

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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

	30 June 2020	31 December 2019
Balances with joint ventures and subsidiaries:		
PUEM	314.257	102.852
Balances with other related parties:		
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	392	-
	314.649	102.852

NOTE 5 - RELATED PARTY TRANSACTIONS(cont'd)

b) Trade payables to related parties

	30 June 2020	31 December 2019
Balances with parent company:		
Esas Holding	4.474.795	-
Balances with joint ventures and subsidiaries:		
Hitit Bilgisayar	4.852.416	1.397.591
PUEM	3.419.496	-
Balances with other related parties:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	3.921.713	146.359
	16.668.420	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.

The Group receives health services from Alarm Sağlık Hizmetleri Sanayi ve Ticaret A.Ş.

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AS OF 30 JUNE 2020**

(Amounts are expressed in TL unless otherwise stated.)

a) Other Income from Related Parties:

	1 January- 30 June 2020	1 January- 30 June 2019	1 April - 30 June 2020	1 April - 30 June 2019
Transactions with joint ventures and subsidiaries:				
PUEM	644.908	602.997	324.587	303.208
	644.908	602.997	324.587	303.208

b) Purchases of goods or services

	1 January- 30 June 2020	1 January- 30 June 2019	1 April - 30 June 2020	1 April - 30 June 2019
Transactions with joint ventures and subsidiaries:				
Hitit Bilgisayar	9.913.397	10.295.683	4.289.602	5.560.980
PUEM	2.946.879	4.678.078	164.734	2.378.039
Transactions with other related parties:				
Alarm Sağlık Hizmetleri San. ve Tic. A.Ş.	485.841	-	251.077	-
Esasburda	1.430.453	1.240.330	734.632	1.043.514
Other	32.713	31.200	32.713	9.000
	14.809.283	16.245.291	5.472.758	8.991.533

c) Rent expenses

	1 January- 30 June 2020	1 January- 30 June 2019	1 April - 30 June 2020	1 April - 30 June 2019
Esasburda(*)	5.939.766	4.229.693	2.104.003	2.115.249
	5.939.766	4.229.693	2.104.003	2.115.249

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

d) Surety commission expenses

	1 January- 30 June 2020	1 January- 30 June 2019	1 April - 30 June 2020	1 April - 30 June 2019
Esas Holding (Note 19)	5.571.667	5.879.730	2.854.959	3.007.246
	5.571.667	5.879.730	2.854.959	3.007.246

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.

(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 30 June 2020 and 2019 are as follows:

	1 January- 30 June 2020	1 January- 30 June 2019	1 April - 30 June 2020	1 April - 30 June 2019
Salaries and other short term benefits	18.565.535	16.198.013	496.052	2.474.330
Other long term benefits	7.594.233	2.114.002	-	-
	26.159.768	18.312.015	496.052	2.474.330