

An aerial night photograph of a city, likely Houston, Texas, showing a dense network of lights from buildings and roads. A bright orange and red horizon line is visible, suggesting a sunset or sunrise. A thin crescent moon is positioned in the dark, starry sky above the city.

**GAZE AHEAD TO FIND
US ON THE HORIZON**





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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD



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

1. Opinion

We have audited the annual report of Hitit Bilgisayar Hizmetleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 4 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD



b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

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

Orhan Öztürk, SMMM
Partner

Istanbul, 4 March 2024



EXPANDING HORIZONS, PIONEERING SUCCESS

What you see depends on where you stand and how you look. However, if you are curious like us, you must expand your field of vision, change your perspective, and explore more than what meets the eye, from the smallest detail to the big picture. To see multi-dimensionally, you must be able to look from different angles.

Our difference begins right here. By not accepting mediocrity, breaking patterns, and disrupting norms, we rise; and as we rise, we develop new perspectives, broaden our horizons.

We are more than ready to sustain our soaring success, fueled by our belief that we can do much more, our high motivation, and our new endeavors.

Every year, aiming higher, further, better...

CRAFTING TOMORROW'S TRANSFORMATION

ABOUT US

Hitit, one of the world's largest air travel technology companies, was founded in 1994 to produce new generation software solutions for companies operating in the airline and travel sectors, with a focus on airlines. For 30 years Hitit has been providing solution-oriented, smart, reliable and creative services and solutions for aviation and travel industry actors looking for development and change with a visionary and ever-growing team. The primary goal of the company's founders, who themselves came from the aviation industry, was to create a new type of aviation technology company that could more than compete with its global counterparts and provide its services worldwide. With this philosophy still in mind, Hitit today delivers its solutions and services to all types of airlines and travel companies all over the world.

Today, Hitit stands as a testament to its founders' commitment, providing innovative solutions and services that transcend geographical boundaries. The company remains at the forefront of empowering the global aviation and travel industry with its forward-thinking approach and dedication to technological advancement.



World's 3rd largest airline reservation system provider



A unified solution designed for airlines of every size, from the smallest to the largest.



Steady growth with increasing sales momentum even during Covid



Scaling globally with cloud-based, modern and flexible technology infrastructure



> Our Vision

To become the leader technology firm in the world in travel and transportation sector



> Our Mission

To offer the best technological solutions in the travel and transportation sector



> Our Strategy

Hitit puts its credo of "Treating its customers as Partners and working together for joint success" at the heart of its corporate principles, and shaped its different strategies to support this vision. These are:

Product: Developing the Crane Airline and Travel Solutions Family with flexible and smart solutions, offering sustainable and innovative products

Customers: Treating our customers as true Partners and ensuring mutual growth

Services: Offering complementary and value-added expertise and technology services in line with the ever-evolving needs of our Partners

Innovation: Improving the value proposition and competitive advantages of Hitit by adopting a proactive stance towards developments in airline, travel and overall IT industries.

Resources: Ensuring business continuity with a team that is competent and open to learning in equal parts

Efficiency: Ensuring high efficiency by keeping the cost / benefit perspective in sight at all times

Social Responsibility: Putting into action sensible and sustainable social responsibility projects for a better world.



Chairwoman of the Board of Directors - General Manager - Founding Partner - CEO

Dear Investors and Valuable Business Partners,

We founded Hitit in 1994 with the dream of creating a global technology provider from our country as the pioneering and first technology company exporting airline and travel software solutions in Türkiye. With our sharp foresight and forward-looking vision, supported by our high-tech solutions and services, we continue to stand out in the industry by breaking new ground and emerging as one of the leading companies in the sector.

The year 2023 marked a period of growth for us in different fields of operation and geographies. In the aviation sector, which has a limited number of market players, we achieved significant growth in terms of customer portfolio acquisition. By commencing work with many new airlines across different continents, we demonstrated the strength of our global sales network and the competitiveness of our software solutions globally. Furthermore, by expanding in the same markets, we showcased the high level of customer satisfaction and our successful penetration into the markets where we operate.

In this growth trajectory, the successful public offering we executed in March 2022 and the momentum provided by the trust of our investors have been monumental in propelling us forward... However, as Hitit, we have also been implementing the investment plans we emphasized during our public offering process. Among these plans, infrastructure investments, particularly the Agency Distribution System (ADS), played a significant role. In this regard, we took one of the critical steps for a new growth initiative at Hitit. We also harvested the most significant benefit from our ADS investments through the agreement we reached with Turkish Airlines (THY). THY joined Hitit's portfolio of Partners, using Crane solutions through our Agency Portal Plus solution. Considering that THY, which holds the title of "the airline flying to the most countries in the world," will sell its tickets through Hitit's agency portal system, it is evident that this partnership will significantly strengthen Hitit's global agency network.

Another significant development that deepened our partnership with THY is winning the Passenger Service Systems tender of AnadoluJet, a subsidiary of THY (rebranded as AJet with its new registered name). The rebranded Ajet will continue its operations with Hitit's software solutions.

Since our establishment, we have positioned ourselves at the forefront of the global airline technology sector, paving the way for digital transformation and creating milestones. Our success has introduced other achievements, and each year, we have grown to become one of the most recognized companies in the global airline technology industry. Every step we took forward, making us one of the industry leaders, was taken with the distinguished and productive teams nurtured by our country. With Türkiye's most competent engineering team, expert industry managers, and consultants, we have been among the world's giants.

We have significantly positioned ourselves both nationally and internationally as we advance towards the peak of the global airline and travel technology market, with its reflection seen in high-value service exports to our country. With our commercial and brand value, we trade on Borsa Istanbul with the "HTTBT" code, aiming to take our position to even greater heights together with our investors. We continue to be the technological power of the sky, fueled by investor confidence, propelling our rapid growth and expansion beyond borders.

I extend my gratitude to each and every one of you, our valuable investors, who have not left us alone on this journey.

Sincerely,

Nur Gökman

Chairwoman of the Board of Directors of Hitit and Founding General Manager

MOVING AHEAD WITH CONFIDENCE

CAPITAL AND SHAREHOLDING STRUCTURE

A- Capital of the Company:

Company shares have been offered to public in 2022 by means of shareholder sale and capital increase, and have been traded on Borsa İstanbul A.Ş. Star Market as of 03.03.2022.

The authorized capital of the Company is TL 300,000,000.- (three hundred million). Its issued capital is TL 127.500.000,00.- (one hundred twenty seven million five hundred thousand Turkish Lira), and is composed of 46,153,846 Group A registered shares, 46,153,846 Group B registered shares, and 35,192,308 Group C registered shares, each having a nominal value of TL 1.00.-.

B- Shareholding Structure:

Shareholding structure of the Company as of December 31, 2022 is as follows: Shares in Actual Circulation: TL 33,911,052.- - 26.59%

Name of Shareholder	Share Group	Share Group	In Capital Share (%)	Suffrage Rate
Fatma Nur Gökman	A (*)	29.572.131	23,19%	29,37%
Dilek Ovacık	A	6.000.000	4,71%	6,04%
Hakan Ünlü	A	5.538.462	4,34%	5,57%
Özkan Dülger	A	5.538.462	4,34%	5,57%
Pegasus Hava Taşımacılığı A.Ş.	B (**)	46.939.893	36,82%	46,62%
Halka Açık Kısım	C	33.911.052	26,597%	6,83%
Dilek Ovacık	C (***)	102.186	0,080%	0,02%
Hakan Ünlü	C (***)	94.326	0,074%	0,02%
Özkan Dülger	C (***)	94.326	0,074%	0,02%
Diğer	C	33.620.214	26,369%	6,77%
Toplam		127.500.000	100,00%	100,00%

Shares in actual circulation : TL 33,911,052 - %26.59

(*) Including 495,209 Group C shares taken back due to the transactions providing price stability in the stage of public offering.

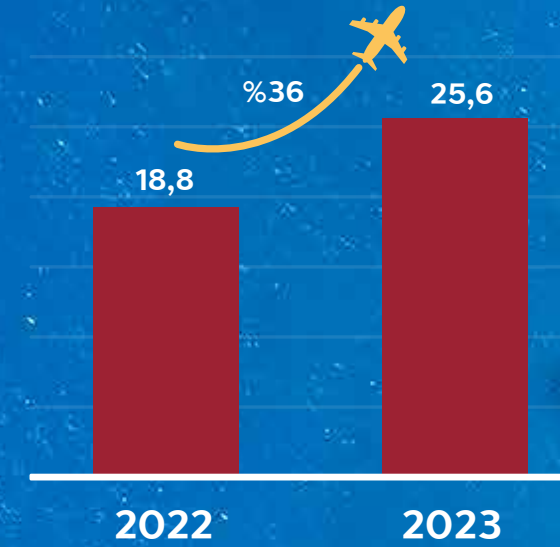
(**) Including 786,047 Group C shares taken back due to the transactions providing price stability in the stage of public offering.

(***) Group C shares taken back due to the transactions providing price stability in the stage of public offering.

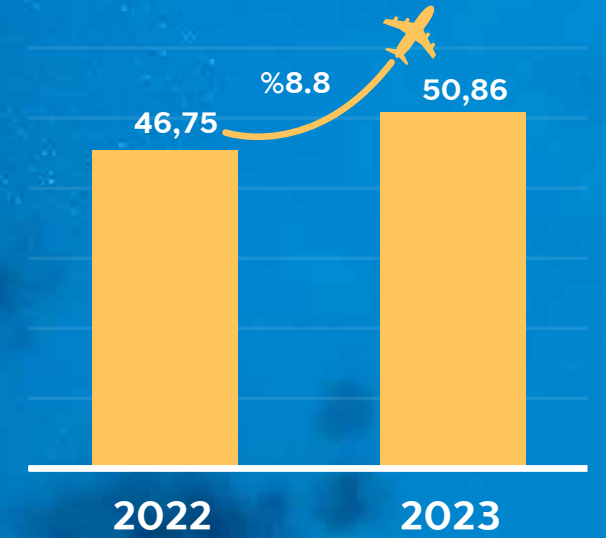
2023 AT A GLANCE



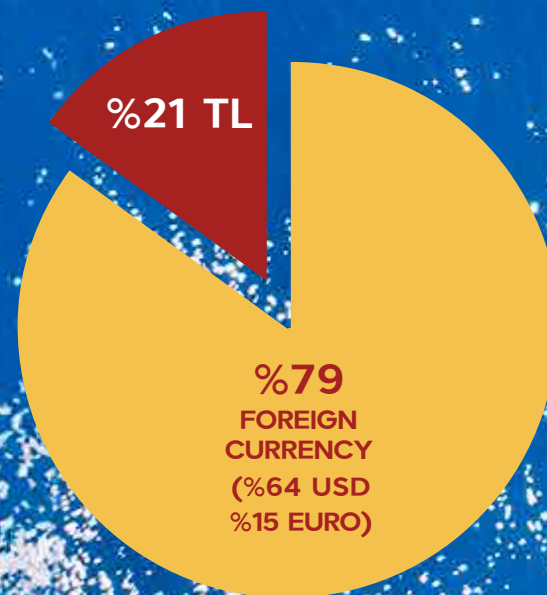
Total Revenues (USD Million)



Total Equity (USD Million)



Revenue Breakdown



Total Number of Partners



Total Number of Annual Passengers Boarded



VIEWING THE WORLD THROUGH A UNIQUE LENS



OUR BOARD MEMBERS



F. Nur Gökman
Chairwoman of the Board of Directors - General Manager -
Founding Partner - CEO

Elected as the Chairwoman of the Board of Directors of Hitit for a period of three years at the General Assembly dated 09.11.2021, Nur Gökman is at the same time founding partner of Hitit and its General Manager for an indefinite period of time.

Graduated from the Departments of Physics and Mathematics of İstanbul University in 1973, started her career as Computer Programmer at Akbank Information Processing Center through the years 1975-1977 following the programming trainings she received in 1974. Then, she worked as Computer Programmer (1977-1983), Project Leader (1983-1989), System Development Manager (1989-1990), IT Vice President (1990-1994) and Training President (1994-1996) chronologically at THY. She is among the founders of Hitit, which is the first in our country in the aviation informatics sector, and which has taken its place among the leading aviation technology enterprises in the world.



Dilek Ovacık
Board Member - Founding Partner

She was elected for a period of three years at the General Assembly dated 09.11.2021. She graduated from the Department of Production Management of the School of Business of İstanbul University in 1973, received Paris CEPIA (Centre d'etudes pratiques et automatiques) certificate in 1975. Before THY, she took part in business survey and remuneration of a Holding, and studied on the subjects of organization/remuneration. She took office as Analyst Programmer at the Turkish Airlines (THY) Information Processing Center in 1976; and took part in various airline projects as Senior Programmer and Project Manager in the following years. In 1994, she retired from THY, and took part in establishment of Hitit in 1994. She carried out the financial and administrative affairs of the Company as of 2006. While she decided to quit this position in 2016, she continues her contributions to Hitit in the board of directors of the Company.

OUR BOARD MEMBERS



Ali Uzun
Board Member

Ali Uzun graduated from Galatasaray University Faculty of Law in 2007 with a bachelor's degree and has been a registered lawyer at the Istanbul Bar Association since 2008. He has completed various academic programs in international relations, capital markets, sports law, circular economy, and sustainability strategies. Since 2013, he has been working at Pegasus Airlines and currently serves as the company's Chief Legal Counsel and Director of Sustainability. Additionally, he holds positions as the Chairman of the IATA Legal Advisory Council and as a member of the Board of Directors for the Health and Education Foundation.



Mahmut Barbaros Kubatoğlu
Board Member

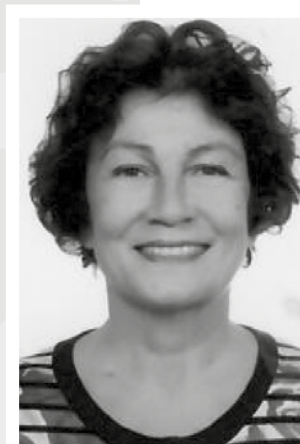
He was elected for a period of 3 years at the General Assembly dated 09.11.2021. Mahmut Barbaros Kubatoğlu completed his Undergraduate Study at Shipbuilding and Marine Sciences Faculty at İstanbul Technical University in 1995, then, his Post-Graduate Study in the field of Business Engineering at the same university. He started his career at Çelebi Holding in 1997 as Operation Planning Specialist. He serves as Budget and Finance Manager and Technical and Logistics Director at HAVAŞ Holding, which he joined in 2002. In 2007, he started to serve as Project Coordinator at Pegasus Airlines, carried out the position of Senior Vice President of the Financial Reporting and Control Department. He has been working as Chief Financial Officer as from January 2018.

OUR BOARD MEMBERS



Turgut Gürsoy
Independent Board Member

The member elected for a period of three years at the General Assembly dated 09.11.2021 was elected to complete his office term pursuant to the provision of article 363 of the Turkish Commercial Code. Graduated from the Faculty of Engineering of Yıldız Technical University, Turgut Gürsoy started his professional career as design engineer in 1984. He served at Transteknik Holding as technical manager through 1986-1989. He established Probil in 1989, and pioneered the entities of Proservis and Pronetwork in 1986 and 1989, respectively. In 2000, he received the first "private equity" investment from EMEA Technology Investment. He merged the companies Probil, Proservis, Pronetwork, Teknobim and Bordata under Probil AŞ. In 2009, he carried out the sale of 100 percent shares of Bizitek, a subsidiary Probil, to Ericsson (NASDAQ: ERIC), one of the global telecom leaders, and sale of Probil to Netaş in 2011. Having served as the President of TUBİSAD through 2008-2012, Turgut Gürsoy has been serving as the Chairman of Board of Directors of Lidya Ventures, Enocta and Agito. He takes part as investor in various companies beside serving as Board Member at Cyberwise, E-Güven and Blesh.



Günseli TARHAN
Independent Board Member

The member elected for a period of three years at the General Assembly dated 09.11.2021 was elected to complete her office term pursuant to the provision of article 363 of the Turkish Commercial Code. Graduated from Economy department of Chicago University in 1978, Günseli Tarhan started her career as Human Resources and PR Coordinator at Yaşar Holding AŞ in the same year. She joined THY in 1988, worked as Chief Officer at Financial Affairs, Commerce and IT Department. She served as General Manager at EKA Elektronik in 1992-1994. She established the company GNT Danışmanlık in 1995 and assumed the duty of consultancy. She worked as General Manager at Education Volunteers Foundation through 2002-2005 and at Boğaziçi University Foundation in the period of 2007-2010. She has been carrying on her activities as life coach as from 2011. She is also a Trustee of Boğaziçi University Foundation, Member of Advisory Board of Darüşşafaka and Member of Japanese Studies Association.

SOARING WITH THE STRENGTH OF WISDOM AND EXPERIENCE



SENIOR MANAGEMENT

F. Nur Gökman

Chairwoman of the Board of Directors - General Manager - Founding Partner - CEO



Elected as the Chairwoman of the Board of Directors of Hitit for a period of three years at the General Assembly dated 09.11.2021, Nur Gökman is at the same time founding partner of Hitit and its General Manager for an indefinite period of time. Graduated from the Departments of Physics and Mathematics of İstanbul University in 1973, started her career as Computer Programmer at Akbank Information Processing Center through the years 1975-1977 following the programming trainings she received in 1974. Then, she worked as Computer Programmer (1977-1983), Project Leader (1983-1989), System Development Manager (1989-1990), IT Vice President (1990-1994) and Training President (1994-1996) chronologically at THY. She is among the founders of Hitit, which is the first in our country in the aviation informatics sector, and which has taken its place among the leading aviation technology enterprises in the world.

Sezer Tuğ Özmütlu **Chief Financial Officer**



She graduated from the English Economics Department at İstanbul University in 1992, and received Post-Graduate degree by continuing her study in the Department of International Relations at the same university. Having started her career as Financial Affairs Assistant Manager at Pegasus Hava Taşımacılığı AŞ in 1992, Özmütlu became Revenue Control Director in 2012. She was appointed as Chief Financial Officer / CFO responsible for Financial Affairs and Procurement at Hitit Bilgisayar Hizmetleri AŞ on June 1, 2015. She is a Certified Public Accountant and Financial Advisor. She is a holder of Financial Internal Audit Certificate and a holder of IATA Diploma in the passenger revenues accounting and control besides her other various qualifications in the fields of audit, accounting and finance.

Semra Kandemir **Chief Product Strategy Officer**



She graduated from the Middle East Technical University in 1992 as Electrical-Electronics Engineer. Following her graduation, she started her business life at Turkish Airlines. She held various offices as System Engineer, Project Manager and System Support Manager at Turkish Airlines through 1992-2009. In 2009, she joined the construction team of İstanbul Sabiha Gökçen Airport and took part in operational IT systems installation and financial system integration, and continued working at Sabiha Gökçen in the position of Chief Information Officer / CIO until 2012. She started her career at Hitit Bilgisayar in 2013 with the title of Information Processing Director at System Infrastructure and Operating Department. She has ITIL and INSEAD Business School (Business Strategy and Financial Performance) certificates. She has been carrying on her career at Hitit as Chief Product Strategy and Aviation Solutions Officer since 2018.

SENIOR MANAGEMENT



Özgür Çuhadar
Chief Technology Officer

Özgür Çuhadar graduated from Computer Engineering at Bilkent University in 2003 and started as Software Engineer at Nexus Bilişim, and moved to Escort Bilgisayar as Computer Programmer in 2004. He started working at Hitit in 2005. Following the duties of Project Manager and Technology Director, he was appointed to the position of Chief Technology Officer / CTO in 2018. Serving at Hitit for about 20 years, Özgür Çuhadar assumed key tasks in development of the Crane PAX solution and Crane PSS System, contributed in strategical terms to development of the airline support systems such as Revenue and Cost Accounting, Schedule Planning, Operation Control, Crew Management.



Semih Sakız
Chief Infrastructure and Operation Officer

Semih Sakız graduated from the department of Computer Engineering of Ege University in 1999. He started his business life in his studentship years, worked at Elit Software as Part Time Java Developer, at Tarihbank as Java Application Programmer, and at Ege University Computer Course as Assistant Student. Following his graduation, he took office at Turkish Airlines (THY) in the same year; he worked as System Programmer, Team Leader and Solution Architect respectively in his first 15 years, and was appointed as Information Processing System Infrastructure Manager. Within THY, he completed the Manager Development Programs at Sabancı University in 2012-2013, participated in Harvard Mentorship Program and took Basic Business Administration classes, and completed the Leadership Academy MBA program. At the end of 2014, he moved to Garanti Teknoloji BBVA as Senior Technology Specialist, then, in 2018, to Yapı Kredi-Uni Credit Group at the level of Director as Solution Architect Consultant. In 2019, he started to work as Director at Hitit in the System Infrastructure and Operating Department, he was appointed to the position of Chief Officer of System Infrastructure and Operation in January 2021.

SENIOR MANAGEMENT



Ş. Nevra Onursal Karağaç
Chief Sales and Marketing Officer

After graduating from Koç High School, she completed her undergraduate education at Carnegie Mellon in Communication Design in 2002, and her post-graduate education at Domus Academy in the field of Interaction Design in 2005. She has INSEAD Business School (Business Strategy and Financial Performance) and Oxford Executive Leadership certificates. She started her career in 2002 as Graphic Designer Intern at Wunderman NYC, served as Art Director at On3 Creative Group in 2003-2004 and at Leo Burnett İstanbul in 2006. She joined Hitit as Creative Director in 2006; after working as Brand Manager and Marketing Director, she was appointed to the position of Chief Officer of Sales and Marketing in 2018.



Atilla Lise
Chief Transportation Solutions Officer

Graduated from the Department of Computer Engineering of Boğaziçi University in 1987, Atilla Lise started his career at Turkish Airlines (THY). He served as Project Manager at Information Processing Cargo Automation Systems and E-Business Department through 1987-2000, as President (SVP) at Cargo Department through 2000-2010, and as President (SVP) at the Social and Administrative Affairs Department in the period of 2010-2018. In 2014-2015, he joined the Manager Mentor Program at Harvard Business School, and attended the Business Administration & Management Certificate Program. He has PPL (Private Pilot License) Certificate. In November 2018, he took office at Hitit, and he was appointed to the position of Chief Officer of Transportation Solutions as of 05.11.2021.



Figen Dönder
Chief Human Resources Officer

She completed her undergraduate and post-graduate studies at Marmara University (MU). She graduated from English Teaching at MU Faculty of Education in 1992, and had a Master's with Thesis in English at MU Public Administration, Human Resources Management & Development in 2000. She received CTI Coaching Certificate in 2014. Before working as Human Resources Specialist, she took part in different sectors and duties such as Citibank in 1994, at Esem Spor Adidas in 1995, at Alman Südmö Group in 1996, and found the opportunity to experience in person the effect of different organizational cultures and job diversity on the employee. She started her Human Resources career in 1997 at Marshall Boya-Akzo Nobel, and carried on her duty as HR Manager in the period of 2000-2003. Through 2003-2008, she served as HR Consultant/Manager at Mecaplast Group Monaco (Automotive), Corus Group England (Steel), Delta Gıda Akfen Holding, Profera Danışmanlık, in order. She took office as HR Manager at Finans Emeklilik in 2010, and worked as HR Vice President in charge of Fund Raising, Recruitment, Orientation and Employee Relations during her tenure at Cigna Finans Emeklilik. She served as HR Consultant/Manager at Artı Danışmanlık in the period of 2014 - 2016. She served as HR Director in the period of January 2018 - September 2022 at Hitit, where she had started as HR Manager in 2017, and she was appointed to position of Chief Human Resources Officer as of 09.09.2022.

SEEING THE BIG PICTURE



OVERVIEW OF 2023

In 2023, Hitit increased its growth momentum by making the best use of the positive effects of both its new Partner acquisitions and the successful IPO launched in March 2022. The Company signed 12 new Partner agreements in 2023 as a result of its sales and marketing activities in a wide range of customer segments and geographies. During the same time periods, the agreements of three Partners were suspended due to their unforeseen operational and geographical changes.

Thus, the total number of active customers reached 73 as of December 31, 2023. Continuing Hitit's expansion trend on six continents of the world, 2023 was also a year of increased business volumes and Partners in Türkiye: Hitit's Crane PSS has been chosen by Turkish Airlines for use by AJet (previously Anadolujet) Airlines, and both parties signed a Software as a Service (SaaS) contract with a 5 (five) year term on 23.02.2023.

Apart from the acquisition of AJet as a Partner, a "Distribution Services Agreement" was signed with Turkish Airlines itself, granting access to Hitit's Crane Agency Portal Plus ("Crane APP") technology platform and distribution infrastructure. The agreement enables authorized agents to sell and manage Turkish Airlines flights and other additional products and services using Crane APP in line with the latest IATA standards.

OVERVIEW OF 2023



2023 was also a year in which we extended our existing business relationships with some of our important Partners around the world. In this context, Pakistan International Airlines (PIA), the national airline of Pakistan and one of the world's venerable flag carriers, which has been using our software solutions since 2018 has chosen to renew their contract for another 5 years beyond 2023. Similarly, FlyArystan, a subsidiary airline of Kazakhstan's national airline Air Astana, which has been using Hitit's passenger service system solutions since 2019, signed a contract with Hitit to extend the business relationship for another three years.

Eight new implementation projects were completed and went live in 2023. As such, these Partners started to generate partial revenues from the date of their cutover under our SaaS model; and they are expected to generate revenues at full capacity in 2024. As of December 31, 2023, there are another 8 active implementation projects expected to go live in the near future.

Hitit's successful Partner acquisition in 2022 continued in 2023 as well. Compared to the 2019 baseline performance, Hitit achieved a 49% increase in terms of invoiced passenger numbers in 2023.

Within the year 2023, in addition to new Partner acquisitions and ongoing financial successes, another significant development has been the progress made in various strategic projects:

OVERVIEW OF 2023

IATA currently positions its "Airline Retailing with Offers and Orders" initiative as one of the aviation industry's most critical digital transformation projects, and work is being done on the design of next generation "Offer and Order Management Systems" (OOMS) that can provide passengers with rich and personalized content beyond flight tickets and basic additional services such as extra baggage or seat selection. Since these types of OOMS platforms are intended to replace existing PSS platforms in the medium term, it is essential for the Company to be in a leading position in the industry regarding its OOMS strategy and solutions. Significant R&D investment has been made for the Company's OOMS efforts within 2023, as well as taking an active role in workshops and industry groups led by IATA, and as a result, in October the Company was recognized by IATA among the firms most actively involved in OOMS developments at the World Passenger Symposium conference held in Chicago. The Company was also referenced in IATA publications and reports. As of end of 2023, the initial developments of our new generation OOMS solution have been completed, and preparations are underway to start live trials with pilots selected from among our Partner airlines.

On the topic of Agency Distribution System (ADS), as mentioned above various new content agreements have been made, particularly with Turkish Airlines (THY), and a special software team has been formed to accelerate the enhancement of our currently operational agency software platform (Crane APP) with new capabilities.

In aviation, like in all industries, the importance of carbon footprint and sustainability efforts is increasing. Work has been done to ensure that our Company's environmental impact assessment is conducted in accordance with national and international standards. Additionally, functions within Crane CA that allow our Partner airlines to automatically track and manage their carbon emissions in accordance with international standards set by IATA, ICAO, and the EU have been developed and coordinated with the "CO2 Connect" project led by IATA.

Following our IPO in 2022, another area where we accelerated our R&D investments has been in Artificial Intelligence and Machine Learning. Thanks to the work done in these areas, artificial intelligence models trained with the real data of among our Partner airlines have matured and have started to operate at the pilot application level in areas such as revenue management, dynamic pricing, and offer optimization. Efforts are ongoing to expand these activities and develop new models that can provide benefits in different areas such as operations management.

We continuously develop our strategic industrial partnerships in line with our expanding activities, and as such we have started to work with Airports Council International (ACI) as "ACI World Business Partner" in 2023. We anticipate that this partnership with ACI, which represents 2100 airports in 191 countries around the world, will have positive effects on our various products and services, especially Crane DCS.

RISING UP AS A SHINING STAR



OUR AWARDS

IATA Diversity and Inclusion Awards Inspirational Role Model - Jury Special Award

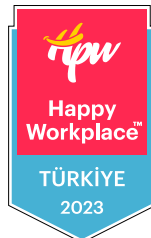
Nur Gökman, Chairwoman of the Board of Directors and Founding General Manager of Hitit, has been honored with the Jury Special Award in the "Inspirational Role Model" category at the IATA Diversity and Inclusion Awards. Gökman, who has a career spanning over 50 years in the aviation industry, has left incredible marks with her groundbreaking achievements in the sector. Under Gökman's visionary leadership and policies, Hitit has always paved the way for its growth in national and international arenas. Hitit, under Gökman's leadership, has achieved these successes by also prioritizing women's employment policies.

Leadership in Sales Awards Sales Leader of the Year

Nevra Onursal Karaağaç, Chief Sales & Marketing Officer at Hitit, has been named the winner of the Sales Leadership (LiSA) award for 2023. The award, organized by Sales Network, identifies the leader who contributes most to sales and marketing strategies. In the award process, sales and marketing leaders with titles such as CEO, Vice President, General Manager, and Deputy General Manager from domestic and foreign companies participated. Nevra Onursal Karaağaç surpassed her competitors by passing both the public voting and jury evaluation stages to be selected as the leader of the year.

The Hammers Awards 2023 Silver Award in the category of Creating Wonders in Sustainability and CSR Fields with Optimal Budget

Hitit's social responsibility project, Rackets Up, has been awarded the "Silver" prize in the category of "Creating Wonders in Sustainability and CSR Fields with Optimal Budget" at The Hammers Awards 2023. Rackets Up successfully managed its processes and emphasized teamwork and an effective management style. As a result, it has earned its place among the winners of the Hammers Awards. The project will continue to provide access to sports for children and youth based on the UN Sustainable Development Goals.



OUR AWARDS

International Women's Entrepreneurial Challenge (IWEC) 2023 Businesswoman of the Year and Female Entrepreneur

Nur Gökman, Chairwoman of the Board and Founding General Manager of Hitit, has been awarded the Successful Woman Leader of the Year award by the International Women's Entrepreneurial Challenge (IWEC), which has been held since 2006. Nominated by the Istanbul Chamber of Commerce on behalf of Türkiye, Nur Gökman has been recognized for her vision in transforming Hitit into one of the leading names in the global airline and travel technology sector, turning the company into a worldwide service exporter and a publicly traded entity.

2023 Uzakrota Travel Awards

Leading Travel Technology Provider Award

Hitit has been awarded first place in the category of "Leading Travel Technology Provider" at the 2023 Uzakrota Travel Awards.

Bluesky Awards 2023

Aviation Software Company of the Year Award

Hitit has been honored with the "Aviation Software Company of the Year" award at the Bluesky Aviation Achievement Awards program. Recognized by the Bluesky Award Committee, consisting of prominent professionals and academics in Türkiye's aviation sector, Hitit has earned this award for the third consecutive time.

30 Percent Club Türkiye 2023

Women-Empowered Boards in Newly Public Companies Award

Hitit has earned the "Women-Empowered Boards in Newly Public Companies" award organized by Sabancı University and the 30 Percent Club. The company has been recognized for receiving the highest score among newly public companies in the Women-Empowered Boards Index at Borsa Istanbul for the past two years, thus deserving this award.

EMEA Finance

Best Initial Public Offering of 2022

In the Achievement Awards 2022 presented by EMEA Finance, one of the most prestigious publications in the finance sector, Hitit has been honored with the "Best Initial Public Offering (Best IPO in CEE Mid-Market) of 2022 award.

OUR AWARDS

Sales Network - Best of Sales Awards

Technology Partners Contributing to Digitalization - Silver Award

Hitit has been awarded the silver prize in the "Technology Partners Contributing to Digitalization" category at the fifth edition of the Sales Network's Best of Sales Awards. One of the main reasons Hitit has been deemed worthy of this award is its provision of modern, flexible, and comprehensive platforms that support omnichannel digital sales strategies for its partners.

Sales Network - Best Team to Join

Technology Category

In the "Best Team to Join" survey organized by Sales Network, Hitit has been recognized as one of the most sought-after companies to work for in the technology category, based on votes cast by both students and professionals.

Happy Workplaces

Türkiye's Happiest Workplaces Survey

In the Türkiye's Happiest Workplaces Survey conducted by independent consultancy Happy Place to Work, Hitit has been awarded the "Excellent Employee Experience" certificate and accolade, as outlined in the survey and HR Check Report on Employee Experience and Happiness.

Sales Network

100th Anniversary of our Republic Leadership Awards

As part of the Sales Network's 100th Anniversary of our Republic Leadership Awards, Nevra Onursal Karaağaç, Hitit's CMO, was honored with the prestigious Leadership Award.

Recognition from IATA

15-Year Strategic Partnership

In recognition of its significant contributions to the aviation industry over the past 15 years, particularly through technological advancements, Hitit was awarded a special certificate by IATA, marking the completion of its 15-year tenure as a Strategic Partner. As one of the leading companies in the field, Hitit remains dedicated to supporting the ongoing development of the aviation sector.

LOOKING THROUGH DIFFERENT PERSPECTIVES



INDUSTRIAL DEVELOPMENTS

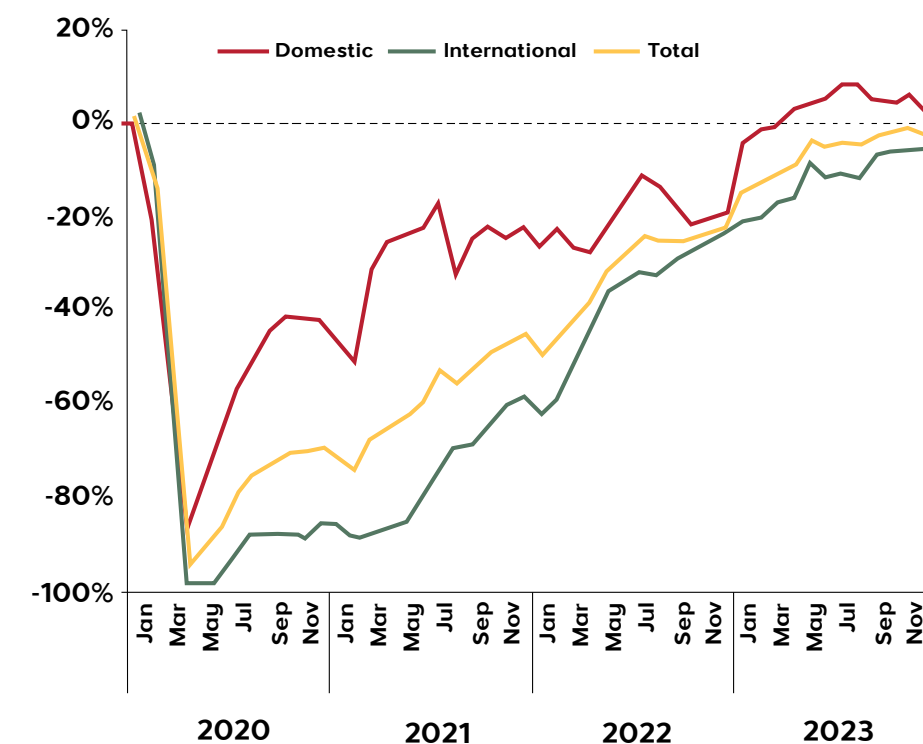
As of year-end 2023 geopolitical developments, macroeconomic trends and sustainability requirements have replaced the Covid-19 pandemic as having the main impacts on the aviation and travel industries. While ongoing improvements in the industrial key performance indicators are largely consistent with the expected projections, it is expected that the extraordinary momentum achieved during the "normalization" period following the pandemic will no longer hold in 2024 and beyond, and air travel will need to adapt to changing market dynamics in different areas.

Accordingly digital transformation projects, which gained momentum during the fight against the effects of the pandemic, are expected to remain high on the agenda of airlines in the short and medium term. Such a macrotrend in the industry would be likely to have a positive impact on the Company's operations.

The most recent issue of the "Global Outlook for Air Transport" report, a regular IATA publication that covers industrial indicators and future forecasts, was released as of the end of 2023 (<https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport---december-2023---report/>). In addition, the December 2023 issue of the "Air Passenger Market Analysis" report, which evaluates current key metrics every month, has also been published (<https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-market-analysis-december-2023/>).

In the light of these up-to-date market research data and our Company's own strategic analysis, various key industrial indicators and significant developments are summarized below:

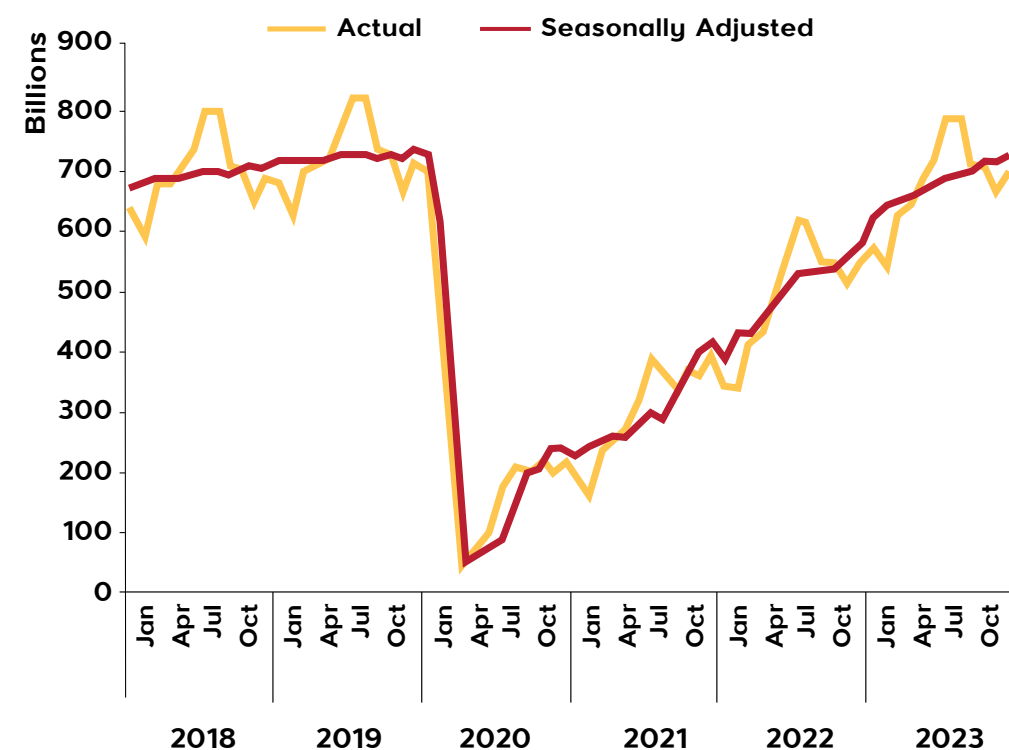
RPK Evolution Over 2019 Baseline



Source: IATA Economics – Air Passenger Market Analysis (December 2023)

INDUSTRIAL DEVELOPMENTS

Monthly Global Passenger Volumes – Billion RPK

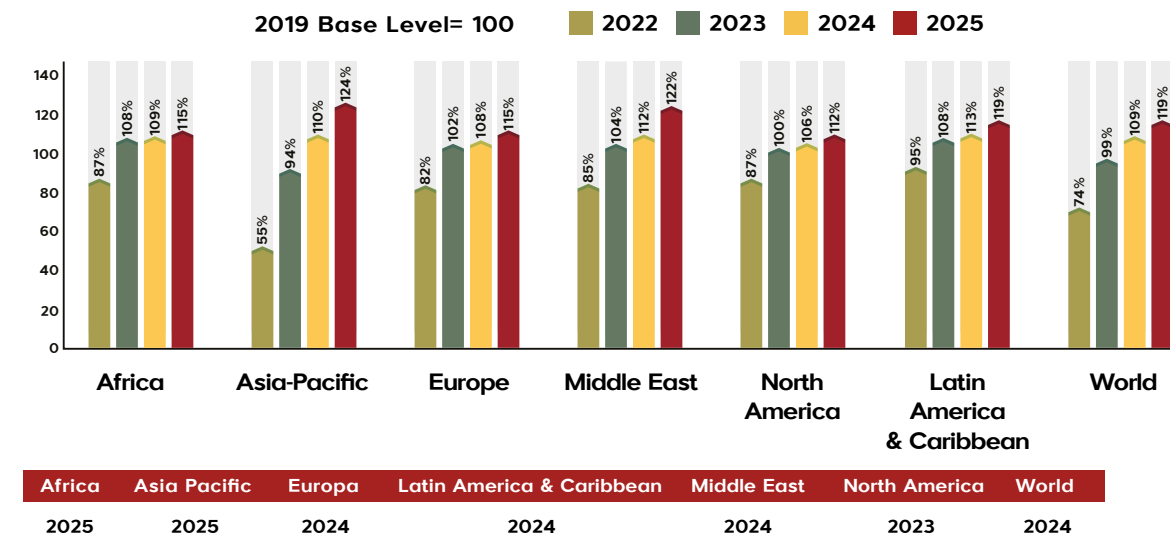


Source: IATA Economics – Air Passenger Market Analysis (December 2023)

One of the most widely used indicators to measure the total volume of activity in the aviation industry is the "Revenue Passenger Kilometers" (RPK), which takes into account not only the number of passengers but also the distance traveled. The global RPK values of the aviation industry in 2023 recorded an increase of 36.9% compared to the previous year, totaling 94.1% when compared with the 2019 baseline. These results are largely consistent with the forecasts published by our Company in previous periods, and are attributable to the lagging performance of the Asia-Pacific region partially offsetting the gains from those regions that have already outperformed their 2019 baseline, particularly EMEA and Latin America.

INDUSTRIAL DEVELOPMENTS

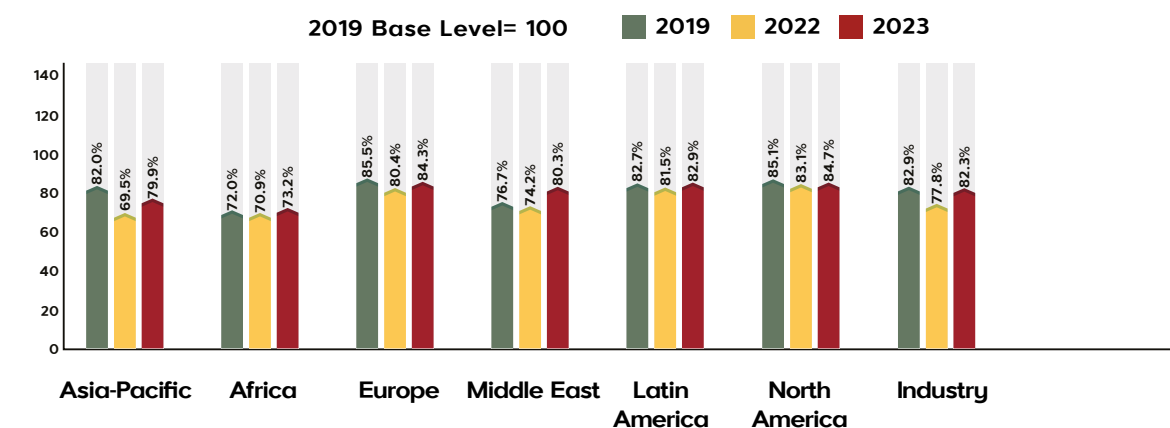
Regional Passenger Volumes Over 2019 Baseline



Source: IATA Economics – Global Outlook for Air Transport (December 2023)

Another important indicator that provides insight into the overall health of the industry is the level of consumer demand for flights offered by airlines, as measured by the occupancy rate of available seats called "Load Factor" (LF). The LF rates as of end of 2023 also indicate that the 2019 baseline has been achieved in general terms and aircraft occupancies now fluctuate within expected parameters.

Load Factor Based On Available Seat Kilometers (ASK)



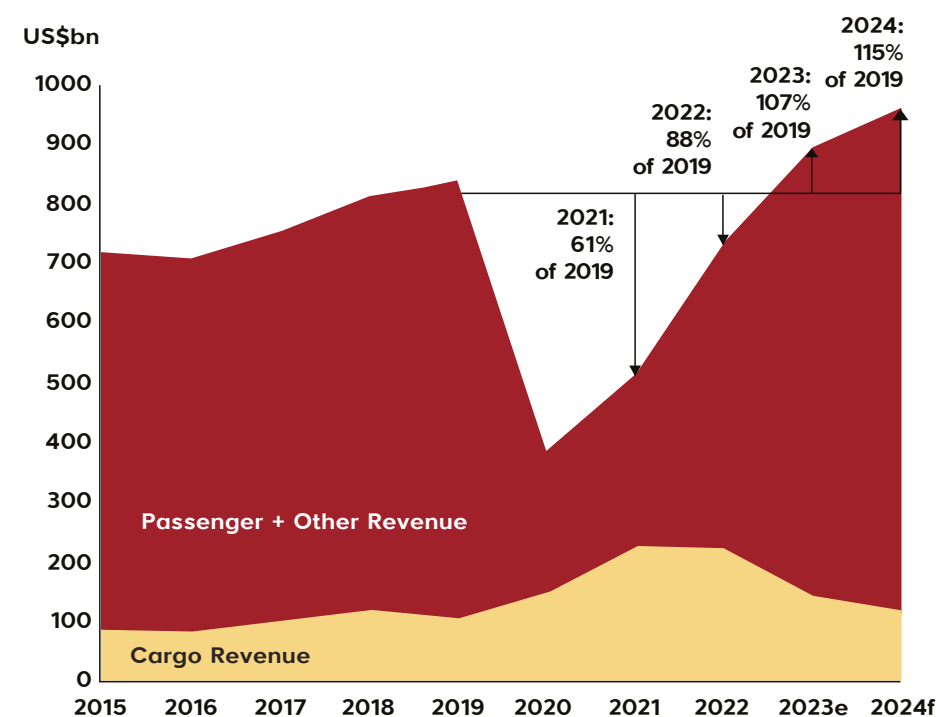
Source: IATA Economics – Global Outlook for Air Transport (December 2023)

With this normalization in RPK and LF values, the long-term forecasts for the aviation industry have also returned to the usual growth trend that was the norm before the pandemic. According to current forecasts, global passenger traffic is expected to resume its pre-pandemic average growth rate of 4-5% per annum, thus doubling passenger volumes by 2040.

Looking at the financial performance of the air transport industry, the overall outlook for 2023 is firmly in the green. After recording a historic loss of USD \$140 billion in 2020 the industry returned to profitability in 2023, closing the year with an operating profit of USD \$41 billion while gross revenues reached 107% when compared to the 2019 baseline.

INDUSTRIAL DEVELOPMENTS

Global Airline Revenues

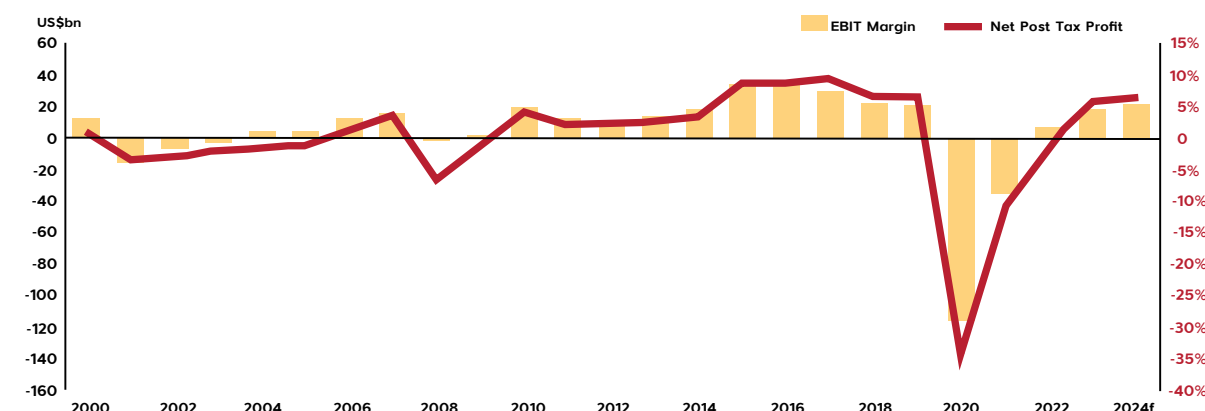


Source: IATA Economics – Global Outlook for Air Transport (December 2023)

On the other hand, in terms of net profit the margins were quite meager with only 2.6% at USD \$23.3 billion, indicating that despite the rapid normalization and growing consumer demand, financial constraints on the industry as a whole still persist. These include geopolitical and macroeconomic impacts from the Russian-Ukrainian and Israeli-Palestinian armed conflicts, as well as a variety of other factors such as high inflation, fuel costs, sustainability requirements, and a shortage of skilled labor.

INDUSTRIAL DEVELOPMENTS

Global Airline Profitability



Source: IATA Economics – Global Outlook for Air Transport (December 2023)

Overall, airlines' industry-wide net profit is equivalent to an average of USD \$5.44 per passenger carried. Considering that this figure averaged \$8.06 USD in the 5-year pre-pandemic period between 2015 and 2019, it is self-evident why airlines continue to attach great importance to both cost-cutting and revenue-enhancing activities.

Since factors such as aircraft costs, which have reached saturation with demand far exceeding supply due to the technical problems experienced in the Boeing 737MAX series, and fuel costs affected by global macro developments are beyond the control of the aviation industry, airlines continue to prioritize digital transformation. Initially adopted for business continuity during the pandemic period, the trend still holds strong to increase their profitability in current market conditions. Likewise, crucial initiatives such as "Airline Retailing with Offers and Orders", which IATA has been working on for a long time but accelerated in 2023, also point to the industry-wide importance placed upon digital transformation.

In summary, industry trends such as the continued growth expectations in passenger volumes and digital transformation projects which continue to be prioritized by airlines, are all expected to ultimately have positive impacts on the Company's operations.



FORGING PATHS TO INNOVATION AND THE FUTURE AHEAD



RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

The Company is actively engaged in research and development activities within the Technopolis area, aligning with R&D projects approved by the authorized administrative board under the Technology Development Zones Law No. 4691. As of December 31, 2023, our focus remains on advancing the capabilities of products within our existing portfolio and developing complementary or entirely new modules, products, and services.

Furthermore, in accordance with strategic and industrial advancements, we are dedicated to ongoing developments in "Offer and Order Management System" (OOMS), a project led by IATA that is expected to replace PSS platforms in the medium term. Simultaneously, our efforts also extend to "Airline Retailing Maturity" (ARM) initiative, aiming to empower airlines to deliver rich and personalized travel content to their passengers.

Adapting to sectoral changes and emerging needs, we are actively pursuing carbon emission monitoring capabilities for our Partner airlines. Additionally, our commitment extends to environmental impact assessment projects designed to contribute positively to both our Partner airlines and the broader industry, as well as our Company itself.

MASTERING THE ART OF GOING BEYOND



RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

In this respect, primary modules, products and services which are actively worked on are as follows;

New Function / Module Development Made Within the Existing Product and Service Portfolio

1. New Developments in the Passenger Services System

The Company's Passenger Services System, under the umbrella of Crane PSS, is a solution package that includes different sub-products. It offers various planning, automation, reporting and tracking functions related to this flow, which includes an airline's reservation and ticket sales to its passengers for their flights, managing the sales channels, offering additional services, performing additional transactions of the passenger at the airport, such as baggage, and admitting the passenger to the aircraft in accordance with the ticket sales made. New functional modules such as revenue management, dynamic pricing, artificial intelligence, rule-based inventory management, loyalty management, value and group management are being worked on for the products within the Crane PSS software solutions.

Hitit, which has been developing products on optimization algorithms and its partners have been using them effectively, is transferring this experience to the field of artificial intelligence (AI). Continuing and diversifying its investments in AI, Hitit has developed an AI model trained with the real data of a pilot partner. The dynamic pricing of both additional services and ticket fares according to the demand forecasts of this AI model has achieved 95% success. In addition to the Company's own dynamic pricing solution, integration was made with two different suppliers in the field of dynamic pricing, and the transition of two Partners to dynamic pricing with different methodologies was completed in this way. The development of the capabilities required for pricing with "ATPCO fees", the most widely used complex pricing structure in the industry, was completed and made ready for use in the ADS and PSS system. In addition, IATA's One Order, New Distribution Capability ("NDC") and Airline Retailing Maturity ("ARM") are among the strategic developments. Compatibility with the latest versions released for the NDC and ARM platforms is continuously maintained.

INAD (Inadmissible Passenger - Inadmissible Passenger Tracking) System has been developed within the scope of passenger services. The system, which was developed to track the transactions and costs of passengers who are not accepted to flights for different reasons such as visa, has been implemented in one of our Partners.

Our agency portal screens have been commissioned with new designs. Our additional services dynamic pricing module has been added to our new version. In 2023 our systems handled tens of millions of passengers, and we have now completed the architectural improvements needed to handle hundreds of millions each year without any performance losses.

RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

We have developed the new Customer Database (CDB) platform, on which our new loyalty solution is being built. The CDB platform improves automated recognition and identification of passengers based on their previous flights and other activities to generate personalized offers and services. The service layers resting on top of the CDB are being used to integrate modules such as Internet Booking Engine. We have also released the initial version of our revamped Crane Loyalty Layer product using these capabilities.

The passenger leg, which is one of the three legs (passenger, aircraft and crew) within the scope of Irregular Operations Management (IROPS) capabilities, was fully deployed in one of our partners and provided great efficiency, especially in conducting call center operations.

The "Communication Module" (CM) of our IROPS system, which is used for passenger communication, has been enriched with features such as prioritization, queuing and communication via social media channels to facilitate the operation of the call center. It has been observed that both IROPS and CM systems operate smoothly and with the required performance, even for extreme cases such as the cancellation of more than 100 flights at the same time.

The scope of the Audit system, which operates on BIDD (Billing Information Data Tapes) standards for the control of tickets issued, has been expanded.

The Company's Allotment Management System software solution, called Crane ALM, enables the planning, distribution to relevant sales partners and channels, sales and tracking of flights defined as "charter" (non-scheduled) flights, such as periodic flights to holiday destinations for tour operators, which are planned and operated on demand in addition to the airline's pre-planned normal flight schedule. With the new developments made for Crane ALM, it is aimed that travel agencies and tour operators other than airlines can also benefit from this solution. Rule-based dynamic pricing has been introduced in the Allotment Management System product and commissioned in one of our partners. The introduction of this module had a positive impact on unit seat revenues and occupancy rates. In addition, artificial intelligence-supported dynamic pricing studies, which were launched on our PSS and ADS platforms, were also initiated within the scope of ALM.

2. New Developments in Operational Solutions

Hitit's Operational Solutions product group consists of products that support the core operational activities of airlines. In 2023, Hitit made improvements that significantly enriched the functions of the products under this group.

The Company's Cabin Crew Planning System, called Crane CREW, is a software solution that enables airlines to plan which cockpit and cabin crews will be assigned for which flights within the framework of tariff plans and equipment assignments, in compliance with the airline's own business rules as well as the regulations and restrictions of rule-making bodies such as the Directorate General of Civil Aviation (DGCA) and IATA, to which the airline is subject, and to notify, execute and monitor these plans.

RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

Within Crane CREW, the development of functional modules such as irregular operation management, training module and workforce planning is being worked on. The leave management system, which is the first step of the workforce planning module, has been developed and a usage agreement has been signed for a Partner. The first version (MVP) for the irregular operations management (IROPS) team leg has been developed and Proof of Concept studies are underway in a pilot Partner. The transition to the new version for Crane CREW has been completed and has been put into production at two Turkish Partners.

Crane SP (Schedule Planning) and SLOT (Slot Management) is a product used for long and short term schedule planning and flight authorization management of an airline. Its inputs and outputs form the basis of planning and budgeting studies. It contains features to ensure that the tariffs created have the shortest ground stay time and that the flights are carried out with the minimum costs.

In our Crane SLOT application, the optimization module that will enable the airline to manage the slots owned by the airline in the most effective way has been developed and commissioned in one of our Partners. New versions of the queue assignment optimization modules have been commissioned.

In the slot module, additional message format improvements have been made for the analysis of competitor flight information and preparation for the next flight (turn around) processes.

Historical slot management development studies are ongoing.

Crane OCC is a product that is activated within a short period of time (e.g. 24 hours) before an airline is due to operate a flight, and enables the tracking and reporting of up-to-date information about the flight, as well as the execution and automation of business processes that may occur within this short period of time, such as delays or changes. With new developments, the solution is enriched and made more compatible with mobile applications. Our mobile product is called OCC Connect and has been launched for testing purposes at one of our Partners. It is expected to have a positive impact on on-time departure rates thanks to additional features that facilitate communication. Delay forecasting will be realized with the data collected via mobile. Irregular Operation Management (IROPS) module performance and solution quality studies were conducted and it was observed that it works on fleets with 400+ aircraft. The sale of our integrated IROPS product, which allows flight, crew and passenger irregular situations to be solved together, was realized to a partner.

3. New Developments in Accounting Solutions

Hitit has created the Accounting product group in order to meet the different accounting and settlement needs of airlines based on various international aviation rules, industry standards or mutual agreements that airlines are subject to in addition to a normal commercial firm. In 2023, the solutions under this group were enhanced to enable airlines to adapt to international standards and regulations in the most up-to-date way.

RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

Crane CA (Cost Accounting) is a product under Hitit's Airline Accounting product group that enables airlines to automatically track, report and offset their expenses. With the improvements made, it is aimed to work in full coordination with the Crane SP product and to create more detailed expense forecasts. Revenue module developments have been completed for the use of the Crane CA product by airport operators and ground handling companies, including the services provided at the airport. Our revenue module has been put into use in the production environment of one of our Partners. Sustainable Aviation Fuel (SAF) fuel usage and tracking studies were carried out. ACARS (Aircraft Communications Addressing and Reporting System) integration and IATA SIS (Simplified Invoicing and Settlement) data exchange standard support studies were completed.

Crane RA (Revenue Accounting) is a powerful passenger revenue accounting solution that enables the airline to perform revenue reporting and revenue analysis by receiving all sales and flight transaction data, including GDS sales and interline/codeshare operations, from industry standard sources and processing them according to IATA rules and regulations. Within the scope of the enhancements of this solution, more accurate calculations have been made by supporting the TCN sales format in 2023 and ensuring that ATPCO TTBS data used in the distribution of taxes to coupons is up-to-date. In addition, new features have been added to interline agreements and settlements, and the product has been enriched with new functionalities that provide ease of use. Version updates have been made in more than 40 Partners using Crane RA, and two new Partners have installed the product and have been trained and put into use.

Crane BPI and Reporting solutions have been enhanced to meet the needs of different levels of users. Reports have been diversified for solution products used by airlines of all models. The data analytics and business intelligence functionality within Crane BPI have been further enhanced to empower the AI model training efforts currently ongoing in multiple categories.

4. New Developments in Travel and Distribution Solutions

The Company has updated the title of this category from "Travel Solutions" to "Travel and Distribution Solutions" to reflect the increasing priority the Company is placing on its Agent Distribution System (ADS) activities.

This updated category includes Crane OTA and Crane APP software solutions that meet the needs of airlines' travel subsidiaries, independent travel agencies and tour operators, as well as ADS, the next-generation distribution network that provides access to rich content and personalized travel products.

RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

With the software development activities accelerated within the scope of Crane OTA and APP products, sales and management of other travel products such as hotel / transfer / car rental / insurance / events, as well as multi-airline flight and additional services content specific to the needs of travel agencies, are provided and the scope of these capabilities is continuously improved. In addition, additional capabilities developed within the scope of PSS, such as artificial intelligence-supported dynamic pricing, are carried into Travel Solutions in line with the Company's principle of "offering equal opportunities in all sales channels" (omnichannel).

On the distribution side, the Company prioritized the growth of the Company's ADS business line, which has been running as a pilot for some time, and accelerated efforts in this context. To support physical agency sales, certification applications were made for BSP, the IATA financial settlement system, in 30 different countries around the world. ATPCO capabilities required for complex pricing structures and rich product content were added to the system. Work with Hitit Partner airlines for the supply of airline flight and additional service content within the scope of ADS continues gradually and content agreements have been reached with three more Partners. In addition to this, negotiations with other airlines that are not currently Hitit Partners are being conducted, and as a result, a content access and distribution agreement was signed with Turkish Airlines. In addition to airline content, negotiations and integration efforts are being carried out with different suppliers to expand the scope of travel content such as hotel / transfer / car rental and similar travel content.

A board resolution was reached on 11.12.2023 to establish a new joint stock company based in Istanbul / Türkiye to support various distribution and management activities within the scope of ADS and a PDP announcement was made.

5. New Developments in Travel Merchandising

Hitit has gathered software that enables airlines and travel agencies to sell "shopping baskets" consisting of different products other than airline tickets to their passengers under the Virtual Merchandising product group. R&D studies conducted in this product group in 2023 are as follows:

Crane TM (Travel Merchandising) is a product that works integrated with Hitit's Passenger Services System Crane PSS and enables airlines to offer various additional services to their passengers through different sales channels, such as hotel reservations, car transfers, guided sightseeing tours. Crane TM is being developed to enhance and support the sale of additional products and services and packaging features. It is aimed for airlines using Crane TM to have a continuously enriching portfolio of additional products. In this context, connections with various new insurance and hotel integrators have been completed.

MARCHING FORWARD STEADILY



RESEARCH AND DEVELOPMENT STUDIES OF THE COMPANY

6. New Developments in Cargo Solutions

The Company's Cargo Solutions product family, which was launched in the previous years and whose development continues actively, made significant progress in 2023. These developments are as follows according to different product types:

Crane CGO (Reservation and Cargo Services), is a product which can be used by airlines in the field of cargo and freight transportation, as well as by different logistics companies to carry out air cargo transportation operations.

With the improvements made in 2023, testing of the new program ICS2 application of the European Air Cargo Customs, as well as sending messages to the customs of the United Arab Emirates and Angola were started.

In terms of functionality, improvements were made for the “allotted” reservation and continuation functions and testing has started, as well as the Cargo Customs application was developed that will communicate with Customs systems through various connection types.

Within the scope of our Crane CRA product, which provides Cargo Revenue Accounting tracking and automation, improvements were made for joint operations with other carriers (invoice acceptance for interline) and controls. In addition, work on general accounting account codes connection flows continued.

7. Important Infrastructure Developments

Regarding the development and improvement efforts related to infrastructure, the process of renewing and increasing the existing virtualization environment and infrastructure capacity has been completed. Efforts to enhance collaborations with the world's leading cloud infrastructure providers have further improved our cloud capabilities and makes it easier for our Partners to access the right infrastructure capabilities for their own unique needs and wants. Further cloud improvements are ongoing with a particular focus on multi-cloud.

To meet the increased passenger and usage volumes of our existing and prospective Partners and the infrastructure and operational needs of our new business line, the Agency Distribution System, our company has initiated projects aimed at investing in additional data center hosting, security, monitoring, hardware, licensing, setup, and maintenance services in a hybrid cloud environment.

The work on the ISAE-3402 2023 certification, an important selection criterion when providing support services and as well as a key input in technical competency reports, has been completed. The relevant audit by KPMG has resulted in a successful SOC1 Type 2 report without any adverse findings. In 2023, the transition to the ISO 27001:2022 version was made, and the ISO 27017 Cloud Security Management System Certification efforts were successfully completed.

OUR MILESTONES

1994

Established by two women entrepreneurs who stepped down from their executive roles at Turkish Airlines.

2005

Fueled by the international success of Crane FF, Hitit has developed the Crane PSS (Passenger Service System) as a new generation core airline solution.

2012

Crane FF has become the world's most used airline loyalty management system, ranking first in the industry.

2017

As a pioneer among airline Passenger Service Systems globally, a transition to a hybrid cloud infrastructure has been made.

2019

Hitit opened new offices and data centers in different parts of the world, securing 10 new Partners within a year.

2021

Hitit has been the preferred vendor of those airlines leaving behind their legacy systems to meet the increasing digital agility demands of the industry, and came through the pandemic stronger with 13 new Partners.

2023

Agreements were signed with 12 new airlines from around the world. AJet agreed to use Crane PSS solutions; an agreement was made with THY for the use of Crane APP technology platform and distribution infrastructure. Additionally, 2023 marked the year with the most awards won by Hitit.

1999

Crane FF, the first customer loyalty management solution specifically developed for the aviation industry, has officially launched.

2008

The "Software as a Service" (SaaS) model has been adopted. In this model, software solutions are offered as a package along with hosting and technical infrastructure services.

2015

Hitit's latest centre of focus, Crane PSS, has become the fifth largest airline reservation system in the world.

2018

A major airline has broken ranks with two long-standing industry leaders and chosen Crane PSS as its new reservations system provider.

2020

Hitit, a leading provider of airline and travel technology solutions, continues its global expansion with new offerings tailored to the industry's needs. Despite the pandemic, Hitit achieved record growth by onboarding 12 new partners in a single year.

2022

Hitit achieved a new growth record by onboarding 16 new partners in a year. The company now exports its services to 6 continents around the world. Following its initial public offering (IPO) in March, Hitit has accelerated its R&D investments in artificial intelligence applications, cloud technologies, and new business lines.

PIONEERING SOLUTIONS THAT REVOLUTIONIZE THE GAME



OUR SERVICES

The Company was established in 1994, and is an Istanbul-based technology firm. The Company produces and develops “Crane” branded software solutions for the national and international aviation and travel industry, and offers them to its customers in the “Software as a Service” (“SaaS”) model.

The Company offers technical infrastructure and hosting services for the software solutions it develops as part of an integrated service package, and also provides consultancy, training, after-sales support and maintenance services to its customers. The Company's customers are airlines, travel companies and airports. The Company's software solutions are designed both to work with external systems as standalone products and to create synergies through their automatic integration capabilities when used together. These software solutions consist of the following six solution groups:

1

Passenger Services System:

The software solutions group offered to the customers under the roof of “Crane PSS” and qualifying as the Company's flagship. This group includes the software solutions needed by the airlines to carry out their main activities. These software solutions include:

- Reservation & Passenger Services
- Internet Booking Engine
- Mobile Application
- Allotment Manager
- Communication Management Module
- Departure Control System
- Weight and Balance Module
- Baggage Reconciliation Itinerary
- Loyalty Layer
- Customer Services Layer.

2

Operational Solutions:

This solution group includes products supporting the basic operational activities of the airlines. These software solutions is divided into sub-product groups with optimization and mobile applications within themselves, providing partners with the opportunity for digital transformation in their operational planning. These software solutions include the functions such as:

- Schedule Planning
- Operations Control
- Crew Management

3

Travel and Distribution Solutions:

The solutions under this heading are designed for use by the travel agents rather than the airlines. These software solutions include:

- Online Travel Agency
- Agent Portal Plus

OUR SERVICES

4

Accounting Solutions:

Airlines face not only the commercial demands but also encounter diverse accounting and clearing requirements influenced by a variety of international aviation regulations, industry norms, and bilateral agreements. Our software solutions, tailored to address these specific needs and equipped with features such as carbon emission monitoring and optimization, empower airlines to precisely forecast emissions stemming from their operations. Within these software solutions

- Revenue Accounting
- Cost Accounting
- Business Performance Index are included.

5

Air Cargo:

Under this recently implemented solution group by Hitit;

- Domestic Cargo Services
- Reservation and Cargo Services, along with accounting solutions, are included.

6

Travel Merchandising

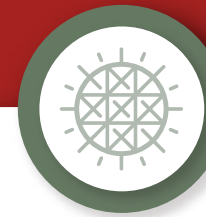
Under this service, there are software solutions that allow airlines and travel agencies to sell passengers "shopping baskets" consisting of different products besides airline tickets. Thus, users can offer many different services and products such as hotels, transfers, tours, insurance, etc., in dynamic packages.

Hitit's software solutions serve a total of 73 airlines and travel companies operating on 6 continents and in 49 countries. The software solutions offered by the company cover many transactions between airlines, passengers, and airports. The company, aiming to facilitate the sale and distribution of ticket-related travel products and additional services such as hotels, car rentals, airport transfers, insurance, and other ticket-related travel products, represents the entire capital of the subsidiary named Hitit SAAS Tourism Services Joint Stock Company, which was registered on 09.11.2021. Efforts are ongoing for the operational activities of this subsidiary company to begin.

OUR SERVICES

Service Network Surrounding The Whole World

Within Hitit's global service network, Partners are presented with an additional service network extending beyond its Crane software solutions, facilitating millions of passengers to travel each year. Below are some important highlights regarding Hitit's globally encompassing service network, and the figures reached as of the end of 2023:



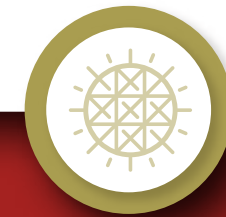
Passenger reservations made through Crane PSS are transmitted to more than 700 airports worldwide via Hitit's communication network interfaces, thus enabling passengers to receive services from contact points such as check-in counters, baggage delivery, and kiosks.



Hitit's border and customs integration infrastructure enable secure data exchange with state institutions of 85 different countries, each complying with their regulations and obligations.



In 2023, Hitit's payment infrastructure processed a total sales volume of approximately \$6.5 billion*. This infrastructure supports numerous alternative payment methods beyond credit cards and seamlessly integrates with over 65 payment systems worldwide.



Partner airlines have access to more than 30,000 sales agents through Hitit's agency network infrastructure. Furthermore, Crane PSS has processed a total of over 200 billion flight booking queries.

* Taking into account industry averages of per-passenger fares published by IATA Economics and the number of passengers billed through Hitit systems in 2023.

PUSHING THE ENVELOPE



OUR GLOBAL PRESENCE AND SUBSIDIARIES

A global company in the field of aviation and travel technologies with its Partners spread to six continents, Hitit is further solidifying this global ecosystem with the structures established on the world. Hitit works with representatives in order to adapt to the styles of doing business in different regions and creating and strengthening its marketing strategies according to the local procedures. In this framework, there are more than 200 Hitit representatives almost in each region of the world other than Türkiye, where our Headquarters is located.

PAKISTAN

Pakistan Liaison Office

Hitit has put into practice its agent distribution network, a different business line, in Pakistan for the first time. It has an office in Pakistan, Karachi for managing the marketing works in Pakistan and to be a close coordination center for the Asia region, a big marketplace for Hitit. The office managed by a Turkish manager appointed by Hitit Headquarters has three Pakistani employees. Pakistan office of Hitit carries out the duties such as promotion of Hitit in the country's and region's aviation and travel sector, coordination of the relations with the airlines, conducting the marketing activities of Hitit's Crane APP (Agent Portal Plus) software product for the agents in Pakistan. As a result of these activities, thousands of local and regional users sell Pakistan International Airline tickets through Hitit's system.

New Investments in Pakistan

In Pakistan, a software development company named HITIT TECH LAB-ISB (SMC-Private) Limited has been established under the Securities and Exchange Commission of Pakistan (SECP). This company represents Hitit Bilgisayar Hizmetleri A.Ş.'s capital entirely, aiming to create value in the technological field.

THE NETHERLANDS

In accordance with the decision taken on 19.04.2023, Hitit has completed the establishment of its branch office in Amsterdam, the Netherlands, under the name Hitit Computer Services Netherlands. The office, registered with the Chamber of Commerce in Amsterdam under commercial registration number 90046390, is located within the Amsterdam Schiphol Airport complex. Following the establishment of a significant base in Pakistan, particularly for expanding into Asia, the establishment of the Netherlands office marks a pivotal milestone in the Company's European expansion. As of 2023, airlines and travel companies in Europe, which are customers of Hitit, account for 24% of the total customer base. The establishment of Hitit Netherlands Office is expected to significantly increase this rate and establish direct contact with potential customers in Europe. It will also facilitate faster access to industry events, serving as a significant catalyst in the company's sales and marketing plans.

APP Travel Platform - Hitit SaaS Tourism Services Inc.

On November 09, 2021, APP Travel Platform - Hitit SaaS Turizm Servisleri A.Ş., 100% owned by Hitit Bilgisayar Hizmetleri A.Ş., was established. APP Travel Platform, which is registered as a Group A Travel Agency numbered 7393 in TÜRSAB and has IATA Accreditation number 8822704, as well as Hitit's agency distribution system Crane APP software, which is NDC and BSP compliant, developed by Hitit by gathering travel-related products and services of airline and non-airline providers in a single marketplace; In addition to THY Quickres, Amadeus and Travelport reservation systems, it provides agency services such as flight and other public transportation tickets, hotel reservation, car rental, chauffeured transfer, visa, international travel health insurance, event planning to corporate companies, especially Hitit. APP Travel Platform, with the power of being a Hitit brand, produces projects that will create a competitive advantage in the field of travel technology for B2B customers and the sector as well as corporate agency services.

EXPANDING NEW HORIZONS AT FULL SPEED

HITIT'S 2024 TARGETS

The investments realized in 2023 are of critical importance with respect to strengthening the value propositions and competitive advantages of the Company's solutions and creating new business lines with strategic growth opportunities.



As of 2023 yearend, a high investment / turnover ratio of 42% has been realized.

It is planned to make new investments and to develop the existing investments in a value-added fashion. It is targeted to transform the public offering funds into investment within the framework of the newly initiated R&D and Capex investments as well as Fund Usage Plan.



Our projection for 2024 is to reach an investment/turnover ratio in the range of 30% - 35%. Our product and service network investments suitable for new markets are also included in these investments.

In 2023 we have accelerated our license, hardware and infrastructure investments and these will come into use in 2024. We will continue such investments in 2024 for the future as well.



For other services we offer, especially ADS solutions, we will accelerate our regional restructuring.

The development of the "multi-cloud" architecture, which enables synchronized operation on multiple cloud systems, has been largely completed and implemented in many of our Partners is planned.

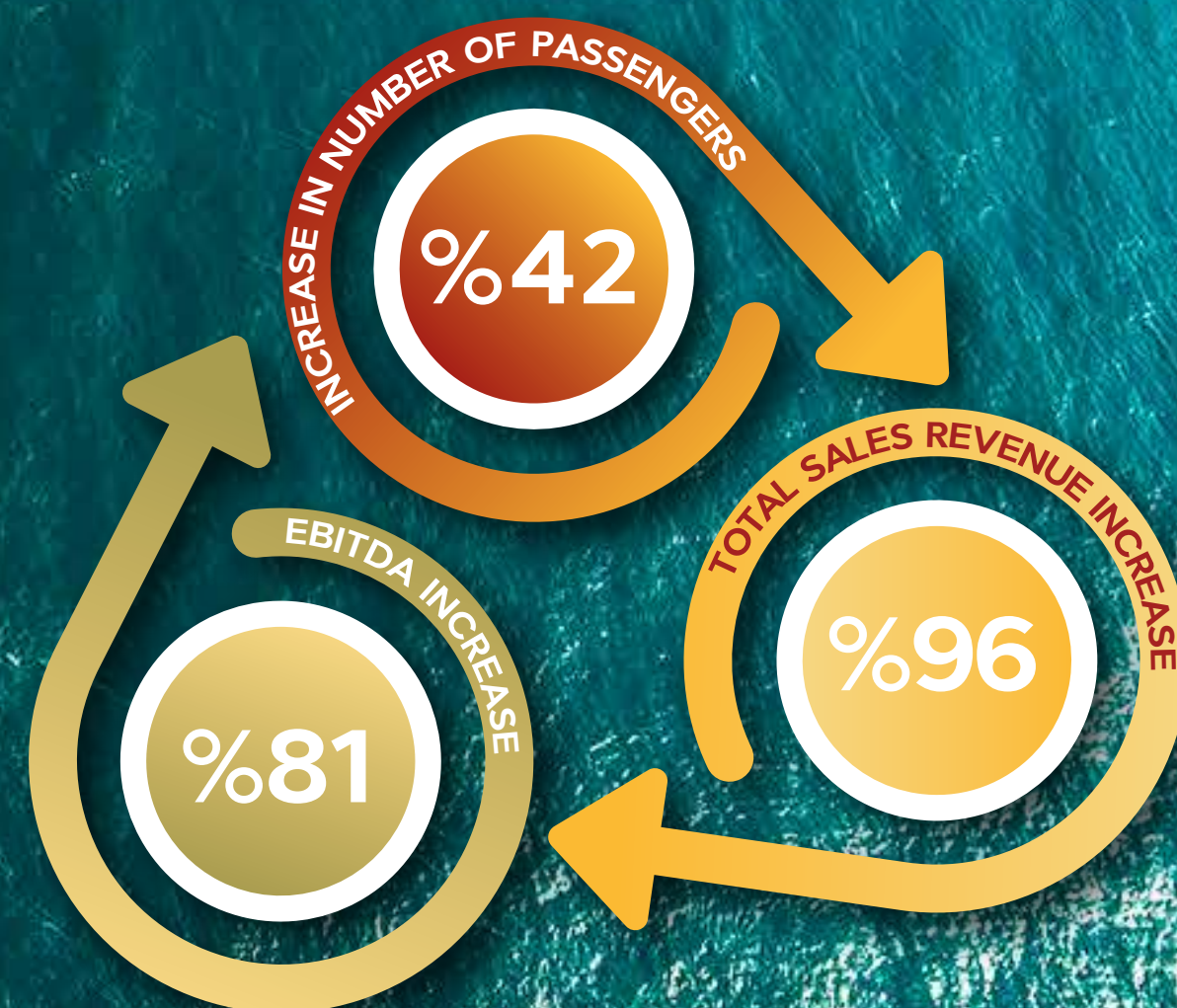


Exporting its services to 6 continents, Hitit targets to further enter new countries and regions as well as increase its market share in the countries where it is already active.

The IPO funds will continue to be spent on the investment items specified in our IPO strategy, with a focus on infrastructure investments. Investments in the Agency Distribution System (ADS), which stands out among the new lines of business for the Company, will be accelerated in 2024. 2023 largely saw ADS complete and mature as a product, and 2024 will bring more focus on global sales and marketing efforts. This will in turn necessitate the strengthening of local sales support networks.



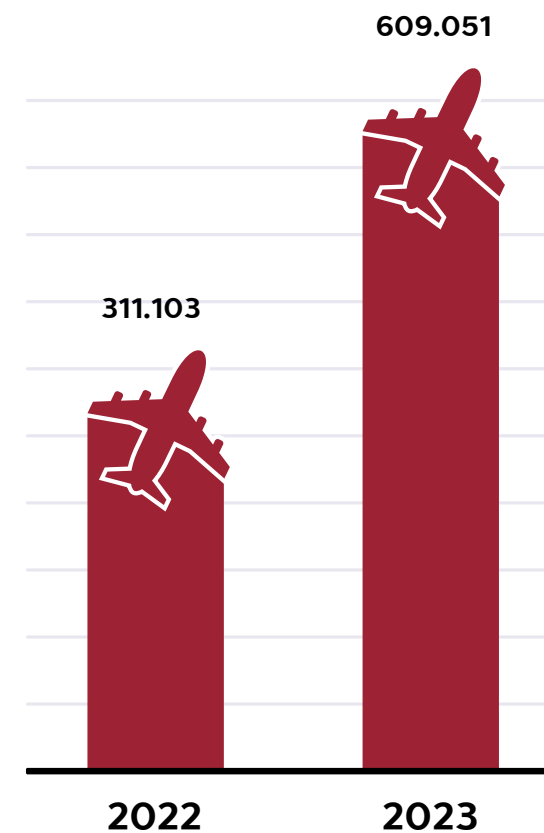
HITIT IN FIGURES



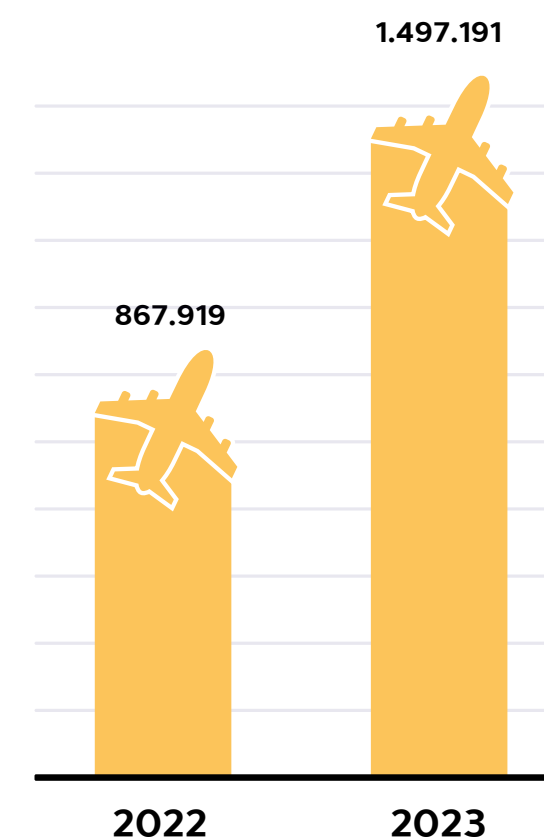
SETTING GOALS SKY-HIGH



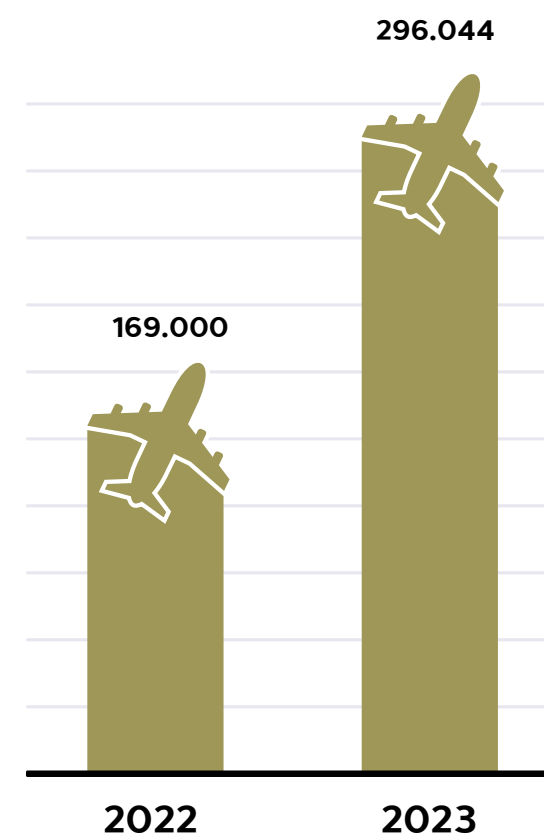
TOTAL INCOME (TRY THOUSAND)



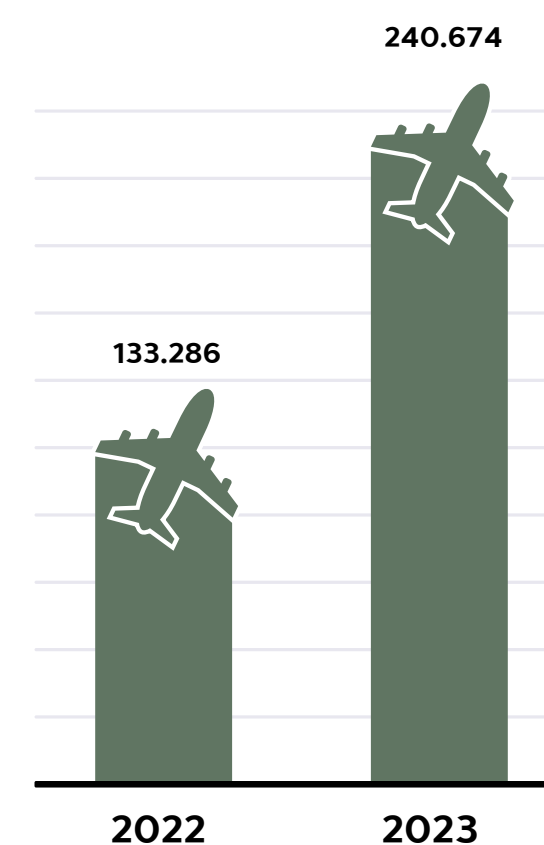
SHAREHOLDERS' EQUITY (TRY THOUSAND)



GROSS PROFIT (TRY THOUSAND)



EBITDA (TRY THOUSAND)



SOARING ON THE WINDS OF SUCCESS

IMPORTANT DEVELOPMENTS REGARDING THE COMPANY'S ACTIVITIES

The financial data in TL for 2023 and 2022 in the following table are based on the data prepared in accordance with the International Financial Reporting Standards ("IFRS").

The company's status with respect to the strategic targets is as follows:

1

2023 compared to the previous year closed the year with an EBITDA of TL 240,673,781, up 81%.

3

Net profit increased by 126% year-on-year to TL 132,168,362.

3

Total assets increased by 70% compared to the beginning of the period increased to TL 1,729,815,596.

5

The Company's Fixed Assets increased by 106% compared to the beginning of the period and amounted to TL 1,349,081,023. On the other hand, depreciation and amortization amounting to TL 437,532,725 was booked.

2

4

Our shareholders' equity increased by 73% compared to the beginning of the period and reached TL 1,497,190,639.

4

IMPORTANT DEVELOPMENTS REGARDING THE COMPANY'S ACTIVITIES

Information on other issues that may give an idea about the results of the Company's operations and forward-looking expectations:

Hitit's financial results for the period January 1, 2023 - December 31, 2023 and the rates of change compared to the previous year are stated in the tables below.

Condensed Consolidated Balance Sheet	31 December 2023	31 December 2022	Change %
Current Assets	741.667.188	460.403.118	61%
Non-Current Assets	988.148.408	556.785.581	77%
TOTAL ASSETS	1.729.815.596	1.017.188.699	70%
Current Liabilities	152.015.305	103.690.676	47%
Non-Current Liabilities	80.609.652	45.579.500	77%
Equity	1.497.190.639	867.918.523	73%
TOTAL LIABILITIES AND EQUITY	1.729.815.596	1.017.188.699	70%

Condensed Consolidated Income Statement	31 December 2023	31 December 2022	Change %
Revenue	609.051.324	311.102.695	96%
Gross Profit	296.043.873	168.999.786	75%
Operating Profit	139.953.414	79.582.756	76%
Profit before finance expense	222.096.562	108.257.942	105%
Profit before tax	172.074.090	72.588.385	137%
Profit for the period	132.168.362	58.544.791	126%
Basic earnings per share	1,0366	0,4592	126%

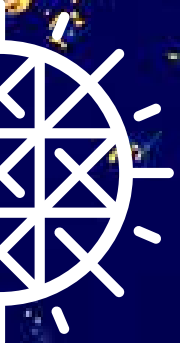
Changes in Financial Position	31 December 2023	31 December 2022	Change %
Financial Liabilities	-	42.584.444	-100%
Cash and Cash Equivalents	218.438.892	57.136.078	282%
Financial Investments	246.873.455	324.842.594	-24%
Net Debt Position (*)	-465.312.347	-339.394.228	37%

(*) Net debt position = Financial liabilities - Cash and cash equivalents - Financial investments

Information regarding the company's direct or indirect subsidiaries and their shareholding ratios:

Our company is the sole direct shareholder of Hitit Saas Turizm Servisleri AŞ., holding 100% of its shares.

UPHOLDING OUR CORE VALUES



OUR ETHICAL PRINCIPLES

We comply with the existing national and international legal rules and in Company regulations in all countries where we have operations. In every country we do business, we act in accordance with the law; where the legislation is unclear, we act in accordance with our Ethical Values and by consulting competent authorities where necessary.

We take part in projects that will contribute to the life and development of the society, believe that education, culture, art and sports are the most important elements in development of the society; support various education, culture, art and sports activities for development of the societies we are part of.

Our Ethical Principles have been adopted and put in place with the Board Decision dated 28.12.2022 and no. 2022/39 and made public on the corporate website of the Company. For implementation of the Ethical Principles effectively, the Ethics Committee was formed to evaluate the complaints and reports in this regard and the matters that will fall within the Ethical Principles objectively, fairly, and in accordance with the objectives specified in rules.

YOUR TEAM

HUMAN RESOURCES

Hitit may be just one of the thousands of technology companies in Türkiye, but it is one of the rare companies creating a sector...

Whether you have just joined the business life or you are at a point advancing in your career; we are sure that giving life to a sector and doing this at the point where the aviation and technology meets will excite you, too, like us.

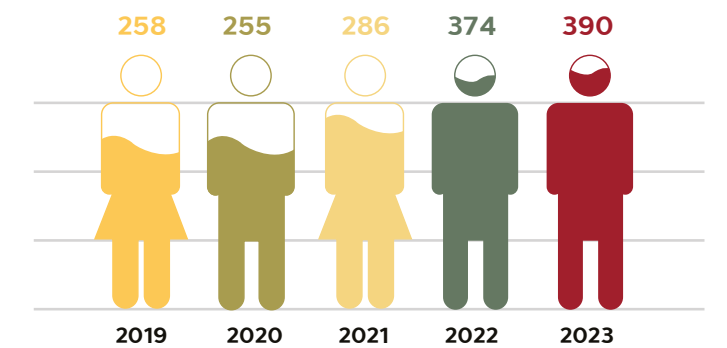
So, what advantages are there in being from Hitit?

- Producing in a manner that is always open to innovation and enjoying the cross-section of two constantly evolving, dynamic, and indispensable sectors.
- Contributing to responsibility projects in a company that produces not only on desktops but also in the streets, and places importance on its social citizenship identity.
- Becoming a member of a family that values diversity and participation.
- Taking pride in creating innovative technologies that impact tens of millions of individuals within a global company that exports services to every corner of the world.
- Taking pleasure in having contributed to the travel adventures of passengers flying all around the world every second!
- Being part of the 3rd largest firm of the world in its field.
- Working in one of the 50 fastest growing technology companies of Türkiye every year!

NUMBER OF PERSONNEL

Total number of personnel working in the Group as of December 31, 2023 was 390. Moreover, it serves with a total of 428 personnel when the consulting staff of 38 people is added.

The rights and benefits provided by the Company to the personnel are wage, severance and notice pays, SSI premiums, individual pension, private health insurance, food, transport, and social activities.



NUMBER OF PERSONNEL

Diversity and Equal Opportunity

Diversity and equal opportunity hold an important place in Hitit's approach to human resources. Hitit, by drawing strength from diversity and differences, forms a strong workforce and supports equality in all areas of work and life, especially gender equality.

Discrimination based on reasons such as gender, race, language, religion, sexual orientation is never allowed among employees of Hitit. Providing dignified working conditions in accordance with the "Universal Declaration of Human Rights" and the "International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work" is among Hitit's priorities. Hitit follows a human resources policy that prioritizes diversity and equal opportunities in recruitment, training and development, performance and career management, compensation, and promotion stages, adhering to technical and personal competence criteria. In this context, 50% of the Board of Directors, 65% of the senior management, and 38% of all employees at Hitit are women. Hitit also supports the participation of disabled individuals in the workforce by meeting the legal quota of disabled employees, with 3% of its employees being disabled.

At Hitit, people from diverse ages and generations work together, and the company also offers equal opportunities and employment to citizens of various countries. In this context, 9% of our employees are foreign nationals, with an average tenure of 4.4 years at Hitit. Employees are allowed to come to the office wearing comfortable clothes (such as jeans, t-shirts, sneakers, etc.) that reflect their personality and cultural characteristics.

Within the framework of the 'Ethical Principles' it has embraced, Hitit also takes into account the following elements in its human resources policies:

- We respect human rights and the dignity of employees, embracing a communication style based on equality and honesty, exhibiting ethical behavior characterized by goodwill and respect, and avoiding actions that undermine dignity and pride.
- We provide a respectful, fair, and dignified work environment that ensures the balance between work and personal life, prioritizing occupational health and safety. Employees must adhere to both legal regulations and Hitit occupational health and safety procedures in this regard.
- We keep abreast of global developments in human resources management, enhancing and improving the working environment in a dynamic manner that meets the diverse needs of sectors and functions, aiming to increase employee loyalty. We do not discriminate based on reasons such as religion, language, race, ethnicity, gender, and sexual orientation in all human resources processes from recruitment to wage management.

NUMBER OF PERSONNEL

- We value the full and effective participation of women in the decision-making processes of economic and social life.
- We operate in compliance with the minimum age provisions specified in the laws and do not employ child labor in our company, affiliated companies, and overseas offices.
- We expect employees to take responsibility and facilitate their participation in the decision-making process when necessary.

Employee Experience

At Hitit, employees have the option to work from anywhere they choose and flexible working hours are implemented. Our employees work from 27 different cities within Türkiye and from 16 different countries worldwide.

Under our flexible working conditions at Hitit, employees can work either from the office or remotely. Employees receive a monthly meal allowance and are provided with private health insurance. Additionally, a daily office arrival bonus is paid to employees who come to the office. Shuttle service is provided to employees who wish to use it. Employees can avail themselves of their legal leave rights as specified by law. In addition to the annual leave rights specified by law, paid leaves such as administrative leave and relocation leave are also provided.

There is a nursing room in the building where Hitit's central office is located. Furthermore, through the fully remote working arrangement, employees can support their infants or relatives who require daily care.

Apart from the facilities provided, employees have the opportunity to engage in various social and sporting activities. Hitit has basketball and volleyball teams that compete in corporate leagues, welcoming employee participation. Furthermore, we encourage employees to take part in nationwide running races organized to raise funds for special causes.

NUMBER OF PERSONNEL

Career Management

Employees are provided with opportunities for career advancement within the company. The Company's Career Management Procedure includes information on both horizontal and vertical career movements.

As part of this, backup plans are developed for all critical positions and managerial roles. Additionally, tailored training plans are implemented to address the skills and competencies required by employees included in the backup plan.



Nearly all current managers have been promoted from within the company. External hiring for managerial positions is only conducted for highly specific needs.

The majority of middle and senior management positions have been filled through internal promotions. Each year, individuals entitled for promotion undergo detailed identification in conjunction with senior management. Announcements are then made at certain intervals to keep all employees informed.

Our employees actively engage in university career days, integral to our HR planning. They have the opportunity to share their work experiences and are encouraged to participate in environments where they can describe their career paths.

Education and Development

In addition to the annual training plan, Hitit provides training opportunities for employees who request to enhance specific skills and competencies through online training platforms or different educational institutions.

Each employee can request the training they desire; requested training sessions are provided to employees within budget constraints, and training opportunities are equally accessible to all employees.

Due to flexible working hours, employees can attend online classes during work hours. Our employees pursuing master's degrees can participate in online or face-to-face classes during their work hours. Flexibility is granted to employees who have not yet graduated from undergraduate programs or are continuing their master's programs.

NUMBER OF PERSONNEL

Additionally, we regularly acquire and provide access to books published by IATA and other important international organizations in our industry. Moreover, we actively encourage and facilitate employees' participation in training sessions and conferences organized by international sectoral organizations



Employees are encouraged to participate in the "Turquality Manager Development Program" offered through the e-Turquality initiative. This program, supported by the Ministry of Economy and in which Hitit is involved, provides leadership training to participants.

Additionally, our middle and senior-level managers receive support through coaching programs

Occupational Health and Safety

Hitit aims to create a healthy and safe working environment in compliance with Law No. 6331 on "Occupational Health and Safety (OHS)," with the goal of promoting a culture of workplace safety.

We are aware that when we can manage hazardous situations and behaviors, workplace accidents can be prevented by 98%. An emergency action plan is prepared for the remaining 2% likelihood of incidents (extraordinary circumstances, natural disasters); emergency teams are appointed and trained accordingly.

To prepare the emergency action plan and identify the risks in our workplace, we conduct risk analysis studies that are continuously monitored. Risk analysis is updated as needed and in accordance with legal deadlines. To monitor these activities and take necessary actions promptly, an Occupational Health and Safety (OHS) Committee has been established. The committee consists of a representative of the employer, a responsible authority from HR/administration, a chief representative from our employees, a safety specialist, and a workplace physician. The committee documents the OHS measures and regulations that must be followed in the workplace as an "internal directive" and ensures they are communicated to employees. Additionally, the committee prepares an annual work plan and meets quarterly to monitor and control activities accordingly.

Furthermore, we prioritize enhancing our employees' safety awareness by offering basic Occupational Health and Safety (OHS) training upon their employment commencement, administered by our OHS specialist and workplace doctor.

Regular health checks are conducted at the start of employment and at regular intervals thereafter, with comprehensive private health insurance coverage provided to all our employees

BUILDING A BETTER WORLD



SUSTAINABILITY

While growing with firm steps over the years, we use part of our income to give it back to society. From this point of view, our consciousness of social responsibility we have built on the basis of sustainability is embedded in our DNA. We are strengthening our corporate capacity by making the transition to a sustainable economy one of our main targets, and integrating our environmental, social and governance (ESG) strategies into our company evaluations.

We rapidly adapt to the changes occurring on a global and local scale; make real a sustainability understanding that is shaped with commitment to society, environment, legislation and ethical principles. While we do businesses that will provide benefit for today's society on the one hand, we adopt an understanding paying regard to the needs of the future generations on the other hand. We aim to embrace the culture, history and social heritage left to us, act in equality and integrity in the global arena we serve in and convey this heritage from generation to generation.

At Hitit, we are dedicated to contributing to the Net Zero target aimed at mitigating the greenhouse gas emissions resulting from our operations and addressing the factors contributing to climate change induced by global warming. Recognizing that the achievement of "Net Zero" is contingent upon international collaboration, we consistently monitor our corporate carbon footprint analysis in collaboration with expert institutions. This approach aligns with the objectives outlined within the United Nations Framework Convention on Climate Change. As a tangible outcome of these initiatives, we persistently strive to align our operations seamlessly with the Net Zero target. In 2023, in line with the projects we started to carry out with expert consultancy firms, we carry out the assessments of our Company in the areas of both carbon emissions and wider environmental impact footprint in line with national and international standards. In addition to the active ongoing efforts to evaluate our Scope 1 and Scope 2 data, we act in cooperation with our Partners to accurately determine Scope 3 data.

Environment and Waste Management

Waste such as plastic, paper and batteries generated at our head office in Istanbul Technical University Teknokent are collected for recycling and sorted with appropriate codes in cooperation with Teknokent Management. After this process, the relevant wastes are included in the recycling processes in cooperation with Sarıyer Municipality teams. As a technology company, we also continue to work on the recycling of electronic waste generated during our activities. Through Sarıyer Municipality, our electrical and electronic equipment waste is recycled appropriately.

We are also taking steps to reduce carbon emissions, and our company vehicle has been converted from a fossil fuel vehicle to a hybrid engine option to consume less fossil fuel. Our goal is to use our company vehicle as 100% electric in the coming period. We also encourage our employees to work remotely by making our business organization location independent. This has significantly reduced the use of shuttle services for office transportation and significantly reduced carbon emissions.

SUSTAINABILITY

Our Sustainability Focus Areas and Activities in line with the UN Sustainable Development Goals

We carry out our activities in line with the United Nations' Sustainable Development Goals (UNSDGs), in a manner that touches and benefits to these objectives. In this framework, we believe that we make difference in the fields of sports, healthy life, environment, education, gender equality, with the projects targeting different segments. All activities conducted in alignment with the UNSDGs and centered on sustainability are implemented as seamlessly integrated processes involving employees, extending beyond mere adherence to company policies. At Hitit, our employees actively engage in various voluntary initiatives, demonstrating their commitment to individually contributing to the attainment of the Company's sustainability objectives. Recognizing the pivotal role of employee involvement in social responsibility endeavors, Hitit places a high priority on encouraging and facilitating such participation. The active support and ownership demonstrated by our employees are acknowledged as crucial factors contributing significantly to the continuity and sustainability of our projects.

a. Environment

At Hitit, we are actively engaged in reducing our corporate carbon footprint to align with the Net Zero target outlined by the Paris Agreement. To achieve this objective, we conduct comprehensive measurements of our corporate operations in accordance with the Global Reporting Initiative (GRI) standards, collaborating with expert institutions. Our focus is on developing sustainable solutions that adhere to these standards. Furthermore, in our commitment to social responsibility, we actively participate in projects and establish partnerships aimed at contributing to environmental well-being. As part of our dedication to addressing significant environmental challenges, we support the Diامر Basha and Mohmand Dams fund, addressing the critical issue of water resource scarcity.

In tandem with our corporate donations, we prioritize environmental initiatives through partnerships with organizations such as the TEMA Foundation. Our efforts are directed towards supporting the goals of Climate Action, Clean Water and Sanitation, and Sustainable Cities and Communities, reflecting our commitment to a sustainable and responsible corporate approach.

Hitit's commitment to environmental sustainability extends to our Research and Development (R&D) initiatives. In Hitit's software solutions, our Crane Cost Accounting solution (Crane.CA) stands out in the field of accounting. This solution includes advanced carbon emission tracking and optimization features that have been rigorously developed in accordance with the guidelines set by Carbon Offsetting and Reduction for International Aviation (CORSA) published by the International Civil Aviation Organization (ICAO).

These integrated functionalities enable our Partners to precisely measure emissions from their operations. They also facilitate strategic decision-making by allowing optimal fleet/aircraft assignments, route planning and scheduling aimed at minimizing environmental impact. This important development allows airlines to proactively reduce their environmental footprint, adapt to sustainable practices and contribute to the aviation industry's overarching commitment to sustainability. In addition to our R&D efforts, we collaborate with TEMA Foundation to ensure that donations for both employee and corporate purposes are in line with sustainability principles. Our preference for afforestation activities as part of gift giving reflects our commitment to making a positive impact on the environment.

SUSTAINABILITY

b. Education

Believing that education in equal conditions is the most fundamental right of all children, Hitit constantly supports the efforts to that effect with its projects in the field of education. Providing regular support to schools lacking many possibilities due to the income inequality in the society, Hitit meets the needs of the educational institutions at elementary-secondary and high school levels. Further, apart from the collaborations we make with the universities and the scholarships we provide, we teach classes and carry out academic collaboration about aviation and technology we are involved in. We are working to ensure that vocational high school students, who have difficulty in finding qualified jobs, become employable in the field of airline software by improving their basic technical skills. In addition, we are trying to contribute to the goal of Quality Education and Reducing Inequality, which is one of the UNSDGs, with the support we give to Darüşşafaka.

In our Corporate Social Responsibility project, "Rackets Up," we prioritize the enhancement and sustainability of education. This is achieved by introducing table tennis training in schools, following the provision of table tennis coaching training to teachers. Simultaneously, we address the digital divide by donating outdated equipment to support students in need, ensuring they have access to quality tools for their education. Through these micro-projects, which facilitate the beneficial recycling of the company's old equipment, we fulfill the computer requirements of schools, contributing positively to society.

c. Health

We actively take part in projects in the field of health for all age groups, particularly children, support the Pakistan Private Health and Rehabilitation Center affiliated to the Al-Shifa Trust association, which provides treatment and rehabilitation services for children with special conditions. Moreover, by encouraging healthy life within our own ecosystem, we support our employees with healthy nutrition and "well-being" seminars in addition to our teams in the sports branches, and thereby, we strive to achieve the goal of Healthy Individuals among the UNSDGs.

d. Gender Equality

Beyond setting an example not only for Türkiye but also for the world in terms of equal opportunities for men and women in the business life, we both reflect this approach to in-company HR practices and take responsibilities actively through NGOs. We train women in the field of STEM (Science, Technology, Engineering and Mathematics) through the associations and platforms such as the Woman in Technology Association (Wtech) and Sales Network. We try to prioritize young women in internship and recruitments, contribute to their development by providing mentoring and scholarship opportunities. In this context, we are supporters of the "100 Women Leaders in Technology on the Centennial of the Republic" project initiated by wTech, aiming to provide more qualified training and mentoring opportunities.

With our CSR project Rackets Up, we are working to ensure equal participation of girls and boys in sports. Our most important initiative in the sectoral field in regard to gender equality is that we are a supporter of IATA's 25by2025 initiative. We are trying to contribute to the goal of "Gender Equality" and "Reduced Inequality" among the UNSDGs with these actions sincerely believing in diversity, equality, inclusiveness, and presence of women in business life.





SUSTAINABILITY

e. Sports

In addition to the studies and projects Hitit carries out for different segments of the society and different fields, we aim to provide equal access to sports for children with the social responsibility project "Rackets Up". In addition, with our belief that Türkiye can make a difference on global platforms in table tennis, we strive to contribute to the United Nations Sustainable Development Goals of "Good Health and Well-Being" and "Reduced Inequality" by supporting amateur and individual athletes. Hitit also supports sports in its human resources policies and offers its employees opportunities to encourage team spirit in sailing, basketball, and volleyball branches. We also support cycling, another sport that supports our goal of a clean society as it does not cause carbon emissions.



Furthermore, we actively endorse our employees' engagement in various sports activities, notably participating in running competitions held throughout Türkiye, where funds are raised for charitable purposes. This collective commitment reflects our corporate encouragement for individual initiatives aimed at contributing to a more positive global impact.

Additionally, we proudly extend our corporate support to cycling—a sport renowned for its minimal carbon footprint, absence of air pollution, and commitment to environmental sustainability. In this context, by sponsoring AG Training, we are aligning our corporate values with initiatives that promote a healthier and environmentally conscious lifestyle.



OUR SOCIAL RESPONSIBILITY PROJECTS FOR A SUSTAINABLE WORLD

Hitit operates with the awareness of fulfilling its duty to society by translating its contributions to the business world through technology. The company undertakes numerous projects aligned with the UN Sustainable Development Goals. By executing initiatives targeting various segments, Hitit engages in a wide spectrum of activities encompassing sports, health, environment, welfare, education, and gender equality.

OUR SOCIAL RESPONSIBILITY PROJECTS FOR A SUSTAINABLE WORLD

Gender Equality

As a company established by female entrepreneurs, where women amount to 50% of the Board of Directors, 65% of the senior management and 38% of the employees, we set an example not only for Türkiye but also for the world in equal opportunities for men and women in the business life.

As the signer of the 25by2025 initiative launched by the International Air Transport Association (IATA), which we are a member of, in order to ensure the gender balance in the aviation sector, we are actively carrying out the activities on this global platform that set an example to the sector.



We actively participate in the studies of the Women in Technology Association (wTech) that we are a member of. We actively contribute to the wTech that is pursuing its studies in the framework of sustainability, education, and research-measurement focus. In this respect, we became the Education Sponsor of the program Leading Women in Technology. Within the framework of the program, we provided trainings to young women in different provinces of Türkiye in the field of technology until June 2023. Within the scope of this project, we will ensure that young women studying in the STEM field receive more qualified training and mentorship.

OUR SOCIAL RESPONSIBILITY PROJECTS FOR A SUSTAINABLE WORLD

Education

With our belief that education in equal conditions is the most fundamental right of all children, we constantly support the efforts to that effect with our activities in the field of education. We organize projects for schools lacking many possibilities due to the income inequality in society and meet the needs of the educational institutions at elementary-secondary and high school levels. We provided material and moral support to the teams and mentoring to the students in robotics contests organized both in Türkiye and abroad.

Further, in addition to the collaborations we make with the universities and the scholarships we provide, we teach classes and carry out academic collaboration on the subjects of aviation and technology. Additionally, we initiate projects targeting vocational high school students who face challenges in securing quality employment. These projects aim to enhance their fundamental technical skills, enabling them to pursue opportunities in the field of airline software. As an extension of these initiatives, we provide internship opportunities within the company for participating students.

Environment

We place importance to engage in activities in the field of environment for a sustainable future. We are among the supporters of the Diemer Basha and Mohmand Dams fund against the water supply problem, one of the greatest environmental threats and hazards of today.

As an activity also in the field of sustainability, we carry out analyses and studies to be able to better identify and manage our own environmental impact and sustainability footprint. Moreover, within the framework of the "Carbon Offsetting and Reduction Scheme for International Aviation – CORSIA" standards prepared by the United Nations International Civil Aviation Organization, we ensure that the Partner airlines follow up and manage their carbon releases and we continue the regular improvement of software solutions.

Health

Hitit develops projects and contributes to ongoing initiatives in Türkiye and abroad in alignment with the UNSDG's "Good Health and Well-Being" goal. Hitit actively participates in health and healthy living incentives for all age groups, with a particular emphasis on initiatives tailored for children.

Hitit pays attention to being involved in health supports for all age groups, but especially children. Regularly donating to the Pakistan Private Health and Rehabilitation Center affiliated to the Al-Shifa Trust association, which provides treatment and rehabilitation services for children with special conditions, Hitit supports the procurement of medicines, physical therapy materials and special education equipment for the children whose treatment is continuing there. Besides this, the association's website that is prepared free of charge by Hitit is under constant development. One of the primary goals of Rackets Up, Hitit's CSR project, is to promote healthy living. To achieve this objective, Hitit encourages children and young people to develop healthy life skills in a professional environment by engaging them in table tennis activities.



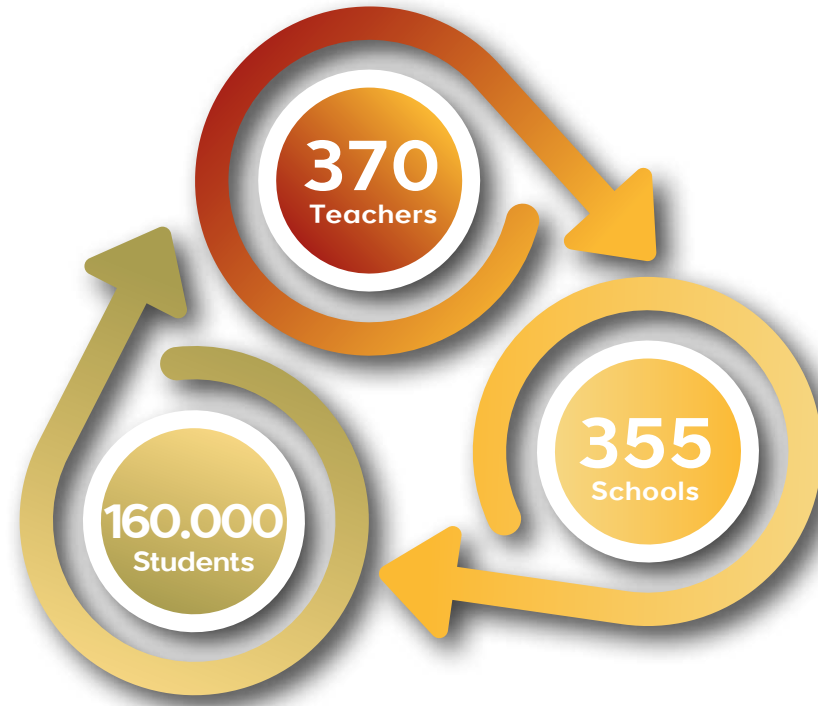
RACKETS UP

In 2018, we brought into action the Rackets Up project, the first sustainable social responsibility project of Türkiye in the field of table tennis. Setting out from the mission of making the table tennis accessible by the lower segments of the public, keeping young people away from bad habits and bringing them together with healthy life and sports, we are working in cooperation with the Turkish Table Tennis Federation.

Volunteer teachers serve as trainers in the project where schools in need are determined on province, district and village basis and the table tennis equipment is provided. The training process of the students is started by teachers who received trainer certificate with the professional training provided by the Turkish Table Tennis Federation. One of the most important targets of the project is to discover and support the young talents in the field of table tennis and raise sporters who will represent our country in the world in this field.

RACKETS UP

In a project that integrates equipment support with professional table tennis coaching, we have delivered professional training to over 160,000 students across 355 schools in Çorum, Isparta, Trabzon, Şanlıurfa, and Sakarya. By the end of 2023, 370 teachers have undergone table tennis coaching training. Our commitment to table tennis extends further as we support young players and provide sponsorship for international friendly matches involving talented individuals aspiring to excel in the sport.



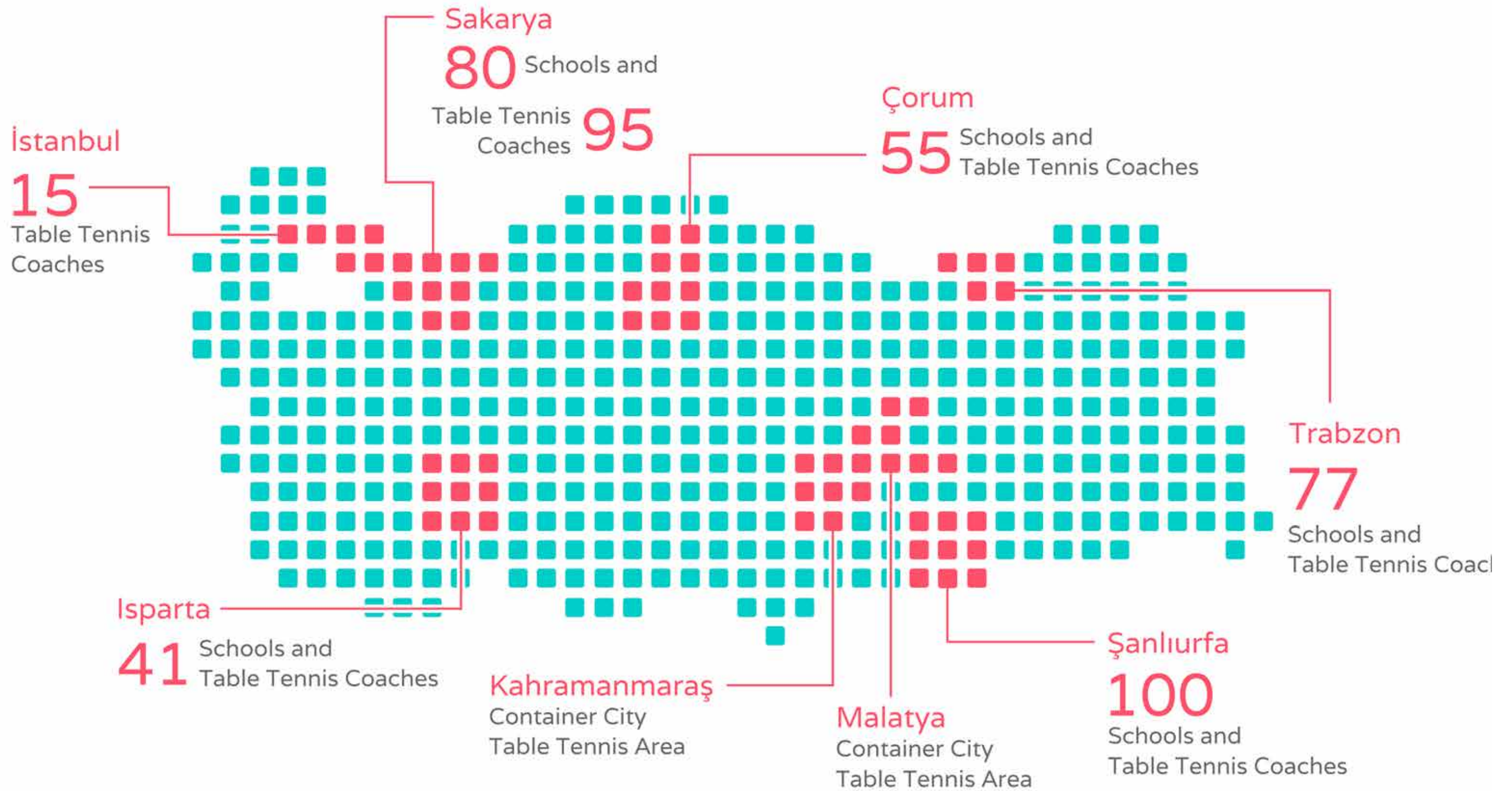
RACKETS UP



Additionally, following the earthquake on February 6, we extended our efforts to the table tennis realm within the earthquake zones. We expanded the "Rackets Up" social responsibility project to cities affected by the earthquake, ensuring that children impacted by the seismic event benefit from the therapeutic power of sports. In Kahramanmaraş and Malatya, we established specialized table tennis areas in container cities and temporary accommodation centers, delivering consistent and professional table tennis training with the collaboration of the Turkish Table Tennis Federation.



RACKETS UP



ANTICIPATING RISKS, DETAILING STRATEGIES, EXECUTING PLANS



RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board of Directors creates risk management and internal control systems capable of reducing the risks that might affect the Company's beneficiaries, notably the shareholders.

By virtue of the decision adopted at Board Meeting of the Company dated 05.04.2022, in order to ensure the compliance with article 378 of the Turkish Commercial Code No. 6102 and the CMB's Corporate Governance Communiqué and the effective functioning of the committees within the Board of Directors, an Early Risk Identification Committee was established to carry out activities for the purpose of early identification of the risks that may endanger existence, development and continuity of the company, implementation of the necessary measures regarding the risks identified, and management of the risks, and its principles of establishment and working were made public on the corporate website of the Company.

The Early Risk Detection Committee makes recommendations and proposals to the Board of Directors related to early detection, assessment, and calculation of the impact and likelihood of any risks that may affect the Company, management and reporting of these risks, taking of necessary measures related to mitigating the impact and probability of the risks detected, and creation of effective internal control systems accordingly.

The Company has created a risk assessment methodology procedure as required by the certifications it is subject to within the framework of its activities. This procedure is implemented by the IMS - Integrated Management System that has also been created within the same framework.

The Company identifies its assets, the threats against these assets, the probability and impact of these threats, for all units within itself. It monitors these assets with the topics of privacy, integrity and accessibility. All units update the risk assessment again on an annual basis and plan necessary new measures because of the assessments.

The Company has secured financial losses and business interruptions that might occur with the professional liability insurance against the residual risks remaining after the controls were performed.

Internal Control

An internal control mechanism was created within the Financial Affairs and Procurement department. The processes impacting the company's income and expenses are assessed in terms of income maximization, expense minimization, compliance with the financial and legal legislation; effective informing is provided to the senior management in respect of timing and content through regular reporting on resource usage control, receivables, payments and profitability analyses.

The Financial Affairs and Procurement Department fulfills recording, control, financial resource planning and reporting functions as well as ensuring the continuity of the resources for the Company to sustain its operational activities, ensuring the legislation compliance for new structuring and all kinds of contracts, and similar operational support processes, and takes part with its activities in the strategic decisions and plans of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is subjected to full certification audit by Ünit Yeminli Mali Müşavirlik and to independent audit by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Furthermore, it is subjected to regular ISO27001 Information Security Management System, ISO 27701 Personal Data Management System and ISO9001 Quality Management System, ISO20000 Service Management System within the scope of E-Ticket / E-Invoice Integrator, and ISO 22301 Business Continuity Management System audits for the certifications that are basis for the services it carries on, and the certifications are regularly audited and renewed by TÜV Austria Türk, an accredited certification firm on these standards. In 2023, the transition to ISO 27001:2022 version was made and ISO 27017 Cloud Security Management System Certification studies were carried out and successfully obtained.

Personal Data Protection Law (KVKK) compliance has been improved in national and international (GDPR) areas. In this context, Hitit proves that it applies not only the personal data protection laws to which it is subject, but also the internationally recognized security controls required for the protection of personal data with ISO 27701 certification and verifies it through audits.

Structures conforming with the PCI DSS (Payment Card Industry Data Security Standard) have been created and are being operated. In addition, in order to provide the assurance that all management system expectations are satisfied, Hitit has conducted ISAE 3402 study, audited by KPMG and received the SOC1 Type 2 report successfully.

Within the scope of all these certifications, Hitit has taken and is implementing all security measures required in every field of cyber security. Controls are performed by conducting security intrusion and vulnerability scan tests periodically to verify the effectiveness of these security measures. Follow-ups on possible findings were transferred to the Service Management System, increasing follow-up efficiency.

Continuity and disaster recovery plans have been prepared and are implemented for ensuring business continuity.

These plans are periodically tested to make sure that they are ready to be implemented when necessary.

LIMITS OF AUTHORITY OF THE BOARD MEMBERS

The Chairman and Members of the Board of Directors have the authorities specified in the relevant articles of Turkish Commercial Code and articles 7 and 8 of the Company's Articles of Association.

FINANCIAL RIGHTS GRANTED TO MEMBERS OF THE MANAGING BODY AND SENIOR EXECUTIVES

In the 2023 accounting period, total wages and benefits provided to the Company's Independent Board Members amounted to TL 588,309. Total wages and benefits provided to the Company's Senior Executives* amounted to TL 21,111,085. (* Directors leading business units are also included).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

04.03.2022 In connection with completion of the capital increase transactions within the framework of the Capital Market Law and the secondary regulations of the Capital Markets Board as the shares with a nominal value of TL 27,500,000.- increased as a result of the public offering at the Company's Board of Directors meeting dated 04.03.2022 and no. 2022/07 within the framework of the conditions specified in the Prospectus set and their amounts have been paid in cash and in full; amendment of article 6 of the Company's articles of association concerning the capital and titled "Capital and Type Shares" has been found appropriate by the Capital Markets Board, registered on 07.04.2022, and announced in the Turkish Trade Registry Gazette dated 07.04.2022 and no. 10554.

A KEEN EYE FOR UNFORESEEN RISKS



COMMITTEES OF THE BOARD OF DIRECTORS

COMMITTEE WORKING PRINCIPLES

Committees Formed within the Board of Directors

The Company's Board of Directors has decided within the framework of the Capital Markets legislation to establish the Audit Committee, Corporate Governance Committee and Early Risk Detection Committee and to adopt their duty and working principles in this framework, and that taking into account the structure of the Board of Directors of the Company, the fulfillment of the duties prescribed for the Nomination Committee and the Remuneration Committee as per the Capital Market legislation as well as the authorities, duties and responsibilities regarding the Sustainability Policies and Procedures be assigned to the Corporate Governance Committee, which shall be constituted as follows.

As per Corporate Governance Principal no. 4.5.3, all of the members of the Audit Committee as well as the presidents of the other committees are elected from among independent Board members. Also, in accordance with the Principles, Chairman of the Company's Board of Directors/CEO does not take part in the committee.

The Board of Directors provides any resources and support necessary for the committees to fulfill their duties effectively. The committees may invite the people they deem necessary to their meetings and obtain their opinions. Moreover, they may benefit from the independent expert opinions on the matters they deem necessary regarding their activities. The fees of the consultancy services needed by the Committees are borne by the Company.

Committee Working Principles of our Company are available at the link <https://hitit.com/tr/yatirimci-iliskileri/kurumsal-yonetim#committees>.

CORPORATE GOVERNANCE COMMITTEE

Monitoring the compliance with the Company's Corporate Governance Principles in accordance with the Capital Markets Legislation and the guidelines contained in the Capital Markets Board Corporate Governance Principles, undertaking improvement efforts and making suggestions to the Board of Directors in this regard, are the duties of the Corporate Governance Committee.

The Corporate Governance Committee convenes in the cases where it deems necessary. The Committee meetings may be held either by the members' gathering, or through technological communication means. The timing of the committee meetings is, as far as possible, in line with the timing of the board meetings. Taking into account the structure of the Board of Directors of the Company, the authorities, duties and responsibilities regarding the fulfillment of the duties prescribed for the Nomination Committee and the Remuneration Committee has been left to the Corporate Governance Committee by the Communiqué.

Corporate Governance Committee

Role	Name Surname	Principal Duty
President	Günseli TARHAN	Independent Board Member
Member	Ali UZUN	Board Member
Member	Sezer Tuğ ÖZMUTLU	Chief Officer - Financial Affairs and Purchasing - CFO
Member	Figen DÖNDER	Chief Officer - Human Resources
Member	Hülya YILDIRIM	Investor Relations Department Manager

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee is responsible for the quality and accuracy of the Company's financial statements and relevant remarks, the implementation and effectiveness of the Company's accounting system, qualifications and independence of the independent auditors, election of the independent audit company, approval and review of the contract between the independent auditor and Company, functioning and effectiveness of the independent audit system of the Company and providing assistance to the Board of Directors for its supervision on the effectiveness of the internal audit. The Audit Committee consists of at least two members elected by the Board of Directors from among the independent Board members.

The president of the Audit Committee is determined by the Board of Directors. Attention is paid to select as the President of the Committee a person who has served in a similar duty previously, has the knowledge to analyze the financial statements, has a good command of the accounting standards, and is highly qualified. The Audit Committee convenes four times a year, being at least quarterly.

The Committee meetings may be held either by the members' gathering, or using technological communication means. Attention is paid for the timing of the committee meetings to be as far as possible in line with the timing of the board meetings. Decisions taken at the committee meetings are put into writing. The decisions signed by the committee members are maintained in a regular manner. The committee presents to the Board of Directors its findings and recommendations in relation to its own scope of duties and responsibilities.

Audit Committee

Role	Name Surname	Principal Duty
President	Günseli TARHAN	Independent Board Member
Member	Turgut GÜRSOY	Independent Board Member

EARLY RISK DETECTION COMMITTEE

The main objectives of the Early Risk Detection Committee that will work under the Board of Directors are to support the Board of Directors in regard to:

- Early detection of strategic, operational, financial, legal and any other risk that may endanger the Company's existence, development and business continuity,
- Determination of the Company's corporate risk taking limits, and management and prevention of the detected risks appropriately by assessing them,
- Assessment and prioritization of the risks going beyond the corporate risk taking limits according to their impact and probabilities,
- Carrying out studies for the purpose of determination and implementation of the necessary measures regarding detected risks and the management of the risk.

Committee members should have sufficient commercial experience and sector expertise in order to estimate, understand and assess the risks they may encounter in the areas where the Company and its affiliates are doing business. The Early Risk Detection Committee convenes at least four times a year, being once every two months. The Committee meetings may be held either by the members' gathering, or through technological communication means. The timing of the committee meetings is, as far as possible, in line with the timing of the board meetings.

COMMITTEES OF THE BOARD OF DIRECTORS

Decisions taken at the committee meetings are put into writing. The decisions signed by the committee members are maintained in a regular manner. The committee is obliged to report its findings and recommendations in relation to its own scope of duties and responsibilities and present them to the Board of Directors. A report is drawn up, signed and filed by the Committee at the end of every meeting or at least 6 times a year, and the Committee President informs the Board of Directors of their activities. This report assesses the situation, presents the committee meeting outcomes that point out the dangers, if any, and show the remedies, and notifies the committee meeting summary to the Board members in writing. The Committee sends the report to the Company's Independent Auditor. Unless invited by the Committee president, no one other than the Committee members may participate in the Committee meetings.

Early Detection of Risk Committee

Role	Name Surname	Principal Duty
President	Turgut GÜRSOY	Independent Board Member
Member	Dilek OVACIK	Vice Chairwoman of the Board of Directors
Member	Şükriye Nevra Onursal KARAAĞAÇ	Chief Officer – Sales and Marketing - CMO

Evaluation of the Board of Directors on the Committees

In 2023, all of the Committees of the Board of Directors have performed their duties and responsibilities that they are required to perform in accordance with the Corporate Governance Principles and Committee Working Principles, and have operated effectively. The Committees have submitted to the Board of Directors their reports containing information on their work, and the outcomes of the meetings they held during the year.

According to these meetings:

- The Corporate Governance Committee, taking into account the degree of achievement of the criteria used in remuneration, has submitted its proposal for the Company's personnel remuneration for the year 2024 to the Board of Directors.
- The Audit Committee established for the supervision of the Company's accounting system, public disclosure of financial information, independent audit, functioning and effectiveness of internal control and internal audit system of the Company has presented all its opinions and suggestions on the matters it is responsible for.
- The Early Risk Detection Committee has carried out its studies within the framework of the Risk Management Approach compliant with the law, legislation, contracts, standards and good practices for the purpose of early identification of the risks that may endanger existence, development and continuity of the Company, implementation of the necessary measures and remedies for these risks and management of the risk.

It has categorized the risks in order to further systematize the management of probable risks of the Company and the sector we are engaged in, and submitted the Risk Committee Assessment Report to the Board of Directors.

INVESTOR RELATIONS AND SHARE PERFORMANCE

Investor Relations and Share Performance

Investor Relations Division affiliated to the Company's Financial Affairs and Procurement Department was formed to ensure the communication with the investors.

Investor Relations Division

Within the framework of the provision of article 11 of the Corporate Governance Communiqué of the Capital Markets Board no. II-17.1 and the resolutions; the Investor Relations Division affiliated to the Chief Officer of Finance and Procurement was formed to carry out the duties of:

- Ensuring that correspondences exchanged between the investors and the company, and other information and documents, are kept in a proper, secure and current manner;
- Answering the written information requests of the corporation's shareholders regarding the corporation;
- Preparing documents which need to be made available to shareholders for information and review in relation to the General Assembly Meeting, and taking measures to ensure that the General Assembly meeting is held in accordance with the relevant legislation, the articles of association and other internal regulations;
- Observing and monitoring that obligations arising from the capital markets legislation, including any issue related to corporate governance and public disclosure are fulfilled;
- Preparing a report and submitting it to the Board of Directors at least once a year;

by the decision of our Company dated 25.08.2022 and no. 2022/30, and Ms. Hülya Yıldırım was appointed as Investor Relations Division Manager, and in this context, as "Corporate Governance Committee" member as per the legislation.

Position	Name Surname	Name Surname Type of License Certificate	License Certificate No
Yatırımcı İlişkileri Bölüm Yöneticisi	Hülya YILDIRIM	Sermaye Piyasası Faaliyetleri Düzey 3 ve Kurumsal Yönetim Derecelendirme Lisansı	923803-925217

Investor Relations Unit Contact Information:

Address: Reşitpaşa Mah. Katar Cad. No:4/1 Arı Teknokent 2 Interior Door No: 601 34469/
Maslak - Sarıyer, İstanbul, Türkiye

Tel: (+90) 212 276 1500

E-mail address: investor@hititcs.com

In 2023, a total of 65 meetings were held with investors and analysts by phone, video conference or face-to-face in order to provide detailed information about the Company's activities.

SHARE PERFORMANCE

	2023
Public Offering Price (TRY)	12,25
Lowest Price (TRY)	20,26
Highest price (TRY)	70,00
End of Year Price	56,95
Issued Capital (TRY Mn)	127,50
Market Capitalization (TRY Mn) - Year-end	7.261,00
Market Capitalization (US\$ Mn) - Year-end	246,00

In 2023, Hitit's share price gained 105% in value, while the BIST 100 Index 36% increase.

02 January 2023 - 31 December 2023 Weekly Price Movements





SUSTAINABILITY COMPLIANCE DECLARATION

The shares of our Company started to be traded on Borsa İstanbul AŞ Star Market in the first half of 2022, and it is obliged to make the declaration of compliance with the sustainability principles within the framework of the decision of the Capital Markets Board dated 23.06.2022 and no. 34/977, beginning from the sustainability reports containing the data of 2023.

In this framework, our Company will make the declaration of compliance with the sustainability principles as of the accounting period 2023, adopted and made public the Sustainability Policy by the Board decision dated 18.04.2022, and assigned the Corporate Governance Committee for following up the developments concerning Sustainability in Türkiye and the world, conducting studies to set the policies and procedures within the Company, presenting its opinions and suggestions, reviewing the sustainability management, policy, procedures and effectiveness at least once a year to ensure that sustainability is driven rapidly, effectively and healthily within the Company.

Within this framework, Hitit takes global and local sustainability principles as a guideline within the scope of the goal of "A Good and Sustainable World" and advances its activities in this direction. Hitit, which strives to realize its duties in achieving a good and sustainable world by designing projects with the awareness of being a corporate citizen, has determined the Capital Markets Board (CMB) Sustainability Principles Compliance Framework and the 17 goals declared by the United Nations as Sustainable Development Goals as its corporate scope. In this context, Hitit continues its activities in a wide spectrum such as sports, healthy living, environment, welfare, education and gender equality. Our Company, which will be obliged to publish a sustainability report by 2025 as required by the legislation, has accelerated its efforts in this direction and plans to publish its Sustainability Report in 2024, as it has made it one of its main goals to ensure the transition to a sustainable economy not only within the scope of social responsibility projects but also in its commercial operations.

2022 Corporate Carbon Footprint report has been measured by globally recognized institutions in its field, Hitit aims to calculate and gradually reduce greenhouse gas emissions arising from its operations and aims to direct both commercial and social responsibility activities in this direction. The Company's Sustainability Principles Compliance Report, which was prepared in accordance with the formats specified by the CMB Decision No. 34/977 dated 23.06.2022 and approved by the Company's Board of Directors, is included in the annual report (pages 102-115), and the relevant documents are also available on the Company's page on the Public Disclosure Platform.

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
A1.1. The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.		X			Compliance with the mandatory and a number of voluntary principles of Corporate Governance has been achieved and we continue to work on environmental and social issues.	https://hitit.com/themes/hitit/documents/kurumsal-yonetim-komitesi-gorev-ve-calisma-esaslari.pdf
A1.1. The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.		X			In accordance with the legislation, our Sustainability Policy and Human Rights Policy under our Ethical Principles have been submitted to the Board of Directors and disclosed to the public, and our work on EMS policies continues.	https://hitit.com/themes/hitit/documents/surdurulebilirlik-politikasi.pdf
A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.		X			The Company disclosed its ESG Policies in the 2022 Annual Report and the 2023 Annual Report, which includes this report.	" https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf 2023 Annual Report–P.76-89
A2. Implementation/Monitoring						
A2.1. The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.		X			Currently, these activities are carried out under the Corporate Governance Committee. A separate committee is planned to be established in the future.	https://hitit.com/themes/hitit/documents/duties-and-working-principles-of-the-corporate-governance-committee.pdf
A2.1. The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.		X			Sustainability activities are reported to the Board of Directors once a year by the Corporate Governance Committee and disclosed to the public in the Annual Report.	2023 Activity Report – St.76-89"

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A2. Implementation/Monitoring (More)						
A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.		X			The Company's ESG implementation principles are disclosed in the 2022 Annual Report and the 2023 Annual Report, which also includes this report. Our work on the subject continues.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf 2023 Annual Report–P.76-89
A2.3. The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.			X			
A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	X				These activities are included in the 2022 Annual Report and on the Company website under the Press Release and Blog posts tabs. Our work on the subject continues.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/tr/haberler/blog/inovasyon-sosyal-sorumluluk-ve-cinsiyet-cesitligi-ile-havacilikta#
A3. Reporting						
A3.1. The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X				The Company's sustainability-related actions and targets are included in the 2022 Annual Report and 2023 Annual Report, including this report, and information is also available on the Company's website.	" https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/tr/hakimizda#social-responsibility 2023 Annual Report–P.76-89
A3.2. The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X				The Company prioritizes the UN SDGs in its sustainability-related activities. Information on the subject is disclosed to the public in the Company's annual reports and website.	" https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/tr/hakimizda#social-responsibility 2023 Annual Report–P.76-89

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A3.3. The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.				X	There is no lawsuit filed against the Company related to ESG issues.	
A4. Verification						
A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.		X			The Company's Carbon Footprint calculation has been measured by third party companies according to international standards, but has not yet been disclosed to the public. Our work on this issue continues.	
B. ENVIRONMENTAL PRINCIPLES						
B1. The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.		X			The Company prioritizes the UN SDGs in its sustainability-related activities. Information on the subject is disclosed to the public in the Company's annual reports and website. Our work on the subject continues.	"https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf 2023 Annual Report– P.76-89 https://hitit.com/tr/hakkimizda#social-responsibility"
B2. The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.			X			
B4. The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).			X			

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B. ENVIRONMENTAL PRINCIPLES (More)						
B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	X				The Company has developed a product that will enable its customers to reduce their carbon emissions and shared it with the public through its annual reports and website.	"https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/tr/hakkimizda#social-responsibility"
B7. The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X				The Company has developed a product that will enable its customers to reduce their carbon emissions and shared it with the public through its annual reports and website.	"https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/tr/hakkimizda#social-responsibility 2023 Annual Report – P.25; 78"
B8. Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X				The Company cooperates with NGOs operating in Türkiye in the fields of environment and sports, and this information is disclosed to the public.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/about#social-responsibility https://hitit.com/news
B9. In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.		X			In light of environmental indicators, the Company's environmental impact report is being prepared and will be disclosed to the public in 2024.	



SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B. ENVIRONMENTAL PRINCIPLES (More)						
B10. Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.			X			
B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.			X			
B12. The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.		X			The Company's Carbon Footprint calculation has been measured by third party companies according to international standards, but has not yet been disclosed to the public. Our work on this issue is ongoing.	
B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.		X			In light of the environmental indicators, the Company's environmental impact report is in progress and will be disclosed to the public in 2024.	
B14. The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.		X			The Company has developed a product that enables its customers to reduce their carbon emissions and shared it with the public through its annual reports and website. Efforts to establish a program and/or procedure are ongoing.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/about#social-responsibility 2023 Annual Report – Pp.25; 78
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.			X			

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B. ENVIRONMENTAL PRINCIPLES (More)						
B15. The environmental benefits/ gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.		X			The Company has developed a product that will enable its customers to reduce their carbon emissions and has shared this with the public through its annual reports and website. Our work on the subject continues.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/about#social-responsibility 2023 Annual Report – Pp.25; 78
B16. The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.		X			In the light of environmental indicators, the Company's Scope-1 and Scope-2 data have been measured, the studies are ongoing and are planned to be disclosed to the public in 2024.	
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.		X			In the light of environmental indicators, the Company's relevant data has been measured, the studies are ongoing and are planned to be disclosed to the public in 2024.	
B18. The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.		X			In the light of environmental indicators, the Company's relevant data has been measured, the studies are ongoing and are planned to be disclosed to the public in 2024.	
B19. The renewable energy production and usage data has been publicly disclosed.		X				
B20. The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.			X			

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B. ENVIRONMENTAL PRINCIPLES (More)						
B21. The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	X				The Company prioritizes the UN SDGs in its sustainability-related activities. Among the UN SDGs, work on Climate Action and Clean Water and Sanitation is ongoing and this part has been shared with the public.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/about#social-responsibility 2023 Annual Report – P.78
B22. The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).				X		
B23. The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.				X		
B24. If carbon pricing is applied within the Company, the details have been disclosed.				X		
B25. The platforms where the Company discloses its environmental information have been disclosed.			X			
C. SOCIAL PRINCIPLES						
C1. Human Rights and Employee Rights						
C1.1. The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that are responsible for the implementation of it have been determined and disclosed officials.		X			Respect for human rights is included in the Company's Ethical Principles and the Ethical Principles is published on the Company's website. In addition, the activities carried out in this regard are stated in the annual report under the heading "Diversity and Equal Opportunity".	https://hitit.com/themes/hitit/documents/ethical-principles.pdf 2023 Annual Report – P.72

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1. Human Rights and Employee Rights (More)						
C1.2. Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.		X			These sections are included in the Company's Ethical Principles and the Ethical Principles is published on the Company website. We also support women employees in the sector and contribute to their employment through the "100 Leading 100s of Technology" project with the Women in Technology Association. In addition, we always fulfill our legal obligation to employ 3% of our total number of employees with disabilities, and we provide job opportunities to newly graduated disabled people who have graduated from STEM departments. In addition, the activities carried out in this regard are mentioned under the heading "Diversity and Equal Opportunity" in the annual report.	https://hitit.com/themes/hitit/documents/ethical-principles.pdf https://www.teknolojidekadin.org/teknolojide-kadin-dernegi-cumhuriyetin-yeni-yuzuilinda-gelecegin-liderlerini-yetistiriyor/ 2023 Annual Report – Pp.79-84
C1.3. The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.			X		In the Ethical Principles, which is also available on our company's website, we emphasize the importance of women's full and effective participation in decision-making processes in economic and social life.	https://hitit.com/themes/hitit/documents/ethical-principles.pdf
C1.4. The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.		X			The relevant sections are included in the Ethical Principles text, which is also published on the Company's website.	https://hitit.com/themes/hitit/documents/ethical-principles.pdf

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1. Human Rights and Employee Rights (More)						
C1.5. Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.		X			A Remuneration Policy and Compensation Policy have been prepared by the Company and published on its website. Training plans are made annually and technical and personal development trainings are organized. In addition, our employees are provided with membership through many online training platforms. The activities carried out in this regard are included under the headings "Employee Experience" and "Training and Development" in the annual report.	2023 Annual Report – Pp.73-75 https://hitit.com/themes/hitit/documents/en/compensation-policy.pdf https://hitit.com/themes/hitit/documents/en/remuneration-policy.pdf
C1.5. The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	X				Employees are required to report all misconduct that they witness or that is reported to them by their managers to the Ethical Principles hotline via e-mail (etik@hititcs.com). Reports and notifications can be made via the link https://hitit.com/ethics . The aforementioned notification link is a special link only for the purpose of reporting issues that are not considered to be in compliance with the Ethical Principles. The Ethics Committee is authorized and responsible for the examination, evaluation and resolution of complaints, denunciations and allegations received by the Ethical Principles Hotline. It is essential to keep the identity of employees who report violations confidential. Following a complaint or report, the Company prevents any retaliation among employees and any maltreatment or damage to the employee who made the complaint or report, and ensures that the report is made in confidence.	https://hitit.com/themes/hitit/documents/ethical-principles.pdf

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1. Human Rights and Employee Rights (More)						
C1.5. The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	X				In the annual report, under the heading of Employee Experience, the activities carried out in this regard are included. Employee Satisfaction Survey was conducted in 2023. Happy Place To Work - Excellent Employee Experience certificate was obtained for the period November 2023 - November 2024.	2023 Annual Report – P.73
C1.6. The occupational health and safety policies have been established and disclosed.		X			Hitit aims to create a healthy and safe working environment with the goal of spreading the culture of occupational safety in accordance with the 'Occupational Health and Safety' law numbered 6331. The company is aware that 98% of occupational accidents can be prevented when we can manage dangerous situations and behaviors. An emergency plan is prepared for the 2% that cannot be prevented (emergencies, natural disasters); emergency teams are assigned and their training is completed. In the 2023 Annual Report, which is included in this report, the activities carried out in this regard are included under the heading "Occupational Health and Safety". Relevant policies have been established and published on the company intranet. In addition, the related issue is planned to be disclosed to the public in 2024.	2023 Annual Report – P.75



SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1. Human Rights and Employee Rights (More)						
C1.6. The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.		X			The Board puts the OHS measures and rules to be followed in the workplace in writing as "internal directives" and communicates them to employees. The Company prepares an Annual Work Plan on the subject and meets quarterly in line with this plan to monitor and control the activities. In addition, importance is attached to increasing the awareness of our employees on this issue by providing a safe working environment. Our employees are given 'Basic OHS Training' by our OHS specialist and Company Doctor upon their first employment. At the end of these trainings, an exam is conducted and a certificate is given. The 2023 Annual Report, which includes this report, includes the activities carried out in this regard under the heading Occupational Health and Safety. Relevant measures have been taken and relevant documents are published on the company intranet. In addition, the related issue is planned to be disclosed to the public in 2024.	2023 Annual Report – P.75
C1.7. The personal data protection and data security policies have been established and disclosed.	X				Personal Data Processing and Protection Policy and Information Disclosure Policy have been established and added to the Company website.	https://hitit.com/themes/hitit/documents/en/information-security-policy.pdf?v=02082023 https://hitit.com/themes/hitit/documents/personal-data-processing-and-protection-policy.pdf

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1. Human Rights and Employee Rights (More)						
C1.8. The ethics policy have been established and disclosed.	X				Our Ethical Principles Text is published on the Company website.	https://hitit.com/themes/hitit/documents/ethical-principles.pdf
C1.9. The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	X				Our Social Responsibility projects are included in the Company's annual reports. In addition to the annual reports, our social responsibility activities are also explained on our website.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf https://hitit.com/about#social-responsibility https://www.ucanraketler.com/ https://ipk.adimadim.org/team/view?id=17231
C1.10. The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X				OHS trainings are given to all new employees together with our OHS specialist and company doctor as a legal obligation and renewed every three years. In addition, information about OHS is shared with all new employees, safety precautions to be considered when working from home are shared during orientation and all information is sent via e-mail. The OHS Board meets routinely every three months and evaluates the measures to be taken.	2023 Annual Report – P.75

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C2. Stakeholders, International Standards and Initiatives						
C2.1. The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	X				The company has implemented a structure called "Hitit's Community Governance System" together with its customers. The basis of our approach is that we put our partners at the center of the business while developing our software solutions and always position them at the center of all developments. In order to continue working effectively with customers as a team, a support system has been developed. Our customers can reach us 24/7 via phone calls, e-mails or instant messengers.	https://hitit.com/news-updates/blog/hitits-community-governance
C2.2. The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	X				Together with its partners, the company has implemented a structure called "Hitit's Community Governance System". The basis of our approach is that we put our partners at the center of the business while developing our software solutions and always position them at the center of all developments. In order to continue working effectively with partners as a team, a support system has been developed. They can reach us 24/7 via phone calls, emails or instant messengers	https://hitit.com/news-updates/blog/hitits-community-governance

SUSTAINABILITY COMPLIANCE REPORT

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C2. Stakeholders, International Standards and Initiatives (More)						
C2.3. The international reporting standards that adopted in reporting have been explained.			X			
C2.4. The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.		X			All our sustainability-related actions and principles are disclosed to the public in our Annual Reports and on our website. Our work on the subject continues.	https://hitit.com/about#social-responsibility
C2.5. The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.		X			Our Refinitiv Project has been initiated and our work on the subject continues.	
D. CORPORATE GOVERNANCE PRINCIPLES						
D1. The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.			X			
D2. The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X				In addition to creating awareness within the Company by emphasizing employee participation in social responsibility projects, the Company's CSR activities are also communicated to younger generations at career events at universities. Relevant information is made available to the public through the Company's annual reports, website and social media accounts.	https://hitit.com/themes/hitit/documents/31122022-faaliyet-raporu.pdf 2023 Annual Report – Pp.76-89 https://www.instagram.com/hititcs/



DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

At Hitit Bilgisayar Hizmetleri AŞ, which pays utmost attention to compliance with the "Corporate Governance Principles" of the Capital Markets Board ("CMB"), corporate governance activities started with the public offering of our Company's shares. In the first stage, with the awareness of our responsibilities towards our shareholders, we adopted the concepts of "equality", "transparency", "accountability" and "responsibility", which constitute the basis of corporate governance in our activities, and a series of amendments were made to the Company's Articles of Association by paying utmost care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the CMB.

Following the public offering of our Company's shares and the commencement of trading on the Borsa Istanbul Stars Market as of 03.03.2022, the establishment of corporate governance mechanisms within the Company within the period stipulated by the legislation and compliance efforts were accelerated and continued. Within this framework, first of all, the effectiveness of the Board of Directors was increased with independent members, efficiency in management was increased with the committees affiliated to the Board of Directors, and the ratio of female members in the formation of the Board of Directors was structured as 50%. The Company has taken out an executive liability insurance with an amount exceeding 25% of the capital in relation to the damages that may be caused by the members of the Board of Directors during the execution of their duties.

Hitit Bilgisayar Hizmetleri AŞ carries out all its activities in compliance with the relevant legal regulations and CMB's "Corporate Governance Principles". The Company has complied with all of the principles included in the annex of the Corporate Governance Communiqué (II-17.1) and required to be implemented by the relevant legislation, and has adopted the majority of the principles that are not required to be implemented. To date, no conflict of interest has arisen between the stakeholders due to the principles that have not yet been fully complied with.

Within the framework of the CMB Corporate Governance Communiqué, the Company has been subject to the obligations of the partnerships in the second group with the announcement dated January 12, 2023 by the CMB. As of the date of this declaration, the Company has been subject to the obligations of the partnerships in the first group with the announcement dated 25.01.2024 by the CMB.

As of December 31, 2023, compliance with the corporate governance principles annexed to the Corporate Governance Communiqué and explanations regarding the ones that have not yet been complied with are included in the annual report; Corporate Governance Compliance Report ("CRF") and Corporate Governance Information Form ("CGIF") and other relevant sections of the report. In the future, efforts will continue to improve our corporate governance practices, including the better operation of the mechanisms within the framework of the aforementioned principles and the limited number of voluntary principles that could not be put into practice. Any changes in the URF or PBBF during the reporting period are disclosed in the interim activity reports as well as material event disclosures.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction in this context in 2023.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their voting rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.			X			According to Article 9 of the Articles of Association titled "General Assembly"; (A) and (B) Group shareholders have five voting rights for each share they hold, while (C) group shareholders have one voting right for each share they hold.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The company does not have a cross-shareholding relationship that brings with it a dominance relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The scope of minority rights is not expanded in the Articles of Association, and the provisions of the relevant legislation are applied. No amendments to the Articles of Association are planned in this regard.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.6. DIVIDEND RIGHT (More)						
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.			X			Pursuant to the provision of Article 16 of the Articles of Association titled "Limitation of Share Transfer"; Company (A) and (B) group shares are privileged. (C) group shares do not have any privileges, and (C) group shares are free to transfer, provided that the relevant articles of the Turkish Commercial Code, the Capital Markets Legislation and the provisions of this Articles of Association are reserved. The transfer of Company (A) and (B) group shares is only possible with the approval of the Company's Board of Directors.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.					X	Within the framework of Article 12 of the Material Events Communiqué, changes in ownership as a result of transactions in the Exchange are followed and updated by MKK. The company's corporate website provides a link to the partnership structure on the Public Disclosure Platform. Information about the real person shareholders who indirectly own the capital is given in the Corporate Governance/Partnership Structure section of the Company's website.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1. CORPORATE WEBSITE (More)						
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				The company is among the 2nd group companies in 2023 and there is no obligation to make material disclosures simultaneously in English as well as in Turkish. On the other hand, all information that may affect the investment decision of foreign investors is also available in English on the Investor Relations website. Within the scope of time and cost management, we continue to work on publishing the information on the corporate website in English with exactly the same content as in Turkish.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - Necessary mechanisms have been established for stakeholders to report the transactions that are contrary to legislation and unethical.	X					
3.1.5 - The company deals with conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.		X				Although there is no provision in the Articles of Association, the participation of employees in the management is supported by in-house practices.
3.2.2 - Surveys/other research techniques, consultation etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				Although the Company has adopted a succession plan for the Company's key executive positions (C-Level and above), for the Company's high-performing, potential promising executives, efforts are underway to put it into written rules.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.					X	Employees are informed by their managers about decisions that may affect them. There is no union structure in our company.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.					X	There is no collective bargaining agreement in our company and there is no union.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY (More)						
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman of the Board of Directors and Chief Executive Officer are separated and defined.		X				The Chairman of the Board of Directors and the Chief Executive Officer (General Manager) are the same person, and the justification has been disclosed to the public in accordance with corporate governance principles.
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					The Company has taken out Executive Liability Insurance against the damages that may be caused to the Company by the faults of the members of the Board of Directors during their duties.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.					X	Half of the company's board of directors consists of female members, and there is no need for a separate policy. It is above the minimum rate of female members stipulated in the principle.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS (More)						
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attend the majority of the board meetings in person.	X					In 2023, meetings of the Board of Directors were held only in physical environments. Evaluations regarding holding Board of Directors meetings electronically are ongoing.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is an opportunity to express opinions, there was no member who could not attend the meetings of the Board of Directors in the relevant period and submitted their opinions in writing to the Board of Directors.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the significant contribution of the work experience and sectoral experience of the members of the Board of Directors to the Board of Directors, they are not restricted from taking on other duties outside the Company, and no restrictions are planned in this regard. The duties undertaken by the members of the Board of Directors outside of the Company are disclosed to the shareholders at the General Assembly through the annual activity report and the General Assembly information document.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Two independent members of the Board of Directors serve on more than one committee. Due to the number of independent members of the Board of Directors, no change is planned in the current situation.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees did not receive external consultancy services in 2023.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS PROVIDED TO BOARD MEMBERS AND MANAGERS WITH ADMINISTRATIVE RESPONSIBILITIES						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			No work is planned regarding the performance evaluation of the Board of Directors.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remunerations given to the members of the Board of Directors and senior executives are announced in the annual report, in line with the common practice. Considering the legislation on the protection of personal data, the application will continue to be followed regarding the disclosure of wages on an individual basis.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	During the year, a total of 65 meetings were held with investors and analysts over the phone, via video conference or face-to-face.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	There was no request for the appointment of a special auditor during the period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1021654
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	No
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction in 2023.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There was no transaction carried out within the scope of Article 9 during the year.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	There was no transaction carried out within the scope of Article 10 during the year. https://www.kap.org.tr/tr/Bildirim/1145794
The name of the section on the corporate website that demonstrates the donation policy of the company	Hitit.com Website /Investor Relations/ Policies
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/1032274
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Although there is no restriction regarding the participation of the stakeholders in the general assembly, there was no participation other than the shareholders..
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	(A) and (B) Group shareholders have five voting rights for each share they hold, while (C) group shareholders have one voting right for each share they hold.
If yes, specify the relevant provision of the articles of association	%36,82

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Hitit.com Website /Investor Relations/ Policies / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	By evaluating the conditions stipulated in our Company's Dividend Distribution Policy; Taking into account the current economic conjuncture, the long-term strategies of the Company, cash flow and financing and investment policies, and the long-term interests of our shareholders and our Company, the distributable profit for the 2021 accounting period is not distributed and transfer the remaining amount after the general legal reserves are set aside, in order to strengthen the financial structure
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/Bildirim/1030578

CORPORATE GOVERNANCE INFORMATION FORM

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Hitit.com Website /Investor Relations/ Company Information/ Trade Registry Information -Board of Directors - Subsidiaries - Shareholding Structure - Management
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Corporate Governance / Ownership Structure
List of languages for which the website is available	Turkish
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	It is included in the Management Section of the annual report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	It is included in the Corporate Governance and Sustainability Section of the annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meeting	It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.
ç. The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.

GENERAL ASSEMBLY MEETINGS

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
4.26.2023	None	%85.39	%37.44	%47.95	Corporate Governance / General Assembly Meetings	Corporate Governance / General Assembly Meetings	None.	None.	https://www.kap.org.tr/Bildirim/1128813

CORPORATE GOVERNANCE INFORMATION FORM

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Hitit.com Website /Investor Relations/ Policies / Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	There is no final judgment against the company due to the violation of employee rights.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
The contact detail of the company alert mechanism	Ethical Principles Notification Lines: etik@hititcs.com; 0 212 276 1500
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	None
Corporate bodies where employees are actually represented	None
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Company's work continues for key managerial positions (C-Level and above).
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	It is included in the Company's Ethical Principles under the title of Ethical Principles on the corporate website of the company.
Whether the company provides an employee stock ownership programme	There is no share acquisition plan.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	It is available in Hitit.com WebSite / Ethical Principles. In addition, it is specifically stated in the internal regulations regarding human resources: "No discrimination is allowed in practices based on gender, age, religion, race, sect, social status, physical structure, ethnic origin, nationality, sexual orientation or any other personal characteristics."
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Hitit.com Website /Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	There is no corporate social responsibility report. It is available on the corporate website of the company, in the "Social Responsibility Project" section of the annual report.
Any measures combating any kind of corruption including embezzlement and bribery	It is included in the Company's Ethical Principles under the title of Ethical Principles on the corporate website of the company.

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Chairman of the Board of Directors: Fatma Nur GÖKMAN, Vice Chairman of the Board of Directors: Dilek OVACIK. In accordance with the Board of Directors decision dated 11.11.2021 and numbered 2021/19, Fatma Nur GÖKMAN and Mahmut Barbaros KUBATOĞLU are authorized to represent the company in the broadest and unlimited way in all matters, with their JOINT signatures to be placed under the Company title or the Company stamp showing the Company title.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	None
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	It is presented in the Corporate Governance Section of the annual report.
Name of the Chairman	Fatma Nur GÖKMAN
Name of the CEO	Fatma Nur GÖKMAN
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	https://www.kap.org.tr/tr/Bildirim/1016080
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is a manager's liability insurance for the damages that may be caused to the company by the faults of the members of the board of directors during their duties. It is included in the Corporate Governance and Sustainability - Statutory Disclosures section of the annual report.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None
The number and ratio of female directors within the Board of Directors	Number: 3 Ratio: %50

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-I							
COMPOSITION OF BOARD OF DIRECTORS							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Fatma Nur GÖKMAN	Executive	Not independent director	12/11/2013				No
Dilek OVACIK	Non-executive	Not independent director	12/11/2013				Yes
Mahmut Barbaros KUBATOĞLU	Non-executive	Not independent director	12/01/2018				Yes
Ali UZUN	Non-executive	Not independent director	12/04/2023				No
Günseli TARHAN	Non-executive	Independent director	05/04/2022	https://www.kap.org.tr/tr/Bildirim/1016080	Not Considered	No	Yes
Turgut GÜRSOY	Non-executive	Independent director	05/04/2022	https://www.kap.org.tr/tr/Bildirim/1016080	Not Considered	No	Yes

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period	The Board Meetings were held in person. In 2023, a total of 4 meetings were conducted in this manner.
Director average attendance rate at board meetings	%100
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	1 Week
The name of the section on the corporate website that demonstrates information about the board charter	It is stated in Article 7 of the Articles of Association in the Investor Relations-Corporate Governance Section of the website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	It is included in the Corporate Governance and Sustainability Section of the annual report.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1016081 , https://hitit.com/tr/yatirimci-iliskileri/kurumsal-yonetim#committees

COMPOSITION OF BOARD COMMITTEES-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Günseli Tarhan	Yes	Board member
Audit Committee	-	Turgut Gürsoy	No	Board member
Corporate Governance Committee	-	Günseli Tarhan	Yes	Board member
Corporate Governance Committee	-	Ali Uzun	No	Board member
Corporate Governance Committee	-	Sezer Tuğ Özmütlu	No	Not Board member
Corporate Governance Committee	-	Figen Dönder	No	Not Board member
Corporate Governance Committee	-	Hülya Yıldırım	No	Not Board member
Committee of Early Detection of Risk	-	Turgut Gürsoy	Yes	Board member
Committee of Early Detection of Risk	-	Dilek Ovacık	No	Board member
Committee of Early Detection of Risk	-	Şükriye Nevra Onursal Karaağaç	No	Not Board member

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is included in the Corporate Governance and Sustainability Section of the annual report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is included in the Corporate Governance and Sustainability Section of the annual report.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is included in the Corporate Governance and Sustainability Section of the annual report.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is included in the Corporate Governance and Sustainability Section of the annual report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is included in the Corporate Governance and Sustainability Section of the annual report.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	It is included in the Financial Indicators Sections of the annual report.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Hitit.com Website /Investor Relations/ Policies / Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	It is presented in the Corporate Governance and Sustainability - Financial Benefits Provided to Members of the Board of Directors and Senior Executives section of the annual report.

4. BOARD OF DIRECTORS-III

4. BOARD OF DIRECTORS-III

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	%100	%100	4	4
Corporate Governance Committee	-	%40	%20	1	1
Committee of Early Detection of Risk	-	%66,6	%33,3	4	6

OTHER DISCLOSURES

Information on the Extraordinary General Assembly Meeting, if any, held during the year: No Extraordinary General Assembly meeting was held during the year.

Number of meetings of the Board of Directors held within the year, and information on participation of the members in the meetings:

Board meetings were held in a physical environment. A total of 4 such meetings were held in 2023. All members of the Board of Directors attended the meetings.

All of the Board members participated in the meetings.

Information on Manager's Liability Insurance Manager's Liability Insurance: The Company took out a manager's liability insurance at an amount exceeding 25% of the capital, for the damages to be caused to the Company by the Board members due to their faults during their execution of their duties.

Information on the lawsuits brought against the Company which may affect the financial position and operations of the Company, and the possible outcomes thereof: There is no lawsuit brought against the company of such scale that may affect the financial position and activities of the Company, including those involving environmental, social and corporate governance matters.

Remarks concerning the administrative and judicial sanctions imposed on the Company and members of the managing body due to practices that are contrary to legislative provisions: There exist no administrative or judicial sanctions enforced against the Company or its Board Members due to practices in contravention of legislation.

Information on the amendments to the legislation which might significantly affect the Company's activities: There are no amendments to the legislation which might significantly affect the Company's activities.

Evaluation under article 376 of the Turkish Commercial Code: The Company's capital does not remain uncovered within the framework of the calculation made taking into account the ratios specified in article 376 of the Turkish Commercial Code.

Information on conflicts of interest arising between the Company and institutions from which it procures services in matters such as investment consultancy and rating, and on measures taken by the company to prevent such conflict of interest: There has been no matter that might lead to conflict of interest between the Company and institutions from which it procures services such as investment consultancy and rating.

Information on the subsidiaries in which the rate of direct participation in the capital exceeds 5%.

The company does not have any mutual participation relationship.

Changes Made to the Senior Management during the Period
In 2023, there were no changes in the Senior Management.

Changes Made to the Board of Directors during the Period
Mr. Nasuh Nazif Çetin resigned from his position voluntarily as of 12.04.2023 with his petition dated 12.04.2023 and Mr. Ali Uzun was elected as a member of the Board of Directors to serve until the end of the term of office of the resigning member within the framework of the provisions of the capital markets legislation and the articles of association, with the Board of Directors decision dated 12.04.2023 and numbered 2023/ 08, in accordance with Article 363 of the TCC.

STATUTORY DISCLOSURES

Statutory Disclosures on Privileged Shares

Capital of the Company has been divided into a total of 127,500,000 shares, including 46,153,846 Group A registered shares each with a nominal value of TL 1 (one), and 46,153,846 Group B registered shares each with a nominal value of TL 1 (one), and 35,192,308 Group C registered shares each with a nominal value of TL 1 (one). All shares of the Company are registered shares. Group A and B registered shares are privileged. Group C registered shares have no privilege.

Privilege in Nomination to the Audit Board

According to the provision of article 7 of the Company's Articles of Association titled "Board Of Directors and Its Term";

The affairs and management of the Company shall be carried out by a Board of Directors consisting of 6 (six) persons to be elected by the General Assembly for a term of at most 3 years in accordance with the provisions of the Turkish Commercial Code and the Capital Market Law, and privilege has been granted to Group (A) and (B) shares compared to the Group (C) shares in regard to "Nomination in Election of Members to the Board of Directors".

1 (One) of the Board members is elected from among the candidates nominated by the Shareholder(s) holding the majority of the Group (A) Shares, 1 (One) is elected from among the candidates nominated by the Shareholder(s) holding the majority of the Group (B) Shares, by the General Assembly.

)In case of a member nominated by Group (A) and (B) shareholders leaves the Board of Directors for any reason, the Board membership which becomes vacated is filled by electing a new member from among the candidates nominated by the respective share group in accordance with article 363 of the Turkish Commercial Code and to be submitted for approval of the next General Assembly.

Privilege in Determination of the Chairman of the Board of Directors

Pursuant to article 7 of the Articles of Association titled "Board Of Directors and Its Term", Chairman of the Board of Directors is the Board member elected through nomination by the Group (A) shareholders.

The provision of article 9 of the Articles of Association titled "General Assembly" stipulates that the Chairman of the Board of Directors will chair the General Assembly Meetings, and that in case the Chairman of the Board of Directors is not present, the meeting chairman will be elected by the General Assembly.

Privilege in Election of the General Manager

Pursuant to the provision of the 2nd paragraph of article 17 of the Articles of Association titled "General Manager", the General Manager will be elected from among the candidates to be nominated by the majority of the Group (A) shares.

Privilege in Voting

According to the provision of article 9 of the Articles of Association titled "General Assembly"; group (A) and group (B) shareholders have five voting rights for each group (A) and (B) shares held by them, and group (C) shareholders have one voting right for each group (C) share held by them.

STATUTORY DISCLOSURES

According to the provision of article 15 of the Company's Articles of Association titled Special Assembly of Privileged Shareholders; several privileges clearly specified in several articles have been granted to the group (A) and (B) shareholders by the Articles of Association.

As regards the privileged shares in the Company, for the General Assembly decisions regarding the amendment to the Articles of Association including the authorized capital increase that requires the approval of the special assembly of the privileged shareholders according to article 454 of the Turkish Commercial Code, the special assembly of privileged shareholders convenes separately for each privileged share group and with participation of minimum 60% of the capital representing the respective share group, and takes decision with affirmative vote of minimum 51% of the capital representing the respective privileged share group.

Unless approval and decision of the special assembly of privileged shareholders to be held by the said shareholders is received, decisions affecting the right of the privileged shareholder in that group may not be taken. The meeting procedures and principles of the special assembly of privileged shareholders are subject to the working procedures and principles of the General Assembly as set by these articles of association.

Legal Explanations on Dividend Distribution

Pursuant to article 12 of the Company's Articles of Association titled Profit Distribution; the Company complies with the regulations in the Turkish Commercial Code and the Capital Markets legislation in regard to the profit distribution. Pursuant to the capital markets legislation, the companies whose shares are traded on the stock exchange are not subject to the obligation of profit distribution. Within the framework of the Company's Articles of Association and the Company's profit distribution policy, the distribution manner and timing of the profit decided to be distributed is decided by the General Assembly upon the proposal of the Board of Directors in this regard.

Our Company's Profit Distribution Policy is determined in line with the proposal of the Board of Directors and the decision taken by the General Assembly pursuant to the provisions of the Turkish Commercial Code, capital markets legislation, tax legislation and other legal legislation, and the provisions of article 12 of the Company's articles of association.

There is no privilege granted in our Company's articles of association to the shares with regard to the right to receive dividend. In respect of profit distribution, a balanced and consistent policy between the interests of the shareholders and company interests is followed in accordance with the Corporate Governance Principles.

In principle, taking into account the financial statements prepared in accordance with the capital market legislation, such portion of the calculated net distributable period profit that corresponds to minimum 5% of the issued capital may be distributed. In the respective profit distribution period, this ratio may be reviewed and changed each year depending on the national and global economic conditions, the Company's medium and long term growth and investment strategies, and cash requirements.



STATUTORY DISCLOSURES

If it is wished to make a profit distribution at a ratio higher than 5% of the issued capital from this calculated net distributable period profit, the company's financial position, other fund needs related to the investments to be made, circumstances of the sector, the conditions in the economic environment, profitability and cash status are taken into account in determination of the profit distribution ratio.

In case "net distributable period profit" does not accrue according to the legal accounting records or if the calculated net distributable period profit remains below 5% of the issued capital, profit distribution might not be made.

Decisions regarding dividends are taken by the Board of Directors separately for each accounting period, this profit distribution proposal is disclosed to public in accordance with the legislation and announced on the Company's website.

The General Assembly may accept or reject the proposal. The Board of Directors informs the shareholders at the General Assembly on why the profits were not distributed when this is the case, and where the undistributed profit will be used.

As of the distribution date, the dividend is distributed equally to all existing shares, regardless of their issuance and acquisition dates.

The distribution of dividends is started on the date to be determined by the General Assembly, or the Board of Directors provided that it is authorized by the General Assembly, which date should be no later than the end of the year during which the General Assembly meeting was held.

The Company may consider distributing dividend advances or paying the dividends in equal or unequal installments in accordance with the provisions of applicable legislation.

Statutory disclosures on Share Transfer Limitation

Pursuant to the provision of article 16 of the Articles of Association titled "Share Transfer Limitation"; the Company's group (A) and (B) shares are privileged. Group (C) shares do not have any privilege, and transfer of group (C) shares is free, without prejudice to the provisions of the relevant articles of the Turkish Commercial Code and the Capital Markets Legislation as well as these articles of association. When it is wished to transfer the Group (A) Shares, these shares will be offered first to other Group (A) Shareholders, and other Group (A) Shareholders will have Preemptive Right in this regard. When it is wished to transfer the Group (B) Shares, these shares will be offered first to other Group (B) Shareholders, and other Group (B) Shareholders will have Preemptive Right in this regard.

If no one from the relevant group wishes to buy the offered share, the share to be transferred will be offered to the other privileged share group. In this case, the other group will have a second-ranking and conditional (conditional upon the first-ranking one's not wishing to buy) preemptive right. If no one from the relevant group wishes to buy the share and the other share group does not want to buy the offered share, only then the shares in question may be offered to third persons who are not competitors of the Company or the shareholders.

STATUTORY DISCLOSURES

Entry of the group (A) and (B) share transfers in the Company's share ledger takes place upon approval of the Board of Directors as expressed in this article. The Board of Directors is entitled not to record the group (A) and (B) group share transfers not performed in accordance with transfer rules specified in these Articles of Association, and the transfers performed despite being contrary to these rules are null and void against the company.

Statutory disclosures on Meeting and Decision Quorum

Pursuant to the provision of the Articles of Association titled "Meeting and Decision Quorum";

General Assembly: General Assembly Meetings are chaired by the Chairman of the Board of Directors. (A)Group (A) and group (B) shareholders have five voting rights for each group (A) and (B) shares held by them, and group (C) shareholders have one voting right for each group (C) share held by them. The provision of the Turkish Commercial Code, Capital Markets Law and other relevant legislation is complied with in voting. Without prejudice to higher quorums sought by article 421/2 of the Turkish Commercial Code regulating the circumstances where decisions should be taken unanimously by the holders of the shares that constitute the entire of the capital, and article 421/3 regulating the circumstances that require affirmative votes of the holders of the shares constituting at least 75% of the capital, and these articles of association, General Assembly meeting and decision quorum is attained with participation and affirmative votes of the shareholders holding at least 70% of the total voting rights among the shares representing the Company capital.

In the circumstances regulated in the third paragraph of article 479 of the Turkish Commercial Code, the quorums are calculated on the basis of the shares representing the capital, provided that the ratio remains the same.

Decisions taken otherwise will not qualify as General Assembly decisions, and never result in the outcomes subject to General Assembly decision. In case the General Assembly meeting and decision quorums regulated by this article is not achieved at the first meeting, the same meeting and decision quorum will be sought to be able to hold the second meeting and take decisions there. If these quorums cannot be achieved also at the second meeting, it will be assumed that the meeting has not been held and/or the decisions have not been taken.

Board of Directors: The affairs and management of the Company shall be carried out by a Board of Directors consisting of 6 (six) persons to be elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and the Capital Market Law. 1 (One) of the Board members is elected from among the candidates nominated by the Shareholder(s) holding the majority of the Group (A) Shares, 1 (One) is elected from among the candidates nominated by the Shareholder(s) holding the majority of the Group (B) Shares, by the General Assembly. Number and qualifications of the independent members who will take part in the Board of Directors are determined in accordance with regulations of the Capital Market Board regarding corporate governance. In respect of meeting and decision quorum of the Board of Directors, participation in the meetings and affirmative vote by both of the Board members elected through nomination by the Group (A) and Group (B) shareholders are essential. Otherwise, the decisions taken will not qualify as Board decisions, and never result in the outcomes subject to Board decision.



DECLARATIONS OF INDEPENDENCE

05.04.2022

I hereby declare that I am a candidate to serve as an "independent member" at the Board of Directors of Hitit Bilgisayar Hizmetleri A.Ş. ("Company") in accordance with the criteria set forth in the legislation, Articles of Association and article 4.3.6 of the Attachment to the Corporate Governance Communiqué No. II-17.1, published by the Capital Market Board, in this respect;

a) There is no employment relationship with respect to any executive position that covers important duties and responsibilities, no more than 5% of the capital or voting rights or privileged shares are held jointly or individually, or no significant commercial relationship has been established in the last five years between the Company, or partnerships over which the Company has management control or exercises substantial influence, or shareholders who hold the management control of, or who exercise significant influence on, the Company and the legal entities which hold the management control of such shareholders, and me, my spouse, my relatives by blood and marriage up to the second degree,

b) I have not been a shareholder (5% and above), worked in an executive position in a way to assume important duties and responsibilities, or served as a member of the board of directors in any company from which the Company has purchased or to which the Company has sold services or products to a significant extent during such periods when such services or products were purchased or sold in the framework of agreements, in particular regarding the Company's audit (including tax audit, legal audit, internal audit), rating and consulting, within the last five years,

c) I have the professional education, knowledge and experience to carry out properly the duties that I will undertake as an independent member of the Board of Directors,

ç) I have not worked on a full-time basis in any public entity and institution except as a university lecturer after I am elected as a member in accordance with the legislation,

d) I am deemed to be residing in Türkiye pursuant to the Income Tax Law dated 31/12/1960 and no. 193,

e) I possess strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to preserve my impartiality in any conflict of interest between the Company and its shareholders, and to decide independently taking into account the interests of the beneficiaries,

f) I can spare time for the Company's affairs to such extent that I can follow up the operation of the Company activities and completely fulfill the requirements of the duties I assume,

g) I have not held office as a Board member in the Company's Board of Directors for more than six years within the last ten years,

ğ) I have not served as an independent Board member in more than three companies in which the Company or shareholders possessing the management control of the Company have the management control, and in total, in more than five companies that are traded on the stock exchange,

h) I have not been registered and announced in the name of a legal entity that has been elected as a Board member.

Günseli TARHAN

DECLARATIONS OF INDEPENDENCE

05.04.2022

I hereby declare that I am a candidate to serve as an "independent member" at the Board of Directors of Hitit Bilgisayar Hizmetleri A.Ş. ("Company") in accordance with the criteria set forth in the legislation, Articles of Association and article 4.3.6 of the Attachment to the Corporate Governance Communiqué No. II-17.1, published by the Capital Market Board, in this respect;

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b) I have not been a shareholder (5% and above), worked in an executive position in a way to assume important duties and responsibilities, or served as a member of the board of directors in any company from which the Company has purchased or to which the Company has sold services or products to a significant extent during such periods when such services or products were purchased or sold in the framework of agreements, in particular regarding the Company's audit (including tax audit, legal audit, internal audit), rating and consulting, within the last five years,

c) I have the professional education, knowledge and experience to carry out properly the duties that I will undertake as an independent member of the Board of Directors,

ç) I have not worked on a full-time basis in any public entity and institution except as a university lecturer after I am elected as a member in accordance with the legislation,

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ğ) I have not served as an independent Board member in more than three companies in which the Company or shareholders possessing the management control of the Company have the management control, and in total, in more than five companies that are traded on the stock exchange,

h) I have not been registered and announced in the name of a legal entity that has been elected as a Board member.

Turgut GÜRSOY

DECLARATIONS OF INDEPENDENCE

02.01.2024

I hereby declare that I am a candidate to serve as an "independent member" at the Board of Directors of Hitit Bilgisayar Hizmetleri A.Ş. ("Company") in accordance with the criteria set forth in the legislation, Articles of Association and article 4.3.6 of the Attachment to the Corporate Governance Communiqué No. II-17.1, published by the Capital Market Board, in this respect;

a) There is no employment relationship with respect to any executive position that covers important duties and responsibilities, no more than 5% of the capital or voting rights or privileged shares are held jointly or individually, or no significant commercial relationship has been established in the last five years between the Company, or partnerships over which the Company has management control or exercises substantial influence, or shareholders who hold the management control of, or who exercise significant influence on, the Company and the legal entities which hold the management control of such shareholders, and me, my spouse, my relatives by blood and marriage up to the second degree,

b) I have not been a shareholder (5% and above), worked in an executive position in a way to assume important duties and responsibilities, or served as a member of the board of directors in any company from which the Company has purchased or to which the Company has sold services or products to a significant extent during such periods when such services or products were purchased or sold in the framework of agreements, in particular regarding the Company's audit (including tax audit, legal audit, internal audit), rating and consulting, within the last five years,

c) I have the professional education, knowledge and experience to carry out properly the duties that I will undertake as an independent member of the Board of Directors,

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e) I possess strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to preserve my impartiality in any conflict of interest between the Company and its shareholders, and to decide independently taking into account the interests of the beneficiaries,

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ğ) I have not served as an independent Board member in more than three companies in which the Company or shareholders possessing the management control of the Company have the management control, and in total, in more than five companies that are traded on the stock exchange,

h) I have not been registered and announced in the name of a legal entity that has been elected as a Board member.

Aliye Sultan ALPTEKİN

IN THE CAPITAL MARKETS NUMBERED (II-14.1) OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING 9. DECLARATION OF RESPONSIBILITY PREPARED PURSUANT TO ARTICLE 9

THE BOARD OF DIRECTORS' DECISION ON THE ACCEPTANCE OF THE FINANCIAL REPORTS

DECISION DATE: 04.03.2024

DECISION NO: 2024/04

The consolidated financial statements and the annual activity report which have been prepared by the Company for the period January 1 – December 31, 2023 in accordance with Capital Markets Board's ("CMB") Communiqué Series N II.14.1 "Communique On Principles of Financial Reporting in Capital Markets" ("Communique"), the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and the mandatory formats defined by CMB, approved by the Board of Directors by its resolution dated March 4, 2024 and numbered 2024/04 and audited by the independent audit firm,

a. Have been analysed,

b. To the best of our knowledge and inline with our Company roles and responsibilities, in all material respects, does not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,

c. To the best of our knowledge and inline with our Company roles and responsibilities, the financial statements prepared in line with the Communique along with those within the scope of consolidation, fairly reflect the Company's assets, liabilities, financial position and profit / loss and the activity report, reflect fairly on the development of the business, performance and again along with those within the scope of consolidation, Company's financial position, important risks and uncertainties faced,

and we hereby declare our responsibility for this statement.

Respectfully yours,

ALİYE SULTAN ALPTEKİN
Head of the Audit
Committee

TURGUT GÜRSOY
Member the Audit
Committee

Sezer TUĞ ÖZMUTLU
Chief Financial Officer

**INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL
ACTIVITY REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDIT REPORT OF HITİT BİLGİSAYAR
HİZMETLERİ A.Ş. AND ITS AFFILIATE FOR
THE ACCOUNTING PERIOD ENDED ON DECEMBER
31, 2023, CONSOLIDATED FINANCIAL STATEMENTS
AND FOOTNOTES ON STATEMENTS**



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

CONSOLIDATED FINANCIAL
STATEMENTS AS OF 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Hitit Bilgisayar Hizmetleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="261 499 589 527">Recognition of Revenue</p> <p data-bbox="261 575 883 716">609.051.324 TL of revenue has been recognized for the year ended 31 December 2023, which is an important performance indicator to assess the result of the strategies performed during the year.</p> <p data-bbox="261 762 883 827">The Group’s main revenue streams are software sales and maintenance services.</p> <p data-bbox="261 835 883 1052">Within these revenue streams, there is a risk of material misstatement due to complexity associated with the Group offering software and maintenance services under different contractual terms. This introduces risks related to the timing of revenue recognition, the accuracy completeness of records.</p> <p data-bbox="261 1098 883 1199">Due to materiality of revenue within the comprehensive income statement, it has been identified as a key audit matter.</p> <p data-bbox="261 1245 883 1310">Group’s accounting policies and estimates regarding revenue is disclosed in Note 2.5 and 15.</p>	<p data-bbox="883 575 1508 751">The procedures we have performed regarding revenue included gaining an understanding of the process, assessment of internal control environment and a combination of substantive analytical procedures and detailed testing.</p> <p data-bbox="883 798 1508 863">Regarding revenue recognition; we have assessed the appropriateness of the following:</p> <ul data-bbox="883 909 1508 1310" style="list-style-type: none"> - The Group’s accounting policies - Identification of the Group’s revenue contracts - Identification of performance obligations - Determination of transaction prices - Allocation of transaction prices to performance obligations in accordance with TFRS 15. We have reviewed a sample of revenue contracts with significant customers, considered the appropriateness of the timing of recognition and tested substantively delivery acceptance on a sample basis. <p data-bbox="883 1356 1508 1457">We have tested product and software revenue by inspecting supporting documentation and tested for accuracy and completeness on a sample basis.</p> <p data-bbox="883 1503 1508 1644">Maintenance revenue is recognised on a monthly basis. We have performed substantive test of details on a sample of customer invoices and related accounting records.</p> <p data-bbox="883 1690 1508 1755">We have also reviewed the disclosures regarding revenue in accordance with TFRS requirements.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Capitalisation of development costs</p> <p>The Group has 202.053.272 TL of capitalised development costs in the accompanying consolidated financial statements as at 31 December 2023. The Group applies the requirements of TMS 38 Intangible Assets standard and its accounting policy is disclosed in Note 2.5 and Note 9.</p> <p>The Group capitalised payroll and directly related costs in projects where the project is in development stage and the Group expects future positive cash flows.</p> <p>During the capitalisation process only the time directly spent on the project is taken into account and all remaining time is expensed as incurred. Since the total capitalised development cost is material to the consolidated financial statements and the process involves management estimates we have included the matter as a key audit matter.</p>	<p>The procedures we have performed in testing the capitalisation of development costs include; a comprehensive understanding of the process, assessment of internal control environment and a combination of substantive analytical procedures and detailed tests.</p> <p>We have assessed the details of software development projects and the criteria for capitalisation. During this assessment we have compared the future cash flow estimates with prior performance and the recoverability of these capitalised development costs in line with the requirement of TMS 38 Intangible Assets standard.</p> <p>We have received a breakdown of all costs that are determined to be capitalised by project, employee and nature of cost. We have performed substantive testing procedures based on this breakdown.</p> <p>Management estimates regarding the useful life of these capitalised development costs are compared with the estimates of peer competitors and the life cycle of the customer contracts.</p> <p>We have also assessed the appropriateness of the disclosures stated in Note 2.5 and Note 9.</p>



4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 4 March 2024.

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

Orhan Öztürk, SMMM
Independent Auditor

Istanbul, 4 March 2024

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

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

ASSETS		Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
CURRENT ASSETS	Notes		
Cash and cash equivalents	3	218,438,892	57,136,078
Financial investments	11	246,873,455	263,718,786
Trade receivables	5,6	184,377,893	83,328,431
- <i>Related party trade receivables</i>	5	22,104,526	11,134,295
- <i>Other trade receivables</i>	6	162,273,367	72,194,136
Prepaid expenses	7	60,735,864	31,977,982
Other current assets	13	31,241,084	24,241,841
Total Current Assets		741,667,188	460,403,118
NON CURRENT ASSETS			
Financial investments	11	-	61,123,808
Property, plant and equipment	8	151,840,116	67,129,309
Intangible assets	9	759,708,182	390,051,961
Prepaid expenses	7	66,180,135	36,149,592
Deferred tax assets		8,618,504	1,292,501
Other non current assets	13	1,801,471	1,038,410
Total Non-Current Assets		988,148,408	556,785,581
TOTAL ASSETS		1,729,815,596	1,017,188,699

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

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

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

LIABILITIES AND EQUITY		Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
CURRENT LIABILITIES	Notes		
Trade payables	6	70,993,281	26,253,461
Bank loans	11	-	23,372,875
Obligations under finance leases	11	-	19,211,569
Current tax liabilities	21	5,115,447	11,780
Deferred income	7	27,743,826	17,138,544
Employee benefit obligations	12	22,439,386	8,169,081
Short term provisions	12	22,238,558	9,453,636
- <i>Short term provision for employee benefits</i>		22,238,558	9,453,636
Other current liabilities	13	3,484,807	79,730
Total Current Liabilities		152,015,305	103,690,676
NON CURRENT LIABILITIES			
Deferred Income	7	70,038,983	39,398,964
Long-term provisions	12	10,570,669	6,180,536
- <i>Long term provision for employee benefits</i>		10,570,669	6,180,536
Total Non-Current Liabilities		80,609,652	45,579,500
EQUITY			
Share capital	14	127,500,000	127,500,000
Share premiums on capital stock	14	263,039,827	292,429,353
Adjustment to share capital	14	117,442	117,442
Legal reserves	14	12,506,162	2,808,433
Other Accumulated Comprehensive Loss that will not be subsequently reclassified to profit or loss		886,801,753	360,308,473
- <i>Actuarial loss on defined retirement benefit plans, net of taxes</i>		(1,900,376)	(2,462,005)
- <i>Currency translation difference</i>	14	888,702,129	362,770,478
Net Profit		132,168,362	58,544,791
Retained earnings		75,057,093	26,210,031
Total Equity		1,497,190,639	867,918,523
TOTAL LIABILITIES AND EQUITY		1,729,815,596	1,017,188,699

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

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY-31 DECEMBER 2023

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

		Audited Current Period 1 January 31 December 2023	Audited Prior Period 1 January 31 December 2022
	Note		
Revenue	15	609,051,324	311,102,695
Cost of sales (-)	15	(313,007,451)	(142,102,909)
Gross profit		296,043,873	168,999,786
Marketing and sales expenses (-)	16	(76,013,405)	(45,204,968)
General administrative expenses (-)	16	(89,924,269)	(46,546,857)
Other operating income	17	59,729,502	20,603,712
Other operating expenses (-)	17	(49,882,287)	(18,268,917)
Operating profit		139,953,414	79,582,756
Income from investment activities	18	82,143,148	28,675,186
Profit before finance expense		222,096,562	108,257,942
Finance expenses (-)	19	(53,046,829)	(39,011,162)
Finance income	19	3,024,357	3,341,605
Profit before tax		172,074,090	72,588,385
Income tax expense	21	(39,905,728)	(14,043,594)
Current tax expense (-)		(45,245,748)	(14,738,281)
Deferred tax expense (-)		5,340,020	694,687
NET PROFIT FOR THE YEAR		132,168,362	58,544,791
Distribution of Net Profit			
Owners of the Company/parent	24	132,168,362	58,544,791
Basic earnings per share		1.0366	0.4592
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Items that will not be reclassified to profit or loss		526,493,280	223,315,044
Currency translation difference	20	525,931,651	224,378,517
Actuarial profits / (losses) in retirement benefit plans		595,327	(1,127,281)
Deferred tax effect of actuarial profits / (losses) in retirement benefit plans		(33,698)	63,808
OTHER COMPREHENSIVE INCOME / (EXPENSE)		526,493,280	223,315,044
TOTAL COMPREHENSIVE INCOME		658,661,642	281,859,835

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY**

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023

(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 2022	14	100,000,000	-	117,442	120,347	(1,398,532)	138,391,961	5,546,600	23,351,517	266,129,335
Transfers		-	-	-	2,688,086	-	-	20,663,431	(23,351,517)	-
Profit for the year		-	-	-	-	-	-	-	58,544,791	58,544,791
Total comprehensive income		-	-	-	-	(1,063,473)	224,378,517	-	-	223,315,044
Capital increase		27,500,000	292,429,353	-	-	-	-	-	-	319,929,353
Balances as of 31 December 2022	14	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
Balances as of 1 January 2023	14	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		-	-	-	-	-	-	-	132,168,362	132,168,362
Total comprehensive income		-	-	-	-	561,629	525,931,651	-	-	526,493,280
Due to other changes increase / (decrease) (*)		-	(29,389,526)	-	-	-	-	-	-	(29,389,526)
Balances as of 31 December 2023	14	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

(*) Within the scope of the special additional taxes scoped in the 27th paragraph of the 10th article of the Law No: 7440 published in the Official Gazette on 12.03.2023; calculated over the "Emission Premiums", which exceeds the portion corresponding to the nominal capital, of some of the shares offered to the public with emission premiums through capital increase in order to be traded on the Istanbul Stock Exchange (BIST Istanbul) in 2022. The additional tax of 29,389,526 TL is reported by being deducted from the "Emission Premiums" account, which directly affects the taxation.

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

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Cash Flows from Operating Activities			
Profit for the Period		132,168,362	58,544,791
Adjustments related to tax expenses	21	39,905,728	14,043,594
Adjustments related to provision for employment termination benefits	12	3,845,522	2,702,725
Adjustments related to provision for doubtful receivable	6	457,564	373,605
Adjustments related to provision for unused vacation	12	7,048,120	4,551,528
Adjustments related to interest income and expense	18,19	(837,760)	(4,359,996)
Adjustments related to unrealized foreign exchange differences		(120,064,436)	40,120,900
Adjustments related with fair value expense (income) of financial assets	18	(81,071,183)	(23,704,103)
Depreciation and amortization of non-current assets	8, 9	100,598,040	54,174,428
Other non-cash adjustments		3,245,856	2,228,712
		<u>85,295,813</u>	<u>148,676,184</u>
Changes in working capital			
Adjustments related to increase in trade receivables	5,6	(104,919,273)	(50,303,715)
Adjustments related to increase in prepaid expenses	7	(20,554,101)	(8,930,803)
Adjustments related to increase in other current / non-current assets	13	(7,762,304)	(17,192,892)
Adjustments related to decrease in trade payables	6	44,739,820	12,311,021
Adjustments related to increase / (decrease) in deferred income	7	(234,879)	1,048,774
Adjustments related to increase / (decrease) in other liabilities		17,675,382	5,432,421
Cash generated from operations		<u>14,240,458</u>	<u>91,040,990</u>
Income taxes paid		(62,633,340)	(16,421,937)
Unused vacation paid	12	(1,114,765)	(245,565)
Employment termination benefits paid	12	(2,685,731)	(427,594)
Net cash flows from operating activities		<u>(52,193,378)</u>	<u>73,945,894</u>
Cash flows from investing activities			
Cash generated from disposal of property, plant and equipment	8	10,758	4,535
Payments for purchases of property, plant and equipment	8	(50,760,542)	(54,574,951)
Payments for purchases of intangible assets	9	(204,553,221)	(113,721,342)
Interest received		80,559,717	18,892,537
Cash inflows from the sale of shares or debt instruments of other businesses or funds		247,319,739	81,835,065
Cash outflows from the acquisition of shares or debt instruments of other businesses or funds		-	(283,050,574)
Other cash inflow		649,744,251	32,816,025
Other cash outflow		(484,546,965)	(83,282,635)
Net cash flows from investing activities		<u>237,773,737</u>	<u>(401,081,340)</u>
Cash flows from financing activities			
Proceeds from borrowings	11	-	18,278,500
Borrowings paid	11	(23,777,875)	(36,878,925)
Lease borrowings paid	11	(27,716,090)	(18,952,876)
Interest paid		(845,768)	(1,287,304)
Cash inflows related with the share issue		-	319,929,353
Net cash flows from financing activities		<u>(52,339,733)</u>	<u>281,088,748</u>
		-	-
INCREASE IN CASH AND CASH EQUIVALENTS		<u>133,240,626</u>	<u>(46,046,698)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	<u>57,136,078</u>	<u>66,108,548</u>
Currency translation differences effect on cash and cash equivalents		28,062,188	37,074,228
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	<u>218,438,892</u>	<u>57,136,078</u>

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

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 and HITIT TECH LAB-ISB (SMC-Private) established in 2023, together referred to as the "Group.". The Group's main field of activity is to develop software solutions for airlines, travel companies and airports, carry operations to provide these as a service, to host and to sell.

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

As of 31 December 2023, personnel number of the Company is 390 (31 December 2022: 337).

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.

Approval of consolidated financial statements:

Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 4 March 2024. The General Assembly has the authority to modify the consolidated financial statements.

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 June 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”).

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation (cont'd)

Financial reporting standards applied (cont'd)

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

Basis of preparation

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

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

Functional and Presentation Currency

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

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

Presentation Currency Translation

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

- In the consolidated financial statement position dated 31 December 2023, assets and liabilities have been converted into TL with the foreign exchange buying rates announced by The Central Bank of Turkish Republic as of 31 December 2023 which is 29.4382 TL=1 USD.
- Consolidated statement of profit or loss for the period ended 31 December 2023, have been converted into TL with the exchange rates of the twelve-month average of January - December 2023 which is 23.7482 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.

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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

The detail of the Company's subsidiary at 31 December 2023 and 2022 are as follows:

Subsidiaries	Country of incorporation	Currency	Share in equity of the Group (%)	
			31 December 2023	31 December 2022
Hitit Saas Turizm Servisleri A.Ş.	Turkey	US Dollar	100	100
HİTİT TECH LAB-ISB (SMC-Private) Limited	Pakistan	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:

- 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.

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **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.
- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023

- **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.
- **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.

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

- **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.
- **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.

Also, according to the Turkey Sustainability Reporting Standards ("TSRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") published in the Official Gazette dated 29 December, 2023, certain enterprises will be subject to mandatory sustainability reporting as of 1 January 2024. On January 5th, 2024, enterprises falling within the scope of sustainability practices were identified for mandatory sustainability reporting under the "Turkey Sustainability Reporting Standards (TSRS) Application Scope Determination Board Decision."

The Group evaluates the effects of these amendments on the consolidated financial statements.

2.5 Summary of Significant Accounting Policies

Related Parties

Related parties are persons or businesses related to the entity that prepares their financial statements (reporting entity).

(a) A person or a member of his / her immediate family shall be deemed to be a related party with the business if any of the following is true:

- (i) the person has control or joint control power over the reporting entity
- (ii) the person has significant influence over the reporting entity,
- (iii) the person is a member of the key management personnel of a parent company of the reporting or reporting entity.

(b) A business shall be deemed to be related to the reporting entity if any of the following conditions are met:

- (i) the business and the reporting entity are members of the same company (ie, associated with each parent, subsidiary and other subsidiary).
- (ii) the business is an affiliate or business partner of the reporting entity (or a member of a company that is also a member of the other operator).
- (iii) Both the business and the reporting entity are partnerships of the same third party.
- (iv) Either the business or reporting entity is a business partnership of a third party, and the third party is the affiliate of the reporting entity or business.

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Related Parties (cont'd)

(v) The business has benefit plans provided to employees of the reporting entity or an entity associated with the reporting entity after leaving the entity. If the reporting entity itself has such a plan, the sponsoring employers are also related parties to the reporting entity.

(vi) The reporting entity is controlled or jointly controlled by a person as defined in (a).

(vii) A person identified in sub-paragraph (i) of (a) has significant influence over or is a member of the key management personnel of the reporting entity (or its parent company).

Transactions with a related party are transfers between a reporting entity and a related party, irrespective of whether a resource, service or liability is for a consideration.

Revenue

The Group's revenues consist of sales and hosting of the software package containing modules to manage processes including booking, ticketing, revenue accounting, frequent flyer program, as well as sales and hosting of additional modules to manage flight planning and staff and aircraft information. The Group also earns revenue due to installing the above mentioned software and additional modules, and due to maintenance, training and other services, it renders regarding the software and additional modules.

The Group defines performance obligations in the contracts it has made regarding the aforementioned services, distributes transaction costs to performance obligations, taking into account estimated customer returns, discounts and provisions, and records its revenues on an accrual basis over the fair value of the price received or to be received.

The Group provides a service of installation of various software products for specialised business operations. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under TFRS 15. Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Deferred installation income arise from obligations arising from customer contracts. The Group fulfills and recognizes its performance liabilities over time within the scope of its liabilities arising from customer contracts. Income from customer contracts related to the incomplete service period is accounted for as "Deferred Installation Income". Income from such services are recorded as income on an accrual basis over the hours of service provided in accordance with the contractual principles, in accordance with the periodicity principle. In the short-term and one-time services, the Group takes the income into the financial statements "at a certain moment of time" when the control is passed to the customer.

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

HİTİT BİLGİSAYAR HİZMETLERİ A.Ş. AND ITS SUBSIDIARY

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, leases or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Borrowing costs are capitalised for assets that necessarily takes a substantial period of time to get ready for its intended use or sale. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Trademarks and licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives (3-5 years).

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-15 years).

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (3 years).

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

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets (cont'd)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Costs incurred under development activities are capitalized by the Group. Management takes into account how much time each staff member spends in research and development activities while including the salaries of staff directly involved in the calculation of the cost of the asset. Personnel expenses related to research activities are recognised as an expense when incurred.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets (cont'd)

Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Borrowing Costs

In the case of assets requiring a significant amount of time (qualifying assets) to be made ready for use and sale, borrowing costs that are directly attributable to the acquisition, construction or production are included in the cost of the asset until the asset is ready for use or sale.

All other borrowing costs are recorded as an expense in the statement of profit in the period in which they are incurred.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset result in cash flows on certain dates that include only payments of principal and interest on the principal balance.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(i) Amortised cost and effective interest method

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The expected credit loss of financial assets is the present value of the difference between all contractual cash flows of the Group and all cash flows that the Group expects to collect (all cash deficits), calculated over the initial effective interest rate (or credit-adjusted effective interest rate for financial assets that were credit-impaired when purchased or created).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred directly to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied:

When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Effect of Currency Exchange

Foreign Currency Balances and Transactions

The financial statements of the Group are presented in USD, the currency (functional currency) that is valid in the basic economic environment in which its. The financial position of the Group and the results of its operations are expressed in TL which the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than US Dollar (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The Group has determined TL as the reporting currency for the purpose of presenting the financial statements and footnotes. The financial statements are translated into the presentation TL currency using the period-end rate for statement of financial position items, capital and legal reserves, historical rates for other equity items excluding capital and legal reserves, and average rates for profit or loss statement items.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As of 31 December 2023, the Group has no provision for litigation.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current year tax liability is calculated on the basis of the taxable portion of the period profit which is not included in the scope of the technology development region. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax rates which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Income Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employee Benefits

Employee Termination Benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) Employee Benefits ("TAS 19").

The employee termination benefit liability recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity by deducting the dividend amount from accumulated profits in the period in which they are approved and declared.

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

2.6 Significant Accounting Judgments, Estimates and Assumptions

Development Costs

Costs incurred under development activities are capitalized by the Group. Management takes into account how much time each staff member spends in research and development activities while including the salaries of staff directly involved in the calculation of the cost of the asset. Personnel expenses related to research activities are recognised as an expense when incurred.

The Useful lives of Property, Plant and Equipment

The Group depreciates its property and equipment by taking the useful lives in Notes 8 and 9 into account. Useful lives of property, plant and equipment are based on best estimation of the Management, reviewed at every date of balance sheet and corrected in case of need.

3. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	634,776	492,233
Cash at banks	217,804,116	56,643,845
<i>Demand deposits</i>	16,289,897	37,924,900
<i>Time deposits</i>	201,514,219	18,718,945
	<u>218,438,892</u>	<u>57,136,078</u>

Time Deposits	Effective Interest Rate	Maturity Date	31 December 2023
US Dollar (TL denominated)	%0,01	2.01.2024	62,703,366
US Dollar (TL denominated)	%4,00	27.06.2024	58,876,400
US Dollar (TL denominated)	%4,00	28.03.2024	58,876,400
US Dollar (TL denominated)	%2,5	2.01.2024	2,821,142
TL	%30,00	2.01.2024	11,785,000
TL	%13,00	2.01.2024	100,000
EUR (TL denominated)	%0,01	2.01.2024	6,351,911
			<u>201,514,219</u>

Time Deposits	Effective Interest Rate	Maturity Date	31 December 2022
US Dollar (TL denominated)	%1,50	6.01.2023	18,718,945
			<u>18,718,945</u>

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 22. As of 31 December 2023, the Group do not have any worth of restricted cash. (31 December 2022: None.)

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4. SEGMENT REPORTING

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

5. RELATED PARTY DISCLOSURES

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

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

	Trade Receivables	
	Current	Current
Balances with Related Parties	31 December 2023	31 December 2022
Shareholders		
Pegasus Hava Taşımacılığı A.Ş.	17,750,663	8,828,384
Others		
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	4,353,863	2,305,911
	<u>22,104,526</u>	<u>11,134,295</u>

The transactions with related parties for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January -	1 January -
	31 December 2023	31 December 2022
Transactions with Related Parties	Sales	Sales
Pegasus Hava Taşımacılığı A.Ş.	155,755,362	69,225,431
Amadeus Bilgi Teknolojisi Hizmetleri A.Ş.	33,649,321	21,030,443
	<u>189,404,683</u>	<u>90,255,874</u>

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5. RELATED PARTY DISCLOSURES (cont'd)

Benefits provided to key personnel:

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

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short term benefits	21,699,394	11,417,129
	<u>21,699,394</u>	<u>11,417,129</u>

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	31 December 2023	31 December 2022
<u>Current trade receivables</u>		
Trade receivables	151,133,687	69,910,251
Trade receivables from related parties (Note: 5)	22,104,526	11,134,295
Income accruals	20,650,073	8,065,175
Expected credit loss (-)	(9,510,393)	(5,781,290)
	<u>184,377,893</u>	<u>83,328,431</u>

Trade receivables are amounts due from customers for services performed in the ordinary course of business. The average maturity of trade receivables is 80 days (31 December 2022: 70 days) and classified as a current trade receivables.

As of 31 December 2023, receivables of the Group amounting to TL 94,406,013 are overdue but not impaired (31 December 2022: TL 35,097,059). As of 31 December 2023, The Group's provisions for doubtful receivables are TL 9,510,393 (31 December 2022: TL 5,781,290).

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Movement of Allowance for Doubtful Receivables</u>		
Balance at beginning of the year	5,781,290	12,997,241
Charge for the period (Note: 16)	457,564	373,605
Collections	(140,708)	-
Written off provision	-	(10,630,904)
Currency translation difference	3,412,247	3,041,348
Closing balance	<u>9,510,393</u>	<u>5,781,290</u>

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6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

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

	31 December 2023	31 December 2022
<u>Short term trade payables</u>		
Trade payables to service providers	62,355,524	25,822,928
Other trade payables	8,637,757	430,533
	<u>70,993,281</u>	<u>26,253,461</u>

As of 31 December 2023, average maturity of the Group's trade payables is 57 days (31 December 2022: 52 days).

7. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
<u>Short-term prepaid expenses</u>		
Deferred implementation expenses	25,018,555	15,557,715
Prepaid software support expenses	18,807,385	9,949,073
Prepaid insurance expenses	7,374,943	3,765,574
Prepaid marketing and sales expenses	5,504,456	1,375,496
Order advances given	2,108,423	251,604
Business advances given	542,840	129,187
Other prepaid expenses	1,379,262	949,333
	<u>60,735,864</u>	<u>31,977,982</u>
	31 December 2023	31 December 2022
<u>Long-term prepaid expenses</u>		
Deferred implementation expenses	64,807,520	36,034,036
Prepaid software support expenses	1,325,774	101,544
Other prepaid expenses	46,841	14,012
	<u>66,180,135</u>	<u>36,149,592</u>
	31 December 2023	31 December 2022
<u>Short-term deferred income</u>		
Deferred implementation income	26,577,749	16,437,919
Other deferred Income	1,166,077	700,625
	<u>27,743,826</u>	<u>17,138,544</u>

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7. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

	31 December 2023	31 December 2022
<u>Long-term deferred income</u>		
Deferred implementation income	70,032,948	38,692,598
Other deferred Income	6,035	706,366
	<u>70,038,983</u>	<u>39,398,964</u>

8. PROPERTY, PLANT AND EQUIPMENT

	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	33,306,304	830,237	16,624,001	50,760,542
Disposals	(10,758)	-	-	(10,758)
Foreign currency translation difference	33,011,945	2,373,859	28,780,622	64,166,426
Closing balance as of 31 December 2023	<u>109,892,742</u>	<u>6,990,689</u>	<u>88,577,483</u>	<u>205,460,914</u>
Accumulated Depreciation				
Opening balance as of 1 January 2023	(21,192,223)	(2,223,172)	-	(23,415,395)
Charge of the year	(12,847,349)	(680,932)	-	(13,528,281)
Disposals	10,758	-	-	10,758
Foreign currency translation difference	(15,247,789)	(1,440,091)	-	(16,687,880)
Closing balance as of 31 December 2023	<u>(49,276,603)</u>	<u>(4,344,195)</u>	<u>-</u>	<u>(53,620,798)</u>
Carrying value as of 31 December 2023	<u>60,616,139</u>	<u>2,646,494</u>	<u>88,577,483</u>	<u>151,840,116</u>
	Furnitures & Fixtures	Leasehold improvements	Construction in progress	Total
Cost Value				
Opening balance as of 1 January 2022	17,963,147	2,634,623	-	20,597,770
Additions	16,279,313	80,257	38,215,381	54,574,951
Disposals	(4,535)	-	-	(4,535)
Foreign currency translation difference	9,347,326	1,071,713	4,957,479	15,376,518
Closing balance as of 31 December 2022	<u>43,585,251</u>	<u>3,786,593</u>	<u>43,172,860</u>	<u>90,544,704</u>
Accumulated Depreciation				
Opening balance as of 1 January 2022	(11,991,536)	(1,201,015)	-	(13,192,551)
Charge of the year	(3,872,866)	(476,542)	-	(4,349,408)
Disposals	4,535	-	-	4,535
Foreign currency translation difference	(5,332,356)	(545,615)	-	(5,877,971)
Closing balance as of 31 December 2022	<u>(21,192,223)</u>	<u>(2,223,172)</u>	<u>-</u>	<u>(23,415,395)</u>
Carrying value as of 31 December 2022	<u>22,393,028</u>	<u>1,563,421</u>	<u>43,172,860</u>	<u>67,129,309</u>

As of 31 December 2023, there are no mortgage on property, plant and equipment. (31 December 2022: None.)

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Useful lives of property and equipment are as follows:

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

9. INTANGIBLE ASSETS

	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	2,380,971	202,053,272	118,978	204,553,221
Foreign currency translation difference	38,589,225	329,914,898	5,224,395	373,728,518
Closing balance as of 31 December 2023	<u>107,161,318</u>	<u>1,022,069,311</u>	<u>14,389,480</u>	<u>1,143,620,109</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	(14,010,227)	(72,232,454)	(837,836)	(87,080,517)
Foreign currency translation difference	(18,107,912)	(98,854,243)	(4,582,846)	(121,545,001)
Closing balance as of 31 December 2023	<u>(57,799,992)</u>	<u>(313,062,010)</u>	<u>(13,049,925)</u>	<u>(383,911,927)</u>
Carrying value as of 31 December 2023	<u>49,361,326</u>	<u>709,007,301</u>	<u>1,339,555</u>	<u>759,708,182</u>

	Rights	Developed software	Purchased software	Total
Cost Value				
Opening balance as of 1 January 2022	41,113,767	263,877,359	6,425,804	311,416,930
Additions	7,537,731	106,155,474	28,137	113,721,342
Foreign currency translation difference	17,539,624	120,068,308	2,592,166	140,200,098
Closing balance as of 31 December 2022	<u>66,191,122</u>	<u>490,101,141</u>	<u>9,046,107</u>	<u>565,338,370</u>
Accumulated Depreciation				
Opening balance as of 1 January 2022	(9,346,591)	(70,652,810)	(4,824,036)	(84,823,437)
Charge of the year	(11,126,759)	(37,939,819)	(762,977)	(49,829,555)
Foreign currency translation difference	(5,208,503)	(33,382,684)	(2,042,230)	(40,633,417)
Closing balance as of 31 December 2022	<u>(25,681,853)</u>	<u>(141,975,313)</u>	<u>(7,629,243)</u>	<u>(175,286,409)</u>
Carrying value as of 31 December 2022	<u>40,509,269</u>	<u>348,125,828</u>	<u>1,416,864</u>	<u>390,051,961</u>

TL 72,232,454 of depreciation and amortization expense for the current period (2022: TL 37,939,819) has been charged in "Cost of sales," TL 28,365,586 of depreciation and amortization expense for the current period has been charged in "general administrative expenses" (2022: TL 16,234,609).

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9. INTANGIBLE ASSETS (cont'd)

Useful lives of intangible assets are as follows:

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

10. COMMITMENTS

Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 December 2023 and 31 December 2022 is as follows:

CPMs given by the Group:	31 December 2023				31 December 2022			
	TL equivalent	USD	EUR	TL	TL equivalent	USD	EUR	TL
A. Total amounts of CPM given on behalf of its own legal entity	81,293,589	2,761,500	-	-	41,367,651	2,212,375	-	-
<i>-Collateral</i>	81,293,589	2,761,500	-	-	41,367,651	2,212,375	-	-
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation	-	-	-	-	-	-	-	-
<i>-Collateral</i>	-	-	-	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations	-	-	-	-	-	-	-	-
<i>-Collateral</i>	-	-	-	-	-	-	-	-
D. Total amounts of other CPM given								
i. Total amount of CPM given on behalf of the Parent	-	-	-	-	-	-	-	-
<i>-Collateral</i>	-	-	-	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C	-	-	-	-	-	-	-	-
<i>-Collateral</i>	-	-	-	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C	-	-	-	-	-	-	-	-
<i>-Collateral</i>	-	-	-	-	-	-	-	-
TOTAL	81,293,589	2,761,500	-	-	41,367,651	2,212,375	-	-

The ratio of other CPMs given by the Group to banks and customers to the Group's equity is 0% as of 31 December 2023. (31 December 2022: 0%)

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11. FINANCIAL INSTRUMENTS

Financial Investments

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

Short-Term	31 December 2023	31 December 2022
Financial investments measured at amortized cost	97,056,921	192,532,581
Exchange rate protected time deposit	-	26,519,481
Exchange rate protected time deposit converted from FX	145,902,431	43,875,524
Venture capital investment fund	3,914,103	791,200
	<u>246,873,455</u>	<u>263,718,786</u>
Long-Term	31 December 2023	31 December 2022
Financial investments measured at amortized cost	-	61,123,808
	<u>-</u>	<u>61,123,808</u>

Financial investments at fair value through profit or loss

The details of the Exchange rate protected time deposit and Exchange rate protected time deposit converted from FX by the Group as of 31 December 2023 and 31 December 2022 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
	<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 accounts are 30%, 34%, 35% and 36% as of 31 December 2023.

	31 December 2022		
	Nominal Value	Interest Accrual	Fair Value
Exchange Rate Protected Time Deposit Converted from FX	42,655,875	1,219,649	43,875,524
Exchange Rate Protected Time Deposit	21,718,840	4,800,641	26,519,481
	<u>64,374,715</u>	<u>6,020,290</u>	<u>70,395,005</u>

The annual interest rates for Exchange Rate Protected Time Deposit accounts are 16% and the annual interest rates for Exchange rate protected time deposit converted from FX is 12% as of 31 December 2022.

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11. FINANCIAL INSTRUMENTS (cont'd)

Financial investments measured at amortized cost

Security Issuer	31 December 2023	31 December 2022
TC Hazine Müsteşarlığı	97,056,921	253,656,389
	<u>97,056,921</u>	<u>253,656,389</u>

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

Security Issuer	31 December 2023	31 December 2022
TC Hazine Müsteşarlığı	98,500,470	253,510,657
	<u>98,500,470</u>	<u>253,510,657</u>

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	97,056,921	14.11.2024
				<u>97,056,921</u>	
Security Issuer	ISIN Code	Coupon Interest Rate (%)	FX Rate	Asset Value	Call Date
TC Hazine Müsteşarlığı	TRT250123T11	%20,61	TL	204,482	25.01.2023
TC Hazine Müsteşarlığı	US900123CR91	%6,14	US Dollar	98,392,643	23.12.2023
TC Hazine Müsteşarlığı	US900123CA66	%5,20	US Dollar	93,935,453	23.03.2023
TC Hazine Müsteşarlığı	US900123CW86	%7,60	US Dollar	61,123,811	14.11.2024
				<u>253,656,389</u>	

Financial Liabilities

	31 December 2023	31 December 2022
The borrowings		
a) Bank Borrowings	-	23,372,875
b) Finance Lease Payables	-	19,211,569
	<u>-</u>	<u>42,584,444</u>

The borrowings are repayable as follows:

	31 December 2023	31 December 2022
To be paid within 1 year	-	23,372,875
	<u>-</u>	<u>23,372,875</u>

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11. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

a) Bank Loans

Currency Type	Weighted Average Effective Interest Rate	31 December 2022	
		Current	Non-current
USD	%2,50	23,372,875	-
		<u>23,372,875</u>	<u>-</u>

b) Finance Lease Liabilities

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	<u>Finance Lease Payables</u>			
Amounts payable under	-	19,557,880	-	19,211,569
Within one year	-	19,557,880	-	19,211,569
Less : Future finance charges	-	-	-	-
Present value of finance lease obligations	<u>-</u>	<u>19,557,880</u>	<u>-</u>	<u>19,211,569</u>
Less: Amounts due to settlement within twelve months (shown under current liabilities)			-	(19,211,569)
			<u>-</u>	<u>-</u>

Reconciliation of obligations arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

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11. FINANCIAL INSTRUMENTS (cont'd)

Reconciliation of obligations arising from financing activities (cont'd)

Financial Liabilities (cont'd)

	1 January 2023	Financing cash flows	Non-Cash Changes			31 December 2023
			Fair Value Adjustments	New Leases	Exchange rates movements	
Bank Loans (Note 11)	23,372,875	(23,777,875)	-	-	405,000	-
Financial Lease liabilities (Note 11)	19,211,569	(28,379,908)	-	-	9,168,339	-
	<u>42,584,444</u>	<u>(52,157,783)</u>	<u>-</u>	<u>-</u>	<u>9,573,339</u>	<u>-</u>
	1 January 2022	Financing cash flows	Non-Cash Changes			31 December 2022
			Fair Value Adjustments	New Leases	Exchange rates movements	
Bank Loans (Note 11)	31,741,227	(18,600,425)	-	-	10,232,073	23,372,875
Financial Lease liabilities (Note 11)	28,404,006	(19,629,093)	-	-	10,436,656	19,211,569
	<u>60,145,233</u>	<u>(38,229,518)</u>	<u>-</u>	<u>-</u>	<u>20,668,729</u>	<u>42,584,444</u>

12. EMPLOYEE BENEFITS

Employee benefit obligations

The details of the Group's employee benefit obligations as of reporting date are as follows:

	31 December 2023	31 December 2022
Employee benefit obligations		
Social security deductions to be paid	15,007,535	3,452,435
Taxes and funds to be paid	7,169,409	4,574,184
Payables to personnel	262,442	142,462
	<u>22,439,386</u>	<u>8,169,081</u>
Short-term provision for employee benefits		
	31 December 2023	31 December 2022
Short-term provision for employee benefits		
Provision for unused vacations	22,238,558	9,453,636
	<u>22,238,558</u>	<u>9,453,636</u>

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12. EMPLOYEE BENEFITS (cont'd)

Short-term provision for employee benefits (cont'd)

<i>Movement of Provision for Unused Vacation</i>	1 January- 31 December 2023	1 January- 31 December 2022
As of 1 January	9,453,636	3,271,310
Provision made during the period / (reversed)	7,048,120	4,551,528
Payments during the period	(1,114,765)	(245,565)
Foreign currency translation difference	6,851,567	1,876,363
Provision at the end of the period	<u>22,238,558</u>	<u>9,453,636</u>

Long-term provision for employee benefits

Provision for Severance Payment

According to the Turkish Labor Law, the Group is required to make a severance payment to every employee who retires after 25 years of working life (58 for women and 60 for men), who is called for military service or who passes away, provided that the employee has completed one year of service.

The liability for severance payment is not legally subject to any funding. Provision for this payment is calculated by estimating the present value of the probable future liabilities of the Company arising from the retirement of its employees. TAS 19 ("Employee Benefits") provides for the development of an entity's liabilities using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the following actuarial assumptions were made in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

- 29.31% real discount rate (31 December 2022: 21.58%) calculated by using 24.82% annual inflation rate (31 December 2022: 18.04%) and 3.60% discount rate (31 December 2022: 3.00%).

- Legal cap valid as of 1 January 2024 TL 35,058.58 has been used in calculations (1 January 2022: TL 19,982.83).

- Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 19.07% for employees with 0-15 years of service (2022: 13.54%), and 0% for those with 16 or more years of service.

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12. EMPLOYEE BENEFITS (cont'd)

Provision for Severance Payment (cont'd)

Movement table of provision for severance payment is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Provision at 1 January	6,180,536	2,194,300
Service cost	3,609,821	2,577,929
Interest cost	235,701	124,796
Termination benefits paid	(2,685,731)	(427,594)
Actuarial gain / (loss)	(595,327)	1,127,281
Foreign currency translation difference	3,825,669	583,824
Provision at the end of the period	<u>10,570,669</u>	<u>6,180,536</u>

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

13. OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
<u>Other current assets</u>		
VAT carried forward	28,827,799	22,894,928
Deposits and guarantees given	307,659	989,364
Other current assets	2,105,626	357,549
	<u>31,241,084</u>	<u>24,241,841</u>
	31 December 2023	31 December 2022
<u>Other non current assets</u>		
Deposits and guarantees given	1,801,471	1,038,410
	<u>1,801,471</u>	<u>1,038,410</u>

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13. OTHER ASSETS AND LIABILITIES (cont'd)

	31 December 2023	31 December 2022
<u>Other current liabilities</u>		
Advances received (*)	3,125,513	-
Other current liabilities	359,294	79,730
	<u>3,484,807</u>	<u>79,730</u>

(*) Advance received for future months based on the guaranteed application usage fees.

14. SHAREHOLDER'S EQUITY

Capital

The capital structure as of 31 December 2023 is as follows:

Shareholders	%	31 December		31 December	
		2023	%	2022	%
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	-	-	
<i>Hakan Ünlü</i>	%0,074	94,326	-	-	
<i>Özkan Dülger</i>	%0,074	94,326	-	-	
<i>Other</i>	%26,369	33,620,214	-	-	
Nominal Capital	100%	127,500,000	100%	127,500,000	
Inflation Adjustment		117,442		117,442	
Adjusted Capital		<u>127,617,442</u>		<u>127,617,442</u>	

(*) Including 786.047 public shares.

(**) Including 495.209 public shares.

(***) Representing shares in circulation.

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

As of 31 December 2023, the Group's capital consists of 127,500,000 ordinary shares (2022: 127,500,000 ordinary shares). Nominal value of each share is TL 1 (2022: TL 1).

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

Revenue

Revenue	1 January- 31 December 2023	1 January- 31 December 2022
Application use fee revenue	315,640,770	163,167,142
Application use and development revenue	119,140,658	44,413,507
Maintenance revenue	73,352,205	43,668,090
Infrastructure revenue	59,718,554	35,696,354
Implementation and Integration revenue	27,644,401	14,535,247
License revenue	6,386,675	3,281,193
Other	7,168,061	6,341,162
	609,051,324	311,102,695

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

Cost of Sales

Cost of Sales	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(134,280,730)	(60,198,535)
Software support expenses	(86,448,221)	(37,027,616)
Amortization expenses (Note: 8,9)	(72,232,454)	(37,939,819)
Travel and accommodation expenses	(12,454,174)	(2,489,963)
Consultancy expenses	(3,782,067)	(2,172,080)
Conference, event and training expenses	(2,484,323)	(1,613,262)
Representation expenses	(228,054)	(94,458)
Other	(1,097,428)	(567,176)
	(313,007,451)	(142,102,909)

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16. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING/ SALES EXPENSES

Marketing and Sales Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(25,536,368)	(14,294,080)
Sales premium expenses	(19,352,527)	(11,809,182)
Advertising, marketing and sales expenses	(16,439,763)	(8,541,098)
Consultancy expenses	(4,218,108)	(2,254,307)
Travel and accomodation expenses	(3,259,892)	(3,837,263)
Rent expenses	(1,709,965)	(945,537)
Other	(5,496,782)	(3,523,501)
	<u>(76,013,405)</u>	<u>(45,204,968)</u>

General Administrative Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Depreciation and amortization expenses (Note: 8, 9)	(28,365,586)	(16,234,609)
Personnel expenses	(25,729,529)	(13,006,562)
Insurance expenses	(5,392,836)	(1,542,092)
Consultancy expenses	(5,315,583)	(4,337,772)
Conference, event and training expenses	(4,998,616)	(1,826,855)
Rent expenses	(3,914,986)	(2,259,984)
Office expenses	(3,903,064)	(1,749,760)
Taxes and fees expenses	(3,068,861)	(440,659)
Software support expenses	(1,837,754)	(1,082,117)
Representation expenses	(211,050)	(289,183)
Doubtful receivable allowance expense (Note: 6)	(457,564)	(373,605)
Other	(6,728,840)	(3,403,659)
	<u>(89,924,269)</u>	<u>(46,546,857)</u>

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17. OTHER OPERATING INCOME AND EXPENSES

As of 31 December 2023 and 31 December 2022, detail of other operating income is as follows:

Other income from operating activities

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange gain	41,733,876	6,910,457
Government incentives (*)	14,836,726	11,456,114
Other	3,158,900	2,237,141
	<u>59,729,502</u>	<u>20,603,712</u>

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

Other expenses from operating activities

As of 31 December 2023 and 31 December 2022, detail of other operating expenses is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange loss	(49,479,161)	(18,109,347)
Other	(403,126)	(159,570)
	<u>(49,882,287)</u>	<u>(18,268,917)</u>

18. INCOME FROM INVESTING ACTIVITIES

	1 January- 31 December 2023	1 January- 31 December 2022
Fair value gain from financial investment	81,071,183	23,704,103
Interest revenue	1,071,965	4,971,083
	<u>1,071,965</u>	<u>4,971,083</u>

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19. FINANCE INCOME AND EXPENSES

Finance Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange losses	(52,437,664)	(37,928,746)
Interest expense on bank loans	(234,205)	(611,087)
Commission expenses for letter of guarantee	(374,960)	(471,329)
	<u>(609,165)</u>	<u>(1,082,416)</u>

Finance Income

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange gain	3,024,357	3,341,605
	<u>3,024,357</u>	<u>3,341,605</u>

20. OTHER COMPREHENSIVE INCOME ANALYSIS

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency translation fund	525,931,651	224,378,517
Actuarial loss/ (gain) on defined retirement benefit plans	595,327	(1,127,281)
Tax effect	(33,698)	63,808
	<u>526,493,280</u>	<u>223,315,044</u>

Currency Translation Fund

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at the beginning of the period	362,770,478	138,391,961
Balance during the period	525,931,651	224,378,517
Balance at the end of the period	<u>888,702,129</u>	<u>362,770,478</u>

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21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2023	31 December 2022
<i>Current tax liability</i>		
Current corporate tax provision	24,944,871	14,738,281
Less: prepaid taxes and funds	(19,829,424)	(14,726,501)
	<u>5,115,447</u>	<u>11,780</u>
	1 January- 31 December 2023	1 January- 31 December 2022
<i>Tax expense comprises:</i>		
Current tax expense	(45,245,748)	(14,738,281)
Deferred tax income	5,340,020	694,687
Total tax expense	<u>(39,905,728)</u>	<u>(14,043,594)</u>

Corporate Tax

The Group is subject to corporate tax in Turkey.

The Group benefits from the " Law No. 4691 on Technology Development Zones", since it is operating at ITU Teknokent. According to Provisional Article 2 of the Law No. 4691 on Technology Development Zones"; the profits earned by the taxpayers operating in the region from the software and R & D activities exclusively in this zone have been exempted from the Corporate Tax until 31 December 2028, independent of the date on which the activity was initiated.

Also, salaries of R&D and support staff regarding their work in these zones is excepted from any tax until 31 December 2028.

However, even if the profits resulting from activities performed outside the region are obtained from software and R&D activities, they are not considered as exceptions.

In technology development zones, companies engaged in software and R & D activities and wishing to sell the products and services they have designed as a result of these activities on their own can benefit from this exception to revenues by segmenting the revenues according to transfer pricing regulations and excluding the part of their revenue corresponding to intangible assets such as licences, patents etc. The part of the income generated by the production and marketing organization is not considered to be excepted. However, revenue as a result of activities such as installation, revision, improvement, preparation of additional software is subject to exception. The Group is subject to corporation tax for the income as a result of hosting activities and the costs that they can associate during the submission of these services.

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21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

Provision is recorded in the accompanying financial statements for the estimated tax liabilities related to the Group's results for the current period. The corporate tax that will be accrued over the income of the Group is calculated on the tax base excluding revenue generated by activities in technology development zone revenue excepted from tax and other discounts (previous year losses and unused investment incentives, if any) and including non-deductible expenses.

In Turkey, effective corporate tax rate is 25% (2022: 23%).

In Turkey, the provisional tax is calculated and accrued on a quarterly basis. Since the Company's Shares started to be traded in İstanbul stock exchange for the first time in 2022, Article 32/6 of the Corporate Tax Law; The corporate tax rate is applied with a discount of 2 % to the corporate earnings of the 5 accounting periods, starting from the accounting period in which their shares are offered to the public for the first time, to those whose shares are offered to the public for the first time in the İstanbul stock exchange, Provisional tax rate to be calculated on corporate earnings over the period of taxation of corporate earnings in 2023 according to provisional tax periods is 23% (2022: 21%). Losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be incurred in future years. However, the losses can not be deducted retrospectively from the profits of the previous years.

There is no definitive and conciliatory procedure for tax assessment in Turkey. Companies prepare their tax declarations between 1-25 April of the year following the close of the accounting period of the related year. These statements and the accounting records on which they are based may be reviewed and amended by the Tax Office within 5 years.

Withholding Income Tax

In addition to the corporate tax, withholding income tax shall be additionally calculated on dividends except those paid to taxpayer corporations or local branches of foreign companies in Turkey. Withholding income tax was applied as 10% for all companies between 24 April 2003 - 22 July 2006. This rate has been applied to 15% since 22 July 2006 by the decree No. 2006/10731 by the Council of Ministers. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

19.8% withholding tax is required on investment deductions based on investment incentive certificates obtained before 24 April 2003. After this date, no withholding tax is applied on investments not based on investment incentive certificates.

Deferred Taxes

The Group records deferred tax assets and liabilities for temporary timing differences arising from differences that are not covered by the exception to the technology development zone between the statutory and TFRS based financial statements. Such differences usually arise from the fact that certain income and expense items are included in different periods in the financial statements prepared in accordance with TFRS as the basis of the taxation, and the differences are stated below.

The tax rate used in the calculation of deferred tax assets and liabilities is 23% over temporary timing differences that are expected to reverse in 2023, 23% over temporary timing differences that are expected to reverse after 2024.

In addition, as stated in important accounting policies, within the scope of the Technology Development Zones Law No. 4691, 30% of the taxable adjustments in the Group's deferred tax calculation are determined as exceptions.

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21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Taxes(cont'd)

	31 December 2023	31 December 2022
<u>Deferred tax assets / (liabilities)</u>		
Provision for doubtful receivables	59,847	26,716
Depreciation / amortization differences		
of property, plant and equipment and other intangible assets	4,947,569	671,759
Income and expense accruals	(872,443)	(344,029)
Impact of inflation adjustment on taxable (statutory) financial statements (*)	2,576,779	-
Other	1,906,752	938,055
	<u>8,618,504</u>	<u>1,292,501</u>

(*) As the functional currency of the Group is the US Dollar (according to TAS 21), the financial statements prepared according to TFRS are exempt from the inflation accounting practice introduced by General Communiqué No. 555 of the Tax Procedures Law, published on 30 December 2023. The taxable changes resulting from the practice in the statutory books are recorded as deferred tax assets in the financial statements prepared in accordance with TFRS.

The movements of deferred tax assets for the periods ending as of 31 December 2023 are given below:

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Movement of deferred tax asset / (liabilities):</u>		
Opening balance as of 1 January	1,292,501	339,143
Charged to statement of income	5,340,020	694,687
Charged to equity	(33,698)	63,808
Foreign currency translation difference	2,019,681	194,863
Closing balance at the end of the period	<u>8,618,504</u>	<u>1,292,501</u>

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Reconciliation of provision for taxes:</u>		
Profit from operations before tax	172,074,090	72,588,385
	<u>%23</u>	<u>%21</u>
Tax at the domestic income tax rate of %23 (2022:%21)	(39,577,041)	(15,243,561)
Tax effects of:		
- effect of adjustment not calculated deferred tax	(16,841,731)	(2,625,844)
- non-tax-deductible expenses	(8,154,435)	(54,657,421)
- research and development concessions and other allowances	51,460,001	24,934,125
-Exchange difference and interest to be exempted	10,964,687	1,170,865
-Premium on issued shares exemptions	-	54,200,655
- exchange differences arising on translating	(37,757,209)	(21,822,413)
Income tax expense recognised in profit	<u>(39,905,728)</u>	<u>(14,043,594)</u>

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22. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

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

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

As of 31 December 2023 and 2022, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and short-term financial investments is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Financial Liabilities (Note: 11)	-	42,584,444
Less: Cash and Cash equivalents and Financial Investments	(465,312,347)	(381,978,672)
Net Debt	(465,312,347)	(339,394,228)
Total Equity	1,497,190,639	867,918,523
Total Shareholder's Equity (Note: 14)	127,500,000	127,500,000
	<u>(3.65)</u>	<u>(2.66)</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) Credit risk management

Credit Risks with Respect to Financial Instruments	Receivables				Cash at Banks
	Trade Receivables		Other Receivables		
31 December 2023	Related Party	Other	Related Party	Other	
Maximum Credit Risk as of the Reporting Date (A+B+C+D)	22,104,526	162,273,367	-	-	217,804,116
- Secured Portion of the Maximum Credit Risk	-	-	-	-	-
A. Net Book Value of Due and Unimpaired Financial Assets	22,104,526	67,867,354	-	-	217,804,116
B. Net Book Value of Overdue and Unimpaired Financial Assets	-	94,406,013	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-
- Overdue (Book Value)	-	9,510,393	-	-	-
- Impairment (-)	-	(9,510,393)	-	-	-
- Secured Portion of the Net Value	-	-	-	-	-
- Due (Book Value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured Portion of the Net Value	-	-	-	-	-
D. Off-Balance Sheet Items Posing Credit Risk	-	-	-	-	-

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22. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Credit Risks with Respect to Financial Instruments	Receivables				Cash at Banks
	Trade Receivables		Other Receivables		
	Related Party	Other	Related Party	Other	
31 December 2022					
Maximum Credit Risk as of the Reporting Date (A+B+C+D)	11,134,295	72,194,136	-	-	56,643,845
- Secured Portion of the Maximum Credit Risk	-	-	-	-	-
A. Net Book Value of Due and Unimpaired Financial Assets	11,094,469	37,097,077	-	-	56,643,845
B. Net Book Value of Overdue and Unimpaired Financial Assets	39,826	35,097,059	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-
- Overdue (Book Value)	-	5,781,290	-	-	-
- Impairment (-)	-	(5,781,290)	-	-	-
- Secured Portion of the Net Value	-	-	-	-	-
- Due (Book Value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured Portion of the Net Value	-	-	-	-	-
D. Off-Balance Sheet Items Posing Credit Risk	-	-	-	-	-

Remarks Regarding the Credit Quality of Financial Assets

Credit risk is defined as the risk of financial loss to the Group because one of the parties to the financial instrument cannot fulfill its contractual obligation. Financial instruments that can cause significant credit risk concentration of the Group are mainly cash and cash equivalents and trade receivables. The maximum credit risk that the Group may be exposed to is the amounts reflected in the financial statements.

The Group has cash and cash equivalents in various financial institutions. The Group manages and manages the reliability of the financial institutions in which the risk is related.

The Group controls credit risk primarily by credit ratings and credit limits to counterparties, thereby limiting the total risk from a single counterparty.

Provision for doubtful receivables for financial assets is determined based on previous experience.

Aging of overdue receivables is as follows:

31 December 2023	Trade Receivables	
	Related Party	Other
Past due up to 30 days	-	17,750,451
Past due 1 - 3 months	-	28,781,346
Past due 3 - 12 months	-	32,573,130
Past due 1 - 5 year	-	15,301,086
Total past due receivables	-	94,406,013

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22. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Remarks Regarding the Credit Quality of Financial Assets (cont'd)

	Trade Receivables	
	Related Party	Other
31 December 2022		
Past due up to 30 days	39,826	8,701,621
Past due 1 - 3 months	-	9,917,342
Past due 3 - 12 months	-	10,351,987
Past due 1 - 5 year	-	6,126,109
Total past due receivables	39,826	35,097,059

b.2) Liquidity Risk Management

The main responsibility for liquidity risk management belongs to the board of directors. The Board has established an appropriate liquidity risk management framework for short, medium and long-term funding and liquidity requirements of the Group's management.

The funding risk of the current and future debt requirements is managed through obtaining perpetual accessibility to sufficient number of high quality lenders. The Group management monitors Group's liquidity reserves according to cash flow forecasts.

The table below shows the maturity distribution of the Group's non-derivative financial liabilities. The following tables are prepared based on the Group's liabilities without discounting and taking the earliest due dates into consideration. Interests to be paid over these obligations are included in the table below.

Liquidity Risk Table:

Since the Group manages liquidity risk by considering expected maturity of liabilities, the distribution of cash flows arising from non-derivative financial liabilities according to the expected maturities of the Group is also given:

31 December 2023		Total Contracted Cash			
	Carrying value	Outflows	Less than 1 month	3 to 12 months	1 to 5 years
Trade payables (Note: 6)	70,993,281	70,993,281	70,993,281	-	-
	70,993,281	70,993,281	70,993,281	-	-
31 December 2022		Total Contracted Cash			
	Carrying value	Outflows	Less than 1 month	3 to 12 months	1 to 5 years
Financial lease liabilities (Note: 11)	19,211,569	19,557,871	-	19,557,871	-
Trade payables (Note: 6)	26,253,461	26,253,461	26,253,461	-	-
Bank borrowings (Note: 11)	23,372,875	23,372,875	-	23,372,875	-
	68,837,905	69,184,207	26,253,461	42,930,746	-

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22. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change compared to the previous year in Group's exposure to the market risks and the methods that the Group's measurement and management of these market risks.

b.3.1) Foreign currency risk management

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

31 December 2023	TL	EURO	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	158,286,372	1,100,648	194,138,769

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

31 December 2022	TL	EURO	Total TL Equivalent
Bank deposits	1,026,035	461,891	9,404,510
Financial investments (*)	70,599,487	-	70,599,487
Trade receivables	11,212,037	403,209	18,526,042
Trade and other payables	(8,958,804)	(53,423)	(9,927,866)
Other	(15,625,215)	176,071	(12,431,379)
Net foreign currency position	58,253,540	987,748	76,170,794

(*) 26,519,481 TL portion of financial investment from EURO indexed Exchange rate protected time deposit account, 43,875,524 TL portion in USD and EURO indexed Exchange rate protected time deposit converted from FX account.

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

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

22. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Facotrs (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

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

The following table details the Group's sensitivity to a 10% appreciation and depreciation in TL and Euro against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/loss or equity.

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 (-)	-	-	-	-
3- Türk Lirası net effect (1 +2)	18,934,534	(15,491,892)	-	-
10% change in EUR exchange rate across 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)	-	-

31 December 2022

	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	15,333,756	(12,545,800)	-	-
2- TL Hedge amount (-)	-	-	-	-
3- Türk Lirası net effect (1 +2)	15,333,756	(12,545,800)	-	-
10% change in EUR exchange rate across USD				
4 - EUR Net asset/(liability) position	1,744,850	(1,427,605)	-	-
5- EUR Hedge amount (-)	-	-	-	-
6- EUR net effect (4+5)	1,744,850	(1,427,605)	-	-
TOTAL (3 + 6)	17,078,606	(13,973,405)	-	-

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

22. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.2) Interest rate risk management

Information on interest rates of the Group in financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The details of the interest-bearing financial assets of the Group are as follows:

Interest Position Table

Fixed rate instruments	31 December 2023	31 December 2022
Financial Liabilities (Note: 11)	-	42,584,444
	-	42,584,444

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

31 December 2023	Financial assets at amortized cost	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
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
Financial liabilities				
Trade payables (including related parties)	-	70,993,281	70,993,281	6
31 December 2022				
Financial assets				
Cash and cash equivalents	57,136,078	-	57,136,078	3
Trade receivables (including related parties)	324,842,594	-	324,842,594	11
Receivables from shareholders	83,328,431	-	83,328,431	6
Financial liabilities				
Bank loan	-	23,372,875	23,372,875	11
Trade payables (including related parties)	-	26,253,461	26,253,461	6
Financial lease liabilities	-	19,211,569	19,211,569	11

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

24. EARNINGS PER SHARE

	1 January- 31 December 2023	1 January- 31 December 2022
Earnings per share		
Weighted average number of ordinary shares outstanding during the period (in full)	127,500,000	127,500,000
Net profit for the year attributable to equity holders of the parent	132,168,362	23,351,517
Diluted earnings per share	1.0366	0.1831

25. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm (IAF) for the periods which is based on the POA's Board Decision published on the Official Gazette on 30 March 2021, and the preparation principles of which are based on the POA's letter dated 19 August 2021, are as follows:

	31 December 2023	31 December 2022
Independent audit fee for the reporting period	1,000,000	600,000
Other assurance services	60,000	-
	1,060,000	600,000

26. EVENTS AFTER REPORTING PERIOD

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.