

**HİTİT BİLGİSAYAR HİZMETLERİ A. Ş.
AND ITS SUBSIDIARY**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(CONVENIENCE TRANSLATION OF THE REPORT AND CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH)

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

ASSETS		Not Audited	Audited
		Current Period 31 March 2024	Prior Period 31 December 2023
CURRENT ASSETS	Notes		
Cash and cash equivalents	3	165,344,285	218,438,892
Financial investments	11	226,065,309	246,873,455
Trade receivables	5,6	232,097,804	184,377,893
- <i>Related party trade receivables</i>	5	32,306,160	22,104,526
- <i>Other trade receivables</i>	6	199,791,644	162,273,367
Prepaid expenses	7	72,854,684	60,735,864
Other current assets	12	35,975,718	31,241,084
Total Current Assets		732,337,800	741,667,188
NON CURRENT ASSETS			
Property, plant and equipment	8	204,214,131	151,840,116
Intangible assets	9	918,533,771	759,708,182
Prepaid expenses	7	77,869,253	66,180,135
Deferred tax assets		16,948,576	8,618,504
Other non-current assets	12	1,922,563	1,801,471
Total Non-Current Assets		1,219,488,294	988,148,408
TOTAL ASSETS		1,951,826,094	1,729,815,596

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

LIABILITIES AND EQUITY	Notes	Not Audited	Audited
		Current	Prior
		Period	Period
		31 March	31 December
		2024	2023
CURRENT LIABILITIES			
Trade payables	6	66,543,825	70,993,281
Current tax liabilities		2,329,037	5,115,447
Deferred income	7	32,074,738	27,743,826
Employee benefit obligations		27,331,399	22,439,386
Short term provisions		38,877,950	22,238,558
<i>- Short term provision for employee benefits</i>		38,877,950	22,238,558
Other current liabilities	12	2,001,824	3,484,807
Total Current Liabilities		169,158,773	152,015,305
NON-CURRENT LIABILITIES			
Deferred Income	7	82,172,154	70,038,983
Long-term provisions		11,560,530	10,570,669
<i>- Long term provision for employee benefits</i>		11,560,530	10,570,669
Total Non-Current Liabilities		93,732,684	80,609,652
EQUITY			
Share capital	13	127,500,000	127,500,000
Share premiums on capital stock	13	263,039,827	263,039,827
Adjustment to share capital	13	117,442	117,442
Legal reserves	13	12,506,162	12,506,162
Other Accumulated Comprehensive Loss that will not be subsequently reclassified to profit or loss		1,033,661,431	886,801,753
<i>-Actuarial loss on defined retirement benefit plans, net of taxes</i>		(1,900,376)	(1,900,376)
<i>-Currency translation difference</i>	13	1,035,561,807	888,702,129
Net Profit		44,884,320	132,168,362
Retained earnings		207,225,455	75,057,093
Total Equity		1,688,934,637	1,497,190,639
TOTAL LIABILITIES AND EQUITY		1,951,826,094	1,729,815,596

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIOD 1 JANUARY-31 MARCH 2024**

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

		Not Audited	Not Audited
		Current	Prior
		Period	Period
		1 January-	1 January-
		31 March	31 March
	Note	2024	2023
Revenue	14	215,827,952	119,571,872
Cost of sales (-)	14	(130,792,360)	(60,426,709)
Gross profit		85,035,592	59,145,163
Marketing and sales expenses (-)	15	(23,095,802)	(11,361,193)
General administrative expenses (-)	15	(36,162,892)	(17,853,626)
Other operating income	16	15,738,400	5,174,825
Other operating expenses (-)	16	(11,430,277)	(5,463,831)
Operating profit		30,085,021	29,641,338
Income from financial investment activities	17	18,399,183	4,239,381
Profit before finance expense		48,484,204	33,880,719
Finance expenses (-)	18	(10,768,254)	(121,902)
Finance income	18	-	235,699
Profit before tax		37,715,950	33,994,516
Income tax expense		7,168,370	2,054,828
Current tax expense (-)		-	-
Deferred tax expense (-)		7,168,370	2,054,828
NET PROFIT FOR THE YEAR		44,884,320	36,049,344
Distribution of Net Profit			
Owners of the Company/parent	22	44,884,320	36,049,344
Basic earnings per share		0.3520	0.2827
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Items that will not be reclassified to profit or loss		146,859,678	21,715,365
Currency translation difference	19	146,859,678	21,715,365
OTHER COMPREHENSIVE INCOME / (EXPENSE)		146,859,678	21,715,365
TOTAL COMPREHENSIVE INCOME		191,743,998	57,764,709

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

						<u>Other accumulated comprehensive loss that will not be subsequently reclassified to profit or loss</u>				
	<u>Note</u>	<u>Share Capital</u>	<u>Share premiums on capital stock</u>	<u>Adjustment to share capital</u>	<u>Legal Reserves</u>	<u>Actuarial Gain / (Loss)</u>	<u>Currency translation difference</u>	<u>Retained earnings</u>	<u>Net Profit for the Period</u>	<u>Total Equity</u>
Balances as of 1 January 2023	13	127,500,000	292,429,353	117,442	2,808,433	(2,462,005)	362,770,478	26,210,031	58,544,791	867,918,523
Transfers		-	-	-	-	-	-	58,544,791	(58,544,791)	-
Profit for the year		-	-	-	-	-	-	-	36,049,344	36,049,344
Total comprehensive income		-	-	-	-	-	21,715,365	-	-	21,715,365
Balances as of 31 March 2023	13	127,500,000	292,429,353	117,442	2,808,433	(2,462,005)	384,485,843	84,754,822	36,049,344	925,683,232
Balances as of 1 January 2024	13	127,500,000	263,039,827	117,442	12,506,162	(1,900,376)	888,702,129	75,057,093	132,168,362	1,497,190,639
Transfers		-	-	-	-	-	-	132,168,362	(132,168,362)	-
Profit for the year		-	-	-	-	-	-	-	44,884,320	44,884,320
Total comprehensive income		-	-	-	-	-	146,859,678	-	-	146,859,678
Balances as of 31 March 2024	13	127,500,000	263,039,827	117,442	12,506,162	(1,900,376)	1,035,561,807	207,225,455	44,884,320	1,688,934,637

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

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HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024**

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

		Not Audited Current Period 1 January- 31 March 2024	Not Audited Prior Period 1 January- 31 March 2023
Cash Flows from Operating Activities	Notes		
Profit for the Period		44,884,320	36,049,344
Adjustments related to tax expenses		(7,168,370)	(2,054,828)
Adjustments related to provision for employment termination benefits		482,409	1,275,648
Adjustments related to provision for doubtful receivable		22,228	13,346
Adjustments related to provision for unused vacation		14,592,946	3,904,678
Adjustments related to interest income and expense	17.18	(4,096,324)	(50,710)
Adjustments related to unrealized foreign exchange differences		36,189,763	8,320,567
Adjustments related with fair value expense (income) of financial assets	17	(14,302,859)	(4,078,437)
Depreciation and amortization of non-current assets	8, 9	40,563,477	17,923,277
Other non-cash adjustments		1,361,630	290,667
		<u>112,529,220</u>	<u>61,593,552</u>
Changes in working capital			
Adjustments related to increase in trade receivables	5,6	(48,384,004)	(24,218,767)
Adjustments related to increase in prepaid expenses	7	(8,451,440)	(4,890,592)
Adjustments related to increase in other current / non-current assets	12	(4,855,726)	136,984
Adjustments related to decrease in trade payables	6	(4,449,456)	(10,238,110)
Adjustments related to increase / (decrease) in deferred income	7	(254,045)	(142,727)
Adjustments related to increase / (decrease) in other liabilities		892,324	(496,629)
Cash generated from operations		<u>47,026,873</u>	<u>21,743,711</u>
Income taxes paid		-	-
Unused vacation paid		(738,622)	(293,539)
Employment termination benefits paid		(513,497)	(963,286)
Net cash flows from operating activities		<u>45,774,754</u>	<u>20,486,886</u>
Cash flows from investing activities			
Cash generated from disposal of property, plant and equipment	8	-	27,013
Payments for purchases of property, plant and equipment	8	(43,329,658)	(5,020,645)
Payments for purchases of intangible assets	9	(114,884,687)	(38,906,100)
Interest received		11,191,450	5,424,169
Cash inflows from the sale of shares or debt instruments of other businesses or funds		-	95,289,622
Other cash inflow		87,419,800	65,079,475
Other cash outflow		(50,802,410)	(87,969,930)
Net cash flows from investing activities		<u>(110,405,505)</u>	<u>33,923,604</u>
Cash flows from financing activities			
Borrowings paid		-	(23,777,875)
Lease borrowings paid		-	(11,363,343)
Interest paid		-	(367,227)
Cash inflows related with the share issue		-	-
Net cash flows from financing activities		<u>-</u>	<u>(35,508,445)</u>
		<u>-</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>(64,630,751)</u>	<u>18,902,045</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	<u>218,438,892</u>	<u>57,136,078</u>
Currency translation differences effect on cash and cash equivalents		11,536,144	1,217,459
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	<u><u>165,344,285</u></u>	<u><u>77,255,582</u></u>

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

1. ORGANISATION AND OPERATIONS OF THE GROUP

Hitit Bilgisayar Hizmetleri A.Ş. (“the Company” or “Hitit Bilgisayar”) was established in 1994. The Company's Subsidiary Hitit Saas Turizm Servisleri A.Ş. (collectively the “Group”) was established in 2021, HITIT TECH LAB-ISB (SMC-Private) in 2023, Hitit PK Seyahat Acente Dağıtım Sistemleri A.Ş. established in 2024, together referred to as the “Group”. The Group's main field of activity is to develop software solutions for airlines, travel companies and airports, carry operations to provide these as a service, to host and to sell.

The registered office of the Company is Reşitpaşa Mah. Katar Cad. No: 4/1 Arı Teknokent 2 – A Blok İç Kapı No: 601 Maslak / Sarıyer / İstanbul.

As of 31 March 2024, personnel number of the Company is 395 (31 December 2023: 390).

The Group’s business segments in continuing operations and reporting details in accordance with geographic segments are presented on Note 4.

Subsidiary of Group:

Hitit Saas Turizm Servisleri A.Ş.

The company was established under 100% ownership of Hitit Bilgisayar Hizmetleri A.Ş., in order to sell and widespread the tickets, hotels, car rentals, airport transfers, insurances and other non-ticket travel products, additional services through Hitit Bilgisayar Hizmetleri A.Ş.'s agency network in the global market, registered and announced on 09.11.2021.

HITIT TECH LAB-ISB (SMC-Private) Limited

The software development company HITIT TECH LAB-ISB (SMC-Private) Limited was established at Securities and Exchange Commission of Pakistan - SECP, company's shares representing the capital are fully owned by Hitit Bilgisayar Hizmetleri A.Ş., in order to create value in technology field in Pakistan.

Hitit PK Seyahat Acente Dağıtım Sistemleri A.Ş.

The company "Hitit PK Seyahat Acente Dağıtım Sistemleri A.Ş." was established under the 100% ownership of Hitit Bilgisayar Hizmetleri A.Ş., headquartered in Turkey/Istanbul in order to support agency distribution services in the Pakistan market, promote and marketing Pakistan-based travel content worldwide through Hitit ADS, within this framework, to facilitate the daily activities of Hitit ADS users such as travel agencies, corporate travel and similar. The company was registered and announced at the Istanbul Trade Registry Office as of 5 January 2024.

Approval of consolidated financial statements:

Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 8 May 2024. General Assembly has the authority to modify the consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial reporting standards applied

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the “Communiqué”) published in the Official Gazette numbered 28676 on 13 September 2013. According to Article 5 of the Communiqué, the consolidated financial statements are prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The Group has prepared the condensed financial statements and its notes for the interim period ended 31 March 2024 in accordance with TAS 34 “Interim Financial Reporting”. These condensed consolidated interim financial statements do not include all notes of the type normally included in annual financial statements and therefore, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2023.

In addition, the financial statements are presented in accordance with the formats determined in the “Announcement on TFRS Taxonomy” published by the POA on 4 October 2022 and the Financial Statement Examples and User Guide published by the CMB.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements have been prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its liabilities in the subsequent year and in the natural process of its business operations.

Functional and Presentation Currency

The functional currency of the Group has been determined as USD Dollar in accordance with Turkish Accounting Standard No. 21 (“TAS 21”) “The Effects of Changes in Foreign Exchange Rates”, since purchases and sales are mostly based on USD Dollar. The presentation currency of the financial statement is TL.

The Group’s client portfolio is mainly consists of foreign clients. Parallel to this, a significant portion of the revenues are in US Dollars. The Group's increasing export volume, its growth strategies on the global platforms and its competitive environment have made the USD (US Dollar) the effective currency in reflecting the basic economic environment in which the Group is positioned. Within this frame, the Company management has determined the functional currency to be USD as of 1 January 2020, as a result of these effects on the economic environment and activities, since USD has also been used in decision-making, budget follow-up and management reporting by the company management.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Presentation Currency Translation

According to TAS 21 ("The Effects of Changes in Foreign Exchange Rates") financial statements, that are prepared in USD for the Group have been translated in TL as the following method:

- In the consolidated financial statement position dated 31 March 2024, assets and liabilities have been converted into TL with the foreign exchange buying rates announced by The Central Bank of Turkish Republic as of 31 March 2024 which is 32.2854 TL=1 USD.
- Consolidated statement of profit or loss for the period ended 31 March 2024, have been converted into TL with the exchange rates of the three-month average of January - March 2024 which is 30.8722 TL=1 USD.
- All exchange differences resulting from translation to TL presentation currency are shown in statement of other comprehensive income as of foreign currency translation differences.

Basis of Consolidation

The detail of the Company's subsidiary at 31 March 2024 and 31 December 2023 are as follows:

Subsidiaries	Country of incorporation	Currency	Share in equity of the Group (%)	
			31 March 2024	31 December 2023
Hitit Saas Turizm Servisleri A.Ş.	Turkey	US Dollar	100	100
HİTİT TECH LAB-ISB (SMC-Private) Limited	Pakistan	US Dollar	100	100
Hitit PK Seyahat Accente Dağıtım Sistemleri A.Ş.	Turkey	US Dollar	100	-

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company or other shareholders;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Offsetting

A financial asset or liability can be offset and the net amount shown on the balance sheet only if the entity has a legal right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.2 Changes in Accounting Policies

Significant changes in accounting policies are implemented retroactively and financial statements for previous period are restated. There are no significant changes to accounting policies of the Group in the current period.

2.3 Changes and Errors in Accounting Estimates

Changes in accounting estimates are applied only in the period changes were made if they are only related to the current period. Nevertheless, they are applied both in the current period and in the future periods if they are related to multiple periods. Significant accounting errors are corrected retroactively and financial statements for previous periods are restated. There are no significant changes in estimates in the current period.

2.4 New and Revised Turkish Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 31 March 2024.

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Financial Reporting Standards (cont'd)

a) Standards, amendments, and interpretations applicable as of 31 March 2024. (cont'd)

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2024:

- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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3. CASH AND CASH EQUIVALENTS

	31 March 2024	31 December 2023
Cash on hand	639,897	634,776
Cash at banks	164,704,388	217,804,116
<i>Demand deposits</i>	10,704,593	16,289,897
<i>Time deposits</i>	153,999,795	201,514,219
	<u>165,344,285</u>	<u>218,438,892</u>

Time Deposits	Effective Interest Rate	Maturity Date	31 March 2024
US Dollar (TL denominated)	%0.01	1.04.2024	94,434,795
TL	%38.89	1.04.2024	27,350,000
TL	%55	29.04.2024	21,970,000
TL	%33.16	1.04.2024	4,095,000
TL	%39.89	1.04.2024	6,150,000
			<u>153,999,795</u>

Time Deposits	Effective Interest Rate	Maturity Date	31 December 2023
US Dollar (TL denominated)	%0,01	2.01.2024	62,703,366
US Dollar (TL denominated)	%4,00	27.06.2024	58,876,400
US Dollar (TL denominated)	%4,00	28.03.2024	58,876,400
US Dollar (TL denominated)	%2,5	2.01.2024	2,821,142
TL	%30,00	2.01.2024	11,785,001
TL	%13,00	2.01.2024	100,000
EUR (TL denominated)	%0,01	2.01.2024	6,351,910
			<u>201,514,219</u>

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 20. As of 31 March 2024, the Group do not have any worth of restricted cash. (31 December 2023: None.)

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4. SEGMENT REPORTING

The Group is managed as a single reporting unit that develop software solutions for the travel industry, especially for airlines, tour operators and airports, providing them as a service, additional development, maintenance and operating activities. The Group's Chief Operating Decision Maker is the Board of Directors. The resource utilization decisions are made from single center by considering all service categories as a whole. The objective in making resource utilization decisions is to maximize consolidated financial results, rather than highlight specific regions or categories. All other assets and liabilities have been associated with the Group's only integrated reporting section.

5. RELATED PARTY DISCLOSURES

The receivables from related parties arise from: development and maintenance services and hosting and database management services, their maturity is one month on average and bear no interest. The payables to related parties arise mainly from consultancy services, their maturity is one month on average and bear no interest.

The details of the transactions between the Group and other related parties are as follows.

	Trade Receivables	
	Current	Non-Current
Balances with Related Parties	31 March 2024	31 December 2023
Shareholders		
Pegasus Hava Taşımacılığı A.Ş.	28,702,755	17,750,663
Others		
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	3,487,554	4,353,863
HİTİT TECH LAB-ISB (SMC-Private) Limited	115,851	-
	<u>32,306,160</u>	<u>22,104,526</u>

The transactions with related parties for the three-months periods ended 31 March 2024 and 31 March 2023 are as follows:

	1 January -	1 January -
	31 March 2024	31 March 2023
Transactions with Related Parties	Sales	Sales
Pegasus Hava Taşımacılığı A.Ş.	65,286,950	35,333,109
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	8,665,506	6,721,043
	<u>73,952,456</u>	<u>42,054,152</u>

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5. RELATED PARTY DISCLOSURES (cont'd)

Benefits provided to key personnel:

The Executives of the Group consist of members of its board of directors, assistant general managers and directors. The benefits provided to the Executives include salary, bonus, private health insurance, and transportation. The benefits provided to Executives in the period are as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Salaries and other short term benefits	8,404,070	4,663,277
	<u>8,404,070</u>	<u>4,663,277</u>

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

The details of the Group's trade receivables as of balance sheet date are as follows:

	31 March 2024	31 December 2023
<u>Current trade receivables</u>		
Trade receivables	185,519,141	151,133,687
Trade receivables from related parties (Note: 5)	32,306,160	22,104,526
Income accruals	24,446,989	20,650,073
Expected credit loss (-)	(10,174,486)	(9,510,393)
	<u>232,097,804</u>	<u>184,377,893</u>

Trade receivables are amounts due from customers for services performed in the ordinary course of business. The average maturity of trade receivables is 87 days (31 December 2023: 80 days) and classified as a current trade receivables.

b) Trade Payables

Details of the Group's trade payables as of the reporting date are as follows:

	31 March 2024	31 December 2023
<u>Short term trade payables</u>		
Trade payables to service providers	53,982,512	62,355,524
Other trade payables	12,561,313	8,637,757
	<u>66,543,825</u>	<u>70,993,281</u>

As of 31 March 2024, average maturity of the Group's trade payables is 47 days (31 December 2023: 57 days).

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7. PREPAID EXPENSES AND DEFERRED INCOME

	31 March 2024	31 December 2023
<u>Short-term prepaid expenses</u>		
Deferred implementation expenses	29,402,992	25,018,555
Prepaid software support expenses	23,159,495	18,807,385
Prepaid insurance expenses	8,363,005	7,374,943
Prepaid marketing and sales expenses	7,231,129	5,504,456
Order advances given	2,758,755	2,108,423
Business advances given	530,933	542,840
Other prepaid expenses	1,408,375	1,379,262
	<u>72,854,684</u>	<u>60,735,864</u>
<u>Long-term prepaid expenses</u>		
Deferred implementation expenses	75,779,581	64,807,520
Prepaid software support expenses	2,085,669	1,325,774
Other prepaid expenses	4,003	46,841
	<u>77,869,253</u>	<u>66,180,135</u>
<u>Short-term deferred income</u>		
Deferred implementation income	31,163,289	26,577,749
Other deferred income	911,449	1,166,077
	<u>32,074,738</u>	<u>27,743,826</u>
<u>Long-term deferred income</u>		
Deferred implementation income	82,165,536	70,032,948
Other deferred income	6,618	6,035
	<u>82,172,154</u>	<u>70,038,983</u>

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8. PROPERTY, PLANT AND EQUIPMENT

	Furnitures & Fixtures	Leasehold improvements	Construction in progress	Total
Cost Value				
Opening balance as of 1 January 2024	109,892,742	6,990,689	88,577,483	205,460,914
Additions	31,340,254	187,857	11,801,547	43,329,658
Foreign currency translation difference	12,063,217	684,725	9,107,251	21,855,193
Closing balance as of 31 March 2024	153,296,213	7,863,271	109,486,281	270,645,765
Accumulated Depreciation				
Opening balance as of 1 January 2024	(49,276,603)	(4,344,195)	-	(53,620,798)
Charge of the year	(7,031,577)	(259,388)	-	(7,290,965)
Foreign currency translation difference	(5,087,836)	(432,035)	-	(5,519,871)
Closing balance as of 31 March 2024	(61,396,016)	(5,035,618)	-	(66,431,634)
Carrying value as of 31 March 2024	91,900,197	2,827,653	109,486,281	204,214,131
Cost Value				
Opening balance as of 1 January 2023	43,585,251	3,786,593	43,172,860	90,544,704
Additions	900,632	-	4,120,013	5,020,645
Disposals	(27,013)	-	-	(27,013)
Foreign currency translation difference	1,074,396	92,122	760,954	1,927,472
Closing balance as of 31 March 2023	45,533,266	3,878,715	48,053,827	97,465,808
Accumulated Depreciation				
Opening balance as of 1 January 2023	(21,192,223)	(2,223,172)	-	(23,415,395)
Charge of the year	(1,897,692)	(131,539)	-	(2,029,231)
Disposals	27,013	-	-	27,013
Foreign currency translation difference	(545,673)	(56,202)	-	(601,875)
Closing balance as of 31 March 2023	(23,608,575)	(2,410,913)	-	(26,019,488)
Carrying value as of 31 March 2023	21,924,691	1,467,802	-	71,446,320

As of 31 March 2024, there are no mortgage on property, plant and equipment. (31 December 2023 : None.)

Useful lives of property and equipment are as follows:

	Useful Life
Furnitures & Fixtures	4 Years
Leasehold improvements	5 Years
Construction in progress	15 Years

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9. INTANGIBLE ASSETS

	Rights	Developed software	Purchased software	Total
Cost Value				
Opening balance as of 1 January 2024	107,161,318	1,022,069,311	14,389,480	1,143,620,109
Additions	11,850,788	103,000,372	33,527	114,884,687
Foreign currency translation difference	10,906,894	103,567,292	1,393,288	115,867,474
Closing balance as of 31 March 2024	<u>129,919,000</u>	<u>1,228,636,975</u>	<u>15,816,295</u>	<u>1,374,372,270</u>
Accumulated Depreciation				
Opening balance as of 1 January 2024	(57,799,992)	(313,062,010)	(13,049,925)	(383,911,927)
Charge of the year	(5,098,450)	(27,915,322)	(258,740)	(33,272,512)
Foreign currency translation difference	(5,812,992)	(31,556,538)	(1,284,530)	(38,654,060)
Closing balance as of 31 March 2024	<u>(68,711,434)</u>	<u>(372,533,870)</u>	<u>(14,593,195)</u>	<u>(455,838,499)</u>
Carrying value as of 31 March 2024	<u>61,207,566</u>	<u>856,103,105</u>	<u>1,223,100</u>	<u>918,533,771</u>
	Rights	Developed software	Purchased software	Total
Cost Value				
Opening balance as of 1 January 2023	66,191,122	490,101,141	9,046,107	565,338,370
Additions	126,106	38,779,994	-	38,906,100
Foreign currency translation difference	1,612,373	12,547,364	220,077	14,379,814
Closing balance as of 31 March 2023	<u>67,929,601</u>	<u>541,428,499</u>	<u>9,266,184</u>	<u>618,624,284</u>
Accumulated Depreciation				
Opening balance as of 1 January 2023	(25,681,853)	(141,975,313)	(7,629,243)	(175,286,409)
Charge of the year	(2,912,743)	(12,840,571)	(167,745)	(15,921,059)
Foreign currency translation difference	(671,647)	(3,660,642)	(188,307)	(4,520,596)
Closing balance as of 31 March 2023	<u>(29,266,243)</u>	<u>(158,476,526)</u>	<u>(7,985,295)</u>	<u>(195,728,064)</u>
Carrying value as of 31 March 2023	<u>38,663,358</u>	<u>382,951,973</u>	<u>1,280,889</u>	<u>422,896,220</u>

TL 27,915,322 of depreciation and amortization expense for the current period (31 March 2023: TL 12,840,571) has been charged in "Cost of sales," TL 12,648,155 of depreciation and amortization expense for the current period has been charged in "general administrative expenses" (31 March 2023: TL 5,082,706).

Useful lives of intangible assets are as follows:

	Useful Life
Developed software	10 Years
Rights	3-15 Years
Purchased software	3 Years

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10. COMMITMENTS

Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 March 2024 and 31 December 2023 is as follows:

CPMs given by the Group:	31 March 2024				31 December 2023			
	TL equivalent	USD	EUR	TL	TL equivalent	USD	EUR	TL
A. Total amounts of CPM given on behalf of its own legal entity	89,156,132	2,761,500	-	-	81,293,589	2,761,500	-	-
- Collateral	89,156,132	2,761,500	-	-	81,293,589	2,761,500	-	-
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-
D. Total amounts of other CPM given								
i. Total amount of CPM given on behalf of the Parent	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C	-	-	-	-	-	-	-	-
- Collateral	-	-	-	-	-	-	-	-
TOTAL	89,156,132	2,761,500	-	-	81,293,589	2,761,500	-	-

The ratio of other CPMs given by the Group to banks and customers to the Group's equity is 0% as of 31 March 2024. (31 December 2023: 0%)

11. FINANCIAL INSTRUMENTS

Financial Investments

The details of the Group's short term financial investments as of 31 March 2024 is as follows:

Short-Term	31 March 2024	31 December 2023
Financial investments measured at amortized cost	108,166,809	97,056,921
Exchange rate protected time deposit converted from FX	113,601,798	145,902,431
Venture capital investment fund	4,296,702	3,914,103
	226,065,309	246,873,455

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11. FINANCIAL INSTRUMENTS (cont'd)

Financial investments at fair value through profit or loss

The details of the Exchange rate protected time deposit and Exchange rate protected time deposit converted from FX by the Group as of 31 March 2024 and 31 December 2023 is as follows:

	31 March 2024		
	Nominal Value	Interest Accrual	Fair Value
Exchange Rate Protected Time Deposit Converted from FX	93,774,110	19,827,688	113,601,798
	<u>93,774,110</u>	<u>19,827,688</u>	<u>113,601,798</u>

The annual interest rates for Exchange Rate Protected Time Deposit converted from FX are 36% and 34% as of 31 March 2024.

	31 December 2023		
	Nominal Value	Interest Accrual	Fair Value
Exchange Rate Protected Time Deposit Converted from FX	130,391,500	15,510,931	145,902,431
	<u>130,391,500</u>	<u>15,510,931</u>	<u>145,902,431</u>

The annual interest rates for Exchange rate protected time deposit converted from FX are 30%, 34%, 35% and 36% as of 31 December 2023.

Financial investments measured at amortized cost

Security Issuer	31 March 2024	31 December 2023
TC Hazine Müsteşarlığı	108,166,809	97,056,921
	<u>108,166,809</u>	<u>97,056,921</u>

Financial investments measured at amortized cost have has an active market and market prices (according to dirty prices) are as follows:

Security Issuer	31 March 2024	31 December 2023
TC Hazine Müsteşarlığı	108,832,363	98,500,470
	<u>108,832,363</u>	<u>98,500,470</u>

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11. FINANCIAL INSTRUMENTS (cont'd)

Financial investments measured at amortized cost (cont'd)

The coupon interest rates and call dates of the financial investments in TL and US Dollars that are measured by their amortized costs and continues as of the reporting date are as follows.

Security Issuer	ISIN Code	Coupon Interest Rate (%)	FX Rate	Asset Value	Call Date
TC Hazine Müsteşarlığı	US900123CW86	%7,60	US Dollar	108,166,809 <u>108,166,809</u>	14.11.2024

Security Issuer	ISIN Code	Coupon Interest Rate (%)	FX Rate	Asset Value	Call Date
TC Hazine Müsteşarlığı	US900123CW86	%7,60	US Dollar	97,056,921 <u>97,056,921</u>	14.11.2024

12. OTHER ASSETS AND LIABILITIES

	31 March 2024	31 December 2023
Other current assets		
VAT carried forward	34,016,285	28,827,799
Deposits and guarantees given	337,286	307,659
Other current assets	1,622,147	2,105,626
	<u>35,975,718</u>	<u>31,241,084</u>

	31 March 2024	31 December 2023
Other non-current assets		
Deposits and guarantees given	1,922,563	1,801,471
	<u>1,922,563</u>	<u>1,801,471</u>

	31 March 2024	31 December 2023
Other current liabilities		
Advances received	576,843	3,125,513
Other current liabilities	1,424,981	359,294
	<u>2,001,824</u>	<u>3,484,807</u>

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13. SHAREHOLDER'S EQUITY

Capital

The capital structure as of 31 March 2024 is as follows:

Shareholders	%	31 March 2024	%	31 December 2023
Pegasus Hava Taşımacılığı A.Ş. (*)	%36,82	46,939,893	%36,82	46,939,893
Fatma Nur Gökman (**)	%23,19	29,572,131	%23,19	29,572,131
Dilek Ovacık	%4,71	6,000,000	%4,71	6,000,000
Hakan Ünlü	%4,34	5,538,462	%4,34	5,538,462
Özkan Dülger	%4,34	5,538,462	%4,34	5,538,462
Publicly Held (***)	%26,597	33,911,052	%26,597	33,911,052
<i>Dilek Ovacık</i>	%0,080	<i>102,186</i>	%0,080	<i>102,186</i>
<i>Hakan Ünlü</i>	%0,074	<i>94,326</i>	%0,074	<i>94,326</i>
<i>Özkan Dülger</i>	%0,074	<i>94,326</i>	%0,074	<i>94,326</i>
<i>Diğer</i>	%26,369	<i>33,620,214</i>	%26,369	<i>33,620,214</i>
Nominal Capital	%100	127,500,000	%100	127,500,000
Inflation Adjustment		117,442		117,442
Adjusted Capital		127,617,442		127,617,442

(*) Including 786,047 public shares.

(**) Including 495,209 public shares.

(***) Representing shares in circulation.

The Group started trading on Yıldız Market on March 3, 2022 with the transaction code HTTBT. The issued capital of the Group has been increased from TL 100,000,000 to TL 127,500,000 as a result of the public offering of 27,500,000 shares with a total nominal value of TL 27,500,000 issued by completely restricting the rights of existing partners to purchase new shares. The completion of the said capital increase was approved by the Turkish Trade Registry Office on 7 April 2022 and published in the Trade Registry Gazette as of the same date.

As of 31 March 2024, the Group's capital consists of 127,500,000 ordinary shares (31 December 2023: 127,500,000 ordinary shares). Nominal value of each share is TL 1 (2023: TL 1).

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13. SHAREHOLDER’S EQUITY (cont’d)

Share premiums on capital stock

	31 March 2024	31 December 2023
Share premiums on capital stock	263,039,827	263,039,827
	<u>263,039,827</u>	<u>263,039,827</u>

Foreign currency translation differences

For the purpose of preparation of the condensed financial statements and disclosures, according to TAS 21, balance sheet items except shareholders’ equity in financial statements are translated to TL using balance sheet date USD exchange rates; equity items, income/expenses and cash flows are translated to TL by using the exchange rate of the transaction date (historic rate), and currency translation differences amounting to TL 1,035,561,807 (31 December 2023 : TL 888,702,129) are presented under shareholders’ equity.

Restricted profit reserves

	31 March 2024	31 December 2023
Legal reserves	12,506,162	12,506,162
	<u>12,506,162</u>	<u>12,506,162</u>

14. REVENUE AND COST OF SALES

Revenue From Customer Agreements

The Group derives its revenue from the transfer of services over time and at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under TFRS 8:

	1 January- 31 March 2024	1 January- 31 March 2023
Domestic Sales	87,779,313	41,412,916
Foreign Sales	146,514,364	87,339,109
Discounts and Other Adjustments	(18,465,725)	(9,180,153)
Revenue	215,827,952	119,571,872
Costs	(130,792,360)	(60,426,709)
Gross Profit	<u>85,035,592</u>	<u>59,145,163</u>

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(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

14. REVENUE AND COST OF SALES (cont'd)

Revenue

Revenue	1 January- 31 March 2024	1 January- 31 March 2023
Application use fee revenue	97,797,685	58,212,996
Application use and development revenue	47,795,342	27,872,405
Infrastructure revenue	31,299,084	11,743,073
Maintenance revenue	18,403,218	14,512,218
Implementation and Integration revenue	13,531,208	5,264,739
License revenue	6,373,847	1,277,363
Other	627,568	689,078
	215,827,952	119,571,872

The Group disaggregates revenues into revenues from application use fee revenue, maintenance revenue, additional developments, infrastructure revenue, implementation and integration revenue and other in accordance with TFRS 15 “Revenue from contracts with customers”. Besides, the Group recognized over the period, “Implementation and integration revenue” of its disaggregated revenues. Installation revenues are recorded by spreading over the contract periods in line with the agreements made with the customers, and the revenues of the following years are accounted as deferred income.

Cost of Sales

Cost of Sales	1 January- 31 March 2024	1 January- 31 March 2023
Personnel expenses	(54,115,509)	(28,727,116)
Software support expenses	(40,760,164)	(15,083,087)
Amortization expenses (Note: 8,9)	(27,915,322)	(12,840,571)
Consultancy expenses	(3,295,607)	(989,789)
Travel and accommodation expenses	(3,167,642)	(2,068,381)
Conference, event and training expenses	(1,140,975)	(447,892)
Representation expenses	(13,615)	(21,527)
Other	(383,526)	(248,346)
	(130,792,360)	(60,426,709)

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15. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING/ SALES EXPENSES

Marketing and Sales Expenses

	1 January- 31 March 2024	1 January- 31 March 2023
	<u>2024</u>	<u>2023</u>
Personnel expenses	(10,800,701)	(5,120,236)
Sales premium expenses	(5,652,237)	(1,892,323)
Advertising, marketing and sales expenses	(2,997,876)	(1,792,079)
Conference, event and training expenses	(1,480,137)	(3,600)
Consultancy expenses	(685,425)	(1,825,801)
Rent expenses	(647,020)	(246,010)
Travel and accomodation expenses	(182,022)	(320,241)
Other	(650,384)	(160,903)
	<u>(23,095,802)</u>	<u>(11,361,193)</u>

General Administrative Expenses

	1 January- 31 March 2024	1 January- 31 March 2023
	<u>2024</u>	<u>2023</u>
Depreciation and amortization expenses (Note: 8, 9)	(12,648,155)	(5,082,706)
Personnel expenses	(11,828,109)	(5,022,103)
Rent expenses	(2,458,384)	(912,222)
Insurance expenses	(2,081,774)	(1,161,493)
Consultancy expenses	(1,490,139)	(926,642)
Office expenses	(981,057)	(827,605)
Software support expenses	(755,381)	(376,074)
Conference, event and training expenses	(704,565)	(173,570)
Taxes and fees expenses	(674,990)	(1,719,997)
Representation expenses	(60,787)	(26,145)
Doubtful receivable allowance expense	(22,228)	(13,346)
Other	(2,457,323)	(1,611,723)
	<u>(36,162,892)</u>	<u>(17,853,626)</u>

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16. OTHER OPERATING INCOME AND EXPENSES

For the three-months period ending 31 March 2024 and 31 March 2023 , detail of other operating income is as follows:

Other income from operating activities

	1 January- 31 March 2024	1 January- 31 March 2023
Government incentives (*)	6,429,485	2,562,686
Foreign exchange gain	6,369,336	2,292,242
Other	2,939,579	319,897
	<u>15,738,400</u>	<u>5,174,825</u>

(*) These are the incentive incomes utilized within the scope of the E-Turquality (Stars of informatic).

Other expenses from operating activities

For the three-months period ending 31 March 2024 and 31 March 2023 detail of other operating expenses is as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Foreign exchange loss	(11,332,289)	(4,795,188)
Previous year expenses	-	(65,013)
Other	(97,988)	(603,630)
	<u>(11,430,277)</u>	<u>(5,463,831)</u>

17. INCOME FROM FINANCIAL INVESTING ACTIVITIES

	1 January- 31 March 2024	1 January- 31 March 2023
Fair value gain from financial investment	14,302,859	4,078,437
Interest revenue	4,096,324	160,944
	<u>18,399,183</u>	<u>4,239,381</u>

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18. FINANCE INCOME AND EXPENSES

Finance Expenses

	1 January- 31 March 2024	1 January- 31 March 2023
Foreign exchange losses	(10,662,239)	(9,218)
Commission expenses for letter of guarantee	(100,612)	(2,450)
Interest expense on bank loans	-	(110,234)
Other	(5,403)	-
	<u>(10,768,254)</u>	<u>(121,902)</u>

Finance Income

	1 January- 31 March 2024	1 January- 31 March 2023
Foreign exchange gain	-	235,699
	<u>-</u>	<u>235,699</u>

19. OTHER COMPREHENSIVE INCOME ANALYSIS

	1 January- 31 March 2024	1 January- 31 March 2023
Foreign currency translation fund	146,859,678	21,715,365
	<u>146,859,678</u>	<u>21,715,365</u>

Currency Translation Fund

	1 January- 31 March 2024	1 January- 31 March 2023
Balance at the beginning of the period	888,702,129	362,770,478
Balance during the period	146,859,678	21,715,365
Balance at the end of the period	<u>1,035,561,807</u>	<u>384,485,843</u>

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20. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group, in order to maintain or reorganize capital structure, can issue new shares and sell assets to decrease borrowing. The Group monitors capital on the basis of the net debt / equity ratio. This ratio is found by dividing net debt to total capital.

As of 31 March 2024 and 31 December 2023, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and short-term financial investments is as follows:

	1 January- 31 March 2024	1 January- 31 December 2023
Less: Cash and Cash equivalents and Financial Investments	(391,409,594)	(465,312,347)
Net Debt	(391,409,594)	(465,312,347)
Total Equity	1,688,934,637	1,497,190,639
Total Shareholder's Equity (Note: 13)	127,500,000	127,500,000
	<u>(3.07)</u>	<u>(3.65)</u>

b) Financial Risk Factors

The main risks arising from the Group's financial instruments can be identified as credit risk. The Group management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments.

b.1) Foreign currency risk management

The Company has determined the functional currency as US Dollars in accordance with TAS 21 "Effects of Changes in Exchange Rates", since purchases and sales are mostly based on US Dollars.

The impact of foreign currency changes on the financial performance of the Goup decreases resulted from that the purchases and sales and respective trade receivables and trade payables are based on US Dollars.

Transactions denominated in foreign currencies result in foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting period are as follows:

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(All amounts are expressed in Turkish Lira (TL), unless otherwise is stated.)

20. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (con't)

b) Financial Risk Factors(cont'd)

b.1) Foreign currency risk management(cont'd)

31 March 2024	<u>TL</u>	<u>EURO</u>	<u>TL Equivalent</u>
Bank deposits	59,699,047	90,424	62,846,010
Financial investments (*)	117,898,500	-	117,898,500
Trade receivables	33,766,216	777,516	60,825,561
Trade and other payables	(35,722,580)	(47,484)	(37,375,132)
Other	(16,197,037)	270,840	(6,771,182)
Net foreign currency position	<u>159,444,146</u>	<u>1,091,296</u>	<u>197,423,757</u>

(*)Financial invesments consist of 113,601,798 TL portion in USD and EURO indexed Exchange rate protected time deposit converted from FX account.

31 December 2023	<u>TL</u>	<u>EURO</u>	<u>Total TL Equivalent</u>
Bank deposits	14,578,201	426,948	28,485,562
Financial investments (*)	149,816,534	-	149,816,534
Trade receivables	24,798,252	587,484	43,934,897
Trade and other payables	(15,603,253)	(131,246)	(19,878,447)
Other	(15,303,362)	217,462	(8,219,777)
Net foreign currency position	<u>158,286,372</u>	<u>1,100,648</u>	<u>194,138,769</u>

(*) Financial invesments consist of 145,902,431 TL portion in USD and EURO indexed Exchange rate protected time deposit converted from FX account.

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to TL and Euro.

The following table details the Group's sensitivity to a 10% appreciation and depreciation in TL and Euro against 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 monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/loss or equity.

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21. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATION ON HEDGE ACCOUNTING)

31 March 2024	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>				
Cash and cash equivalents	165,344,285	-	165,344,285	3
Financial investments	226,065,309	-	226,065,309	11
Trade receivables (including related parties)	232,097,804	-	232,097,804	6
<u>Financial liabilities</u>				
Trade payables (including related parties)	-	66,543,825	66,543,825	6
31 December 2023	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>				
Cash and cash equivalents	218,438,892	-	218,438,892	3
Financial investments	246,873,455	-	246,873,455	11
Trade receivables (including related parties)	184,377,893	-	184,377,893	6
<u>Financial liabilities</u>				
Trade payables (including related parties)	-	70,993,281	70,993,281	6

22. EARNINGS PER SHARE

Earnings per share	1 January- 31 March 2024	1 January- 31 March 2023
Weighted average number of ordinary shares outstanding during the period (in full)	127,500,000	127,500,000
Net profit for the year attributable to equity holders of the parent	44,884,320	36,049,344
Diluted earnings per share	0.3520	0.2827

23. EVENTS AFTER REPORTING PERIOD

None identified.