

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED
31 MARCH 2026

INDEX	PAGE
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER	
COMPREHENSIVE INCOME	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	5
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6-41
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	6
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	6-10
NOTE 3 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	11
NOTE 4 SEGMENT REPORTING	12
NOTE 5 RELATED PARTY TRANSACTIONS	12-13
NOTE 6 TRADE RECEIVABLES AND PAYABLES OTHER RECEIVABLES	13-14
NOTE 7 PREPAYMENTS, DEFERRED INCOME AND PASSENGER FLIGHT LIABILITIES	15
NOTE 8 PROPERTY AND EQUIPMENT.....	16-17
NOTE 9 INTANGIBLE ASSETS	18
NOTE 10 RIGHT OF USE ASSETS	18
NOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	19
NOTE 12 COMMITMENTS.....	20-21
NOTE 13 EXPENSES BY NATURE	22
NOTE 14 SHAREHOLDERS' EQUITY	22
NOTE 15 REVENUE AND COST OF SALES	23
NOTE 16 GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES.....	24
NOTE 17 OTHER OPERATING INCOME AND EXPENSES	25
NOTE 18 INCOME AND EXPENSES FROM INVESTING ACTIVITIES.....	25-26
NOTE 19 FINANCIAL INCOME AND EXPENSES	26
NOTE 20 EARNINGS PER SHARE	26-27
NOTE 21 DERIVATIVE FINANCIAL INSTRUMENTS	27
NOTE 22 FINANCIAL INSTRUMENTS	27-32
NOTE 23 NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS.....	32-35
NOTE 24 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES).....	36-39
NOTE 25 EVENTS AFTER REPORTING PERIOD	39
NOTE 26 INCOME TAX EXPENSE	40
NOTE 27 EXPLANATIONS RELATED TO STATEMENT OF CASH FLOW.....	41

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

	Notes	Current Period 31 March 2026	Prior Period 31 December 2025
ASSETS			
Current assets		1.816.194	1.788.485
Cash and cash equivalents	27	1.109.427	1.087.059
Financial assets	22	249.386	336.571
Trade receivables	6	80.557	72.875
<i>Trade receivables from third parties</i>		80.557	72.875
Other receivables	6	6.087	28.299
<i>Other receivables from third parties</i>		6.087	28.299
Derivative financial instruments	21	86.331	-
Inventories		48.038	45.873
Prepayments	7	224.009	206.467
Current income tax assets		451	231
Other current assets		11.908	11.110
Non-Current assets		6.437.171	6.341.192
Financial assets	22	177.719	138.052
Other receivables	6	158.577	154.654
<i>Other receivables from third parties</i>		158.577	154.654
Derivative financial instruments	21	20.651	-
Investments accounted by using the equity method	3	22.416	21.342
Property and equipment	8	529.707	512.684
Intangible assets	9	40.441	40.127
Right of use assets	10	4.393.345	4.377.194
Prepayments	7	706.620	687.050
Deferred tax assets		387.695	410.089
TOTAL ASSETS		8.253.365	8.129.677

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

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

	Notes	Current Period 31 March 2026	Prior Period 31 December 2025
LIABILITIES			
Current liabilities		1.875.122	1.744.583
Short term borrowings	22	442.524	423.818
Short term portion of long term borrowings	22	52.597	41.990
Short term portion of long term lease liabilities	22	458.330	464.208
Trade payables	6	280.123	288.462
<i>Trade payables to related parties</i>	5	1.686	1.426
<i>Trade payables to third parties</i>		278.437	287.036
Employee benefit obligations		44.075	16.808
Other payables	6	120.541	6.565
<i>Other payables to third parties</i>		120.541	6.565
Contract liabilities	7	342.094	334.346
Derivative financial instruments	21	-	28.488
Deferred income	7	55.593	56.375
Short term provisions		79.245	83.523
<i>Short term provisions for employee benefits</i>		52.075	49.524
<i>Other short term provisions</i>		27.170	33.999
Non-Current liabilities		4.109.726	4.069.010
Long term borrowings	22	510.427	499.189
Long term lease liabilities	22	3.217.607	3.192.598
Derivative financial instruments	21	-	5.427
Deferred income		201.409	200.920
Long term provisions		180.283	170.876
<i>Long term provisions for employee benefits</i>		24.252	24.811
<i>Other long term provisions</i>		156.031	146.065
SHAREHOLDERS' EQUITY		2.268.517	2.316.084
Paid-in share capital	14	230.038	230.038
Share premiums on capital stock		24.595	24.595
Other comprehensive income/expense not to be reclassified to profit or loss			
<i>Actuarial losses on defined benefit plans</i>		(3.558)	(4.646)
Other comprehensive income/expense to be reclassified to profit or loss			
<i>Currency translation differences</i>		7.311	6.771
<i>Hedge fund</i>		80.236	(25.436)
<i>Gain on financial assets measured at fair value</i>		(288)	1.438
Restricted profit reserves		4.047	4.047
Retained earnings		2.079.277	1.778.077
Net income / (loss) for the period		(153.141)	301.200
TOTAL LIABILITIES AND EQUITY		8.253.365	8.129.677

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

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 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

Profit or loss	Notes	Current Period 1 January- 31 March 2026	Prior Period 1 January- 31 March 2025
Revenue	15	641.875	621.660
Cost of sales (-)	15	(703.678)	(635.773)
Gross profit / (loss)		(61.803)	(14.113)
General administrative expenses (-)	16	(30.611)	(23.966)
Selling and marketing expenses (-)	16	(15.900)	(16.693)
Other operating income	17	17.292	295
Other operating expenses (-)	17	(2.010)	(39.809)
Operating profit / (loss)		(93.032)	(94.286)
Income from investing activities	18	7.300	28.186
Expenses from investing activities (-)	18	(739)	(1.764)
Share of investments income accounted for using the equity method	3	561	594
Operating profit / (loss) before financial expense		(85.910)	(67.270)
Financial income	19	15.778	67.963
Financial expense (-)	19	(95.627)	(68.903)
Profit / (loss) before tax		(165.759)	(68.210)
Tax income / (expense)		12.618	6.336
Deferred tax income / (expense)	26	12.618	6.336
Net profit / (loss) for the period		(153.141)	(61.874)
Income / (loss) per share EUR (full amount)	20	(0,31)	(0,12)
Other comprehensive income			
Items not to be reclassified to profit or loss			
Actuarial (losses) / gains on defined benefit plans		1.451	(57)
Deferred tax effect		(363)	14
Items to be reclassified to profit or loss			
Currency translation differences		539	(39)
Gain on financial assets measured at fair value		(2.301)	(1.496)
Cash flow hedge		140.896	(468)
Deferred tax effect		(34.648)	491
Other comprehensive income / (expense)		105.574	(1.555)
Total comprehensive income / (expense)		(47.567)	(63.429)

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

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) 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	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 2025	EUR	230.038	24.595	(4.263)	8.452	(3.758)	1.817	4.047	1.416.584	361.493	2.039.005
Transfers	EUR	-	-	-	-	-	-	-	361.493	(361.493)	-
Net profit / (loss) for the period	EUR	-	-	-	-	-	-	-	-	(61.874)	(61.874)
Other comprehensive income / (expense)	EUR	-	-	(42)	(40)	(351)	(1.122)	-	-	-	(1.555)
As at 31 March 2025	EUR	230.038	24.595	(4.305)	8.412	(4.109)	695	4.047	1.778.077	(61.874)	1.975.576
As at 1 January 2026	EUR	230.038	24.595	(4.646)	6.771	(25.436)	1.438	4.047	1.778.077	301.200	2.316.084
Transfers	EUR	-	-	-	-	-	-	-	301.200	(301.200)	-
Net profit / (loss) for the period	EUR	-	-	-	-	-	-	-	-	(153.141)	(153.141)
Other comprehensive income / (expense)	EUR	-	-	1.088	540	105.672	(1.726)	-	-	-	105.574
As at 31 March 2026	EUR	230.038	24.595	(3.558)	7.311	80.236	(288)	4.047	2.079.277	(153.141)	2.268.517

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

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

Notes	Current Period 1 January- 31 March 2026	Prior Period 1 January- 31 March 2025
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Income / (loss) for the period	(153.141)	(61.874)
Adjustments to reconcile the income / (loss)		
Depreciation and amortization	8-9-10 111.161	97.226
Adjustments related with impairments	739	1.418
<i>Provision for doubtful receivable</i>	-	(346)
<i>Adjustments related with financial investment impairments</i>	739	1.764
Adjustments related with provisions	5.107	16.255
<i>Provision for employee benefits</i>	4.601	13.475
<i>Legal provision</i>	506	2.780
Interest and commission income	39.064	28.910
Adjustments related with fair value expense (income)	2.279	1.261
<i>Adjustments related with fair value expense (income) of financial assets</i>	2.279	1.261
Gain on equity investments accounted for using the equity method	3 (561)	(594)
Current tax (income)/expense	(12.618)	(6.336)
Other provisions related with investing or financing activities	(12)	(3.169)
Changes in working capital		
Increase in trade receivables	(7.683)	2.492
Increase in other receivables, prepayments and other assets	(4.341)	(83.416)
Increase in inventories	(2.165)	(114)
Increase in trade payables	(8.339)	30.481
Increase in deferred income, other payables and other current liabilities	126.747	125.129
Net cash generated from operating activities	96.237	147.669
Payment for the employee benefits provisions	(397)	(318)
Payment for other provisions	(25)	(1)
	95.815	147.350
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash changes from acquisition and sale of debt instruments of other entities	38.736	(80.352)
Net cash changes from purchase and sale of property, equipment and intangible assets	(8.695)	13.419
Interest received from financial investment	7.883	8.302
Changes in cash advances and payables	(19.490)	(130.975)
Other cash changes (*)	12.238	(161.703)
	30.672	(351.309)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	90.585	22.850
Repayment of borrowings	(55.444)	(116.721)
Repayment of principal in lease liabilities	(111.542)	(99.543)
Interest and commission paid	(72.681)	(58.500)
Interest received	15.691	3.106
	(133.391)	(248.808)
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE TRANSLATION EFFECT (A+B+C)		
	(6.904)	(452.767)
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS		
	29.272	(38.652)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		
	22.368	(491.419)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
AT THE BEGINNING OF THE PERIOD	1.087.059	1.258.979
AT THE END OF THE PERIOD (A+B+C+D+E)	1.109.427	767.560

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

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

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) 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 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
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 2026 is 9.774 (31 December 2025: 9.260). The address of its principal office is Aeropark Yenışehir Mah. Osmanlı Bulvarı No: 11/A Kurtköy-Pendik İstanbul.

Approval of Financial Statements

The interim condensed consolidated financial statements of the Company and its subsidiaries for the three months ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2026.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial reporting standards

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 condensed consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The interim condensed consolidated financial statements have been prepared on a going concern basis, assuming that the Group will continue to utilize its assets effectively and meet its obligations in the normal course of 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 Company’s management to make executive decisions are prepared in Euro. The functional currency of the Company, its subsidiary and associates, other than Hitit Bilgisayar Hizmetleri A.Ş. (“Hitit Bilgisayar”), Pegasus Innovation Lab, Inc. (“PIL”) and Pegasus Airlines Ventures LP (“PAV”) is Euro. Hitit Bilgisayar’s, PIL’s and PAV’s functional currency is US Dollar.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Functional and Presentation Currency (cont'd)

For the companies in Türkiye that maintain financial records in TL, currency translation from TL to the functional currency Euro 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.

Financial Reporting in Hyperinflationary Economies

In accordance with the POA's announcement dated 23 November 2023, companies applying International Financial Reporting Standards are required to present their financial statements for the annual reporting periods ending on or after 31 December 2025, adjusted for the effects of inflation in accordance with the relevant accounting principles in International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 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 IAS 29 in its financial statements to be prepared in accordance with IFRS. However, the financial statements as of 31 March 2026 and 31 December 2025 are prepared in accordance with the Tax Law, have been subject to inflation correction in accordance with the legislation.

Comparative Information and Reclassification of Prior Period Financial Statements

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 consolidated financial statements, comparative information is reclassified and material changes are disclosed if necessary. In the current period, the Group has made several reclassifications in the prior period consolidated financial statements in order to maintain consistency with current year consolidated financial statements. There is no effect of these reclassifications in the prior period equity and statement of profit or loss. The nature, amount and reasons for each of the reclassifications are described below:

- In the statement of cash flows as of 31 March 2025, the amount of EUR 32.802 presented under cash flows from operating activities has been reclassified and presented under translation differences effect on cash and cash equivalents.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

The following table illustrates the condensed consolidated subsidiaries and the Group's ownership percentage in these subsidiaries as of 31 March 2026 and 31 December 2025:

<u>Name of the company</u>	<u>Principal activity</u>	<u>Ownership rate</u>		<u>Country of registration and operation</u>
		<u>31 March 2026</u>	<u>31 December 2025</u>	
Pegasus Havacılık Teknolojileri ve Ticaret A.Ş.	Simulator technical support and maintenance	100%	100%	Türkiye
Pegasus Airlines Innovation Lab, Inc.	Technology – R&D	100%	100%	USA
Pegasus Airlines Ventures LP	Technology Investment Management	100%	100%	USA
Pegasus Europe B.V. (“PEU”)	Acquisition and Management of Foreign Equity Investments	100%	100%	Netherlands

The following table illustrates the affiliates and joint ventures then indicates the Group's ownership percentage in these joint ventures as of 31 March 2026, 31 December 2025:

<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 2026</u>	<u>31 December 2025</u>		
Hitit Bilgisayar Hizmetleri A.Ş.	Information system solutions	36,20%	36,20%	Joint venture	Türkiye

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.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2026

Amendments to IAS 21 *Lack of Exchangeability*

Amendments to IFRS 9 and IFRS 7	<i>Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Regarding power purchase arrangements</i>
Annual Improvements	Annual Improvements to IFRS Accounting Standards - Volume 11

Amendments to IFRS 9 and IFRS 7 *Classification and Measurement of Financial Instruments*

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Amendments to IFRS 9 and IFRS 7 *Power Purchase Arrangements*

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Annual Improvements to IFRS Accounting Standards – Volume 11

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a 'de facto agent'
- IAS 7: Cost method

Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

The aforementioned standard, amendments and improvements do not have any significant effect on the Group's consolidated financial position and performance.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 18	<i>Presentation and Disclosures in Financial Statements</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>
Amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation</i>
	<i>Currency</i>
Amendments to IFRS S2	<i>Greenhouse Gas Emissions Disclosures</i>

IFRS 18 *Presentation and Disclosures in Financial Statements*

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. This standard is effective from annual reporting periods beginning on or after 1 January 2027.

IFRS 19 *Subsidiaries without Public Accountability: Disclosure*

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. This standard is effective from annual reporting periods beginning on or after 1 January 2027.

Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued. Amendments are effective from annual reporting periods beginning on or after 1 January 2027.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency*

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one. Amendments are effective from annual reporting periods beginning on or after 1 January 2027.

Amendments to IFRS S2 *Greenhouse Gas Emissions Disclosures*

The amendments to IFRS S2 aim at supporting entities applying IFRS S2 by reducing the complexity, risk of potential duplication of reporting and related costs of applying specific requirements in IFRS S2. Amendments are effective from annual reporting periods beginning on or after 1 January 2027.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.4 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 2026

(Amounts are expressed in Thousand Euros (EUR) 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 2026	31 December 2025
Joint ventures		
Hitit Bilgisayar	22.416	21.342
	22.416	21.342

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

	1 January- 31 March 2026	1 January- 31 March 2025
Hitit Bilgisayar	561	594
Net profit	561	594

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

Hitit Bilgisayar

	31 March 2026	31 December 2025
Current assets	18.325	22.120
Non-current assets	54.232	50.840
Current liabilities	(6.942)	(10.151)
Non-current liabilities	(3.986)	(4.139)
Net assets of joint venture	61.629	58.670
Group's ownership interest in the joint venture	36,20%	36,20%
Goodwill	106	103
Group's share in the net assets of the joint venture	22.416	21.342

	1 January- 31 March 2026	1 January- 31 March 2025
Revenue	9.692	9.022
Depreciation and amortisation expense	(2.102)	(1.895)
Interest income/(expense), net	538	129
Profit for the year	1.549	1.614
Group's weighted average ownership interest	36,20%	36,82%
Group's share in the net profit of the joint venture	561	594

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) 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 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 2026	31 December 2025
Balances with joint ventures:		
Hitit Bilgisayar	1.254	1.056
Balances with other related parties:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş. ("Esasburda")	-	6
Ere Avm İnşaat A.Ş. ("Ere Avm")	432	364
	1.686	1.426

(ii) Significant Transactions with Related Parties:

Esasburda charges 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 project consultancy services from Ere Avm İnşaat for the hangar project.

a) Purchases of goods or services

	1 January- 31 March 2026	1 January- 31 March 2025
Transactions with joint ventures:		
Hitit Bilgisayar	2.252	2.372
Transactions with other related parties:		
Ere Avm	423	463
Esasburda	148	94
	2.823	2.929

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (cont'd)

(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 2026 and 31 March 2025 are as follows:

	1 January- 31 March 2026	1 January- 31 March 2025
Salaries and benefits	838	827
	838	827

NOTE 6 – TRADE RECEIVABLES AND PAYABLES AND OTHER RECEIVABLES

Short term trade receivables

The details of short term trade receivables as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Trade receivables	44.128	44.511
Credit card receivables	26.404	30.872
Income accruals	13.382	674
	83.914	76.057
Allowance for expected credit losses under TFRS 9	(3.357)	(3.182)
	80.557	72.875

The average collection period of trade receivables is approximately 23 days (31 December 2025: 18 days).

Short term trade payables

The details of short term trade payables as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Trade payables	115.524	162.241
Accrued direct operational costs	162.913	124.795
Trade payables to related parties (Note 5)	1.686	1.426
	280.123	288.462

The average payment period of trade payables is approximately 36 days (31 December 2025: 32 days).

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 6 – TRADE RECEIVABLES AND PAYABLES AND OTHER RECEIVABLES (cont'd)

Short term other receivables

The details of short term other receivables as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Deposits and guarantees given	1.139	22.931
Receivables from pilots for flight training	4.446	4.947
Receivables from tax office	275	278
Other receivables	227	143
	6.087	28.299

Long term other receivables

The details of long term other receivables as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Receivables from pilot trainings	45.851	43.224
Deposits given	40.912	40.584
Maintenance reserve contribution receivables	71.814	70.846
	158.577	154.654

Short term other payables

	31 March 2026	31 December 2025
Taxes payables	2.366	3.127
Deposits received (*)	118.175	3.438
	120.541	6.565

(*) The amount of EUR 110.783 in deposits received, consists of guarantees given to the banks regarding the valuation of derivative transactions.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 7 - PREPAYMENTS, DEFERRED INCOME AND CONTRACT LIABILITIES

The details of prepayments as of 31 March 2026 and 31 December 2025 are as follows:

Short term prepayments

	31 March 2026	31 December 2025
Advances on aircraft purchases	95.271	97.471
Advances to suppliers	99.424	80.000
Prepaid insurance expenses	16.910	18.962
Other prepaid expenses	12.404	10.034
	224.009	206.467

Long term prepayments

	31 March 2026	31 December 2025
Advances on aircraft purchases	120.078	139.107
Prepaid maintenance expenses	583.520	546.440
Other prepaid expenses	3.022	1.503
	706.620	687.050

Deferred Income

Contract Liabilities

The details of passenger flight liabilities as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Flight liability from ticket sales	230.173	218.391
Passenger airport fees received from customers (*)	69.364	76.151
Flight liability from flight points	42.557	39.804
	342.094	334.346

(*) 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 2026	31 December 2025
Advances received from customers	29.483	29.822
Other deferred income	26.110	26.553
	55.593	56.375

Long term deferred income

	31 March 2026	31 December 2025
Deferred income (**)	201.409	200.920
	201.409	200.920

(**) 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 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 8 - PROPERTY AND EQUIPMENT

31 March 2026	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Components, spare engine and repairables	Owned Aircraft	Construction in progress	Total
Cost:								
Opening	37.624	31.790	47.452	13.827	426.015	195.433	76.785	828.926
Additions	1.241	453	1.384	-	17.961	-	8.482	29.521
Closing	38.865	32.243	48.836	13.827	443.976	195.433	85.267	858.447
Accumulated depreciation:								
Opening	(17.464)	(12.648)	(32.661)	(13.462)	(131.534)	(108.471)	-	(316.240)
Depreciation for the year	(651)	(824)	(889)	(26)	(7.682)	(2.428)	-	(12.500)
Closing	(18.115)	(13.472)	(33.550)	(13.488)	(139.216)	(110.899)	-	(328.740)
Net book value	20.750	18.771	15.286	339	304.760	84.534	85.267	529.707

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 8 - PROPERTY AND EQUIPMENT (cont'd)

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	35.482	27.496	41.169	13.822	373.459	286.150	9.424	787.002
Additions	264	1.310	1.285	-	40.726	-	1.945	45.530
Transfers (*)	-	-	-	-	(1.209)	-	(924)	(2.133)
Closing	35.746	28.806	42.454	13.822	412.976	286.150	10.445	830.399
Accumulated depreciation:								
Opening	(15.096)	(10.152)	(29.460)	(13.359)	(102.323)	(145.644)	-	(316.034)
Depreciation for the year	(576)	(671)	(756)	(21)	(6.902)	(3.448)	-	(12.374)
Closing	(15.672)	(10.823)	(30.216)	(13.380)	(109.225)	(149.092)	-	(328.408)
Net book value	20.074	17.983	12.238	442	303.751	137.058	10.445	501.991

(*) 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 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 9 - INTANGIBLE ASSETS

Software	31 March 2026	31 March 2025
Cost:		
Opening	90.115	64.273
Additions	3.148	7.580
Closing	93.263	71.853
Accumulated amortization:		
Opening	(49.988)	(40.227)
Amortization for the year	(2.834)	(2.203)
Closing	(52.822)	(42.430)
Net book value	40.441	29.423

NOTE 10 – RIGHT OF USE ASSETS

31 March 2026	Field Rental	Building	Aircraft	Other	Total
Cost:					
Opening	25.152	24.734	5.801.509	311	5.851.706
Additions	-	-	111.978	-	111.978
Closing	25.152	24.734	5.913.487	311	5.963.684
Accumulated depreciation:					
Opening	(16.396)	(1.014)	(1.456.791)	(311)	(1.474.512)
Depreciation for the period	(753)	(155)	(94.919)	-	(95.827)
Closing	(17.149)	(1.169)	(1.551.710)	(311)	(1.570.339)
Net book value	8.003	23.565	4.361.777	-	4.393.345
31 March 2025	Field Rental	Building	Aircraft	Other	Total
Cost:					
Opening	14.571	24.734	5.219.572	311	5.259.188
Additions	-	-	88.472	-	88.472
Disposals	-	-	(74.052)	-	(74.052)
Closing	14.571	24.734	5.233.992	311	5.273.608
Accumulated depreciation:					
Opening	(13.341)	(396)	(1.072.917)	(311)	(1.086.965)
Depreciation for the period	(322)	(155)	(82.172)	-	(82.649)
Disposals	-	-	26.830	-	26.830
Closing	(13.663)	(551)	(1.128.259)	(311)	(1.142.784)
Net book value	908	24.183	4.105.733	-	4.130.824

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Litigation

The Group is involved in lawsuits and claims that have been filed against, the total claims constituted by which, excluding reserved rights for claiming excess amounts, risk of litigation and interest, is EUR 2.632 as of 31 March 2026 (31 December 2025: EUR 2.695). These lawsuits and fines have been evaluated by the Group's management and a litigation provision of EUR 3.034 (31 December 2025: EUR 2.581) has been provided against claims for which management believes it is probable it will be required to make a payment.

Tax Inspection

The Company'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 EUR 51 (equivalent of TL 1.781) tax assessment has been declared to the Company. Against the 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, 2026. The Company has not recognized any provision in the consolidated financial statements in line with the opinions received from its lawyers regarding the aforementioned case.

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 EUR 766, EUR 989 and EUR 475, respectively. All three lawsuits act on same claims and the airports no. 5/2013 whereby the plaintiff, as the operator of the Ercan Airport under North Cyprus Airports Services and Charges Law, claims EUR 15 (full amount) 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 EUR 1.679. 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 payment related to the first two consolidated case files, amounting to a principal of EUR 1.679, was made together with interest and a provision corresponding to the claimed amount has been recognized for the ongoing third lawsuit as of the end of the interim period ended March 31, 2026.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 12 - COMMITMENTS

Purchase Commitments

	31 March 2026	31 December 2025
Commitments to purchase aircraft	24.945.386	24.640.834
	24.945.386	24.640.834

As of 31 March 2026, the Group holds the right to purchase 141 aircraft on firm order. In accordance with agreement the expected deliveries are 5 aircraft in 2026, 14 aircraft in 2027, 20 aircraft in 2028, 23 aircraft in 2029, 16 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 EUR 215.349 (31 December 2025: EUR 236.578). Of this amount, EUR 95.271 is reclassified as short-term, and EUR 120.078 is reclassified as long-term prepayments (31 December 2025: EUR 97.471 is reclassified as short-term, EUR 139.107 is reclassified as long-term prepayments).

Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 March 2026 is as follows:

31 March 2026	EUR TOTAL	USD	EUR	TL	Other
A. Total amounts of CPM given on behalf of its own legal entity					
-Collateral	50.285	19.326	27.487	37.502	5.252
-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	-	-	-	-	-
	50.285	19.326	27.487	37.502	5.252

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 2026.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 12 – COMMITMENTS (cont'd)

Collaterals-Pledges-Mortgages(“CPM”) (cont'd)

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

31 December 2025	EUR TOTAL	USD	EUR	TL	Other
A. Total amounts of CPM given on behalf of its own legal entity					
-Collateral	50.633	21.826	27.716	37.502	3.631
-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	-	-	-	-	-
	50.633	21.826	27.716	37.502	3.631

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 2025.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 13 - EXPENSES BY NATURE

The details of expenses by nature for the years periods 31 March 2026 and 31 March 2025 are as follows:

	1 January- 31 March 2026	1 January- 31 March 2025
Jet fuel expenses	210.509	195.634
Personnel expenses	163.760	148.076
Depreciation and amortisation expenses	111.161	97.226
Handling and station fees	61.462	55.414
Navigation expenses	52.111	46.004
Maintenance expenses	39.338	28.478
Landing expenses	28.783	26.877
Passenger service and catering expenses	11.293	11.186
Advertising expenses	5.715	6.643
Commission expenses	3.585	3.999
Short term operational lease expenses	122	-
Other expenses	62.350	56.895
	750.189	676.432

NOTE 14 - SHAREHOLDERS' EQUITY

The Company's shareholding structure as of 31 March 2026 and 31 December 2025 are as follows:

Shareholders	31 March 2026		31 December 2025	
	(%)	EUR	(%)	EUR
Esas Holding	52,81	121.486	52,81	121.486
Publicly held	45,37	104.376	45,37	104.376
Emine Kamışlı	0,61	1.392	0,61	1.392
Ali İsmail Sabancı	0,61	1.392	0,61	1.392
Kazım Köseoğlu	0,30	696	0,30	696
Can Köseoğlu	0,30	696	0,30	696
EUR historic capital	100,00	230.038	100,00	230.038

The Company's share capital consists of 500.000.000 shares of par value TL 1 each (full amount) (31 December 2025: 500.000.000 shares). All issued shares are fully paid in cash.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 15 - REVENUE AND COST OF SALES

The details of revenue and cost of sales for the periods ended 31 March 2026 and 31 March 2025 are as follows:

Revenue:

	1 January- 31 March 2026	1 January- 31 March 2025
Scheduled flight and service revenue	636.848	615.065
<i>International flight revenue</i>	256.265	267.732
<i>Domestic flight revenue</i>	93.312	85.089
<i>Service revenue</i>	287.271	262.244
Charter flight and service revenue	437	3.401
<i>Charter flight revenue</i>	437	3.401
Other revenue	4.590	3.194
	641.875	621.660

The Group's revenue is disaggregated into revenue from scheduled flights, revenue from chartered flights, and other revenues in accordance with the IFRS 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 2026	1 January- 31 March 2025
Europe	174.476	171.761
Domestic	93.312	85.089
Other	81.789	95.971
	349.577	352.821

Cost of sales:

	1 January- 31 March 2026	1 January- 31 March 2025
Jet fuel expenses	210.509	195.634
Personnel expenses	150.947	135.225
Depreciation and amortisation expenses	105.780	92.837
Handling and station fees	61.462	55.414
Navigation expenses	52.111	46.004
Maintenance expenses	39.338	28.478
Landing expenses	28.783	26.877
Passenger service and catering expenses	11.293	11.186
Insurance expenses	5.029	5.061
Short term lease expenses	122	-
Other expenses	38.304	39.057
	703.678	635.773

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES AND SELLING AND MARKETING EXPENSES

	1 January- 31 March 2026	1 January- 31 March 2025
General administrative expenses	30.611	23.966
Marketing expenses	15.900	16.693
	46.511	40.659

The details of general administrative expenses and marketing expenses for the periods ended 31 March 2026 and 31 March 2025 are as follows (there are no research & development expenses in the periods ended in respective dates):

General administrative expenses:

	1 January- 31 March 2026	1 January- 31 March 2025
Personnel expenses	9.427	10.232
IT expenses	7.677	5.815
Depreciation and amortisation expenses	4.305	3.511
Consultancy expenses	2.118	1.281
Office utility expenses	885	626
Legal and notary expenses	586	556
Communication expenses	557	507
Travel expenses	671	515
Training expenses	54	85
Other expenses	4.331	838
	30.611	23.966

Marketing expenses:

	1 January- 31 March 2026	1 January- 31 March 2025
Advertising expenses	5.715	6.643
Commission expenses	3.585	3.999
Personnel expenses	3.386	2.619
Call center expenses	1.310	1.828
Depreciation and amortisation expenses	1.076	878
Other expenses	828	726
	15.900	16.693

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses for the periods ended 31 March 2026 and 31 March 2025 are as follows:

Other operating income:

	1 January- 31 March 2026	1 January- 31 March 2025
Foreign exchange gain from operating activities, net	17.292	-
Reversal of doubtful cash and cash equivalents	-	236
Reversal of trade receivable impairment	-	59
	17.292	295

Other operating expenses:

	1 January- 31 March 2026	1 January- 31 March 2025
Foreign exchange loss from operating activities, net	-	36.169
Legal provision and penalty expense	565	2.853
Doubtful receivable allowance expense	140	56
Cash and cash equivalents allowance expense	25	-
Donations	116	-
Other	953	731
	2.010	39.809

NOTE 18 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended 31 March 2026 and 31 March 2025 are as follows:

Income from investing activities:

	1 January- 31 March 2026	1 January- 31 March 2025
Interest income from time deposits	584	14.075
Gain arising from aircraft sale	-	6.991
Interest income from eurobond	6.537	6.947
Gain from eurobond sales (*)	167	168
Other income	12	5
	7.300	28.186

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

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 18 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES (cont'd)

Expense from investing activities:

	1 January- 31 March 2026	1 January- 31 March 2025
Financial investments allowance expense	739	1.764
	739	1.764

NOTE 19 - FINANCIAL INCOME AND EXPENSES

The details of financial income and expenses for the periods ended 31 March 2026 and 31 March 2025 are as follows:

Financial income:

	1 January- 31 March 2026	1 January- 31 March 2025
Foreign exchange gain, net	-	52.802
Interest income	15.778	15.161
	15.778	67.963

Financial expenses:

	1 January- 31 March 2026	1 January- 31 March 2025
Interest expense on leases	34.193	39.367
Interest expense on issued debt instruments	8.446	13.228
Commission and other expenses	8.380	10.454
Losses from derivative contracts	-	3.810
Interest expense on bank loans	10.944	2.044
Foreign exchange loss, net	33.664	-
	95.627	68.903

NOTE 20 - EARNINGS PER SHARE

Earnings per share disclosed in the 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 2025 and 2026 is calculated using the actual number of shares outstanding during the period, taking into consideration the actual date of capital increase.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 20 - EARNINGS PER SHARE (cont'd)

Number of total shares and calculation of earnings per share at 31 March 2026 and 31 March 2025 are as follows:

	1 January- 31 March 2026	1 January- 31 March 2025
Net profit/(loss)	(153.141)	(61.874)
Weighted average number of shares issued in the year	500.000.000	500.000.000
Income per share (full amount)	(0,31)	(0,12)

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

Fair Value of Derivative Instruments

	31 March 2026		31 December 2025	
	Asset	Liability	Asset	Liability
Short term	86.331	-	-	28.488
Long term	20.651	-	-	5.427
	106.982	-	-	33.915

Explanations related to derivative instruments are disclosed in Note 24.

NOTE 22 - FINANCIAL INSTRUMENTS

Financial Assets

Short term	31 March 2026	31 December 2025
Financial investments measured at amortized cost	160.506	210.794
Financial assets recognized at fair value in shareholders' equity	47.864	73.117
Time deposit (*)	41.084	52.808
Less: Allowance for impairment under IFRS 9	(68)	(148)
	249.386	336.571

(*) The balance includes time deposits and with original maturities between three months and one year.

Long term	31 March 2026	31 December 2025
Financial investments measured at amortized cost	179.520	139.070
Financial assets recognized at fair value in shareholders' equity	652	637
Less: Allowance for impairment under IFRS 9	(2.453)	(1.655)
	177.719	138.052

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS (cont'd)

Financial investments accounted at amortized cost

	31 March 2026	31 December 2025
Short term financial investments measured at amortized cost	160.506	210.794
Long term financial investments measured at amortized cost	179.520	139.070
	340.026	349.864

	31 March 2026	31 December 2025
Government Debt Securities	109.503	115.685
Corporate Debt Securities	230.523	234.179
	340.026	349.864

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, Pounds and Turkish Liras and pay fixed interest every year and every six months.

The weighted average coupon interest rates of existing Euros, US Dollars, Pounds and Turkish Liras financial investments that are measured at amortized cost as of 31 March 2026 and 31 December 2025 are as follows:

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value EUR
Government Debt Securities	7,3	US Dollar	63.302
Government Debt Securities	6,2	GBP	17.979
Government Debt Securities	35,9	TL	16.749
Government Debt Securities	5,2	EUR	11.473
Corporate Debt Securities	6,4	US Dollar	198.270
Corporate Debt Securities	5,9	EUR	26.209
Corporate Debt Securities	6,2	GBP	6.044
31 March 2026			340.026

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value EUR
Government Debt Securities	7,4	US Dollar	85.781
Government Debt Securities	6,2	GBP	17.744
Government Debt Securities	37,5	TL	12.160
Corporate Debt Securities	6,5	US Dollar	202.389
Corporate Debt Securities	5,9	EUR	25.840
Corporate Debt Securities	6,2	GBP	5.950
31 December 2025			349.864

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS (cont'd)

Financial Assets (cont'd)

Financial investments at fair value through other comprehensive income

	31 March 2026	31 December 2025
Government Debt Securities	32.263	57.649
Corporate Debt Securities	15.601	15.468
Private Equity Investments	652	637
	48.516	73.754

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.

	Coupon Interest Rate (%)	FX Type	Asset Value EUR
Government Debt Securities	8,0	US Dollar	32.263
Corporate Debt Securities	7,2	US Dollar	15.601
31 March 2026			47.864

	Weighted average Coupon Interest Rate (%)	FX Type	Asset Value EUR
Government Debt Securities	7,8	US Dollar	57.649
Corporate Debt Securities	7,4	US Dollar	15.468
31 December 2025			73.117

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 2026 and 31 December 2025 are as follows:

Short term financial liabilities	31 March 2026	31 December 2025
Short term bank borrowings	442.524	423.818
	442.524	423.818

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Short term portion of long term financial liabilities	31 March 2026	31 December 2025
Short term portion of long term bank borrowings	20.493	10.834
Principal and interest of bonds issued	32.952	32.001
Discount and commissions of bonds issued	(848)	(845)
Lease liabilities	458.330	464.208
<i>Short term portion of long term lease liabilities</i>	57.207	54.096
<i>Short term portion of long term lease liabilities with purchase option</i>	401.123	410.112
	510.927	506.198
Long term financial liabilities	31 March 2026	31 December 2025
Long term bank borrowings	110.361	101.492
Issued debt instruments (*)	404.006	402.363
Discount and commissions of bonds issued	(3.940)	(4.666)
Lease liabilities	3.217.607	3.192.598
<i>Long term lease liabilities</i>	129.874	142.328
<i>Long term lease liabilities with purchase option</i>	3.087.733	3.050.270
	3.728.034	3.691.787

(*) 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, at 9,25% interest rate and the maturity is 5 years with an early payment option in the third and fourth years. The settlement process was completed and the bonds were fully redeemed following the repurchase by the Group of bonds amounting to USD 211.086 on September 12, 2024, and the remaining bonds amounting to USD 163.914 on April 28, 2025, from the respective investors.

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, 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 2026, 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 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Bank Borrowings

The effective interest rates, original currency and EUR equivalents of the short and long term bank borrowings as of 31 March 2026 and 31 December 2025 are as follows :

31 March 2026	Weighted average interest rate (%)	Currency	Original amount	EUR equivalent
Short term bank borrowings	4,87	Euro	442.524	442.524
Short term portion of long term bank borrowings	3,64	Euro	20.493	20.493
Long term bank borrowings	3,58	Euro	110.361	110.361
				573.378

31 December 2025	Weighted average interest rate (%)	Currency	Original amount	EUR equivalent
Short term bank borrowings	4,98	Euro	423.818	423.818
Short term portion of long term bank borrowings	3,80	Euro	10.834	10.834
Long term bank borrowings	3,59	Euro	101.492	101.492
				536.144

Lease Liabilities

The details of lease liabilities as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Less than 1 year	587.996	583.796
Between 1 - 5 years	2.145.810	2.075.585
Over 5 years	1.670.958	1.675.858
	4.404.764	4.335.239
Less: Future interest expenses	(728.827)	(678.433)
	3.675.937	3.656.806

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

	31 March 2026	31 December 2025
Less than 1 year	458.330	464.208
Between 1 - 5 years	1.743.007	1.702.506
Over 5 years	1.474.600	1.490.092
	3.675.937	3.656.806

The Group acquire certain of its handling equipment and aircraft through lease arrangements. The average lease term is 5,20 years. For the period ended 31 March 2026, the floating interest rate applicable to Euro-denominated lease liabilities, amounting to EUR 2.678.843, is 3,82% (31 December 2025: 3,49%) and the floating rate applicable to US Dollar-denominated lease liabilities, amounting to EUR 351.356, is 6,14% (31 December 2025: 5,92%).

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 22 - FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Reconciliation of obligations arising from financing activities

The changes in the Group's liabilities arising from financing activities are given in the following table:

	1 January 2026	Utilized bank loans and repayments, (net)	Finance lease obtained and repayment of principals	Non-cash changes	31 March 2026
Bank loans and Issued debt instruments	626.344	(6.485)	-	385.689	1.005.548
Lease payables	2.669.929	-	(142.597)	1.148.605	3.675.937
	3.296.273	(6.485)	(142.597)	1.534.294	4.681.485

	1 January 2025	Utilized bank loans and repayments, (net)	Finance lease obtained and repayment of principals	Non-cash changes	31 March 2025
Bank loans and Issued debt instruments	860.059	(114.353)	-	5.941	751.647
Lease payables	3.666.190	-	(137.561)	52.055	3.580.684
	4.526.249	(114.353)	(137.561)	57.996	4.332.331

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

Financial Risk Factors

Market risk

The Group's activities expose financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management plan focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

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 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

The Group's foreign currency position of monetary and non-monetary assets/liabilities for the years ended 31 March 2026 and 31 December 2025 are as follows:

31 March 2026	EUR Total	USD	TL	GBP	Other
1. Trade receivables	56.071	7.886	2.059.353	1.724	6.868
2a. Monetary financial assets	906.746	851.035	5.151.781	42.116	17.059
2b. Non monetary financial assets	-	-	-	-	-
3. Other	12.627	1.479	569.091	110	60
4. CURRENT ASSETS	975.444	860.400	7.780.225	43.950	23.987
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	177.719	204.304	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	77.453	87.808	3.116	63	937
8. NON CURRENT ASSETS	255.172	292.112	3.116	63	937
9. TOTAL ASSETS	1.230.616	1.152.512	7.783.341	44.013	24.924
10. Trade payables	151.954	117.153	2.635.107	2.517	(4.494)
11. Financial liabilities	156.566	179.728	11.519	-	-
12a. Other liabilities, monetary	196.029	109.475	5.101.283	158	639
12b. Other liabilities, non monetary	-	-	-	-	-
13. CURRENT LIABILITIES	504.549	406.356	7.747.909	2.675	(3.855)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	1.223.133	1.406.096	357	-	-
16a. Other liabilities, monetary	173.164	179.333	875.929	-	-
16b. Other liabilities, non monetary	-	-	-	-	-
17. NON CURRENT LIABILITIES	1.396.297	1.585.429	876.286	-	-
18. TOTAL LIABILITIES	1.900.846	1.991.785	8.624.195	2.675	(3.855)
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	-	-	-	-	-
19b. Off-statement of financial position foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset/(liability) position	(670.230)	(839.273)	(840.854)	41.338	28.779
21. Net foreign currency asset / (liability) position of monetary items (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(670.230)	(839.273)	(840.854)	41.338	28.779

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

31 December 2025	EUR Total	USD	TL	GBP	Other
1. Trade receivables	48.626	7.771	1.609.114	1.545	8.360
2a. Monetary financial assets	994.886	988.152	5.756.121	24.688	13.026
2b. Non monetary financial assets	-	-	-	-	-
3. Other	33.984	25.692	606.869	109	4
4. CURRENT ASSETS	1.077.496	1.021.615	7.972.104	26.342	21.390
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	138.052	162.500	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	76.563	88.795	3.098	63	994
8. NON CURRENT ASSETS	214.615	251.295	3.098	63	994
9. TOTAL ASSETS	1.292.111	1.272.910	7.975.202	26.405	22.384
10. Trade payables	182.481	152.839	2.438.114	1.930	2.101
11. Financial liabilities	168.784	198.353	13.837	-	-
12a. Other liabilities, monetary	120.525	48.753	3.945.150	195	690
12b. Other liabilities, non monetary	-	-	-	-	-
13. CURRENT LIABILITIES	471.790	399.945	6.397.101	2.125	2.791
14. Trade payables	-	-	-	-	-
15. Financial liabilities	1.199.170	1.411.470	3.115	-	-
16a. Other liabilities, monetary	155.922	171.891	499.106	-	-
16b. Other liabilities, non monetary	-	-	-	-	-
17. NON CURRENT LIABILITIES	1.355.092	1.583.361	502.221	-	-
18. TOTAL LIABILITIES	1.826.882	1.983.306	6.899.322	2.125	2.791
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	-	-	-	-	-
19b. Off-statement of financial position foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset/(liability) position	(534.771)	(710.396)	1.075.880	24.280	19.593
21. Net foreign currency asset / (liability) position of monetary items (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(534.771)	(710.396)	1.075.880	24.280	19.593

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

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 2026 and 31 December 2025 are as follows:

31 March 2026	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)	(73.006)	73.006	-	-
Part of hedged from USD risk	-	-	-	-
USD net effect	(73.006)	73.006	-	-
Effect of 10% change in TL rate				
TL net asset / (liability)	(1.648)	1.648	218.828	(218.828)
Part of hedged from TL risk	-	-	-	-
TL net effect	(1.648)	1.648	218.828	(218.828)
Effect of 10% change in GBP rate				
GBP net asset / liability	4.753	(4.753)	-	-
Part of hedged from GBP risk	-	-	-	-
GBP net effect	4.753	(4.753)	-	-
31 December 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)	(60.351)	60.351	-	-
Part of hedged from USD risk	-	-	-	-
USD net effect	(60.351)	60.351	-	-
Effect of 10% change in TL rate				
TL net asset / (liability)	2.132	(2.132)	234.152	(234.152)
Part of hedged from TL risk	-	-	-	-
TL net effect	2.132	(2.132)	234.152	(234.152)
Effect of 10% change in GBP rate				
GBP net asset / liability	2.782	(2.782)	-	-
Part of hedged from GBP risk	-	-	-	-
GBP net effect	2.782	(2.782)	-	-

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) 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 2026	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	1.109.427	-	-	1.109.427	27
Trade receivables	80.557	-	-	80.557	6
- <i>Other</i>	80.557	-	-	80.557	6
Other receivables	164.664	-	-	164.664	
- <i>Other</i>	164.664	-	-	164.664	
Financial investments	372.691	48.517	-	427.105	22
Derivative financial assets	-	106.982	-	106.982	21
Financial liabilities					
Bank borrowings	573.378	-	-	573.378	22
Issued debt instruments	434.806	-	-	432.170	
Trade payables	280.123	-	-	280.123	6
- <i>Related party</i>	1.686	-	-	1.686	5
- <i>Other</i>	278.437	-	-	278.437	
Other payables	120.541	-	-	120.541	

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

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

Fair Value of Financial Instruments (cont'd)

31 December 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	1.087.059	-	-	1.087.059	27
Trade receivables	72.875	-	-	72.875	6
- <i>Other</i>	72.875	-	-	72.875	6
Other receivables	182.953	-	-	182.953	
- <i>Other</i>	182.953	-	-	182.953	
Financial investments	389.717	73.754	-	474.623	22
Financial liabilities					
Bank borrowings	536.144	-	-	536.144	22
Issued debt instruments	424.645	-	-	428.853	
Trade payables	288.462	-	-	288.462	6
- <i>Related party</i>	1.426	-	-	1.426	5
- <i>Other</i>	287.036	-	-	287.036	
Other payables	6.565	-	-	6.565	
Derivative financial liabilities	-	33.915	-	33.915	21

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2026**

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

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

Fair Value of Financial Instruments (cont'd)

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 2026	31 December 2025		
Fuel purchase option contracts	106.982	(33.915)	Level 2	Discounted cash flow method
31 March 2026			Fuel purchase option contracts	Total
Fair value:				
Opening			(33.915)	(33.915)
Fair value increase				
Recognized in equity			140.896	140.896
Closing			106.982	106.982
Assets			106.982	106.982
Liabilities			-	-
Total net assets and liabilities			106.982	106.982

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

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

Fair Value of Financial Instruments (cont'd)

31 December 2025	Currency forward contracts	Fuel purchase option contracts	Total
Fair value:			
Opening	3.964	(5.010)	(1.046)
Fair value increase / (decrease)			
Recognized in equity	-	(28.905)	(28.905)
Recognized in profit or loss	(3.964)	-	(3.964)
Closing	-	(33.915)	(33.915)
Assets	-	-	-
Liabilities	-	(33.915)	(33.915)
Total net assets and liabilities	-	(33.915)	(33.915)

The Group has forward fuel purchase option contracts, which are subject to hedge accounting, at a rate of 57,6% and 18,6% 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 2026, the contracts last until February 2028. The total nominal value of these contracts is USD 556,2 million (full amount), and the weighted average price is in the range of USD 60-71 (full amount). The ineffective portion of the hedge is not material as of 31 March 2026. 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 EUR 11.270 (31 March 2025: EUR 634 derivative income are charged to finance expenses).

NOTE 25 - EVENTS AFTER BALANCE SHEET DATE

Not available.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2026

(Amounts are expressed in Thousand Euros (EUR) 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 2025 taxation period. It continues to be applied as 25% for the 2026 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 2026 and 31 March 2025 are presented below:

	1 January- 31 March 2026	1 January- 31 March 2025
Tax income/(expense)		
- Current tax expense	-	-
- Deferred tax income/(expense)	12.618	6.336
Total tax income/(expense)	12.618	6.336

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 EUR 399.756 (31 December 2025: EUR 401.576) that the Group will benefit from in the foreseeable future as of 31 March 2026 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 2026, deferred tax expense amounting to EUR 1.819 has recognised in the interim condensed consolidated profit or loss statement for the period 1 January - 31 March 2026.

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 2026, 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 2026

(Amounts are expressed in Thousand Euros (EUR) unless otherwise stated.)

NOTE 27 - EXPLANATIONS RELATED TO STATEMENT OF CASH FLOW

The details of cash and cash equivalents as of 31 March 2026 and 31 December 2025 are as follows:

	31 March 2026	31 December 2025
Cash on hand	124	48
Cash at banks	1.109.406	1.087.089
- Demand deposits	40.285	39.774
- Time deposits	1.069.121	1.047.315
Less: Allowance for impairment under IFRS 9	(103)	(78)
	1.109.427	1.087.059

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

31 March 2026	Weighted average interest rates	Total
USD deposits	3,10 %	593.812
EUR deposits	2,63 %	378.495
TL deposits	35,89 %	74.915
GBP deposits	0,50 %	21.892
IRR deposits	5,00 %	7
		1.069.121
31 December 2025	Weighted average interest rates	Total
USD deposits	3,91 %	601.829
EUR deposits	2,27 %	339.689
TL deposits	39,32 %	101.978
GBP deposits	0,50 %	3.057
IRR deposits	5,00 %	762
		1.047.315

As of 31 March 2026 and 31 December 2025 time deposits maturities are less than 90 days.