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2023 Q1 RESULTS PRESENTATION

May 2023

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KEY HIGHLIGHTS

Healthy revenue and EBITDA growth in 1Q23, driven by the robust travel demand and expanding yields.

Traffic

- 1Q23, which is a seasonally weak quarter, staged a healthy traffic growth **thanks to the continued momentum in leisure travel demand** across our operating geography.
- Total ASK grew 30% YoY in 1Q23, driven by the **35% growth in international ASK**.
- Total number of passengers increased by 29% YoY, driven by the **40% YoY increase in international passengers**. Blended load factor increased by 3.6pps to 84.4% (international load factor +6.1pps YoY to 83.7%)

1Q23 Int'l ASK

+35% YoY

1Q23 Int'l Load Factor

83.7%

+6.1pps YoY

Financial Performance

- **Q1 revenues** reached **EUR442mn** with **64% YoY increase**, thanks to traffic growth, strong yield environment and continued growth in ancillary segment. Ancillary revenue per pax amounted to EUR24.9 in 1Q23 vs. EUR19.2 in 1Q22.
- **Q1 EBITDA*** reached **EUR69mn** with **111% YoY growth**. The **15.5% EBITDA margin** generated in 1Q23 represents the best performance by Pegasus for a first quarter ever.
- Bottom-line loss of EUR-22mn in 1Q23 implies a notable improvement compared to EUR-60mn loss recorded in 1Q22.

1Q23 Revenues

+64% YoY

1Q23 EBITDA*

+111% YoY

15.5% margin

Outlook

- Booking curve build-up is picking up pace, **confirming our expectation for a robust international demand in the upcoming peak summer period**.
- Previous plan for **around 20% growth in total ASK in 2023 vs. 2022 is maintained** – note that there is tougher base effect for YoY comparison in the remaining quarters of the year.
- 2023 **int'l LF** is set to be higher by 1-2 ppt and **ancillary revenue/pax** is foreseen to grow by 'high-single-digits' vs 2022.

2023E ASK growth

Around 20% YoY

2023E Int'l Load Factor

1-2 ppt higher YoY



* EBITDA: Core EBIT+Depreciation expenses+55% of wet lease expenses (i.e. EUR2.0mn for 1Q23)

ROUTE NETWORK

Route network expanded to 93 international destinations.



Announced additions to the int'l route in 2023:

Istanbul Sabiha Gokcen

- Plovdiv
- Rhodes
- Mytilene
- Amman

Ankara

- Moscow
- Warsaw

Antalya

- Symkent
- St.Petersburg

Dalaman

- Baku

Trabzon

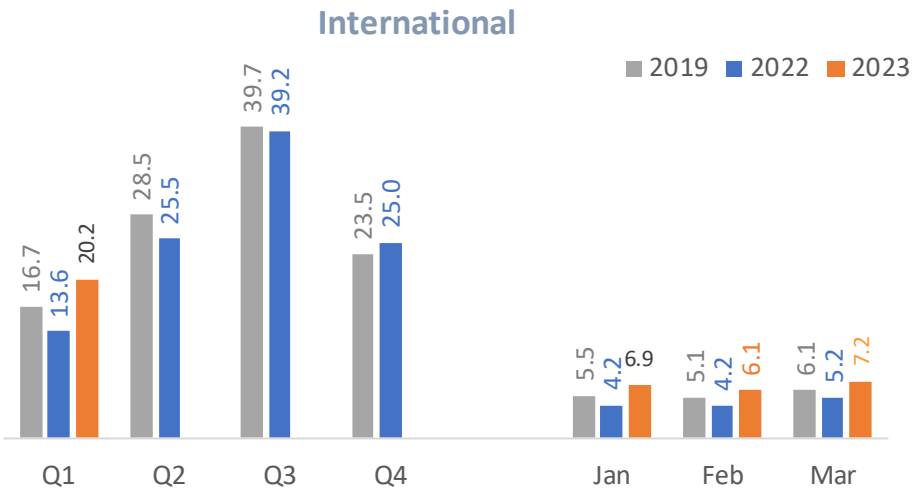
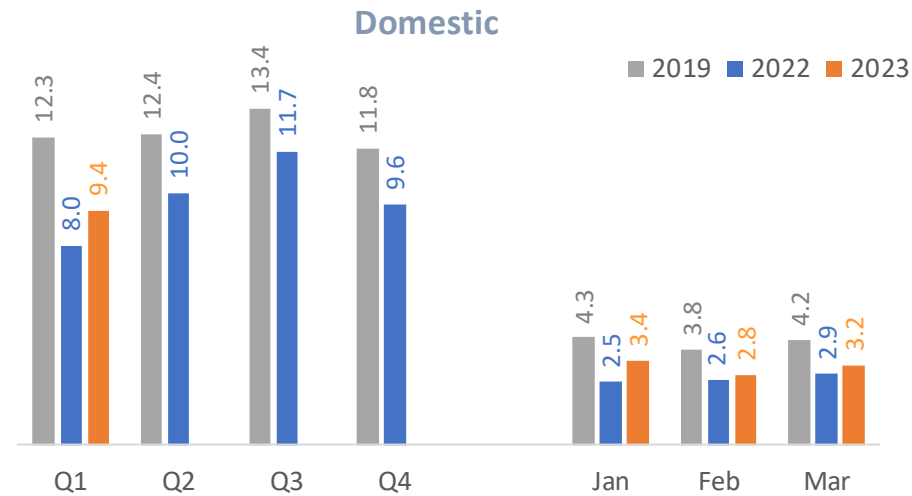
- Tel Aviv
- Dammam



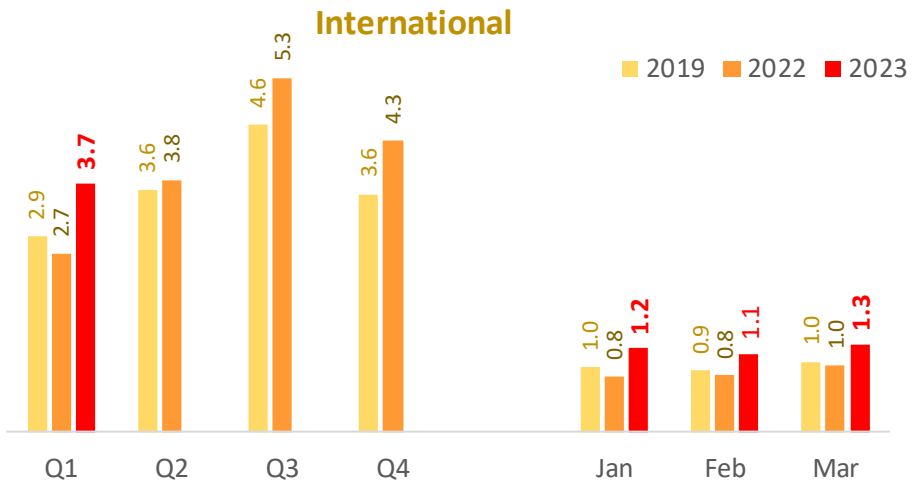
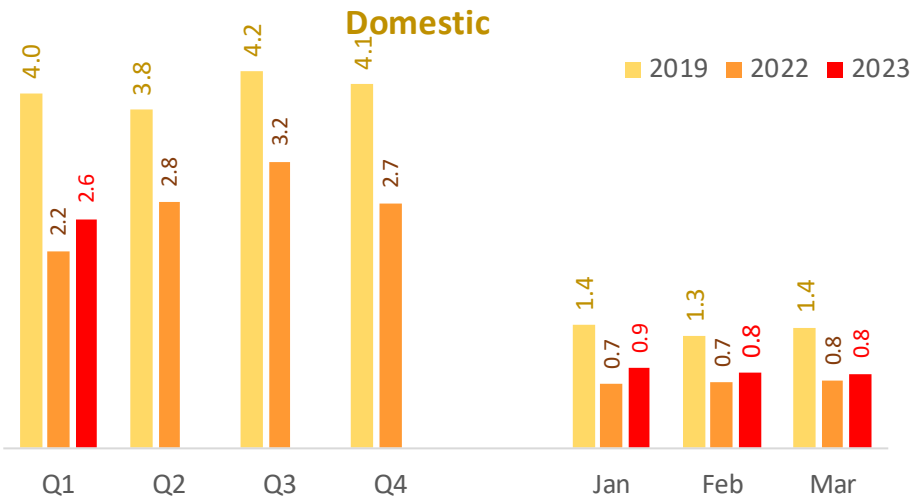
OPERATING ENVIRONMENT

International passengers of Pegasus grew by 40% YoY in 1Q23.

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



SUMMARY FIGURES

1Q23 EBITDA* margin of 15.5% represented the highest performance for a first quarter ever.

EURmn	2022 Q1	2023 Q1	YoY % chg.
Revenues	270	442	64%
Scheduled pax revenues	171	280	63%
Ancillary revenues	93	156	68%
Costs	300	449	50%
Fuel costs	100	163	63%
Personnel costs	40	66	63%
EBITDA *	33	69	111%
EBITDA Margin	12.1%	15.5%	
Net profit/loss	-60	-22	n.m.
	2022 Q1	2023 Q1	YoY % chg.
Total Passengers (mn)	4.9	6.3	29%
International (mn)	2.7	3.7	40%
Total ASK (bn)	8.4	11.0	30%
International (bn)	6.4	8.7	35%
Load Factor	80.8%	84.4%	
International	77.6%	83.7%	

International includes charter operations

- As part of our continuing strategic focus on international business, seats supplied to international segment grew by 22% YoY and made up 58% of total seats in 1Q23.

- In 1Q23, total pax volumes increased by 29% while total scheduled pax yield increased by 25% YoY. Meanwhile, number of international passengers posted 40% increase YoY. Ancillary revenues grew by 68% YoY on the 30% YoY increase in ancillary per pax. Consequently, total revenue growth for the quarter reached 64% YoY.

- Total **RASK** was EURc4.04 in 1Q23, up 26% YoY.

- Total costs increased by 50% in 1Q23, driven by the 63% increase in both the fuel and personnel costs.

- Total **CASK** was EURc4.10 in 1Q23, up 15% YoY, while **CASK non-fuel** was EURc2.61, up 10% YoY.

- 1Q23 bottom-line read EUR22mn loss, representing a significant improvement compared to the EUR60mn loss in 1Q22. Parallel to the increase in EUR/USD parity, FX gains of net EUR22mn (mostly non-cash) were recorded in the quarter. Net interest expenses amounted to EUR32mn in 1Q23.

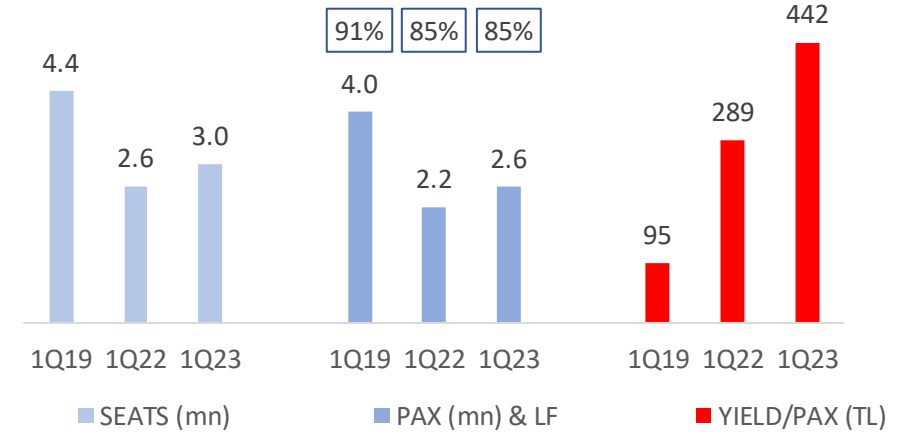


REVENUES

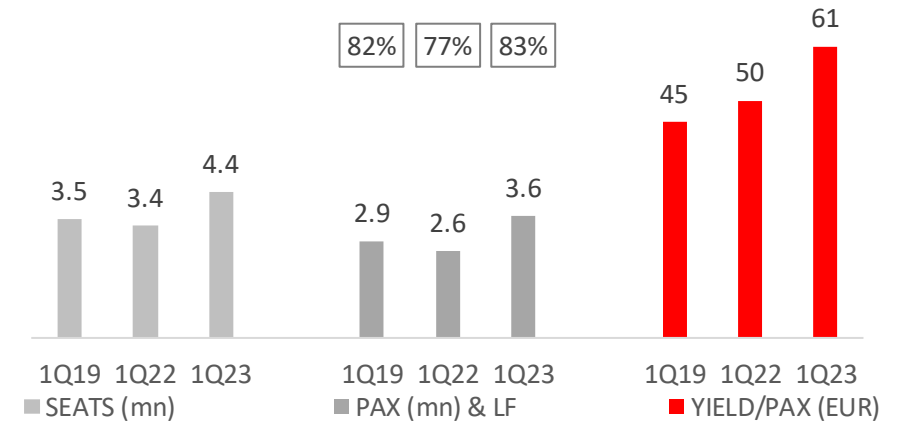
International scheduled revenues grew by 73% YoY in 1Q23.

EURmn	2019 Q1	2022 Q1	2023 Q1	YoY chg.
TOTAL REVENUES	290	270	442	64%
Domestic scheduled	62	42	57	35%
International scheduled	131	129	223	73%
Ancillary	93	93	156	68%
Charter and Other	4	6	6	9%
RASK (EURc)	3.07	3.21	4.04	26%

Scheduled Domestic - KPIs



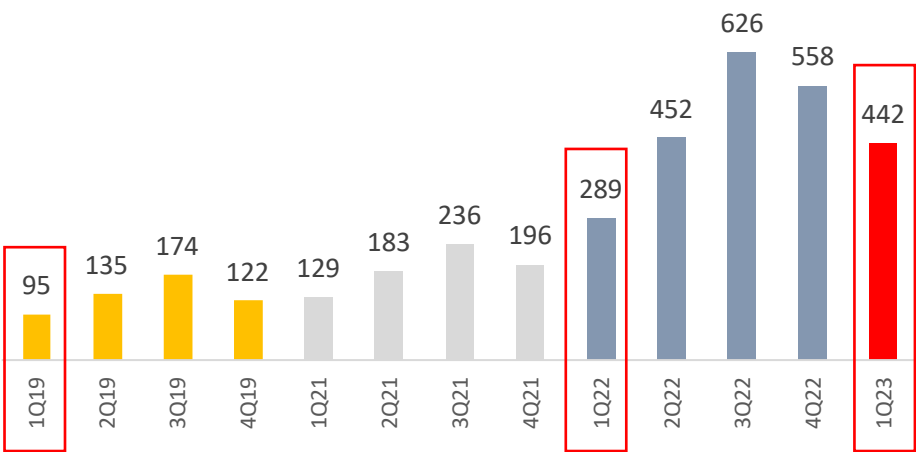
Scheduled International - KPIs



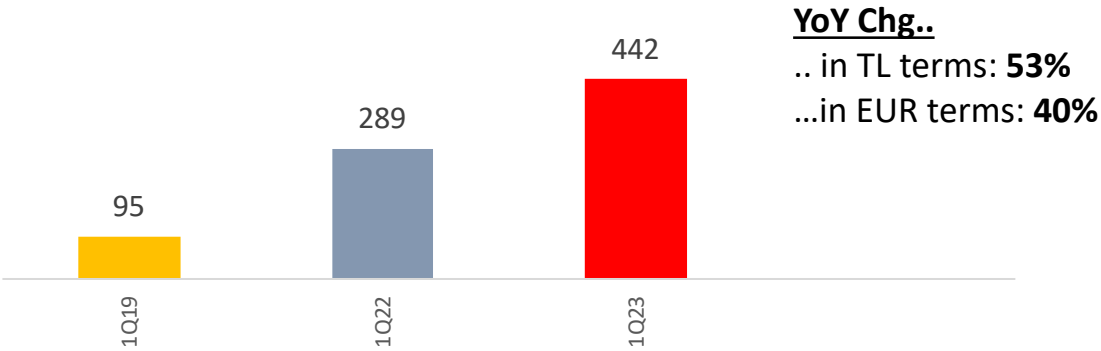
OPERATING ENVIRONMENT

Expansion in yields continued through the first quarter of the year.

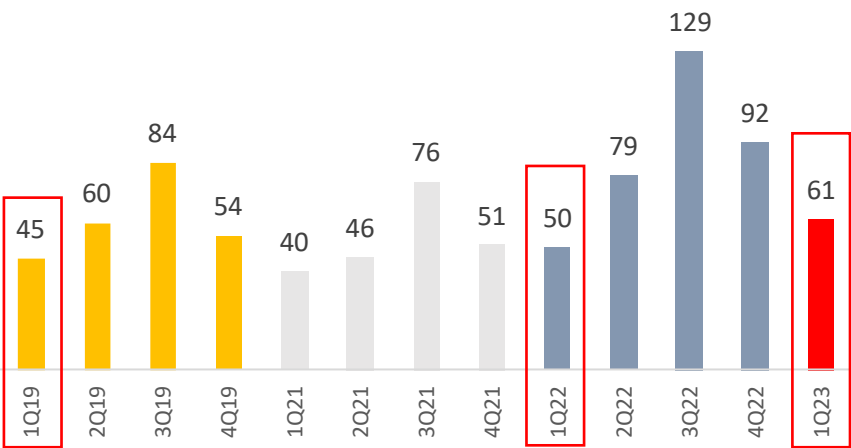
Yield/pax - Sch. Domestic (TL)



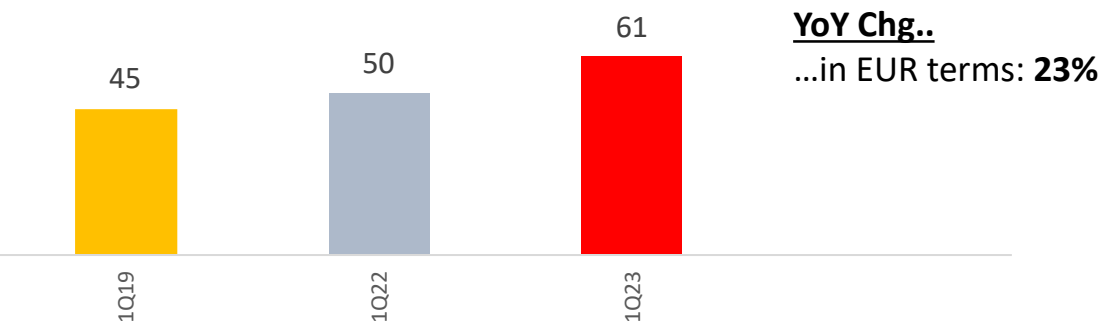
Yield - Sch. Domestic (TL): Q1 comparison



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

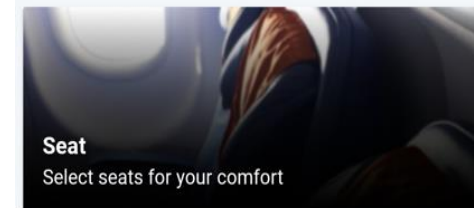
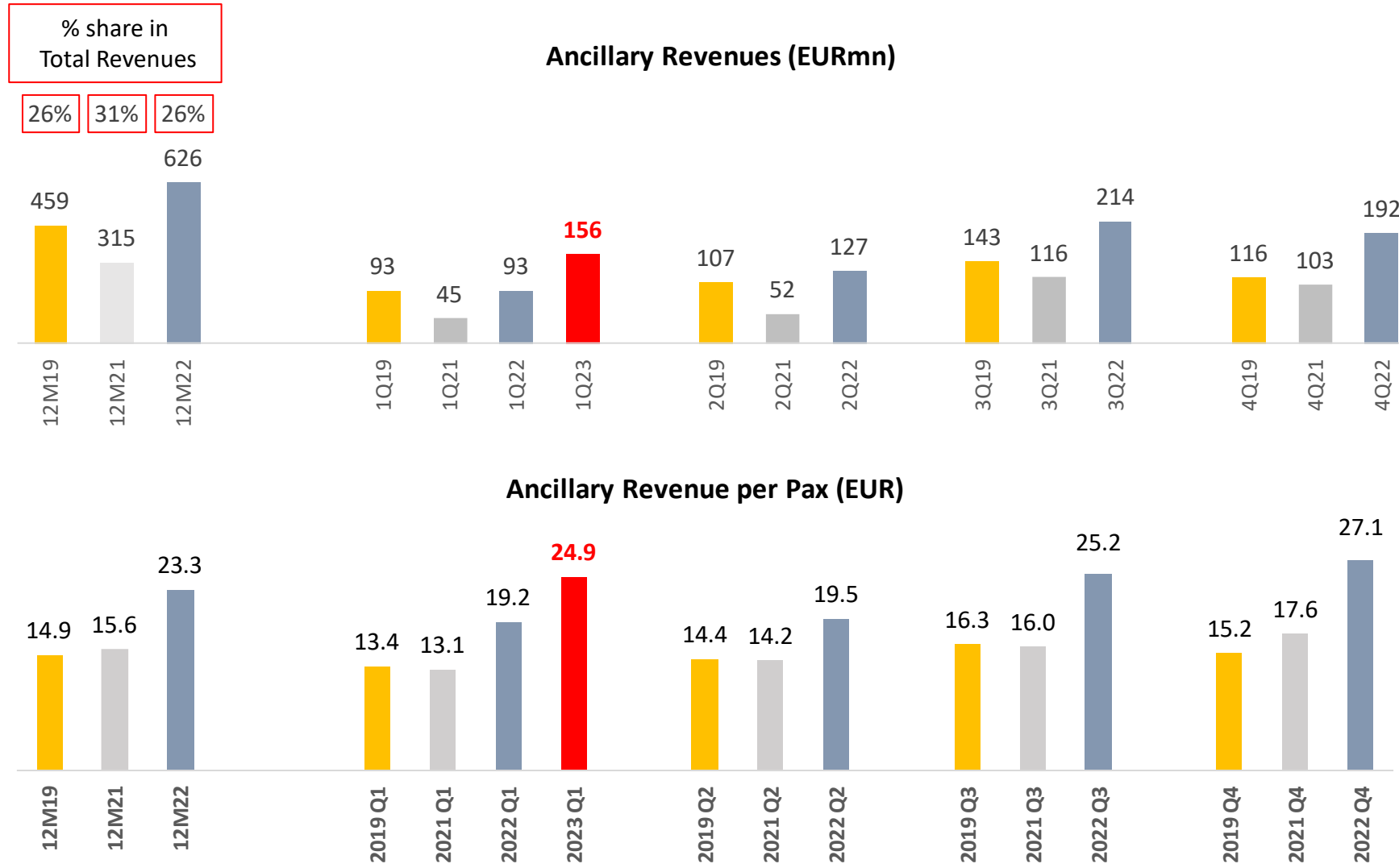


Yield/pax - Sch. Int'l (EUR): Q1 comparison



ANCILLARY REVENUES

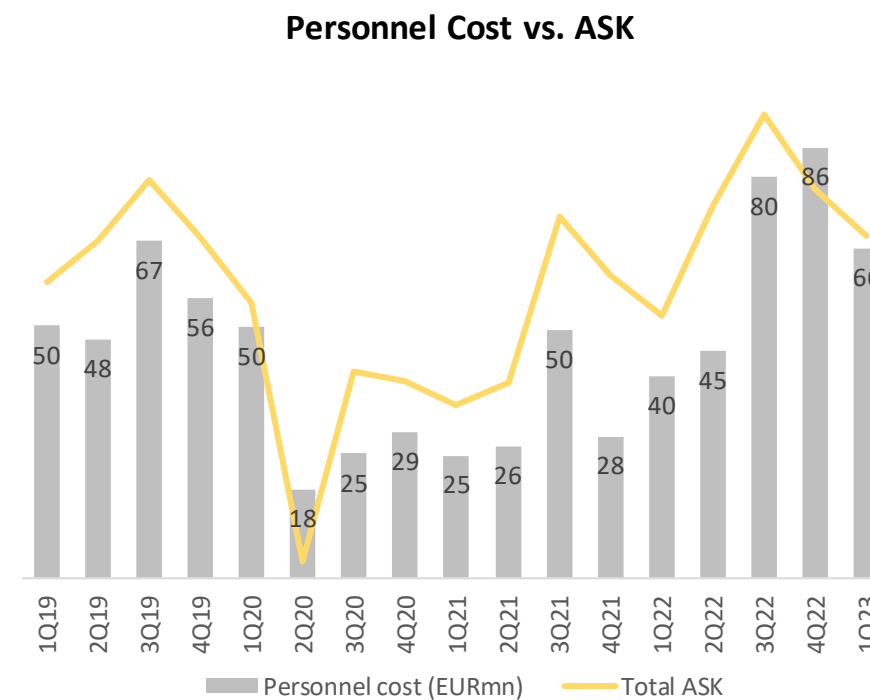
Ancillary revenue/pax reached EUR24.9 in 1Q23, representing the highest Q1 read ever.



COSTS

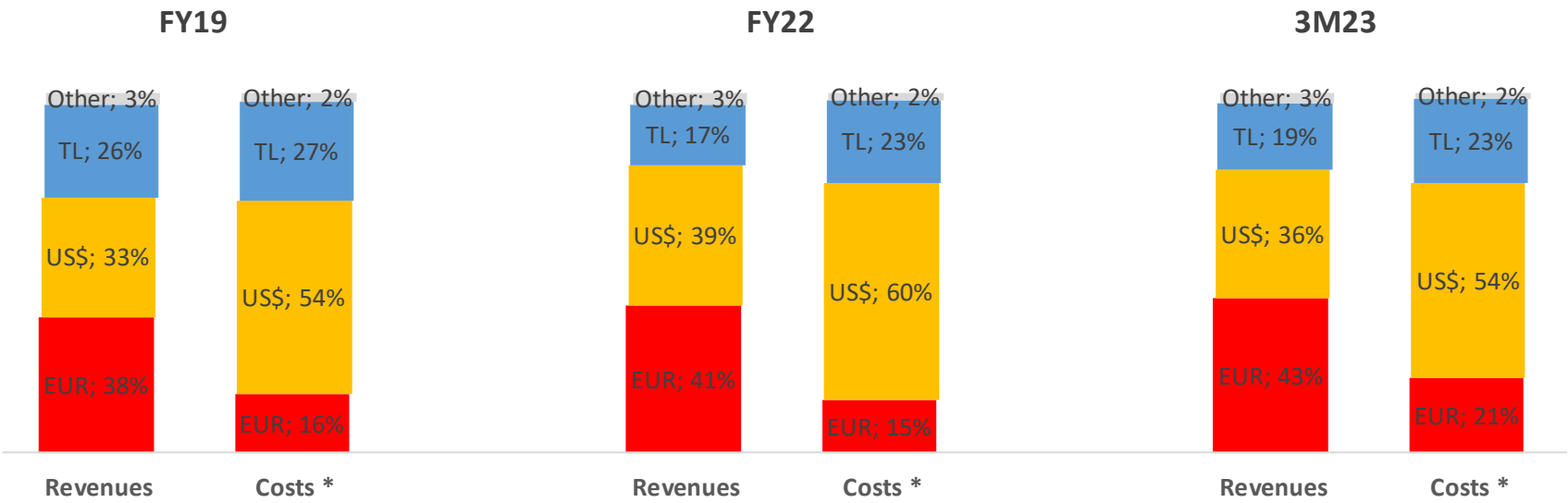
CASK increased by a 15% YoY in 1Q23, standing below the 26% YoY increase in RASK.

Cost Items (EURmn)	2019 Q1	2022 Q1	2023 Q1	YoY % chg
Jet fuel expenses	104	100	163	63%
Personnel expenses	50	40	66	63%
Maintenance	14	17	19	11%
Depreciation & amortization	58	62	73	17%
Handling	23	24	35	47%
Navigation	19	20	28	39%
Landing	10	10	16	64%
Commision	5	3	5	53%
Passenger service & catering	3	2	5	143%
Advertising	3	1	2	70%
Short-term lease expenses	0	0	4	n.m.
Other expenses	16	19	33	71%
TOTAL COSTS	306	300	449	50%
CASK (€ cent)	3.24	3.57	4.10	15%
CASK non fuel (€ cent)	2.14	2.38	2.61	10%



CURRENCY BREAKDOWN – OPERATIONAL PERSPECTIVE

Share of TL in revenues and costs continue to be even.



* Costs excluding depreciation expenses

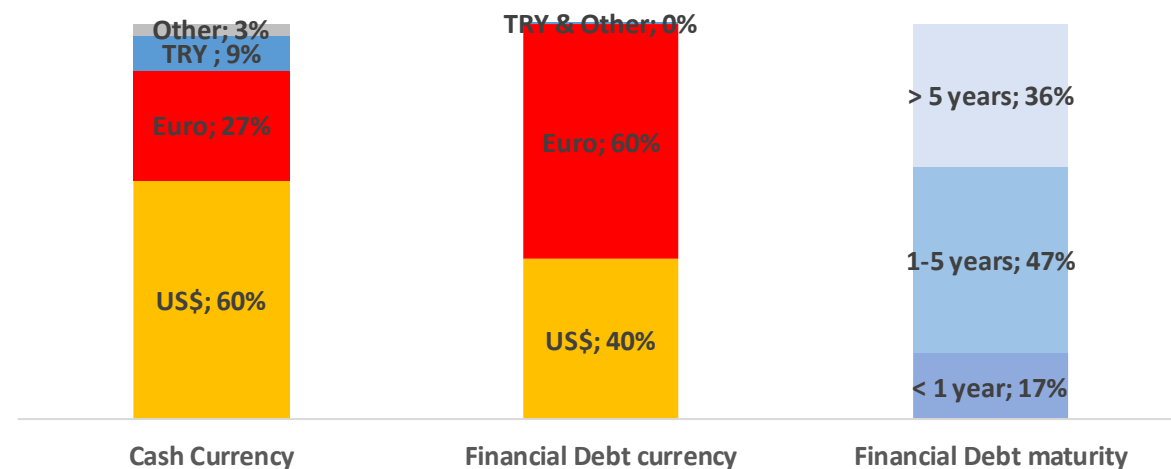


LIQUIDITY

Net debt stands at EUR2.2bn as of the end of 1Q23.

EURmn	Dec 31, 2021	Dec 31, 2022	Mar 31, 2023
Cash & Equivalents	662	858	848
Other Assets	106	216	194
Pre-delivery payment	295	313	318
Fixed Assets	2,539	3,419	3,574
Total Assets	3,602	4,806	4,934
Liabilities	642	841	865
Bank Loans & Debt Instruments	596	485	524
Leasing Liabilities	1,901	2,575	2,679
Shareholders' Equity	462	905	867
Total Liab. & Sh. Equity	3,602	4,806	4,934
Net Debt, EURmn	1,688	2,046	2,196

Breakdown of currencies and financial debt maturity



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

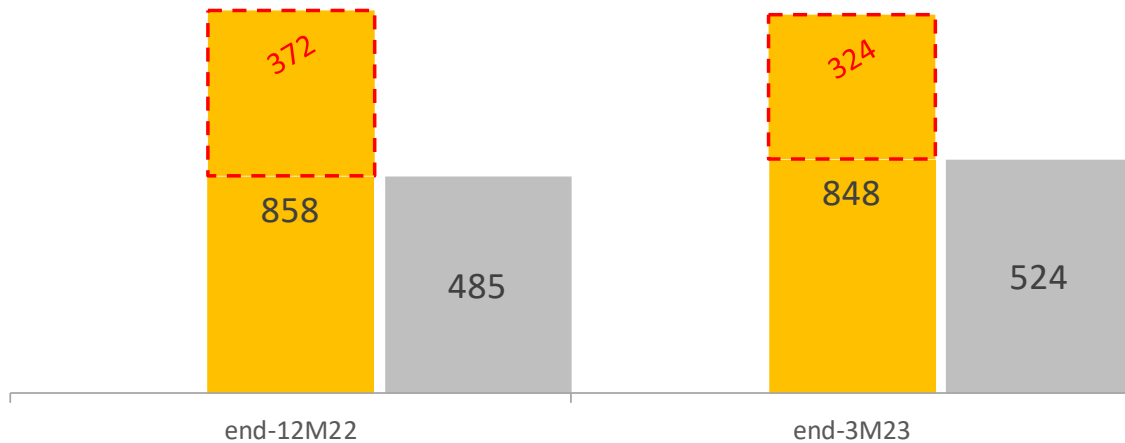


CASH RESERVES

Positive cash reserves are at EUR324mn as of the end of 1Q23.

Cash reserves vs. Loans

- Cash reserves
- Positive cash after deducting bank loans
- Bank loans and debt instruments (total)



- Total cash reserves stood at EUR848mn at the end of 1Q23, compared to EUR858mn at 2022-end.
- Positive cash reserve after deducting total short and long term bank loans and issued debt instruments is at EUR324mn as of the end of 1Q23.

- Cash reserves include short and long term financial assets.



FLEET DEVELOPMENT

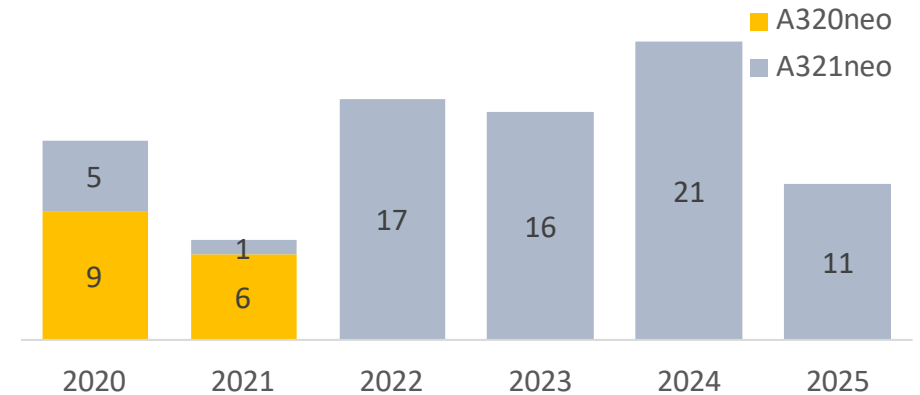
Fleet size reached 99 aircraft as of the end of March 2023.

FLEET (as of March 31, 2023)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	-	9	8	17
Airbus A320ceo	-	-	8*	8
Airbus A320neo	-	40	6	46
Airbus A321neo	-	28	-	28
Total	-	77	22	99

* 1 A320ceo on wet lease

A320NEO-A321NEO ORDER BOOK



FLEET INFORMATION

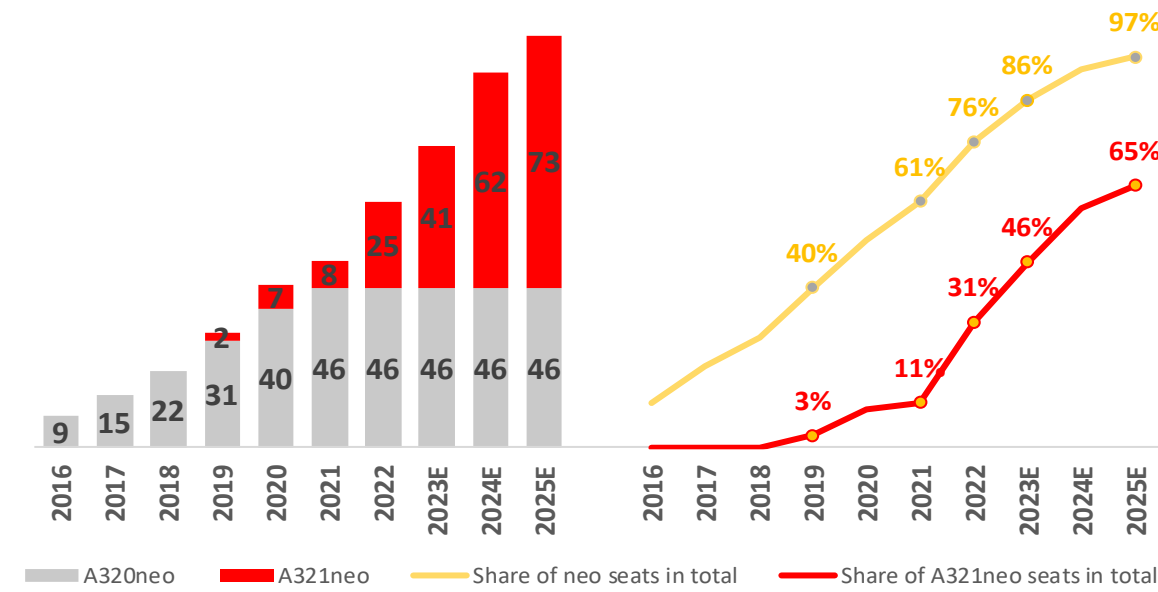
- Youngest fleet in Türkiye and one of the youngest among LCCs globally: **4.5 years**.
- **42 A320neo (all delivered)** and **72 A321neo (28 delivered)** on order.
- Fleet size will be **103 aircraft** at the end of 2023.
 - ✓ **13 A321neo** delivery planned for the remainder of 2023, while **7 737-800** and **2 A320ceo** (of which one is on short-term wet-lease), will exit
- Since 2021-end, all deliveries in the order book are of **A321neo type**.
 - ✓ **Average seat count of the fleet** will reach **216 in 2025**, compared to **191 in 2021**



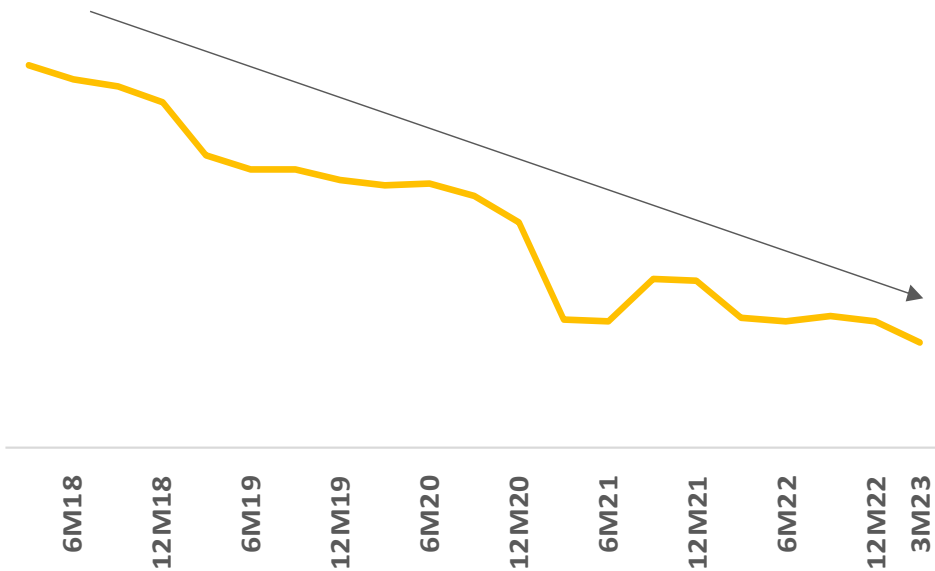
FLEET DEVELOPMENT

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

2023 estimated jet fuel consumption is hedged by 44%.

HEDGE VOLUME AND PRICE

	2023FY	2024FY
Hedge Ratio	44%	27%
Hedged Price range, \$/mt	701-924	748-992
Brent equivalent*	64-84	68-90

Price ranges are calculated by using market data of March 31, 2023

** Jet Fuel Price/11*

HEDGE STRATEGY

- Non-discretionary portion is limited with 50% 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.



SUSTAINABILITY (ESG) UPDATE



Moving towards a
sustainable
future



Moving towards a
cleaner
future



Moving towards an
equal and harmonious
future



Moving towards a
better
future **together**



Moving towards a
sustainable
future

Pegasus Airlines has flown to hundreds of different destinations over the years.
The one destination we are committed to keeping for the future is our route towards a sustainable future.

We are not only helping our passengers reach their destinations.
We are also working towards building a cleaner world, an equal and harmonious society, and a better future together.

With this mindset, we are...

- “MOVING TOWARDS A CLEANER FUTURE”
- “MOVING TOWARDS AN EQUAL AND HARMONIOUS FUTURE”
- “MOVING TOWARDS A BETTER FUTURE TOGETHER”



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SUSTAINABILITY (ESG) UPDATE

Moving towards a
cleaner
future



We extended our cooperation with **Petrol Ofisi** to use **Sustainable Aviation Fuel in Türkiye** to flights out of **Istanbul Sabiha Gökçen Airport**. This initiative now covers three domestic airports.



With **I-REC**, we **certified that 4,242 MWh of electricity**, corresponding to our **2022 electricity consumption at our HQ and at our home base SAW**, is sourced from **renewable energy sources**. I-REC refers to the international certification system developed by RECs International, and it certifies electricity generation from renewable energy sources. This initiative marks our first ever renewable energy purchase for our utility needs.



We joined **28 other project partners** to submit our bid for an **EU Horizon Project Grant for “HyH2VADIK North Marmara Hydrogen Valley”**. We are taking part in this project with the aim of exploring the possibility of introducing Hydrogen energy as an alternative source of energy use for our airport ground operations & airport locations at our home base SAW.



We continue investing in new generation Airbus neo aircraft. **Three new Airbus A321neo aircraft joined our fleet in 2023Q1**, further contributing to **efficiency in fuel consumption and carbon emissions**.

Moving towards an
equal and harmonious
future



We launched «**Harmony**» as our new **Diversity, Equality & Inclusion** initiative. Working groups are formed and are in action to develop specific initiatives and targets.

Moving towards a
better
future **together**



As a thriving company, we know that by improving our corporate structure and supporting the development of every individual on our team, we can make a real difference to society and the environment. **Pegasus Airlines Sustainability Team, now comprising over 80 members**, is carrying out its work on a wide range of **environmental, social and governance** targets.



We became a founding member of the Sustainability Working Group of the Turkish Private Civil Aviation Enterprises association (TOSHID). We aim to contribute to the Turkish Aviation industry's decarbonization efforts.



On ESG reporting, we improved our **2022 Carbon Disclosure Project (CDP) rating to A-**. This places us among the top two rating tiers and among the highest scored airlines globally.



HIGHLIGHTS and FINANCIAL STATEMENTS



OPERATIONAL & FINANCIAL HIGHLIGHTS

	2019 12M	2021 12M	2022 12M	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	Q1 YoY chg
TOTAL REVENUE (€mn)	1,739	1,025	2,449	290	407	647	396	123	155	450	298	270	504	1,000	675	442	64%
ANCILLARY REVENUE (€mn)	459	315	626	93	107	143	116	45	52	116	103	93	127	214	192	156	68%
EBITDA (€mn)	580	254	835	42	131	314	93	-5	14	172	74	33	104	469	230	69	111%
EBITDA Margin	33.3%	24.8%	34.1%	14.5%	32.1%	48.6%	23.5%	-4.4%	9.0%	38.1%	25.0%	12.1%	20.6%	46.9%	34.1%	15.5%	3.5pp
Net profit/loss (€mn)	212	-150	431	-42	59	183	12	-101	-65	56	-40	-60	-40	278	254	-22	-63%
PAX (mn)	30.8	20.2	26.9	6.90	7.41	8.80	7.64	3.41	3.67	7.24	5.85	4.85	6.51	8.48	7.09	6.27	29%
LOAD FACTOR	88.6%	77.8%	83.6%	86.9%	87.3%	91.3%	88.4%	76.8%	72.1%	80.6%	78.9%	80.8%	78.7%	88.0%	85.5%	84.4%	3.6pp
ASK (bn)	43.9	33.1	47.6	9.5	10.8	12.7	10.9	5.6	6.3	11.6	9.7	8.4	11.9	14.8	12.5	11.0	30%
AVG. STAGE LENGTH (km)	1,266	1,276	1,479	1,192	1,275	1,320	1,264	1,232	1,212	1,286	1,306	1,399	1,443	1,540	1,501	1,473	5%
RASK, (€c)	3.96	3.10	5.14	3.07	3.76	5.08	3.62	2.21	2.47	3.89	3.08	3.21	4.22	6.74	5.42	4.04	26%
CASK, (€c)	3.19	3.15	3.93	3.24	3.10	3.10	3.36	3.49	3.29	2.98	3.06	3.57	3.94	4.02	4.05	4.10	15%
Non-fuel CASK, (€c)	2.06	2.23	2.18	2.14	1.96	1.95	2.24	2.73	2.50	2.02	2.03	2.38	2.07	2.06	2.29	2.61	10%
ANCILLARY PER PAX (€)	14.9	15.6	23.3	13.4	14.4	16.3	15.2	13.1	14.2	16.0	17.6	19.2	19.5	25.2	27.1	24.9	30%
EUR/US\$ rate (avg.)	1.12	1.18	1.05	1.14	1.12	1.11	1.11	1.21	1.20	1.18	1.14	1.12	1.07	1.01	1.02	1.07	-4%
EUR/TRY rate (avg.)	6.35	10.43	17.34	6.09	6.59	6.30	6.40	8.88	10.07	10.06	12.70	15.60	16.77	18.04	18.97	20.21	30%



P&L STATEMENT

P&L STATEMENT, EURmn	2023 Q1	2022 Q1
Sales	442	270
Cost of sales	-423	-281
Gross profit	19	-11
General administrative expenses (-)	-15	-11
Marketing expenses (-)	-11	-8
Other operating income	2	0
Other operating expenses (-)	-2	-2
Operating profit	-6	-32
Income/expense from investing activities	7	8
Share of investments income (equity method)	1	0
Operating profit before financial expense	1	-24
Financial income	25	3
Financial expense (-)	-50	-43
Profit / (loss) before tax	-23	-63
Current tax expense	0	0
Deferred tax income / (expense)	1	3
Profit / (loss) for the period	-22	-60



BALANCE SHEET

ASSETS, EURmn	2023 3M	2022 12M	LIABILITIES, EURmn	2023 3M	2022 12M
Current assets	1,227	1,039	Current liabilities	1,140	1,041
Cash and cash equivalents	522	530	Short term financial liabilities	541	496
Financial assets	253	113	Trade payables	171	197
Trade receivables	52	59	Passenger flight liabilities	298	216
Other receivables	7	9	Derivative financial instruments	0	0
Derivative financial instruments	1	13	Short term provisions	60	61
Inventories	25	25	Other current liabilities	70	70
Prepaid expenses	359	282	Non-Current liabilities	2,927	2,859
Other current assets	9	8	Long term financial liabilities	2,662	2,564
Non-Current assets	3,706	3,767	Derivative financial instruments	0	0
Financial assets	73	215	Deferred income	61	62
Other receivables	28	34	Long term provisions	171	197
Derivative financial instruments	0	4	Deferred tax liabilities	33	36
Investments (equity method)	19	18	SHAREHOLDERS' EQUITY	867	905
Property and equipment	177	176	Paid-in share capital	61	61
Intangible assets	15	14	Share premiums on capital stock	194	194
Right of use assets	3,068	2,947	Other	7	24
Prepaid expenses	326	357	Retained earnings and net profit/loss	604	627
TOTAL ASSETS	4,933	4,806	TOTAL LIABILITIES AND EQUITY	4,933	4,806



CASH FLOW STATEMENT

CASH FLOW STATEMENT, EURmn	2023 3M	2022 3M
A. CASH FLOWS FROM OPERATING ACTIVITIES	117	125
Net cash generated from operating activities	62	34
Changes in working capital	55	91
B. CASH FLOWS FROM INVESTING ACTIVITIES	-45	-69
Cash payments to acquire debt instruments of other entities	1	-10
Proceeds from sale of property, equipment and intangible assets	-4	-1
Interest received from financial investment	8	3.6
Changes in cash advances and payables	-43	-44
Other cash changes	-7	-19
C. CASH FLOWS FROM FINANCING ACTIVITIES	-78	-108
Increase in borrowings	112	52
Repayment of borrowings	-79	-90
Repayment of principal in lease liabilities	-84	-57
Interest and commission paid	-31	-20
Interest received	3	6
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	-2	3
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-8	-49
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	530	475
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	522	426



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