

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

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX MONTHS
INTERIM PERIOD ENDED 30 JUNE 2024

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF INTERIM CONDENSED
FINANCIAL INFORMATION**

To the General Assembly of Hitit Bilgisayar Hizmetleri A.Ş.

Introduction

We have reviewed the accompanying condensed statement of financial position of Hitit Bilgisayar Hizmetleri A.Ş. (the "Company") as at 30 June 2024 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Orhan Öztürk, SMMM
Independent Auditor

Istanbul, 9 August 2024

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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 30 JUNE 2024

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

ASSETS		Reviewed	Audited
		Current Period	Prior Period
		30 June	31 December
	Notes	2024	2023
CURRENT ASSETS			
Cash and cash equivalents	3	183,147,283	218,438,892
Financial investments	11	173,371,510	246,873,455
Trade receivables	5,6	287,997,842	184,377,893
- <i>Related party trade receivables</i>	5	26,663,639	22,104,526
- <i>Other trade receivables</i>	6	261,334,203	162,273,367
Prepaid expenses	7	70,911,091	60,735,864
Current income tax assets		6,598,920	-
Other current assets	12	33,271,290	31,241,084
Total Current Assets		755,297,936	741,667,188
NON CURRENT ASSETS			
Property, plant and equipment	8	234,432,838	151,840,116
Intangible assets	9	1,011,445,766	759,708,182
Prepaid expenses	7	83,184,184	66,180,135
Deferred tax assets		20,336,619	8,618,504
Other non current assets	12	1,941,341	1,801,471
Total Non-Current Assets		1,351,340,748	988,148,408
TOTAL ASSETS		2,106,638,684	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 30 JUNE 2024

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

LIABILITIES AND EQUITY		Reviewed	Audited
		Current	Prior
		Period	Period
		30 June	31 December
	Notes	2024	2023
CURRENT LIABILITIES			
Trade payables	6	79,740,355	70,993,281
Lease liabilities	11	5,136,512	-
Current tax liabilities		-	5,115,447
Deferred income	7	36,120,079	27,743,826
Employee benefit obligations		26,380,120	22,439,386
Short term provisions		35,600,408	22,238,558
- Short term provision for employee benefits		35,600,408	22,238,558
Other current liabilities	12	2,236,022	3,484,807
Total Current Liabilities		185,213,496	152,015,305
NON CURRENT LIABILITIES			
Lease liabilities	11	19,689,942	-
Deferred Income	7	89,197,025	70,038,983
Long term provisions		13,784,903	10,570,669
- Long term provision for employee benefits		13,784,903	10,570,669
Total Non-Current Liabilities		122,671,870	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	25,580,347	12,506,162
Other Accumulated Comprehensive Loss that will not be subsequently reclassified to profit or loss		1,063,996,855	886,801,753
-Actuarial loss on defined retirement benefit plans, net of taxes		(1,900,376)	(1,900,376)
-Currency translation difference	13	1,065,897,231	888,702,129
Net Profit		124,367,577	132,168,362
Retained earnings		194,151,270	75,057,093
Total Equity		1,798,753,318	1,497,190,639
TOTAL LIABILITIES AND EQUITY		2,106,638,684	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-30 JUNE 2024**

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

		Reviewed Current Period 1 January 30 June 2024	Reviewed Prior Period 1 January 30 June 2023	Not Reviewed Current Period 1 April 30 June 2024	Not Reviewed Prior Period 1 April 30 June 2023
	Notes				
Revenue	14	478,794,804	247,624,569	262,966,852	128,052,697
Cost of sales (-)	14	(261,032,200)	(125,543,887)	(130,239,840)	(65,117,178)
Gross profit		217,762,604	122,080,682	132,727,012	62,935,519
Marketing and sales expenses (-)	15	(44,204,652)	(29,639,656)	(21,108,850)	(18,278,463)
General administrative expenses (-)	15	(77,364,331)	(35,788,438)	(41,201,439)	(17,934,812)
Other operating income	16	27,515,021	19,221,258	11,776,621	14,046,433
Other operating expenses (-)	16	(17,963,059)	(14,735,269)	(6,532,782)	(9,271,438)
Operating profit		105,745,583	61,138,577	75,660,562	31,497,239
Income from financial investing activities	17	20,786,194	42,513,043	2,387,011	38,273,662
Profit before finance expense		126,531,777	103,651,620	78,047,573	69,770,901
Finance expenses (-)	18	(12,828,126)	(30,854,455)	(2,059,872)	(30,732,553)
Finance income	18	343,112	1,840,335	343,112	1,604,636
Profit before tax		114,046,763	74,637,500	76,330,813	40,642,984
Income tax expense		10,320,814	(27,832,952)	3,152,444	(29,887,780)
Current tax expense (-)		-	(30,912,110)	-	(30,912,110)
Deferred tax expense (-)		10,320,814	3,079,158	3,152,444	1,024,330
NET PROFIT FOR THE YEAR		124,367,577	46,804,548	79,483,257	10,755,204
Distribution of Net Profit					
Owners of the Company/parent	22	124,367,577	46,804,548	79,483,257	10,755,204
Basic earnings per share		0.9754	0.3671	0.6234	0.0844
OTHER COMPREHENSIVE INCOME / (EXPENSE)					
Items that will not be reclassified to profit or loss		177,195,102	344,613,581	30,335,424	322,898,216
Currency translation difference	19	177,195,102	344,613,581	30,335,424	322,898,216
OTHER COMPREHENSIVE INCOME / (EXPENSE)		177,195,102	344,613,581	30,335,424	322,898,216
TOTAL COMPREHENSIVE INCOME		301,562,679	391,418,129	109,818,681	333,653,420

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 JUNE 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>				
	Note	Share Capital	Share premiums on capital stock	Adjustment to share capital	Legal Reserves	Actuarial Gain / (Loss)	Currency translation difference	Retained earnings	Net Profit for the Period	Total Equity
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		-	-	-	9,697,729	-	-	48,847,062	(58,544,791)	-
Profit for the year		-	-	-	-	-	-	-	46,804,548	46,804,548
Total comprehensive income		-	-	-	-	-	344,613,581	-	-	344,613,581
Due to other changes increase / (decrease) (*)		-	(29,389,526)	-	-	-	-	-	-	(29,389,526)
Balances as of 30 June 2023	13	127,500,000	263,039,827	117,442	12,506,162	(2,462,005)	707,384,059	75,057,093	46,804,548	1,229,947,126
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		-	-	-	13,074,185	-	-	119,094,177	(132,168,362)	-
Profit for the year		-	-	-	-	-	-	-	124,367,577	124,367,577
Total comprehensive income		-	-	-	-	-	177,195,102	-	-	177,195,102
Balances as of 30 June 2024	13	127,500,000	263,039,827	117,442	25,580,347	(1,900,376)	1,065,897,231	194,151,270	124,367,577	1,798,753,318

(*) 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 29,389,526 TL, 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 JUNE 2024

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

		Reviewed Current Period 1 January- 30 June 2024	Reviewed Prior Period 1 January- 30 June 2023
Cash Flows from Operating Activities	Notes		
Profit for the Period		124,367,577	46,804,548
Adjustments related to tax expenses		(10,320,814)	27,832,952
Adjustments related to provision for employment termination benefits		3,422,563	782,287
Adjustments related to provision for doubtful receivable		45,483	28,068
Adjustments related to provision for unused vacation		11,539,100	1,868,316
Adjustments related to interest income and expense	17,18	(7,258,028)	(209,833)
Adjustments related to unrealized foreign exchange differences		37,287,251	72,819,057
Adjustments related with fair value expense (income) of financial assets	17	(13,528,166)	(42,114,328)
Depreciation and amortization of non-current assets	8, 9	88,890,476	39,195,529
Other non-cash adjustments		2,203,388	1,668,230
		<u>236,648,830</u>	<u>148,674,826</u>
Changes in working capital			
Adjustments related to increase in trade receivables	5,6	(104,405,395)	(70,838,277)
Adjustments related to increase in prepaid expenses	7	(3,735,725)	(5,719,584)
Adjustments related to increase in other current / non-current assets	12	(2,170,076)	(822,022)
Adjustments related to decrease in trade payables	6	8,747,074	(12,434,539)
Adjustments related to increase / (decrease) in deferred income	7	1,887,356	2,889,611
Adjustments related to increase / (decrease) in other liabilities		175,243	4,741,422
Cash generated from operations		<u>137,147,307</u>	<u>66,491,437</u>
Income taxes paid		(7,622,585)	(21,428,375)
Unused vacation paid		(1,144,989)	(410,889)
Employment termination benefits paid		(1,500,433)	(1,374,067)
Net cash flows from operating activities		<u>126,879,300</u>	<u>43,278,106</u>
Cash flows from investing activities			
Cash generated from disposal of property, plant and equipment	8	-	28,406
Payments for purchases of property, plant and equipment	8	(55,013,239)	(22,540,318)
Payments for purchases of intangible assets	9	(229,914,928)	(73,304,406)
Interest received		25,982,139	22,487,180
Cash inflows from the sale of shares or debt instruments of other businesses or funds		-	95,289,622
Other cash inflow		130,391,500	111,887,655
Other cash outflow		(50,802,410)	(172,545,830)
Net cash flows from investing activities		<u>(179,356,938)</u>	<u>(38,697,691)</u>
Cash flows from financing activities			
Borrowings paid		-	(23,777,875)
Lease borrowings paid		-	(11,363,343)
Interest paid		-	(438,567)
Net cash flows from financing activities		<u>-</u>	<u>(35,579,785)</u>
		<u>-</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>(52,477,638)</u>	<u>(30,999,370)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	218,438,892	57,136,078
Currency translation differences effect on cash and cash equivalents		17,186,029	18,812,064
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	183,147,283	44,948,772

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 JUNE 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 30 June 2024, personnel number of the Company is 397 (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 9 August 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 JUNE 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 30 June 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.

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(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 June 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 June 2024 which is 32.8262 TL=1 USD.
- Consolidated statement of profit or loss for the period ended 30 June 2024, have been converted into TL with the exchange rates of the six-month average of January - June 2024 which is 31.5854 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 June 2024 and 31 December 2023 are as follows:

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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 30 June 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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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 June 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 June 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).

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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 June 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 June 2024	31 December 2023
Cash on hand	649,663	634,776
Cash at banks	182,497,620	217,804,116
<i>Demand deposits</i>	17,314,181	16,289,897
<i>Time deposits</i>	165,183,439	201,514,219
	<u>183,147,283</u>	<u>218,438,892</u>

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3. CASH AND CASH EQUIVALENTS (cont'd)

Time Deposits	Effective Interest Rate	Maturity Date	30 June 2024
US Dollar (TL denominated)	%0,01	1.07.2024	76,320,915
TL	%54,00	9.07.2024	35,574,009
TL	%37,90	1.07.2024	30,345,000
TL	%54,00	29.07.2024	15,213,515
TL	%37,90	1.07.2024	4,830,000
TL	%39,89	1.07.2024	2,900,000
			<u>165,183,439</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)	%2,50	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 30 June 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.

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.

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5. RELATED PARTY DISCLOSURES (cont'd)

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

	Trade Receivables	
	Current	Non-Current
Balances with Related Parties	30 June 2024	31 December 2023
Shareholders		
Pegasus Hava Taşımacılığı A.Ş.	23,308,465	17,750,663
Others		
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	3,355,174	4,353,863
	26,663,639	22,104,526

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

	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
	Sales	Sales	Sales	Sales
Transactions with Related Parties				
Pegasus Hava Taşımacılığı A.Ş.	118,084,276	68,816,484	52,797,326	33,483,375
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	17,284,901	14,210,382	8,619,395	7,489,339
	135,369,177	83,026,866	61,416,721	40,972,714

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- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Salaries and other short term benefits	17,039,255	8,880,546	8,635,185	4,217,269
	17,039,255	8,880,546	8,635,185	4,217,269

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6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	30 June 2024	31 December 2023
<u>Current trade receivables</u>		
Trade receivables	245,451,476	151,133,687
Trade receivables from related parties (Note: 5)	26,663,639	22,104,526
Income accruals	26,178,566	20,650,073
Expected credit loss (-)	(10,295,839)	(9,510,393)
	<u>287,997,842</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 89 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 June 2024	31 December 2023
<u>Short term trade payables</u>		
Trade payables to service providers	67,626,896	62,355,524
Other trade payables	12,113,459	8,637,757
	<u>79,740,355</u>	<u>70,993,281</u>

As of 30 June 2024, average maturity of the Group's trade payables is 52 days (31 December 2023: 57 days).

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7. PREPAID EXPENSES AND DEFERRED INCOME

	30 June 2024	31 December 2023
Short-term prepaid expenses		
Deferred implementation expenses	31,831,730	25,018,555
Prepaid software support expenses	22,581,276	18,807,385
Prepaid marketing and sales expenses	6,769,264	5,504,456
Prepaid insurance expenses	5,477,695	7,374,943
Order advances given	2,643,198	2,108,423
Business advances given	688,989	542,840
Other prepaid expenses	918,939	1,379,262
	70,911,091	60,735,864
	30 June 2024	31 December 2023
Long-term prepaid expenses		
Deferred implementation expenses	81,437,896	64,807,520
Prepaid software support expenses	1,743,376	1,325,774
Other prepaid expenses	2,912	46,841
	83,184,184	66,180,135
	30 June 2024	31 December 2023
Short-term deferred income		
Deferred implementation income	33,858,682	26,577,749
Other deferred income	2,261,397	1,166,077
	36,120,079	27,743,826
	30 June 2024	31 December 2023
Long-term deferred income		
Deferred implementation income	88,398,954	70,032,948
Other deferred income	798,071	6,035
	89,197,025	70,038,983

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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 with financial leasing	24,711,754	-	-	24,711,754
Additions	44,355,251	192,197	10,465,791	55,013,239
Foreign currency translation difference	15,360,623	812,100	10,605,393	26,778,116
Closing balance as of 30 June 2024	194,320,370	7,994,986	109,648,667	311,964,023
Accumulated Depreciation				
Opening balance as of 1 January 2024	(49,276,603)	(4,344,195)	-	(53,620,798)
Charge of the year	(16,540,421)	(528,266)	-	(17,068,687)
Foreign currency translation difference	(6,320,980)	(520,720)	-	(6,841,700)
Closing balance as of 30 June 2024	(72,138,004)	(5,393,181)	-	(77,531,185)
Carrying value as of 30 June 2024	122,182,366	2,601,805	109,648,667	234,432,838
	Furnitures & Fixtures	Leasehold improvements	Construction in progress	Total
Cost Value				
Opening balance as of 1 January 2023	43,585,251	3,786,593	43,172,860	90,544,704
Additions	13,252,191	86,789	9,201,338	22,540,318
Disposals	(28,406)	-	-	(28,406)
Foreign currency translation difference	20,611,381	1,469,133	15,856,940	37,937,454
Closing balance as of 30 June 2023	77,420,417	5,342,515	68,231,138	150,994,070
Accumulated Depreciation				
Opening balance as of 1 January 2023	(21,192,223)	(2,223,172)	-	(23,415,395)
Charge of the year	(4,756,923)	(278,192)	-	(5,035,115)
Disposals	28,406	-	-	28,406
Foreign currency translation difference	(9,506,703)	(931,343)	-	(10,438,046)
Closing balance as of 30 June 2023	(35,427,443)	(3,432,707)	-	(38,860,150)
Carrying value as of 30 June 2023	41,992,974	1,909,808	68,231,138	112,133,920

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	26,960,603	202,919,992	34,333	229,914,928
Foreign currency translation difference	13,392,161	125,600,020	1,657,414	140,649,595
Closing balance as of 30 June 2024	<u>147,514,082</u>	<u>1,350,589,323</u>	<u>16,081,227</u>	<u>1,514,184,632</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	(11,636,346)	(59,699,849)	(485,594)	(71,821,789)
Foreign currency translation difference	(7,098,374)	(38,375,102)	(1,531,674)	(47,005,150)
Closing balance as of 30 June 2024	<u>(76,534,712)</u>	<u>(411,136,961)</u>	<u>(15,067,193)</u>	<u>(502,738,866)</u>
Carrying value as of 30 June 2024	<u>70,979,370</u>	<u>939,452,362</u>	<u>1,014,034</u>	<u>1,011,445,766</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	1,049,366	72,255,040	-	73,304,406
Foreign currency translation difference	25,558,463	208,624,258	3,446,928	237,629,649
Closing balance as of 30 June 2023	<u>92,798,951</u>	<u>770,980,439</u>	<u>12,493,035</u>	<u>876,272,425</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	(5,990,429)	(27,845,606)	(352,785)	(34,188,820)
Foreign currency translation difference	(11,599,465)	(62,528,880)	(3,013,856)	(77,142,201)
Closing balance as of 30 June 2023	<u>(43,271,747)</u>	<u>(232,349,799)</u>	<u>(10,995,884)</u>	<u>(286,617,430)</u>
Carrying value as of 30 June 2023	<u>49,527,204</u>	<u>538,630,640</u>	<u>1,497,151</u>	<u>589,654,995</u>

TL 59,699,849 of depreciation and amortization expense for the current period (30 June 2023: TL 27,845,606) has been charged in "Cost of sales," TL 29,190,627 of depreciation and amortization expense for the current period has been charged in "general administrative expenses" (30 June 2023: TL 11,349,923).

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 30 June 2024 and 31 December 2023 is as follows:

CPMs given by the Group:	30 June 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	91,077,605	2,774,540	-	-	81,293,589	2,761,500	-	-
-Collateral	91,077,605	2,774,540	-	-	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	91,077,605	2,774,540	-	-	81,293,589	2,761,500	-	-

11. FINANCIAL INSTRUMENTS

Financial Investments

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

Short-Term	30 June 2024	31 December 2023
Financial investments measured at amortized cost	108,700,219	97,056,921
Exchange rate protected time deposit converted from FX	60,227,969	145,902,431
Venture capital investment fund	4,443,322	3,914,103
	173,371,510	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 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024		
	Nominal Value	Interest Accrual	Fair Value
Exchange Rate Protected Time Deposit Converted from FX	50,802,410	9,425,559	60,227,969
	<u>50,802,410</u>	<u>9,425,559</u>	<u>60,227,969</u>

The annual interest rates for Exchange Rate Protected Time Deposit converted from FX is 36.15%.

	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	30 June 2024	31 December 2023
TC Hazine Müsteşarlığı	108,700,219	97,056,921
	<u>108,700,219</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	30 June 2024	31 December 2023
TC Hazine Müsteşarlığı	108,762,233	98,500,470
	<u>108,762,233</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	108,700,219 <u>108,700,219</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

Financial Liabilities

	30 June 2024	31 December 2023
<u>The borrowings</u>		
Lease Liabilities	24,826,454 <u>24,826,454</u>	- <u>-</u>

As of 30 June 2024, the total lease liabilities in USD amount to TL 24,826,454, with a weighted average interest rate of %5.47 (31 December 2023: None).

Lease Liabilities

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
<u>Lease Liabilities</u>				
Amounts payable under	26,183,949	-	24,826,454	-
Within one year	5,417,373	-	5,136,512	-
In the second to fifth years inclusive	20,766,576	-	19,689,942	-
Less : Future finance charges	(1,357,495)	-	-	-
Present value of Lease liabilities	<u>24,826,454</u>	<u>-</u>	<u>24,826,454</u>	<u>-</u>
Less: Amounts due to settlement within twelve months (shown under current liabilities)			(5,136,512)	-
			<u>19,689,942</u>	<u>-</u>

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12. OTHER ASSETS AND LIABILITIES

	30 June 2024	31 December 2023
Other current assets		
VAT carried forward	31,321,546	28,827,799
Deposits and guarantees given	408,555	307,659
Other current assets	1,541,189	2,105,626
	<u>33,271,290</u>	<u>31,241,084</u>
Other non current assets		
Deposits and guarantees given	1,941,341	1,801,471
	<u>1,941,341</u>	<u>1,801,471</u>
Other current liabilities		
Advances received	755,429	3,125,513
Other current liabilities	1,480,593	359,294
	<u>2,236,022</u>	<u>3,484,807</u>

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13. SHAREHOLDER'S EQUITY

Capital

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

Shareholders	%	30 June 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 June 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).

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13. SHAREHOLDER'S EQUITY (cont'd)

Share premiums on capital stock

	30 June 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 June 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 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Domestic Sales	187,420,051	77,026,085	99,640,738	35,613,169
Foreign Sales	322,445,000	187,747,563	175,930,636	100,408,454
Discounts and Other Adjustments	(31,070,247)	(17,149,079)	(12,604,522)	(7,968,926)
Revenue	478,794,804	247,624,569	262,966,852	128,052,697
Costs	(261,032,200)	(125,543,887)	(130,239,840)	(65,117,178)
Gross Profit	<u>217,762,604</u>	<u>122,080,682</u>	<u>132,727,012</u>	<u>62,935,519</u>

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

Revenue

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Application use fee revenue	238,361,085	125,632,432	140,563,400	67,419,436
Application use and development revenue	88,829,705	52,254,824	41,034,363	24,382,419
Infrastructure revenue	71,677,791	24,591,183	40,378,707	12,848,110
Maintenance revenue	40,243,906	30,015,874	21,840,688	15,503,656
Implementation and Integration revenue	29,325,433	11,230,378	15,794,225	5,965,639
License revenue	7,578,822	2,907,561	1,204,975	1,630,198
Other	2,778,062	992,317	2,150,494	303,239
	<u>478,794,804</u>	<u>247,624,569</u>	<u>262,966,852</u>	<u>128,052,697</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 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Personnel expenses	(97,784,166)	(58,073,414)	(43,668,657)	(29,346,298)
Software support expenses	(86,275,804)	(32,319,485)	(45,515,640)	(17,236,398)
Amortization expenses (Note: 8,9)	(59,699,849)	(27,845,606)	(31,784,527)	(15,005,035)
Travel and accommodation expenses	(8,563,876)	(4,006,917)	(5,396,234)	(1,938,536)
Consultancy expenses	(5,010,550)	(1,838,115)	(1,714,943)	(848,326)
Conference, event and training expenses	(2,876,419)	(893,487)	(1,735,444)	(445,595)
Representation expenses	(28,806)	(78,792)	(15,191)	(57,265)
Other	(792,730)	(488,071)	(409,204)	(239,725)
	<u>(261,032,200)</u>	<u>(125,543,887)</u>	<u>(130,239,840)</u>	<u>(65,117,178)</u>

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15. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING/ SALES EXPENSES

Marketing and Sales Expenses

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Personnel expenses	(21,267,808)	(10,185,293)	(10,467,107)	(5,065,057)
Sales premium expenses	(9,936,261)	(8,016,610)	(4,284,024)	(6,124,287)
Advertising, marketing and sales expenses	(5,067,814)	(6,203,926)	(2,069,938)	(4,411,847)
Conference, event and training expenses	(3,462,486)	(12,825)	(1,982,349)	(9,225)
Rent expenses (*)	(1,654,570)	(603,871)	(1,007,550)	(357,861)
Consultancy expenses	(1,182,210)	(2,569,381)	(496,785)	(743,580)
Travel and accomodation expenses	(406,599)	(1,523,484)	(224,577)	(1,203,243)
Other	(1,226,904)	(524,266)	(576,520)	(363,363)
	<u>(44,204,652)</u>	<u>(29,639,656)</u>	<u>(21,108,850)</u>	<u>(18,278,463)</u>

General Administrative Expenses

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Depreciation and amortization expenses (Note: 8, 9)	(29,190,627)	(11,349,923)	(16,542,472)	(6,267,217)
Personnel expenses	(22,316,932)	(9,976,827)	(10,488,823)	(4,954,724)
Rent expenses (*)	(7,753,584)	(1,881,624)	(5,295,200)	(969,402)
Insurance expenses	(3,994,574)	(2,379,112)	(1,912,800)	(1,217,619)
Consultancy expenses	(3,870,475)	(2,122,399)	(2,380,336)	(1,195,757)
Office expenses	(2,194,396)	(1,600,135)	(1,213,339)	(772,530)
Conference, event and training expenses	(1,680,691)	(777,708)	(976,126)	(604,138)
Software support expenses	(1,391,432)	(788,650)	(636,051)	(412,576)
Taxes and fees expenses	(1,007,448)	(1,969,534)	(332,458)	(249,537)
Representation expenses	(94,946)	(95,105)	(34,159)	(68,960)
Doubtful receivable allowance expense	(45,483)	(28,068)	(23,255)	(14,722)
Other	(3,823,743)	(2,819,353)	(1,366,420)	(1,207,630)
	<u>(77,364,331)</u>	<u>(35,788,438)</u>	<u>(41,201,439)</u>	<u>(17,934,812)</u>

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

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16. OTHER OPERATING INCOME AND EXPENSES

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

Other income from operating activities

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Government incentives (*)	12,295,716	6,864,901	5,866,231	4,302,215
Foreign exchange gain	10,529,277	10,418,774	4,159,941	8,126,532
Previous year income	2,700,275	564,808	293,725	546,120
Other	1,989,753	1,372,775	1,456,724	1,071,566
	<u>27,515,021</u>	<u>19,221,258</u>	<u>11,776,621</u>	<u>14,046,433</u>

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

Other expenses from operating activities

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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Foreign exchange loss	(17,581,634)	(13,969,196)	(6,249,345)	(9,174,008)
Other	(381,425)	(766,073)	(283,437)	(97,430)
	<u>(17,963,059)</u>	<u>(14,735,269)</u>	<u>(6,532,782)</u>	<u>(9,271,438)</u>

17. INCOME FROM FINANCIAL INVESTING ACTIVITIES

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Fair value gain from financial investment	13,528,166	42,114,328	(774,693)	38,035,891
Interest revenue	7,258,028	398,715	3,161,704	237,771
	<u>20,786,194</u>	<u>42,513,043</u>	<u>2,387,011</u>	<u>38,273,662</u>

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18. FINANCE INCOME AND EXPENSES

Finance Expenses

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Foreign exchange losses	(12,140,386)	(30,535,680)	(1,478,147)	(30,526,462)
Commission expenses for letter of guarantee	(676,780)	(129,635)	(576,168)	(127,185)
Interest expense on bank loans	-	(188,882)	-	(78,648)
Other	(10,960)	(258)	(5,557)	(258)
	<u>(12,828,126)</u>	<u>(30,854,455)</u>	<u>(2,059,872)</u>	<u>(30,732,553)</u>

Finance Income

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Foreign exchange gain	343,112	1,840,335	343,112	1,604,636
	<u>343,112</u>	<u>1,840,335</u>	<u>343,112</u>	<u>1,604,636</u>

19. OTHER COMPREHENSIVE INCOME ANALYSIS

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Foreign currency translation fund	177,195,102	344,613,581	30,335,424	322,898,216
	<u>177,195,102</u>	<u>344,613,581</u>	<u>30,335,424</u>	<u>322,898,216</u>

Currency Translation Fund

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Balance at the beginning of the period	888,702,129	362,770,478	1,035,561,807	384,485,843
Balance during the period	177,195,102	344,613,581	30,335,424	322,898,216
Balance at the end of the period	<u>1,065,897,231</u>	<u>707,384,059</u>	<u>1,065,897,231</u>	<u>707,384,059</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 30 June 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 June 2024	1 January- 31 December 2023
Financial Liabilities (Note: 11)	24,826,454	-
Less: Cash and Cash equivalents and Financial Investments	(356,518,793)	(465,312,347)
Net Debt	(331,692,339)	(465,312,347)
Total Equity	1,798,753,318	1,497,190,639
Total Shareholder's Equity (Note: 13)	127,500,000	127,500,000
	<u>(2.60)</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:

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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)

30 June 2024	TL	EUR	Total TL Equivalent
Bank deposits	89,014,706	166,176	94,852,203
Financial investments (*)	64,671,291	-	64,671,291
Trade receivables	27,437,063	901,184	59,094,215
Trade and other payables	(36,373,324)	(35,331)	(37,614,446)
Other	(19,177,239)	245,799	(10,542,713)
Net foreign currency position	<u>125,572,497</u>	<u>1,277,828</u>	<u>170,460,550</u>

(*) Financial investments consist of 60,227,969 TL portion in USD indexed Exchange rate protected time deposit converted from FX account.

31 December 2023	TL	EUR	Total TL Equivalent
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 145,902,431 TL 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.

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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 June 2024				
	Income/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% change in TL exchange rate accross USD				
1 - TL Net asset/(liability) position	15,574,271	(12,742,585)	-	-
2- TL Hedge amount (-)	-	-	-	-
3- TL net effect (1 +2)	15,574,271	(12,742,585)	-	-
10% change in EUR exchange rate accross USD				
4 - EUR Net asset/(liability) position	4,225,213	(3,456,992)	-	-
5- EUR Hedge amount (-)	-	-	-	-
6- EUR net effect (4+5)	4,225,213	(3,456,992)	-	-
TOTAL (3 + 6)	19,799,484	(16,199,577)	-	-
31 December 2023				
	Income/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% change in TL exchange rate accross USD				
1 - TL Net asset/(liability) position	18,934,534	(15,491,892)	-	-
2- TL Hedge amount (-)	-	-	-	-
3- TL net effect (1 +2)	18,934,534	(15,491,892)	-	-
10% change in EUR exchange rate accross USD				
4 - EUR Net asset/(liability) position	3,401,569	(2,783,102)	-	-
5- EUR Hedge amount (-)	-	-	-	-
6- EUR net effect (4+5)	3,401,569	(2,783,102)	-	-
TOTAL (3 + 6)	22,336,103	(18,274,994)	-	-

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

30 June 2024	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>				
Cash and cash equivalents	183,147,283	-	183,147,283	3
Financial investments	173,371,510	-	173,371,510	11
Trade receivables (including related parties)	287,997,842	-	287,997,842	6
<u>Financial liabilities</u>				
Trade payables (including related parties)	-	79,740,355	79,740,355	6
Lease liabilities	-	24,826,454	24,826,454	11
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

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Earnings per share				
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 year attributable to equity holders of the parent	124,367,577	46,804,548	79,483,257	10,755,204
Diluted earnings per share	0.9754	0.3671	0.6234	0.0844

23. EVENTS AFTER REPORTING PERIOD

Board of Directors has unanimously resolved to increase the Company's issued capital from TL 127,500,000 to TL 300,000,000, representing a 135% increase. This increase will be fully covered from the share premium account as reflected in our financial statements. The shares representing the increased capital with a nominal value of TL 172,500,000, will be issued as bonus shares to existing shareholders on the date of the increase.