

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024**

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

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</b>	<b>1-2</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....</b>	<b>5</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>6-31</b>
NOTE 1 ORGANISATION AND OPERATIONS OF THE GROUP .....	6
NOTE 2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS .....	7-11
NOTE 3 CASH AND CASH EQUIVALENTS.....	11-12
NOTE 4 SEGMENT REPORTING.....	12
NOTE 5 RELATED PARTY DISCLOSURES.....	13
NOTE 6 TRADE RECEIVABLES AND PAYABLES .....	14
NOTE 7 PREPAID EXPENSES AND DEFERRED INCOME .....	15
NOTE 8 PROPERTY, PLANT AND EQUIPMENT.....	16
NOTE 9 INTANGIBLE ASSETS.....	17
NOTE 10 COMMITMENTS.....	18
NOTE 11 FINANCIAL INSTRUMENTS.....	18-21
NOTE 12 OTHER ASSETS AND LIABILITIES .....	21
NOTE 13 SHAREHOLDER'S EQUITY.....	22-23
NOTE 14 REVENUE AND COST OF SALES.....	23-24
NOTE 15 GENERAL ADMINISTRATIVE EXPENSES AND MARKETING/ SALES EXPENSES.....	25
NOTE 16 OTHER OPERATING INCOME AND EXPENSES.....	26
NOTE 17 INCOME FROM FINANCIAL INVESTING ACTIVITIES.....	26
NOTE 18 FINANCE INCOME AND EXPENSES.....	27
NOTE 19 OTHER COMPREHENSIVE INCOME ANALYSIS.....	27
NOTE 20 NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS.....	28-30
NOTE 21 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATION ON HEDGE ACCOUNTING).....	31
NOTE 22 EARNINGS PER SHARE.....	31
NOTE 23 EVENTS AFTER THE REPORTING PERIOD.....	31

**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 30 SEPTEMBER 2024**

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

<b>ASSETS</b>		<b>Not Audited</b>	<b>Audited</b>
		<b>Current Period 30 September 2024</b>	<b>Prior Period 31 December 2023</b>
<b>CURRENT ASSETS</b>	<b>Notes</b>		
Cash and cash equivalents	3	339,618,596	218,438,892
Financial investments	11	119,574,417	246,873,455
Trade receivables	5,6	301,201,251	184,377,893
- <i>Related party trade receivables</i>	5	33,912,112	22,104,526
- <i>Other trade receivables</i>	6	267,289,139	162,273,367
Prepaid expenses	7	110,799,998	60,735,864
Current income tax assets		7,615,944	-
Other current assets	12	32,684,198	31,241,084
<b>Total Current Assets</b>		<b>911,494,404</b>	<b>741,667,188</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	133,508,376	151,840,116
Intangible assets	9	1,257,537,542	759,708,182
Prepaid expenses	7	86,239,736	66,180,135
Deferred tax assets		23,687,344	8,618,504
Other non current assets	12	2,108,984	1,801,471
<b>Total Non-Current Assets</b>		<b>1,503,081,982</b>	<b>988,148,408</b>
<b>TOTAL ASSETS</b>		<b>2,414,576,386</b>	<b>1,729,815,596</b>

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 30 SEPTEMBER 2024**

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

<b>LIABILITIES AND EQUITY</b>	<b>Notes</b>	<b>Not Audited</b>	<b>Audited</b>
		<b>Current Period 30 September 2024</b>	<b>Prior Period 31 December 2023</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	6	76,083,415	70,993,281
Bank loans	11	160,145,480	-
Lease liabilities	11	5,339,118	-
Current tax liabilities		5,842,539	5,115,447
Deferred income	7	36,926,326	27,743,826
Employee benefit obligations		20,236,005	22,439,386
Short term provisions		43,414,196	22,238,558
- <i>Short term provision for employee benefits</i>		43,414,196	22,238,558
Other current liabilities	12	2,131,914	3,484,807
<b>Total Current Liabilities</b>		<b>350,118,993</b>	<b>152,015,305</b>
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities	11	19,131,815	-
Deferred Income	7	92,900,291	70,038,983
Long-term provisions		13,270,237	10,570,669
- <i>Long term provision for employee benefits</i>		13,270,237	10,570,669
<b>Total Non-Current Liabilities</b>		<b>125,302,343</b>	<b>80,609,652</b>
<b>EQUITY</b>			
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	25,580,347	12,506,162
Other Accumulated Comprehensive Loss that will not be subsequently reclassified to profit or loss		1,136,687,526	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	1,138,587,902	888,702,129
Net Profit		192,078,638	132,168,362
Retained earnings		194,151,270	75,057,093
<b>Total Equity</b>		<b>1,939,155,050</b>	<b>1,497,190,639</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,414,576,386</b>	<b>1,729,815,596</b>

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-30 SEPTEMBER 2024**

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

		<b>Not Audited</b>	<b>Not Audited</b>	<b>Not Audited</b>	<b>Not Audited</b>
		<b>Current</b>	<b>Prior</b>	<b>Current</b>	<b>Prior</b>
		<b>Period</b>	<b>Period</b>	<b>Period</b>	<b>Period</b>
		<b>1 January</b>	<b>1 January</b>	<b>1 July</b>	<b>1 July</b>
		<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue	14	781,845,759	423,189,278	303,050,955	175,564,709
Cost of sales (-)	14	(428,326,515)	(216,944,633)	(167,294,315)	(91,400,746)
<b>Gross profit</b>		<b>353,519,244</b>	<b>206,244,645</b>	<b>135,756,640</b>	<b>84,163,963</b>
Marketing and sales expenses (-)	15	(77,686,740)	(50,104,018)	(33,482,088)	(20,464,362)
General administrative expenses (-)	15	(121,262,766)	(61,341,887)	(43,898,435)	(25,553,449)
Other operating income	16	34,788,599	41,441,335	7,273,578	22,220,077
Other operating expenses (-)	16	(27,264,881)	(36,399,976)	(9,301,822)	(21,664,707)
<b>Operating profit</b>		<b>162,093,456</b>	<b>99,840,099</b>	<b>56,347,873</b>	<b>38,701,522</b>
Income from financial investing activities	17	40,773,835	61,308,430	19,987,641	18,795,387
<b>Profit before finance expense</b>		<b>202,867,291</b>	<b>161,148,529</b>	<b>76,335,514</b>	<b>57,496,909</b>
Finance expenses (-)	18	(19,784,586)	(41,929,430)	(6,956,460)	(11,074,975)
Finance income	18	1,906,611	2,441,292	1,563,499	600,957
<b>Profit before tax</b>		<b>184,989,316</b>	<b>121,660,391</b>	<b>70,942,553</b>	<b>47,022,891</b>
Income tax income		7,089,322	(35,063,361)	(3,231,492)	(7,230,409)
Current tax expense (-)		(5,842,539)	(38,688,451)	(5,842,539)	(7,776,341)
Deferred tax expense (-)		12,931,861	3,625,090	2,611,047	545,932
<b>NET PROFIT FOR THE YEAR</b>		<b>192,078,638</b>	<b>86,597,030</b>	<b>67,711,061</b>	<b>39,792,482</b>
<b>Distribution of Net Profit</b>					
Owners of the Company/parent	22	192,078,638	86,597,030	67,711,061	39,792,482
<b>Basic earnings per share</b>		<b>1.5065</b>	<b>0.6792</b>	<b>0.5311</b>	<b>0.3121</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE)</b>					
<b>Items that will not be reclassified to profit or loss</b>		<b>249,885,773</b>	<b>420,365,080</b>	<b>72,690,671</b>	<b>75,751,499</b>
Currency translation difference	19	249,885,773	420,365,080	72,690,671	75,751,499
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE)</b>		<b>249,885,773</b>	<b>420,365,080</b>	<b>72,690,671</b>	<b>75,751,499</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>441,964,411</b>	<b>506,962,110</b>	<b>140,401,732</b>	<b>115,543,981</b>

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 30 SEPTEMBER 2024**

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

	Note	Share Capital	Share premiums on capital stock	Adjustment to share capital	Legal Reserves	Other accumulated comprehensive loss that will not be subsequently reclassified to profit or loss		Retained earnings	Net Profit for the Period	Total Equity
						Actuarial Gain / (Loss)	Currency translation difference			
<b>Balances as of 1 January 2023</b>	<b>13</b>	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		-	-	-	9,697,729	-	-	48,847,062	(58,544,791)	-
Profit for the year		-	-	-	-	-	-	-	86,597,030	86,597,030
Total comprehensive income		-	-	-	-	-	420,365,080	-	-	420,365,080
Due to other changes increase / (decrease) (*)		-	(29,389,526)	-	-	-	-	-	-	(29,389,526)
<b>Balances as of 30 September 2023</b>	<b>13</b>	<b>127,500,000</b>	<b>263,039,827</b>	<b>117,442</b>	<b>12,506,162</b>	<b>( 2,462,005)</b>	<b>783,135,558</b>	<b>75,057,093</b>	<b>86,597,030</b>	<b>1,345,491,107</b>
<b>Balances as of 1 January 2024</b>	<b>13</b>	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		-	-	-	13,074,185	-	-	119,094,177	(132,168,362)	-
Profit for the year		-	-	-	-	-	-	-	192,078,638	192,078,638
Total comprehensive income		-	-	-	-	-	249,885,773	-	-	249,885,773
<b>Balances as of 30 September 2024</b>	<b>13</b>	<b>127,500,000</b>	<b>263,039,827</b>	<b>117,442</b>	<b>25,580,347</b>	<b>( 1,900,376)</b>	<b>1,138,587,902</b>	<b>194,151,270</b>	<b>192,078,638</b>	<b>1,939,155,050</b>

(\*) Under the special additional taxes stipulated by Article 10, Clause 27 of Law No. 7440, published in the Official Gazette on March 12, 2023; the additional tax amounting to TL 29,389,526, calculated based on the “Issue Premiums” recorded under Equity, which exceeds the portion of the nominal capital in relation to some of the shares issued through capital increase with issue premiums for trading on the Borsa Istanbul (BIST Istanbul) in 2022, has been reported by offsetting it from the “Issue Premiums” account that directly affects the emergence of the tax.

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 CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

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

		<b>Not Audited Current Period 1 January- 30 September 2024</b>	<b>Not Audited Prior Period 1 January- 30 September 2023</b>
<b>Cash Flows from Operating Activities</b>	<b>Notes</b>		
Profit for the Period		192,078,638	86,597,030
Adjustments related to tax expenses		( 7,089,322)	35,063,361
Adjustments related to provision for employment termination benefits		2,925,953	839,326
Adjustments related to provision for doubtful receivable		69,580	47,327
Adjustments related to provision for unused vacation		18,055,053	6,251,016
Adjustments related to interest income and expense	17, 18	( 20,772,618)	( 458,882)
Adjustments related to unrealized foreign exchange differences		86,062,816	( 6,843,745)
Adjustments related with fair value expense (income) of financial assets	17	( 16,116,933)	( 60,638,415)
Depreciation and amortization of non-current assets	8, 9	143,381,911	67,885,752
Other non-cash adjustments		2,473,702	2,061,219
		<b>401,068,780</b>	<b>130,803,989</b>
<b>Changes in working capital</b>			
Adjustments related to increase in trade receivables	5,6	( 118,395,841)	( 79,832,506)
Adjustments related to increase in prepaid expenses	7	( 42,251,775)	( 10,771,832)
Adjustments related to increase in other current / non-current assets	12	( 1,750,627)	( 3,358,761)
Adjustments related to decrease in trade payables	6	5,090,134	3,362,516
Adjustments related to increase / (decrease) in deferred income	7	1,698,146	107,215
Adjustments related to increase / (decrease) in other liabilities		( 6,072,980)	20,820,947
<b>Cash generated from operations</b>		<b>239,385,837</b>	<b>61,131,568</b>
Income taxes paid		( 7,622,585)	( 56,291,934)
Unused vacation paid		( 1,403,364)	( 943,626)
Employment termination benefits paid		( 1,964,852)	( 2,254,934)
<b>Net cash flows from operating activities</b>		<b>228,395,036</b>	<b>1,641,074</b>
<b>Cash flows from investing activities</b>			
Cash generated from disposal of property, plant and equipment	8	-	31,751
Payments for purchases of property, plant and equipment	8	( 70,113,984)	( 25,932,391)
Payments for purchases of intangible assets	9	( 363,854,237)	( 137,159,254)
Interest received		49,086,172	61,666,973
Cash inflows from the sale of shares or debt instruments of other businesses or funds		-	95,289,622
Other cash inflow		181,193,910	340,053,805
Other cash outflow		( 50,802,410)	( 302,675,950)
<b>Net cash flows from investing activities</b>		<b>( 254,490,549)</b>	<b>31,274,556</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		160,000,000	-
Borrowings paid		-	( 23,777,875)
Lease borrowings paid		2,161,558	( 27,716,090)
Interest paid		( 43,031,896)	( 845,768)
<b>Net cash flows from financing activities</b>		<b>119,129,662</b>	<b>( 52,339,733)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>93,034,149</b>	<b>( 19,424,103)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3</b>	<b>218,438,892</b>	<b>57,136,078</b>
<b>Currency translation differences effect on cash and cash equivalents</b>		28,145,555	20,210,908
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3</b>	<b>339,618,596</b>	<b>57,922,883</b>

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**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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**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 30 September 2024, personnel number of the Group is 400 (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 November 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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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## 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 30 September 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 3 July 2024 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 Group 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 group management.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30 September 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 30 September 2024 which is 34.1210 TL=1 USD.
- Consolidated statement of profit or loss for the period ended 30 September 2024, have been converted into TL with the exchange rates of the nine-month average of January - September 2024 which is 32.2128 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 30 September 2024 and 31 December 2023 are as follows:

Subsidiaries	Country of incorporation	Currency	Share in equity of the Group (%)	
			30 September 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 Acente 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:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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## 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 30 September 2024:

- **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.
- **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.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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**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 30 September 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 30 September 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.
- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available) These amendments:
  - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2024: (cont'd)

- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
  - the structure of the statement of profit or loss;
  - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
  - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
  - it does not have public accountability; and
  - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

### 3. CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Cash on hand	676,346	634,776
Cash at banks	338,942,250	217,804,116
<i>Demand deposits</i>	36,279,952	16,289,897
<i>Time deposits</i>	302,662,298	201,514,219
	<u>339,618,596</u>	<u>218,438,892</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**3. CASH AND CASH EQUIVALENTS (cont'd)**

Time Deposits	Effective Interest Rate	Maturity Date	30 September 2024
US Dollar (TL denominated)	0,01%	1.10.2024	64,829,900
TL	47,00%	31.10.2024	63,500,000
TL	49,00%	21.03.2025	50,500,000
TL	49,00%	25.03.2025	43,500,000
TL	49,00%	14.03.2025	18,500,000
TL	50,00%	7.03.2025	17,500,000
TL	49,00%	1.10.2024	15,650,000
EUR (TL denominated)	0,01%	1.10.2024	7,634,280
TL	39,89%	1.10.2024	6,180,000
TL	38,00%	1.10.2024	5,775,000
TL	50,00%	28.02.2025	5,000,000
US Dollar (TL denominated)	2,24%	1.10.2024	3,208,118
TL	31,41%	1.10.2024	750,000
TL	14,96%	1.10.2024	135,000
			302,662,298

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
			201,514,219

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 20. As of 30 September 2024, the Group do not have any worth of restricted cash (31 December 2023: None).

**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.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**5. RELATED PARTY DISCLOSURES**

The receivables from related parties arise from: development and maintenance services and hosting and database management services, their maturity is 30 days (31 December 2023: 30 days) on average and bear no interest. The payables to related parties arise mainly from consultancy services, their maturity is 30 days on average and bear no interest.

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

	Trade Receivables	
	Current	Current
Balances with Related Parties	30 September 2024	31 December 2023
Shareholders		
Pegasus Hava Taşımacılığı A.Ş.	31,487,784	17,750,663
Others		
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	2,424,328	4,353,863
	<u>33,912,112</u>	<u>22,104,526</u>

The transactions with related parties for the nine-months periods ended 30 September 2024 and 30 September 2023 are as follows:

Transactions with Related Parties	1 January -	1 January -	1 July -	1 July -
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	Sales	Sales	Sales	Sales
Pegasus Hava Taşımacılığı A.Ş.	189,204,691	111,278,107	71,120,415	42,461,623
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	23,889,009	23,574,684	6,604,108	9,364,302
	<u>213,093,700</u>	<u>134,852,791</u>	<u>77,724,523</u>	<u>51,825,925</u>

**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:

Salaries and other short term benefits	1 January-	1 January-	1 July-	1 July-
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	27,348,178	15,252,632	10,308,923	6,372,086
	<u>27,348,178</u>	<u>15,252,632</u>	<u>10,308,923</u>	<u>6,372,086</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**6. TRADE RECEIVABLES AND PAYABLES**

**a) Trade Receivables**

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

	30 September 2024	31 December 2023
<u>Current trade receivables</u>		
Trade receivables	253,490,709	151,133,687
Trade receivables from related parties (Note: 5)	33,912,112	22,104,526
Income accruals	24,881,306	20,650,073
Expected credit loss (-)	(11,082,876)	(9,510,393)
	<u>301,201,251</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 84 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:

	30 September 2024	31 December 2023
<u>Short term trade payables</u>		
Trade payables to service providers	66,606,068	62,355,524
Expense accruals	9,477,347	8,637,757
	<u>76,083,415</u>	<u>70,993,281</u>

As of 30 September 2024, average maturity of the Group's trade payables is 46 days (31 December 2023: 57 days).



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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**7. PREPAID EXPENSES AND DEFERRED INCOME**

	30 September 2024	31 December 2023
<b>Short-term prepaid expenses</b>		
Prepaid loan interest expenses	39,381,352	-
Deferred implementation expenses	33,472,530	25,018,555
Prepaid software support expenses	24,721,100	18,807,385
Prepaid marketing and sales expenses	8,223,309	5,504,456
Prepaid insurance expenses	1,828,681	7,374,943
Order advances given	811,329	2,108,423
Business advances given	696,171	542,840
Other prepaid expenses	1,665,526	1,379,262
	<u>110,799,998</u>	<u>60,735,864</u>
	30 September 2024	31 December 2023
<b>Long-term prepaid expenses</b>		
Deferred implementation expenses	84,225,505	64,807,520
Prepaid software support expenses	2,013,636	1,325,774
Other prepaid expenses	595	46,841
	<u>86,239,736</u>	<u>66,180,135</u>
	30 September 2024	31 December 2023
<b>Short-term deferred income</b>		
Deferred implementation income	35,466,630	26,577,749
Other deferred Income	1,459,696	1,166,077
	<u>36,926,326</u>	<u>27,743,826</u>
	30 September 2024	31 December 2023
<b>Long-term deferred income</b>		
Deferred implementation income	91,489,729	70,032,948
Other deferred Income	1,410,562	6,035
	<u>92,900,291</u>	<u>70,038,983</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**8. PROPERTY, PLANT AND EQUIPMENT**

	Furnitures & Fixtures	Leasehold improvements	Construction in progress	Total
<b>Cost Value</b>				
Opening balance as of 1 January 2024	109,892,742	6,990,689	88,577,483	205,460,914
Additions with financial leasing	25,202,628	-	-	25,202,628
Additions	59,144,559	295,746	10,673,679	70,113,984
Transfers	-	-	(107,599,739)	(107,599,739)
Foreign currency translation difference	22,477,385	1,129,544	8,348,577	31,955,506
Closing balance as of 30 September 2024	216,717,314	8,415,979	-	225,133,293
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2024	(49,276,603)	(4,344,195)	-	(53,620,798)
Charge of the year	(27,017,037)	(809,121)	-	(27,826,158)
Foreign currency translation difference	(9,438,990)	(738,971)	-	(10,177,961)
Closing balance as of 30 September 2024	(85,732,630)	(5,892,287)	-	(91,624,917)
Carrying value as of 30 September 2024	130,984,684	2,523,692	-	133,508,376
	Furnitures & Fixtures	Leasehold improvements	Construction in progress	Total
<b>Cost Value</b>				
Opening balance as of 1 January 2023	43,585,251	3,786,593	43,172,860	90,544,704
Additions	15,526,248	97,003	10,309,140	25,932,391
Disposals	(31,751)	-	-	(31,751)
Foreign currency translation difference	23,879,373	1,780,315	22,466,386	48,126,074
Closing balance as of 30 September 2023	82,959,121	5,663,911	75,948,386	164,571,418
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2023	(21,192,223)	(2,223,172)	-	(23,415,395)
Charge of the year	(8,388,493)	(467,488)	-	(8,855,981)
Disposals	31,751	-	-	31,751
Foreign currency translation difference	(11,804,608)	(1,141,969)	-	(12,946,577)
Closing balance as of 30 September 2023	(41,353,573)	(3,832,629)	-	(45,186,202)
Carrying value as of 30 September 2023	41,605,548	1,831,282	75,948,386	119,385,216

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**9. INTANGIBLE ASSETS**

	Rights	Developed software	Purchased software	Total
<b>Cost Value</b>				
Opening balance as of 1 January 2024	107,161,318	1,022,069,311	14,389,480	1,143,620,109
Additions	32,761,287	331,006,363	86,587	363,854,237
Transfers	-	-	107,599,739	107,599,739
Foreign currency translation difference	18,987,081	182,190,805	8,668,018	209,845,904
Closing balance as of 30 September 2024	158,909,686	1,535,266,479	130,743,824	1,824,919,989
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2024	(57,799,992)	(313,062,010)	(13,049,925)	(383,911,927)
Charge of the year	(18,703,460)	(95,530,280)	(1,322,013)	(115,555,753)
Foreign currency translation difference	(10,291,023)	(55,458,428)	(2,165,316)	(67,914,767)
Closing balance as of 30 September 2024	(86,794,475)	(464,050,718)	(16,537,254)	(567,382,447)
Carrying value as of 30 September 2024	72,115,211	1,071,215,761	114,206,570	1,257,537,542
<b>Cost Value</b>				
Opening balance as of 1 January 2023	66,191,122	490,101,141	9,046,107	565,338,370
Additions	1,612,070	135,547,184	-	137,159,254
Foreign currency translation difference	31,100,913	259,402,223	4,198,549	294,701,685
Closing balance as of 30 September 2023	98,904,105	885,050,548	13,244,656	997,199,309
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2023	(25,681,853)	(141,975,313)	(7,629,243)	(175,286,409)
Charge of the year	(9,887,583)	(48,583,723)	(590,216)	(59,061,522)
Foreign currency translation difference	(14,249,012)	(77,340,207)	(3,680,015)	(95,269,234)
Closing balance as of 30 September 2023	(49,818,448)	(267,899,243)	(11,899,474)	(329,617,165)
Carrying value as of 30 September 2023	49,085,657	617,151,305	1,345,182	667,582,144

TL 95,530,280 of depreciation and amortization expense for the current period (30 September 2023: TL 48,583,723 ) has been charged in "Cost of sales," TL 47,851,631 of depreciation and amortization expense for the current period has been charged in "general administrative expenses" (30 September 2023: TL 19,302,029 ).

Useful lives of intangible assets are as follows:

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**10. COMMITMENTS**

**Collaterals-Pledges-Mortgages(“CPM”)**

The details of the CPMs given by the Group as of 30 September 2024 and 31 December 2023 is as follows:

CPMs given by the Group:	30 September 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	315,147,773	2,788,540	-	220,000,000	81,293,589	2,761,500	-	-
-Collateral	315,147,773	2,788,540	-	220,000,000	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	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>315,147,773</b>	<b>2,788,540</b>	<b>-</b>	<b>220,000,000</b>	<b>81,293,589</b>	<b>2,761,500</b>	<b>-</b>	<b>-</b>

**11. FINANCIAL INSTRUMENTS**

**Financial Investments**

The details of the Group's short term financial investments as of 30 September 2024 and 31 December 2023 is as follows:

Short-Term	30 September 2024	31 December 2023
Financial investments measured at amortized cost	114,836,716	97,056,921
Exchange rate protected time deposit converted from FX	-	145,902,431
Venture capital investment fund	4,737,701	3,914,103
	<b>119,574,417</b>	<b>246,873,455</b>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**11. FINANCIAL INSTRUMENTS (cont'd)**

**Financial Investments (cont'd)**

**Financial investments at fair value through profit or loss**

As of 30 September 2024, the Group do not have any exchange rate protected time deposits. 31 December 2023 is as follows:

	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
	130,391,500	15,510,931	145,902,431

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	30 September	31 December
	2024	2023
TC Hazine Müsteşarlığı	114,836,716	97,056,921
	114,836,716	97,056,921

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

Security Issuer	30 September	31 December
	2024	2023
TC Hazine Müsteşarlığı	115,001,527	98,500,470
	115,001,527	98,500,470

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**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	<u>114,836,716</u> <u>114,836,716</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	<u>97,056,921</u> <u>97,056,921</u>	14.11.2024

**Financial Liabilities**

	30 September 2024	31 December 2023
<u>The borrowings</u>		
a) Bank Borrowings	160,145,480	-
b) Lease Liabilities	24,470,933	-
	<u>184,616,413</u>	<u>-</u>

The borrowings are repayable as follows:

	30 September 2024	31 December 2023
To be paid within 1 year	160,145,480	-
	<u>160,145,480</u>	<u>-</u>

**a) Bank Loans**

Currency Type	Weighted Average Effective Interest Rate	30 September 2024	
		Current	Non-current
TL	26,93%	160,145,480	-
		<u>160,145,480</u>	<u>-</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**11. FINANCIAL INSTRUMENTS (cont'd)**

**Financial Liabilities (cont'd)**

**b) Lease Liabilities**

As of September 30, 2024, the total lease liabilities in US Dollars amount to TL 24,470,933, with a weighted average interest rate of 5,47% (December 31, 2023: None)

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Amounts payable under	25,808,988	-	24,470,933	-
Within one year	5,631,057	-	5,339,118	-
In the second to fifth years inclusive	20,177,931	-	19,131,815	-
Less : Future finance charges	(1,338,055)	-	-	-
Present value of finance lease obligations	<u>24,470,933</u>	<u>-</u>	<u>24,470,933</u>	<u>-</u>
Less: Amounts due to settlement within twelve months (shown under current liabilities)			(5,339,118)	-
			<u>19,131,815</u>	<u>-</u>

**12. OTHER ASSETS AND LIABILITIES**

	30 September 2024	31 December 2023
<u>Other current assets</u>		
VAT carried forward	30,688,666	28,827,799
Deposits and guarantees given	495,983	307,659
Other current assets	1,499,549	2,105,626
	<u>32,684,198</u>	<u>31,241,084</u>
<u>Other non current assets</u>		
Deposits and guarantees given	2,098,134	1,801,471
Other non current assets	10,850	-
	<u>2,108,984</u>	<u>1,801,471</u>
	30 September 2024	31 December 2023
<u>Other current liabilities</u>		
Advances received	1,339,147	3,125,513
Other current liabilities	792,767	359,294
	<u>2,131,914</u>	<u>3,484,807</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**13. SHAREHOLDER'S EQUITY**

**Capital**

The capital structure as of 30 September 2024 is as follows:

Shareholders	%	30 September 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%	102,186	0,080%	102,186
<i>Hakan Ünlü</i>	0,074%	94,326	0,074%	94,326
<i>Özkan Dülger</i>	0,074%	94,326	0,074%	94,326
<i>Other</i>	26,369%	33,620,214	26,369%	33,620,214
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.

As of 30 September 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 (31 December 2023: TL 1).

Within the framework of the resolution of our Company's Board of Directors dated August 1, 2024, numbered 2024/17, it was decided to increase the Company's issued capital to TL 300,000,000 by adding TL 172,500,000 to the existing issued capital of TL 127,500,000, fully covered by the share premium account as recorded in the financial statements, within the registered capital ceiling of TL 300,000,000. An application was submitted to the Capital Markets Board on August 28, 2024, for the approval of the issuance certificate for shares with a nominal value of TL 172,500,000 and for the approval of an amendment to Article 6, titled "Capital and Types of Shares," of our Company's Articles of Association.



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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**13. SHAREHOLDER’S EQUITY (cont’d)**

**Share premiums on capital stock**

	30 September 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>

**Restricted profit reserves**

	30 September 2024	31 December 2023
Legal reserves	25,580,347	12,506,162
	<u>25,580,347</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.

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Domestic Sales	300,588,934	122,498,721	113,168,883	45,472,636
Foreign Sales	521,160,653	325,028,428	198,715,653	137,280,865
Discounts and Other Adjustments	(39,903,828)	(24,337,870)	(8,833,581)	(7,188,791)
<b>Revenue</b>	<b>781,845,759</b>	<b>423,189,278</b>	<b>303,050,955</b>	<b>175,564,709</b>
Costs	(428,326,515)	(216,944,633)	(167,294,315)	(91,400,746)
<b>Gross Profit</b>	<b><u>353,519,244</u></b>	<b><u>206,244,645</u></b>	<b><u>135,756,640</u></b>	<b><u>84,163,963</u></b>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

**Revenue**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Application use fee revenue	402,550,476	221,888,480	164,189,391	96,256,048
Application use and development revenue	146,709,880	84,805,911	57,880,175	32,551,087
Infrastructure revenue	112,221,954	41,458,352	40,544,163	16,867,169
Maintenance revenue	63,228,927	50,924,311	22,985,021	20,908,437
Implementation and Integration revenue	43,023,094	18,321,851	13,697,661	7,091,473
License revenue	8,961,698	4,715,476	1,382,876	1,807,915
Other	5,149,730	1,074,897	2,371,668	82,580
	<u>781,845,759</u>	<u>423,189,278</u>	<u>303,050,955</u>	<u>175,564,709</u>

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**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Personnel expenses	(159,909,042)	(97,622,548)	(62,124,876)	(39,549,134)
Software support expenses	(135,553,653)	(58,184,595)	(49,277,849)	(25,865,110)
Amortization expenses (Note: 8,9)	(95,530,280)	(48,583,723)	(35,830,431)	(20,738,117)
Travel and accommodation expenses	(14,596,747)	(7,270,454)	(6,032,871)	(3,263,537)
Conference, event and training expenses	(13,118,147)	(1,531,773)	(10,241,728)	(638,286)
Consultancy expenses	(8,507,304)	(2,767,352)	(3,496,754)	(929,237)
Representation expenses	(95,736)	(189,286)	(66,930)	(110,494)
Other	(1,015,606)	(794,902)	(222,876)	(306,831)
	<u>(428,326,515)</u>	<u>(216,944,633)</u>	<u>(167,294,315)</u>	<u>(91,400,746)</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**15. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING/ SALES EXPENSES**

**Marketing and Sales Expenses**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Personnel expenses	(33,869,923)	(17,414,149)	(12,602,115)	(7,228,856)
Sales premium expenses	(17,490,197)	(13,788,195)	(7,553,936)	(5,771,585)
Conference, event and training expenses	(9,294,101)	(1,612,623)	(5,983,446)	(1,599,798)
Advertising, marketing and sales expenses	(8,712,596)	(9,413,315)	(3,652,141)	(3,209,389)
Consultancy expenses	(2,831,956)	(3,270,447)	(1,649,746)	(701,066)
Rent expenses (*)	(2,692,958)	(1,133,857)	(1,038,388)	(529,986)
Travel and accomodation expenses	(733,196)	(2,575,717)	(167,438)	(1,052,233)
Other	(2,061,813)	(895,715)	(834,878)	(371,449)
	<u>(77,686,740)</u>	<u>(50,104,018)</u>	<u>(33,482,088)</u>	<u>(20,464,362)</u>

**General Administrative Expenses**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Depreciation and amortization expenses (Note: 8, 9)	(47,851,631)	(19,302,029)	(18,661,004)	(7,952,106)
Personnel expenses	(35,893,982)	(17,797,581)	(13,577,050)	(7,820,754)
Rent expenses (*)	(8,037,158)	(2,871,202)	(283,574)	(989,578)
Consultancy expenses	(7,847,747)	(3,547,785)	(3,977,272)	(1,425,386)
Insurance expenses	(5,981,691)	(3,896,933)	(1,987,117)	(1,517,821)
Office expenses	(3,700,252)	(2,544,255)	(1,505,856)	(944,120)
Conference, event and training expenses	(2,709,419)	(3,000,222)	(1,028,728)	(2,222,514)
Software support expenses	(2,258,890)	(1,266,776)	(867,458)	(478,126)
Taxes and fees expenses	(1,598,818)	(2,322,309)	(591,370)	(352,775)
Representation expenses	(155,652)	(144,552)	(60,706)	(49,447)
Doubtful receivable allowance expense	(69,580)	(47,327)	(24,097)	(19,259)
Other	(5,157,946)	(4,600,916)	(1,334,203)	(1,781,563)
	<u>(121,262,766)</u>	<u>(61,341,887)</u>	<u>(43,898,435)</u>	<u>(25,553,449)</u>

(\*) All the durations of lease agreements are less than a year, thus they are not within the scope of IFRS 16.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**16. OTHER OPERATING INCOME AND EXPENSES**

For the nine-months period ending 30 September 2024 and 30 September 2023, detail of other operating income is as follows:

**Other income from operating activities**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Government incentives (*)	16,009,532	9,181,660	3,713,816	2,316,759
Foreign exchange gain	13,500,835	29,707,949	2,971,558	19,289,175
Previous year income	2,753,912	631,346	53,637	66,538
Other	2,524,320	1,920,380	534,567	547,605
	<u>34,788,599</u>	<u>41,441,335</u>	<u>7,273,578</u>	<u>22,220,077</u>

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

**Other expenses from operating activities**

For the nine-months period ending 30 September 2024 and 30 September 2023 detail of other operating expenses is as follows:

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Foreign exchange loss	(26,685,953)	(36,090,843)	(9,104,319)	(21,586,122)
Other	(578,928)	(309,133)	(197,503)	(78,585)
	<u>(27,264,881)</u>	<u>(36,399,976)</u>	<u>(9,301,822)</u>	<u>(21,664,707)</u>

**17. INCOME FROM FINANCIAL INVESTING ACTIVITIES**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Interest revenue	24,656,902	670,015	17,398,874	271,300
Fair value gain from financial investment	16,116,933	60,638,415	2,588,767	18,524,087
	<u>40,773,835</u>	<u>61,308,430</u>	<u>19,987,641</u>	<u>18,795,387</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**18. FINANCE INCOME AND EXPENSES**

**Finance Expenses**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Foreign exchange losses	(12,461,651)	(41,471,558)	(321,265)	(10,935,878)
Interest expense on bank loans	(3,884,284)	(211,133)	(3,884,284)	(22,251)
Commission expenses for letter of guarantee	(3,418,809)	(243,327)	(2,742,029)	(113,692)
Other	(19,842)	(3,412)	(8,882)	(3,154)
	<u>(19,784,586)</u>	<u>(41,929,430)</u>	<u>(6,956,460)</u>	<u>(11,074,975)</u>

**Finance Income**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Foreign exchange gain	1,906,611	2,441,292	1,563,499	600,957
	<u>1,906,611</u>	<u>2,441,292</u>	<u>1,563,499</u>	<u>600,957</u>

**19. OTHER COMPREHENSIVE INCOME ANALYSIS**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Foreign currency translation fund	249,885,773	420,365,080	72,690,671	75,751,499
	<u>249,885,773</u>	<u>420,365,080</u>	<u>72,690,671</u>	<u>75,751,499</u>

**Currency Translation Fund**

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Balance at the beginning of the period	888,702,129	362,770,478	1,065,897,231	707,384,059
Balance during the period	249,885,773	420,365,080	72,690,671	75,751,499
Balance at the end of the period	<u>1,138,587,902</u>	<u>783,135,558</u>	<u>1,138,587,902</u>	<u>783,135,558</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

**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 30 September 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- 30 September 2024	1 January- 31 December 2023
Financial Liabilities (Note: 11)	184,616,413	-
Less: Cash and Cash equivalents and Financial Investments	(459,193,013)	(465,312,347)
Net Debt	(274,576,600)	(465,312,347)
Total Equity	1,939,155,050	1,497,190,639
Total Shareholder's Equity (Note: 13)	127,500,000	127,500,000
	<u>(2.15)</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 Group 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 Group 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:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

(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)*

	TL	EURO	Total TL Equivalent
<b>30 September 2024</b>			
Bank deposits	232,327,094	245,274	241,689,546
Financial investments	4,737,701	-	4,737,701
Trade receivables	30,253,810	1,282,919	79,224,624
Bank borrowings	(160,000,000)	-	(160,000,000)
Trade and other payables	(33,522,267)	(185,247)	(40,593,404)
Other	18,050,314	490,881	36,787,929
Net foreign currency position	<u>91,846,652</u>	<u>1,833,827</u>	<u>161,846,396</u>
<b>31 December 2023</b>			
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 investments consist of TL 145,902,431 portion in USD and EUR 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 EUR.

The following table details the Group's sensitivity to a 10% appreciation and depreciation in TL and EUR 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.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

(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)*

Currency risk sensitivity

**30 September 2024**

	Income/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% change in TL exchange rate across USD				
1 - TL Net asset/(liability) position	7,738,136	(6,331,202)	-	-
2- TL Hedge amount (-)	-	-	-	-
<b>3- TL net effect (1 +2)</b>	<b>7,738,136</b>	<b>(6,331,202)</b>	<b>-</b>	<b>-</b>
10% change in EUR exchange rate across USD				
4 - EUR Net asset/(liability) position	6,434,341	(5,264,461)	-	-
5- EUR Hedge amount (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>6,434,341</b>	<b>(5,264,461)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3 + 6)</b>	<b>14,172,477</b>	<b>(11,595,663)</b>	<b>-</b>	<b>-</b>

**31 December 2023**

	Income/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% change in TL exchange rate across USD				
1 - TL Net asset/(liability) position	18,934,534	(15,491,892)	-	-
2- TL Hedge amount (-)	-	-	-	-
<b>3- TL net effect (1 +2)</b>	<b>18,934,534</b>	<b>(15,491,892)</b>	<b>-</b>	<b>-</b>
10% change in EUR exchange rate across USD				
4 - EUR Net asset/(liability) position	3,401,569	(2,783,102)	-	-
5- EUR Hedge amount (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>3,401,569</b>	<b>(2,783,102)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3 + 6)</b>	<b>22,336,103</b>	<b>(18,274,994)</b>	<b>-</b>	<b>-</b>



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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

<b>30 September 2024</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Carrying value</b>	<b>Note</b>
<u>Financial assets</u>				
Cash and cash equivalents	339,618,596	-	339,618,596	3
Financial investments	119,574,417	-	119,574,417	11
Trade receivables (including related parties)	301,201,251	-	301,201,251	6
<u>Financial liabilities</u>				
Bank loans	-	160,145,480	160,145,480	11
Trade payables (including related parties)	-	76,083,415	76,083,415	6
Lease liabilities	-	24,470,933	24,470,933	11
<b>31 December 2023</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Carrying value</b>	<b>Note</b>
<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**

<b>Earnings per share</b>	<b>1 January- 30 September 2024</b>	<b>1 January- 30 September 2023</b>	<b>1 July- 30 September 2024</b>	<b>1 July- 30 September 2023</b>
Weighted average number of ordinary shares outstanding during the period (in full)	127,500,000	127,500,000	127,500,000	127,500,000
Net profit for the period attributable to the parent company's shareholders	192,078,638	86,597,030	67,711,061	39,792,482
<b>Diluted earnings per share</b>	<b>1.5065</b>	<b>0.6792</b>	<b>0.5311</b>	<b>0.3121</b>

**23. EVENTS AFTER REPORTING PERIOD**

None identified.