

(CONVENIENCE TRANSLATION OF
THE REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

**PEGASUS HAVA TAŐIMACILIĐI
ANONİM ŐİRKETİ AND ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED
31 MARCH 2025

INDEX	PAGE
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER	
COMPREHENSIVE INCOME	3-4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7-44
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	7
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	7-13
NOTE 3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	14
NOTE 4 SEGMENT REPORTING	15
NOTE 5 RELATED PARTY TRANSACTIONS	15-16
NOTE 6 TRADE RECEIVABLES AND PAYABLES OTHER RECEIVABLES	16-17
NOTE 7 PREPAYMENTS, DEFERRED INCOME AND PASSENGER FLIGHT LIABILITIES.....	18
NOTE 8 PROPERTY AND EQUIPMENT.....	19-20
NOTE 9 INTANGIBLE ASSETS	21
NOTE 10 RIGHT OF USE ASSETS	21-22
NOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	22-23
NOTE 12 COMMITMENTS.....	23-25
NOTE 13 EXPENSES BY NATURE	26
NOTE 14 SHAREHOLDERS' EQUITY	26
NOTE 15 REVENUE AND COST OF SALES	27
NOTE 16 GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES.....	28
NOTE 17 OTHER OPERATING INCOME AND EXPENSES	29
NOTE 18 INCOME AND EXPENSES FROM INVESTING ACTIVITIES.....	29
NOTE 19 FINANCIAL INCOME AND EXPENSES	30
NOTE 20 EARNINGS PER SHARE	30
NOTE 21 DERIVATIVE FINANCIAL INSTRUMENTS	31
NOTE 22 FINANCIAL INSTRUMENTS	31-35
NOTE 23 NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS	35-38
NOTE 24 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES).....	39-42
NOTE 25 EVENTS AFTER REPORTING PERIOD	42
NOTE 26 INCOME TAX EXPENSE	43
NOTE 27 EXPLANATIONS RELATED TO STATEMENT OF CASH FLOW.....	44
APPENDIX – EURO SELECTED NOTES.....	45

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2025

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

		Current period (Not Reviewed) TL 31 March 2025	Prior period (Audited) TL 31 December 2024	(*) EUR 31 March 2025	(*) EUR 31 December 2024
	Notes				
ASSETS					
Current assets		66.736.617.455	69.511.513.150	1.639.643.787	1.891.835.243
Cash and cash equivalents	27	31.241.160.946	46.258.554.416	767.560.260	1.258.979.406
Financial assets	22	19.530.115.393	11.098.130.886	479.833.015	302.048.311
Trade receivables	6	2.902.919.503	2.699.417.383	71.321.474	73.467.728
<i>Trade receivables from third parties</i>		<i>2.902.919.503</i>	<i>2.699.417.383</i>	<i>71.321.474</i>	<i>73.467.728</i>
Other receivables	6	349.683.821	106.274.871	8.591.339	2.892.392
<i>Other receivables from third parties</i>		<i>349.683.821</i>	<i>106.274.871</i>	<i>8.591.339</i>	<i>2.892.392</i>
Derivative financial instruments	21	-	145.642.867	-	3.963.837
Inventories		1.694.589.417	1.525.572.961	41.634.160	41.520.211
Prepaid expenses	7	10.805.758.005	7.418.285.764	265.485.346	201.897.122
Current income tax assets		120.208.300	85.510.906	2.953.383	2.327.277
Other current assets		92.182.070	174.123.096	2.264.810	4.738.959
Non-Current assets		243.130.009.988	213.808.263.691	5.973.427.701	5.819.032.995
Financial assets	22	7.616.438.361	4.621.164.674	187.127.342	125.770.276
Other receivables	6	3.372.148.426	3.119.881.195	82.849.902	84.911.131
<i>Other receivables from third parties</i>		<i>3.372.148.426</i>	<i>3.119.881.195</i>	<i>82.849.902</i>	<i>84.911.131</i>
Investments accounted by using the equity method	3	855.465.947	775.860.767	21.017.838	21.115.937
Property and equipment	8	20.432.095.953	17.304.831.905	501.989.905	470.967.606
Intangible assets	9	1.197.567.323	883.542.517	29.422.885	24.046.619
Right of use assets	10	168.132.368.189	153.299.548.290	4.130.823.578	4.172.222.342
Prepaid expenses	7	23.213.007.156	18.118.510.039	570.317.532	493.115.950
Deferred tax assets	26	18.310.918.633	15.684.924.304	449.878.719	426.883.134
TOTAL ASSETS		309.866.627.443	283.319.776.841	7.613.071.488	7.710.868.238

(*)The functional currency of the Company is Euro. However, the presentation currency is determined as Turkish Lira. See Note 2.1 for the conversion of Euro and Turkish Lira amounts.

The accompanying notes form an integral part of these condensed consolidated financial statements.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2025

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

		Current period (Not Reviewed) TL	Prior period (Audited) TL	(*) EUR	(*) EUR
	Notes	31 March 2025	31 December 2024	31 March 2025	31 December 2024
LIABILITIES					
Current liabilities		62.705.349.052	54.463.615.723	1.540.600.047	1.482.289.523
Short term borrowings	22	3.318.914.940	6.321.566.673	81.542.015	172.048.659
Short term portion of long term borrowings	22	8.706.107.064	8.017.762.712	213.899.279	218.212.572
Short term portion of long term lease liabilities	22	16.459.063.302	14.911.498.531	404.380.712	405.833.468
Trade payables	6	10.039.349.368	7.942.864.589	246.655.546	216.174.134
<i>Trade payables to related parties</i>	5	68.551.931	43.890.717	1.684.244	1.194.536
<i>Trade payables to third parties</i>		9.970.797.437	7.898.973.872	244.971.302	214.979.598
Employee benefit obligations		1.455.929.511	540.280.976	35.770.554	14.704.364
Other payables	6	633.518.520	460.006.050	15.564.839	12.519.590
<i>Other payables to third parties</i>		633.518.520	460.006.050	15.564.839	12.519.590
Contract liabilities	7	17.740.930.697	12.269.986.013	435.874.755	333.941.687
Derivative financial instruments	21	179.130.039	170.696.233	4.401.024	4.645.693
Deferred income	7	1.396.137.926	1.470.323.469	34.301.542	40.016.533
Short term provisions		2.776.267.685	2.358.630.477	68.209.781	64.192.823
<i>Short term provisions for employee benefits</i>		2.613.307.046	2.301.423.398	64.206.021	62.635.867
<i>Other short term provisions</i>		162.960.639	57.207.079	4.003.760	1.556.956
Non-Current liabilities		166.751.380.481	153.937.068.322	4.096.894.260	4.189.573.178
Long term borrowings	22	18.568.424.084	17.261.724.196	456.205.339	469.797.544
Long term lease liabilities	22	129.281.573.143	119.794.949.520	3.176.303.149	3.260.356.410
Derivative financial instruments	7	43.854.873	13.387.018	1.077.465	364.343
Deferred income		8.889.641.618	7.457.506.238	218.408.517	202.964.552
Long term provisions		9.967.886.763	9.409.501.350	244.899.790	256.090.329
<i>Long term provisions for employee benefits</i>		1.981.878.324	1.768.183.978	48.692.526	48.123.147
<i>Other long term provisions</i>		7.986.008.439	7.641.317.372	196.207.264	207.967.182
SHAREHOLDERS' EQUITY		80.409.897.910	74.919.092.796	1.975.577.181	2.039.005.537
Paid-in share capital	14	500.000.000	500.000.000	230.037.951	230.037.951
Share premiums on capital stock		57.986.732	57.986.732	24.595.488	24.595.488
Other comprehensive income/expense not to be reclassified to profit or loss					
Actuarial losses on defined benefit plans		(175.241.623)	(156.636.746)	(4.305.490)	(4.263.048)
Currency translation differences		42.703.433.499	34.563.644.779	1.770	6.188
Other comprehensive income/expense to be reclassified to profit or loss					
Currency translation differences		485.978.278	414.074.097	8.411.102	8.445.337
Hedge fund		(167.238.653)	(138.062.439)	(4.108.866)	(3.757.527)
Gain on financial assets measured at fair value		28.268.487	66.754.501	694.525	1.816.800
Restricted profit reserves		20.459.941	20.459.941	4.047.406	4.047.406
Retained earnings		39.590.871.931	26.305.434.254	1.778.076.942	1.416.584.246
Net income for the period		(2.634.620.682)	13.285.437.677	(61.873.647)	361.492.696
TOTAL LIABILITIES AND EQUITY		309.866.627.443	283.319.776.841	7.613.071.488	7.710.868.238

(*)The functional currency of the Company is Euro. However, the presentation currency is determined as Turkish Lira. See Note 2.1 for the conversion of Euro and Turkish Lira amounts.

The accompanying notes form an integral part of these condensed consolidated financial statements.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2025

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

Profit or loss	Notes	Current period	Prior period	(*)	(*)
		(Not Reviewed)	(Not Reviewed)	EUR	EUR
		1 January- 31 March 2025	1 January- 31 March 2024	1 January- 31 March 2025	1 January- 31 March 2024
Sales	15	23.587.573.014	17.390.800.996	621.659.742	518.722.226
Cost of sales (-)	15	(24.433.763.109)	(17.952.561.068)	(635.772.723)	(532.082.958)
Gross profit		(846.190.095)	(561.760.072)	(14.112.981)	(13.360.732)
General administrative expenses (-)	16	(893.331.409)	(572.186.285)	(23.965.902)	(17.610.318)
Marketing expenses (-)	16	(656.460.879)	(451.408.923)	(16.693.419)	(13.562.378)
Other operating income	17	11.990.294	314.342.294	294.588	9.375.562
Other operating expenses (-)	17	(1.521.844.286)	(54.673.031)	(39.808.554)	(1.687.884)
Operating profit		(3.905.836.375)	(1.325.686.017)	(94.286.268)	(36.845.750)
Income from investing activities	18	1.136.084.573	740.724.907	28.186.410	21.242.655
Expenses from investing activities (-)	18	(71.816.019)	(169.947.660)	(1.764.439)	(4.887.978)
Share of investments income accounted for using the equity method	3	22.612.522	14.639.828	594.197	436.647
Operating profit before financial expense		(2.818.955.299)	(740.268.942)	(67.270.100)	(20.054.426)
Financial income	19	2.593.006.783	352.049.203	67.963.006	10.500.394
Financial expense (-)	19	(2.649.790.841)	(3.238.424.067)	(68.902.507)	(97.150.959)
Profit/(loss) before tax		(2.875.739.357)	(3.626.643.806)	(68.209.601)	(106.704.991)
Tax income/(expense)		241.118.675	125.669.472	6.335.954	3.748.214
Deferred tax income/(expense)	26	241.118.675	125.669.472	6.335.954	3.748.214
Profit for the period		(2.634.620.682)	(3.500.974.334)	(61.873.647)	(102.956.777)
Income/(loss) per share (TL) / (EUR)	20	(5,27)	(34,22)	(0,12)	(1,01)
Other comprehensive income					
Items not to be reclassified to profit or loss					
Actuarial (losses) / gains on defined benefit plans		(24.806.487)	9.762.138	(56.589)	558.317
Deferred tax effect		6.201.621	(2.440.534)	14.147	(139.579)
Currency translation differences		8.139.788.720	3.643.187.760	(4.418)	-
Items to be reclassified to profit or loss					
Currency translation differences		71.904.181	48.339.778	(34.235)	597.053
Gain on financial assets measured at fair value		(51.314.682)	(2.651.155)	(1.496.367)	(202.842)
Cash flow hedge		(38.901.661)	440.806.561	(468.453)	13.006.733
Deferred tax effect		22.554.104	(109.538.875)	491.206	(3.200.974)
Other comprehensive income		8.125.425.796	4.027.465.673	(1.554.709)	10.618.708
Total comprehensive income		5.490.805.114	526.491.339	(63.428.356)	(92.338.069)

(*)The functional currency of the Company is Euro. However, the presentation currency is determined as Turkish Lira. See Note 2.1 for the conversion of Euro and Turkish Lira amounts.

The accompanying notes form an integral part of these condensed consolidated financial statements.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2025

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

		Paid in share capital	Share premiums on capital stock	Other comprehensive income items not to be reclassified to profit or loss		Other comprehensive income items to be reclassified to profit or loss			Restricted profit reserves	Retained earnings		Shareholders' equity
				Actuarial gains/(losses) on defined benefit plans	Currency translation differences	Currency translation differences	Hedge reserve	Gain on financial assets measured at fair value		Retained earnings	Net profit/(loss) for the year	
As at 1 January 2024	TL	102.299.707	455.687.025	(105.998.793)	27.604.819.459	368.154.236	(129.997.940)	48.328.332	20.459.941	5.397.932.457	20.907.501.797	54.669.186.221
Transfers	TL	-	-	-	-	-	-	-	-	20.907.501.797	(20.907.501.797)	-
Net profit/(loss) for the period	TL	-	-	-	-	-	-	-	-	-	(3.500.974.334)	(3.500.974.334)
Other comprehensive income / (expense)	TL	-	-	7.321.604	3.643.187.760	48.339.778	330.604.905	(1.988.374)	-	-	-	4.027.465.673
As at 31 March 2024	TL	102.299.707	455.687.025	(98.677.189)	31.248.007.219	416.494.014	200.606.965	46.339.958	20.459.941	26.305.434.254	(3.500.974.334)	55.195.677.560
As at 1 January 2025	TL	500.000.000	57.986.732	(156.636.746)	34.563.644.779	414.074.097	(138.062.439)	66.754.501	20.459.941	26.305.434.254	13.285.437.677	74.919.092.796
Transfers	TL	-	-	-	-	-	-	-	-	13.285.437.677	(13.285.437.677)	-
Net profit/(loss) for the period	TL	-	-	-	-	-	-	-	-	-	(2.634.620.682)	(2.634.620.682)
Other comprehensive income / (expense)	TL	-	-	(18.604.877)	8.139.788.720	71.904.181	(29.176.214)	(38.486.014)	-	-	-	8.125.425.796
As at 31 March 2025	TL	500.000.000	57.986.732	(175.241.623)	42.703.433.499	485.978.278	(167.238.653)	28.268.487	20.459.941	39.590.871.931	(2.634.620.682)	80.409.897.910

Within the registered capital ceiling of TL 500.000.000, the Company's issued capital amounting to TL 102.299.707 was increased by TL 397.700.293 to TL 500.000.000, all of which was covered from the amounts in the " Share Premiums on Capital Stock" account, and capital increase was registered with the Trade Registry on May 30, 2024.

The accompanying notes form an integral part of these condensed consolidated financial statements.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

				Other comprehensive income items not to be reclassified to profit or loss		Other comprehensive income items to be reclassified to profit or loss			Retained earnings			Shareholders' equity
	Paid in share capital	Share premiums on capital stock	Actuarial gains/(losses) on defined benefit plans	Currency translation differences	Currency translation differences	Hedge reserve	Gain on financial assets measured at fair value	Restricted profit reserves	Retained earnings	Net profit/(loss) for the year		
As at 1 January 2024	EUR	60.544.134	194.089.305	(3.254.102)	-	8.808.787	(3.990.862)	1.483.652	4.047.406	626.643.772	789.940.474	1.678.312.566
Transfers	EUR	-	-	-	-	3.990.862	-	-	-	789.940.474	(793.931.336)	-
Net profit/(loss) for the period	EUR	-	-	-	-	-	-	-	-	-	(102.956.777)	(102.956.777)
Other comprehensive income / (expense)	EUR	-	-	418.738	-	597.053	5.764.187	(152.132)	-	-	3.990.862	10.618.708
As at 31 March 2024	EUR	60.544.134	194.089.305	(2.835.364)	-	9.405.840	5.764.187	1.331.520	4.047.406	1.416.584.246	(102.956.777)	1.585.974.497
As at 1 January 2025	EUR	230.037.951	24.595.488	(4.263.048)	6.188	8.445.337	(3.757.527)	1.816.800	4.047.406	1.416.584.246	361.492.696	2.039.005.537
Transfers	EUR	-	-	-	-	-	-	-	-	361.492.696	(361.492.696)	-
Net profit/(loss) for the period	EUR	-	-	-	-	-	-	-	-	-	(61.873.647)	(61.873.647)
Other comprehensive income / (expense)	EUR	-	-	(42.442)	(4.418)	(34.235)	(351.339)	(1.122.275)	-	-	-	(1.554.709)
As at 31 March 2025	EUR	230.037.951	24.595.488	(4.305.490)	1.770	8.411.102	(4.108.866)	694.525	4.047.406	1.778.076.942	(61.873.647)	1.975.577.181

The accompanying notes form an integral part of these condensed consolidated financial statements.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2025

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

		Current period (Not Reviewed) TL 1 January- 31 March 2025	Prior period (Not Reviewed) TL 1 January- 31 March 2024	(*) EUR 1 January- 31 March 2025	(*) EUR 1 January- 31 March 2024
	Notes				
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Income/(loss) for the period		(2.634.620.682)	(3.500.974.334)	(61.873.647)	(102.956.777)
Adjustments to reconcile the income/(loss)					
Depreciation and amortization	8-9-10	3.699.989.707	2.767.509.190	97.225.841	82.543.630
Adjustments related with impairments		58.654.000	166.616.775	1.418.576	4.788.631
<i>Provision for doubtful receivable</i>		(13.162.019)	(3.330.885)	(345.863)	(99.347)
Adjustments related with financial investment impairments		71.816.019	169.947.660	1.764.439	4.887.978
Adjustments related with provisions		618.594.092	93.177.515	16.255.000	2.705.135
<i>Provision for employee benefits</i>		512.809.303	67.728.444	13.475.258	1.946.091
<i>Legal provision</i>		105.784.789	4.469.077	2.779.742	133.295
Interest and commission income		1.072.207.190	1.362.039.070	28.909.566	41.741.985
Adjustments related with fair value expense (income)		51.314.682	2.651.156	1.260.744	76.178
<i>Adjustments related with fair value expense (income) of financial assets</i>		51.314.682	2.651.156	1.260.744	76.178
Gain on equity investments accounted for using the equity method	3	(22.612.522)	(14.639.828)	(594.197)	(436.647)
Current tax expense		(241.118.675)	(125.669.472)	(6.335.954)	(3.748.214)
Other provisions related with investing or financing activities		(1.383.411.321)	759.835.943	(35.970.649)	23.684.705
Changes in working capital					
Increase in trade receivables		94.839.047	(1.081.197.140)	2.492.117	(32.247.747)
Increase in other receivables, prepayments and other assets		(3.174.449.911)	(2.852.161.410)	(83.416.059)	(90.654.009)
Increase in inventories		(4.336.400)	(170.728.194)	(113.949)	(5.092.133)
Increase in trade payables		1.159.989.051	536.307.357	30.481.412	15.995.884
Increase in deferred income, other payables and other current liabilities		4.774.491.323	7.230.320.315	125.128.754	221.182.764
Net cash generated from operating activities		4.069.529.581	5.173.086.943	114.867.555	157.583.385
Payment for the employee benefits provisions		(12.037.796)	(25.193.349)	(318.012)	(752.789)
Payment for other provisions		(31.229)	(240.217)	(821)	(7.165)
		4.057.460.556	5.147.653.377	114.548.722	156.823.431
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash changes from acquisition and sale of debt instruments of other entities		(3.092.648.420)	2.021.471.701	(80.351.719)	55.413.333
Net cash changes from purchase and sale of property, equipment and intangible assets		462.696.488	1.524.069.908	13.418.950	43.121.685
Interest received from financial investment		287.477.746	523.619.528	8.302.271	15.860.686
Changes in cash advances and payables		(4.984.353.813)	(1.469.195.292)	(130.975.497)	(43.820.166)
Other cash changes (**)		(6.695.795.136)	4.473.687.609	(161.703.350)	146.932.472
		(14.022.623.135)	7.073.653.454	(351.309.345)	217.508.010
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in borrowings		900.583.623	3.122.247.783	22.849.967	93.184.210
Repayment of borrowings		(3.569.131.945)	(498.263.350)	(116.720.982)	(14.500.000)
Repayment of principal in lease liabilities		(3.788.171.444)	(2.822.024.849)	(99.543.021)	(84.169.612)
Interest and commission paid		(2.099.862.904)	(1.596.063.628)	(58.499.627)	(51.042.810)
Interest received		118.213.925	682.999.686	3.106.346	10.363.418
		(8.438.368.745)	(1.111.104.358)	(248.807.317)	(46.164.794)
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE TRANSLATION EFFECT (A+B+C)		(18.403.531.324)	11.110.202.473	(485.567.940)	328.166.647
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		3.386.137.854	1.119.211.479	(5.851.206)	(8.375.030)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(15.017.393.470)	12.229.413.952	(491.419.146)	319.791.617
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD					
AT THE BEGINNING OF THE PERIOD	27	46.258.554.416	16.078.358.927	1.258.979.406	493.596.374
AT THE END OF THE PERIOD (A+B+C+D+E)	27	31.241.160.946	28.307.772.879	767.560.260	813.387.991

(*)The functional currency of the Company is Euro. However, the presentation currency is determined as Turkish Lira. See Note 2.1 for the conversion of Euro and Turkish Lira amounts.

(**) The change in foreign exchange-protected deposits and time deposits with a maturity of more than three months, classified as financial investments, has been presented.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Pegasus Hava Taşımacılığı A.Ş. (the “Company” or “Pegasus”) and its subsidiaries (together “the Group”) is a low cost airline company. The Group operates under a low cost business model and employs low cost airline business practices which focus on providing affordable, reliable and simple service.

The shareholders and ownership of the Company as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Esas Holding A.Ş. (“Esas Holding”)	52,81%	52,81%
Publicly held	45,37%	45,37%
Sabancı Family Members	1,82%	1,82%
Total	100,00%	100,00%

Shares of the Company have been started to be traded in İstanbul Stock Exchange since 26 April 2013, after the book building between the dates of 18-19 April 2013.

The Group’s total number of full time employees as of 31 March 2025 is 9.020 (31 December 2024: 8.459). The address of its principal office is Aeropark Yenişehir Mah. Osmanlı Bulvarı No: 11/A Kurtkoy-Pendik İstanbul.

Approval of Financial Statements

The interim condensed consolidated financial statements of the Company and its subsidiaries for the three month ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2025.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

The accompanying condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards Turkish Financial Reporting Standards and interpretations (“TAS/IFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

The interim condensed consolidated financial statements for the three month ended 31 March 2025 have been prepared in accordance with TAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2024.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. The accompanying interim condensed consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards.

The interim condensed consolidated financial statements have been prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its liabilities in the subsequent year and in the natural process of its business operations.

Functional and Presentation Currency

Although there is no prominent currency affecting revenue and cost of sales, the Company's functional currency is determined as Euro because; significant portion of scheduled flight revenues, which represents the Company's primary operations, is generated from European flights, Euro represents a significant component of the financial liabilities of the Company and management reports and budget enabling the Group's management to make executive decisions are prepared in Euro. The functional currency of the Company, its subsidiary and associates, other than Hitit Bilgisayar and PIL, is Euro. Hitit Bilgisayar's and PIL's functional currency is US Dollars.

If the legal records are kept in a currency other than the functional currency, the financial statements are initially translated into the functional currency and then translated to the Group's presentation currency, Turkish Lira ("TL").

For the companies in Turkiye that maintain financial records in TL, currency translation from TL to the functional currency is made under the framework described below:

- Monetary assets and liabilities have been converted to the functional currency with the Central Bank of Turkish Republic (CBRT) foreign exchange rate.
- Non-monetary items have been converted into the functional currency at the exchange rates prevailing at the transaction date.
- Profit or loss accounts have been converted into the functional currency using the exchange rates at the transaction date, except for depreciation expenses.
- The capital is followed according to historical costs.

The translation differences resulting from the above mentioned conversions are recognized under financial income / expenses in the statement of profit or loss.

Presentation currency of the Group's financial statements is TL. Financial Statements have been translated from Euro to TL in accordance with the relevant provisions of TAS 21 ("The Effects of Changes in Foreign Exchange Rates") as follows:

- Assets and liabilities are translated using the Central Bank of the Republic of Turkey ("TCMB") Euro rate prevailing at the reporting date,
- Incomes are converted from Euros to TL using the monthly average exchange rates and expense items at the registered exchange rates on the relevant transaction date.

Translation gains or losses arising from the translations stated above are presented as foreign currency translation reserve under equity. Share capital amount, representing the nominal share capital of the Company, all other equity items are presented in historic TL terms where all translation gains or losses in relation to these balances are accounted under foreign currency translation reserve.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial Reporting in Hyperinflationary Economies

In accordance with the POA's announcement dated 23 November 2023, companies applying Turkish Financial Reporting Standards are required to present their financial statements for the annual reporting periods ending on or after 31 December 2024, adjusted for the effects of inflation in accordance with the relevant accounting principles in Turkish Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (TAS 29). Since the Company's functional currency is Euro as of the reporting date, there is no need to make any adjustments within the scope of TAS 29 in its financial statements to be prepared in accordance with TFRS. However, the financial statements as of 31 December 2024 and 31 March 2025 are prepared in accordance with the Tax Law, have been subject to inflation correction in accordance with the legislation.

Euro Amounts in the Financial Statements

The Euro amounts presented on the face of interim condensed consolidated financial statements refer to the original Euro (functional currency) denominated interim condensed consolidated financial statements as described under the Functional and Presentation Currency section above. In other words, the amounts shown in TL, which is the presentation currency, on the balance sheet, have been converted back to Euro using the official exchange rate announced by the CBRT as of the balance sheet date, and the Euro amounts shown on the consolidated profit or loss and other comprehensive income and consolidated cash flow statements have been converted from TL to Euro using the monthly average exchange rates.

Comparative Information and Reclassification of Prior Period Financial Statements

Condensed consolidated financial statements of Group are prepared in comparison to prior period in order to identify financial position and performance trends. In order to maintain consistency with current period condensed consolidated financial statements, comparative information is reclassified and material changes are disclosed if necessary. Group has not made any reclassification in the prior period consolidated financial statements in order to maintain consistency with current period condensed consolidated financial statements.

Basis of Consolidation

The following table illustrates the condensed consolidated subsidiaries and the Group's ownership percentage in these subsidiaries as of 31 March 2025 and 31 December 2024:

<u>Name of the company</u>	<u>Principal activity</u>	<u>Ownership rate</u>		<u>Country of registration and operation</u>
		<u>31 March 2025</u>	<u>31 December 2024</u>	
Pegasus Havacılık Teknolojileri ve Ticaret A.Ş.	Simulator technical support and maintenance	100%	100%	Turkiye
Pegasus Airlines Innovation Lab, Inc.	Technology – R&D	100%	100%	USA

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Basis of Consolidation

The following table illustrates the affiliates and joint ventures then indicates the Group's ownership percentage in these joint ventures as of 31 March 2025, 31 December 2024:

<u>Name of the company</u>	<u>Principal activity</u>	<u>Ownership rate</u>		<u>Ownership type</u>	<u>Country of registration and operation</u>
		<u>31 March 2025</u>	<u>31 December 2024</u>		
Pegasus Uçuş Eğitim Merkezi A.Ş. ("PUEM")	Simulator training	-	49,40%	Joint venture	Turkiye
Hitit Bilgisayar Hizmetleri A.Ş. ("Hitit Bilgisayar")	Information system solutions	36,82%	36,82%	Joint venture	Turkiye

(*) The liquidation process of PUEM, in which the Company held a 49.40% stake, was completed and the entity was deregistered from the trade registry as of February 27, 2025.

2.2 Changes in Accounting Estimates

Changes in accounting estimates are applied prospectively. If the change is effective for a specific period, it impacts only that period. If they relates to future periods, they are recognized prospectively both in the current period and in the future period. Significant errors identified by the Group in the accounting estimates are applied retrospectively and prior period financial statements are restated. The Group has not made any changes in accounting estimates in the current reporting period.

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as of March 31, 2025 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2025 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2025 are as follows:

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.3 The new standards, amendments and interpretations

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will assess the effects of the amendments after the new standards have been finalized.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2026 with the announcement made by the POA.

The amendments did not have a significant impact on the financial position or performance of the Group.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following two amendments to IFRS 9 and IFRS 7 and Annual Improvements to IFRS Accounting Standards as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its condensed consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the ‘settlement date’. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendments did not have a significant impact on the financial position or performance of the Group.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.3 The new standards, amendments and interpretations

iv) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter*: These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
- *IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition*: The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.
- *IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price*: IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price'.
- *IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent'*: The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.
- *IAS 7 Statement of Cash Flows – Cost Method*: The amendments remove the term of “cost method” following the prior deletion of the definition of 'cost method'.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the “own use” requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.3 The new standards, amendments and interpretations

iv) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

TFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares condensed consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2.4 Seasonality on Operations

Due to seasonality of air passenger transportation, it’s expected to incur higher revenues in the second half of the year compared to the first half. Besides, as a result of higher sales with the effect of summer season and growth in operations of the Company, trade receivables and passenger flight liabilities increased as of 31 March 2025 compared to last year-end.

2.5 Going Concern

The Group has prepared its financial statements in accordance with the going concern principle.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 3 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of investments accounted for using the equity method are as follows:

	31 March 2025	31 December 2024
Joint ventures		
Hitit Bilgisayar	855.465.947	775.860.767
	855.465.947	775.860.767

Total profit from investments accounted for using the equity method is as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Hitit Bilgisayar	22.612.522	14.639.828
Net profit	22.612.522	14.639.828

The summarized financial information of the investment accounted by using the equity method is as follows:

Hitit Bilgisayar

	31 March 2025	31 December 2024
Current assets	1.116.220.807	903.513.291
Non-current assets	2.000.632.701	1.712.410.293
Current liabilities	(601.525.794)	(381.450.727)
Non-current liabilities	(204.425.686)	(138.932.230)
Net assets of joint venture	2.310.902.028	2.095.540.627
Group's ownership interest in the joint venture	36,82%	36,82%
Goodwill	4.591.820	4.282.708
Group's share in the net assets of the joint venture	855.465.947	775.860.767
	1 January- 31 March 2025	1 January- 31 March 2024
Revenue	343.318.807	215.769.969
Depreciation and amortisation expense	(72.130.143)	(40.553.043)
Interest income/(expense), net	4.927.828	(28.728.525)
Profit for the year	61.413.693	39.760.532
Group's weighted average ownership interest	36,82%	36,82%
Group's share in the net profit of the joint venture	22.612.522	14.639.828

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 4 - SEGMENT REPORTING

The Group is managed as a single business unit that provides low fares airline-related services, including scheduled services, charter services, ancillary services and other services. The Group's Chief Operating Decision Maker is the Board of Directors. The resource allocation decisions are based on the entire network and the deployment of the entire aircraft fleet. The objective in making resource allocation decisions is to maximise condensed consolidated financial results, rather than results on individual routes within the network. All other assets and liabilities have been allocated to the Group's single reportable segment.

NOTE 5 - RELATED PARTY TRANSACTIONS

The ultimate parent and controlling party of the Group is Esas Holding. The Group has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders (which will be referred to as "other related parties" below). The related party receivables and payables resulting from operating activities are generally not secured and interest free.

(i) Balances with Related Parties:

a) Trade payables to related parties

	31 March 2025	31 December 2024
Balances with joint ventures:		
Hitit Bilgisayar	53.272.208	39.628.684
Balances with other related parties:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş. ("Esasburda")	300.689	947.033
Ere Avm İnşaat A.Ş. ("Ere Avm")	14.979.034	3.315.000
	68.551.931	43.890.717

(ii) Significant Transactions with Related Parties:

Until May 2024 , the Group leased their head office building from Esasburda, another Esas Holding subsidiary. Esasburda also charged dues, electricity, water and heating expenses for the head office, which is disclosed within "purchases of goods and services" section below.

The Group receives software and software support services from Hitit Bilgisayar that provides information system solutions for transportation industry.

The Group receives health services from Alarm Sağlık.

The Group receives project consultancy services from Ere Avm İnşaat for the hangar project.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 5 - RELATED PARTY TRANSACTIONS

a) Purchases of goods or services

	1 January- 31 March 2025	1 January- 31 March 2024
Transactions with joint ventures:		
Hitit Bilgisayar	92.086.329	65.286.951
Transactions with other related parties:		
Ere Avm	18.000.000	200.000
Esasburda	3.524.309	2.982.452
Other	-	8.927
	113.610.638	68.478.330

b) Lease expenses

	1 January- 31 March 2025	1 January- 31 March 2024
Esasburda (*)	-	8.014.416
	-	8.014.416

(*) Lease expenses are recorded as depreciation and interest under TFRS 16 leases standard. Amounts presented above represent issued invoices. In May 2024, the Group decided to purchase the office building which is the basis of the lease expense. The transactions in this context have been mediated by a bank for the financing of the purchase and the Company will obtain ownership of the building from the bank at the end of the three-year lease period. In this context, the discounted net present value of the payments to be made for the building is TL 757.620.000.

(iii) Compensation of Key Management Personnel:

Key management personnel include members of the board of directors, general managers and assistant general managers. The remuneration of key management paid during the period ended 31 March 2025 and 31 March 2024 are as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Salaries and benefits	21.214.444	14.991.924
	21.214.444	14.991.924

NOTE 6 – TRADE RECEIVABLES AND PAYABLES AND OTHER RECEIVABLES

Short term trade receivables

The details of short term trade receivables as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Trade receivables	1.421.784.378	1.525.875.736
Credit card receivables	1.553.559.471	1.198.921.535
Income accruals	82.645.875	121.627.213
	3.057.989.724	2.846.424.484
Allowance for credit risk adjustment under TFRS 9	(155.070.221)	(147.007.101)
	2.902.919.503	2.699.417.383

The average collection period of trade receivables is approximately 23 days (31 December 2024: 19 days).

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 6 – TRADE RECEIVABLES AND PAYABLES AND OTHER RECEIVABLES

Short term trade payables

The details of short term trade payables as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Trade payables	2.980.188.384	4.869.502.621
Accrued direct operational costs	6.990.609.053	3.029.471.251
Trade payables to related parties (Note 5)	68.551.931	43.890.717
	10.039.349.368	7.942.864.589

The average payment period of trade payables is approximately 33 days (31 December 2024: 30 days).

Short term other receivables

The details of short term other receivables as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Deposits and guarantees given (*)	296.018.823	52.004.903
Receivables from pilots for flight training	10.086.805	10.457.594
Receivables from tax office	35.365.592	26.611.446
Other receivables	8.212.601	17.200.928
	349.683.821	106.274.871

(*) The amount of TL 244.204.420 in deposits given, consists of guarantees given from the banks regarding the valuation of derivative transactions.

Long term other receivables

The details of long term other receivables as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Receivables from pilot trainings	1.742.803.584	1.570.320.465
Deposits given	1.629.344.842	1.549.560.730
	3.372.148.426	3.119.881.195

Short term other payables

	31 March 2025	31 December 2024
Taxes payables	422.951.460	373.700.528
Deposits received	210.567.060	86.305.522
	633.518.520	460.006.050

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 7 - PREPAYMENTS, DEFERRED INCOME AND PASSENGER FLIGHT LIABILITIES

The details of prepayments as of 31 March 2025 and 31 December 2024 are as follows:

Short term prepayments

	31 March 2025	31 December 2024
Advances on aircraft purchases	6.216.762.881	4.514.154.692
Advances to suppliers	3.678.057.540	1.882.368.567
Prepaid insurance expenses	560.037.162	661.458.633
Other prepaid expenses	350.900.422	360.303.872
	10.805.758.005	7.418.285.764

Long term prepayments

	31 March 2025	31 December 2024
Advances on aircraft purchases	4.259.162.530	2.102.247.620
Prepaid maintenance expenses	18.942.704.486	16.007.193.652
Other prepaid expenses	11.140.140	9.068.767
	23.213.007.156	18.118.510.039

Deferred Income

Contract Liabilities

The details of passenger flight liabilities as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Flight liability from ticket sales	12.659.971.704	8.044.008.774
Passenger airport fees received from customers (*)	3.372.691.017	2.688.310.065
Flight liability from flight points	1.708.267.976	1.537.667.174
	17.740.930.697	12.269.986.013

(*) Passenger airport fees received from customers is included in the ticket price, but it is not recognized as revenue when the flight carried out. The amount represents the costs to be paid to airport operators and authorities in cash.

Deferred Income (excluding contract liabilities)

Short term deferred income

	31 March 2025	31 December 2024
Advances received from customers	920.687.930	1.010.942.220
Other deferred income	475.449.996	459.381.249
	1.396.137.926	1.470.323.469

Long term deferred income

	31 March 2025	31 December 2024
Deferred income (*)	8.889.641.618	7.457.506.238
	8.889.641.618	7.457.506.238

(*) Long term deferred income represent discounts received in advance from supplier contracts.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 8 - PROPERTY AND EQUIPMENT

31 March 2025	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Components, spare engine and repairables	Owned Aircraft	Construction in progress	Total
Cost:								
Opening	1.303.701.112	1.010.293.292	1.512.661.810	507.848.125	13.723.562.101	10.513.994.905	346.274.429	28.918.335.774
Additions	10.039.559	49.847.410	48.916.048	-	1.548.790.477	-	74.015.396	1.731.608.890
Disposals	-	-	-	-	-	(2.818.105.627)	-	(2.818.105.627)
Transfers (*)	-	-	-	-	(46.025.104)	2.818.105.627	(35.176.230)	2.736.904.293
Currency translation differences	141.170.233	112.324.044	166.388.838	54.719.979	1.584.343.989	1.132.869.366	40.011.387	3.231.827.836
Closing	1.454.910.904	1.172.464.746	1.727.966.696	562.568.104	16.810.671.463	11.646.864.271	425.124.982	33.800.571.166
Accumulated depreciation:								
Opening	(554.684.002)	(373.011.823)	(1.082.433.842)	(490.834.178)	(3.761.138.727)	(5.351.401.297)	-	(11.613.503.869)
Depreciation for the year	(21.935.907)	(25.539.588)	(28.759.531)	(787.250)	(262.665.304)	(131.199.576)	-	(470.887.156)
Disposals	-	-	-	-	-	1.037.237.945	-	1.037.237.945
Transfers (*)	-	-	-	-	-	(1.037.237.945)	-	(1.037.237.945)
Currency translation differences	(61.291.846)	(41.967.493)	(118.630.703)	(52.941.491)	(423.522.834)	(585.729.821)	-	(1.284.084.188)
Closing	(637.911.755)	(440.518.904)	(1.229.824.076)	(544.562.919)	(4.447.326.865)	(6.068.330.694)	-	(13.368.475.213)
Net book value	816.999.149	731.945.842	498.142.620	18.005.185	12.363.344.598	5.578.533.577	425.124.982	20.432.095.953

(*) Transfers at “components, spare engine and repairables” represent derecognition of components that are used as part of delivery maintenance provisions. Transfers in owned aircraft include transfers from right of use assets of aircraft whose lease liabilities have expired.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 8 - PROPERTY AND EQUIPMENT

31 March 2024	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	spare engine and repairables	Owned Aircraft	Construction in progress	Total
Cost:								
Opening	1.103.684.197	717.367.948	1.176.005.452	438.645.278	6.680.691.335	8.978.203.654	262.907.397	19.357.505.261
Additions	6.417.045	2.151.419	92.404.510	-	1.430.823.394	-	6.421.860	1.538.218.228
Transfers (*)	-	-	-	-	(279.800.933)	-	-	(279.800.933)
Currency translation differences	75.747.622	49.157.350	83.963.730	30.007.987	500.788.368	614.204.287	18.229.761	1.372.099.105
Closing	1.185.848.864	768.676.717	1.352.373.692	468.653.265	8.332.502.164	9.592.407.941	287.559.018	21.988.021.661
Accumulated depreciation:								
Opening	(419.628.926)	(288.077.159)	(866.899.542)	(432.379.083)	(2.658.594.566)	(4.314.225.458)	-	(8.979.804.734)
Depreciation for the year	(17.922.385)	(15.295.096)	(22.550.368)	(1.142.222)	(147.336.692)	(108.683.579)	-	(312.930.342)
Currency translation differences	(29.388.335)	(20.288.931)	(60.162.304)	(29.622.731)	(187.476.631)	(299.270.043)	-	(626.208.975)
Closing	(466.939.646)	(323.661.186)	(949.612.214)	(463.144.036)	(2.993.407.889)	(4.722.179.080)	-	(9.918.944.051)
Net book value	718.909.218	445.015.531	402.761.478	5.509.229	5.339.094.275	4.870.228.861	287.559.018	12.069.077.610

(*) Transfers at “components, spare engine and repairables” represent derecognition of components that are used as part of delivery maintenance provisions.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 9 - INTANGIBLE ASSETS

Software	31 March 2025	31 March 2024
Cost:		
Opening	2.361.587.141	1.714.023.225
Additions	288.449.008	96.589.971
Currency translation differences	274.515.884	120.928.898
Closing	2.924.552.033	1.931.542.094
Accumulated amortization:		
Opening	(1.478.044.624)	(1.070.519.120)
Amortization for the year	(83.851.869)	(59.396.236)
Disposals	-	-
Currency translation differences	(165.088.217)	(75.492.618)
Closing	(1.726.984.710)	(1.205.407.974)
Net book value	1.197.567.323	726.134.120

NOTE 10 – RIGHT OF USE ASSETS

31 March 2025	Field Rental	Building	Aircraft	Other	Total
Cost:					
Opening	535.372.779	908.784.706	191.782.214.946	11.440.385	193.237.812.816
Additions	-	-	3.367.245.325	-	3.367.245.325
Transfers (*)	-	-	(2.818.105.627)	-	(2.818.105.627)
Currency translation differences	57.685.725	97.920.378	20.702.471.515	1.232.686	20.859.310.304
Closing	593.058.504	1.006.705.084	213.033.826.159	12.673.071	214.646.262.818
Accumulated depreciation:					
Opening	(490.171.366)	(14.554.598)	(39.422.098.177)	(11.440.385)	(39.938.264.526)
Depreciation for the period	(12.245.636)	(5.882.828)	(3.127.122.218)	-	(3.145.250.682)
Transfers (*)	-	-	1.037.237.945	-	1.037.237.945
Currency translation differences	(53.666.858)	(1.977.314)	(4.410.740.508)	(1.232.686)	(4.467.617.366)
Closing	(556.083.860)	(22.414.740)	(45.922.722.958)	(12.673.071)	(46.513.894.629)
Net book value	36.974.644	984.290.344	167.111.103.201	-	168.132.368.189

(*) Aircraft whose lease liabilities have ended are classified as transfers to property and equipment. Explanations regarding the buildings are presented under Note 5.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 10 – RIGHT OF USE ASSETS

31 March 2024	Field Rental	Building	Aircraft	Other	Total
Cost:					
Opening	474.627.190	253.614.344	148.302.857.702	10.142.312	149.041.241.548
Additions	-	-	3.251.650.623	-	3.251.650.623
Disposals (*)	-	-	(9.052.588.758)	-	(9.052.588.758)
Currency translation differences	32.469.530	17.349.909	9.924.620.350	693.841	9.975.133.630
Closing	507.096.720	270.964.253	152.426.539.917	10.836.153	153.215.437.043
Accumulated depreciation:					
Opening	(367.824.706)	(161.309.673)	(34.992.941.609)	(10.142.312)	(35.532.218.300)
Depreciation for the period	3.733.752	(40.033.676)	(2.358.882.688)	-	(2.395.182.612)
Disposals (*)	-	-	6.620.723.722	-	6.620.723.722
Currency translation differences	(25.021.181)	(12.557.057)	(2.128.223.544)	(693.841)	(2.166.495.623)
Closing	(389.112.135)	(213.900.406)	(32.859.324.119)	(10.836.153)	(33.473.172.813)
Net book value	117.984.585	57.063.847	119.567.215.798	-	119.742.264.230

(*) Aircraft which are sold presented as disposals and aircraft whose lease liabilities have ended are classified as transfers to property and equipment. Explanations regarding the buildings are presented under Note 5.

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Litigation

The Group is involved in lawsuits and claims that have been filed against, the total amount of claims, excluding reserved rights for excess claims, litigation risks, and interest, is TL 208.748.721 as of 31 March 2025 (31 December 2024: TL 187.141.480). These lawsuits and fines have been evaluated by the Group's management and a litigation provision of TL 162.960.639 (31 December 2024: TL 57.207.079) has been provided against claims for which management believes it is probable it will be required to make a payment. Disputes arise from guest complaints, claims by former employees of the Group and a limited number of commercial disputes.

Tax Inspection

The Group's VAT transactions regarding loyalty card practices in year 2018 have been examined in 2020. The Company have been notified with a report stating "no subject to be examined have been found" in May 2021. However the report evaluation commission has objected this verdict and TL 1.780.660 of tax assessment has been declared to the Company. Against this tax assessment, the Company filed a tax lawsuit on September 6, 2021, the petition of the counter party was received on October 25, 2021 and the petition was answered on November 23, 2021. The 7th Tax Court of Istanbul decided to accept our case and reject all assessments on June 29, 2022, and the defendant Revenue Administration objected to the decision in August and submitted the petition of appeal to the Tax Court. The petition of appeal was notified to Company on September 28, 2022 and this petition answered within one month. Following the rejection of the opposite party's appeal, this time an appeal was made, and the defendant's appeal was served in April 2023. This petition was also answered by the Company within the time limit. The said lawsuit continues as of March 31, 2025. The Company has not recognized any provision in the financial statements in line with the opinions received from its lawyers regarding the aforementioned case.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Passenger Service Fee

T&T Havalimanı İşletmeciliği İnşaat Sanayi ve Ticaret Şirketi Limited filed three lawsuits against the Company before North Cyprus Lefkoşa Court of First Instance with claims of Euro 765.689, Euro 988.985 and Euro 475.031, respectively. All three lawsuits act on same claims and the airports act no. 5/2013 whereby the plaintiff, as the operator of the Ercan Airport under North Cyprus Airports Services and Charges Law, claims Euro 15 passenger service fee for each Turkish Army Staff member traveling on the Company flights for the period between March 2013 and August 2020. Turkish Army Staff departing from North Cyprus are subject to an exemption from this fee under the law. The plaintiff's argument is based on the assumption that the Company has not carried any Turkish Army Staff members in this period of time. The Court of First Instance merged the first two lawsuits and rendered a judgment against the Company for a total principal payment obligation of Euro 1.679.114. No decision has yet been issued regarding the third lawsuit. The Company is of the opinion that it is legally impossible to obtain the requested documents related to the transported passengers from the relevant public authorities, and that the responsibility for implementing the requested additional inspections lies with the operating plaintiff. A legal appeal process has been initiated against the unfavorable first-instance court decision. In prior reporting periods, no provisions were recognized in relation to these cases, as the claims were not supported by concrete evidence and were based on unreasonable assumptions. Following the Company's appeal, upon the approval of the first-instance court's decision as of April 18, 2025, the Company has recognized a provision corresponding to the claimed amounts for all three lawsuits as of the end of the interim period ended March 31, 2025. It is anticipated that the payment related to the first two consolidated lawsuit files, including accrued interest, will be made within the subsequent three-month period.

NOTE 12 - COMMITMENTS

Purchase Commitments

	31 March 2025	31 December 2024
Commitments to purchase aircraft	1.142.574.007.532	1.071.592.413.029
	1.142.574.007.532	1.071.592.413.029

As of 31 March 2025, the Group holds the right to purchase 151 aircraft on firm order. In accordance with agreement the expected deliveries are 8 aircraft in 2025, 8 aircraft in 2026, 13 aircraft in 2027, 23 aircraft in 2028, 21 aircraft in 2029, 15 aircraft in 2030, 17 aircraft in 2031, 16 aircraft in 2032, 15 aircraft in 2033, 15 aircraft in 2034. The purchase commitments for these aircraft were calculated based on their list prices and actual purchase prices are typically lower than the list prices.

The Group has provided advances on aircraft purchases amounting to TL 10.475.925.411 (31 December 2024: TL 6.616.402.312). Of this amount, TL 6.216.762.881 is reclassified as short-term, and TL 4.259.162.530 is reclassified as long-term prepayments (31 December 2024: TL 4.514.154.692 is reclassified as short-term, TL 2.102.247.620 is reclassified as long-term prepayments).

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 12 - COMMITMENTS

Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 March 2025 is as follows:

31 March 2025	TL TOTAL	USD	EUR	TL	Other
A. Total amounts of CPM given on behalf of its own legal entity					
-Collateral	1.564.321.155	22.155.935	13.833.284	30.419.352	134.128.682
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
D. Total amounts of other CPM given					
i. Total amount of CPM given on behalf of the Parent					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
	1.564.321.155	22.155.935	13.833.284	30.419.352	134.128.682

The CPMs given by the Group are consisted of collaterals given to airports and terminals operators, aircraft leasing companies and service suppliers.

The other CPMs (in the scope of item D) given by the Group constitute 0% of the Group’s equity as of 31 March 2025.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 12 - COMMITMENTS

Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 December 2024 is as follows:

31 December 2024	TL TOTAL	USD	EUR	TL	Other
A. Total amounts of CPM given on behalf of its own legal entity					
-Collateral	1.391.002.578	19.818.530	12.544.285	109.847.593	122.167.548
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
D. Total amounts of other CPM given					
i. Total amount of CPM given on behalf of the Parent					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
	1.391.002.578	19.818.530	12.544.285	109.847.593	122.167.548

The CPMs given by the Group are consisted of collaterals given to airports and terminals operators, aircraft leasing companies and service suppliers.

The other CPMs (in the scope of item D) given by the Group constitute 0% of the Group’s equity as of 31 December 2024.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 13 - EXPENSES BY NATURE

The details of expenses by nature for the years periods 31 March 2025 and 31 March 2024 are as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Jet fuel expenses	7.461.417.009	6.713.495.423
Depreciation and amortisation expenses	3.699.989.707	2.767.509.190
Personnel expenses	5.753.785.760	3.342.824.668
Handling and station fees	2.132.435.700	1.507.414.849
Navigation expenses	1.809.123.494	1.249.583.411
Maintenance expenses	1.105.916.500	823.217.739
Landing expenses	1.033.541.741	717.585.966
Passenger service and catering expenses	431.346.489	259.686.934
Commission expenses	172.903.782	162.680.021
Short term lease expenses (*)	-	34.947.996
Advertising expenses	256.133.528	122.005.624
Other expenses	2.260.577.897	1.275.204.455
	26.117.171.607	18.976.156.276

(*) Consists of short-term operating lease expenses.

NOTE 14 - SHAREHOLDERS' EQUITY, PROFIT RESERVES AND OTHER EQUITY ITEMS

The Company's shareholding structure as of 31 March 2025 and 31 December 2024 are as follows:

Shareholders	31 March 2025		31 December 2024	
	(%)	TL	(%)	TL
Esas Holding	52,81	264.056.018	52,81	264.056.018
Publicly held	45,37	226.866.830	45,37	226.866.830
Emine Kamışlı	0,61	3.025.717	0,61	3.025.717
Ali İsmail Sabancı	0,61	3.025.717	0,61	3.025.717
Kazım Köseoğlu	0,30	1.512.859	0,30	1.512.859
Can Köseoğlu	0,30	1.512.859	0,30	1.512.859
TL historic capital	100,00	500.000.000	100,00	500.000.000

The Company's share capital consists of 500.000.000 shares of par value TL 1 each (31 December 2024: 500.000.000 shares).

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 15 - REVENUE AND COST OF SALES

The details of revenue and cost of sales for the periods ended 31 March 2025 and 31 March 2024 are as follows:

Revenue:

	1 January- 31 March 2025	1 January- 31 March 2024
Scheduled flight and service revenue	23.331.998.266	17.174.058.811
<i>International flight revenue</i>	<i>10.139.858.820</i>	<i>8.261.852.333</i>
<i>Domestic flight revenue</i>	<i>3.220.260.641</i>	<i>2.268.393.390</i>
<i>Service revenue</i>	<i>9.971.878.805</i>	<i>6.643.813.088</i>
Charter flight and service revenue	131.094.969	137.959.757
<i>Charter flight revenue</i>	<i>131.094.969</i>	<i>137.959.757</i>
Other revenue	124.479.779	78.782.428
	23.587.573.014	17.390.800.996

The Group's revenue is disaggregated into revenue from scheduled flights, revenue from chartered flights, and other revenues in accordance with the TFRS 15 "Revenue from Contracts with Customers" standard. However, although the Group does not consider service revenues within these disaggregated revenue items as a separate performance obligation, it presents additional information due to their frequent disclosure to investors and continuous review by the authorities empowered to make decisions regarding operations.

Geographical details of revenue from the scheduled flights are as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Europe	6.598.008.672	5.445.874.656
Domestic	3.220.260.641	2.268.393.390
Other	3.541.850.148	2.815.977.677
	13.360.119.461	10.530.245.723

Cost of sales:

	1 January- 31 March 2025	1 January- 31 March 2024
Jet fuel expenses	7.461.417.009	6.713.495.423
Personnel expenses	5.283.335.681	3.044.265.853
Depreciation and amortisation expenses	3.532.969.444	2.651.202.882
Handling and station fees	2.132.435.700	1.507.414.849
Navigation expenses	1.809.123.494	1.249.583.411
Maintenance expenses	1.105.916.500	823.217.739
Landing expenses	1.033.541.741	717.585.966
Passenger service and catering expenses	431.346.489	259.686.934
Insurance expenses	186.149.030	155.029.439
Short term lease expenses	-	34.947.996
Other expenses	1.457.528.021	796.130.576
	24.433.763.109	17.952.561.068

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

**NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING
EXPENSES**

	1 January- 31 March 2025	1 January- 31 March 2024
General administrative expenses	893.331.409	572.186.285
Marketing expenses	656.460.879	451.408.923
	1.549.792.288	1.023.595.208

The details of general administrative expenses and marketing expenses for the periods ended 31 March 2025 and 31 March 2024 are as follows (there are no research & development expenses in the periods ended in respective dates):

General administrative expenses:

	1 January- 31 March 2025	1 January- 31 March 2024
Personnel expenses	374.531.310	235.064.026
IT expenses	221.004.632	139.360.769
Depreciation and amortisation expenses	133.616.210	93.045.046
Consultancy expenses	48.752.775	26.987.199
Office utility expenses	23.952.503	17.926.675
Legal and notary expenses	20.830.107	14.209.898
Communication expenses	19.942.230	13.026.612
Travel expenses	19.590.887	15.243.658
Training expenses	3.245.571	1.149.097
Other expenses	27.865.184	16.173.305
	893.331.409	572.186.285

Marketing expenses:

	1 January- 31 March 2025	1 January- 31 March 2024
Advertising expenses	256.133.528	122.005.624
Commission expenses	172.903.782	162.680.021
Personnel expenses	95.918.769	63.494.789
Call center expenses	70.536.438	56.694.561
Depreciation and amortisation expenses	33.404.053	23.261.262
Other expenses	27.564.309	23.272.666
	656.460.879	451.408.923

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses for the periods ended 31 March 2025 and 31 March 2024 are as follows:

Other operating income:

	1 January- 31 March 2025	1 January- 31 March 2024
Foreign exchange gain from operating activities	-	314.342.294
Reversal of doubtful cash and cash equivalents	9.624.565	-
Reversal of trade receivable impairment	2.365.729	-
	11.990.294	314.342.294

Other operating expenses:

	1 January- 31 March 2025	1 January- 31 March 2024
Foreign exchange loss from operating activities	1.376.427.997	-
Legal provision and penalty expense	127.904.769	4.741.932
Doubtful receivable allowance expense	2.022.143	14.696.390
Trade receivables allowance expense	-	7.465.406
Cash and cash equivalents allowance expense	-	5.033.531
Other	15.489.377	22.735.772
	1.521.844.286	54.673.031

NOTE 18 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended 31 March 2025 and 31 March 2024 are as follows:

Income from investing activities:

	1 January- 31 March 2025	1 January- 31 March 2024
Interest income from time and currency protected deposits	572.881.938	191.958.246
Gain arising from aircraft sale	280.560.296	268.428.713
Interest income from eurobond	276.170.501	277.485.583
Gain from eurobond sales (*)	6.263.328	-
Other income	208.510	2.852.365
	1.136.084.573	740.724.907

(*) The amounts represents gains arising from the sale of financial investments that are carried at fair value through other comprehensive income.

Expense from investing activities:

	1 January- 31 March 2025	1 January- 31 March 2024
Financial investments allowance expense	71.816.019	169.947.660
	71.816.019	169.947.660

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 19 - FINANCIAL INCOME AND EXPENSES

The details of financial income and expenses for the periods ended 31 March 2025 and 31 March 2024 are as follows:

Financial income:

	1 January- 31 March 2025	1 January- 31 March 2024
Foreign exchange gain	2.009.397.795	-
Interest income	583.608.988	350.199.477
Gain on derivative contracts	-	1.849.726
	2.593.006.783	352.049.203

Financial expenses:

	1 January- 31 March 2025	1 January- 31 March 2024
Interest expense on leases	1.514.005.058	1.436.668.775
Interest expense on issued debt instruments	527.955.145	276.139.680
Commission and other expenses	390.664.098	287.517.322
Losses from derivative contracts	144.922.224	-
Interest expense on bank loans	72.244.316	181.356.599
Foreign exchange loss	-	1.056.741.691
	2.649.790.841	3.238.424.067

NOTE 20 - EARNINGS PER SHARE

Earnings per share disclosed in the condensed consolidated statements of income are determined by dividing the net income by the weighted number of shares that have been outstanding during the period concerned. Weighted average number of shares for 2024 and 2025 is calculated using the actual number of shares outstanding during the period, taking into consideration the actual date of capital increase.

Number of total shares and calculation of earnings per share at 31 March 2025 and 31 March 2024 are as follows:

	1 January- 31 March 2025	1 January- 31 March 2024
Net profit	(2.634.620.682)	(3.500.974.334)
Weighted average number of shares issued in the year	500.000.000	102.299.707
Income per share	(5,27)	(34,22)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 21 – DERIVATIVE FINANCIAL INSTRUMENTS

Fair Value of Derivative Instruments

	31 March 2025		31 December 2024	
	Asset	Liability	Asset	Liability
Short term	-	179.130.039	145.642.867	170.696.233
Long term	-	43.854.873	-	13.387.018
	-	222.984.912	145.642.867	184.083.251

Explanations related to derivative instruments are disclosed in Note 24.

NOTE 22 - FINANCIAL INSTRUMENTS

Financial Assets

Short term	31 March 2025	31 December 2024
Financial investments measured at amortized cost	7.218.182.142	6.336.522.068
Financial assets recognized at fair value through profit or loss	4.013.575.068	3.714.866.359
Time Deposit (*)	8.328.193.938	1.059.774.928
Allowance for credit risk adjustment under TFRS 9	(29.835.755)	(13.032.469)
	19.530.115.393	11.098.130.886

(*) The balance includes time deposits and currency protected time deposits with original maturities between three months and one year. As of March 31, 2025, there are no outstanding exchange rate protected time deposits.

Long term	31 March 2025	31 December 2024
Financial investments measured at amortized cost	7.825.034.176	4.774.747.774
Allowance for credit risk adjustment under TFRS 9	(208.595.815)	(153.583.100)
	7.616.438.361	4.621.164.674

Financial investments accounted at amortized cost

	31 March 2025	31 December 2024
Short term financial investments measured at amortized cost	7.218.182.142	6.336.522.068
Long term financial investments measured at amortized cost	7.825.034.176	4.774.747.774
	15.043.216.318	11.111.269.842

	31 March 2025	31 December 2024
Government Debt Securities	6.223.663.866	7.089.155.754
Corporate Debt Securities	8.819.552.452	4.022.114.088
	15.043.216.318	11.111.269.842

The Group's fixed income securities are accounted at their amortized costs using the effective interest rate. These securities are denominated in Euros, US Dollars and Pounds and pay fixed interest every year and every six months.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS

The weighted average coupon interest rates of existing Euro, US Dollar and Pounds financial investments that are measured at amortized cost as of 31 March 2025 and 31 December 2024 are as follows:

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value TL
Government Debt Securities	7,5	US Dollars	4.882.548.326
Government Debt Securities	6,7	GBP	1.341.115.540
Corporate Debt Securities	6,3	US Dollars	7.560.946.481
Corporate Debt Securities	5,9	Euro	1.037.264.151
Corporate Debt Securities	6,6	GBP	221.341.820
31 March 2025			15.043.216.318

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value TL
Government Debt Securities	7,6	US Dollars	6.622.324.195
Government Debt Securities	6,7	GBP	466.831.559
Corporate Debt Securities	7,2	US Dollars	3.092.676.978
Corporate Debt Securities	6,7	Euro	929.437.110
31 December 2024			11.111.269.842

Financial investments at fair value through other comprehensive income

	31 March 2025	31 December 2024
Government Debt Securities	3.430.369.058	2.646.894.946
Corporate Debt Securities	583.206.010	1.067.971.413
	4.013.575.068	3.714.866.359

The coupon interest rates of the financial investments in US Dollars that are measured by their fair value and continues as of the reporting date are as follows.

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value TL
Government Debt Securities	8,0	US Dollars	3.430.369.058
Corporate Debt Securities	8,0	US Dollars	583.206.010
31 March 2025			4.013.575.068

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value TL
Government Debt Securities	8,4	US Dollars	2.646.894.946
Corporate Debt Securities	8,1	US Dollars	1.067.971.413
31 December 2024			3.714.866.359

The financial investments at fair value through other comprehensive income is composed of bonds. These investments are denominated in US Dollars and pay fixed interest every year or every six months.

Financial Liabilities

The details of financial liabilities as of 31 March 2025 and 31 December 2024 are as follows:

Short term financial liabilities	31 March 2025	31 December 2024
Short term bank borrowings	3.318.914.940	6.321.566.673
	3.318.914.940	6.321.566.673

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS

Financial Liabilities

Short term portion of long term financial liabilities	31 March 2025	31 December 2024
Short term portion of long term bank borrowings	900.214.809	804.094.539
Principal and interest of bonds issued	7.849.608.708	7.276.917.017
Discount and commissions of bonds issued	(43.716.453)	(63.248.844)
Lease liabilities	16.459.063.302	14.911.498.531
<i>Short term portion of long term lease liabilities</i>	<i>2.234.718.536</i>	<i>1.853.791.145</i>
<i>Short term portion of long term lease liabilities with purchase option</i>	<i>14.224.344.766</i>	<i>13.057.707.386</i>
	25.165.170.366	22.929.261.243
Long term financial liabilities	31 March 2025	31 December 2024
Long term bank borrowings	1.197.408.994	808.687.123
Issued debt instruments (*)	17.561.413.521	16.625.114.404
Discount and commissions of bonds issued	(190.398.431)	(172.077.331)
Lease liabilities	129.281.573.143	119.794.949.520
<i>Long term lease liabilities</i>	<i>8.102.725.305</i>	<i>7.554.922.759</i>
<i>Long term lease liabilities with purchase option</i>	<i>121.178.847.838</i>	<i>112.240.026.761</i>
	147.849.997.227	137.056.673.716

(*) The Group issued bonds to qualified investors abroad on April 29, 2021, which were issued under the "Rule 144A" and/or "Regulation S" format, have a nominal value of US\$ 375.000.000, at 9,25% interest rate and the maturity is 5 years with an early payment option in the third and fourth years. As of September 12, 2024, tender offer process is completed and the purchase and settlement by the Group of notes with a total nominal value of US\$ 211.086.000 are concluded. Following the settlement of the notes that are purchased, the total nominal value of the outstanding notes due 2026 will be US 163.914.000.

The Group issued bonds to qualified investors abroad on September 11, 2024, which were issued under the "Rule 144A" and/or "Regulation S" format, have a nominal value of US\$ 500.000.000, at 8,00% interest rate and the maturity is 7 years with an early payment option starting at the end of three years.

The bonds are traded on the Irish Stock Exchange (Euronext Dublin). There are some financial covenants in the Terms and Conditions of the notes. The covenants of the notes are; negative pledge, limitation in indebtedness, publication of financial information, limitations on transactions with affiliates, minimum liquidity, merger, consolidation and sale of all assets substantially, limitation on asset sales, limitation on restricted payments. As of 31 March 2025, the Group complied with all covenants.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Borrowings

The effective interest rates, original currency and TL equivalents of the short and long term bank borrowings as of 31 March 2025 and 31 December 2024 are as follows :

31 March 2025	Weighted average interest rate (%)	Currency	Original amount	TL equivalent
Short term bank borrowings	4,74	Euro	81.542.015	3.318.914.940
Short term portion of long term bank borrowings	4,20	Euro	22.117.267	900.214.809
Long term bank borrowings	3,88	Euro	29.418.995	1.197.408.994
				5.416.538.743

31 December 2024	Weighted average interest rate (%)	Currency	Original amount	TL equivalent
Short term bank borrowings	6,09	Euro	172.048.659	6.321.566.673
Short term portion of long term bank borrowings	4,22	Euro	21.884.352	804.094.539
Long term bank borrowings	4,19	Euro	22.009.344	808.687.123
				7.934.348.335

Lease Liabilities

The details of lease liabilities as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Less than 1 year	21.004.008.219	19.943.011.377
Between 1 - 5 years	81.337.404.715	74.527.413.498
Over 5 years	70.400.197.523	66.439.202.785
	172.741.610.457	160.909.627.660
Less: Future interest expenses	(27.000.974.012)	(26.203.179.609)
	145.740.636.445	134.706.448.051

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS

Financial Liabilities

Lease Liabilities

Present value of minimum lease payments of lease liabilities are as follows;

	31 March 2025	31 December 2024
Less than 1 year	16.459.063.302	14.911.498.531
Between 1 - 5 years	66.497.640.416	60.958.814.055
Over 5 years	62.783.932.727	58.836.135.465
	145.740.636.445	134.706.448.051

The Group acquire certain of its handling equipment and aircraft through lease arrangements. The average lease term is 6,00 years. For the period ended 31 March 2025, the floating interest rate applicable to Euro-denominated lease liabilities, amounting to TL 101.852.675.741, is 3,20% (31 December 2024: 3,40%) and the floating rate applicable to US Dollar-denominated lease liabilities, amounting to TL 14.259.388.732, is 6,05% (31 December 2024: 6,28%).

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Market risk

The Group's activities expose primarily to the financial risks of changes in foreign currency exchange rates, fuel price and interest rates. The Group enters into a variety of derivative financial instruments to manage exposure to foreign currency, fuel price and interest rate risk.

Foreign currency risk management

The Group has transactions in non-Euro currencies including Turkish Lira revenues, US Dollar borrowings and fuel purchases. These non-Euro denominated transactions expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

Foreign currency risk management

The Group's foreign currency position of monetary and non-monetary assets/liabilities for the years ended 31 March 2025 and 31 December 2024 are as follows:

31 March 2025	TL Total	USD	TL	GBP	Other
1. Trade receivables	1.923.186.854	8.576.309	1.229.025.166	1.278.275	307.897.142
2a. Monetary financial assets	44.483.323.389	775.444.180	10.541.014.463	31.187.098	3.135.379.212
2b. Non monetary financial assets	-	-	-	-	-
3. Other	309.189.581	7.225.754	25.596.983	214.453	243.150
4. CURRENT ASSETS	46.715.699.824	791.246.243	11.795.636.612	32.679.826	3.443.519.504
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	7.616.438.371	201.676.615	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	369.758.933	4.944.059	1.898.791	63.000	178.070.621
8. NON CURRENT ASSETS	7.986.197.304	206.620.674	1.898.791	63.000	178.070.621
9. TOTAL ASSETS	54.701.897.128	997.866.917	11.797.535.403	32.742.826	3.621.590.125
10. Trade payables	4.828.038.453	80.861.491	1.579.390.313	508.161	170.069.039
11. Financial liabilities	12.221.940.927	323.315.477	11.737.949	-	-
12a. Other liabilities, monetary	5.324.013.980	13.614.582	4.262.267.340	187.525	538.433.256
12b. Other liabilities, non monetary	-	-	-	-	-
13. CURRENT LIABILITIES	22.373.993.360	417.791.550	5.853.395.602	695.686	708.502.295
14. Trade payables	-	-	-	-	-
15. Financial liabilities	54.049.328.210	1.431.127.925	1.923.446	-	-
16a. Other liabilities, monetary	7.986.008.454	211.462.507	-	-	-
16b. Other liabilities, non monetary	-	-	-	-	-
17. NON CURRENT LIABILITIES	62.035.336.664	1.642.590.432	1.923.446	-	-
18. TOTAL LIABILITIES	84.409.330.024	2.060.381.982	5.855.319.048	695.686	708.502.295
19. Net asset / (liability) position of Off-statement of financial position derivatives (19a-19b)	-	-	-	-	-
19.a Off-statement of financial position foreign currency derivative assets	-	-	-	-	-
19.b. Off-statement of financial position foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset/(liability) position	(29.707.432.896)	(1.062.515.065)	5.942.216.355	32.047.140	2.913.087.830
21. Net foreign currency asset / (liability) position of monetary items (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(29.707.432.896)	(1.062.515.065)	5.942.216.355	32.047.140	2.913.087.830

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

Foreign currency risk management

31 December 2024	TL Total	USD	TL	GBP	Other
1. Trade receivables	1.930.994.924	7.421.689	1.404.084.196	1.817.410	185.081.590
2a. Monetary financial assets	46.038.638.751	1.163.326.747	4.022.451.465	14.824.938	384.039.037
2b. Non monetary financial assets	-	-	-	-	-
3. Other	228.603.724	1.727.019	166.711.936	23.797	7.562
4. CURRENT ASSETS	48.198.237.399	1.172.475.455	5.593.247.597	16.666.145	569.128.189
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	4.621.164.767	131.196.247	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	287.642.554	6.695.999	1.543.144	63.000	47.456.743
8. NON CURRENT ASSETS	4.908.807.321	137.892.246	1.543.144	63.000	47.456.743
9. TOTAL ASSETS	53.107.044.720	1.310.367.701	5.594.790.741	16.729.145	616.584.932
10. Trade payables	4.556.958.222	90.371.223	1.020.393.435	2.635.892	236.764.938
11. Financial liabilities	11.052.127.544	313.459.380	11.053.764	-	-
12a. Other liabilities, monetary	3.785.868.230	10.378.007	3.369.137.300	254.401	39.927.100
12b. Other liabilities, non monetary	-	-	-	-	-
13. CURRENT LIABILITIES	19.394.953.996	414.208.610	4.400.584.499	2.890.293	276.692.038
14. Trade payables	-	-	-	-	-
15. Financial liabilities	50.483.084.146	1.433.084.260	5.127.331	-	-
16a. Other liabilities, monetary	7.641.317.376	216.939.281	-	-	-
16b. Other liabilities, non monetary	-	-	-	-	-
17. NON CURRENT LIABILITIES	58.124.401.522	1.650.023.541	5.127.331	-	-
18. TOTAL LIABILITIES	77.519.355.518	2.064.232.151	4.405.711.830	2.890.293	276.692.038
19. Net asset / (liability) position of Off-statement of financial position derivatives (19a-19b)	17.963.040	21.424.898	-	(16.650.000)	-
19.a Off-statement of financial position foreign currency derivative assets	754.655.610	21.424.898	-	-	-
19b. Off-statement of financial position foreign currency derivative liabilities	736.692.570	-	-	16.650.000	-
20. Net foreign currency asset/(liability) position	(24.412.310.798)	(753.864.450)	1.189.078.911	13.838.852	339.892.894
21. Net foreign currency asset / (liability) position of monetary items (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(24.412.310.798)	(753.864.450)	1.189.078.911	13.838.852	339.892.894

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

Foreign currency risk management

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily with respect to the US Dollar and Turkish Lira. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollar, and TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Foreign currency sensitivity tables as of 31 March 2025 and 31 December 2024 are as follows:

31 March 2025	Profit/(Loss)		Shareholders' equity	
	If foreign currency appreciated 10%	If foreign currency depreciated 10%	If foreign currency appreciated 10%	If foreign currency depreciated 10%
Effect of 10% change in USD rate				
USD net asset / (liability)	(4.012.651.894)	4.012.651.894	-	-
Part of hedged from USD risk	-	-	-	-
USD net effect	(4.012.651.894)	4.012.651.894	-	-
Effect of 10% change in TL rate				
TL net asset / (liability)	594.221.636	(594.221.636)	8.057.713.656	(8.057.713.656)
Part of hedged from TL risk	-	-	-	-
TL net effect	594.221.636	(594.221.636)	8.057.713.656	(8.057.713.656)
Effect of 10% change in GBP rate				
GBP net asset / liability	156.378.186	(156.378.186)	-	-
Part of hedged from GBP risk	-	-	-	-
GBP net effect	156.378.186	(156.378.186)	-	-
31 December 2024				
	Profit/(Loss)		Shareholders' equity	
	If foreign currency appreciated 10%	If foreign currency depreciated 10%	If foreign currency appreciated 10%	If foreign currency depreciated 10%
Effect of 10% change in USD rate				
USD net asset / (liability)	(2.655.359.368)	2.655.359.368	-	-
Part of hedged from USD risk	75.465.561	(75.465.561)	-	-
USD net effect	(2.579.893.807)	2.579.893.807	-	-
Effect of 10% change in TL rate				
TL net asset / (liability)	118.907.891	(118.907.891)	7.505.715.524	(7.505.715.524)
Part of hedged from TL risk	-	-	-	-
TL net effect	118.907.891	(118.907.891)	7.505.715.524	(7.505.715.524)
Effect of 10% change in GBP rate				
GBP net asset / liability	61.231.108	(61.231.108)	-	-
Part of hedged from GBP risk	(73.669.257)	73.669.257	-	-
GBP net effect	(12.438.149)	12.438.149	-	-

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Group Management believes that the carrying values of financial instruments approximates their fair values, except for financial investments, lease liabilities and issued debt instruments. The fair value of financial investments and issued bonds is determined by considering the market value (level 1).

Fair Value of Financial Instruments

31 March 2025	Financial assets and liabilities at amortized cost	Financial assets and derivative instruments which are recognized at fair value in shareholders' equity	Derivative instruments which are recognized at fair value in profit/loss	Carrying amount	Note
Financial assets					
Cash and cash equivalents	31.241.160.946	-	-	31.241.160.946	27
Trade receivables	2.902.919.503	-	-	2.902.919.503	6
- <i>Other</i>	2.902.919.503	-	-	2.902.919.503	6
Other receivables	3.721.832.247	-	-	3.721.832.247	
- <i>Other</i>	3.721.832.247	-	-	3.721.832.247	
Financial investments	8.328.193.938	4.013.575.068	-	27.146.553.754	22
Financial liabilities					
Bank borrowings	5.416.538.743	-	-	5.416.538.743	22
Issued debt instruments	25.065.588.625	-	-	25.176.907.345	
Trade payables	10.039.349.368	-	-	10.039.349.368	6
- <i>Related party</i>	68.551.931	-	-	68.551.931	5
- <i>Other</i>	9.970.797.437	-	-	9.970.797.437	
Other payables	633.518.520	-	-	633.518.520	
Derivative financial liabilities	-	222.984.912	-	222.984.912	21

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Fair Value of Financial Instruments

31 December 2024	Financial assets and liabilities at amortized cost	Financial assets and derivative instruments which are recognized at fair value in shareholders' equity	Derivative instruments which are recognized at fair value in profit/loss	Carrying amount	Note
Financial assets					
Cash and cash equivalents	46.258.554.416	-	-	46.258.554.416	27
Trade receivables	2.699.417.383	-	-	2.699.417.383	6
- <i>Other</i>	2.699.417.383	-	-	2.699.417.383	6
Other receivables	3.226.156.066	-	-	3.226.156.066	
- <i>Other</i>	3.226.156.066	-	-	3.226.156.066	
Financial investments	11.087.434.559	3.714.866.359	-	15.719.295.560	22
Derivative financial assets	-	-	145.642.867	145.642.867	21
Financial liabilities					
Bank borrowings	7.934.348.335	-	-	7.934.348.335	22
Issued debt instruments	23.378.226.424	-	-	23.666.705.246	
Trade payables	7.942.864.589	-	-	7.942.864.589	6
- <i>Related party</i>	43.890.717	-	-	43.890.717	5
- <i>Other</i>	7.898.973.872	-	-	7.898.973.872	
Other payables	460.006.050	-	-	460.006.050	
Derivative financial liabilities	-	184.083.251	-	184.083.251	21

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

**NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING
DISCLOSURES)**

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices:
- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of financial assets and liabilities are determined by the input that does not reflect an actual data observed in the market while finding the fair value of an asset or liability.

Financial assets / (Financial liabilities)	Fair value as at		Fair value hierarchy	Valuation technique
	31 March 2025	31 December 2024		
Fuel purchase option contracts	(222.984.912)	(184.083.251)	Level 2	Discounted cash flow method
Currency forward contracts	-	145.642.867	Level 2	Discounted cash flow method
			Currency forward contracts	Fuel purchase option contracts
31 March 2025				Total
Fair value:				
Opening		145.642.867	(184.083.251)	(38.440.384)
Fair value increase				
Recognized in equity		-	(38.901.661)	(38.901.661)
Recognized in profit or loss		(145.642.867)	-	(145.642.867)
Closing		-	(222.984.912)	(222.984.912)
Assets		-	-	-
Liabilities		-	(222.984.912)	(222.984.912)
Total net assets and liabilities		-	(222.984.912)	(222.984.912)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

**NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING
DISCLOSURES)**

Fair Value of Financial Instruments

31 December 2024	Currency forward contracts	Fuel purchase option contracts	Total
Fair value:			
Opening	12.607.533	(173.330.608)	(160.723.075)
Fair value increase / (decrease)			
Recognized in equity	-	(10.752.643)	(10.752.643)
Recognized in profit or loss	133.035.334	-	133.035.334
Closing	145.642.867	(184.083.251)	(38.440.384)
Assets	145.642.867	-	145.642.867
Liabilities	-	(184.083.251)	(184.083.251)
Total net assets and liabilities	145.642.867	(184.083.251)	(38.440.384)

The Group has forward fuel purchase option contracts, which are subject to hedge accounting, at a rate of 50,2% and 24,6% of the total fuel consumption estimated to occur in a period shorter than 1 year and more than 1 year, respectively. In line with its hedging policy, the Group can conclude contracts with maturities up to 24 months. As of 31 March 2025, the contracts last until March 2027. The total nominal value of these contracts is USD 530,8 million, and the weighted average price is in the range of USD 65-80. The ineffective portion of the hedge is not material as of 31 March 2025. In the current period, the income that is reclassified from hedging gain/(losses) fund under shareholders' equity to fuel expenses in the profit or loss statement is amounting to TL 23.966.299 (31 March 2024: TL 20.306.300 derivative income are charged to finance expenses).

NOTE 25 - EVENTS AFTER REPORTING PERIOD

Not available.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 26 – INCOME TAX EXPENSE

The Group is subject to corporate tax applicable in Türkiye. The corporate tax rate in Türkiye is applied as 25% for the 2024 taxation period. It continues to be applied as 25% for the 2025 taxation period. While calculating deferred tax on temporary differences, the Company takes into account the tax rates applicable at the date of closing of the temporary differences.

The tax expense components of 31 March 2025 and 31 March 2024 are presented below:

	1 January- 31 March 2025	1 January- 31 March 2024
Tax income/(expense)		
- Deferred tax income/(expense)	241.118.675	125.669.472
Total tax income/(expense)	241.118.675	125.669.472

The Group's earnings from investments tied to an incentive certificate are subject to corporate tax at discounted rates, starting from the accounting period in which the investment is partially or fully operational, until the investment contribution amount is reached. In this context, tax advantage amounting to TL 10.198.449.875 (31 December 2024: TL 7.469.203.072) that the Group will benefit from in the foreseeable future as of 31 March 2025 is reflected in the interim condensed consolidated financial statements as a deferred tax asset. As a result of the recognition of the mentioned tax advantage as of 31 March 2025, deferred tax income amounting to TL 1.799.329.574 has recognised in the interim condensed consolidated profit or loss statement for the period 1 January - 31 March 2025.

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the interim condensed consolidated financial statements on long-term plans and evaluates the recoverability of deferred tax assets related to these investment incentives as of each reporting date. This evaluation is conducted based on business models that include estimations of taxable profits.

In the sensitivity analysis carried out as of 31 March 2025, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased/decreased by 10%, the duration of the foreseen period for recognizing deferred tax assets related to investment incentives remains unchanged.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2025**

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

NOTE 27 - EXPLANATIONS RELATED TO STATEMENT OF CASH FLOW

The details of cash and cash equivalents as of 31 March 2025 and 31 December 2024 are as follows:

	31 March 2025	31 December 2024
Cash on hand	5.549.500	1.837.424
Cash at banks	31.253.085.225	46.283.815.336
- Demand deposits	1.163.459.938	856.801.424
- Time deposits	30.089.625.287	45.427.013.912
Allowance for credit risk adjustment under TFRS 9	(17.473.779)	(27.098.344)
	31.241.160.946	46.258.554.416

The weighted average interest rates of time deposits are as presented below:

31 March 2025	Weighted average interest rates	Total
USD deposits	4,49 %	22.807.375.011
EUR deposits	2,83 %	3.663.798.621
TL deposits	43,29 %	2.968.926.303
GBP deposits	1,95 %	477.914.922
IRR deposits	5,00 %	171.610.430
		30.089.625.287

31 December 2024	Weighted average interest rates	Total
USD deposits	4,51 %	31.149.715.222
EUR deposits	2,65 %	9.969.682.000
TL deposits	48,88 %	3.980.883.191
GBP deposits	0,50 %	114.484.102
IRR deposits	5,00 %	212.249.397
		45.427.013.912

As of 31 March 2025 and 31 December 2024 time deposits maturities are less than 90 days.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

APPENDIX : EURO SELECTED NOTES

(Amounts are expressed in full TL and full Euros unless otherwise stated.)

Revenue

	Euro	Euro
	1 January- 31 March 2025	1 January- 31 March 2024
Scheduled flight and service revenue	615.064.932	512.357.890
<i>International flight revenue</i>	267.732.280	246.576.186
<i>Domestic flight revenue</i>	85.088.538	67.865.413
<i>Service revenue</i>	262.244.114	197.916.291
Charter flight and service revenue	3.400.602	4.057.588
<i>Charter flight revenue</i>	3.400.602	4.057.588
Other revenue	3.194.208	2.306.748
	621.659.742	518.722.226

Expenses by Nature

	Euro	Euro
	1 January- 31 March 2025	1 January- 31 March 2024
Jet fuel expenses	195.634.186	199.923.732
Personnel expenses	148.075.747	98.412.643
Depreciation and amortisation expenses	97.225.841	82.543.630
Handling and station fees	55.414.432	44.662.225
Navigation expenses	46.004.330	36.550.948
Maintenance expenses	28.478.459	24.319.811
Landing expenses	26.876.878	21.266.461
Passenger service and catering expenses	11.186.054	7.674.721
Advertising expenses	6.642.584	3.699.576
Commission expenses	3.999.369	4.860.028
Short term lease expenses (*)	-	1.063.180
Other expenses	60.405.241	38.278.699
	679.943.121	563.255.654

(*) Consists of short-term operating lease expenses.