



Corporate Governance Compliance Rating Report



Pegasus Hava Taşımacılığı A.Ş.

12 August 2024

Validity Period : 12.08.2024-12.08.2025

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Pegasus Hava Taşımacılığı Anonim Şirketi;

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on October 02, 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated January 03, 2014, and numbered 28871

The criteria established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

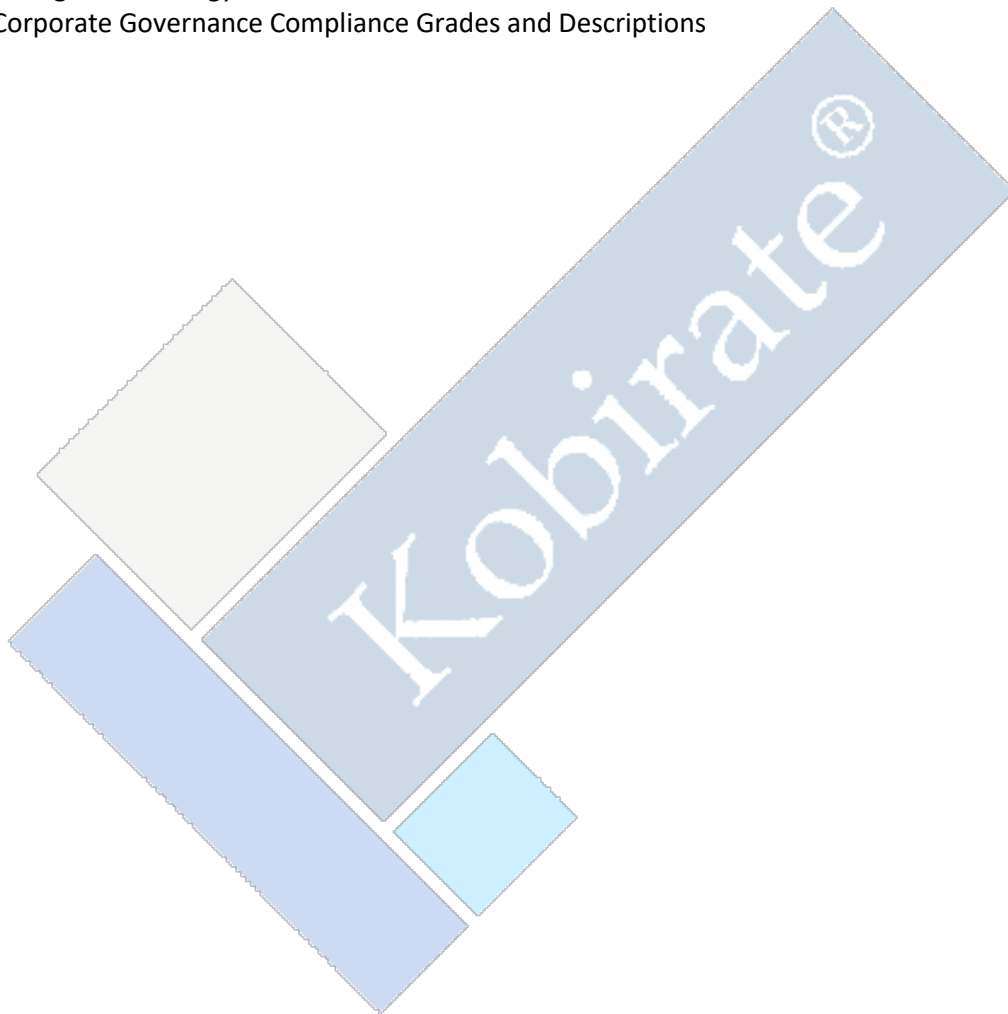
Although the rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

© All rights in this report belong to Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. This report cannot be printed in writing and electronically, reproduced and distributed without our permission.

TABLE OF CONTENTS

1.	Rating Result	3
2.	Revised Rating Summary	5
3.	Company Profile and Changes over the Past Year	14
4.	Rating Methodology	23
5.	Corporate Governance Compliance Grades and Descriptions	25





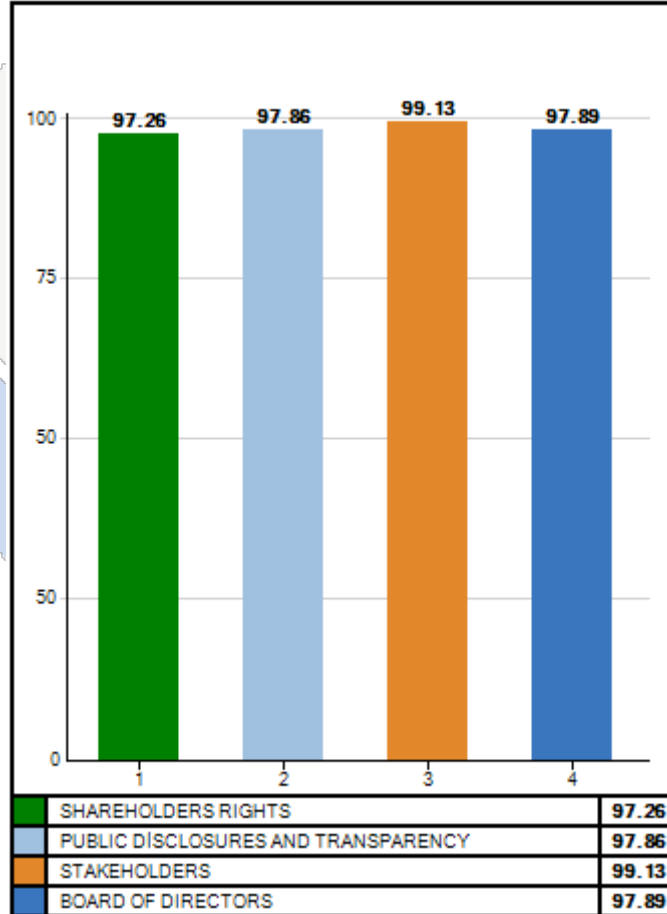
PEGASUS HAVA TAŞIMACILIĞI A.Ş.

1. RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

9.79





Kobirate A.Ş. Contact:

Rating Expert:

Serap ÇEMBERTAŞ (License Number: 700342)

(216) 3305620 Pbx

serapcembertas@kobirate.com.tr

www.kobirate.com.tr

Hasanpaşa Mahallesi, Ali Ruhi Sokak No:2, Kat:2, Daire:2 Kadıköy/İSTANBUL

Corporate Governance Rating Committee

Burhan TAŞTAN

(License Number: 700545)

Can TEKİN

(License Number: 700573)

Nermin Z. UYAR

(License Number: 702999)

2. REVISED RATING SUMMARY

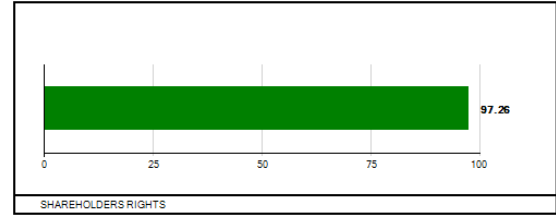
This report of rating of compliance of Pegasus Hava Taşımacılığı Anonim Şirketi with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved and of other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the decision of the Capital Markets Board dated 25.01.2024 and numbered 6/121, Pegasus, is in the BIST 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of Pegasus has been revised as **9.79**.

This result shows that the Company achieved great compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems have been established and are in use. The risks that may arise for the company have been identified and are controllable. The level of public disclosure and transparency is high. The rights of the shareholders and stakeholders

are treated fairly. The composition and operational methods of the Board comply with the Corporate Governance Principles. In conclusion, this rating indicates that the Company highly deserves to be included in the BIST Corporate Governance Index.

▪ In the Shareholders section, the rating of Pegasus has been revised to **97.26**.



It has been observed that the company continues its activities in the field of informing the shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency. Pegasus' efforts to improve its compliance with corporate governance principles and its activities within the scope of good practices constitute the reason for the increase in its rating under this main heading.

Activities regarding the relations with shareholders are carried out by the Investor Relations Manager, Mr. Ömer L. ÖMERBAŞ, and by the Deputy General Manager of Finance, Mr. M. Barbaros KUBATOĞLU.

Investor Relations Manager Mr. Ömer L. ÖMERBAŞ was appointed as a Member of the Corporate Governance Committee as of 15.04.2021 in accordance with the CMB's Corporate Governance Communiqué No. II.17-1 and was announced to the public with the Material Disclosure of the same date. The aforementioned director has Capital Market Activities Level 3 and Corporate Governance Rating Specialist Licenses.

The Investor Relations Department reported to the Corporate Governance Committee and the Board of Directors four times in 2023, on March 21-23, May 31-June 1, September 14-

15, and December 13-14. In 2024, as of June, two reports have been presented, on March 21 and May 30.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company. The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy". The said policy is published on the corporate website of the company.

The General Assembly meeting to discuss operations of 2023 took place on March 28, 2024. The invitation to the meeting was duly made 3 (three) weeks before the meeting date in the Turkish Trade Registry Gazette (TTSG) dated March 06, 2024, and numbered 11037, and on March 05, 2024, in the Public Disclosure Platform (KAP), in the Central Registry Agency e-general assembly system (EGKS) and on the company's corporate website, including the agenda and information and documents related to the agenda, as stipulated in the legal regulations and the articles of association.

The general assembly information document includes detailed information about the distribution of company shares, the voting rights and voting privileges granted by the shares, significant changes in the management and activities of Pegasus Hava Yolları and its Subsidiaries, shareholders' requests for inclusion of items on the agenda, and agenda items.

At the General Assembly meeting, Mr. Mehmet Tefik NANE (Chairman of the Board), Ms. Güliz ÖZTÜRK (General Manager/CEO), Mr. M. Barbaros KUBATOĞLU (Deputy General Manager), Mr. Abdullah ATACAN (Financial Reporting and Control Group Director), Mr. Ali UZUN (General Legal Counsel, Sustainability Director and Secretary General) Ms. H. Nur KARABACAK (Budget, Cost Control and Financial Reporting Group Manager), Mr. Ömer L. ÖMERBAŞ (Investor Relations Manager) Ms. Ekin DİKMEN (Corporate

Governance Senior Specialist) and the independent external audit company representative were present.

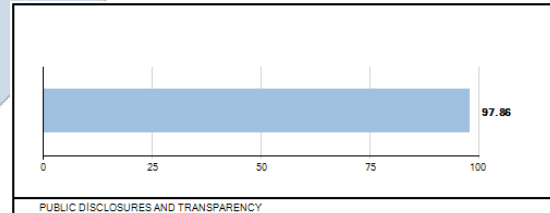
According to the company's articles of association, each share gives one voting right. There is no privilege for voting.

In 2023, a net profit of 26,316,851,948 TL was achieved from operations according to the CMB regulations (including donations made during the year). However, according to the legal records prepared in accordance with the provisions of the Tax Procedure Law No. 213, a net loss of 13,108,735,174 TL was incurred.

Explanations are included in the "iii. Profit Distribution" section of our report.

The profit distribution decision of the Board of directors and the profit distribution table prepared were published on the Public Disclosure Platform on the same day as the announcement to the general assembly.

▪ In the Public Disclosure and Transparency section, the company's rating was revised to **97.86**.



During the reviewing period, it was determined that the company continued its activities regarding transparency and informing shareholders and the public with the same sensitivity and effectiveness.

It is understood that Pegasus has taken significant steps, particularly in the field of sustainability, and has regularly communicated these developments to the public, which has strongly supported the increase in the score under the main category of public disclosure and transparency.

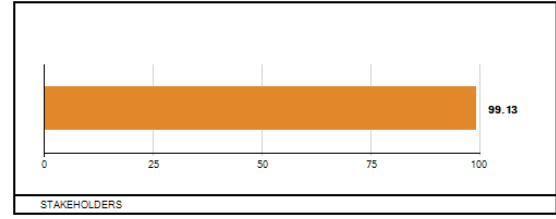
All information and documents that the public, investors and other interested parties want to access are published on Pegasus' corporate website (<http://www.pegasusyatirimciiliskileri.com/tr>, <https://www.flypgs.com/>), in the form of data for the last five (5) years. The corporate website is designed as a convenient, easily accessible structure. It has been observed that the company's corporate website and annual activity reports are effectively used as a means of public disclosure.

The officials in the Company who are charged with disclosures and have the authority for signature are: Mr. M. Barbaros KUBATOĞLU (Deputy General Manager of Finance/CFO), Mr. Abdullah ATACAN (Financial Reporting and Cost Control Director), Mr. Ali UZUN (General Legal Counsel, Sustainability Director and Secretary General) and Ms. H. Nur KARABACAK (Budget, Cost Control and Financial Reporting Group Manager), and Mr. Ömer L. ÖMERBAŞ (Investor Relations Manager).

The named persons have been assigned to maintain and monitor all kinds of issues related to public disclosure.

An Independent external audit for 2023 was conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions or avoided signature in the reports. During the meeting with company officials, it was learned that there was no development that would undermine independence and that there was no legal dispute between the independent auditing organization and its audit staff. It was decided that the independent external audit for 2024 will be carried out by the same company, with the recommendation of the audit committee and the approval of the shareholders attending the general assembly.

▪ In the Stakeholders section, the company's rating has been revised to **99.13**.



Pegasus has, for the first time, presented its 2023 Sustainability Report using the Integrated Reporting value model approach, where the business model, utilized capitals, and achieved outcomes are presented in relation to the contributions made to the United Nations Sustainable Development Goals. This development constitutes the reason for the increase in the score under the main section of Stakeholders.

It is concluded that the company protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and company's reputation. It has been observed that many internal regulations were prepared to this end.

A Compensation Policy has been established and is published on the company's corporate website. In addition, all policies listed in the principles and relevant to stakeholders and all other parties are also published on the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation and retirement procedures have been determined and it is thought that these procedures are adhered to in practice. Both during development of the policies and in practice we got the impression that equal opportunity is given to individuals under equal conditions.

The company's organizational structure and the applied performance and reward criteria are announced to all employees and published on the company's corporate intranet site and document management system.

It has been stated that company officials attach importance to the opinions and suggestions of all stakeholders and thus take care to implement practices that will further develop their activities.

Stakeholder requests, questions and complaints are received and evaluated through the communication channels on the Corporate Website (<https://www.flypgs.com>) and the Pegasus Call Center.

In order to support and encourage the participation of all employees in Company management processes, it has been learned that;

- Within the scope of the Pegasus Ethical Behavior Guide, it is committed and actively practiced for all employees to easily reach their managers and Pegasus senior management;
- Development studies are carried out on all issues that directly affect the company's profitability and working environment; meeting minutes, progress reports and other relevant information and documents are also shared with all employees via the corporate intranet site.

Additionally, the employee suggestion system, created under the name "FLYDEA" in 2022, continued to be developed in 2023. Under the FLYDEA program, employees are encouraged to submit innovative ideas aimed at improving the company's business processes. Ideas are evaluated under eight categories: Guest Experience, New Revenue Generation, Unit Cost Reduction & Savings, Sustainability, Environment & Occupational Health and Safety, Safety Culture, Lean Business Processes, Innovative Services, New Business Models & Markets, Digitalization, and N+1. After the ideas go through a gradual review system, they are put to the vote of the employees and the winning ideas are planned for implementation, while the employees who present these ideas are rewarded.

Pegasus continues to support and develop many projects in accordance with its Corporate Social Policies.

In 2023, the Diversity, Equality and Inclusion initiative "Harmoni" was launched. Working groups have been formed and made operational to develop targets and practices. With this initiative, targets are set for a more equal and multi-vocal future by carrying out different projects within the framework of disseminating inclusive culture, especially gender equality. As of December 31, 2023, the company employed 7670 employees. During the same period, it was learned that the female employment rate was 35%. The target for the number of female employees by the end of 2024 has been set at 45%.

The long-standing "Flying to Tomorrow" project, aimed at supporting ideas that empower youth, continues. In 2023, it was decided to support projects targeting the empowerment of young people in three different thematic areas directly related to them. Accordingly, it was reported that grant support was provided to the projects of three different non-governmental organizations.

Sustainability;

Pegasus summarized its *Corporate Sustainability Policy* under three headings and committed to implementing it. These are;

- These are to establish environmental, social and corporate sustainability targets related to its activities,
- To define the organizational responsibilities necessary to operate the processes in order to achieve these targets,
- To continuously improve the sustainability compliance program by raising awareness about corporate sustainability among its stakeholders.

The company has also established its *Sustainability Strategy* and detailed it under three main components with the slogan "Our Route is a Sustainable Future":

- OUR ROUTE IS A CLEAN FUTURE

The company expresses this goal by stating, "While providing our services, we not only ensure that our guests have a satisfying experience but also steer our course toward a clean future with approaches rooted in our commitment to environmental sensitivity. To this end, all our capital is developing systems focused on *Climate Change, Environmental Management, and Energy Efficiency* in our journey of value creation, and we comply with numerous voluntary standards in addition to mandatory regulations."

- *Climate Change and the Net Zero Journey*

Pegasus has been measuring and reporting its carbon emissions since 2015. The company is one of the first airlines to sign the "2050 Net Zero Carbon Emissions" commitment, adopted by IATA at its 77th Annual General Meeting in 2021. In line with this commitment, Pegasus aims to achieve a net zero carbon emission business model by 2050. To reach this goal, the company continues its efforts under four main categories: New Aircraft Technologies, Operational Efficiency, Regulatory Carbon Offsetting, and Sustainable Aviation Fuels (including LCAF and SAF).

- *Environmental Management System*

Pegasus has established a fundamental framework for environmental management in accordance with the ISO 14001 Environmental Management System standard. Through its environmental policy, designed in line with national and international standards, particularly the ISO 14001 Environmental Management System, the company is committed to achieving and improving the environmental targets set for its operations. This includes preventing environmental pollution and minimizing its impact, complying with regulations and applicable standards, fostering sustainable environmental awareness among stakeholders, and continuously improving its environmental management system by enhancing environmental performance.

- *Energy Management*

Pegasus plans all its investments, including fleet investments, transformation in ground operations, energy monitoring systems, energy efficiency, and renewable energy, with the primary aim of achieving its commitment to net zero carbon emissions by 2050.

- OUR ROUTE IS A FUTURE OF EQUALITY AND DIVERSITY

Pegasus declares that it is directing its route toward a future of equality and diversity for all stakeholders. In this context:

Through scholarship and internship programs, it supports the education of young people regardless of gender and contributes to the development of human resources for the aviation sector.

With its approach to diversity, inclusion, and equality (Harmony Program), it aims to ensure equal opportunities for women, working to increase female employment at all levels of the company, especially in job groups where female representation remains low.

It offers and continuously improves a dignified working environment.

It encourages innovation.

It ensures equal pay for equal work for employees under equivalent conditions.

- OUR ROUTE IS A BETTER FUTURE TOGETHER

Pegasus, believing that every social initiative and effort requires a solid governance structure, emphasizes its commitment to extending good governance practices throughout the value chain in alignment with the company's sustainability strategy. Under the motto "*Our Route is a Better Future Together*," Pegasus aims to directly or indirectly contribute to Sustainable Development Goals (SDGs) such as SDG 9,

SDG 10, SDG 11, SDG 12, SDG 16, and SDG 17 through all its initiatives.

Since 2021, Pegasus has been reporting its corporate sustainability efforts in accordance with the Sustainability Principles Compliance Framework prepared by the Capital Markets Board. The 2023 Sustainability Report, for the first time, was presented using the Integrated Reporting value model approach, where the business model, utilized capitals, and achieved outcomes are aligned with contributions to the United Nations Sustainable Development Goals.

In February 2022, the "Sustainability Office" was established, responsible for the implementation of sustainability policy and strategic sustainability goals. The Sustainability Office is also responsible for the coordination and reporting of sustainability and ESG efforts across the company.

In addition, a "Sustainability Working Group" was established to ensure the flow of information about studies in the field of sustainability and ESG between different business units.

Monitoring the progress of studies in the field of sustainability and ESG and overseeing issues related to long-term goals and planning are carried out by the "Sustainability Management Group" consisting of the Sustainability Director and senior managers.

The Sustainability Director ensures communication between the Management Group and the Working Group and reports all efforts to the general manager. At the same time, the activities carried out by these units are reported to the corporate governance committee and the Board of directors regularly.

Corporate Sustainability Policy sustainability risk and opportunities framework, strategic targets in this field, key performance indicators and reporting content are reviewed and approved by the general manager, corporate governance committee

and/or Board of Directors as determined in the relevant corporate procedures.

The company created and implemented a "Sustainability Center" on its corporate website (www.flypgs.com). This section of the website is designed as the main source of information on sustainability efforts and aims to provide open and easily accessible information about sustainability practices to anyone interested.

In 2023, Pegasus received the following awards:

- Pegasus General Manager, Ms. Güliz ÖZTÜRK, was honored with the "Executive Leadership: Europe" award at the Flight Global Airline Strategy Awards, the "Sustainability Leaders 50" award at the FastCompany Sustainability Leaders 2023 awards, the "Leadership in Sales (LISA) 2023" award at the 100th Year Leadership Awards, and the Leadership Award in the Commercial Aviation Category at the 2023 Aviation Week Network Laureate Awards.

- In 2023, Pegasus was recognized in the "fleet of more than 100 aircraft" category with awards for the "World's 4th Youngest Aircraft Fleet 2024" and "Europe's 4th Youngest Aircraft Fleet 2024." Pegasus Airlines also received the ATN Corporate Award at the 2023 Air Transport Awards organized by Hermes.

- The Sustainability-Linked Credit financing for the 10 new Airbus 321neo aircraft delivered in 2022 was awarded the "Sustainability-Linked Financing Project of the Year" by Airline Economics and the "Guaranteed Financing Project of the Year 2022" by Euromoney Airfinance Journal. This financing transaction was cited by IATA as an example of sustainability-linked EXIM export-supported aircraft financing projects in the 2050 Net Zero Financing Roadmap.

At the Economic Sustainability Award 2023, Pegasus was awarded the "Sustainability-Linked Financing Agreement of the Year."

Pegasus also won the "Aviation Financing of the Year" award at the Bluesky Awards 2023 Aviation Awards.

- At the Sales Network Contact Day 2023 awards, Pegasus was honored with the "Best Team to Join" award.

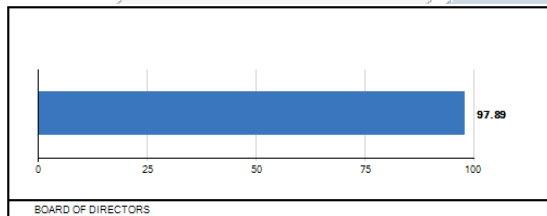
- Pegasus received the "Airline Brand of the Year" award at the VII. Turkey Brand Summit & Turkey Golden Brand Awards.

- Pegasus was awarded the 2023 EMEA Environmental Sustainability Airline/Airline Group of the Year at the CAPA (Center for Aviation) awards.

- Pegasus was also awarded the "Aviation Financing of the Year" award at the Bluesky Awards 2023 Aviation Awards.

Pegasus is listed on the BIST Sustainability Index.

- In the Board of Directors section, Pegasus's score has been revised to **97.89**.



The Board of Directors has updated its working procedures and made several improvements that enhance efficiency and performance, contributing to the increase in the score under this main section.

Within this scope;

The Board of Directors members have initiated a field visit program. Detailed regulations have been established concerning the Board of Directors' member nomination and election process.

The Board of Directors' Appointment and Onboarding Processes have been defined.

Regular briefing presentations for the Board of Directors have commenced.

The implementation of a Board of Directors and Committee Meeting Planning system has begun.

The Board of Directors Self-Evaluation Action Plan has been put into practice.

Pegasus Board of Directors has determined its mission and vision and continues its activities in line with the strategic goals defined in accordance with this mission and vision.

The duties of chairman of the Board of directors and general manager are carried out by different persons, and the authorities of each are defined.

The Audit, Corporate Governance and Early Risk Detection Committees, referred to by the Principles, have been established, and their working principles have been prepared as written documents.

It has been learned that a draft agenda is shared with the members one month before the Board of Directors meetings, and agenda suggestions are gathered to prepare for the meeting. The Board of Directors consists of 8 members, of which 2 are executive members and 6 are non-executive members. 3 (three) of the non-executive members are independent within the framework of the criteria defined in the Corporate Governance Principles.

In 2023, the Board of Directors held a total of 4 meetings on March 23, June 01, September 14-15, and December 14. As of June 2024, 2 meetings have been held on March 21 and May 30. The Board has two more meetings planned for 2024. In 2023, the participation rate in the Board of Directors and Committee meetings was 96%.

The Audit Committee held a total of 4 (four) meetings in 2023, on March 03, May 09, August 11 and November 08. As of the end of

June 2024, 2 (two) meetings were held on March 01 and May 08. The Committee has 2 (two) more meetings planned for 2024.

The Internal Audit Directorate, which operates under the Audit Committee, carried out 16 (sixteen) audits in 2023. It has been learned that 6 (six) audits have been completed as of the end of June 2024. The Internal Audit Department submitted reports to the Audit Committee regarding the audit results 4 (four) times in 2023 and 2 (two) times as of the end of June 2024. The Audit Committee reports to the Board of Directors every quarter. As of December 31, 2023, the Internal Audit Department consists of 1 (one) Chief Internal Auditor and 3 (three) Internal Audit employees.

The Corporate Governance Committee held a total of 4 (four) meetings in 2023, on March 21, May 31, September 13 and December 13. As of June 2024, it has held 2 (two) meetings, on March 20 and May 29. The Committee has 2 (two) more meetings planned for 2024.

The duties of the Nomination and Remuneration Committee are also carried out by the Corporate Governance Committee. The Committee is responsible for creating a transparent system for identifying, evaluating and training suitable candidates for board membership and developing policies and strategies in this regard, in accordance with Article 4.5.11 of the Capital Markets Board Corporate Governance Principles and the Committee Duties and Working Principles. In this regard, the "2024 Board of Directors Nomination Principles and Criteria" accepted by the Corporate Governance Committee have been submitted for the evaluation of shareholders as an annex to the general assembly information document.

On the other hand, the Committee evaluated the Independent Member candidate applications (including the continuation of current members and applications from outside) and forwarded its recommendations to the Board of Directors. Additionally, during

the period, committee members took part in creating a pool of new board members. In these works, the previous Board of Directors Performance Evaluation outputs regarding the competency of the Board of Directors and the competencies and expected competencies of the current members were taken into account.

The Corporate Governance Committee has worked on the evaluation of independent board members and presented its report on the subject to the Board of Directors. The Board of Directors approved the proposed member candidates and submitted them to the Capital Markets Board, together with the Board of Directors' decision and all relevant documents, 60 days before the general assembly date. With the approval of the Board, independent board member candidates were presented to the shareholders for approval at the ordinary general assembly.

Remuneration Principles for the Corporate Governance Committee Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the Company's corporate website.

The Early Detection of Risk Committee held a total of 4 (four) meetings in 2023, on March 21, May 30, September 12 and December 12. As of the end of June 2024, it held 2 (two) meetings on March 20 and May 28. The Committee has 2 (two) more meetings planned for 2024.

The Committee also reported bimonthly to the Board of Directors regarding its activities and evaluations in accordance with the provisions of Article 378 of the Turkish Commercial Code.

The "Risk Review Board", which started in 2018 and of which committee meetings had been regularly carried out by the senior management, and which contributes to the senior management's formation of the corporate perspective on consolidated risks, continues its efforts.

All mentioned Committees regularly report to the Board of Directors on their work after each meeting.

The Secretariat of the Board of Directors and Committees have been consolidated within the Office of the General Legal Counsel and the General Secretariat, and it has been learned that the meeting minutes and related documents are preserved in a sound manner. The secretariat is carried out by Mr. Ali UZUN (General Legal Counsel, Sustainability Director and Secretary General) and Ms. Ekin DİKMEN (Corporate Governance Senior Specialist).

Executive board members and the general manager do not take part in the committees listed in the principles.

On March 30, 2023, the Technology Committee was established as a new committee within the Board of directors. Pegasus Hava Yolları Technology Committee was established to support and develop airline activities that make a difference with technology in terms of guest experience, employee experience and operational impact, and use technological developments in the most efficient way in product and service delivery, in line with the aim of "Turkey's Digital Airline" and to make recommendations to the Board of directors. The Committee consists of two non-executive members of the Board of Directors and the chairman of the Board of Directors.

The Corporate Governance Committee has established the "Representation Policy on the Board of Directors" and declared that "Pegasus aims to increase the female member representation rate on the Board of Directors to at least 25% by 2025". Currently, 2 (two) female members serve on the Board of Directors, and both the policy target and the 25% rate recommended in the principles have been reached.

The Board of Directors conducts a performance evaluation every two years to assess whether it is effectively fulfilling its

responsibilities. Following the most recent self-assessment conducted in 2022, several changes were implemented, including the formalization of Board Member Selection Procedures, the creation of a competency matrix detailing the qualifications required for board membership and the extent to which current members meet these criteria, the establishment of new communication channels between the Board and senior management, the regularization of field visits, and the introduction of new reporting and oversight methods focused on sustainability and stakeholder relations.

As of the end of June 2024, all actions in the action plan approved by the Board following the Self-Assessment have been fully implemented. After observing the results of these implementations, a new Board Performance Evaluation is scheduled to be conducted in 2025.

There is no reward or dismissal practice taking these evaluation results into consideration yet.

Board Members have been included in "Manager Liability Insurance policy", against defects of them in carrying out their duties. The insurance amount is in an amount that will exceed 25% of the company capital in accordance with the principles, and a material disclosure was made on the Public Disclosure Platform on August 09, 2024.

It has been learned that the Company has not lent or extended loan to any member of Board or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favor of them.

Remunerations and all other benefits provided to the members of the Board of Directors or executives with administrative responsibility are disclosed together in the annual report. This practice does not align with the principle of individual disclosure recommended in corporate governance guidelines.

3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

A. Company Profile:



Company Name	: PEGASUS Hava Tařımacılıđı A.ř.
Company Address	: AEROPARK Yeniřehir Mah. Osmanlı Bulvarı No:11/A Kurtky 34912 Pendik İSTANBUL
Company Phone	: (0216) 5607000
Company Fax Number	: (0216) 5607090
Company's Web Address	: www.flypgs.com
Date of Incorporation	: 12.01.1990
Registered Number	: 261186 Istanbul Trade Registry Office
Paid-in Capital	: 500,000,000 TL
Line of Business	: Air Transportation
Company's Sector	: Transport

Company's Representative in Charge of Rating:

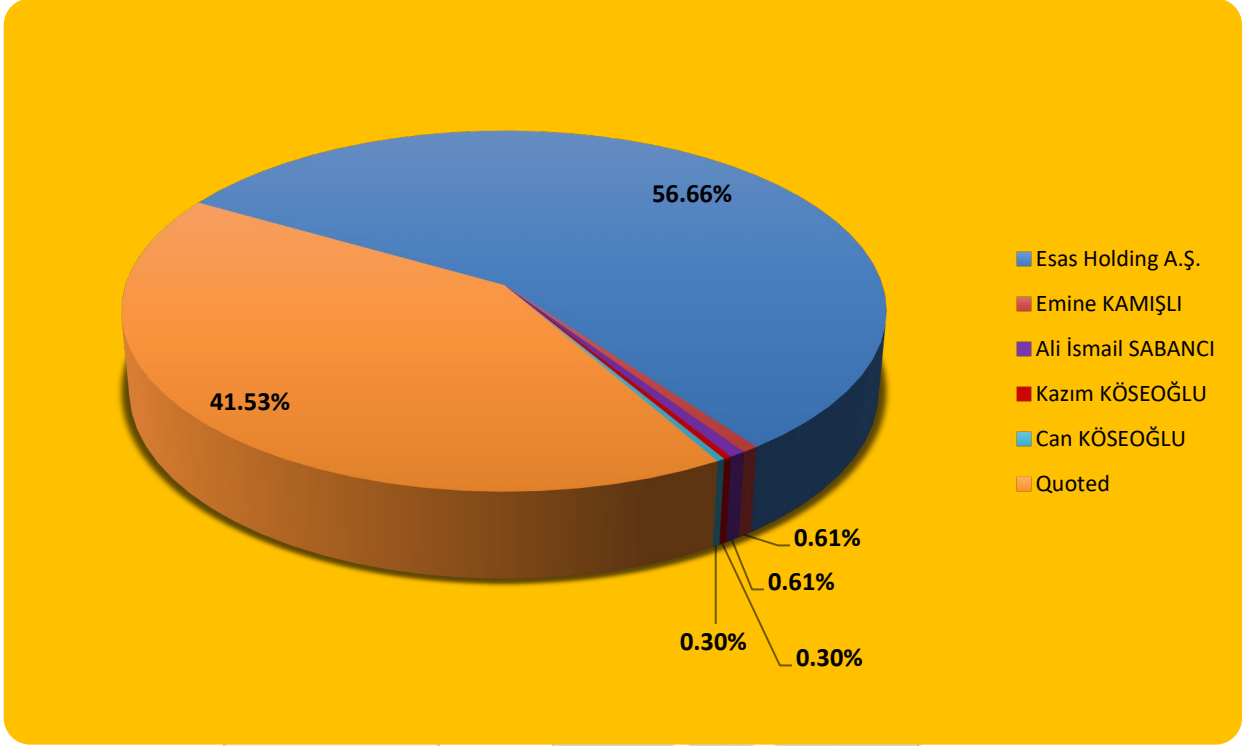
mer L. MERBAř

Investor Relations Manager

ir@flypgs.com

02165607542

Shareholder Structure



Source: www.pegasusyatirimciiliskileri.com

Shareholder Name	Share (TL)	Share (%)
Esas Holding A.Ş.	283,284,477	56.66
Emine KAMIŞLI	3,025,717	0.61
Ali İsmail SABANCI	3,025,717	0.61
Kazım KÖSEOĞLU	1,512,859	0.30
Can KÖSEOĞLU	1,512,859	0.30
Public	207,638,371	41.53
Total	500,000,000	100.00

Source: www.pegasusyatirimciiliskileri.com

Real Person Ultimate Controlling Shareholders

Shareholder Name	Direct and Indirect Share (%)
Şevket SABANCI and HIS FAMILY	58.47
Public	41.53
Total	100.00

Source: www.pegasusyatirimciiliskileri.com

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Mehmet Tevfik NANE	Chairman of the Board of Directors	Executive
Ali İsmail SABANCI	Member of Board of Directors	Executive
Mehmet Cem KOZLU	Member of Board of Directors	Non - Executive
H. Zeynep Bodur OKYAY	Member of Board of Directors	Non - Executive
Stephen Mark GRİFFİTHS	Member of Board of Directors	Non - Executive
Agah UĞUR	Independent Member of Board of Directors	Non - Executive
David VISMANS	Independent Member of Board of Directors	Non - Executive
Ayşegül İLDENİZ	Independent Member of Board of Directors	Non - Executive

Source: www.kap.gov.tr

Committees Formed Within Board of Directors

Corporate Governance Committee

Name Surname	Title	Duty
Ayşegül İLDENİZ	Independent Member of Board of Directors	Chairman
Mehmet Cem KOZLU	Member of Board of Directors	Member
Stephen Mark GRIFFITHS	Member of Board of Directors	Member
Ömer L. ÖMERBAŞ	Investor Relations Manager	Member

Audit Committee

Name Surname	Title	Duty
Agah UĞUR	Independent Member of Board of Directors	Chairman
Ayşegül İLDENİZ	Independent Member of Board of Directors	Member

Early Detection of Risk Committee

Name Surname	Title	Duty
David F. A. VISMANS	Independent Member of Board of Directors	Chairman
Agah UĞUR	Independent Member of Board of Directors	Member
H. Zeynep Bodur OKYAY	Member of Board of Directors	Member
Mustafa TERCAN	Esas Holding AŞ-CFO	Member

Technology Committee

Name Surname	Title	Duty
Ayşegül İLDENİZ	Independent Member of Board of Directors	Member
David F. A. VISMANS	Independent Member of Board of Directors	Member
Mehmet Tevfik NANE	Chairman of the Board of Directors (Executive)	Member

Company Senior Management

Name/ Surname	Title
Güliz ÖZTÜRK	General Manager/CEO
M. Barbaros KUBATOĞLU	Deputy General Manager -Finance
Ergün DEMİRCİ	Deputy General Manager - Operation
Gençer KARATEPE	Deputy General Manager - Flight Operation
Dilara OĞUR	Deputy General Manager-Human Resources
Barış FINDIK	Deputy General Manager-Information Technologies
Murat TÜNAY	Group President-Safety and Emergency Management
Yavuz Selim ÖZMEN	Group President-Flight Academy
Ayşe Naz ÇAĞIL	Group President-Internal Audit & Integrated Man. Systems and Business Excellence
Ali UZUN	Chief Legal Counsel, Sustainability Director and Secretary General
Sinan Onur ÖZTUNA	Group Manager-Compliance and Monitoring

Source: www.pegasusyatirimciiliskileri.com

Investor Relations Unit

Name Surname	Title	Contact
Ömer L. ÖMERBAŞ	Investor Relations Manager	02165607542 ir@flypgs.com

Comparison of some items of the Company's Balance Sheet for last two year-end and first quarter periods (Thousand TL)

	2022/12	2023/03	2023/12	2024/03	Change % (Year-end)
Current Assets	20,717,301	25,525,504	48,001,577	57,334,193	131.7
Fixed Assets	75,085,744	77,099,206	153,953,502	165,848,176	105
Total Assets	95,803,046	102,624,710	201,955,079	223,182,370	110.80
Short-Term Liabilities	20,759,664	23,718,552	37,183,794	50,073,336	79.12
Long-Term Liabilities	56,998,639	60,880,410	110,102,098	117,913,356	93.17
Shareholders' Equity	18,044,743	18,025,748	54,669,186	55,195,677	202.96
Paid Capital	102,300	102,300	102,299	102,299	-

Source: Independent Audit Reports dated 31.12.2022 – 31.12.2023 and 31.03.2024

(*) During periods of high inflation, the adjustment of financial statements is mandated by the Public Oversight, Accounting, and Auditing Standards Authority ("POA") as per its announcement on November 23, 2023, titled "Adjustment of Financial Statements for Companies Subject to Independent Audit for Inflation." Accordingly, it has been decided that the financial statements of entities applying the Turkish Financial Reporting Standards for the annual reporting period ending on or after December 31, 2023, should be presented in accordance with the relevant accounting principles outlined in Turkish Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (TAS 29), adjusted for the effects of inflation. In line with the above explanations, since the Company's functional currency is Euro as of the reporting date, there is no need to make any adjustments in the financial statements to be prepared in accordance with TFRS within the scope of TAS 29. However, the financial statements dated December 31, 2023, prepared in accordance with the Tax Procedure Law, have been subject to inflation adjustment in accordance with the legislation.

**Comparison of some items of the Company's Income Statement for the last two year-end and first-quarter periods
(Thousand TL)**

	2022/12	2023/03	2023/12	2024/03	Change % (Year-end)
Revenue	42,732,214	8,793,441	70,531,532	17,390,801	65.05
Cost of Sales	(31,155,508)	(8,550,725)	(53,713,133)	(17,952,561)	72.40
Gross Profit/Loss	11,576,706	242,716	16,818,399	(561,760)	45.28
Main Operating Profit/(Loss)	9,675,474	(273,840)	13,087,349	(1,325,686)	35.26
Net Profit/Loss	7,100,145	(598,120)	20,907,502	(3,500,974)	194.47

Source: Independent Audit Reports dated 31.12.2022, 31.12.2023 and 31.03.2024

(**) During periods of high inflation, the adjustment of financial statements is mandated by the Public Oversight, Accounting, and Auditing Standards Authority ("KGK") as per its announcement on November 23, 2023, titled "Adjustment of Financial Statements for Companies Subject to Independent Audit for Inflation." Accordingly, it has been decided that the financial statements of entities applying the Turkish Financial Reporting Standards, for the annual reporting period ending on or after December 31, 2023, should be presented in accordance with the relevant accounting principles outlined in Turkish Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (TAS 29), adjusted for the effects of inflation. In line with the above explanations, since the Company's functional currency is Euro as of the reporting date, there is no need to make any adjustments in the financial statements to be prepared in accordance with TFRS within the scope of TAS 29. However, the financial statements dated December 31, 2023, prepared in accordance with the Tax Procedure Law, have been subject to inflation adjustment in accordance with the legislation.

Subsidiaries, Financial Fixed Assets and Financial Investments

Trade name	Company's Line of Business	Paid-in/ Issued Capital	Company's Share in Capital (TL)	Curren cy	Company's Share in Capital (%)	The Nature of the Relationship with the Company
In liquidation Pegasus Uçuş Eğitim Merkezi A.Ş.	Training with Simulator	200,000	98,800	TL	49.4	Business Partnership
Hitit Bilgisayar Hizmetleri A.Ş.	IT Solutions	127,500,000	46,153,846	TL	36.2	Business Partnership
Pegasus Havacılık Teknolojileri ve Ticaret A.Ş.	Synthetic Flight Training Equipment Service Training Services	100,000	100,000	TL	100	Affiliated Company
Pegasus Airlines Innovation Lab, Inc	Researching Applicable Technology and Software Solutions and Collaboration Opportunities in Air Transportation	150,000	150,000	USD	100	Affiliated Company

Source: www.kap.org.tr

The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included

- **BIST Code:** PGSUS
- **Market in which the Capital Market Instrument is Traded:** BIST STAR
- **The Indices in Which It Is Included:** BIST CORPORATE GOVERNANCE / BIST STARS / BIST ALL SHARES / BIST SUSTAINABILITY / BIST PARTICIPATION 30 / BIST TRANSPORTATION / BIST SERVICES / BIST 100 / BIST PARTICIPATION 100 / BIST 50 / BIST LIQUID 10 EX BANKS / BIST ISTANBUL / BIST PARTICIPATION ALL SHARES / BIST SUSTAINABILITY PARTICIPATION / BIST 500 / BIST SUSTAINABILITY 25 / BIST PARTICIPATION 50 / BIST 30

The Peak and Bottom Closing Values of the Company Stock in the BIST for the Last One Year (08.08.2023/08.08.2024)

Bottom (TL)	Peak (TL)
130.74- (27.12.2023)	257.- (16.07.2024)

Source: Pegasus Hava Tařımacıđı A.ř.

B. Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

The Company's Material Disclosure, dated February 29, 2024, is as follows:

"According to the decision taken by our Board of Directors on February 29, 2024, pursuant to the decision of our Board of Directors dated February 28, 2024, it has been determined that the Company's issued capital of 102,299,707 TL, within the registered capital ceiling of 500,000,000 TL, has been increased by 397,700,293 TL, fully covered by the amounts in the 'Premiums Related to Shares' account, raising the total capital to 500,000,000 TL. The transfer of the aforementioned 397,700,293 TL in 'Premiums Related to Shares' to the 'Capital' account has been verified by the certified public accountant report dated February 29, 2024, and numbered YMM.1631/2024-08, prepared by Unit Yeminli Mali Mũřavirlik Ltd. řti. Accordingly, it has been decided:

1. To notify the Capital Markets Board that the capital increase procedures have been fully and properly completed.
2. To accept the new version of Article 6, titled 'Company Capital,' of our Company's Articles of Association, as attached, and to submit it to the Capital Markets Board for approval.
3. To apply to the Capital Markets Board for the approval of the issuance document related to the shares to be issued due to the capital increase.
4. To authorize the General Directorate to apply to the relevant administrative institutions and complete other legal procedures upon the approval of the issuance document by the Capital Markets Board and the favorable opinion of the Capital Markets Board on the new version of Article 6, titled 'Company Capital,' of our Company's Articles of Association."

On the same day, a Material Disclosure was made, stating that an application had been submitted to the Capital Markets Board in accordance with the decision of the Board of Directors. With the approval of the Board on May 02, 2024, the capital increase process began, with the starting date for the right to receive

bonus shares set for May 14, 2024, and Article 6 of the company's Articles of Association, titled "Company Capital," was amended.

The capital increase procedures were registered with the Trade Registry on May 30, 2024, and published in the Turkish Trade Registry Gazette, issue number 11093, on the same date.

All these developments were publicly disclosed through Material Disclosure on the dates when the transactions were completed.

ii. Management and Organizational Changes

- On August 28, 2023, Mr. Stephen Mark GRIFFITHS resigned from his position as a member of the Board of Directors, a role he had held since November 2016. To fill the vacant board position due to his resignation, Mr. Hüseyin Çağatay ÖZDOĞRU was appointed, subject to the approval of the shareholders at the Ordinary General Assembly held on March 28, 2024. During this assembly, Mr. ÖZDOĞRU's appointment to the Board of Directors was presented to the shareholders and approved.

- At the Ordinary General Assembly held on March 28, 2024, the shareholders approved the election of Mr. Mehmet Tefrik NANE, Mr. Ali İsmail SABANCI, Mr. Mehmet Cem KOZLU, Ms. H. H. Zeynep Bodur OKYAY, Mr. Agah UĞUR, Mr. David F. A. VISMANS, and Mr. Stephen Mark GRIFFITHS as members of the Board of Directors for a one-year term.

- To align the recruitment and partnership processes of the flight crews (Cockpit, Cabin, Flight Safety, and Flight Academy) under one umbrella and to focus on improving employee experience, a new position was created: Director of Pegasus Academy, Recruitment, and Flight Crew HR.

- Within the Flight Operations Deputy General Directorate, the decision was made to establish an Integrated Operations Control Center (IOCC) to enhance coordination in flight operations control and to ensure that the most accurate decisions are made quickly, leveraging all available information, skills, and experience to improve operational effectiveness in line with the company's interests. These changes were implemented as of May 12, 2024.

- As of February 01, 2024, the Chief Legal Counsel, Sustainability Office, and General Secretariat were restructured under the title "Legal and Sustainability Directorate." The Directorate now operates as three separate departments under one umbrella: "Legal Counsel," "Sustainability and Environment," and "General Secretariat."

There were no other changes in the management and organizational structure of the company during the reviewing period.

iii. Profit Distribution

In 2023, a net profit of 26,316,851,948 TL was achieved from operations according to the CMB regulations (including donations made during the year). However, according to the legal records prepared in accordance with the provisions of the Tax Procedure Law No. 213, a net loss of 13,108,735,174 TL was incurred.

As a result, it was determined that no distributable profit was available, and this finding was presented to the shareholders for approval under agenda item 5 during the Ordinary General Assembly held on March 28, 2024.

iv. Policies, Internal Regulations:

During the previous period, the company's Disclosure Policy, Donations and Aid Policy, Compensation Policy, and Remuneration Policy were revised, approved by the Board of Directors, and disclosed to the public through a Material Disclosure.

During the reviewing period,

The following policies were reviewed at the Corporate Governance Committee meeting held on December 13, 2023:

- Share Buyback Policy,
- Corporate Social Responsibility Policy,
- Representation on the Board of Directors Policy,
- Corporate Sustainability Policy.

These policies were found to align with the company's current strategy and objectives, and no changes were deemed necessary.

All created policies are published on the company's corporate website.

No changes were made to other policies defined in the Corporate Governance Principles and required to be disclosed to the public during the reviewing period.

v. Changes in Subsidiary and Affiliates

The company's;

Material Disclosure dated December 28, 2023, states that;

"At the General Assembly meeting of Pegasus Uçuş Eğitim Merkezi A.Ş.(PUEM), in which our company has a 49.40% share and from which our company received flight training services with Boeing 737 simulators between 2010 and 2023, taking into account the developing training needs within the framework of our company's fleet planning, it was unanimously decided by the shareholders to liquidate PUEM. The liquidation process will be carried out in accordance with legal regulations."

Material Disclosure dated November 30, 2023, states that;

"As Pegasus Airlines, since 2018, in line with the slogan 'Turkey's Digital Airline,' we have been working to make our guests' travel and our employees' work experience easier, more consistent, and more efficient, and we are implementing new applications. To ensure the development of this digitalization process in the coming years and to closely follow and evaluate the latest developments around the world, our Board of Directors has decided to establish a Technology Innovation Center within our company and to initiate efforts to establish a subsidiary in Silicon Valley, California, United States."

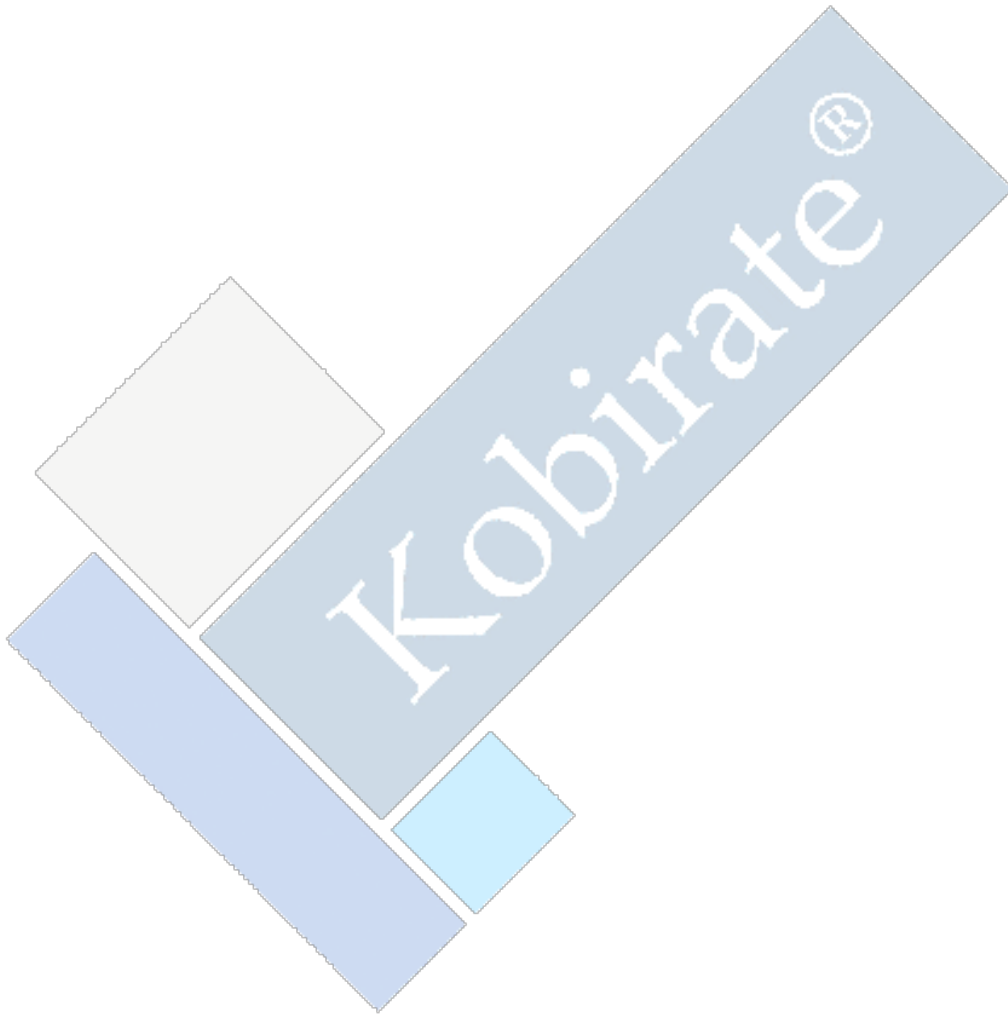
Material Disclosure dated January 03, 2024, states that;

"Following the decision made by our Board of Directors as mentioned in the Material Disclosure dated November 30, 2023, Pegasus Airlines Innovation Lab, Inc., 100% owned by our company, was established in the state of Delaware, United States, to operate in Silicon Valley, with an effective date of December 28, 2023, and the notification processes were completed as of January 02, 2024."

In the context of these disclosures, it has been understood that the liquidation process of Pegasus Uçuş Eğitim Merkezi A.Ş. (PUEM) is ongoing, and Pegasus Airlines Innovation Lab, Inc. has been operational since January 03, 2024.

vi. Legislative Changes and Others:

The significant legal changes that could impact company operations have been disclosed on page 20 of the Annual Activity Report prepared for the operating period from January 01, 2023, to December 31, 2023.



4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

In OECD Corporate Governance Principles, corporate governance is based on four basic principles, which are fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group established

within TUSIAD in 2001 prepared the guide titled "Corporate Governance: The Best Implementation Code." Then, CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain," and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non-quoted companies.

It has been prepared by taking into account the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated January 03 2014 and numbered 28871, as well as the decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

In this analysis, the full compliance of work flow and analysis technique with KOBİRATE A.Ş.'s Ethical Rules is considered.

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as follows:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle, and it is required to add new questions/methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS

GRADE	DEFINITIONS
9-10	The Company achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
7-8.9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are operational and in place, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
6-6.9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

GRADE	DEFINITIONS
<p style="text-align: center;">4-5.9</p>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure, as well as the working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
<p style="text-align: center;">< 4</p>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, such as public disclosure, transparency, structure, and working conditions of the Board, and they are at a level that might cause the investor to incur material losses.</p>

