Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Consolidated financial statements for the year ending December 31, 2023 together with the independent auditor's report

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders and Board of Directors of
Bilyoner Interaktif Hizmetler Anonim Sirketi

Opinion

We have audited the consolidated financial statements of Bilyoner Interaktif Hizmetler Anonim Sirketi (the "Group") and it's subsidiaries, which comprise the statement of financial position as of 31 December 2023, and the consolidated statement of profit or loss and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of of Bilyoner Interaktif Hizmetler Anonim Sirketi as of 31 December 2023 and the results of its operations and cash flows for the years ending 31 December 2023 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Auditors (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- Obtain an understanding of 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 financial statements or, it such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 audit. We remain solely responsible for our audit opinion.

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

EREN Bağımsız Denetim A.Ş.
Member Firm of GRANT THORNTON International

EREN BAĞIMSIZ DENETİM A.Ş.

Erdinç Çetinkaya
Partner

İstanbul, 19 April 2024

Reşitpaşa Mahallesi,
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Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

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Consolidated statement of financial position
as of December 31, 2023
(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		Current period (Audited)	Prior period (Audited)
Assets	**Note**	**December 31, 2023**	**December 31, 2022**
Current assets		**795.956.782**	**765.276.086**
Cash and cash equivalents	3	422.563.401	568.043.854
Financial Investments	33	127.084	21.554.855
Other receivables	4	243.251.952	83.710.179
- Due from related parties		*243.016.102*	*83.710.179*
- Due from third parties		*235.850*	-
Prepayments	5	40.291.135	30.391.270
Income tax receivable	19	88.375.989	57.368.917
Other current assets	6	1.347.221	4.207.011
Non-current assets		**1.352.078.584**	**1.572.469.328**
Other Receivables	4	121.500	-
- Due from third parties		*121.500*	-
Tangible assets	7	22.164.551	19.317.621
Intangible assets	8	1.296.599.289	1.510.646.832
Right of use assets	9	32.997.751	41.848.185
Prepayments	5	195.493	656.690
Total assets		**2.148.035.366**	**2.337.745.414**

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

Consolidated statement of financial position
as of December 31, 2023
(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		Current period	**Prior period**
		(Audited)	**(Audited)**
Liabilities	**Note**	**December 31, 2023**	**December 31, 2022**
Current liabilities		**760.040.893**	**1.234.079.913**
Current financial liabilities	10	10.925.014	12.384.888
Trade and other payables		73.846.646	16.257.010
- Due to related parties	11,18	*32.220.098*	*627.783*
- Due to third parties	11	*41.626.548*	*15.629.227*
Provisions	13	12.917.563	7.740.244
Other payables		612.695.297	1.159.700.846
- Due to third parties	12	*612.695.297*	*1.159.700.846*
Short term provision		45.178.869	32.955.092
-Employee defined benefit short term liabilities	13	*33.525.202*	*22.425.711*
-Accrued expenses	15	*11.653.667*	*10.529.381*
Other current liabilities	16	4.477.504	5.041.833
Non-current liabilities		**229.613.636**	**193.099.197**
Other financial liabilities	10	8.338.735	18.447.690
Deferred tax liabilities	19	219.146.995	172.469.088
Employee defined benefit long term liabilities		2.127.906	2.182.419
-Provision for employment termination benefit	14	*2.127.906*	*2.182.419*
Equity attributable to equity holders of the parent		**1.158.380.837**	**910.566.304**
Share capital	20	3.300.000	3.300.000
Adjustment to share capital	20	49.291.112	49.291.112
Accumulated other comprehensive income/expense not to be reclassified to profit or loss		(4.441.383)	(2.918.156)
-Gain/(loss) arising from defined benefit plans		*(4.441.383)*	*(2.918.156)*
Restricted reserves	20	12.370.458	12.370.458
Retained earnings	20	628.523.961	311.927.272
Net profit or loss for the period	35	469.336.689	536.595.618
Total equity		**1.158.380.837**	**910.566.304**
Total liabilities and equity		**2.148.035.366**	**2.337.745.414**

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

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Consolidated statement of financial position
as of December 31, 2023
(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Note	Current period (Audited) 1 January- December 31, 2023	Prior period (Audited) 1 January- December 31, 2022
Revenue	21	1.657.381.366	973.755.571
- Gross Revenue	21	*1.871.078.909*	*1.077.307.341*
- Revenue Reduction (-)	21	*(213.697.543)*	*(103.551.770)*
Cost of sales (-)	22	(328.346.143)	(262.209.707)
Gross profit		**1.329.035.223**	**711.545.864**
Marketing and selling expenses (-)	24	(370.153.678)	(225.553.348)
General and administrative expenses (-)	25	(531.136.500)	(285.145.135)
Other operating income	27	53.223.977	6.753.736
Other operating expenses (-)	28	(24.468.687)	(5.687.323)
Operating profit		**456.500.335**	**201.913.794**
Income from investing activities	29	53.968.318	2.025.312
Profit before financial income (expense)		**510.468.653**	**203.939.106**
Financial income	30	72.742.159	42.532.943
Financial expenses (-)	31	(18.705.310)	(14.714.151)
Monetary Gain/Loss	34	181.534.176	488.869.602
Profit before income tax		**746.039.678**	**720.627.500**
Tax expense (-)			
- Income tax expense (-)	19	*(165.301.548)*	*(85.168.970)*
- Deferred tax income	19	*(111.401.441)*	*(98.862.912)*
Profit for the year		**469.336.689**	**536.595.618**
Other comprehensive income / (expense) not to be reclassified to profit or loss			
Items that will not be reclassified to profit or loss		**(1.523.227)**	**(43.284)**
- Actuarial gain / (loss) on defined benefit plans	14	*(2.030.968)*	*(57.712)*
- Tax effect		*507.741*	*14.428*
Total comprehensive income		**467.813.462**	**536.552.334**
Attributable to:			
- Equity holders of the parent		**467.813.462**	**536.552.334**
- Non-controlling interests		**-**	
Earnings Per Share	35	**142,22**	**162,60**

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

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Consolidated statement of comprehensive income
for the year ended December 31, 2023
(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

				Accumulated other comprehensive income/expense not to be reclassified to profit or loss					
	Note	**Share capital**	**Adjustment to share capital**	**Gain/(loss) arising from defined benefit plans**	**Restricted reserves**	**Retained earnings**	**Net profit or loss for the period**	**Equity attributable to owners of the parent company**	**Total Equity**
1 January 2022		**3.300.000**	**49.291.112**	**(2.874.872)**	**12.370.458**	**441.997.628**	**-**	**504.084.326**	**504.084.326**
Transfers		-	-	-	-		-	-	**-**
Dividend payment	20	-	-	-	-	(130.070.356)	-	(130.070.356)	**(130.070.356)**
Profit for the year	20	-	-	-	-	-	536.595.618	536.595.618	**536.595.618**
Other comprehensive income for the year		-	-	(43.284)	-	-	-	(43.284)	**(43.284)**
Total comprehensive income for the year		**-**	**-**	**(43.284)**	**-**	**-**	**536.595.618**	**-**	**536.552.334**
December 31, 2022		**3.300.000**	**49.291.112**	**(2.918.156)**	**12.370.458**	**311.927.272**	**536.595.618**	**910.566.304**	**910.566.304**
1 January 2023		**3.300.000**	**49.291.112**	**(2.918.156)**	**12.370.458**	**311.927.272**	**536.595.618**	**910.566.304**	**910.566.304**
Transfers		-	-	-	-	536.595.618	(536.595.618)	-	**-**
Dividend payment	20	-	-	-	-	(219.998.929)	-	(219.998.929)	**(219.998.929)**
Profit for the year	20	-	-	-	-	-	469.336.689	469.336.689	**469.336.689**
Other comprehensive income for the year		-	-	(1.523.227)	-	-	-	(1.523.227)	**(1.523.227)**
Total comprehensive income for the year		**-**	**-**	**(1.523.227)**	**-**	**-**	**469.336.689**	**467.813.462**	**467.813.462**
December 31, 2023		**3.300.000**	**49.291.112**	**(4.441.383)**	**12.370.458**	**628.523.961**	**469.336.689**	**1.158.380.837**	**1.158.380.837**

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

Consolidated statement of changes in equity
for the year ended December 31, 2023
(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		Current period	Prior period
		(Audited)	**(Audited)**
	Note	**1 January-31 December 2023**	**1 January-31 December 2022**
Cash flows from operating activities			
Profit before tax		469.336.689	536.595.618
Adjustment to reconcile net profit for the year		**405.106.074**	**402.274.139**
Adjustment related to depreciation and amortization expense	7,8,9	253.057.755	251.360.239
Adjustment related to bonus accrual	13	28.230.941	18.774.043
Adjustment related to unused vacation liability	13	4.309.394	2.597.637
Adjustment related to retirement pay provision	14	428.145	932.219
Loss on sales on tangible assets, net	29	-	(268.258)
Adjustment related to tax income and expenses, net	19	276.702.989	184.031.882
Adjustment related to interest income	29,30	(126.710.477)	(44.289.996)
Adjustment related to interest expenses	31	19.084.697	15.194.283
Adjustment related to monetary gain/ loss		(49.997.370)	(26.057.911)
Change in working capital		**(886.783.052)**	**(483.337.905)**
Change in receivables	4	(159.541.773)	57.514.457
Change in prepayments	5	(9.438.668)	(5.777.394)
Change in other assets	6	(230.440.098)	(101.112.212)
Change in payables	11,12	(489.811.698)	(439.084.593)
Change in other liabilities	13,14,16	2.449.185	5.121.837
Cash flows generated by operating activities		**(12.340.288)**	**455.531.851**
Tax reimbursement	19	36.991.268	40.444.879
Bonuses paid	13	(16.474.866)	(10.171.475)
Retirement pay provision paid	14	(2.035.096)	(384.374)
Unused vacation liability paid	13	(2.028.064)	(637.464)
A, Cash flows from operating activities		**4.112.954**	**484.783.418**
Cash flows used in investing activities			
Purchases of property, plant and equipment and intangible assets	7,8,9	(34.255.480)	(40.196.576)
Proceeds from sales of intangible assets	8	-	268.258
Change in Currency protected deposit		19.825.624	(19.818.292)
Interest received		109.411.629	33.025.919
B, Cash flows used in investing activities		**94.981.773**	**(26.720.691)**
Cash flows used for financing activities			
Proceeds from borrowings		395.785	(611.038)
Lease payments	10	(21.323.764)	(13.259.812)
Dividend paid	20	(219.998.929)	(130.070.358)
C, Cash flows used for financing activities		**(240.926.908)**	**(143.941.207)**
Increase in cash and cash equivalents (A + B + C)		**(141.832.182)**	**314.121.519**
Cash and cash equivalents at the beginning of the period	3	568.479.448	254.357.929
Cash and cash equivalents at the end of the period		**426.647.266**	**568.479.448**

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

1. Organization and nature of activities

Bilyoner İnteraktif Hizmetler A.Ş (‘’Bilyoner’’ as the ‘’Company’’), formerly known as Libero İnteraktif Hizmetler A.Ş, was incorporated in 2003. Bilyoner acts as an agent and a dealer through its website for Spor Toto Teşkilat Başkanlığı (‘’Spor Toto’’) and Milli Piyango İdaresi Genel Müdürlüğü (‘’Milli Piyango’’), respectively, providing online betting services and taking bets on wide range of sports events as well as online sales of lottery tickets. Spor Toto is the only entity authorised in Turkey by Gençlik ve Spor Genel Müdürlüğü (‘’GSGM’’) for setting up and operating betting system.

The Company is a joint-stock company and it’s shares are held by 50% each by Intralot S.A. Integrated Lottery Systems and Services (‘’Intralot’’) (incorporated in Greece) and Tek Elektronik Yatırım Sanayi ve Ticaret A.Ş. (‘’Tek Elektronik’’) (incorporated in Turkey) and domiciled in Turkey.

The address of its registered office is Hitay Plaza Eski Büyükdere Caddesi, Özcan Sokak No: 2, Kat: 2, 4.Levent, Istanbul / Turkey.

The Company’s subsidiary, Argemaks İş Geliştirme ve Yatırım Sanayi A.Ş (‘’Argemaks’’), incorporated in Turkey, formerly known as Bombastik Bilişim Hizmetleri A.Ş., is engaged in information technology consultancy business.

Hereinafter the Company and its subsidiary together will be referred to as “Group”.

The average number of personnel of the Group is 194 for the year ended December 31, 2023 (December 31, 2022: 187).

2. Basis of preparation of the consolidated financial statements

2.1 Basis of presentation

The Group maintains its books of accounts and prepares its statutory financial statements in Turkish Lira (“TL”) in accordance with the regulations on accounting and reporting framework and Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance. The financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly consist of deferred tax, corporate tax, reversal of inventories, vacation pay, severance pay, and depreciation of tangible assets and amortization of intangible assets based on their useful lives on pro-rata basis.

The consolidated financial statements have been prepared under the historical cost convention.

Monetary assets and liabilities are not adjusted as they are presented in the current purchasing power as of the balance sheet date.

Non-monetary assets and liabilities are restated in terms of the current measuring unit at the balance sheet date, using the increase in the general price index from the transaction date when they arose to the balance sheet date.

Components of shareholders’ equity in the consolidated balance sheets and all items in the consolidated statements of comprehensive loss also be restated by applying the relevant index.

All items in the consolidated statement of comprehensive loss are expressed in terms of current measuring unit at the balance sheet date. All amounts restated by applying the change in the general price index from the dates when the items of income and expenses originated and restated on a monthly basis.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Turkish Lira recognized in the profit or loss section of the consolidated statements of comprehensive loss. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non monetary assets, owners' equity and items in the statements of comprehensive loss and the adjustment of index linked assets and liabilities.

Corresponding figures for the year ended and 31 December 2022 have also been restated so that they are presented in terms of the purchasing power of the Turkish Lira as of 31 December 2023.
In addition, in the first reporting period in which hyperinflation exists, the requirements of IAS 29 are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, is restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position at the beginning of the earliest comparative period is derived as balancing figure in the restated statement of financial position.

Functional and presentation currency

The functional and presentation currencies of the Company are Turkish Lira (TL)

Basis of consolidation

Subsidiaries are companies in which the Company has direct or indirect control over transactions.

In determining control power, existing and convertible voting rights are considered. The financial statements of the subsidiaries are presented in the consolidated financial statements as of the date on which the control commences.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2023 and December 31, 2022 are as follows:

	Ownership	
Company name	**December 31, 2023**	**December 31, 2022**
Argemaks İş Geliştirme ve Yatırım San. A.Ş.	100%	100%

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

	Estimated useful lives
Machinery and equipment	4 – 10 years
Furniture and fixtures	5 – 15 years
Leasehold improvements	5 years
Right of use assets	2-10 years

Gains or losses on disposals of property, plant and equipment are included in income/expense from other operating income/ expense account.

Accounting policies applied for right of use assets has disclosed in Leases section in Note 2 to the consolidated financial statements.

Intangible assets

a) Acquired computer software licenses

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 of 5 years

b) Development costs

Development costs that are directly attributable to the design and testing of unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the Group Management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as a research and development expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development costs recognized as assets are amortized over their estimated useful lives of 3 - 5 years. Amortization starts when the asset is ready for use.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and cash equivalents. Cash equivalents are high liquidity investments with short term maturities that are readily convertible to cash and are subject to an insignificant risk of changes in value (Note 3). Deposits in TL are presented with their cost amounts and the deposits in foreign currencies are valued using the buying rates of the Central Bank of Turkey as of the balance sheet date. Cash and cash equivalents are presented at acquisition cost including accrued interest.

Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Company estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Recoverable amount is the higher of value in use or fair value less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflects risks related with that asset.

An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in previous years.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

<u>Initial recognition and measurement</u>

At initial recognition Company classifies its financial assets in three categories as; financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Subsequent measurement and classification

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

a. Financial assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit of loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
-

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents, trade receivables and other receivables.

b. Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they are not held for trading. The classification is determined on an instrument-byinstrument basis. The Company elected to classify irrevocably its non-listed equity investments under this category

The accounting policies below apply to gains and losses from subsequent measurements:

Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

c. Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The contractual rights to receive cash flows from the asset have expired, or

The Company has transferred its contractual rights to receive cash flows from the asset, or retains the contractual rights to receive the cash flows of the financial asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. When the Company has transferred its contractual rights to receive cash flows from an asset and neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,
- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables, other receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Company's historical credit loss experience, considering for forward-looking factors.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- **Financial liabilities at fair value through profit or loss**

This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains and losses are recognised in the statement of profit or loss.

- **Financial liabilities at amortised cost**

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the effective inerest rate method. Gains and losses are recognised in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Trade payables

Trade payables are carried at amortized cost which represents their fair value. Finance income included in the liabilities is calculated by taking into consideration the interest rate for the government debt securities in the fair value of the related debt and the other interest rates in the organized other markets and the amounts found in the consolidated financial statements are shown in the income statement from the main operations.

Other payables

The Company records the advances received from online betting customers under other payables. These advances are traced individually and deductions are being made in line with the total amounts of the betting activities.

Additionally, amounts due to Spor Toto, including license fee, are also recorded under other payables. The liability amount due to Spor Toto is calculated after deducting the returns, the commission revenue obtained from the Group and the net prizes won by the online betting customers from the gross sales revenue as a result of betting activities.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost at the consolidated statement of financial position.

Recognition and de-recognition of financial instruments

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Group derecognizes a financial liability when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

All of the normal financial asset purchases and sales are recorded at the transaction date, which is the date the Group makes a commitment to buy or sell the asset. The aforementioned purchases or sales are generally the purchases or sales that require the delivery of the financial assets during the time period determined by the market regulations.

Offsetting financial instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Related Parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

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

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- (i) Entity and Company are members of the same Group,
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- (iii) Both entities are joint ventures of the same third party,
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- (vi) The entity is controlled or jointly controlled by a person identified in (a),
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Taxation

Tax deduction or income is the sum of the statutory and deferred taxes calculated in relation to the gains or losses arising in the period. The tax is included in the profit or loss statement if it is not related to a transaction that is accounted for directly under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Deferred tax is calculated according to the balance sheet liability method. Deferred tax is the tax effect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the statutory tax bases, which are reflected for the purpose of financial reporting.

The main temporary differences arise from the difference between the tax base and the carrying value of property, plant and equipment and intangible assets due to various expense accruals and reversal of inventories.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are calculated to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The deferred tax asset is reviewed at each balance sheet date and the carrying amount of the deferred tax asset is reduced when it is not possible to generate sufficient taxable profit for future use.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset will be realized or the liability will be settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is directly attributable to the equity account group if it relates to transactions that are directly attributable to equity at the same or different period.

Provisions, contingent liabilities, contingent assets

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Employment benefits

Defined benefit plan

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Provision is made for the present value of the defined benefit obligation calculated using the Projected Unit Credit Method. All actuarial gains and losses are recognized in the comprehensive income statement. Such defined benefit plan is unfunded.

Defined contribution plan

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Vacation pay liability provision

Since the Group's expectation is the realisation of the vacation pay liability, within a period less than the twelve months following the annual reporting period, the related vacation pay liability provision amount is recognised under short-term provisions for employee benefits.

Revenue recognition

Bilyoner acts as an online sales agent of Spor Toto. The Group recognizes commission calculated as a percentage of the game of chance placed on its website as revenue. The Group also sells Milli Piyango lottery tickets. Revenue for these lottery tickets are recognized on a gross basis when the member assumes ownership through the online transaction.

The Group has presented, the services provided to players as a promotion, as revenue reduction in the accompanying consolidated financial statements in accordance with IFRS 15 – Revenue from Contracts with Customers.

Interest income

Interest income is recognized using the effective interest method as per the accrual basis.

Leases

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Lease liabilities

At the commencement date of the lease, the the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the the Group and payments of penalties for terminating a lease, if the lease term reflects the the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

Foreign currency transactions and balances

Transactions in foreign currencies during the year are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the year-end exchange rate translation of monetary assets and liabilities denominated in foreign currencies are accounted for in the income statement.

Cash flow

In the consolidated statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (plant and equipment, intangible assets and financial investments). The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. Basis of preparation of the consolidated financial statements (continued)

2.1 Basis of presentation (continued)

Subsequent events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

2.2 Accounting policies, changes in accounting estimates and errors

IAS 29 Financial Reporting in Hyperinflation Economies has been applied to the financial statements of the Company because the functional currency of the Company (Turkish Lira) is the currency of a hyperinflationary economy as per IAS 29.

Accordingly, financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023.

As per IAS 29 existence of hyperinflation in Turkish economy is firstly identified in the reporting period ending as of the 31 December 2023. Three-year cumulative increase in Consumer Price Index (CPI) as of December 2023 has been 268% in Turkey according to inflation data published by Turkey Statistical Institute on January 3, 2024.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Year End	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1.859.38	1.00000	268%
31 December 2022	1.128.45	1.64773	156%
31 December 2021	686.95	2.70672	74%

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

2. Basis of preparation of the consolidated financial statements (continued)

2.2 Accounting policies, changes in accounting estimates and errors (continued)

- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

To perform the required restatement of financial statements under IAS 29, assets and liabilities are separated into those that are monetary and non–monetary, with non–monetary items further divided into those measured on either a current or historical basis. Monetary items are not restated because they are already expressed in terms of measuring unit as of 31 December 2023. Non-monetary items (items which are not expressed in terms of measuring unit as of 31 December 2022) are restated by applying the relevant index. The restated amount of a non-monetary item is reduced, in accordance with appropriate IFRSs, when it exceeds its recoverable amount. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income were also restated by applying the relevant index.

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Turkish Lira recognized in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income and the adjustment of index linked assets and liabilities.

2. Basis of preparation of the consolidated financial statements (continued)

2.2 Accounting policies, changes in accounting estimates and errors (continued)

Corresponding figures for the year ended 31 December 2022 has also been restated so that they are presented in terms of the purchasing power of the Turkish Lira as of 31 December 2023.

In addition, in the first reporting period in which hyperinflation exists, the requirements of IAS 29 are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e. as of 1 January 2022, is restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position at the beginning of the earliest comparative period is derived as balancing figure in the restated statement of financial position.

2.3 Significant Accounting Evaluation, Estimates and Assumptions

The preparation of the Group's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant estimates accounting evaluation, estimates and assumptions are addressed below:

a) Provision for retirement pay is determined by using actuarial assumptions such as discount rates, future salary increase and employees' turnover rates. The estimations include significant uncertainties due to their long-term nature. Details regarding provisions for benefits provided to employees are included in Note 13.

b) The Group management reviews possible results and financial impacts of continuing litigations for and against the Group at the end of each period and makes required provisions for the possible liabilities occurring as a result of evaluations.

c) The Group estimates the economic useful lives of tangible and intangible assets. Economic useful lives are regularly reviewed by the Group Management.

d) Deferred tax asset is recognized to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognized for all temporary differences. Since the assumptions about the future taxable profit of the Group are evaluated as sufficient, deferred tax assets were recognized for the year ended December 31, 2023 (Note 15).

2. Basis of preparation of the consolidated financial statements (Continued)

2.4 Basis of presentation

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and IFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Standards, amendments and interpretations applicable as at 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. The impact of this amendment on the Group's financial position and performance is being assessed.

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 recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Group's financial position and performance is being assessed.

The amendment to IAS 12, "International Tax Reform: Temporary Exception," is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules.The amendment also introduces specific disclosure requirements for entities affected by such tax laws.The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment.However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before December 31, 2023.The impact of this amendment on the Group's financial position and performance is being assessed.

IFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Group's financial position and performance is being assessed.

However, it was reported that in a letter dated April 6, 2023, the Public Oversight Authority (KGK) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies, starting from January 1, 2024.

2. Basis of preparation of the consolidated financial statements (Continued)

2.4 Basis of presentation (Continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:

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. The impact of this amendment on the Group's financial position and performance is being assessed.

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 the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

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. The impact of this amendment on the Group's financial position and performance is being assessed.

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. The impact of this amendment on the Group's financial position and performance is being assessed.

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. The impact of this amendment on the Group's financial position and performance is being assessed.

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. The impact of this amendment on the Group's financial position and performance is being assessed.

On December 29, 2023, the Public Oversight Authority (KGK) published a Board Decision in the Official Gazette, announcing that certain businesses will be subject to mandatory sustainability reporting starting from January 1, 2024. The companies included in the scope of the sustainability application are determined in order to identify the businesses that will be subject to sustainability reporting within the scope of the "Board Decision on the Determination of Businesses Subject to Sustainability Reporting Within the Scope of the Application of Turkey Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

3. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Banks	422.563.401	568.043.854
- *Demand deposits in local currency*	*404.316.167*	*338.406.622*
- *Demand deposits in foreign currency*	*13.247.234*	*20.363.118*
- *Time deposits in local currency*	*5.000.000*	*209.274.114*
	422.563.401	**568.043.854**

The interest rates of TL denominated time deposits of TL 5.000.000 (December 31, 2022: TL 209.274.114) is 41% per annum for TL as at December 31, 2023 (December 31, 2022: between 20,10% and 20,25% for TL).

As of 31 December 2023, the amount of cash in transit from the game deposit paid by the customers is 28.902.578 TL. (December 31, 2022: TL13.723.905)

As of December 31, 2023 and 2022, the maturities of the Group's timed deposits are less than three months.

Cash and cash equivalents as December 31, 2023 and 2022, as seen in the consolidated cash flow statements, are as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	422.563.401	568.043.854
Interest accrual (-)	(16.849)	(238.797)
Expected credit loss	4.100.714	674.391
	426.647.266	**568.479.448**

4. Other receivables

-Short term other receivables

	December 31, 2023	December 31, 2022
- Other receivables from related parties	243.016.102	83.710.179
- Other receivables from third parties	235.850	-
	243.251.952	**83.710.179**

-Long term other receivables

	December 31, 2023	December 31, 2022
- Other receivables from third parties	121.500	-
	121.500	**-**

No allowance for doubtful receivables exists as of December 31, 2023 and 2022.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

5. Prepayments

-Short-term prepayments:

	December 31, 2023	December 31, 2022
Prepaid expenses (*)	40.291.135	30.391.270
	40.291.135	**30.391.270**

-Long-term prepayments:

	December 31, 2023	December 31, 2022
Prepaid expenses (*)	195.493	656.690
	195.493	**656.690**

(*) Prepaid expenses mainly consist of prepayments for advertising, promotion services and technical support for acquired software.

6. Other current assets

The details of other current assets as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Value Added Tax (‘’VAT’’) receivable	379.477	551.048
Other current assets	967.744	3.655.963
	1.347.221	**4.207.011**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

7. Property plant and equipment

The movements in property plant and equipment and related accumulated depreciation during the years ended December 31, 2023 and 2022 are as follows:

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
January 1, 2023	112.510.045	3.644.217	6.519.043	**122.673.305**
Additions	8.433.348	1.865.277	5.677.608	**15.976.233**
Disposals	-	-	-	-
December 31, 2023	**120.943.393**	**5.509.494**	**12.196.651**	**138.649.538**
Accumulated depreciation				
January 1, 2023	(95.104.266)	(2.839.601)	(5.411.817)	**(103.355.684)**
Additions	(11.794.589)	(352.080)	(982.634)	**(13.129.303)**
Disposals	-	-	-	-
December 31, 2023	**(106.898.855)**	**(3.191.681)**	**(6.394.451)**	**(116.484.987)**
Net Book Value at January 1, 2023	**17.405.779**	**804.616**	**1.107.226**	**19.317.621**
Net Book Value at December 1, 2023	**14.044.538**	**2.317.813**	**5.802.200**	**22.164.551**

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
January 1, 2022	113.017.420	3.458.100	6.519.043	**122.994.563**
Additions	1.232.764	186.117	-	**1.418.881**
Disposals	(1.740.139)	-	-	**(1.740.139)**
December 31, 2022	**112.510.045**	**3.644.217**	**6.519.043**	**122.673.305**
Accumulated depreciation				
January 1, 2022	(83.042.398)	(2.563.099)	(4.745.594)	**(90.351.091)**
Additions	(12.061.868)	(276.502)	(666.223)	**(13.004.593)**
Disposals	-	-	-	-
December 31, 2022	**(95.104.266)**	**(2.839.601)**	**(5.411.817)**	**(103.355.684)**
Net Book Value at January 1, 2022	**29.975.022**	**895.001**	**1.773.449**	**32.643.472**
Net Book Value at December 1, 2022	**17.405.779**	**804.616**	**1.107.226**	**19.317.621**

There is no mortgage or pledge on the Group's tangible assets as of December 31, 2023 (December 31, 2022: None)

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

7. Property plant and equipment (continued)

The depreciation distribution of tangible fixed assets in the years ending 2023 and 2022 is as follows:

	01 January-December 31, 2023	**01 January-December 31, 2022**
Cost of sales	8.503.419	8.422.649
Marketing, selling and distribution expense	3.026.827	2.998.076
General administrative expense	1.599.057	1.583.868
Total	**13.129.303**	**13.004.593**

8. Intangible assets

The movements in intangible assets and related accumulated amortization during the years ended December 31, 2023 and 2022 are as follows:

	Development costs	**Rights**	**License and software**	**Construction in progress**	**Total**
Cost					
January 1, 2023	78.371.810	643.265	1.983.693.259	36.265	2.062.744.599
Additions	2.465.336	289.139	-	824.408	3.578.883
Disposals	-	-	-	-	-
Transfer	-	-	55.419	(55.419)	-
December 31, 2023	**80.837.146**	**932.404**	**1.983.748.678**	**805.254**	**2.066.323.482**
Accumulated depreciation					
January 1, 2023	(72.852.418)	(500.837)	(478.744.512)	-	(552.097.767)
Additions	(1.493.412)	(39.602)	(216.093.413)	-	(217.626.426)
Disposals	-	-	-	-	-
December 31, 2023	**(74.345.830)**	**(540.439)**	**(694.837.924)**	**-**	**(769.724.193)**
Net Book Value at January 1, 2023	**5.519.392**	**142.428**	**1.504.948.747**	**36.265**	**1.510.646.832**
Net Book Value at December 1, 2023	**6.491.317**	**391.965**	**1.288.910.753**	**805.254**	**1.296.599.289**

	Development costs	**Rights**	**License and software**	**Construction in progress**	**Total**
Cost					
January 1, 2022	71.735.988	522.254	1.983.693.259	(17.748)	2.055.933.753
Additions	6.635.822	121.011	-	464.776	7.221.609
Disposals	-	-	-	-	-
Transfer	-	-	-	(410.763)	(410.763)
December 31, 2022	**78.371.810**	**643.265**	**1.983.693.259**	**36.265**	**2.062.744.599**
Accumulated depreciation					
January 1, 2022	(68.435.759)	(472.846)	(259.515.154)	-	(328.423.759)
Additions	(4.416.659)	(27.991)	(219.229.358)	-	(223.674.008)
Disposals	-	-	-	-	-
December 31, 2022	**(72.852.418)**	**(500.837)**	**(478.744.512)**	**-**	**(552.097.767)**
Net Book Value at January 1, 2022	**3.300.229**	**49.408**	**1.724.178.105**	**(17.748)**	**1.727.509.994**
Net Book Value at December 1, 2022	**5.519.392**	**142.428**	**1.504.948.747**	**36.265**	**1.510.646.832**

There is no mortgage or pledge on the Group's intangible assets as of December 31, 2023 (December 31, 2022: None)

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

8. Intangible assets (continued)

The depreciation distribution of intangible fixed assets in the years ending 2023 and 2022 is as follows

	01 January–December 31, 2023	01 January–December 31, 2022
Cost of sales	6.922.016	7.114.370
Marketing, selling and distribution expense	331.877	341.099
General administrative expense	210.372.533	216.218.539
Total	**217.626.426**	**223.674.008**

9. Right of use assets

The Group has various leases such as car rentals, plant, machinery and equipment rentals.

The movement table of the right of use assets recorded for these leases for the year 2023 and 2022 are presented below.

	Buildings	Cars	Financial leasing assets	Total
Cost				
January 1, 2023	15.262.773	7.284.106	41.652.198	**64.199.077**
Additions	1.073.015	1.562.093	12.065.256	**14.700.364**
Disposals	-	(1.248.772)	-	**(1.248.772)**
December 31, 2023	**16.335.788**	**7.597.427**	**53.717.454**	**77.650.669**
Accumulated depreciation				
January 1, 2023	(10.830.234)	(3.121.252)	(8.399.406)	**(22.350.892)**
Additions	(5.438.086)	(548.215)	(17.564.496)	**(23.550.798)**
Disposals	-	1.248.772	-	**1.248.772**
December 31, 2023	**(16.268.322)**	**(2.420.695)**	**(25.963.901)**	**(44.652.918)**
Net Book Value at January 31, 2023	**4.432.538**	**4.162.854**	**33.252.793**	**41.848.185**
Net Book Value at December 31, 2023	**67.466**	**5.176.732**	**27.753.553**	**32.997.751**

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

9. Right of use assets (continued)

	Buildings	Cars	Financial leasing assets	Total
Cost				
January 1, 2022	17.249.814	7.647.449	12.027.352	36.924.615
Additions	-	1.931.240	29.624.846	31.556.086
Disposals	(1.987.041)	(2.294.583)	-	(4.281.624)
December 31, 2022	**15.262.773**	**7.284.106**	**41.652.198**	**64.199.077**
Accumulated depreciation				
January 1, 2022	(8.947.748)	(2.972.845)	(1.500.915)	(13.421.508)
Additions	(1.882.487)	(2.442.990)	(6.898.490)	(11.223.967)
Disposals	-	2.294.583	-	2.294.583
December 31, 2022	**(10.830.235)**	**(3.121.252)**	**(8.399.405)**	**(22.350.892)**
Net Book Value at January 31, 2022	8.302.066	4.674.604	10.526.437	23.503.107
Net Book Value at December 31, 2022	**4.432.538**	**4.162.854**	**33.252.793**	**41.848.185**

The distribution of right-of-use asset depreciation in the years ending 2023 and 2022 are as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Cost of sales	16.949.458	6.786.296
Marketing, selling and distribution expense	3.887.308	1.556.418
General administrative expense	1.465.260	586.670
	22.302.026	**8.929.384**

10. Financial liabilities

-Short term lease liabilities

	December 31, 2023	December 31, 2022
Short term lease liabilities from third parties	1.264.174	920.462
Short term lease liabilities from related parties (note:18)	9.660.840	11.464.426
	10.925.014	**12.384.888**

-Long term lease liabilities

	December 31, 2023	December 31, 2022
Long term lease liabilities from third parties	7.244.437	16.017.670
Long term lease liabilities from related parties (note:18)	1.094.298	2.430.020
	8.338.735	**18.447.690**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

10. Financial liabilities (continued)

The movement of lease liabilities is as follows;

	2023	2022
Opening balance	30.832.578	6.551.226
Current year additions	14.700.364	31.556.085
Disposal (-)	(1.248.772)	(4.281.624)
Accretion of interest	7.269.884	1.585.276
Payments (-)	(21.323.764)	(3.659.645)
Monetary Gain / Loss	(10.966.541)	(918.740)
Closing Balance	**19.263.749**	**30.832.578**

Distribution by debt maturities is as follows:

	2023	2022
Up to 3 months	3.725.409	5.962.700
3 - 12 months	9.939.586	15.908.798
1-2 years	4.844.145	7.753.292
Over 2 years	754.609	1.207.788
	19.263.749	**30.832.578**

11. Trade payables

The details of trade payables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Trade payables due to third parties(*)	41.626.548	15.629.227
Trade payables due to related parties	32.220.098	627.783
	73.846.646	**16.257.010**

(*) Commercial debts are paid in an average of 30 days. (31.12.2022:30 days)

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

12. Other Payables

- Due to third parties

	December 31, 2023	December 31, 2022
Amounts due to Spor Toto (*)	534.117.539	1.037.134.025
Advances received from online betting customers	63.680.487	75.801.525
Amounts due to D 106 (**)	14.777.006	46.582.833
Bank commission accruals	107.928	171.045
Other	12.337	11.418
	612.695.297	**1.159.700.846**

(*) Due to Spor Toto consist of amounts to be transferred to Spor Toto from total turnover generated from online betting activities after deducting prize payments to customers and Bilyoner's commission and represents the debt to be paid to Spor Toto by adding 15% withholding tax after deducting the withholding tax, and unpaid portion of dealership license fee payment amounting to TL 292.275.000 of TL 530.550.000 in accordance with the online dealership agreement signed with Spor Toto on December 31, 2021.

(**) Due to D106 Digital consist of amounts to be transferred to D106 Digital from total turnover generated from Digital games, after deducting prize payments to customers and Bilyoner's commission and represents the debt to be paid to D106 Digital by adding 15% withholding tax after deducting the withholding tax

13. Short-term provisions for employee benefits

	December 31, 2023	December 31, 2022
Bonus accrual	27.926.617	18.774.044
Provision for unused vacation liability	5.598.585	3.651.667
	33.525.202	**22.425.711**

The movement of "bonus accrual" for the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Opening balance	18.774.044	16.707.404
Additional provision	28.230.941	18.774.043
Paid during the year	(16.474.866)	(10.171.475)
Monetary gain / (loss)	(2.603.502)	(6.535.928)
Closing balance	**27.926.617**	**18.774.044**

The movement of "provision for unused vacation liability" for the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Opening balance	3.651.667	2.778.404
Additional provision	4.309.394	2.597.637
Paid during the year	(2.028.064)	(637.464)
Monetary gain / (loss)	(334.412)	(1.086.910)
Closing balance	**5.598.585**	**3.651.667**

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

13. Short-term provisions for employee benefits (continued)

-Liabilities within the scope of employee benefits

	December 31, 2023	December 31, 2022
Social security payables	8.537.329	5.302.712
Social Security Charges Payable	4.288.218	2.400.517
Other Obligations Payable	92.016	37.015
	12.917.563	**7.740.244**

14. Long-term provisions for employee benefits

	December 31, 2023	December 31, 2022
Retirement pay provision	2.127.906	2.182.419
	2.127.906	**2.182.419**

The movement of “retirement pay provision” for the years ended December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Opening balance	2.182.419	1.825.159
Service cost	428.145	932.219
Interest cost	379.387	480.132
Actuarial (gain) / loss	2.030.968	57.712
Provision paid during the year	(2.035.096)	(384.374)
Monetary gain / (loss)	(857.917)	(728.429)
Closing balance	**2.127.906**	**2.182.419**

The principal actuarial assumptions used to calculate the liability at the balance sheet dates are as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	1,30%	3,39%
Probability of retirement (%)	82,13%	88,11%

15. Expense Accruals

	December 31, 2023	December 31, 2022
Expense Accruals(*)	11.653.667	10.529.381
	11.653.667	**10.529.381**

(*) The accruals of the invoices which have not been received for the services during the year.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

16. Taxes and Funds Payable

	December 31, 2023	December 31, 2022
Taxes and Funds Payable	4.477.504	5.041.833
	4.477.504	**5.041.833**

17. Commitments and contingencies

a) Legal claims

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

b) Guarantees given

The guarantee letters and notes given are as follows:

		December 31, 2023		December 31, 2022	
	Currency	Original amount	TL equivalent	Original amount	TL equivalent
Guarantee letters and notes given (*)	TL	902.189.795	902.189.795	451.652.795	451.652.795
		902.189.795	**902.189.795**	**451.652.795**	**451.652.795**

(*) The guarantee letters given by the Group consist of the guarantee letters given to Tax Office, Spor Toto . These guarantee letters have been given to Tax Office, Spor Toto in order to obtain tax returns, to obtain increase in limits of license and revenues and for activities, respectively.

18. Related parties

The following transactions are carried out with related parties during the years ended December 31, 2023 and 2022:

a) Related party balances

- **Other trade receivables from related parties**

	December 31, 2023	December 31, 2022
Intralot S.A. Integrated Lottery Systems and Services (2)	120.802.500	39.300.232
Tek Elektronik Yatırım Sanayi ve Ticaret A.Ş. (2)	122.213.602	44.409.947
	243.016.102	**83.710.179**

- **Trade payables to related parties:**

	December 31, 2023	December 31, 2022
Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Tic. A.Ş. (1)	2.899.809	56.501
Hitay Holding A.Ş. (3)	29.320.289	571.282
	32.220.098	**627.783**

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

18. Related parties (continued)

b) Related party transactions

- **Purchases from related parties**

	December 31, 2023	December 31, 2022
Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Ticaret A.Ş. (1)	8.666.004	25.969.893
Hitay Holding A.Ş. (3)	205.586.972	11.955.854
Eksim Teknolojik Savunma ve Güvenlik Çözümleri San. Ve Tic. A.Ş (1)	106.493	-
Dorinsight Araştırma ve Danışmanlık Hizmet Ticaret A.Ş. (1)	-	1.315.251
	214.359.469	**39.240.998**

- **Sales from related parties**

	December 31, 2023	December 31, 2022
Hitay Holding A.Ş. (3)	(8.998.504)	(4.832.249)
Intralot S.A. Integrated Lottery Systems and Services (3)	(8.725.501)	(4.153.316)
	(17.724.005)	**(8.985.565)**

(1) Related party of the shareholder of the Company
(2) Shareholder of the Company
(3) Parent of the shareholder of the Company

Key management compensation

Key management includes directors and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	December 31, 2023	December 31, 2022
Salaries and other short-term employee benefits	35.497.876	19.280.962
	35.497.876	**19.280.962**

19. Taxation on income

Movements in total income tax receivable during the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Opening Balance	57.368.917	85.208.742
Current year corporate tax expense	(165.301.548)	(85.168.970)
Tax Refund	(36.991.268)	(40.444.879)
Tax Receivables	218.236.369	122.893.383
Monetary gain / (loss)	15.063.520	(25.119.359)
Closing Balance	**88.375.989**	**57.368.917**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

19. Taxation on income (continued)

The Group is required to pay withholding tax at the rate of 15% of on its commission revenue

The details of current and deferred income taxes per the statement of income for the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	**1 January– December 31, 2022**
Current year tax expense	(165.301.548)	(85.168.970)
Deferred tax income / (expense)	(111.401.441)	(98.862.912)
	(276.702.989)	**(184.031.882)**

Turkish law legislation does not permit a parent company to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. Turkish Corporate Tax Law has been amended by Law No, 5520 dated 13 June 2006. Most of the articles of this new Law No, 5520 have come into force effective from January 1, 2006. The corporation tax rate is 25% (December 31, 2022: 23%).

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment incentive exemption, etc.) and income tax deductions (for example research and development expenses deduction.) No further tax is payable unless the profit is distributed.

Except for the dividends paid to non-resistent corporations which have a representable office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase via capital issuing bonus shares is not considered as a profit distribution and thus does not occur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is declared by the 17th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability, if despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

19. Taxation on income (continued)

The corporation tax rate is 25% in Turkey (December 31, 2022: 23%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

The Group recognizes deferred income tax assets and liabilities based on temporary differences arising between its financial statements prepared in accordance with IFRS and its statutory tax financial statements. Deferred income tax assets and liabilities as of December 31, 2023 and 2022are as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment and intangible assets	240.846.841	177.732.191
Prepaid expenses	2.725.406	2.384.447
Inventories and promotions	(42.379)	(40.837)
Provision for employment termination benefits	(531.977)	(436.484)
Adjustments related to lease liabilities	(628.645)	(2.103.588)
Cash and cash equivalents	(827.468)	139.735
Unused vacation liability	(1.399.646)	(730.333)
Expected credit loss	(1.913.590)	(158.013)
Personal bonus	(6.981.654)	(4.318.030)
Rediscounted interest income	(12.099.893)	-
Deferred income tax assets / (liabilities), net	**219.146.995**	**172.469.088**

The movement of deferred tax asset / (liability) during the year is as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Opening balance	172.469.088	120.903.612
Deferred income tax recognized in statement of profit or loss	111.401.441	98.862.912
Monetary gain / (loss)	(64.723.534)	(47.297.436)
Closing balance	**219.146.995**	**172.469.088**

The reconciliation of the current year tax expense is as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Profit before income tax	746.039.678	304.899.068
Tax rate	25%	23%
Tax calculated at enacted tax rate	(186.509.919)	(70.126.785)
Tax effect of non-deductible expenses	(3.143.481)	(597.806)
Exemptions	21.416.143	808.729
Tax effect of income excluded from tax base	(108.465.732)	(113.357.888)
Effect of different tax rates	-	(689.599)
Other	-	(68.533)
Income tax expense	**(276.702.989)**	**(184.031.882)**

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

20. Share capital

The Company’s authorized share capital consists of 3.300.000 (December 31, 2022: 3.300.000) shares of TL 1 value. As of December 31, 2023 and 2022, the Company’s share capital and shareholding structure are as follows:

	December 31, 2023	(%)	December 31, 2022	(%)
Intralot	1.650.001	50	1.650.001	50
Tek Elektronik	1.649.999	50	1.649.999	50
	3.300.000	**100**	**3.300.000**	**100**
Inflation adjustment to share capital (*)	49.291.112		49.291.112	
Total paid-in capital	**52.591.112**		**52.591.112**	

(*) Inflation adjustment to share capital represents the restatement effect of cash contributions to share capital based on the provisions of IAS 29, ‘’Financial Reporting in Hyper-inflationary Economies’’.

The Company has no unpaid capital under capital commitment.

Capital inflation adjustment differences express the difference between the inflation-adjusted total amounts of cash and cash equivalent additions to paid-in capital and their amounts before inflation adjustment. Capital adjustment differences have no use other than being added to capital.

Statutory legal and other reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of a company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distribution in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. As of December 31, 2022, the legal reserve amounts to TL 12.370.458 (December 31, 2022: TL 12.370.458).

As of December 31, 2023 and 2022, the details of the restricted reserves allocated from profit and previous year's profits / losses are as follows:

	December 31, 2023	December 31, 2022
Restricted reserves	12.370.458	12.370.458
Previous year's profits	628.523.961	311.927.272
	640.894.419	**324.297.730**

Dividend amounting to TL 219.998.929 in respect of the year ended December 31, 2022 was proposed at the ordinary general assembly held on March 20, 2023 and approved by shareholders.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

21. Revenue

The details of revenue during the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	**1 January– December 31, 2022**
Commission revenue	1.657.381.366	973.755.571
- Gross Revenue	*1.871.078.909*	*1.077.307.341*
- Revenue Reduction	*(213.697.543)*	*(103.551.770)*
	1.657.381.366	**973.755.571**

22. Cost of sales

	1 January– December 31, 2023	**1 January– December 31, 2022**
Employee benefit expense	(103.693.907)	(76.042.004)
Live broadcast expense	(98.444.558)	(74.630.132)
Depreciation and amortization	(44.284.971)	(27.829.014)
Technical support for acquired software	(23.083.976)	(29.147.096)
Content expense	(19.063.422)	(13.449.611)
Expensed VAT (*)	(9.816.489)	(11.627.396)
Consultancy and legal expense	(6.513.280)	(10.399.825)
Information technology expense	(5.874.492)	(4.690.015)
CRM IT Base Expenses	(105.712)	(567.036)
Platform design expense	(165.689)	(66.090)
Other	(17.299.647)	(13.761.488)
	(328.346.143)	**(262.209.707)**

(*) Pursuant to tax legislation, the operational activities maintained by the Group are exempted from VAT. Therefore, input VAT in relation to sport betting operations is directly charged to statement of profit or loss.

23. Research and development expenses

The Group has no research and development expenses in 2023.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

24. Marketing and selling expenses

The details of marketing and selling expenses during the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	**1 January– December 31, 2022**
Advertising expenses	(163.671.791)	(90.776.784)
Employee benefit expense	(110.174.390)	(56.766.951)
Expensed VAT (*)	(38.565.387)	(42.225.814)
Sponsorship expense	(27.933.711)	(13.235.683)
Content expenses	(10.324.357)	(9.290.575)
Depreciation and amortization	(9.435.021)	(3.732.928)
CRM IT Expenses	(1.655.681)	(1.462.216)
Market Research	(1.491.051)	(1.187.856)
Call center expense	(589.664)	(346.128)
Other	(6.312.625)	(6.528.413)
	(370.153.678)	**(225.553.348)**

(*) Pursuant to tax legislation, the operational activities maintained by the Group are exempted from VAT. Therefore, input VAT in relation to sport betting operations is directly charged to statement of profit or loss.

25. General and administrative expenses

The details of general and administrative expenses during the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	**1 January– December 31, 2022**
Consultancy and legal expense	(213.712.240)	(30.429.871)
Depreciation and amortization	(199.337.761)	(219.798.296)
Employee benefit expense	(51.896.281)	(24.658.309)
Expensed VAT (*)	(47.796.068)	(6.477.245)
Outsourcing expense	(1.503.107)	(924.261)
Other	(16.891.043)	(2.857.153)
	(531.136.500)	**(285.145.135)**

(*) Pursuant to tax legislation, the operational activities maintained by the Group are exempted from VAT. Therefore, input VAT in relation to sport betting operations is directly charged to statement of profit or loss.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

26. Expenses by nature

The analysis of cost of sales, marketing and selling expenses and general and administrative expenses during the years ended December 31, 2023 and 2022 are as follows:

	1 January– December 31, 2023	1 January– December 31, 2022
Personnel expense	(265.764.578)	(157.467.264)
Depreciation and amortization	(253.057.755)	(245.607.985)
Consultancy and legal expense	(220.225.520)	(40.829.696)
Advertising expenses	(163.671.791)	(90.776.784)
Live broadcast expenses	(98.444.558)	(74.630.132)
Expensed VAT (*)	(96.177.944)	(60.330.455)
Content expenses	(29.387.779)	(22.740.186)
Sponsorship expense	(27.933.711)	(13.235.683)
Technical support for acquired software	(23.083.976)	(29.147.096)
Software and hardware service charge	(5.874.492)	(4.690.015)
CRM IT Base Expenses	(1.761.393)	(2.029.252)
Outsourcing expense	(1.503.107)	(924.261)
Market Research	(1.491.051)	(1.187.856)
Call center expense	(589.664)	(346.128)
User experience expenses	(165.689)	(66.090)
Other	(40.503.313)	(28.899.307)
	(1.229.636.321)	**(772.908.190)**

(*) Pursuant to tax legislation, the operational activities maintained by the Group are exempted from VAT. Therefore, input VAT in relation to sport betting operations is directly charged to statement of profit or loss.

27. Other operating income

	1 January– December 31, 2023	1 January– December 31, 2022
Rediscounted interest income	49.817.679	-
Withholding Tax Reimbursement	988.420	3.708.744
Foreign currency exchange gains on trade activities	240.746	490.629
Other	2.177.132	2.554.363
	53.223.977	**6.753.736**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

28. Other operating expenses

	1 January– December 31, 2023	1 January– December 31, 2022
Expected credit loss	(14.074.680)	(775.506)
Foreign currency exchange losses on trade activities	(7.702.418)	(4.471.240)
Other	(2.691.589)	(440.577)
	(24.468.687)	**(5.687.323)**

29. Income/Loss from investing activities

	1 January– December, 2023	1 January– December 31, 2022
Gain on FX Protected Deposit	27.211.408	1.757.055
Income from investment funds	26.734.022	-
Profit on sale of intangible assets	-	268.257
Other	22.888	-
	53.968.318	**2.025.312**

30. Financial income

	1 January– December 31, 2023	1 January– December 31, 2022
Interest income from bank	24.751.466	24.285.951
Interest income from in group	17.724.004	9.155.895
	72.742.159	**42.532.943**

31. Financial expenses

	1 January– December 31, 2023	1 January– December 31, 2022
Letter of guarantee commission expenses	(8.550.154)	(6.647.293)
Interest expense on obligations under rent lease	(1.406.462)	(4.091.661)
Lease liability finance interest expense	(8.748.694)	(3.975.197)
	(18.705.310)	**(14.714.151)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

32. Financial instruments and financial risk management

The Group is exposed to various financial risks due to its activities. These risks include market risk (currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses to minimize the unpredictability of financial markets and the possible negative effects of the financial performance of Group.
Risk management is performed under policies approved by the Company's Board of Directors.

a) Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk because of foreign currency transactions. Foreign currency risk arises from commercial operations that will occur in the future and from recorded assets and liabilities in foreign currencies. Management follows and analyzes the Group's foreign exchange position and, if necessary, manages the foreign exchange risk through currency forward contracts.

As of December 31, 2023 and 2022, amounts of foreign currency denominated assets and liabilities and equivalent of TL amount of the Group are as follows:

December 31, 2023		**TL Equivalent**	**US Dollar**	**EUR**	**Other**
1.	Trade receivables and receivables from financial activities				
2.a	Monetary financial assets (including cash and banks)	84.716.442	413.859	2.224.196	2.202
2.b	Monetary financial assets (Currency protected time deposit) (*)	-	-	-	-
2.c	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets**	**84.716.442**	**413.859**	**2.224.196**	**2.202**
5.	Trade receivables and receivables from financial activities	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Fixed assets**	-	-	-	-
9.	**Total assets**	**84.716.442**	**413.859**	**2.224.196**	**2.202**
10.	Trade payables	1.661.709	108.348	(47.104)	174
11.	Financial liabilities	-	-	-	-
12.a	Other monetary liabilities	337.923	11.479	-	-
12.b	Other non-monetary liabilities	-	-	-	-
13.	**Short-term liabilities**	**1.999.632**	**119.827**	**(47.104)**	**174**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary liabilities	-	-	-	-
16.b	Other non-monetary liabilities	-	-	-	-
17.	**Long-term liabilities**	-	-	-	-
18.	**Total liabilities**	**1.999.632**	**119.827**	**(47.104)**	**174**
19.	Net asset / (liability) position of off-balance sheet derivative instruments	-	-	-	-
19.a	Hedged total assets	-	-	-	-
19.b	Hedged total liabilities	-	-	-	-
20.	**Net asset / (liability) position of foreign currency**	**82.716.810**	**294.032**	**2.271.300**	**2.028**
21.	**Monetary items net foreign currency asset / (liability) (1+2a+5+6a+10+11+12a+14+15+16a)**	**82.716.810**	**294.032**	**2.271.300**	**2.028**
22.	Fair value of total financial instrument used for foreign currency hedge	-	-	-	-
23.	Hedged amount for current assets	-	-	-	-
24.	Hedged amount for current liabilities	-	-	-	-
25.	Export	-	-	-	-
26.	Import	-	-	-	-

(*) The Group has made currency protected time deposits with 90 and 180 days maturity by Group's EUR 650.000 of foreign currency deposits.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

December 31, 2022		TL Equivalent	US Dollar	EUR	Other
1.	Trade receivables and receivables from financial activities	-	-	-	-
2.a	Monetary financial assets (including cash and banks)	26.511.052	756.940	619.102	703
2.b	Monetary financial assets (Currency protected time deposit) (*)	12.031.370	-	-	-
3.	Non-monetary financial assets	-	-	-	-
4.	Other	**38.542.422**	**756.940**	**619.102**	**703**
5.	**Current assets**	-	-	-	-
6.a	Trade receivables and receivables from financial activities	-	-	-	-
6.b	Monetary financial assets	-	-	-	-
7.	Non-monetary financial assets	-	-	-	-
8.	Other	-	-	-	-
9.	**Total assets**	**38.542.422**	**756.940**	**619.102**	**703**
10.	Trade payables	22.945.731	1.112.317	105.249	2.186
11.	Financial liabilities	-	-	-	-
12.a	Other monetary liabilities	224.888	12.027	-	-
12.b	Other non-monetary liabilities	-	-	-	-
13.	**Short-term liabilities**	**23.170.619**	**1.124.344**	**105.249**	**2.186**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary liabilities	-	-	-	-
16.b	Other non-monetary liabilities	-	-	-	-
17.	**Long-term liabilities**	-	-	-	-
18.	**Total liabilities**	**23.170.619**	**1.124.344**	**105.249**	**2.186**
19.	Net asset / (liability) position of off-balance sheet	-	-	-	-
	derivative instruments	-	-	-	-
19.a	Hedged total assets	-	-	-	-
19.b	Hedged total liabilities	-	-	-	-
20.	**Net asset / (liability) position of foreign currency**	**15.371.803**	**(367.404)**	**513.853**	**(1.483)**
21.	**Monetary items net foreign currency asset / (liability)**				
	(1+2a+5+6a+10+11+12a+14+15+16a)	**15.371.803**	**(367.404)**	**513.853**	**(1.483)**
22.	Fair value of total financial instrument used for	-	-	-	-
	foreign currency hedge	-	-	-	-
23.	Hedged amount for current assets	-	-	-	-
24.	Hedged amount for current liabilities	-	-	-	-
25.	Export	-	-	-	-
26.	Import	-	-	-	-

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

As of December 31, 2023 and 2022, the Group has not realized any import and export transactions.

The Group is mainly exposed to foreign currency risk USD, EUR and GBP. As of December 31, 2023 and 2022, foreign exchange position denominated in USD, EUR and GBP, which is owned by the Group. 10% gain and lose value of TL against foreign currencies and below the assumption that all other variables constant, the net profit / loss of the impact on shareholders' equity is as follows:

		December 31, 2023
	Profit / Loss	**Profit / Loss**
	Appreciation of foreign currency	**Depreciation of foreign currency**
USD appreciation / depreciation by 10%		
1- USD net asset / liability	933.163	(933.163)
2- The part hedged for USD risk (-)	-	-
3- USD effect - net	**933.163**	**(933.163)**
EUR appreciation / depreciation by 10%		
4- EUR net asset / liability	7.398.511	(7.398.511)
5- The part hedged for EUR risk (-)	-	-
6- EUR effect - net	**7.398.511**	**(7.398.511)**
GBP appreciation / depreciation by 10%		
7- GBP net asset / liability	7.592	(7.592)
8- The part hedged for GBP risk (-)		
9- GBP effect - net	**7.592**	**(7.592)**
Total net effect (3 + 6 + 9)	**8.339.266**	**(8.339.266)**

		December 31, 2022
	Profit / Loss	**Profit / Loss**
	Appreciation of foreign currency	**Depreciation of foreign currency**
USD appreciation / depreciation by 10%		
1- USD net asset / liability	(642.005)	642.005
2- The part hedged for USD risk (-)	-	-
3- USD effect - net	**(642.005)**	**642.005**
EUR appreciation / depreciation by 10%		
4- EUR net asset / liability	1.024.361	(1.024.361)
5- The part hedged for EUR risk (-)	-	-
6- EUR effect - net	**1.024.361**	**(1.024.361)**
GBP appreciation / depreciation by 10%		
7- GBP net asset / liability	(3.335)	3.335
8- The part hedged for GBP risk (-)		
9- GBP effect - net	**(3.335)**	**3.335**
Total net effect (3 + 6 + 9)	**379.021**	**(379.021)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

b) Credit risk

Credit risk is a customer or counterparty to a financial instrument from the contract pursuant to fulfill the obligations arising from the risk of financial losses and mainly arise from the Group's receivables from customers.

The Group's exposure to credit risk depends on the different properties of the customers.

The book value of financial assets represents the credit risk exposure at the highest level. The highest level of exposure to credit risk at the reporting date is as follows:

			Other receivables
December 31, 2023	**Related party**	**Third party**	**Bank Deposit**
	(Not: 19)	**(Not: 4)**	**(Not: 3)**
Maximum credit exposures as of report date (A+B+C+D+E)	**243.016.102**	**235.850**	**426.647.266**
Secured part of maximum credit risk exposure via collateral etc,			
A, Net book value for the financial assets that are neither overdue nor impaired	243.016.102	235.850	426.647.266
B, Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-
C, Net book value of financial assets that are overdue but not impaired	-	-	-
Secured part via collateral etc,	-	-	-
D, Net book value of impaired financial assets	-	-	-
Overdue (gross carrying amount) Impairment (-)	-	-	-
E, Off-Balance sheet financial assets exposed to credit risk	-	-	-

			Other receivables
December 31, 2022	**Related party**	**Third party**	**Bank Deposit**
	(Not: 19)	**(Not: 4)**	**(Not: 3)**
Maximum credit exposures as of report date (A+B+C+D+E)	**83.710.179**	-	**568.479.448**
Secured part of maximum credit risk exposure via collateral etc,			
A, Net book value for the financial assets that are neither overdue nor impaired	83.710.179	-	568.479.448
B, Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-
C, Net book value of financial assets that are overdue but not impaired	-	-	-
Secured part via collateral etc,	-	-	-
D, Net book value of impaired financial assets	-	-	-
Overdue (gross carrying amount) Impairment (-)	-	-	-
E, Off-Balance sheet financial assets exposed to credit risk	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

a) Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Failure to meet financial obligations is eliminated by managing risk, balance sheet and cash flow in a harmonized manner. In this context, the Group keeps in line the receivables and payables maturities. Net management capital targets are set for the protection of short-term liquidity and efforts are made to keep balance sheet ratios at certain levels.

The table below provides the analysis of net financial liabilities according to maturities based on future cash outflows as at the balance sheet date. The amounts demonstrated in the table, are undiscounted cash flows based on the agreements.

					December 31, 2023
	Book value	**Less than 3 months**	**3 - 12 months**	**1-5 years**	**Contractual total cash outflow**
Trade and other payables	73.846.646	73.846.646	-	-	73.846.646
Other financial liabilities	12.917.563	12.917.563	-	-	12.917.563
Other payables	617.172.801	83.055.262	534.117.539	-	617.172.801
Other liabilities	19.263.749	3.085.547	8.232.403	4.637.134	15.955.084
Total liabilities	**723.200.759**	**172.905.018**	**542.349.942**	**4.637.134**	**719.892.094**

					December 31, 2022
	Book value	**Less than 3 months**	**3 - 12 months**	**1-5 years**	**Contractual total cash outflow**
Trade and other payables	16.257.010	16.257.010	-	-	16.257.010
Other financial liabilities	7.740.244	7.740.244	-	-	7.740.244
Other payables	1.164.742.680	127.608.656	1.037.134.024	-	1.164.742.680
Other liabilities	30.832.578	17.795.748	3.748.824	11.246.473	32.791.045
Total liabilities	**1.219.572.512**	**169.401.658**	**1.040.882.848**	**11.246.473**	**1.221.530.979**

33. Financial Investments

	1 January– December 31, 2023	**1 January– December 31, 2022**
Currency Protected Time Deposit	-	21.554.855
Funds	127.084	-
	127.084	**21.554.855**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

34. Monetary Position

	1 January– December 31, 2023	**1 January– December 31, 2022**
Other current asset monetary gain/(loss)	6.188.910	2.311.959
Fixed asset monetary gain / (loss)	606.427.906	598.189.288
Capital adjustment monetary gain/(loss)	(20.529.226)	(20.668.035)
Other reserves monetary gain/(loss)	(3.705.033)	(3.678.508)
Retained profits monetary gain / (loss)	(247.048.350)	(31.926.999)
Income statement adjustment monetary gain/(loss)	(159.800.031)	(55.358.103)
	181.534.176	**488.869.602**

35. Earnings Per Share

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income per share by the weighted average number of shares that have been outstanding during the year.

	1 January– December 31, 2023	**1 January– December 31, 2022**
Profit for the year attributable to equity holders of the parent	469.336.689	536.595.618
Weighted average number of ordinary shares with nominal value	3.300.000	3.300.000
Earnings per share	**142,22**	**162,60**

36. Subsequent events

None.

37. Fees for services from independent audit firms

The Group's explanation regarding the fees for the services received from the independent audit firms for the periods January 1 – December 31, 2023 and January 1 – December 31, 2022 are as follows:

	1 January– December 31, 2023	**1 January– December 31, 2022**
Audit fee for the reporting period	320.000	185.000
	320.000	**185.000**