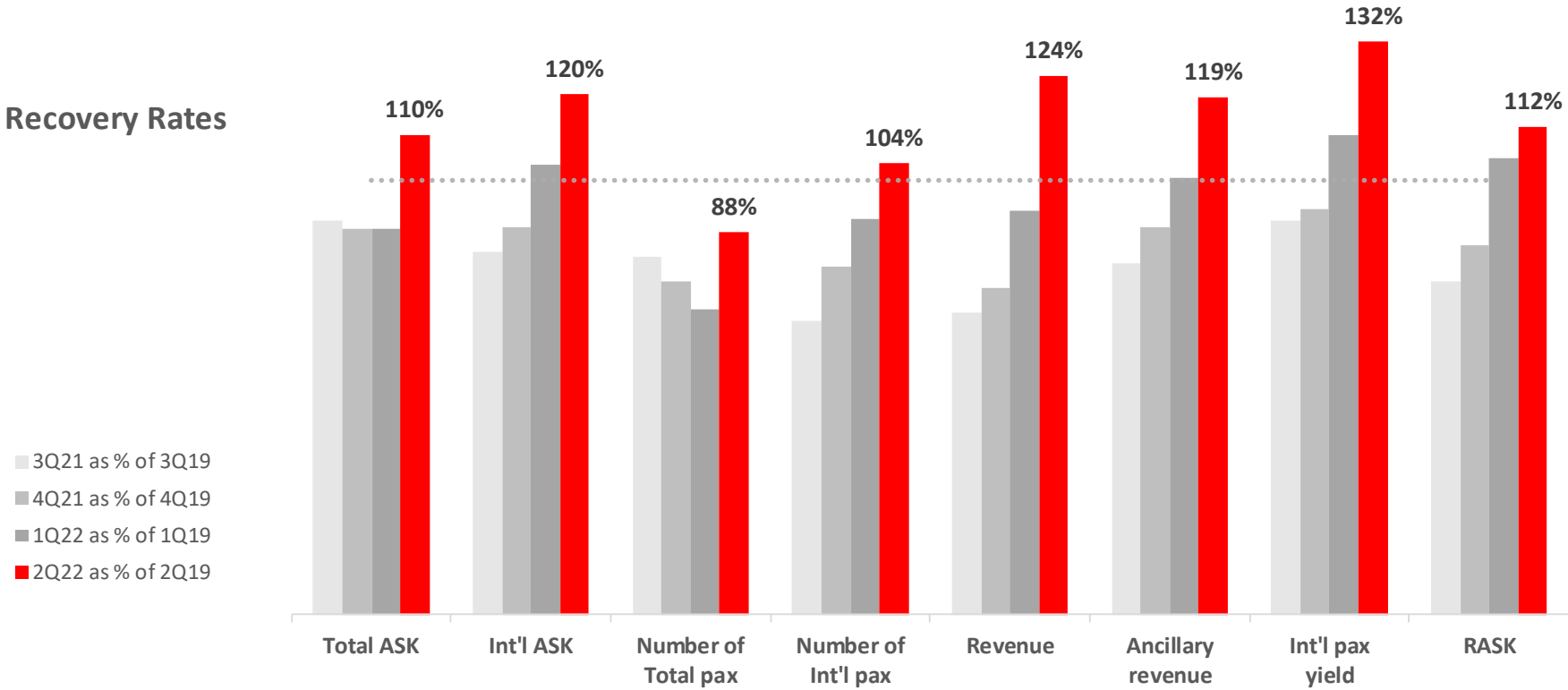
Outlook

- Total ASK is planned to be 15%-18% higher in 3Q22 vs 3Q19, and 5-10% higher in 2022 vs. 2019.
- We see a significantly improved outlook for operating profitability in the remainder of the year with strong peak season yields and the pick-up in efficiency.
- 3Q22 EBITDA is expected to stand notably above the 3Q19 level. Moreover, 2022 EBITDA is now foreseen to surpass the 2019 figure, with EBITDA margin reaching 'around 30% level'.



RECOVERY RATES

2Q22 topline represented a 24% increase over 2Q19 and marked the highest Q2 reading in the company's history



ROUTE NETWORK

Route network covers 89 international destinations



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

Istanbul Sabiha Gokcen

→ Yerevan → Ganja
→ Nur-Sultan → Helsinki *

Ankara

→ Bagdat → Bucharest

Izmir

→ Frankfurt → Tbilisi
→ Skopje → Tel Aviv

Antalya

→ Sofia → Yerevan
→ Bucharest

Dalaman

→ London Stansted → Manchester

Trabzon

→ Doha

Zafer

→ Cologne → Duesseldorf
→ Brussels



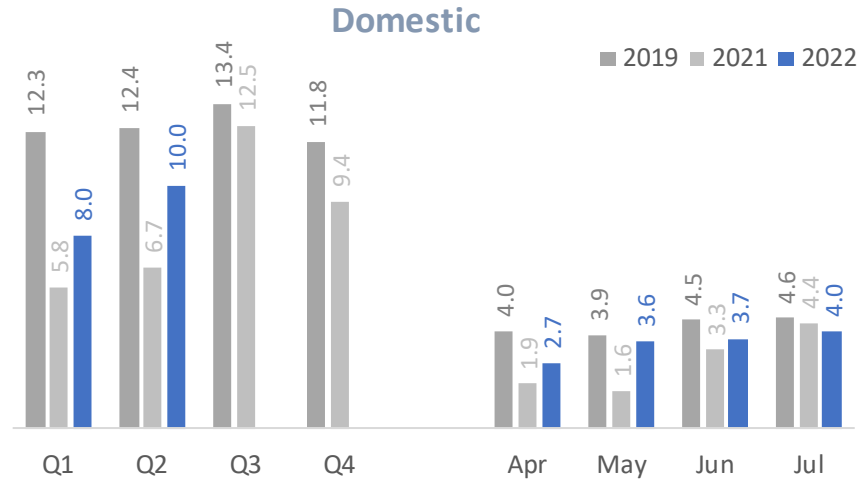
* Helsinki was planned to be initiated in 2020 but was postponed due to the pandemic

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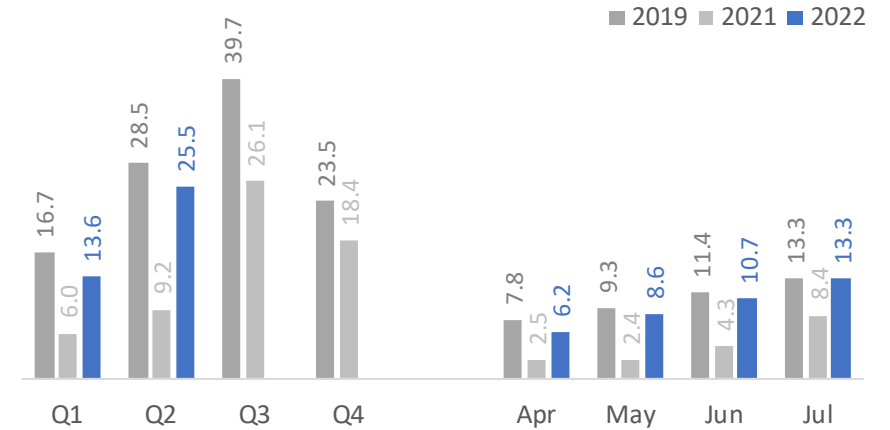
OPERATING ENVIRONMENT

Travel demand recovery picked up pace after April.

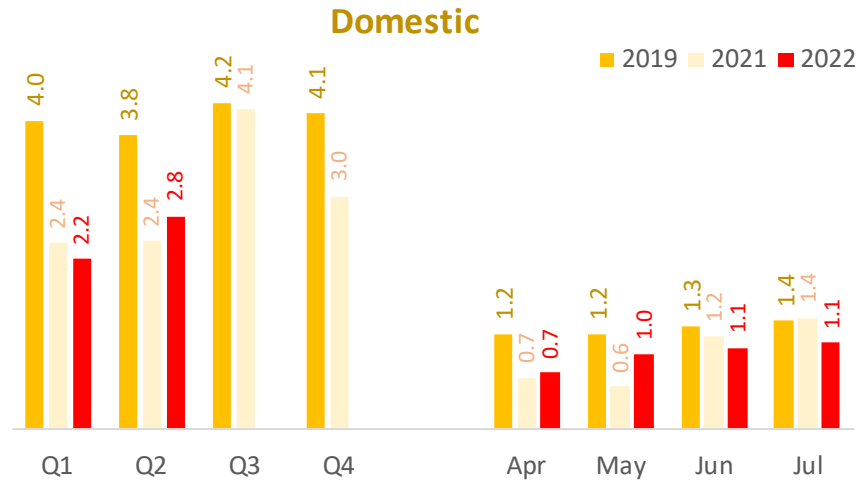
TÜRKİYE PAX. (mn)



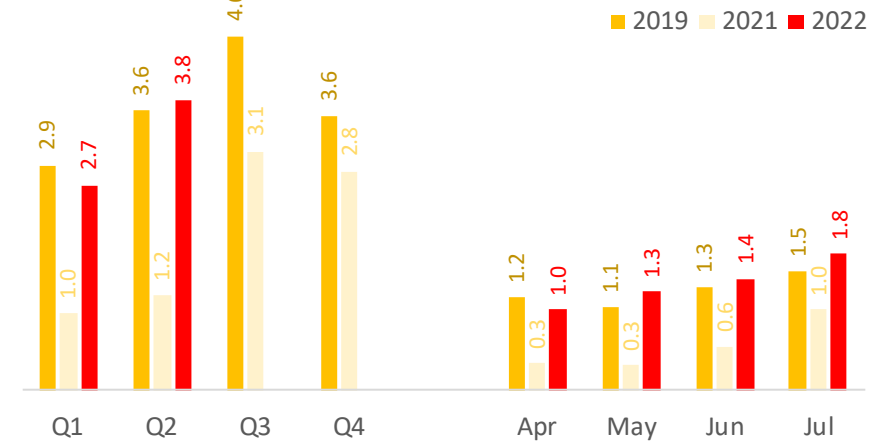
International



PEGASUS PAX. (mn)



International



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

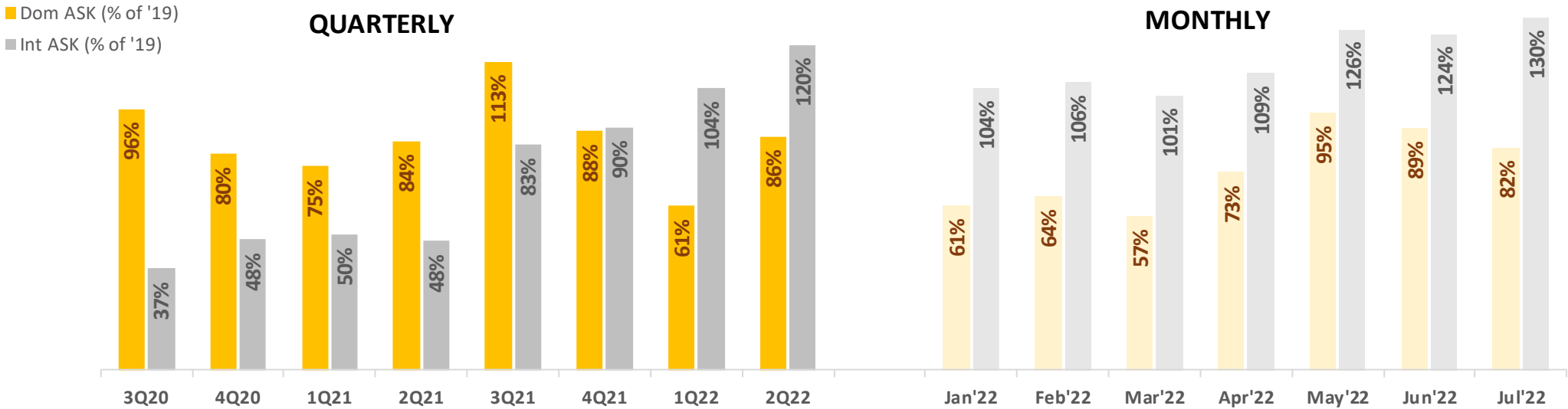


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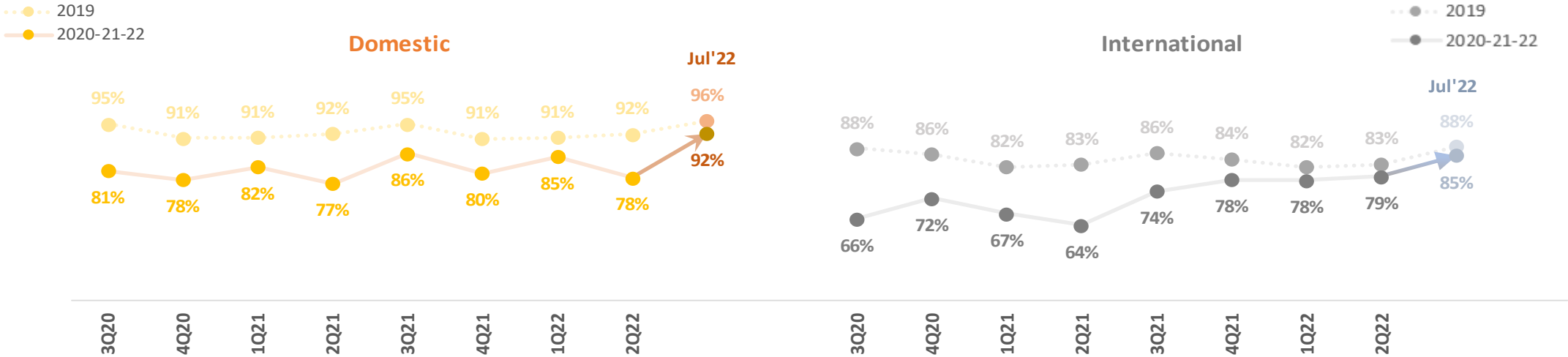
OPERATING ENVIRONMENT

Capacity and LF trends were strong in 2Q22, initial readings for Q3 signal further improvement.

Pegasus, ASK



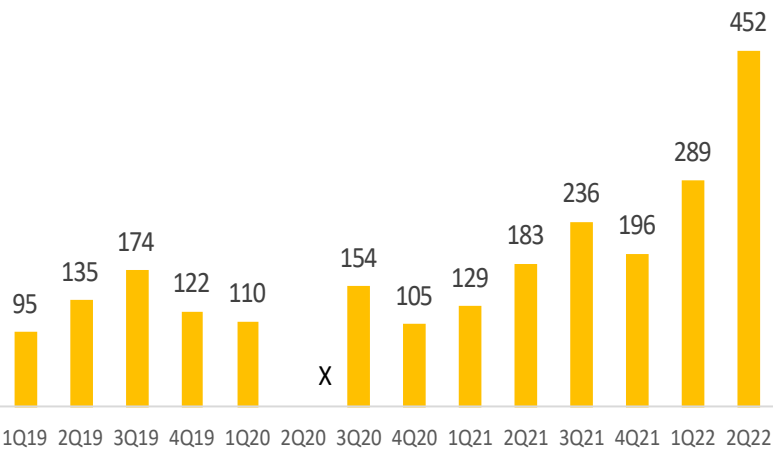
Pegasus, Load Factor



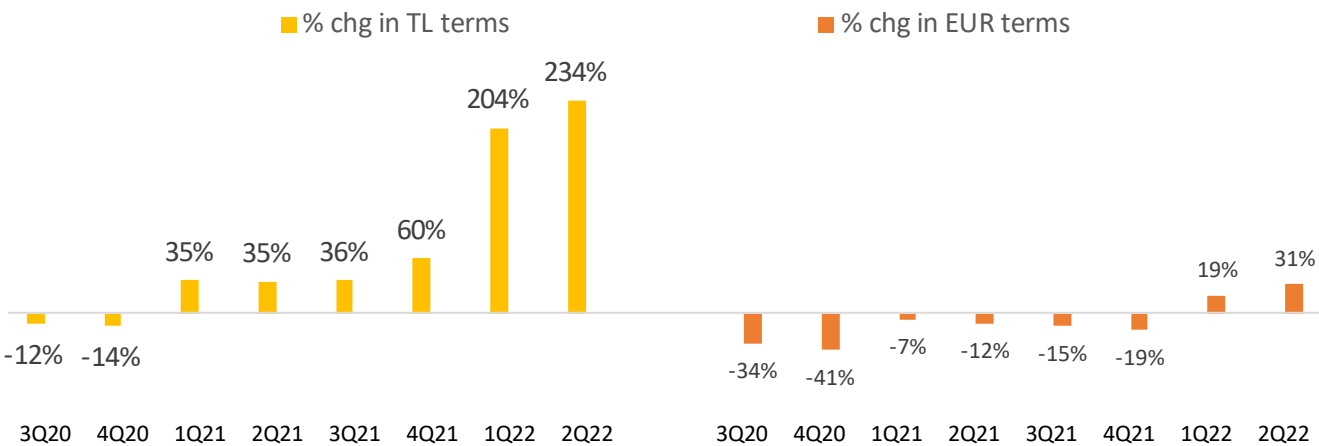
OPERATING ENVIRONMENT

Passenger yields continued to build up in 2Q22.

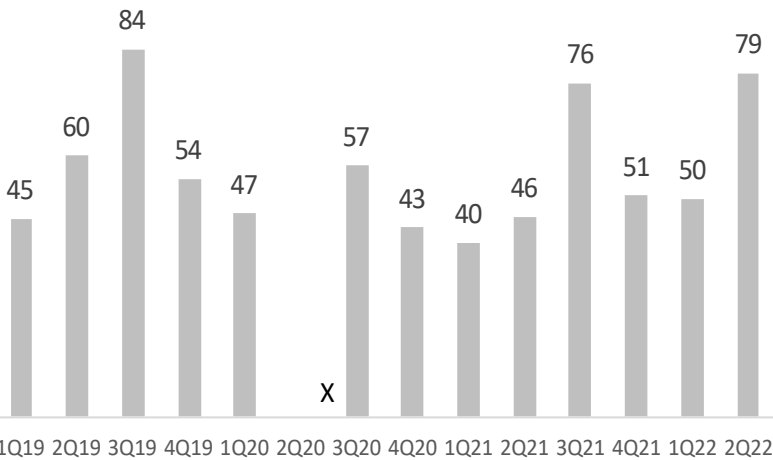
Yield/pax - Sch. Domestic (TL)



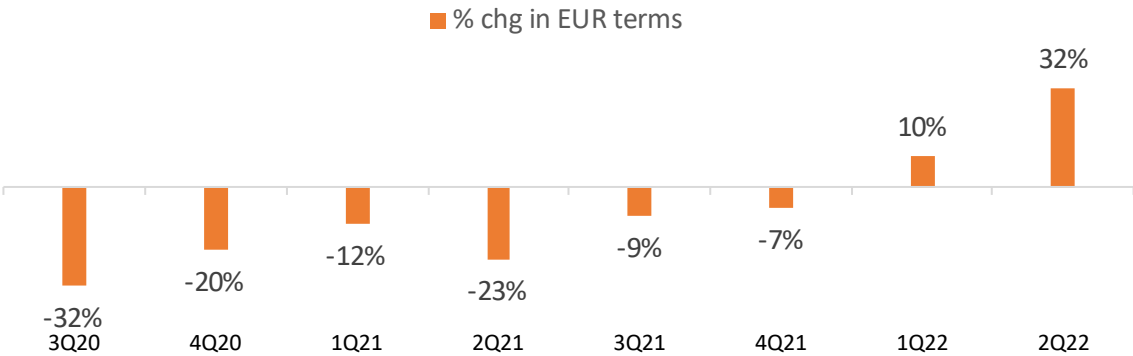
Sch. Domestic Yield/pax - % chg. vs 2019



Yield/pax - Sch. Int'l (EUR)



Sch. Int'l Yield/pax - % chg. vs 2019



SUMMARY FINANCIAL HIGHLIGHTS

2Q22 operating profitability posted a significant improvement.

EURmn	2019 Q2	2021 Q2	2022 Q2	'22 vs '19 % ch.	2019 H1	2021 H1	2021 H1	'22 vs '19 % ch.
Revenues	407	155	504	24%	697	277	774	11%
Costs	335	206	471	41%	642	400	771	20%
EBITDA	131	14	104	-21%	173	8	136	-21%
Net profit/loss	59	-65	-40	n.m.	17	-166	-101	n.m.

- Recovery in travel demand outpaced initial expectations in 2Q22 particularly thanks to the fast pick up in leisure travel with the start of the summer season. Momentum is maintained into the peak of the summer.
- Seats supplied to international business stood 9% above 2Q19 and made up 58% of total seats in 2Q22. Number of international passengers also reached above 2Q19, for the first time since the start of the pandemic.
- On a YoY basis (2Q22 vs. 2Q21), pax volumes increased by 78%, total scheduled pax yield more than doubled and ancillary revenue per pax climbed by 38%, resulting with a 226% growth in total revenues. When indexed to 2Q19, pax volumes were 12% lower while revenues were 24% higher.
- Total **RASK** was EURc4.22 in 2Q22, at +12% vs 2Q19.

- On a YoY basis (2Q22 vs. 2Q21), total costs increased by 129% in 2Q22 driven by the significant increase in fuel costs. Personnel costs were higher YoY parallel to the increase in capacity and wage adjustments, yet were still 5% lower compared to 2Q19.
- Total **CASK** was EURc3.94 in 2Q22, at +27% vs 2Q19.

- 2Q22 bottom-line read EUR40mn loss compared to the EUR65mn loss in 2Q21 and EUR59mn net profit 2Q19. An unrealized FX loss of net EUR45mn, stemming from the USD denominated liabilities on the balance sheet (parallel to the decline in EUR/USD parity), played a major role at the bottom-line loss. Net interest expenses amounted to EUR23mn in 2Q22.

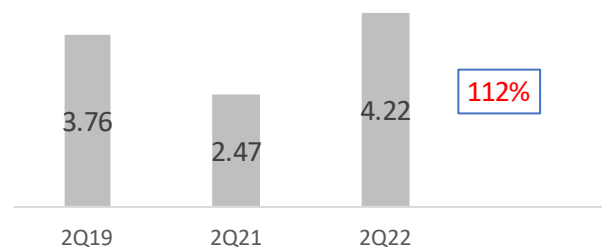


SUMMARY FINANCIAL HIGHLIGHTS

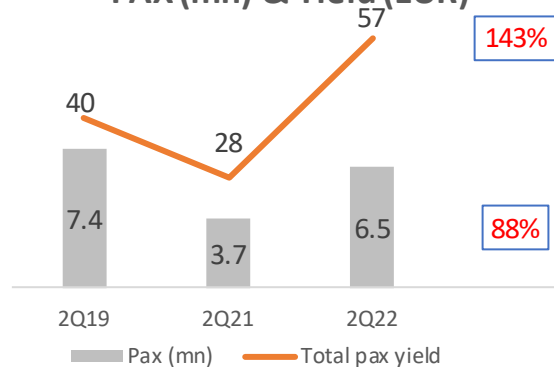
2Q22 RASK was at 112% of 2Q19 while total CASK was at 127%, primarily due to the 64% increase in fuel CASK.

'22 as
% of '19

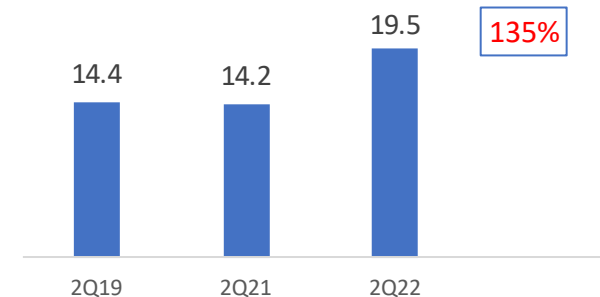
RASK (EURc)



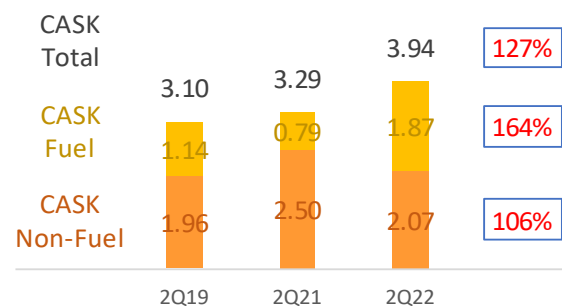
PAX (mn) & Yield (EUR)



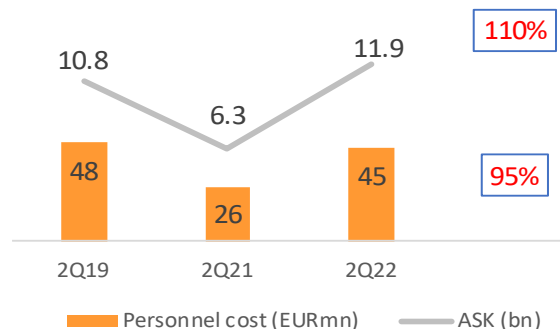
Ancillary revenue/pax (EUR)



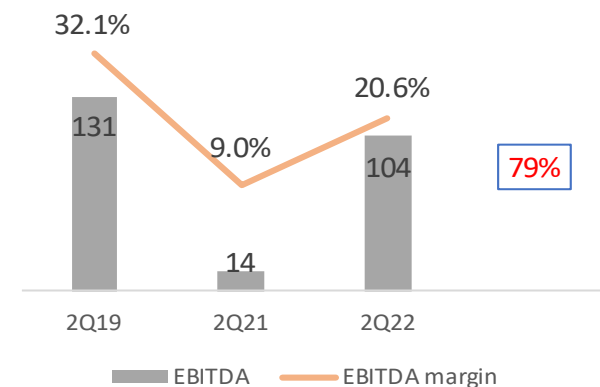
CASK (EURc)



Staff Cost (EURmn) vs. ASK (bn)



EBITDA (EURmn)

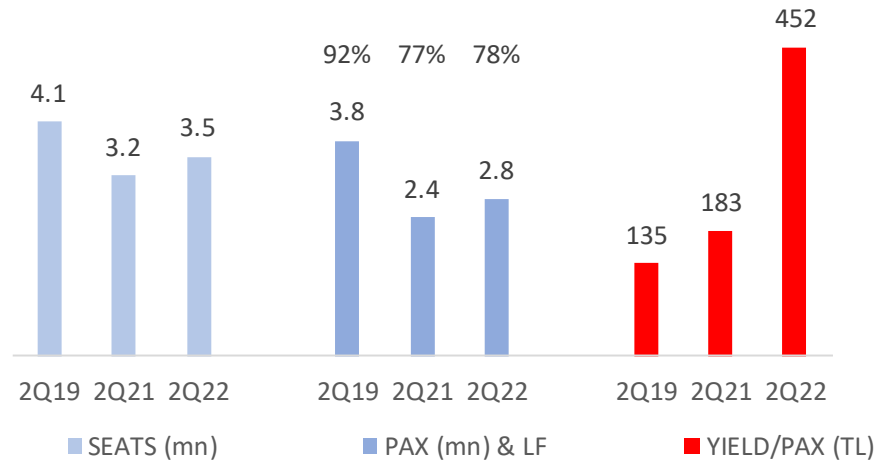


REVENUES

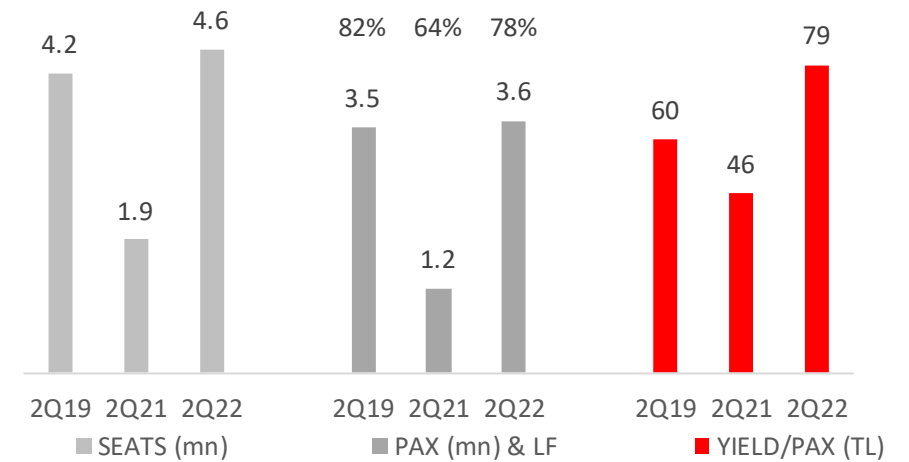
Strong yield environment continues: 2Q22 int'l pax yield realized 32% above the 2Q19 level.

EURmn	Q2'19	Q2'21	Q2'22	'22 vs '19 chg.
TOTAL REVENUES	407	155	504	24%
Domestic scheduled	79	44	75	-5%
International scheduled	208	55	281	35%
Ancillary	107	52	127	19%
Charter and Other	13	3	21	57%

Scheduled Domestic - KPIs

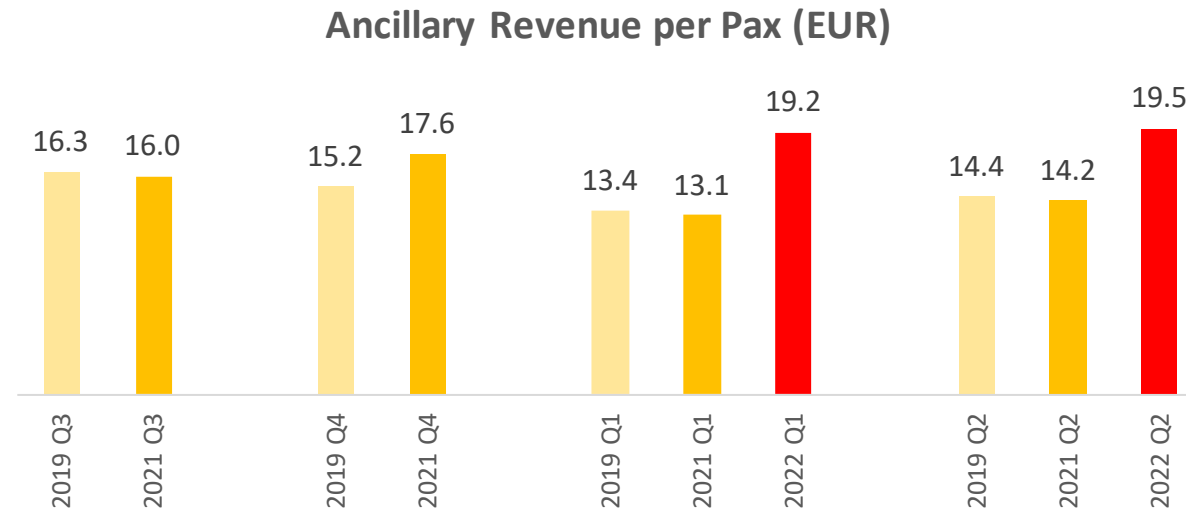
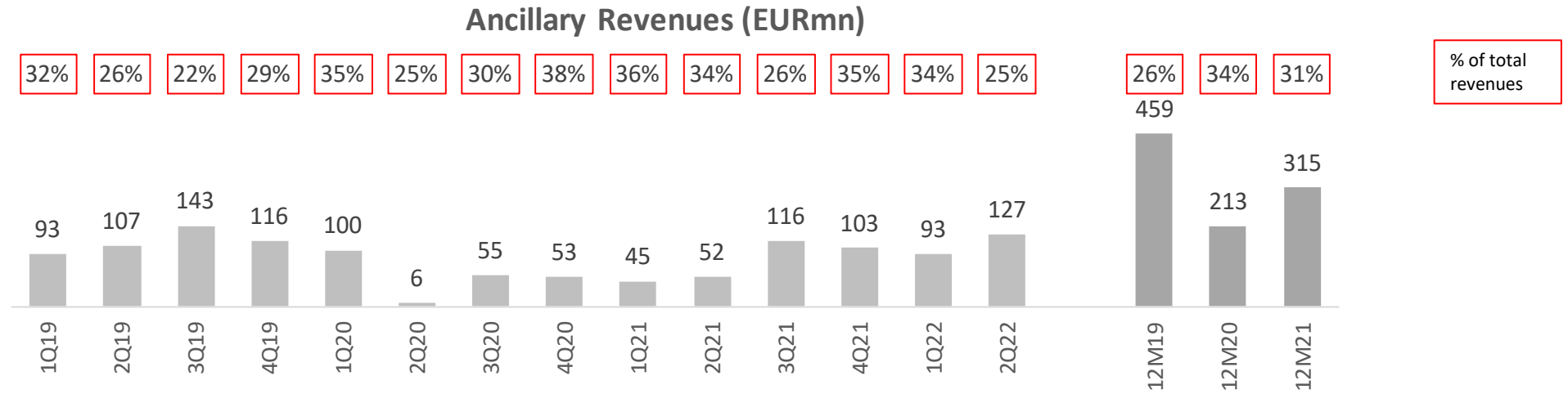


Scheduled International - KPIs



ANCILLARY REVENUES

Ancillary revenue/pax further increased QoQ to a new record high level.

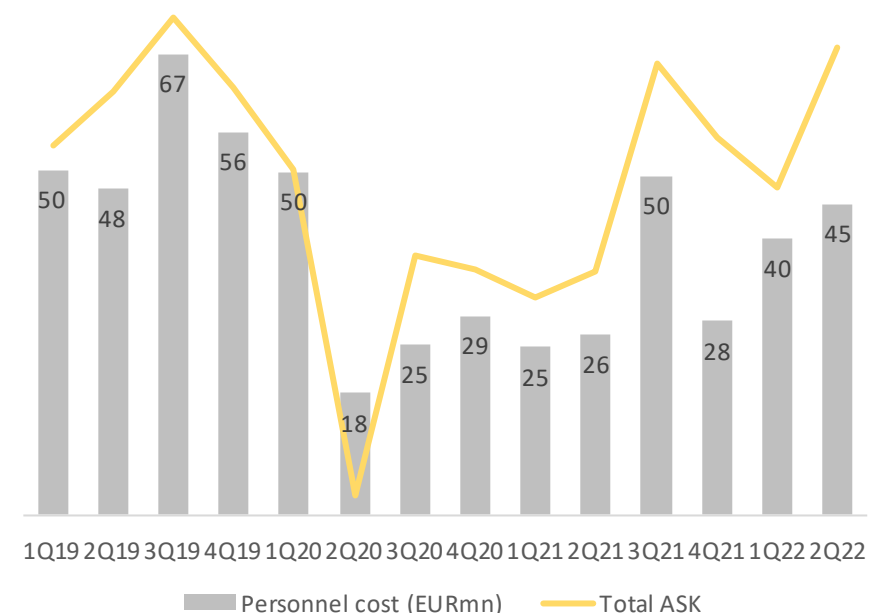


COSTS

Total CASK was 27% higher in 2Q22 vs 2Q19, primarily due to the 81% increase in jet fuel expenses.

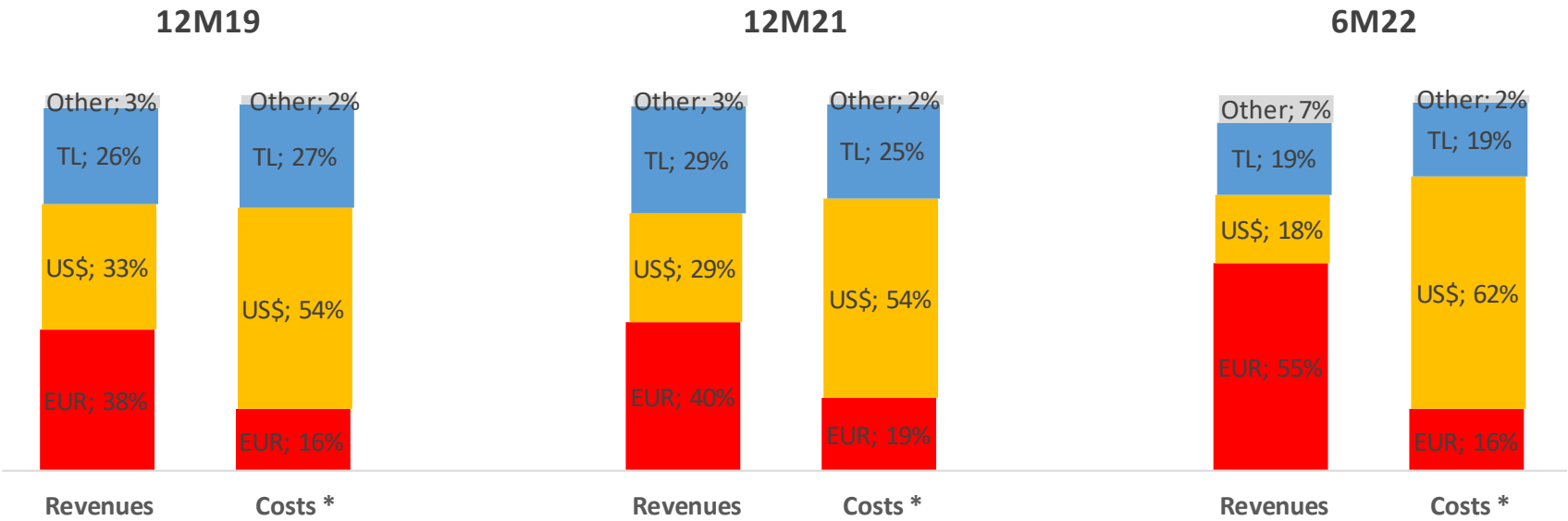
Cost Items (EURmn)	2Q19	2Q21	2Q22	'22 vs '19 % chg	1H19	1H21	1H22	'22 vs '19 % chg
Jet fuel expenses	123	49	224	81%	228	92	324	42%
Personnel expenses	48	26	45	-5%	98	51	86	-13%
Maintenance	12	11	23	83%	26	23	40	51%
Depreciation & amortization	59	65	71	20%	117	131	133	14%
Handling	27	16	33	21%	51	29	57	12%
Navigation	23	13	27	19%	42	25	47	12%
Landing	13	6	13	6%	23	11	23	2%
Commision	6	2	5	-19%	11	3	8	-26%
Passenger service & catering	3	1	3	-11%	7	2	5	-22%
Advertising	5	1	3	-49%	8	2	4	-50%
Overhead	3	3	4	21%	7	6	8	20%
Other expenses	13	12	21	65%	24	26	36	45%
TOTAL COSTS	335	206	471	41%	642	400	771	20%
CASK (€ cent)	3.10	3.29	3.94	27%	3.16	3.38	3.79	20%
CASK non fuel (€ cent)	1.96	2.50	2.07	6%	2.04	2.61	2.20	8%

Personnel Cost vs. ASK



CURRENCY BREAKDOWN – OPERATIONAL PERSPECTIVE

Share of TL in revenues and share of TL in costs are even as of 1H22.



* Costs excluding depreciation expenses



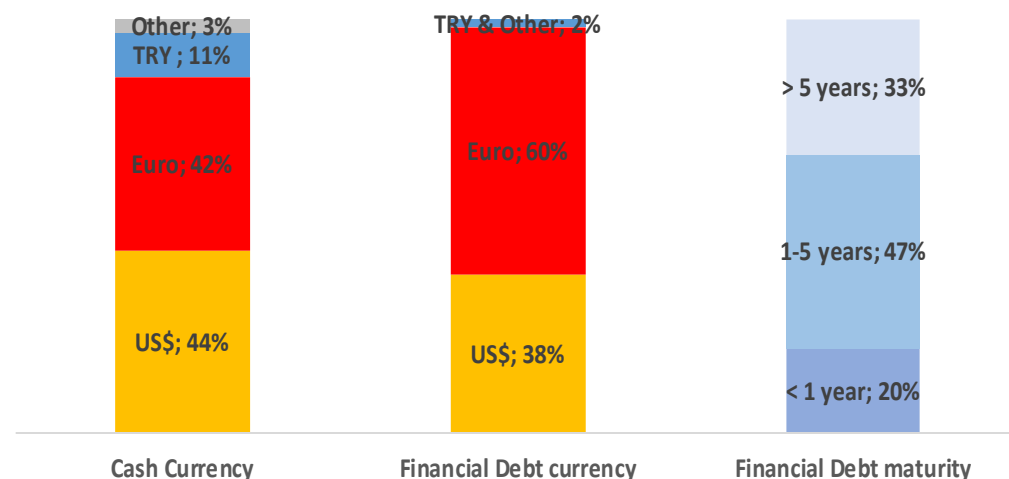
LIQUIDITY

Total cash reserve stands at EUR789mn as of 2Q22-end.

EURmn	Mar 31, 2020	Dec 31, 2020	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022
Cash & Equivalents	486	426	662	643	789
Other Assets	247	101	109	147	246
Pre-delivery payment	270	208	295	321	304
Fixed Assets	2,151	2,491	2,536	2,641	2,866
Total Assets	3,154	3,226	3,602	3,752	4,205
Liabilities	774	519	642	773	1,011
Bank Loans & Debt Instruments	196	283	596	576	552
Leasing Liabilities	1,494	1,828	1,901	1,951	2,234
Shareholders' Equity	690	597	462	452	407
Total Liab. & Sh. Equity	3,154	3,226	3,602	3,752	4,205
Net Debt, EURmn	1,069	1,580	1,688	1,723	1,845

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

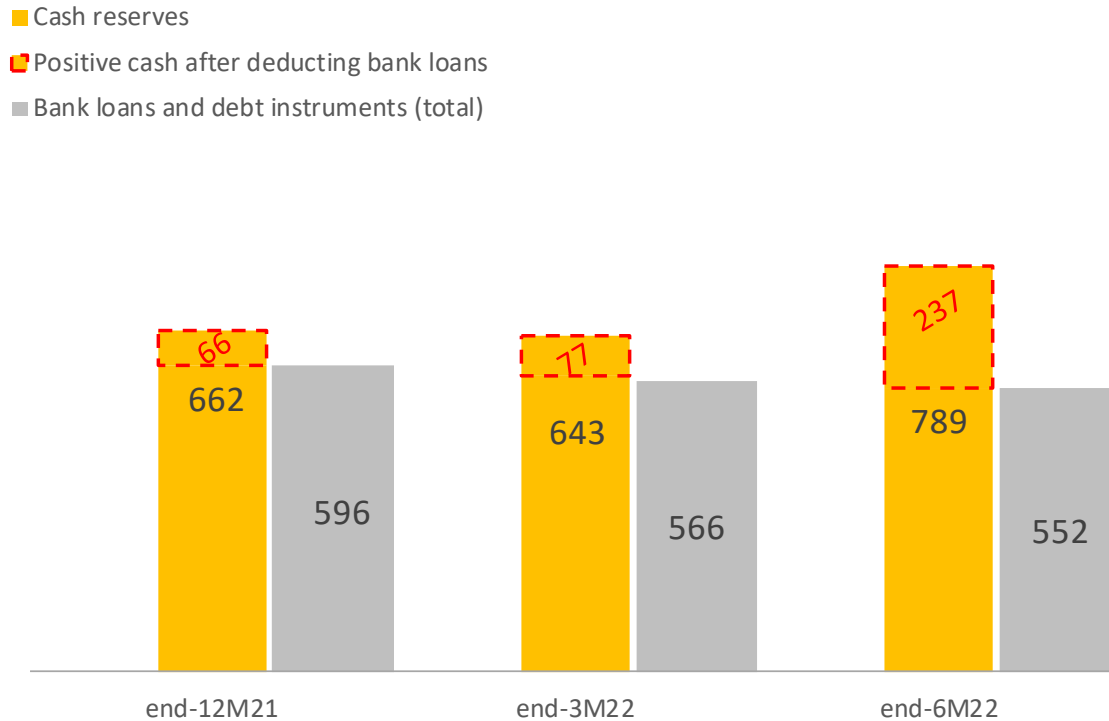
Breakdown of currencies and financial debt maturity



CASH RESERVES

Positive cash reserves are at EUR237mn as of the end of 2Q22, compared to EUR77mn at 1Q22.

Cash reserves vs. Loans



- Total cash reserves are at EUR789mn as of the end of 2Q22, compared to EUR643mn at the end of 1Q22.
- Positive cash reserve after deducting short and long term bank loans and issued debt instruments stands at EUR237mn as of the end of 2Q22, compared to EUR77mn at the end of 1Q22.
- EUR160mn cash was created in Q2.

- Cash reserves include short and long term financial assets.



FLEET DEVELOPMENT

Fleet size is at 95 aircraft at the end of 2Q22.

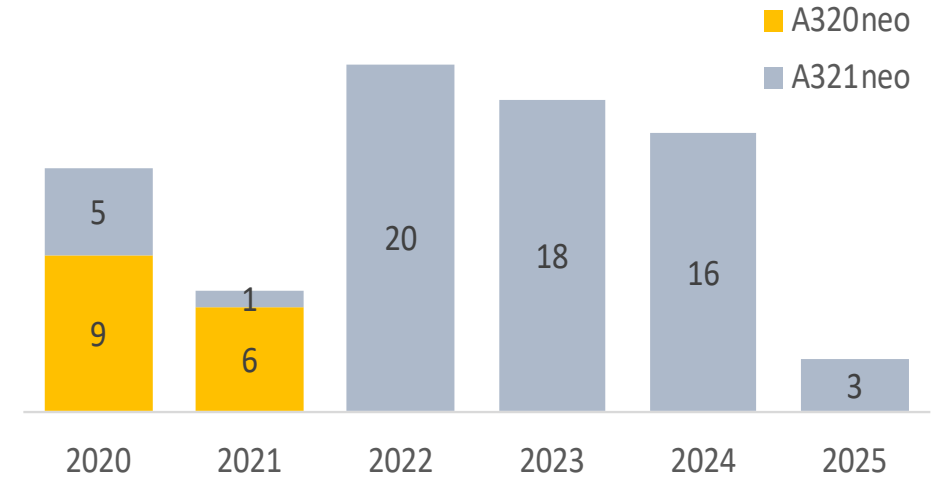
FLEET (as of June 30, 2022)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	-	13	10	23
Airbus A320ceo	-	-	10	10
Airbus A320neo	-	40	6	46
Airbus A321neo	-	16	-	16
Total	-	69	26	95

FLEET INFORMATION

- Youngest fleet in Türkiye and one of the youngest among LCCs globally: **4.88 years**.
- **42 A320neo (all delivered)** and **72 A321neo (16 delivered)** on order.
- Fleet size will be **97 aircraft** at the end of 2022.
 - ✓ **8 A321neo** delivered in 1H22, **12 A321neo** delivery planned in 2H22.
 - ✓ **2 737-800** and **1 A320-200** redelivered in 1H22, **4 A320ceo** and **2 737-800** will be redelivered 2H22.
 - ✓ **4 737-800** are agreed to be sold and will exit the fleet.
- 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 **217 in 2025**.

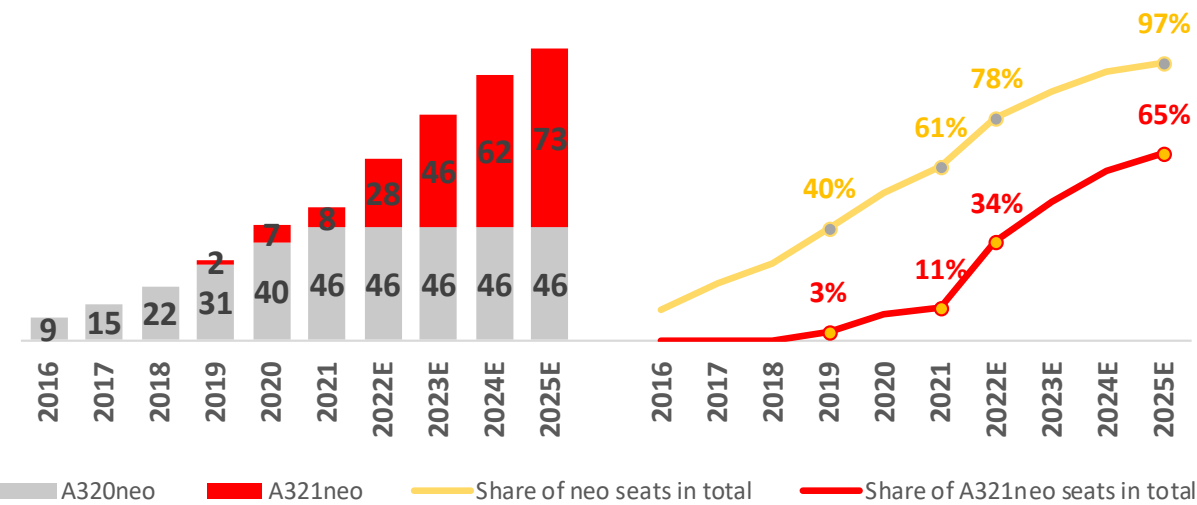
ORDER BOOK



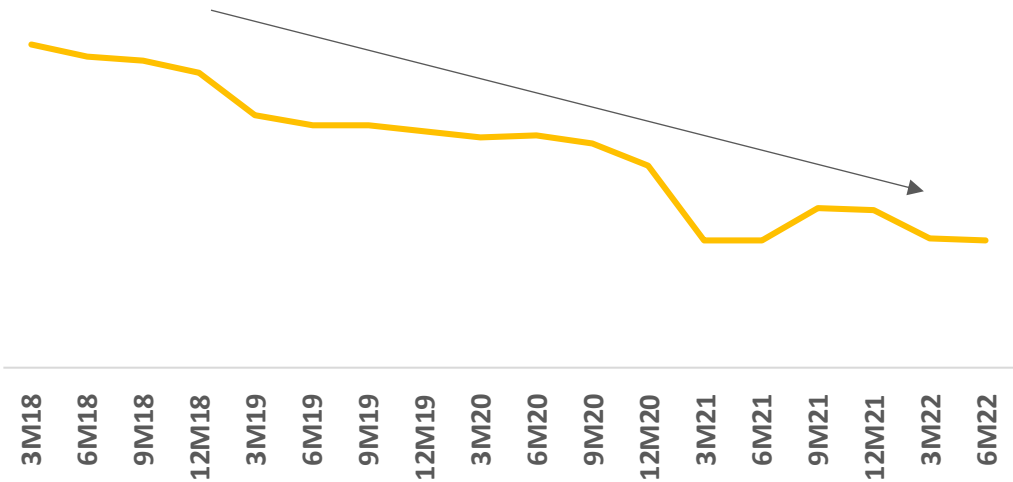
FLEET DEVELOPMENT

Increasing share of Neo seats in total is making significant contribution to efficiency gains.

Evolution of the A320neo and A321neo fleet



Fuel consumption per ASK



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*

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.

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



Continuous improvement on ESG performance, as reflected in our Non-Financial KPIs published in [2021 Annual Report](#).



- 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/4.9-yr. avg. age. Share of fuel-efficient new-gen Airbus NEOs in total seats is 67% as of 1H22 (to be 97% in 2025).
- First use of Sustainable Aviation Fuel in domestic flights in Turkey in March 2022, still underway through August.
- First comprehensive carbon offsetting for all jet fuel burn by aircraft on June 5, 2022 – World Environment Day.
- Participating to 'Zero Waste' project - recycled 5.6 tons of waste/month in 2021.
- Certified with ISO 14001 Environmental Management certificate.

- 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 125 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.

- Highest ranking aviation company in the BIST Corporate Governance Index, rated at 97.1% in 2022.
- 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.



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	2022 Q2	Q2/Q2 YoY chg	2019 6M	2021 6M	2022 6M	6M/6M YoY chg
TOTAL REVENUE (€mn)	1,739	630	1,025	290	407	647	396	287	22	181	140	123	155	450	298	270	504	226%	697	277	774	179%
ANCILLARY REVENUE (€mn)	459	213	315	93	107	143	116	100	6	55	53	45	52	116	103	93	127	145%	200	97	220	128%
EBITDA (€mn)	580	93	254	42	131	314	93	41	-14	55	10	-5	14	172	74	33	104	650%	173	8	136	1523%
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%	20.6%	11.6pp	24.8%	3.0%	17.6%	14.6pp
Net profit/loss (€mn)	212	-211	-150	-42	59	183	12	-49	-120	27	-69	-101	-65	56	-40	-60	-40	n.m.	17	-166	-101	n.m.
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	6.51	78%	14.3	7.1	11.4	61%
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%	78.7%	6.6pp	87.1%	74.3%	79.6%	5.3pp
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	11.9	91%	20.3	11.8	20.4	72.3%
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	1,443	19%	1,235	1,222	1,425	17%
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	4.22	71%	3.44	2.35	3.80	62%
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	3.94	20%	3.16	3.38	3.79	12%
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	2.07	-17%	2.04	2.61	2.20	-16%
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	19.5	38%	14.0	13.7	19.4	42%
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	1.07	-11%	1.13	1.21	1.09	-9%



P&L STATEMENT

P&L STATEMENT, EURmn	2021 Q2	2022 Q2	2021 6M	2022 6M
Sales	155	504	277	774
Cost of sales	-193	-451	-375	-732
Gross profit	-38	53	-98	42
General administrative expenses (-)	-8	-9	-15	-20
Marketing expenses (-)	-5	-11	-9	-19
Other operating income	1.2	0.1	0.8	0.2
Other operating expenses (-)	-0.1	-5	-1	-8
Operating profit	-50	28	-123	-4
Income/expense from investing activities	-1.3	5.9	-0.9	14
Share of investments income (equity method)	0.5	-0.1	0.6	0.2
Operating profit before financial expense	-51	34	-123	10
Financial income	3	3	5	6
Financial expense (-)	-22	-80	-56	-123
Profit / (loss) before tax	-70	-43	-174	-106
Current tax expense	0	0	0	0
Deferred tax income / (expense)	4	3	8	6
Profit / (loss) for the period	-65	-40	-166	-101



BALANCE SHEET

ASSETS, EURmn	2021 12M	2022 6M	LIABILITIES, EURmn	2021 12M	2022 6M
Current assets	864	1,068	Current liabilities	864	1,267
Cash and cash equivalents	475	555	Short term financial liabilities	529	571
Financial assets	39	31	Trade payables	129	196
Trade receivables	23	77	Passenger flight liabilities	100	311
Other receivables	9	12	Derivative financial instruments	0	0
Derivative financial instruments	8	48	Short term provisions	71	67
Inventories	10	25	Other current liabilities	35	122
Prepaid expenses	275	267	Non-Current liabilities	2,276	2,531
Other current assets	26	54	Long term financial liabilities	1,968	2,215
Non-Current assets	2,742	3,137	Derivative financial instruments	0.0	0.0
Financial assets	148	203	Deferred income	28	25
Other receivables	26	30	Long term provisions	216	221
Derivative financial instruments	3	15	Deferred tax liabilities	63	70
Investments (equity method)	11	18	SHAREHOLDERS' EQUITY	467	407
Property and equipment	126	118	Paid-in share capital	61	61
Intangible assets	13	13	Share premiums on capital stock	194	194
Right of use assets	2,226	2,498	Other	16	57
Prepaid expenses	189	241	Retained earnings and net profit/loss	196	95
TOTAL ASSETS	3,606	4,205	TOTAL LIABILITIES AND EQUITY	3,606	4,205



CASH FLOW STATEMENT

CASH FLOW STATEMENT, EURmn	2021 6M	2022 6M
A. CASH FLOWS FROM OPERATING ACTIVITIES	106	385
Net cash generated from operating activities	10	116
Changes in working capital	96	269
B. CASH FLOWS FROM INVESTING ACTIVITIES	-136	-84
Cash payments to acquire debt instruments of other entities	-91	-33
Proceeds from sale of property, equipment and intangible assets	-3	15
Interest received from financial investment	0.6	4
Changes in cash advances and payables	-43	-74
Other cash changes	0	3
C. CASH FLOWS FROM FINANCING ACTIVITIES	216	-246
Increase in borrowings	380	63
Repayment of borrowings	-11	-131
Repayment of principal in lease liabilities	-109	-127
Interest and commission paid	-49	-60
Interest received	5	9
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	-2	24
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	184	80
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)	584	555



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