

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

**Consolidated financial statements for the
year ending December 31, 2020 together
with the independent auditor's report**

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

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Independent auditor's report

To the Shareholders of Bilyoner İnteraktif Hizmetler A.Ş

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bilyoner İnteraktif Hizmetler A.Ş (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance public oversight accounting and auditing standards authority . Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 ethical responsibilities in accordance with these requirements and the 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 consolidated financial statements

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

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

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



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

Our objectives 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 audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Güneş Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Alper Ekbuğ, SMMM
Associate Partner

March 15, 2021
İstanbul, Turkey

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary**Consolidated statement of financial position****as of December 31, 2020****(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)**

		Current period	Prior period
		(Audited)	(Audited)
Assets	Note	December	December
		31,2020	31,2019
Current assets		120.811.795	49.494.423
Cash and cash equivalents	3	96.647.687	13.355.011
Trade receivables	4	60.144	58.707
Other receivables	4	-	589.659
Inventories	6	-	394.470
Prepayments	5	6.288.327	6.448.224
Income tax receivable	16	16.428.473	28.212.658
Other current assets	7	1.387.164	435.694
Non-current assets		23.337.271	28.356.445
Property, plant and equipment	8	13.735.962	17.766.152
Intangible assets	9	9.125.093	9.376.660
Prepayments	5	476.216	1.213.633
Total assets		144.149.066	77.850.868
Liabilities			
Current liabilities		86.898.189	42.150.531
Current financial liabilities	10	1.226.446	6.182.299
Trade payables	11	9.132.714	18.838.252
- Due to related parties	30	7.646.191	4.530.908
- Due to third parties	11	1.486.523	14.307.344
Other payables	11	69.848.860	12.773.506
Provisions	12	4.525.037	2.700.869
Other current liabilities	13	2.165.132	1.655.605
Non-current liabilities		5.018.893	6.279.894
Non-current financial liabilities	10	3.023.629	3.520.084
Deferred tax liabilities	16	1.178.187	2.410.304
Employee defined benefit long term liabilities	14	817.077	349.506
Equity attributable to equity holders of the parent		52.231.984	29.420.443
Share capital	17	3.300.000	3.300.000
Adjustment to share capital	17	346.311	346.311
Restricted reserves	18	1.650.000	1.650.000
Retained earnings		46.935.673	24.124.132
Total equity		52.231.984	29.420.443
Total liabilities and equity		144.149.066	77.850.868

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, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Current period	Prior period
		(Audited)	(Audited)
	Note	January 1 – December 31, 2020	January 1 – December 31, 2019
Revenue	19	166.604.473	155.249.714
- Gross Revenue	19	188.370.468	212.062.583
- Revenue Reduction (-)	19	(21.765.995)	(56.812.869)
Cost of sales (-)	20	(38.804.075)	(43.905.275)
Gross profit		127.800.398	111.344.439
Marketing and selling expenses (-)	22	(59.764.357)	(77.850.285)
General and administrative expenses (-)	23	(14.186.695)	(9.831.327)
Other operating income	25	1.055.342	1.359.806
Other operating expenses (-)	26	(3.411.826)	(1.772.828)
Operating profit		51.492.862	23.249.805
Income from investing activities	27	-	2.402
expense from investing activities	27	(3.738)	(10.103)
Profit before financial income (expense)		51.489.124	23.242.104
Financial income	28	2.946.726	5.408.395
Financial expenses (-)	29	(3.526.718)	(2.839.195)
Profit before income tax		50.909.132	25.811.304
- Income tax expense (-)	16	(12.053.976)	(4.674.150)
- Deferred tax (expense) income	16	1.145.856	(1.902.746)
Profit for the year		40.001.012	19.234.408
Other comprehensive income / (expense) not to be reclassified to profit or loss		(305.346)	(283.473)
- Actuarial gain / (loss) on defined benefit plans	14	(391.477)	(363.425)
- Tax effect	16	86.131	79.952
Total comprehensive income		39.695.666	18.950.935
Attributable to:			
- Equity holders of the parent		40.001.012	19.234.408
- Non-controlling interests		-	-
Total comprehensive income for the year			
- Equity holders of the parent		39.695.666	18.950.935
- Non-controlling interests		-	-

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 changes in equity
for the year ended December 31, 2020**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Share capital	Adjustment to share capital	Legal reserves	Retained earnings	Equity attributable to parent	Non controlling interests	Total equity
January 1, 2019	3.300.000	346.311	9.462.466	44.410.128	57.518.905	-	57.518.905
Transfers	-	-	(7.812.466)	7.812.466	-	-	-
Dividend payment (Note 18)	-	-	-	(47.049.397)	(47.049.397)	-	(47.049.397)
Profit for the year	-	-	-	19.234.408	19.234.408	-	19.234.408
Other comprehensive income for the year	-	-	-	(283.473)	(283.473)	-	(283.473)
Total comprehensive income for the year	-	-	-	18.950.935	18.950.935	-	18.950.935
December 31, 2019	3.300.000	346.311	1.650.000	24.124.132	29.420.443	-	29.420.443
Transfers	-	-	-	-	-	-	-
Dividend to be paid (Note 18)	-	-	-	(16.884.125)	(16.884.125)	-	(16.884.125)
Profit for the year	-	-	-	40.001.012	40.001.012	-	40.001.012
Other comprehensive income for the year	-	-	-	(305.346)	(305.346)	-	(305.346)
Total comprehensive income for the year	-	-	-	39.695.666	39.695.666	-	39.695.666
December 31, 2020	3.300.000	346.311	1.650.000	46.935.673	52.231.984	-	52.231.984

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 cash flows for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Current period	Prior period
	Note	January 1 – December 31, 2020	January 1 – December 31, 2019
Cash flows from operating activities			
Profit before tax		50.909.132	25.811.304
Adjustment to reconcile net profit for the year			
Adjustment related to depreciation and amortization expense	8, 9, 24	8.549.041	5.901.103
Adjustment related to bonus accrual	12	3.916.301	2.494.567
Adjustment related to unused vacation liability	12	702.778	235.808
Adjustment related to retirement pay provision	14	450.856	179.755
Gain on sale of financial securities, net		-	(2.402)
Loss on sales on tangible assets, net	31	3.738	10.103
Adjustment related to interest income and expenses, net	28,29	(1.826.501)	(4.270.360)
Change in working capital		30.207.236	12.044.094
Change in blocked bank balances		(229.175)	2.111.347
Change in cash in transit		-	(5.624)
Change in receivables		588.222	250.954
Change in inventories		394.470	80.040
Change in prepayments		897.314	3.197.143
Change in other assets		(955.208)	134.243
Change in payables		47.369.816	5.623.199
Provision for dividend payable	18	(16.884.125)	-
Change in other liabilities		(974.078)	652.792
Cash flows generated by operating activities		92.912.581	42.403.972
Taxes paid	16	(269.791)	(10.472.039)
Bonuses paid	12	(2.494.567)	(2.220.000)
Retirement pay provision paid	14	(374.762)	(793.138)
Unused vacation liability paid	12	(300.344)	(418.512)
Interest received		1.681.523	5.065.574
A, Cash flows from operating activities		91.154.639	33.565.857
Cash flows used in investing activities			
Purchases of property, plant and equipment and intangible assets	8, 9	(3.776.637)	(18.976.840)
Proceeds from sales of property, plant and equipment		3.738	6.373
B, Cash flows used in investing activities		(3.772.899)	(18.970.467)
Cash flows used for financing activities			
Proceeds from borrowings		82.594.180	21.942.628
Repayment of borrowings		(85.478.378)	(16.820.548)
Lease payments	10	(1.354.193)	(1.250.887)
Dividend paid		-	(47.049.397)
C, Cash flows used for financing activities		(4.238.391)	(43.178.204)
Increase in cash and cash equivalents (A + B + C)		83.143.348	(28.582.814)
Cash and cash equivalents at the beginning of the period	3	11.733.707	40.316.521
Cash and cash equivalents at the end of the period		94.877.055	11.733.707

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

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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 157 for the year ended December 31, 2020 (December 31, 2019: 131).

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.

Functional and presentation currency

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

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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, 2020 and December 31, 2019 are as follows:

Company name	Ownership	
	December 31, 2020	December 31, 2019
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:

	Estimated useful lives
Machinery and equipment	4 – 10 years
Furniture and fixtures	5 – 15 years
Leasehold improvements	Shorter of lease term or 5 years
Right of use assets	7 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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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.

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories consist of the lottery tickets purchased for the subsequent lottery draws. Cost is determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Cost incurred in bringing each product to its present location and conditions (excluding the borrowing costs) are included in the cost of inventory (Note 6).

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.

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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized 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 is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are 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. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected Credit Loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
 - Lifetime ECL: results from all possible default events over the expected life of financial instrument
- Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing

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 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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Going Concern

The financial statements of the Group are prepared on the basis of a going concern assumption.

2.2 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 14.
- 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, 2020 (Note 16).

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether an acquired set of activities assets is a business or not.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7. The amendments did not have a significant impact on the financial position or performance of the Company.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

2.3 The new standards, amendments and interpretations (continued)

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to IFRS 16 – Covid-19 Rent Related Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted. The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

2.3 The new standards, amendments and interpretations (continued)

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018). The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

2.3 The new standards, amendments and interpretations (continued)

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

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Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

2.3 The new standards, amendments and interpretations (continued)

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

iii) *Annual Improvements – 2018–2020 Cycle*

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

3. Cash and cash equivalents

The details of cash and cash equivalents as of December 31, 2020 and 2019 are as follows:

	December 31,2020	December 31,2019
Cash on hand	353	3.545
Banks	94.756.290	11.689.597
- Demand deposits in local currency	83.239.866	9.746.528
- Demand deposits in foreign currency	16.424	338.206
- Time deposits in local currency	11.500.000	1.604.863
Other cash and cash equivalents (*)	1.891.044	1.661.869
	96.647.687	13.355.011

The interest rates of TL denominated time deposits of TL 11.500.000 (December 31, 2019: TL 1.604.863) range between 16,80% and 17,75% per annum for TL at December 31, 2020 (December 31, 2019: 10,25% and 11,75% for TL).

The maturities of time deposits are less than three months as of December 31, 2020 and 2019.

(*) Other cash and cash equivalents consist of blocked bank balances arising mainly from payments received from online betting customers and cash in transit balances. The maturities of other cash and cash equivalents are less than 30 days.

As of December 31, 2020 and 2019, the maturities of the Group's timed deposits are less than three months.

Cash and cash equivalents as December 31, 2020 and 2019, as seen in the consolidated cash flow statements, are as follows:

	December 31,2020	December 31,2019
Cash and cash equivalents	96.647.687	13.355.011
Interest accrual (-)	(147.613)	(2.635)
Blocked bank balances (-)	(1.891.044)	(1.661.869)
Expected credit loss	268.025	43.200
	94.877.055	11.733.707

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Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

4. Trade and other receivables

The details of trade and other receivables as of December 31, 2020 and 2019 are as follows:

- **Current trade and other receivables:**

	December 31,2020	December 31,2019
Trade receivables	60.144	58.707
	60.144	58.707

	December 31,2020	December 31,2019
- Receivables from third parties	-	576.692
- Receivables from GSGM	-	12.967
	-	589.659

No allowance for doubtful receivables exists as of December 31, 2020 and 2019.

5. Prepayments

- **Short-term prepayments:**

	December 31,2020	December 31,2019
Prepaid expenses (*)	6.288.327	6.419.622
Advances given to suppliers	-	28.602
	6.288.327	6.448.224

- **Long-term prepayments:**

	December 31,2020	December 31,2019
Prepaid expenses (*)	476.216	1.213.633
	476.216	1.213.633

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

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Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

6. Inventories

	December 31,2020	December 31,2019
Milli Piyango lottery tickets(*)	-	394.470
	-	394.470

(*) Milli Piyango lottery tickets consist of only the lottery ticket purchases made for the lottery draws that will take place in the subsequent month after the balance sheet date.

7. Other current assets

The details of other current assets as of December 31, 2020 and 2019 are as follows:

	December 31,2020	December 31,2019
Advance Payments for Orders (*)	533.190	44.579
Other current assets (**)	487.673	12.014
Value Added Tax ("VAT") receivable	366.301	379.101
	1.387.164	435.694

(*) Advance payments for orders mainly consist of prepayment for sponsorship and advertising

(**) Other current assets mainly consist of advance payment for personnel

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Notes to the consolidated financial statements

for the year ended December 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

8. Property plant and equipment

The movements in property plant and equipment and related accumulated depreciation during the years ended December 31, 2020 and 2019 are as follows:

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Right of use	Total
Cost					
January 1, 2020	19.429.725	563.695	1.229.743	4.905.971	26.129.134
Additions	155.228	44.828	-	582.878	782.934
Disposals	(26.099)	-	-	(140.780)	(166.880)
December 31, 2020	19.558.854	608.523	1.229.743	5.348.069	26.745.189
Accumulated depreciation					
1-Jan-20	(6.918.095)	(254.874)	(424.566)	(765.447)	(8.362.982)
Additions	(3.225.486)	(61.279)	(242.594)	(1.191.534)	(4.720.893)
Disposals	10.045	-	-	64.604	74.649
December 31, 2020	(10.133.536)	(316.153)	(667.160)	(1.892.377)	(13.009.227)
NBV at January 1, 2020	12.511.630	308.821	805.177	4.140.524	17.766.152
NBV at December 31, 2020	9.425.318	292.370	562.583	3.455.692	13.735.962
	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Right of use	Total
Cost					
January 1, 2019	7.873.039	301.733	481.110	-	8.655.882
Additions	11.593.119	261.962	748.633	5.211.125	17.814.839
Disposals	(36.433)	-	-	(305.154)	(341.587)
December 31, 2019	19.429.725	563.695	1.229.743	4.905.971	26.129.134
Accumulated depreciation					
January 1, 2019	(4.657.821)	(222.020)	(282.415)	-	(5.162.256)
Additions	(2.280.231)	(32.854)	(142.151)	(915.169)	(3.370.405)
Disposals	19.957	-	-	149.722	169.679
December 31, 2019	(6.918.095)	(254.874)	(424.566)	(765.447)	(8.362.982)
NBV at January 1, 2019	3.215.218	79.713	198.695	-	3.493.626
NBV at December 31, 2019	12.511.630	308.821	805.177	4.140.524	17.766.152

The total depreciation charges of property, plant and equipment for the years ended December 31, 2020 and 2019 amounting to TL 4.720.893 and TL 3.370.405 respectively, were allocated to as follows:

	December 31,2020	December 31,2019
Cost of sales	3.345.334	2.387.836
Marketing, selling and distribution expenses	944.828	653.535
General administrative expenses	430.731	329.034
	4.720.893	3.370.405

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

**Notes to the consolidated financial statements
for the year ended December 31, 2020
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9. Intangible assets

The movements in intangible assets and related accumulated amortization during the years ended December 31, 2020 and 2019 are as follows:

	Development costs	Rights	Acquired software	Construction in progress	Total
Cost					
January 1, 2020	7.917.125	90.558	10.766.946	458.859	19.233.488
Additions	346.706	6.705	-	3.223.170	3.576.581
Transfer	14.750	-	324.350	(339.100)	-
December 31, 2020	8.278.581	97.263	11.091.296	3.342.929	22.810.069
Accumulated amortization					
1-Jan-20	(4.496.786)	(73.835)	(5.286.207)	-	(9.856.828)
Additions	(1.678.227)	(7.021)	(2.142.900)	-	(3.828.148)
December 31, 2020	(6.175.013)	(80.856)	(7.429.107)	-	(13.684.976)
NBV at January 1, 2020	3.420.339	16.723	5.480.739	458.859	9.376.660
NBV at December 31, 2020	2.103.568	16.407	3.662.189	3.342.929	9.125.093
	Development costs	Rights	Acquired software	Construction in progress	Total
Cost					
January 1, 2019	7.534.732	82.458	5.123.414	119.758	12.860.362
Additions	79.250	8.100	4.346.132	1.939.644	6.373.126
Transfer	303.143	-	1.297.400	(1.600.543)	-
December 31, 2019	7.917.125	90.558	10.766.946	458.859	19.233.488
Accumulated amortization					
January 1, 2019	(2.757.424)	(67.820)	(4.500.886)	-	(7.326.130)
Additions	(1.739.362)	(6.015)	(785.321)	-	(2.530.698)
December 31, 2019	(4.496.786)	(73.835)	(5.286.207)	-	(9.856.828)
NBV at January 1, 2019	4.777.308	14.638	622.528	119.758	5.534.232
NBV at December 31, 2019	3.420.339	16.723	5.480.739	458.859	9.376.660

The total depreciation charges of intangible assets for the years ended December 31, 2020 and 2019 amounting to TL 3.828.148 and TL 2.530.698 respectively, were allocated to as follows:

	December 31,2020	December 31,2019
Cost of sales	3.798.552	2.485.472
Marketing, selling and distribution expenses	19.589	26.584
General administrative expenses	10.007	18.642
	3.828.148	2.530.698

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary**Notes to the consolidated financial statements
for the year ended December 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)****10. Financial liabilities**

	December 31,2020	December 31,2019
Bank loans	-	5.029.010
Short term lease liabilities from related parties	580.507	517.328
Short term lease liabilities from third parties	371.538	344.191
Credit card payables	274.401	291.770
	1.226.446	6.182.299
	December 31,2020	December 31,2019
Long term lease liabilities from related parties	2.832.455	3.520.084
Long term lease liabilities from third parties	191.174	-
	3.023.629	3.520.084

The movement of lease liabilities is as follows

	2020	2019
Opening balance, January 1	4.381.603	3.107.170
Current year additions,	423.793	2.103.955
Disposal (-)	(140.780)	(155.432)
Accretion of interest	749.001	581.256
Payments (-)	(1.354.193)	(1.250.887)
Effect of foreign exchange differences (-)	(83.750)	(4.459)
Closing Balance, December 31	3.975.674	4.381.603

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

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11. Trade and other payables

The details of trade payables as of December 31, 2020 and 2019 are as follows:

Trade Payables

- Due to third parties	December 31,2020	December 31,2019
Expense Accruals	1.105.625	1.114.879
Trade payables	380.898	9.841.156
Deposits and Warranties Received	-	2.487.551
Notes Payable	-	863.758
	1.486.523	14.307.344
- Due to related parties	December 31,2020	December 31,2019
Intralot S.A. Integrated Lottery Systems and Services (2)	4.476.949	3.220.350
Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Tic. A.Ş. (1)	684.334	977.528
Hitay Yatırım Holding A.Ş. (3)	336.121	232.730
İki Nokta Bilgi Teknolojileri Ticaret A.Ş. (1)	175.174	-
Dorinsight Araştırma ve Danışmanlık Hizmet Tic. A.Ş. (1)	123.310	100.300
Inteltek İnternet Teknoloji Yatırım ve Danışmanlık Tic. A.Ş. (1)	-	-
Argemaks İş Geliştirme ve Yatırım San. A.Ş.	1.850.303	-
	7.646.191	4.530.908
Total trade payables	9.132.714	18.838.252

Other Payables

- Due to related parties	December 31,2020	December 31,2019
Debt to Shareholders	16.884.125	-
	16.884.125	-
- Due to third parties	December 31,2020	December 31,2019
Amounts due to Spor Toto (*)	33.727.141	2.250.085
Advances received from online betting customers	19.166.221	10.467.943
Bank commission accruals	71.373	55.113
Other	-	365
	52.964.735	12.773.506
Total Other payable	69.848.860	12.773.506

(*) 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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements

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12. Provisions

	December 31,2020	December 31,2019
Bonus accrual	3.916.301	2.494.567
Provision for unused vacation liability	608.736	206.302
	4.525.037	2.700.869

The movement of "bonus accrual" for the years ended December 31, 2020 and December 31, 2019 is as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Opening balance	2.494.567	2.220.000
Additional provision	3.916.301	2.494.567
Paid during the year	(2.494.567)	(2.220.000)
Closing balance	3.916.301	2.494.567

The movement of "provision for unused vacation liability" for the years ended December 31, 2020 and December 31, 2019 is as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Opening balance	206.302	389.006
Additional provision	702.778	235.808
Paid during the year	(300.344)	(418.512)
Closing balance	608.736	206.302

13. Other current liabilities

The details of other current liabilities as of December 31, 2020 and December 31, 2019 are as follows:

	December 31,2020	December 31,2019
Taxes and Funds Payable	845.714	482.618
Social security payables	699.526	620.221
Social Security Charges Payable	613.751	542.115
Other Obligations Payable	6.141	10.651
	2.165.132	1.655.605

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14. Employee defined benefit liabilities

	December 31,2020	December 31,2019
Retirement pay provision	817.077	349.506
	817.077	349.506

The movement of "retirement pay provision" for the years ended December 31, 2020 and December 31, 2019 is as follows:

	December 31,2020	December 31,2019
Opening balance	349.506	599.464
Service cost	368.453	137.814
Interest cost	82.403	41.941
Actuarial (gain) / loss	391.477	363.425
Provision paid during the year	(374.762)	(793.138)
Closing balance,31 December	817.077	349.506

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

	December 31,2020	December 31,2019
Discount rate (%)	3,70%	3,70%
Probability of retirement (%)	90,42%	85,27%

15. 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 31,2020		December 31,2019		
	Currency	Original amount	TL amount	Original amount	TL amount
Guarantee letters and notes given (*)	TL	144.075.109	144.075.109	131.609.920	131.609.920
		144.075.109	144.075.109	131.609.920	131.609.920

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

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16. Taxation on income

The details of current and deferred income taxes per the statement of income for the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Current year tax expense	(12.053.976)	(4.674.150)
Deferred tax income / (expense)	1.145.856	(1.902.746)
	(10.908.120)	(6.576.896)

Current income taxes

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 22% (December 31, 2019: 22%).

The corporation tax rate is 20% in Turkey and it is increased to 22% for 3 years period starting from January 1, 2018. Corporate tax returns are required to be filed until the thirty of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month. The tax legislation provides for a temporary tax of 22% to be calculated and paid based on earnings generated for each quarter. The amounts calculated and paid are offset against the final corporate tax liability for the year.

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 10%. 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 22% 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.

Bilyoner İnteraktif Hizmetler A.Ş. and its Subsidiary

Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

16. Taxation on income (continued)

Movements in total income tax receivable during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
January 1, 2020	28.212.658	22.414.769
Current year corporate tax expense	(12.053.976)	(4.674.150)
Paid during the year, net of refunds	269.791	10.472.039
December 31, 2020	16.428.473	28.212.658

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

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

	January 1 – December 31, 2020	January 1 – December 31, 2019
Profit before income tax	50.909.132	25.811.304
Tax rate	22%	22%
Tax calculated at enacted tax rate (22%)	(11.200.009)	(5.678.487)
Effect of tax non-deductible expenses and exemptions, net	695.717	30.277
Corporate tax reduction	560.000	283.924
Other	(963.828)	(1.212.610)
Income tax expense	(10.908.120)	(6.576.896)

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, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment and intangible assets	(2.199.220)	(2.174.281)
Prepaid expenses	(262.552)	(281.171)
Adjustments related to lease liabilities	874.648	(111.282)
Provision for employment termination benefits	179.757	76.891
Unused vacation liability	133.922	45.386
Inventories and promotions	12.683	24.649
Expected credit loss	14.363	9.504
Cash and cash equivalents	68.212	-
Deferred income tax assets / (liabilities), net	(1.178.187)	(2.410.304)

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for the year ended December 31, 2020

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16. Taxation on income (continued)

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

	January 1 – December 31, 2020	January 1 – December 31, 2019
Opening balance at January 1	(2.410.174)	(587.510)
Deferred income tax recognized in statement of profit or loss	1.145.856	(1.902.746)
Deferred income tax recognized in statement of other comprehensive income	86.131	79.952
Closing balance at December 31	(1.178.187)	(2.410.304)

17. Share capital

The Company's authorized share capital consists of 3.300.000 (December 31, 2019: 3.300.000) shares of TL 1 value. As of December 31, 2020 and 2019, the Company's share capital and shareholding structure are as follows:

	December 31,2020	(%)	December 31,2019	(%)
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 (*)	346.311		346.311	
Total paid-in capital	3.646.311		3.646.311	

(*) 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".

18. Statutory legal and other reserves

The equity reserves in the balance sheet include certain adjustments that have been made to comply with IFRS. Under the Turkish Tax Law and Turkish Commercial Code ("TCC"), consolidated reporting for tax and statutory purposes is not required. Each company within a group is treated as an individual tax paying and statutory entity. The ability of an individual company to distribute dividends to its direct shareholders is dependent on its statutory profits. Retained earnings according to the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred below.

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 22% 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, 2020, the legal reserve amounts to TL 1.650.000 (December 31, 2019: TL 1.650.000).

Dividend amounting to TL 16.884.125 in respect of the year ended December 31, 2019 was proposed at the ordinary general assembly held on June 19, 2020 and approved by shareholders. Dividend was paid on January 6, 2021.

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Notes to the consolidated financial statements for the year ended December 31, 2020 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

19. Revenue

The details of revenue during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Commission revenue	166.604.473	154.329.714
- <i>Gross Revenue</i>	188.370.468	211.142.583
- <i>Revenue Reduction</i>	(21.765.995)	(56.812.869)
Revenue from software related services	-	920.000
	166.604.473	155.249.714

20. Cost of sales

The details of cost of sales during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Employee benefit expense	(18.825.117)	(16.555.001)
Depreciation and amortization	(7.143.886)	(4.873.308)
Technical support for acquired software	(5.844.744)	(5.638.792)
Expensed VAT (*)	(2.145.320)	(5.491.526)
Information technology expense	(1.330.970)	(1.467.612)
Consultancy and legal expense	(1.318.753)	(4.577.989)
CRM IT Base Expenses	(602.066)	(668.177)
CRM Project Expenses	(423.909)	(1.035.446)
Mobile Application Costs	(75.751)	(1.992.110)
Other	(1.093.559)	(1.605.314)
	(38.804.075)	(43.905.275)

(*) 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.

21. Research and development expenses

The amount capitalized by the group as development expenses is 339.100 TL in 2020. (2019:382.393 TL)

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22. Marketing and selling expenses

The details of marketing and selling expenses during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Advertising expenses	(15.022.695)	(27.382.119)
Employee benefit expense	(11.546.152)	(10.285.527)
Channel Expense	(8.918.185)	(5.419.221)
Sponsorship expense	(8.347.080)	(17.113.563)
Expensed VAT(*)	(8.102.362)	(10.688.663)
Content expenses	(4.966.740)	(2.772.249)
Depreciation and amortization	(964.417)	(680.119)
Market Research	(111.378)	(154.702)
User experience expenses	(85.538)	(235.500)
Call center expense	(77.697)	(1.349.993)
Other	(1.622.113)	(1.768.629)
	(59.764.357)	(77.850.285)

(*) 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. General and administrative expenses

The details of general and administrative expenses during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Employee benefit expense	(8.757.944)	(5.715.604)
Consultancy and legal expenses	(3.185.372)	(2.161.678)
Expensed VAT (*)	(719.474)	(633.462)
Depreciation and amortization	(440.738)	(347.676)
Outsourcing expense	(245.200)	(44.251)
Other	(837.967)	(928.656)
	(14.186.695)	(9.831.327)

(*) 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.

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24. Expenses by nature

The analysis of cost of sales, marketing and selling expenses and general and administrative expenses during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Employee benefit expense	(39.129.213)	(32.556.132)
Expensed VAT (*)	(10.967.156)	(16.813.651)
Advertising expenses	(15.022.695)	(27.382.119)
Channel expense	(8.918.185)	(5.419.221)
Depreciation and amortization	(8.549.041)	(5.901.103)
Sponsorship expenses	(8.347.080)	(17.113.563)
Technical support for acquired software	(5.844.744)	(5.638.792)
Consultancy and legal expenses	(4.504.125)	(6.739.667)
Live broadcasting expenses	(4.966.740)	(2.772.249)
Information technology expense	(1.330.970)	(1.467.612)
CRM IT Base Expenses	(602.066)	(668.177)
CRM project expenses	(423.909)	(1.035.446)
Outsourcing expense	(245.200)	(44.251)
Market research	(111.378)	(154.702)
User experience expenses	(85.538)	(235.500)
Call center expense	(77.697)	(1.349.993)
Mobile application costs	(75.751)	(1.992.110)
Other	(3.553.639)	(4.302.599)
	(112.755.127)	(131.586.887)

(*) 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. Other operating income

	January 1 – December 31, 2020	January 1 – December 31, 2019
Profit From Foreign Currency Exchange	705.766	1.316.235
Other	349.576	43.571
	1.055.342	1.359.806

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26. Other operating expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Loss From Foreign Currency Exchange	(2.600.211)	(1.760.949)
Expected credit loss	(268.025)	-
Other	(543.590)	(11.879)
	(3.411.826)	(1.772.828)

27. Income/Loss from investing activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Profit on Sale of Marketable Securities	-	2.402
	-	2.402

	January 1 – December 31, 2020	January 1 – December 31, 2019
Loss on sales of tangible assets	(3.738)	(10.103)
	(3.738)	(10.103)

28. Financial income

The details of financial income during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Interest income	2.350.254	4.556.532
Gain on foreign exchange from financial securities	350.956	487.247
Interest income in group	225.248	295.084
Other	20.268	69.532
	2.946.726	5.408.395

29. Financial expenses

The details of financial income during the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Letter of guarantee commission expenses	(1.739.608)	(1.552.564)
Loss on foreign exchange from financial securities	(883.796)	(603.257)
Interest expense on obligations under rent lease	(749.001)	(581.256)
Other	(154.313)	(102.118)
	(3.526.718)	(2.839.195)

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30. Related parties

The following transactions are carried out with related parties during the years ended December 31, 2020 and 2019:

a) Related party balances

(i) Trade payables to related parties:

- Due to related parties	December 31,2020	December 31,2019
Intralot S.A. Integrated Lottery Systems and Services (2)	4.476.949	3.220.350
Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Tic. A.Ş. (1)	684.334	977.528
Hitay Yatırım Holding A.Ş. (3)	336.121	232.730
İki Nokta Bilgi Teknolojileri Ticaret A.Ş. (1)	175.174	-
Dorinsight Araştırma ve Danışmanlık Hizmet Tic. A.Ş. (1)	123.310	100.300
Inteltek İnternet Teknoloji Yatırım ve Danışmanlık Tic. A.Ş. (1)	-	-
Argemaks İş Geliştirme ve Yatırım San. A.Ş.	1.850.303	-
	7.646.191	4.530.908

b) Related party transactions

(i) Purchases from related parties

	December 31,2020	December 31,2019
Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Ticaret A.Ş. (1)	8.511.540	18.909.837
Hitay Yatırım Holding A.Ş. (3)	1.961.049	4.115.708
Intralot S.A. Integrated Lottery Systems and Services (2)	4.476.949	3.220.350
İki Nokta Bilgi Teknolojileri Ticaret A.Ş. (1)	-	873.860
Inteltek İnternet Teknoloji Yatırım ve Danışmanlık Tic. A.Ş. (1)	-	510.609
Dorinsight Araştırma ve Danışmanlık Hizmet Ticaret A.Ş. (1)	130.240	267.196
Eksim Teknolojik Savunma ve Güvenlik Çözümleri San. Ve Tic. A.Ş (1)	29.318	3.428
	15.109.095	27.900.988

(1) Related party of the shareholder of the Company

(2) Shareholder of the Company

(3) Parent of the shareholder of the Company

b) 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 31,2020	December 31,2019
Salaries and other short-term employee benefits	6.711.710	4.535.344
	6.711.710	4.535.344

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31. 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, 2020 and 2019, amounts of foreign currency denominated assets and liabilities and equivalent of TL amount of the Group are as follows:

December 31, 2020		TL Equivalent	US Dollar	EUR	Other
1.	Trade receivables and receivables from financial activities				
2.a	Monetary financial assets (including cash and banks)	16.424	1.712	107	291
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	-	-	-	-
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	16.424	1.712	107	291
10.	Trade payables	5.676.145	62.335	579.333	-
11.	Financial liabilities	81.190	-	10.825	-
12.a	Other monetary liabilities	-	-	-	-
12.b	Other non-monetary liabilities	-	-	-	-
13.	Short-term liabilities	-	-	-	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary liabilities	-	-	-	-
16.b	Other non-monetary liabilities	-	-	-	-
17.	Long-term liabilities	-	-	-	-
18.	Total liabilities	5.757.335	62.335	590.158	-
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	5.659.721	60.624	579.225	291
21.	Monetary items net foreign currency asset / (liability)				
	(1+2a+5+6a+10+11+12a+14+15+16a)				
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	-	-	-	-

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31. Financial instruments and financial risk management (continued)

December 31, 2019		TL	US Dollar	EUR	Other
		Equivalent			
1,	Trade receivables and receivables from financial activities				
2,a	Monetary financial assets (including cash and banks)	339.567	50.311	5.619	430
2,b	Non-monetary financial assets		-		-
3,	Other	4.988	-	750	-
4,	Current assets	344.555	50.311	6.369	430
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	344.455	50.311	6.369	430
10,	Trade payables	(5.082.979)	(109.218)	(666.738)	-
11,	Financial liabilities	-	-	-	-
12,a	Other monetary liabilities	(203.836)	(34.315)	-	-
12,b	Other non-monetary liabilities	-	-	-	-
13,	Short-term liabilities	(5.286.815)	(143.533)	(666.738)	-
14,	Trade payables	-	-	-	-
15,	Financial liabilities	-	-	-	-
16,a	Other monetary liabilities	-	-	-	-
16,b	Other non-monetary liabilities	-	-	-	-
17,	Long-term liabilities	-	-	-	-
18,	Total liabilities	(5.286.815)	(143.533)	(666.738)	-
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	(4.942.260)	(93.222)	(660.369)	430
21,	Monetary items net foreign currency asset / (liability)				
	(1+2a+5+6a+10+11+12a+14+15+16a)	(4.942.260)	(93.222)	(660.369)	430
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	-	-	-	-

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31. Financial instruments and financial risk management (continued)

As of December 31, 2020 and 2019, 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, 2020 and 2019, 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 31,2020	
	Profit / Loss	Profit / Loss
	Appreciation of foreign currency	Depreciation of foreign currency
USD appreciation / depreciation by 10%		
1- USD net asset / liability	(44.501)	44.501
2- The part hedged for USD risk (-)	-	-
3- USD effect - net	(44.501)	44.501
EUR appreciation / depreciation by 10%		
4- EUR net asset / liability	(521.760)	521.760
5- The part hedged for EUR risk (-)	-	-
6- EUR effect - net	(521.760)	521.760
GBP appreciation / depreciation by 10%		
7- GBP net asset / liability	289	(289)
8- The part hedged for GBP risk (-)	-	-
9- GBP effect - net	289	(289)
Total net effect (3 + 6 + 9)	(565.972)	565.972

	December 31, 2019	
	Profit / Loss	Profit / Loss
	Appreciation of foreign currency	Depreciation of foreign currency
USD appreciation / depreciation by 10%		
1- USD net asset / liability	(55.375)	55.375
2- The part hedged for USD risk (-)	-	-
3- USD effect - net	(55.375)	55.375
EUR appreciation / depreciation by 10%		
4- EUR net asset / liability	(439.185)	439.185
5- The part hedged for EUR risk (-)	-	-
6- EUR effect - net	(439.185)	439.185
GBP appreciation / depreciation by 10%		
7- GBP net asset / liability	334	(334)
8- The part hedged for GBP risk (-)	-	-
9- GBP effect - net	334	(334)
Total net effect (3 + 6 + 9)	(494.226)	494.226

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31. 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:

December 31, 2020	Trade receivables		Other receivables	
	Related party (Note: 30)	Third party (Note: 4)	Third party (Note: 4)	Bank Deposit (Note: 3)
Maximum credit exposures as of report date (A+B+C+D+E)	-	60.144	-	94.877.055
Secured part of maximum credit risk exposure via collateral etc,				
A, Net book value for the financial assets that are neither overdue nor impaired	-	-	-	-
B, Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	60.144	-	94.877.055
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				

December 31, 2019	Trade receivables			Bank Deposits
	Related Party	Third party		
Maximum credit exposures as of report date (A+B+C+D+E)	-	648.366		11.689.597
Secured part of maximum credit risk exposure via collateral etc,				
A, Net book value for the financial assets that are neither overdue nor impaired	-	-		-
B, Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	648.366		11.689.597
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	-	648.366		11.689.597

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31. Financial instruments and financial risk management (continued)

c) 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, 2020				
	Book value	Less than 3 months	3 - 12 months	1-5 years	Contractual total cash outflow
Trade and other payables (Note:11,30)	9.132.714	9.132.714	-	-	9.132.714
Other financial liabilities (Note:13)	1.319.418	1.319.418	-	-	1.319.418
Other payables (Note 14, Note 13)	70.694.574	70.694.574	-	-	70.694.574
Other liabilities (Note 10)	4.250.075	1.226.446	-	3.023.629	4.250.075
Total liabilities	85.396.781	82.373.152	-	3.023.629	85.396.781

	December 31, 2019				
	Book value	Less than 3 months	3 - 12 months	1 - 5 years	Contractual total cash outflow
Trade and other payables	30.441.402	30.441.402	-	-	30.441.402
Other financial liabilities	9.702.383	5.698.599	1.133.457	4.538.438	11.370.494
Other liabilities	2.825.961	2.825.961	-	-	2.825.961
Total liabilities	42.969.746	38.965.962	1.133.457	4.538.438	44.637.857

32. Provisions, contingent asset and liabilities

None.

33. Subsequent events

None.