

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

(Amounts are expressed in TL unless otherwise stated.)

NOTE 5 - RELATED PARTY TRANSACTIONS

The immediate 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. There are no set payment terms for any of the related party transactions. The related party receivables and payables resulting from operating activities are generally settled in normal course of business.

(i) Balances with Related Parties:

a) Other receivables from related parties

	31 December 2019	31 December 2018
Balances with joint ventures and subsidiaries:		
PUEM	102.852	1.580.011
	102.852	1.580.011

b) Trade payables to related parties

	31 December 2019	31 December 2018
Balances with joint ventures and subsidiaries:		
Hitit Bilgisayar	1.397.591	1.012.372
Balances with other related parties:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	146.359	146.192
	1.543.950	1.158.564

(ii) Significant Transactions with Related Parties:

The significant transactions with Esas Holding consist of the financial guarantee that Esas provides for aircraft acquisitions and their related commissions. The Group records these commissions within finance expense.

The Group also leases their head office building from Esasburda İnşaat Sanayi ve Ticaret A.Ş. ("Esasburda"), another Esas Holding subsidiary, and records the expenses as depreciation and interest under new leases standard.

The Group receives simulator training services from PUEM for their pilots and generates revenue from labor hire and common area use.

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

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NOTE 5 - RELATED PARTY TRANSACTIONS (cont'd)

(ii) Significant Transactions with Related Parties (cont'd):

a) Other Income

	1 January- 31 December 2019	1 January- 31 December 2018
Transactions with joint ventures and subsidiaries:		
PUEM	2.004.915	2.348.471
	2.004.915	2.348.471

b) Purchases of goods or services

	1 January- 31 December 2019	1 January- 31 December 2018
Transactions with joint ventures and subsidiaries:		
Hitit Bilgisayar	19.790.367	13.899.544
PUEM	10.199.468	9.492.705
Transactions with other related parties:		
Esasburda	3.093.335	2.256.348
Other	35.912	27.527
	33.119.082	25.676.124

c) Rent expenses

	1 January- 31 December 2019	1 January- 31 December 2018
Esasburda(*)	7.270.399	7.744.350
	7.270.399	7.744.350

(*)Rent expenses are recorded as depreciation and interest under new leases standard.

d) Surety commission expenses

	1 January- 31 December 2019	1 January- 31 December 2018
Esas Holding (Note 25)	11.780.578	9.425.198
	11.780.578	9.425.198

Commission expenses represent commissions and fees for Esas Holding's guarantee which is provided for financial leases of aircraft. The fee rate is 0,080% of the 115% of the amount guaranteed.

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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 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Salaries and other short term benefits	20.451.408	12.960.751
Other long term benefits	2.114.002	810.479
	22.565.410	13.771.230