

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

(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 March 2020	31 December 2019
Balances with joint ventures and subsidiaries:		
PUEM	-	102.852
Balances with other related parties:		
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	390	-
	390	102.852

b) Trade payables to related parties

	31 March 2020	31 December 2019
Balances with joint ventures and subsidiaries:		
Hitit Bilgisayar	1.908.844	1.397.591
Esas Holding	1.106.006	-
PUEM	973.439	-
Balances with other related parties:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	2.185.009	146.359
	6.173.298	1.543.950

(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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a) Other Income

	1 January- 31 March 2020	1 January- 31 March 2019
Transactions with joint ventures and subsidiaries:		
PUEM	320.321	299.789
	320.321	299.789

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

b) Purchases of goods or services

	1 January- 31 March 2020	1 January- 31 March 2019
Transactions with joint ventures and subsidiaries:		
Hitit Bilgisayar	5.623.795	4.734.703
PUEM	2.782.145	2.300.039
Transactions with other related parties:		
Alarm Sağlık Hizmetleri San. ve Tic. A.Ş.	234.764	-
Esasburda	695.821	196.816
	9.336.525	7.231.558

c) Rent expenses

	1 January- 31 March 2020	1 January- 31 March 2019
Esasburda(*)	3.835.763	2.114.444
	3.835.763	2.114.444

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

d) Surety commission expenses

	1 January- 31 March 2020	1 January- 31 March 2019
Esas Holding (Note 19)	2.716.708	2.872.484
	2.716.708	2.872.484

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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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 2020 and 2019 are as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
Salaries and other short term benefits	18.069.483	13.723.683
Other long term benefits	7.543.970	2.114.002
	25.613.453	15.837.685