

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş.
Report On Realization and Evaluation
of the Assumptions Used
In Determining The IPO Price

This report has been prepared pursuant to the
Capital Markets Board Communiqué on Shares No. VII-128.1 article 29/5.

4 MARCH 2024

1. Subject of the Report

Pursuant to the Capital Markets Board Communiqué on Shares No. VII/128.1 article 29/5, the Audit Committee has prepared this Report ("Report") on Realization and Evaluation of the Assumptions used in Determining the IPO Price, which includes evaluations on whether the assumptions used in determining the initial public offering price of Hitit Bilgisayar Hizmetleri A.Ş. ("Hitit" or "Company") have been realized.

2. Valuation Methods and Calculations Used in the Price Determination Report

According to the Price Determination Report, issued by ÜNLÜ Menkul Değerler A.Ş. ("ÜNLÜ Menkul"), the intermediary facilitating the initial public offering of the company shares, on 11.02.2022 and published on the Public Disclosure Platform on 18.02.2022, the company's market value and the initial public offering price have been determined based on the following assumptions.

For the value per share determination of Hitit, Discounted Cash Flow (Income Approach) and Multiple Analysis (Market Approach) approaches were used.

With the Discounted Cash Flow (Income Approach) method, company value was determined by using cash flow projections for ten years period consist of 2022-2031. According to DCF analysis, equity value was calculated as 124,936 thousand USD.

USD ('000)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Revenue	20,203	26,056	32,068	40,060	45,642	51,143	55,364	59,532	63,708	67,256
<i>Growth</i>		29.0%	23.1%	24.9%	13.9%	12.1%	8.3%	7.5%	7.0%	5.6%
EBITDA	9,057	11,970	15,137	19,275	22,265	25,323	27,606	29,693	31,849	33,674
<i>EBITDA Margin</i>	44.8%	45.9%	47.2%	48.1%	48.8%	49.5%	49.9%	49.9%	50.0%	50.1%
Depreciation	3,084	3,627	4,367	5,787	6,168	6,606	7,088	7,395	7,607	8,096
EBIT	5,973	8,343	10,770	13,488	16,097	18,717	20,517	22,298	24,243	25,577
Tax	299	417	539	674	805	936	1,026	1,115	1,212	1,279
<i>Tax rate</i>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Net working capital	-477	-410	-717	-964	-680	-683	-502	-505	-499	-423
Cash generated from operating activities	8,282	11,143	13,881	17,636	20,781	23,705	26,078	28,073	30,138	31,972
Investment	6,151	7,444	8,718	10,501	11,043	11,880	12,392	13,123	13,582	13,912
<i>Investment / Revenue</i>	30.4%	28.6%	27.2%	26.2%	24.2%	23.2%	22.4%	22.0%	21.3%	20.7%
Free cash flows	2,131	3,699	5,163	7,135	9,738	11,825	13,686	14,950	16,556	18,060
Discount period	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5
Discount factor	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.4
Discounted Cash Flow	2,018	3,144	3,937	4,883	5,980	6,515	6,766	6,632	6,590	6,450

USD ('000)	
Projection period	52,916
Peak Period	72,142
Enterprise value	125,058
Net financial debt / (Net cash)	122
Cash and cash equivalents	4,473
Financial liabilities	4,595
Equity value	124,936
WACC	11.4%
End-Period Growth Rate	2.3%

Multiple analysis were calculated in 2 groups. Within the First Group of Similar Foreign and Domestic Enterprise Multiples Analysis, a weighted shareholders' equity value of 140,846 thousand USD was calculated by assigning 50% weight on EV/EBITDA and P/E multiples of Global Aviation and Travel Software Solutions Companies for 2022.

Within the Turkish Software companies multiples analysis, shareholders' equity value of 164,707 thousand USD was calculated by assigning 50% weight on EV/EBITDA and P/E multiples for 2022.

	Multiples	Company Financials	Equity value	Weighting	Weighted Equity value
Global Aviation and Travel Software Solutions Companies					
EV/EBITDA 2022	14.7x	9,057	133,014	50%	66,507
P/E 2022	26.2x	5,675	148,677	50%	74,339
Weighted Total					140,846
Turkish Software Companies					
EV/EBITDA 2022	17.1x	9,057	154,541	50%	77,271
P/E 2022	30.8x	5,675	174,873	50%	87,436
Weighted Total					164,707

Company value of 146,785 thousand USD was calculated according to First Group Multiples Analysis approach when shareholders' equity value calculated for Turkish Software Companies weighted by %25 and Global Aviation and Travel Software Solutions Companies (as closer in terms of industry) by 75%.

			Equity Value
Global Aviation and Travel Software Solutions Companies	140,846	75%	105,634
Turkish Software Companies	164,707	25%	41,151
Hitit Equity value			146,785

Within the Second Group multiples analysis, shareholders' equity value was calculated by a potential year analysis purified from Covid-19 effect. Company's Covid-19 purified 2021 performance, also named as potential year (PY) analysis provides a base for this approach. In this approach, a normalized potential year analysis was made referring the pre-covid period of 2019 flight, business volume and potential volume data for all customers that the company has been serving as of 2021. As a result of this analysis, a shareholders' equity value of 131,524 thousand USD was calculated

	Multiples	Company 2021 PY Financials	Equity Value	Weighting	Weighted Equity value
Turkish Software Companies					
EV/EBITDA LTM	15.6x	8,872	137,906	100%	137,906
P/E LTM	38.0x	5,570	211,715	0%	-
Weighted Total					137,906

Global Aviation and Travel Software Solutions Companies					
EV/EBITDA (weighted 17-18-19)	12.6x	8,872	111,586	50%	55,793
P/E (weighted 17-18-19)	26.4x	5,570	147,208	50%	73,604
Weighted Total					129,397

				Equity Value
Turkish Software Companies		137,906	25%	34,477
Global Aviation and Travel Software Solutions Companies		129,397	75%	97,048
Hitit Equity Value				131,524

3. Valuation Result

As a result in below table; by assigning weights of 25% on First Group Multiples analysis, 25% on Second Group Multiples analysis and 50% on Discounted Cash Flows Analysis, a shareholders' equity value was calculated as 132,045 thousand USD, which equals to 1,788,475 thousand TL and Per Share Value of 17.88 TL by the rate prevailing as of 10.02.2022.

	Weighting	Weighted Equity value
DCF	%50	62,468
Multiplier	%50	
1. Group: Similar International and Domestic Company Multiplier Analysis	%25	36,696
2. Group: Covid-19 Impact Segregated Potential Year Analysis	%25	32,881
Equity Value Pre-IPO (USD '000)		132,045
10.02.2022 USD/TL rate ¹		13.5444
Equity Value Pre-IPO (TL '000)		1,788,475

¹ Source: USD/TL buying / selling rate average per TCMB data as of 10.02.2022

4. Discount Calculation Prior to IPO

According to the valuation study conducted by ÜNLÜ Menkul for our company, a weighted shareholders' equity value of 1,788,475 thousand TL and a Per Share Value of 17.88 TL have been calculated. Public offering value interval had been determined as 11.50 to 12.50 TL by applying 35.7% and 30,1% public offering discounts.

		Result
Nominal Capital ('000)		100,000
Calculated Equity Value Pre-IPO (TL '000)		1,788,475
Share Value Pre-IPO Discount		17.88
IPO Discount Rate	%35.7	%30.1
Pre-IPO discounted equity value (TL '000)	1,150,000	1,250,000
IPO Price (TL/share) (Base-Celling)	11.50	12.50

5. Result

Referring the Company's published 2023 year end results in USD bases, 36% in revenue, 26% in EBITDA and 63% growth in net profit are realized when compared to previous year.

USD ('000)	2023 (A)	2022 (A)	Growth Rate %	2023 (F)	Realization Rate %
Revenue	25,646	18,796	36%	26,056	98%
EBITDA	10,143	8,053	26%	11,970	85%
EBITDA Margin	40%	43%		46%	
Depreciation	4,241	3,273	30%	3,627	117%
EBIT	5,902	4,780	23%	8,343	71%
Net Profit	5,934	3,639	63%	7,925	75%
Net Profit Margin	23%	19%		30%	

(F) : Forecast, (A) : Actual

When compared to 2023 forecasts published in price determination report during public offering, 98% of revenue, 85% of EBITDA and 75% of net profit have been covered as of year end.

According to Turkish Financial Reporting Standards 15 ("TFRS 15"), implementation revenues and related costs beared to carry those implementations are deferred among contract periods.

While implementation revenues are deferred according to TFRS 15 in Company's financials, there is no such deferral effect in price determination report. When considered by excluding this effect, revenue amount in price determination report is totally covered.

For the 85% coverage of EBITDA; effects of USD/TL rate trend which was not in parallel to inflation, expenses arising from significant investments and other macro economic elements on costs acted as the main drivers. For the 75% coverage of net profit; current tax arising from foreign currency denominated assets as well as additional special taxes ruled by the provision of Law# 7440 - clause 10 as a result of Kahramanmaraş based earthquakes acted as the main drivers.

Our Company keeps its progress within the profit and loss statement projection framework provided during public offering.

Respectfully yours,

Hitit Bilgisayar Hizmetleri A.Ş.
Audit Committee

Aliye Sultan ALPTEKİN
Chairwoman of the Audit Committee

Turgut GÜRSOY
Audit Committee Member