

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021**

(ORIGINALLY ISSUED IN TURKISH)

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021**

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LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2021**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Audited 30 September 2021	Audited 31 December 2020
ASSETS			
Current assets		577.486.987	543.820.036
Cash and cash equivalents	5	316.443.998	261.595.709
Financial investments	6	19.295.507	32.081.501
Trade receivables		222.490.214	235.668.367
- <i>Trade receivables from third parties</i>	9	222.490.214	235.668.367
Other receivables		210.721	799.556
- <i>Other receivables from third parties</i>	10	210.721	799.556
Inventories	11	2.905.701	2.846.711
Prepaid expenses	18	7.936.780	4.917.554
Other current assets	10	8.204.066	5.910.638
Non-current assets		673.321.516	553.699.940
Other receivables		6.949.577	5.343.356
- <i>Other receivables from related parties</i>	29	6.949.577	5.343.356
Financial investments	6	70.603.683	28.104.547
Right-of-use assets	14	16.447.795	17.710.399
Property, plant and equipment	12	19.216.349	19.346.322
Intangible assets		548.841.917	470.238.309
- <i>Goodwill</i>	15	227.255.525	202.740.417
- <i>Other intangible assets</i>	13	321.586.392	267.497.892
Prepaid expenses	18	2.983.059	2.019.197
Deferred tax asset	27	8.103.808	10.007.150
Other non-current assets		175.328	930.660
Total assets		1.250.808.503	1.097.519.976

The accompanying consolidated financial statements have been approved by Board of Directors on 25 October 2021 and signed on its behalf by Buğra Koyuncu, Vice Chairman of the Board of Directors and Chief Executive Officer of Logo Group, CEO and Gülnur Anlaş, Logo Group Chief Financial Officer, CFO.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Not Audited 30 September 2021	Audited 31 December 2020
LIABILITIES			
Short-term liabilities		383.606.218	406.374.780
Short-term borrowings	8	39.760.073	9.520.664
Short-term portions of long-term borrowings	8	19.894.883	17.463.445
Trade payables		36.675.254	65.971.841
- Trade payables to third parties	9	36.675.254	65.971.841
Employee benefit obligations	17	33.840.199	75.595.098
Other payables		48.447.518	56.671.372
- Other payables to related parties		3.800	12.131
- Other payables to third parties	10	48.443.718	56.659.241
Contract liabilities	18	199.794.336	175.869.865
Current period tax liability		4.432.704	3.461.961
Other short-term liabilities		761.251	1.820.534
Long-term liabilities		177.423.469	153.395.136
Long-term borrowings	8	130.803.140	125.316.688
Other payables		4.595.797	4.595.797
- Other payables to third parties	10	4.595.797	4.595.797
Long-term provisions		30.698.255	16.719.235
- Long-term provisions for employee benefits	17	30.698.255	16.719.235
Deferred tax liabilities	27	11.326.277	6.763.416
EQUITY			
Equity attributable to equity holders of the parent		652.994.091	502.281.113
Paid-in capital	19	100.000.000	25.000.000
Adjustments to share capital	19	2.991.336	2.991.336
Restricted reserves appropriated from profit		7.196.456	7.196.456
Put option revaluation fund			
related to non-controlling interests	4	(40.931.532)	(29.324.261)
Treasury shares (-)	19	(9.782.044)	(10.054.033)
Reserves for treasury shares	19	9.782.044	10.054.033
Accumulated other comprehensive expenses			
that will not be reclassified to profit or loss		(6.946.329)	(4.898.251)
- Loss on remeasurement of defined benefit plans		(9.746.021)	(6.232.607)
- Gain from investments in equity instruments	6	2.799.692	1.334.356
Accumulated other comprehensive income			
that will be reclassified to profit or loss		89.393.821	72.028.714
- Foreign currency translation differences		94.702.799	74.999.449
- Hedge gain / loss		(5.308.978)	(2.970.735)
Prior years' profit		332.942.105	314.759.107
Net profit for the period		168.348.234	114.528.012
Non-controlling interests		36.784.725	35.468.947
Total equity		689.778.816	537.750.060
Total liabilities and equity		1.250.808.503	1.097.519.976

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Revenue	21	486.195.920	169.026.475	338.702.815	119.956.124
Cost of sales (-)	21	(96.149.653)	(34.431.582)	(68.177.957)	(26.350.435)
Gross profit		390.046.267	134.594.893	270.524.858	93.605.689
General administrative expenses (-)	22	(58.922.587)	(18.715.897)	(46.198.538)	(14.392.291)
Marketing expenses (-)	22	(68.007.314)	(22.993.762)	(61.139.209)	(23.961.018)
Research and development expenses (-)	22	(117.133.032)	(44.716.785)	(84.060.807)	(29.551.709)
Other operating income	23	16.716.849	2.876.866	5.318.969	(895.304)
Other operating expenses (-)	23	(3.469.781)	(1.557.414)	(4.770.612)	83.961
Operating profit		159.230.402	49.487.901	79.674.661	24.889.328
Income from investing activities	24	2.173.298	1.188.709	6.789.220	2.091.984
Operating profit before financial income/(expenses)		161.403.700	50.676.610	86.463.881	26.981.312
Financial income	25	41.719.606	11.980.303	15.083.795	10.899.743
Financial expenses (-)	26	(16.386.828)	(6.043.399)	(7.729.361)	(2.426.893)
Profit before tax		186.736.478	56.613.514	93.818.315	35.454.162
Tax expense:					
Current tax expense	27	(16.143.361)	(3.779.773)	(10.287.682)	(5.618.598)
Deferred tax (expense)/income	27	(5.854.942)	(4.642.914)	(998.873)	1.567.383
Profit for the period		164.738.175	48.190.827	82.531.760	31.402.947
Profit for the period attributable to:					
Non-controlling interests		(3.610.059)	(345.978)	(409.703)	76.982
Equity holder of the Parent		168.348.234	48.536.805	82.941.463	31.325.965
Earnings per TL 1 share	28	1,74	0,50	0,86	0,32

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2021 AND 2020**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Profit for the period		164.738.175	48.190.827	82.531.760	31.402.947
<i>Items that will be reclassified to profit or loss:</i>					
Foreign currency translation differences		24.629.187	(2.016.823)	45.946.543	26.721.564
Hedge loss		(2.338.243)	(524.821)	(2.836.864)	(813.515)
<i>Items that will not be reclassified to profit or loss:</i>					
Loss on revaluation and remeasurement of provision for employment termination benefits	17	(3.881.730)	-	(1.801.289)	(457.273)
Gain from investments in equity instruments		1.465.336	(1.213.677)	-	-
Tax effect	27	368.316	(8.677)	175.787	46.703
Other comprehensive income		20.242.866	(3.763.998)	41.484.177	25.497.479
Total comprehensive income		184.981.041	44.426.829	124.015.937	56.900.426
Total comprehensive income attributable to:					
Non-controlling interests		1.315.778	(749.343)	10.073.918	5.426.554
Equity holders of the parent		183.665.263	45.176.172	113.942.019	51.473.872

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Share capital	Adjustments to share capital	Treasury shares	Reserves for treasury shares	Restricted reserves appropriated from profit	Gain and loss on remeasurement of defined benefit plans (*)	Gain from investments in equity instruments (*)	Gain/losses on hedging instrument (**)	Foreign currency translation differences (***)	Prior years' profit	Net profit for the period	Put option revaluation fund related with non-controlling interests (***)	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
Balances as of 1 January 2020	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(4.676.659)	586.613	-	41.264.159	228.448.354	86.310.753	(18.158.065)	368.962.947	25.638.059	394.601.006
Transfer to prior years' profit	-	-	-	-	-	-	-	-	-	86.310.753	(86.310.753)	-	-	-	-
Purchase of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(3.980.554)	(3.980.554)	499.224	(3.481.330)
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	1.216.669	1.216.669	-	1.216.669
Net profit for the period	-	-	-	-	-	-	-	-	-	-	82.941.463	-	82.941.463	(409.703)	82.531.760
Other comprehensive income/(expenses)	-	-	-	-	-	(1.625.502)	-	(2.836.864)	35.462.922	-	-	-	31.000.556	10.483.621	41.484.177
Balance as of 30 September 2020	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(6.302.161)	586.613	(2.836.864)	76.727.081	314.759.107	82.941.463	(20.921.950)	480.141.081	36.211.201	516.352.282
Balances as of 1 January 2021	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(6.232.607)	1.334.356	(2.970.735)	74.999.449	314.759.107	114.528.012	(29.324.261)	502.281.113	35.468.947	537.750.060
Transfer to prior years' profit	75.000.000	-	-	-	-	-	-	-	-	39.528.012	(114.528.012)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(28.673.009)	-	-	(28.673.009)	-	(28.673.009)
Change in subsidiary put option liability	-	-	-	-	-	-	-	-	-	-	-	(11.607.271)	(11.607.271)	-	(11.607.271)
Treasury shares	-	-	271.989	(271.989)	-	-	-	-	-	7.327.995	-	-	7.327.995	-	7.327.995
Net profit for the period	-	-	-	-	-	-	-	-	-	-	168.348.234	-	168.348.234	(3.610.059)	164.738.175
Other comprehensive income/(expenses)	-	-	-	-	-	(3.513.414)	1.465.336	(2.338.243)	19.703.350	-	-	-	15.317.029	4.925.837	20.242.866
Balance as of 30 September 2021	100.000.000	2.991.336	(9.782.044)	9.782.044	7.196.456	(9.746.021)	2.799.692	(5.308.978)	94.702.799	332.942.105	168.348.234	(40.931.532)	652.994.091	36.784.725	689.778.816

(*) Accumulated other comprehensive income/(expenses) that will not to be reclassified to profit or loss.

(**) Accumulated other comprehensive income and expense that will be reclassified to profit or loss.

(***) Note 4.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2021 AND 2020

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

	Notes	1 January - 30 September 2021	1 January - 30 September 2020
A. Cash flows from operating activities		118.374.036	174.857.541
Profit for the period		164.738.175	82.531.760
Adjustments to reconcile net profit for the period		67.609.034	61.364.263
Adjustments related to depreciation and amortization	12,13,14	56.720.537	45.918.149
Adjustments related to reversal of provisions for employment termination benefits	17	10.583.225	(19.280.631)
Adjustments related to interest expense	26	4.382.609	4.107.482
Adjustment related to interest income	24,25	(21.363.479)	(9.327.887)
Adjustments related to impairment/ (reversal of) on receivables	9	(16.507.558)	1.579.617
Other adjustments related to profit (loss) reconciliation		11.795.397	27.080.978
Adjustments related to tax expense	27	21.998.303	11.286.555
Changes in net working capital		(95.327.705)	40.496.414
Adjustments related to decrease in trade receivables		26.430.106	37.348.454
Adjustments related to (increase)/decrease in inventories		(58.990)	(256.415)
Adjustments related to increase in other operating assets		(37.175.613)	(5.046.231)
Adjustments related to decrease in trade payables		(29.296.587)	(14.917.975)
Increase/(decrease) in other liabilities related to operations		(55.226.621)	23.368.581
Cash flows from operating activities		137.019.504	184.392.437
Tax payments		(17.615.2831)	(8.474.915)
Payments related to employee benefits	17	(1.030.185)	(1.059.981)
Cash outflows for purchases to gain control of subsidiaries	4	(8.506.335)	(5.305.569)
Cash outflows for purchases of property, plant and equipment and intangible assets	12,13	(86.548.716)	(57.815.767)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds	6	(5.418.132)	(3.792.711)
Proceeds from sales of property, plant and equipment	12	221.304	103.517
Change in financial investments		12.785.994	-
Interest received		20.075.614	9.327.887
B. Cash flows from investing activities		(67.390.271)	(57.482.643)
Cash outflow related to repayments of loans	32	(40.580.796)	(15.919.642)
Cash from loans	32	57.670.519	-
Interest paid		(2.671.302)	(4.107.482)
Cash outflows related to debt payments related to lease agreements	32	(8.857.259)	(4.336.143)
Cash inflows from sale of repurchased shares		9.770.661	-
Dividend paid		(28.673.009)	-
C. Cash flows from financing activities		(13.341.186)	(24.363.267)
Net increase in cash and cash equivalents before the effects of foreign currency translation differences		37.642.579	93.011.631
D. Effects of foreign currency translation differences on cash and cash equivalents		17.205.710	7.753.424
Net increase in cash and cash equivalents		54.848.289	100.765.055
Cash and cash equivalents at the beginning of the period	5	261.595.709	152.183.722
Cash and cash equivalents at the end of the period	5	316.443.998	252.948.777

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Logo Yazılım Sanayi ve Ticaret Anonim Şirketi (“Logo Yazılım” or “the Company”) was established as a Limited Company in 1986 and became a joint stock company on 30 September 1999 after changing its legal form. The Company is registered in Turkey and operates under the Turkish Commercial Code.

The main activity of the Company is production, development, processing and multiplication of operating systems, application software, databases, software increasing productivity, multimedia software products and all types of similar software processed inside all types of computer hardware, and distribution of these at all physical and electronic environment, and to carry out all the services such as technical support, training and technical service activities.

As of 30 September 2021, the average number of personnel working within the Group is 1.241 (31 December 2020: 1.177).

The address of the registered office is as follows:

Şahabettin Bilgisu Caddesi, No: 609
Gebze Organize Sanayi Bölgesi
Gebze, Kocaeli

As of 30 September 2021, the main shareholder and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş. The partnership structure of the Company is explained in Note 19.

The nature of businesses of subsidiaries and the joint venture of Logo Yazılım (together referred to as the “Group”) are as follows.

Subsidiaries	Country of incorporation	Nature of business
Total Soft S.A. (“Total Soft”)	Romania	Development and marketing of software
Logo Elektronik Ticaret Hizmetleri A.Ş. (“e-Logo”)	Turkey	Development and marketing of software
Logo Financial Solutions GmbH (“Logo GmbH”)	Germany	Development and marketing of software
Logo Business Solutions FZ-LLC (“Logo FFC-LLC”)	United Arab Emirates	Marketing of software
Logo Kobi Dijital Hizmetler A.Ş. (“Logo Kobi”)	Turkey	Development and marketing of software
Architected Business Solutions SRL (“ABS”)	Romania	Development and marketing of software
ABS Financial Services SRL (“ABS FS”)	Romania	Development and marketing of software
Elba HR İnsan Kaynakları Eğitim ve Danışmanlık AŞ (“Peoplise”)*	Turkey	Development and marketing of software

Joint Ventures	Country of incorporation	Nature of business
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Logo Infosoft Business
Technology Private Limited (“Logo Infosoft”) India Development and marketing of software

(*) On 11 May 2020, the Company acquired 86,7% shares of Peoplise – digital human resources management platform operating in Turkey – pursuant to share purchase agreement that signed on 20 April 2020 (Note 4).

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial Reporting Standards Applied

The accompanying condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards (“TAS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in compliance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the “Communiqué”) announced by the CMB on 13 June 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations (“TAS/IFRS”). TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The condensed consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 15 April 2019 by POA and the format of “Financial Statement Examples and Guidelines for Use” published by CMB.

The Group has prepared its condensed consolidated financial statements for the interim period ended 30 September 2021 in accordance with the Turkish Accounting Standard 34, "Interim Financial Reporting" ("TAS 34"). Interim condensed consolidated financial statements do not include all disclosures and notes required by the year-end financial statements and they should be read in conjunction with the consolidated financial statements dated as at 31 December 2020.

The condensed consolidated financial statements have been prepared under the historical cost convention except for the financial assets presented at fair values and revaluations related to the differences between carrying value and fair value of property, plant and equipment and intangible assets arising from business combinations.

2.1.2 Financial Statements of Subsidiaries Operating in Foreign Countries

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted to TAS/IFRS published by POA for the purpose of fair presentation. Subsidiaries’ assets and liabilities are translated into Turkish Lira from the foreign exchange rate at the balance sheet date, and income and expenses are translated into Turkish Lira at the average foreign exchange rate. Foreign currency translation differences arising from the translation are included in the foreign currency translation difference under the equity.

2.1.3 Basis of Consolidation

The condensed consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 December 2020 include the accounts of Logo Yazılım and its subsidiaries.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.1.3 Basis of Consolidation (Cont’d)

The table below sets out the direct and indirect shares of subsidiaries and the joint venture of the Company as of 30 September 2021 and 31 December 2020:

Subsidiaries	30 September 2021 (%)	31 December 2020 (%)
Total Soft	80,00	80,00
e-Logo	100,00	100,00
Logo GmbH	100,00	100,00
Logo Kobi	100,00	100,00
ABS	80,00	80,00
ABS FS	80,00	80,00
Peoplise (*)	88,00	86,70
Joint venture	30 September 2021 (%)	31 December 2020 (%)
Logo Infosoft (**)	50,00	50,00

(*) Note 4.

(**) With the agreement signed by the Company with GSF Software Labs LLC on 1 January 2018, its control over Logo Infosoft has turned into joint control. After this date, Logo Infosoft has been evaluated as a joint venture in the consolidated financial statements and recognized as an investment valued by the equity method.

Subsidiaries

The condensed consolidated financial statements include financial statements of the Company and entities controlled by the Company's subsidiaries. Control is provided by the Company providing the following conditions:

- Have the authority on the investee company/asset,
- Being open to or entitled to variable returns from the investee company/asset, and
- Ability to use its power that may have effect on the returns.

The balance sheets, income statements and other comprehensive income statements of the subsidiaries that are incorporated into consolidation are consolidated using full consolidation method. The registered value of the investment recorded in the assets of the Company and the amount from subsidiaries' shareholder's equity corresponded to the Company's share are settled net. The transactions and balances between the Company and subsidiaries are mutually deleted under consolidation.

Joint venture

Joint venture is a joint initiative in which the parties, who have joint control in an arrangement, have rights related to net assets in this common arrangement. Joint control is the sharing of the control over an economic activity depends on the agreement. This control is supposed to exist if the decisions about the related activity can only be made by the unanimous vote of the sides who share the control.

The investments in joint ventures are recognized using equity method as of the date after the investees turn into associate or joint venture.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.1.4 Functional and Presentation Currency

For the purpose of the consolidated financial statements, the results and financial position and cash flows of the Group are presented in Turkish Lira (“TL”), which is the currency of the primary economic environment in which Logo Yazılım operates (“the functional currency”).

The functional currency of subsidiaries operating in Romania is Romanian Leu (“RON”). Functional currency of Logo Infosoft is Indian rupee (“INR”). Financial position and operating results of each entity included in consolidation are measured using the currency of the primary economic environment in which these entities operate. The financial statements of the subsidiaries operating in foreign countries are prepared in the functional currency of the country in which they operate in accordance with the law and regulations of the country, the assets and liabilities in the financial statements are translated into TL by using the closing exchange rate effective on the balance sheet date, and income and expenses are translated into TL by using the monthly average exchange rate. The currency differences resulting from the use of closing and monthly average rates are monitored in the foreign currency translation differences account under equity and other comprehensive income.

2.2 Going Concern

The entities included in the consolidation have prepared their financial statements in accordance with the going concern principle. The Group management has made an assessment of the sustainability of the Group's operations and concluded that the Group has sufficient resources to continue its activities in the near future.

Covid-19

The Group's Management have taken the necessary actions to minimize the possible effects of the global COVID-19 pandemic on the operations and financial position of the Group. COVID-19 pandemic has caused developments/slowdowns both in the sector the Group is operating and in the general economic activities, but the Group continued its activities without any interruption. Meanwhile, actions have been taken by the Group to minimize the increase in investment expenditures and operational expenses and the cash strategy was revised to strengthen the liquidity position.

While preparing the interim condensed consolidated financial statements as at 30 September 2021, the Group has evaluated the possible effects of the COVID-19 pandemic on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.3 New and amended standards and interpretations

a. Amendments that are mandatorily effective from 2021:

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

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group management has evaluated that these amendments do not have any impact on the consolidated financial statements of the Group.

b. New and revised TFRSs in issue but not yet effective:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TMS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TMS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TMS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018 – 2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 September 2021</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.3 New and amended standards and interpretations (Cont’d)

b. *New and revised TFRSs in issue but not yet effective (Cont’d):*

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.3 New and amended standards and interpretations (Cont’d)

b. New and revised TFRSs in issue but not yet effective (Cont’d):

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time Adoption of Turkish Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13. The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.3 New and amended standards and interpretations (Cont’d)

b. New and revised TFRSs in issue but not yet effective (Cont’d)

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 September 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published COVID-19 Related Rent Concessions beyond 30 September 2021 (Amendment to TFRS 16) that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 September 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

2.4 Changes in Accounting Policies

Changes in accounting policies, if any, that result from applying a new TAS/TFRS for the first time are applied retrospectively or prospectively in accordance with transition provisions. Changes with no transition provisions, significant discretionary changes in accounting policy or accounting errors are applied retrospectively and financial statements of prior period are restated.

2.5 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the three months period ended 30 September 2021 have been prepared in accordance with TAS 34. The significant accounting policies used in preparing the condensed interim consolidated financial statements for the three months period ended 30 September 2021 are consistent with the accounting policies disclosed in the consolidated financial statements as of 31 December 2020. Accordingly, the condensed consolidated interim financial statements should be evaluated with the consolidated financial statements for the year ended 31 December 2020. The Group has disclosed its accounting policies for the first time in Note 2.4.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.6 Significant Accounting Evaluations, Estimates and Assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results. The estimates and assumptions that can lead to significant adjustments on the carrying value of the assets and liabilities are as follows:

Provision for doubtful receivables

Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties and key customers are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

Useful lives of intangible assets

In accordance with the accounting policy stated in Note 2.5, intangible assets are stated at historical cost less accumulated depreciation, net of any impairment charges. Depreciation on intangible assets is calculated using the straight-line method over their estimated useful lives. Useful lives depend on the best estimates of management and are reviewed in each financial period and corrected accordingly.

Revenue recognition

The Group uses percentage of completion method in accounting of its software licence revenue and customized software revenue as of the balance sheet date. Completion level is calculated by dividing the estimated total service given as of the balance sheet date to the total service required contractually.

LEM is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments, and which includes new features that will contribute new values to the products throughout the year. Since the free of charge LEM products given in the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. Thus, related sales amounts are recognized as revenue within the transaction year.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.6 Significant Accounting Evaluations, Estimates and Assumptions (Cont’d)

Research and development costs

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized by the Group. Management determines the cost of employees to be capitalized considering time spent by each employee on research and development activities. The costs of employees related to research are expensed as incurred.

Goodwill impairment test

The Group tests the goodwill amount for impairment each year or in shorter periods in case of any impairment. The recoverable amounts of cash generating units are determined on fair value less cost of disposal basis. The details of estimates and assumptions used are explained in Note 15.

2.7 Comparative Information and Restatement of Prior Periods’ Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The consolidated balance sheet of the Group as of 30 September 2021 has been provided with the comparative financial information of 31 December 2020 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the interim period ended 30 September 2021 have been provided with the comparative financial information, for the period ended 30 September 2020.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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NOTE 3 - SEGMENT REPORTING

The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Adjusted earnings before interest, tax, depreciation and amortization (“EBITDA”) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization accounted for operating expenses (except other operating income and expenses).

30 September 2021	Turkey	Romania	Segmental eliminations	Consolidated
Segment assets	959.449.000	291.365.680	(6.177)	1.250.808.503
Segment liabilities	320.974.936	240.060.928	(6.177)	561.029.687
Goodwill	174.187.784	53.067.741	-	227.255.525
Property, plant and equipment and intangible asset	177.119.977	163.682.764	-	340.802.741
Right-of-use assets	6.584.042	9.863.753	-	16.447.795

30 September 2021	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	324.605.030	161.590.890	-	486.195.920
Cost of sales	(9.229.388)	(86.920.265)	-	(96.149.653)
Operating expenses	(187.097.822)	(56.965.111)	-	(244.062.933)
Other operating income	5.047.719	11.669.130	-	16.716.849
Other operating expenses	(2.851.381)	(618.400)	-	(3.469.781)
Income from investing activities	2.173.298	-	-	2.173.298
Financial income	41.133.193	586.413	-	41.719.606
Financial expenses	(12.073.802)	(4.313.026)	-	(16.386.828)
Depreciation and amortization	(37.464.919)	(19.255.618)	-	(56.720.537)
Tax expense	(15.018.970)	(6.979.333)	-	(21.998.303)
Net profit/(loss) for the period	146.687.877	18.050.298	-	164.738.175
Adjusted EBITDA	165.742.739	36.961.132	-	202.703.871
Purchase of property, plant and equipment and intangible assets	55.950.660	30.598.056	-	86.548.716

Reconciliation between adjusted EBITDA and profit before tax is as follows:

30 September 2021	Consolidated
Adjusted EBITDA	202.703.871
Depreciation and amortization	(56.720.537)
Income from investing activities	2.173.298
Other operating income	16.716.849
Other operating expenses	(3.469.781)
Financial income	41.719.606
Financial expenses	(16.386.828)
Profit before tax	186.736.478

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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NOTE 3 - SEGMENT REPORTING (Cont'd)

31 December 2020	Turkey	Romania	Segmental eliminations	Consolidated
Segment assets	831.996.902	265.526.932	(3.858)	1.097.519.976
Segment liabilities	323.705.285	236.068.489	(3.858)	559.769.916
Goodwill	155.692.858	47.047.559	-	202.740.417
Property, plant and equipment and intangible asset	155.096.580	131.747.634	-	286.844.214
Right-of-use assets	6.594.507	11.115.892	-	17.710.399

30 September 2020	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	217.452.542	121.250.273	-	338.702.815
Cost of sales	(4.820.520)	(63.357.437)	-	(68.177.957)
Operating expenses	(141.392.101)	(50.006.453)	-	(191.398.554)
Other operating income	4.494.365	824.604	-	5.318.969
Other operating expenses	(2.081.439)	(2.689.173)	-	(4.770.612)
Income from investing activities	6.789.220	-	-	6.789.220
Financial income	14.825.855	257.940	-	15.083.795
Financial expenses	(4.466.253)	(3.263.108)	-	(7.729.361)
Depreciation and amortization	(30.628.051)	(15.290.098)	-	(45.918.149)
Tax expense	(10.318.432)	(968.123)	-	(11.286.555)
Net profit/(loss) for the period	80.483.237	2.048.523	-	82.531.760
Adjusted EBITDA	101.867.972	23.176.481	-	125.044.453
Purchase of property, plant and equipment and intangible assets	39.624.981	18.190.786	-	57.815.767

Reconciliation between adjusted EBITDA and profit before tax is as follows:

30 September 2020	Consolidated
Adjusted EBITDA	125.044.453
Depreciation and amortization	(45.918.149)
Income from investing activities	6.789.220
Other operating income	5.318.969
Other operating expenses	(4.770.612)
Financial income	15.083.795
Financial expenses	(7.729.361)
Profit before tax	93.818.315

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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NOTE 4 - BUSINESS COMBINATION

Acquisition of Peoplise

On 11 May 2020, the Group acquired 86,70% of the shares of Peoplise.

Peoplise is an integrated and video-enabled digital human resources management platform designed for all recruitment needs of corporate companies. This merger is expected to contribute significantly to the growth target by complementing the existing Human Resources solutions and supporting the Group's ongoing investments in the HR product portfolio, especially with the synergy it will create during the transition period to cloud-based solutions, it will support the increasing exposure to large corporate enterprises and global markets.

The Group's share in Peoplise increased to 88% with the payment made on 05 March 2021 as per the contract.

The difference between the total acquisition amount and the net assets acquired for the purchase of Peoplise is accounted for in accordance with the TFRS 3, “Business Combinations Standard”. The acquisition price and acquired assets and liabilities’ fair value used within the scope of TFRS 3 are summarized in the table below:

	11 May 2020
Total assets	5.273.550
Intangible asset - customer relations	4.004.436
Intangible asset - advanced technology	1.425.116
Total liabilities	(1.519.988)
<hr/>	
Fair value of net assets	9.183.114
Non-controlling interests (-)	(499.224)
Purchase value (*)	12.360.762
<hr/>	
Goodwill (Note 15)	3.676.872

(*) TL 7.017.187 of the total purchase price was paid in cash in 2020. TL 8.087.849 was paid in the interim period ending on 30 September 2021.

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NOTE 4 - BUSINESS COMBINATION (Cont'd)

Acquisition of Nexia

Nexia CRG Expert S.R.L. (“Nexia”) provides accounting, tax, payroll and personnel management services to its customers operating in real estate, e-commerce, retail, energy and various other service areas in the Romanian region. Totalsoft, the Group's subsidiary, has incorporated the accounting department of Nexia as a whole. This merger has been evaluated and recognized in accordance with the provisions of TFRS 3, “Business Combinations Standard”. This merger is expected to contribute to Totalsoft's growth objective in the region. The purchase price, the fair values of the acquired assets and liabilities used within the scope of TFRS 3 are summarized in the table below:

	1 October 2020
Total assets	219
Total liabilities	(33.749)
Fair value of net assets	(33.530)
Purchase value (*)	1.638.126
Goodwill (Note 15)	1.671.656

(*) TL 852.593 of the total purchase price was paid in cash in 2020. TL 418.486 was paid in the interim period ending on 30 September 2021.

NOTE 5 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Cash	43.254	69.082
Bank		
- Demand deposits - TL	9.437.891	715.667
- Demand deposits - foreign currency	16.493.712	31.691.121
- Time deposits - TL	129.359.880	109.747.643
- Time deposits - foreign currency	77.577.198	39.980.828
Credit card slip receivables	75.677.922	73.559.439
Liquid funds (*)	7.837.402	5.649.349
Checks received	16.739	182.580
	316.443.998	261.595.709

(*) Liquid funds consist of investment instruments with a maturity of less than 3 months which can be converted into cash at any time without significant loss.

As of 30 September 2021, the weighted average effective annual interest rates of TL denominated time deposits are 17,25% and 19,15% (31 December 2020: 11% and 20,00%). As of 30 September 2021, the weighted average effective annual interest rates of USD denominated time deposits are between 1% and 3% (31 December 2020: 1% and 3% for USD denominated time deposits and 0,65% and 2,25% for EUR denominated time deposits).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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NOTE 6 - FINANCIAL INVESTMENTS

Short-term financial investments

	30 September 2021	31 December 2020
Private sector bonds (*)		
- Assets at fair value through other comprehensive income	19.295.507	32.081.501

(*) Private sector bills consist of financial investments which are easily convertible into cash, do not bear the risk of significant changes in value and have high liquidity. The bonds are denominated in USD and TL.

Long-term financial investments

Financial assets recognized at fair value

Details of non-current financial investments as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Logo Ventures Girişim Sermayesi Yatırım Fonu I (“Logo Ventures”) (**)	4.068.432	2.784.356
Logo Ventures Girişim Sermayesi Yatırım Fonu II (“Logo Ventures”) (**)	19.501.260	-
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. (“İnterpro”) (**)	80.653	80.653
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş. (“Dokuz Eylül”) (**)	50.000	50.000
	23.700.345	2.915.009

(**) As of 30 September 2021, Logo Ventures has been evaluated as an asset at fair value through other comprehensive income and the difference between its fair value and cost amounting to TL 1.465.336 has been recognized in other comprehensive income. On the other hand, İnterpro and Dokuz Eylül are reflected in the consolidated financial statements at cost as of 30 September 2021 and 31 December 2020, as their fair value is not significant.

	30 September 2021	31 December 2020
Private sector bonds (***)		
- Assets at fair value through other comprehensive income	23.953.799	7.658.131

(***) Private sector bills consist of financial investments which are easily convertible into cash, do not bear the risk of significant changes in value and have high liquidity. The bonds are denominated in USD and TL. .

Other long-term financial investments:

	30 September 2021	31 December 2020
Other long-term financial investments (****)	22.949.539	17.531.407

(****) The Group's joint venture consists of the convertible debt instruments issued by Logo Infosoft, when the relevant amounts are included in equity the ownership ratio of the Group is 76,86%. The Group has not considered the related investment for trading purposes and has recognized the fair value changes in the other comprehensive income statement in accordance with the accounting policies explained in Note 2.5.

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NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Summarized financial information on investments accounted for using the equity method is as follows:

Summary balance-sheet information

Logo Infosoft	30 September 2021	31 December 2020
Cash and cash equivalents	917.087	1.685.774
Other current assets	4.451.865	3.426.358
Other non-current assets	676.282	945.401
Total assets	6.045.234	6.057.533
Other short-term liabilities	10.522.236	8.336.121
Other long-term liabilities	34.241.909	24.224.647
Total liabilities	44.764.145	32.560.768
Net liabilities	(38.718.911)	(26.503.235)

Summary income statement information

Logo Infosoft	30 September 2021	30 September 2020
Income	1.187.174	1.359.197
Expenses (-)	(8.214.988)	(7.348.701)
Net loss for the period	(7.027.814)	(5.989.504)
Ownership ratio of the Group	50,00%	50,00%
Group's share	(3.513.907)	(2.994.752)
Unrecognised losses (*)	3.513.907	2.994.752

(*) Logo Infosoft's portion of the Group's share of loss amounting to TL 3.513.907 has not been accounted because Logo Infosoft's carrying amount has been zero.

NOTE 8 – BORROWINGS

Details of borrowings as of 30 September 2021 and 31 December 2020 are as follows:

Short-term borrowings:	30 September 2021	31 December 2020
Short-term bank loans	32.321.231	2.799.296
Credit card payables	575.828	231.815
Lease liabilities	6.863.014	6.489.553
	39.760.073	9.520.664

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NOTE 8 - BORROWINGS (Cont’d)

Short-term portions of long-term borrowings:	30 September 2021	31 December 2020
Short-term portions of long-term bank loans	19.530.765	17.043.175
Lease liabilities	364.118	420.270
	19.894.883	17.463.445

Total short-term borrowings **59.654.956** **26.984.109**

Long-term borrowings:	30 September 2021	31 December 2020
Long-term bank loans	119.055.647	112.413.383
Lease liabilities	11.747.493	12.903.305
	130.803.140	125.316.688

	30 September 2021		
	Weighted average annual interest rate (%)	Original amount	TL equivalent
Short-term borrowings:			
Bank borrowings - TL - unsecured		3.408.358	3.408.358
Bank borrowings - RON - unsecured	Rabor+1 1,65%	13.951.396	28.912.873
Credit card payables – TL		575.828	575.828
Lease liabilities- EUR	4,5%	331.462	3.418.537
Lease liabilities - TL	12% - 25%	3.444.477	3.444.477
			39.760.073

Short-term portion of long-term borrowings:

Bank borrowings - EUR – secured	Euribor+2,45%-2,50%	1.893.709	19.530.765
Lease liabilities - EUR		35.305	364.118
			19.894.883

Long-term borrowings:

Bank borrowings - EUR - secured	Euribor+2,45%-2,50%	11.543.671	119.055.647
Lease liabilities - TL		4.430.357	4.430.357
Lease liabilities - EUR		709.472	7.317.136
			130.803.140

Total borrowings **190.458.096**

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NOTE 8 - BORROWINGS (Cont’d)

	31 December 2020		
	Weighted average annual interest rate (%)	Original amount	TL equivalent
Short-term borrowings:			
Bank borrowings - TL - unsecured		2.540.901	2.540.901
Bank borrowings - RON - unsecured	Robor+1%-1,65%	140.639	258.395
Credit card payables - TL		231.815	231.815
Lease liabilities- EUR		356.732	3.213.405
Lease liabilities- TL	12%-25%	3.276.148	3.276.148
			9.520.664
Short-term portion of long-term borrowings:			
Bank borrowings - EUR -secured	Euribor+2,45%- 2,50%	1.892.025	17.043.175
Lease liabilities – EUR		46.656	420.270
			17.463.445
Long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+2,45%-2,50%	12.479.422	112.413.383
Lease liabilities - TL		4.123.938	4.123.938
Lease liabilities – EUR		974.630	8.779.367
			125.316.688
Total borrowings			152.300.797

The redemption schedules of long-term borrowings as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
To be paid within 1-2 years	25.033.442	23.393.957
To be paid within 2-5 years	63.574.800	56.553.066
To be paid in more than 5 years	42.194.898	45.369.665
	130.803.140	125.316.688

	Net book value		Fair value	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Bank borrowings	170.907.643	132.255.854	184.066.917	145.342.326
	170.907.643	132.255.854	184.066.917	145.342.326

Interest rate and currency risk of the Group are explained in Note 30.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as of 30 September 2021 and 31 December 2020 are as follows:

Short-term trade receivables:	30 September 2021	31 December 2020
Trade receivables	137.090.410	161.563.717
Credit card receivables	116.122.884	117.856.712
Cheques and notes receivables	4.132.058	4.484.233
Less: Provision for doubtful receivables	(19.257.069)	(32.509.022)
Less: Unearned finance income from futures sales	(15.598.069)	(15.727.273)
	222.490.214	235.668.367

As of 30 September 2021, the average turnover of the trade receivables is 111 days (31 December 2020: 129 days), excluding the credit card receivables, the turnover day is 55 days (31 December 2020: 69 days). The discount rate applied to the undue receivables is 17,91% (31 December 2020: 17,13%).

As of 30 September 2021, TL 17.257.997 of trade receivables (31 December 2020: TL 20.091.728) were past due but not impaired. The aging analysis of these trade receivables is as follows.

	30 September 2021	31 December 2020
Up to 1 month	6.237.279	5.832.128
1-3 months	5.870.191	2.875.373
More than 3 months	5.150.527	11.384.227
	17.257.997	20.091.728

As of 30 September 2021, TL 9.494.578 of overdue receivables consist of trade receivables of Total Soft (31 December 2020: TL 16.199.714). The Group manages its receivables in accordance with credit risk management policies which is explained in Note 30.

The movement of provision for doubtful receivables for the periods ended 30 September 2021 and 2020 is as follows:

	2021	2020
As of 1 January	32.509.022	24.320.148
Provisions during the period	2.813.208	7.353.841
Provision released	(19.320.766)	(5.774.224)
Foreign currency translation difference	3.255.605	6.769.368
As of 30 September	19.257.069	32.669.133

Trade payables to third parties:	30 September 2021	31 December 2020
Trade payables	36.675.254	65.971.841

As of 30 September 2021, the average debt payment period is 112 days (31 December 2020: 115 days).

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Cont’d)

The table below shows the maximum exposure of the Group to credit risk as of 30 September 2021 and 31 December 2020:

30 September 2021	Trade receivables		Other receivables		Bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure as of reporting date	-	222.490.214	6.949.577	210.721	316.384.005
- <i>Amount of risk covered by guarantees</i>	-	474.999	-	-	-
Net carrying value of not past due/ not impaired financial assets	-	205.232.217	6.949.577	210.721	316.384.005
Net carrying value of past due but not impaired financial assets	-	17.257.997	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- <i>Past due (gross carrying value)</i>	-	19.257.069	-	-	-
- <i>Provision for impairment (-)</i>	-	(19.257.069)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages, and letters of guarantee.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Cont’d)

31 December 2020	Trade receivables		Other receivables		Bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure as of reporting date	-	235.668.367	5.343.356	799.556	261.344.047
- <i>Amount of risk covered by guarantees</i>	-	290.274	-	-	-
Net carrying value of not past due and not impaired financial assets	-	215.576.639	5.343.356	799.556	261.344.047
Net carrying value of past due but not impaired financial assets	-	20.091.728	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- <i>Past due (gross carrying value)</i>	-	32.509.022	-	-	-
- <i>Provision for impairment (-)</i>	-	(32.509.022)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages, and letters of guarantee.

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NOTE 10 - OTHER RECEIVABLES, PAYABLES AND OTHER ASSETS

Short-term other receivables from third parties:

	30 September 2021	31 December 2020
Deposits and guarantees given	130.036	131.721
Income accruals	80.685	667.835
	210.721	799.556

Short-term other payables to third parties:

	30 September 2021	31 December 2020
Put option liability - ABS (*)	36.950.978	25.343.708
Other taxes payable	10.850.592	25.119.365
Other payables to third parties (**)	642.148	6.196.168
	48.443.718	56.659.241

Long-term other payables to third parties:

	30 September 2021	31 December 2020
Put option liability – Peoplise (***)	3.980.554	3.980.553
Other	615.243	615.244
	4.595.797	4.595.797

(*) As a result of the acquisitions of ABS and ABS FS, there is a sales option given to Avramos Holding Ltd. by Logo Yazılım for the 20% Total Soft shares transferred to Avramos Holding Ltd. between 1 January 2021 and 31 December 2024. As of 30 September 2021, a put option liability amounting to TL 36.950.978 is recognized in the other short-term payables to related parties as a result of the sales option given in the consolidated financial statements.

(**) Note 4.

(***) As a result of the acquisition of Peoplise, there is a sales option given to minority shareholders by Logo Yazılım for the 12% Peoplise shares. As of 30 September 2021, the Company has accounted for the liability for a put option amounting to TL 3.980.554 in the short-term liabilities account as a result of the sales option given in the consolidated financial statements.

Other current assets:

	30 September 2021	31 December 2020
Transferred VAT	3.422.227	1.124.957
Prepaid taxes	2.122.720	2.425.985
Business advances	1.005.729	225.531
Personnel advances	625.202	413.220
Other	1.028.188	1.720.945
	8	5.910.638

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NOTE 11 - INVENTORIES

	30 September 2021	31 December 2020
Trade goods	2.745.229	2.714.608
Raw materials and equipment	155.230	126.891
Other	5.242	5.212
	2.905.701	2.846.711

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2021	Additions	Acquisition of subsidiary (*)	Disposals	Currency translation differences	30 September 2021
Cost:						
Machinery, plant and equipment	16.734.912	1.288.630	-	(861.993)	1.182.000	18.343.549
Motor vehicles	4.120.764	55.069	-	-	493.204	4.669.037
Furniture and fixtures	6.967.484	166.642	-	(75.217)	145.890	7.204.799
Leasehold improvements	26.033.420	1.311.508	-	-	56.125	27.401.053
	53.856.580	2.821.849	-	(937.210)	1.877.219	57.618.438
Accumulated depreciation:						
Machinery, plant equipment	13.145.024	1.105.062	-	(640.723)	1.022.436	14.631.799
Motor vehicles	3.828.381	189.260	-	-	466.177	4.483.818
Furniture and fixtures	5.357.150	269.699	-	(75.183)	99.367	5.651.033
Leasehold improvements	12.179.703	1.409.384	-	-	46.352	13.635.439
	34.510.258	2.973.405	-	(715.906)	1.634.332	38.402.089
Net book value	19.346.322					19.216.349
	1 January 2020	Additions	Acquisition of subsidiary (*)	Disposals	Currency translation differences	30 September 2020
Cost:						
Machinery, plant and equipment	12.547.429	1.911.689	39.325	(131.480)	2.222.901	16.589.864
Motor vehicles	3.263.580	103.846	-	(118.203)	1.046.038	4.295.261
Furniture and fixtures	6.378.765	239.269	16.148	-	291.561	6.925.743
Leasehold improvements	25.522.419	378.372	-	-	114.493	26.015.284
	47.712.193	2.633.176	55.473	(249.683)	3.674.993	53.826.152
Accumulated depreciation:						
Machinery, plant equipment	9.305.674	1.595.159	30.263	(27.963)	1.815.925	12.719.058
Motor vehicles	2.874.962	319.457	-	(118.203)	971.513	4.047.729
Furniture and fixtures	4.797.727	270.849	5.422	-	190.199	5.264.197
Leasehold improvements	10.684.231	356.389	-	-	89.555	11.130.175
	27.662.594	2.541.854	35.685	(146.166)	3.067.192	33.161.159
Net book value	20.049.599					20.664.993

(*) Note 4.

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NOTE 13 - INTANGIBLE ASSETS

	1 January 2021	Additions	Acquisition of subsidiary (*)	Disposals	Currency translation differences	30 September 2021
Cost:						
Development costs	400.376.247	79.399.359	-	-	17.723.782	497.499.388
Advanced technology	19.413.827	-	-	-	623.948	20.037.775
Customer relations	64.650.780	-	-	-	6.232.208	70.882.988
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	14.280.023	4.327.508	-	-	1.254.788	19.862.319
	501.468.655	83.726.867	-	-	25.834.726	611.030.248
Accumulated depreciation:						
Development costs	185.286.066	41.640.988	-	-	5.317.159	232.244.213
Advanced technology	14.052.336	684.440	-	-	620.595	15.357.371
Customer relations	20.701.616	3.986.493	-	-	1.541.844	26.229.953
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	11.182.967	1.144.634	-	-	536.940	12.864.541
	233.970.763	47.456.555	-	-	8.016.538	289.443.856
Net book value	267.497.892					321.586.392

(*) Note 4.

Additions amounting to TL 78.843.365 to development costs for the interim period ended 30 September 2021 (30 September 2020: 54.578.544) consist of capitalized personnel costs.

As of 30 September 2021, TL 49.992.620 (30 September 2020: TL 37.847.756) of the current period's depreciation and amortization expenses has been allocated to research and development expenses, TL 2.143.685 (30 September 2020: TL 2.076.388) has been allocated to marketing expenses, TL 3.942.949 (30 September 2020: TL 5.592.098) has been allocated to general administrative expenses, TL 641.283 (30 September 2020: TL 401.907) has been allocated to cost of sales (Note 21 and 22).

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NOTE 13 - INTANGIBLE ASSETS (Cont’d)

	1 January 2020	Additions	Acquisition of subsidiary (*)	Disposals	Currency translation differences	30 September 2020
Cost:						
Development costs	285.430.764	54.894.494	6.632.263	-	29.387.450	376.344.971
Advanced technology	16.783.543	-	-	-	1.272.844	18.056.387
Customer relations	48.608.718	-	-	-	12.713.599	61.322.317
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	12.292.123	288.097	152.219	-	1.207.713	13.940.152
	365.862.926	55.182.591	6.784.482	-	44.581.606	472.411.605
Accumulated depreciation:						
Development costs	133.454.118	30.164.963	2.650.597	-	7.680.672	173.950.350
Advanced technology	10.695.531	1.432.342	-	-	1.113.276	13.241.149
Customer relations	13.953.562	3.351.149	-	-	2.291.825	19.596.536
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	9.195.542	1.439.833	63.671	-	995.510	11.694.556
	170.046.531	36.388.287	2.714.268	-	12.081.283	221.230.369
Net book value	195.816.395					251.181.236

NOTE 14 – RIGHT-OF-USE ASSETS

	1 January 2021	Additions	Disposals	Currency translation differences	30 September 2021
Cost:					
Motor vehicles	12.618.514	785.244	-	195.039	13.598.797
Office	17.521.821	3.252.267	(289.016)	1.703.316	22.188.388
	30.140.335	4.037.511	(289.016)	1.898.355	35.787.185
Accumulated depreciation:					
Motor vehicles	7.020.425	2.759.811	-	132.947	9.913.183
Office	5.409.511	3.530.766	-	485.930	9.426.207
	12.429.936	6.290.577	-	618.877	19.339.390
Net book value	17.710.399				16.447.795

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NOTE 14 – RIGHT-OF-USE ASSETS (Cont’d)

	1 January 2020	Additions	Disposals	Currency translation differences	30 September 2020
Cost:					
Motor vehicles	9.575.676	1.692.501	-	397.876	11.666.053
Office	12.469.973	3.304	(940.179)	3.179.301	14.712.399
	22.045.649	1.695.805	(940.179)	3.577.177	26.378.452
Accumulated depreciation:					
Motor vehicles	3.142.590	2.766.667	-	165.054	6.074.311
Office	4.511.441	4.221.341	-	1.900.013	10.632.795
	7.654.031	6.988.008	-	2.065.067	16.707.106
Net book value	14.391.618				9.671.346

NOTE 15 - GOODWILL

	30 September 2021	31 December 2020
Total Soft	163.032.260	144.537.334
Total Soft (“ABS”)	51.182.180	45.375.903
Netsis	5.892.252	5.892.252
Peoplise	3.676.872	3.676.872
Total Soft (“Nexia”)	1.885.561	1.671.656
Sempa	903.000	903.000
Vardar	346.338	346.338
Intermat	337.062	337.062
	227.255.525	202.740.417

Movement table of goodwill for the interim periods ended 30 September 2021 and 2020 is as follows:

	2021	2020
As of 1 January	202.740.417	146.362.128
Currency translation difference	24.515.108	53.665.578
Acquisition of subsidiary (*)	-	9.811.246
As of 30 September	227.255.525	209.838.952

(*) Note 4.

The Group applies impairment test for goodwill every year or in shorter periods in case any triggering event that shows any impairment indicator on goodwill. The recoverable amounts of cash generating units are determined based on fair value less cost of disposal (‘FVLCD’).

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NOTE 15 – GOODWILL (Cont’d)

Goodwill impairment test - Total Soft and ABS

FVLCD is determined by discounting the expected future discounted cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the recoverable value of CGU as of 31 December 2020:

Goodwill impairment test has been performed by using the five years consolidated business projections of Total Soft and ABS prepared by the management between 1 January 2020 and 31 December 2024. 14,9% has been used as cumulative average growth rate the years between 2019 and 2024.

Cash flows for future periods (perpetuity) were extrapolated using a constant growth rate of 2,4% which is the long-term inflationary expectation announced by the Central Bank of Romania.

Weighted average cost of capital rate of 18,2% has been used as after-tax discount rate in order to calculate the recoverable amount of the unit.

After-tax rate was adjusted considering the tax cash outflows and other future tax related cash flows and differences between the cost of the assets and their tax bases.

No impairment has been recorded as a result of the impairment test made according to available analyzes.

Sensitivity to the changes in the estimates used in the impairment test of Total Soft's goodwill is as follows:

Long-term growth rate

Originally, the long-term growth rate is assumed to be 2,4%. If the rate was assumed to be as 2%, the recoverable amount would have been 2% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Discount rate

Originally, the discount rate is assumed to be 18,2%. If the rate was assumed to be as 18,7%, the recoverable amount would have been 4% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

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NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	30 September 2021		31 December 2020	
		Original amount	TL equivalent	Original amount	TL equivalent
Guarantee notes	TL	428.049	428.049	243.324	243.324
Mortgages received	TL	46.950	46.950	46.950	46.950
			474.999		290.274

As of 30 September 2021 and 31 December 2020, guarantee/pledge/mortgage (‘GPM’) given by the Company on behalf of its legal entity are as follows:

GPM given by the Company:

	30 September 2021				31 December 2020			
	EUR	USD	RON	TL	EUR	USD	RON	TL
A. Total amount of GPM provided by the Company on behalf of itself	-	394.986	-	7.491.930	-	327.863	-	894.470
B. Total amount of GPM provided on behalf of the associates accounted under full consolidation method (*)	183.342.285	-	650.169	-	160.132.736	-	82.942	-
C. Total amount of GPM provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Total amount of other GPM given-	-	-	-	-	-	-	-	-
(i) Total amount of GPM given on behalf of the parent Company -	-	-	-	-	-	-	-	-
(ii) Total amount of GPM provided on behalf of other Group companies which are not in the scope of B and C	-	-	-	-	-	-	-	-
(iii) Total amount of GPM provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	183.342.285	394.986	650.169	7.491.930	160.132.736	327.863	82.942	894.470

(*) Note 8.

The ratio of other GPMs given by the Company to its equity is 0% as of 30 September 2021 (31 December 2020: 0%).

The lawsuits filed against the Group are total TL 4.428.192. The Group’s management does not expect any cash outflows regarding these lawsuits by the opinions of the lawyers, therefore no provisions have been accounted in the consolidated financial statements.

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NOTE 17 - EMPLOYEE BENEFITS

Short-term payables for employee benefits:

	30 September 2021	31 December 2020
Due to personnel	11.411.261	7.280.516
Bonus provision	11.278.782	41.297.483
Taxes, funds and social security payables	11.150.156	27.017.099
	33.840.199	75.595.098

Long-term provisions for employment benefits:

	30 September 2021	31 December 2020
Provision for employment termination benefits	17.929.212	10.000.811
Provision for unused vacation liability	12.769.043	6.718.424
	30.698.255	16.719.235

The movements of provision for unused vacation for the interim periods ended 30 September 2021 and 2020 are as follow:

	2021	2020
As of 1 January	6.718.424	6.475.048
Increase in the period	5.506.369	(659.197)
Currency translation difference	544.250	919.829
As of 30 September	12.769.043	6.735.680

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TL 8.284,51 for each year of service. (31 December 2020: TL 7.638,96). Provision for employment termination benefits is calculated based on the present value of the Group's obligation to pay in the event of retirement.

Employment termination benefit liability is not funded and there is no legal funding requirement.

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NOTE 17 - EMPLOYEE BENEFITS (Cont’d)

TAS 19, ‘Employee Benefits’ requires actuarial valuation methods to be developed to estimate the Group’s obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) is accounted under the ‘Funds for actuarial gains/(losses) on employee termination benefits’:

	30 September 2021	31 December 2020
Discount rate (%)	3,67	3,67
Turnover rate to estimate the probability of retirement (%)	96,14	94,88

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months, the maximum amount of TL 8.284,51 which is effective from 1 July 2021 (1 July 2020: TL 7.117,17) has been taken into consideration in the calculations.

The movements of the provision for employment termination benefits for the interim periods ended 30 September 2021 and 2020 are as follows:

	2021	2020
As of 1 January	10.000.811	7.120.017
Interest cost	381.041	741.974
Actuarial loss	3.881.730	1.801.289
Service cost	4.695.815	630.628
Payments during the year	(1.030.185)	(1.059.981)
As of 30 September	17.929.212	9.233.927

NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES

Short-term prepaid expenses:	30 September 2021	31 December 2020
Prepaid expenses	7.936.780	4.917.554
	7.936.780	4.917.554
Long-term prepaid expenses:	30 September 2021	31 December 2020
Advances given	2.983.059	2.019.197
	2.983.059	2.019.197

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NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES (Cont’d)

Contract liabilities:

	30 September 2021	31 December 2020
Contract liabilities (*)	194.620.130	170.886.245
Advances received	5.174.206	4.983.620
	199.794.336	175.869.865

(*) Contract liabilities mainly relates to LEM sales revenue, pay as you go sales (integrator revenue), after-sales services, customized software sales and Tübitak incentives billed but not earned.

The details of deferred income as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Income from pay as you go sales	121.013.807	85.221.466
Income from LEM sales	52.430.734	67.207.340
Income from continuing projects	16.737.749	17.427.209
Income from after-sales services	4.437.840	1.030.230
	194.620.130	170.886.245

NOTE 19 - EQUITY

The Company's authorized and paid-in share capital consists of 10.000.000.000 (31 December 2020: 2.500.000.000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 30 September 2021 and 31 December 2020 is as follows:

	30 September 2021	Share (%)	31 December 2020	Share (%)
Logo Teknoloji ve Yatırım A.Ş.	33.630.053	33,63	8.407.513	33,63
Publicly traded	66.369.947	66,37	16.592.487	66,37
	100.000.000	100,00	25.000.000	100,00
Adjustment to share capital	2.991.336		2.991.336	
Paid-in share capital	102.991.336		27.991.336	

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NOTE 19 - EQUITY (Cont’d)

The shares representing capital are categorized as group A and B. The privileges granted to group A shares are as follows: half of the board members will be elected from among the candidates nominated by group A shareholders and the Chairman of the Board is elected from among the board members proposed by Group A shareholders. Capital adjustment differences represent the difference between the inflation-adjusted total amounts of cash and cash equivalents additions to paid-in capital and the amounts before inflation adjustment.

Treasury shares

As of 30 September 2021, the amount of treasury shares which is accounted in Group's equity is TL 9.782.044 and 3,22% of the capital (31 December 2020: TL 10.054.033).

The Group recognized the income from difference between purchase consideration and sales consideration amounting to TL 9.770.661 under equity in the related period. TL 2.442,665 current period tax expense related to the sale is also accounted for under equity.

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No. II - 19.1 issued by the CMB which is effective from 1 February 2014.

As a dividend distribution policy as long as the ongoing regulations and its financial resources allow the Company, considering its long-term corporate strategy, investment plans and financing policies, and its profitability and cash position, and provided that it can be met from the profit in the statutory records, intends to distribute up to 55% of the distributable profit calculated in accordance with Capital Market Regulations to its shareholders; dividend distribution may be realized in cash or by capital increase through bonus shares or partly in cash and partly through bonus shares. In the event that the dividend amount is less than 5% of the paid-in capital then such amount will not be distributed and will be retained within the company.

Dividend advance payments can be made in accordance with Turkish Commercial Code and CMB regulations provided that General Assembly authorizes the Board of Directors to pay dividend advance, limited to the related year, to shareholders in accordance with the Articles of Association.

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NOTE 19 - EQUITY (Cont’d)

The Group aims to complete the dividend payment before the last working day of the year in which dividend distribution decision is made in the General Assembly and starts the payment latest at the end of the accounting period when the General Assembly meeting is held. General Assembly or Board of Directors, if authorized by the General Assembly, can decide to distribute dividend in installments in line with CMB regulations.

NOTE 20 - EXPENSES BY NATURE

As of 30 September 2021 and 2020, expenses are disclosed by function and the details of the expenses are summarized in Note 22 and Note 23.

NOTE 21 – REVENUE AND COST OF SALES

Revenue:

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
Revenue	327.718.354	113.771.228	228.114.819	80.429.826
Service revenue	142.853.558	50.336.686	108.454.773	38.797.530
Retail Saas service revenue	11.476.035	2.992.357	7.256.218	1.963.922
Saas service revenue	9.452.043	3.663.893	2.959.111	1.538.048
Sales returns	(2.227.765)	(913.757)	(2.486.263)	(868.157)
Sales discounts	(3.076.305)	(823.932)	(5.595.843)	(1.905.045)
Net sales	486.195.920	169.026.475	338.702.815	119.956.124
Cost of sales	(96.149.653)	(34.431.582)	(68.177.957)	(26.350.435)
Gross profit	390.046.267	134.594.893	270.524.858	93.605.689

Cost of sales:

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
Cost of services	89.205.014	31.708.909	64.019.194	24.703.226
Cost of transfer of financial rights	6.439.997	2.564.507	3.702.748	1.493.768
Cost of trade goods sold	504.642	158.166	456.015	153.441
Cost of sales	96.149.653	34.431.582	68.177.957	26.350.435

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**NOTE 22 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES AND
GENERAL ADMINISTRATIVE EXPENSES**

**Research and
development expenses:** **1 January -** **1 July-** **1 January -** **1 July -**
30 September 2021 **30 September 2021** **30 September 2020** **30 September 2020**

Depreciation and amortization	49.992.620	17.061.462	37.847.756	13.522.860
Personnel expenses	47.185.809	20.229.440	34.059.193	11.570.175
Outsourced benefits and services	7.057.617	2.762.826	3.965.275	1.384.339
Consultancy expenses	2.703.760	923.465	1.251.639	455.220
Motor vehicle expenses	982.223	392.996	885.184	313.174
Travel expenses	50.128	29.124	156.209	8.349
Other	9.160.875	3.317.472	5.895.551	2.297.592
	117.133.032	44.716.785	84.060.807	29.551.709

**Marketing, selling and
distribution expenses:** **1 January -** **1 July-** **1 January -** **1 July -**
30 September 2021 **30 September 2021** **30 September 2020** **30 September 2020**

Advertising and selling expenses	31.048.960	11.670.359	27.479.276	11.838.749
Personnel expenses	26.560.569	7.701.970	24.678.979	8.885.113
Consultancy expenses	2.687.434	807.483	1.659.168	775.649
Outsourced benefits and services	2.265.869	799.895	2.348.151	803.825
Depreciation and amortization	2.143.685	653.047	2.076.388	665.874
Motor vehicle expenses	981.198	398.651	851.631	353.583
Travel expenses	54.610	41.137	-	-
Other	2.264.989	921.220	2.045.616	638.225
	68.007.314	22.993.762	61.139.209	23.961.018

**General administrative
expenses:** **1 January -** **1 July-** **1 January -** **1 July -**
30 September 2021 **30 September 2021** **30 September 2020** **30 September 2020**

Personnel expenses	42.277.148	12.371.600	28.445.172	7.282.425
Consultancy expenses	6.945.504	2.596.371	7.429.960	3.578.315
Depreciation and amortization	3.942.949	1.346.962	5.592.098	2.020.020
Motor vehicle expenses	1.357.898	531.767	1.082.803	383.895
Outsourced benefits and services	544.444	197.719	390.707	129.510
Travel expenses	198.060	87.417	226.668	71.478
Other	3.656.584	1.584.061	3.031.130	926.648
	58.922.587	18.715.897	46.198.538	14.392.291

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NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses

Other operating income

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Foreign exchange gains (*)	1.861.158	372.610	1.539.518	808.233
Rediscount income	1.287.533	646.953	1.423.096	(1.997.835)
Overdue interest income	717.282	258.082	364.855	68.901
Other	12.850.876	1.599.221	1.991.500	225.397
	16.716.849	2.876.866	5.318.969	(895.304)

(*) Arising from the difference between foreign exchange differences of trade receivables and payables.

Other operating expenses

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Rediscount expenses	1.158.329	488.802	545.920	490.237
Foreign exchange losses (*)	988.527	343.634	594.701	146.114
Provision expense	34.770	1.000	2.781.340	(901.562)
Other	1.288.155	723.978	848.651	181.250
	3.469.781	1.557.414	4.770.612	(83.961)

(*) Arising from the difference between foreign exchange differences of trade receivables and payables.

NOTE 24 - INCOME FROM INVESTING ACTIVITIES

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Gain on sale of financial instruments	2.173.298	1.188.709	6.789.220	2.091.984
	2.173.298	1.188.709	6.789.220	2.091.984

NOTE 25 - FINANCIAL INCOME

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Foreign exchange gains	22.529.425	5.543.821	12.545.128	9.119.893
Interest income	19.190.181	6.436.482	2.538.667	1.779.850
	41.719.606	11.980.303	15.083.795	10.899.743

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NOTE 26 - FINANCIAL EXPENSES

	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Foreign exchange losses	7.432.139	3.944.848	1.829.006	521.283
Interest expense	2.671.302	1.014.186	2.509.662	810.108
Change in share purchase liability	2.552.985	-	-	-
Interest expense from leases	1.711.307	470.483	1.597.820	464.398
Credit card commissions	1.062.912	316.738	922.620	325.197
Interest cost of employment termination benefits	381.041	128.409	741.974	247.325
Other financial expenses	575.142	168.735	128.279	58.582
	16.386.828	6.043.399	7.729.361	2.426.893

NOTE 27 - TAX ASSETS AND LIABILITIES

	30 September 2021	30 September 2020
Current tax expense	(16.143.361)	(10.287.682)
Deferred tax expense	(5.854.942)	(998.873)
Current tax expense	(21.998.303)	(11.286.555)

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TFRS and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for TFRS and statutory tax purposes.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax assets and liabilities, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 30 September 2021 and 31 December 2020 using the enacted tax rates, is as follows.

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NOTE 27 - TAX ASSETS AND LIABILITIES (Cont’d)

	Total temporary differences		Deferred tax assets/(liabilities)	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Deferred tax assets:				
Finance income unaccrued	15.428.114	15.603.114	3.548.535	3.120.623
Expense accruals	14.130.440	50.844.428	2.826.088	10.168.886
Employment termination benefits	10.318.063	5.691.569	2.063.613	1.138.314
Deferred income	7.598.109	6.646.257	1.747.565	1.329.251
Vacation provision	2.872.882	2.037.821	574.576	407.564
Provision for doubtful receivables	890.672	808.966	178.134	161.793
	51.238.580	81.632.155	10.938.511	16.326.431
Deferred tax liabilities:				
Difference between the tax base and carrying value of property, plant and equipment and intangible assets	(70.804.900)	(65.413.485)	(14.160.980)	(13.082.697)
	(70.804.900)	(65.413.485)	(14.160.980)	(13.082.697)
Deferred income tax assets/(liabilities), net			(3.222.469)	3.243.734

The analysis of deferred tax assets and liabilities are as follows:

Deferred tax assets	1 January - 30 September 2021	1 January - 31 December 2020
To be recovered less than 12 months	8.300.322	14.780.553
To be recovered more than 12 months	2.638.189	1.545.878
	10.938.511	16.326.431
Deferred tax liabilities		
To be recovered more than 12 months	(14.160.980)	(13.082.697)
	(14.160.980)	(13.082.697)
Deferred income tax assets/(liabilities), net	(3.222.469)	3.243.734

Movement of deferred taxes asset/(liabilities) for the periods is as follows:

	2021	2020
1 January	3.243.734	2.424.120
Charged to statements of profit or loss	(5.854.942)	(998.873)
Charged to other comprehensive income	368.316	175.787
Currency translation difference	(979.577)	(6.320.751)
30 September	(3.222.469)	(4.719.717)

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NOTE 27 - TAX ASSETS AND LIABILITIES (Cont’d)

Corporate Tax

Turkish tax legislation does not permit a parent company and its subsidiaries 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 1 January 2006. Accordingly, the corporate tax rate in Turkey is 25% for 2021 and 23% for 2022 (31 December 2020: 22% for 2020). The corporate tax rate is 16% in Romania for 2021 (31 December 2020: 16%).

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

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off 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 within the 30th 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.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Within the scope of the Temporary Article added to the Technology Development Zones Law No. 4691 with Article 44 of the Law No. 5035, the income and corporate taxpayers operating in the technology development zones are exempted from income and corporate tax for earnings, which are exclusively from the software and R&D activities in this zone, until 31 December 2028.

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NOTE 27 - TAX ASSETS AND LIABILITIES (Cont’d)

Corporate tax (Cont’d)

The investment allowance, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No, 5479 dated 30 March 2006, However, in accordance with the temporary Law No, 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment allowance amounts present as of 31 December 2005, which could not be offset against taxable income in 2005 and:

- In accordance with the investment certificates prepared for applications made before 24 April 2003 investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No: 4842 dated 9 April 2003 and
- Investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law 193 repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009 and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed.

NOTE 28 - EARNINGS PER SHARE

The earnings per hundred shares with nominal value of Kr1 amounted to TL 1,74 for the year ended 30 September 2021 (30 September 2020: TL 0,86).

	1 Ocak - 30 September 2021	1 Ocak - 30 September 2020
Net income attributable to equity holders of the parent	168.348.234	82.941.463
Average number of shares for the period	9.666.168.578	9.651.930.800
Earnings per share TL 1	1,74	0,86

NOTE 29 - RELATED PARTY DISCLOSURES

a) Due from related parties at 30 September 2021 and 31 December 2020:

Other receivables from related parties:	30 September 2021	31 December 2020
Logo Infosoft	6.949.577	5.343.356
	6.949.577	5.343.356

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NOTE 29 - RELATED PARTY DISCLOSURES (Cont'd)

- a) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 30 September 2021 and 2020:

Services given to related parties	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Logo Infosoft	895.264	262.335	1.210.322	325.388
Logo Siber	616.110	184.704	576.552	161.574
Logo Teknoloji ve Yatırım A.Ş.	21.463	9.539	15.310	7.863
	1.532.837	456.578	1.802.184	494.825

- c) Services purchased from related parties and other transactions with related parties during the periods ended 30 September 2021 and 2020:

Services purchased from related parties

Services purchased from related parties	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Logo Siber	30.189	-	-	-
Logo Teknoloji ve Yatırım A.Ş.	419	-	-	-
	30.608	-	-	-

- d) Remuneration of the key management:

Remuneration of the key management	1 January - 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
	11.567.990	3.988.232	9.427.084	3.035.579

All of the compensation provided to key management personnel (the key management personnel includes the general manager and assistant general managers) for the interim periods ending on 30 September 2021 and 30 September 2020 are short-term benefits and consist of remuneration. It does not include benefits and other payments due to termination of the job.

Within the scope of the Company Shares Repurchase Program, 0,26% of the capital of the Company's shares was sold to Murat Erkurt, Member of the Board of Directors, on 4 May 2021.

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NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

30.1 Financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by limiting average risk from any individual counterparty (other than related parties) and obtaining sufficient collateral where necessary.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders. The Company management monitors the liquidity reserve movements of the Company according to the estimated cash flows. The Company management holds adequate cash and credit commitment that will meet the need cash for recent future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TL 100.000.000 that can be utilized whenever needed.

Non-derivative financial instruments	Carrying value	Total contractual cash outflow (I+II+III+IV)	30 September 2021			
			Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Borrowings	190.458.096	203.617.370	46.464.995	16.526.197	97.092.469	43.533.709
Trade payables						
- Trade payables to third parties	36.675.254	36.675.254	36.675.254	-	-	-
Payables under employee benefits	33.840.199	33.840.199	33.840.199	-	-	-
Other payables						
- Other payables to third parties	53.039.515	53.039.515	48.443.718	-	4.595.797	-
Total liabilities	314.013.064	327.172.338	165.424.166	16.526.197	101.688.266	43.533.709
Non-derivative financial instruments	Carrying value	Total contractual cash outflow (I+II+III+IV)	31 December 2020			
			Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Borrowings	152.300.797	165.387.269	4.870.541	25.235.891	88.194.694	47.086.143
Trade payables						
- Trade payables to third parties	65.971.841	65.971.841	65.971.841	-	-	-
Payables under employee benefits	75.595.098	75.595.098	75.595.098	-	-	-
Other payables						
- Other payables to third parties	61.255.038	61.255.038	56.659.241	-	4.595.797	-
Total liabilities	355.122.774	368.209.246	203.096.721	25.235.891	92.790.491	47.086.143

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NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont’d)

30.1 Financial Risk Management (Cont’d)

Interest rate risk

The Group management evaluates its interest bearing assets in short-term investment instruments within the framework of the principle of management with natural precautions by balancing the maturities of its interest sensitive assets and liabilities.

The Group’s interest rate sensitive financial instruments are as follows:

	30 September 2021	31 December 2020
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- Financial assets at amortized cost	206.937.078	149.728.471
Financial liabilities	51.871.684	22.844.239
<u>Financial instruments with floating interest rate</u>		
Financial assets		
- Financial assets at fair value through profit/loss	7.837.402	5.649.349
- Financial assets at fair value through other comprehensive income	43.249.306	39.739.632
Financial liabilities	138.586.412	129.456.558

Financial assets designated as fair value through profit or loss consists of fixed and floating interest rate bank deposits denominated in TL and foreign currencies which maturities less than three months and liquid funds. Since the interest expense of the floating rate loans during the year is not significant, sensitivity analysis of interest rate change has not been presented.

Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by possessing liquid funds and obtaining adequate committed funding lines from high quality lenders.

Foreign currency risk

The Group is exposed to exchange rate risk arising from exchange rate changes due to the translation of the amounts payable or receivable denominated in foreign currency into Turkish Lira. The exchange rate risk is monitored by analyzing the foreign exchange position.

Foreign exchange rates used to translate the Group’s assets and liabilities denominated in foreign currencies into TL as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
USD	8,8433	7,3405
EUR	10,3135	9,0079

The Group is mainly exposed to foreign currency risk in USD and EUR.

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**NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont’d)**

		Foreign Currency Position as of 30 September 2021			
		TL equivalent	USD	EUR	Other
1.	Trade receivables	10.500.046	734.424	382.901	56.263
2a.	Monetary financial assets (cash, and banks accounts included)	89.025.557	9.899.306	143.652	1.465
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	99.525.603	10.633.730	526.553	57.728
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	99.525.603	10.633.730	526.553	57.728
10.	Trade payables	(4.266.215)	(143.019)	(291.022)	-
11.	Financial liabilities	(23.313.420)	-	(2.260.476)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(27.579.635)	(143.019)	(2.551.498)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(126.372.783)	-	(12.253.143)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(126.372.783)	-	(12.253.143)	-
18.	Total liabilities (13+17)	(153.952.418)	(143.019)	(14.804.641)	-
19.	Net asset/(liability) position of off-balance sheet derivative financial instruments (19a - 19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	Net foreign assets/(liability) position (9-18+19)	(54.426.815)	10.490.711	(14.278.088)	57.728
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(54.426.815)	10.490.711	(14.278.088)	57.728
22.	Total fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(46.906.207)	-	-	-
24.	Import	-	-	-	-

(*) Includes exports from the countries in which the Group operates. As of 30 September 2021, the Group's total sales made outside Turkey during the interim period is TL 165.866.497 (30 September 2020: TL 125.323.376).

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**NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont’d)**

		Foreign Currency Position as of 31 December 2020			
		TL equivalent	USD	EUR	Other
1.	Trade receivables	13.754.590	806.442	869.781	-
2a.	Monetary financial assets (cash, and banks accounts included)	94.729.548	10.925.397	1.612.671	4.901
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	108.484.138	11.731.840	2.482.452	4.901
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	108.484.138	11.731.840	2.842.452	4.901
10.	Trade payables	277.399	(160.045)	161.215	-
11.	Financial liabilities	(20.676.850)	-	(2.295.413)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(20.399.451)	(160.045)	(2.134.198)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(121.192.750)	-	(13.454.051)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(121.192.750)	-	(13.454.051)	-
18.	Total liabilities (13+17)	(141.592.201)	(160.045)	(15.588.249)	-
19.	Net asset/(liability) position of off-balance sheet derivative financial instruments (19a - 19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	Net foreign assets/(liability) position (9-18+19)	(33.108.063)	11.571.795	(13.105.797)	4.901
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a- 10-11-12a-14-15-16a)	(33.108.063)	11.571.795	(13.105.797)	4.901
22.	Total fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(61.233.479)	(873.228)	(6.086.163)	-
24.	Import	-	-	-	-

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NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont’d)

The following table shows the TL equivalents of Group’s sensitivity to a 10% change in USD and EUR 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the period and presents effect of 10% change in foreign currency rates. The positive amount indicates increase in profit/loss before tax or other equity items.

Foreign currency sensitivity

	30 September 2021			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets/liabilities	9.380.498	(9.380.498)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	9.380.498	(9.380.498)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	147.728	(147.728)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	147.728	(147.728)	-	-
Change of USD against RON by 10%				
7- USD net assets/liabilities	(103.247)	103.247	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	(103.247)	103.247	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(14.873.433)	14.873.433	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(14.873.433)	14.873.433	-	-
	31 December 2020			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets/liabilities	8.492.873	(8.492.873)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	8.492.873	(8.492.873)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	181.725	(181.725)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	181.725	(181.725)	-	-
Change of USD against RON by 10%				
7- USD net assets/liabilities	1.403	(1.403)	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	1.403	(1.403)	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(11.987.296)	11.987.296	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(11.987.296)	11.987.296	-	-

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NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont’d)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, accounts payable and due to related parties, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

	30 September 2021	31 December 2020
Total payables	227.133.350	218.272.638
Less: Cash and cash equivalents	(316.443.998)	(261.595.709)
Net debt	(89.310.648)	(43.323.071)
Total equity	652.994.091	502.281.113
Total capital	563.683.443	458.958.042
Debt/equity ratio	(16%)	(9%)

Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

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NOTE 31 - FINANCIAL INSTRUMENTS

Monetary assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The trade receivables are carried at amortized cost using the effective yield method less provision for doubtful receivables, and hence are considered to approximate their fair values.

Monetary liabilities

The fair value of long-term financial liabilities and other monetary liabilities is considered to approximate their respective carrying values as they have floating interests.

It is estimated that the carrying values of trade and other payables reflect their fair values due to their short-term nature.

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of 30 September 2021 is as follows:

Financial assets at fair value in the statement of financial position	Level 1	Level 2	Level 3
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Financial investments	43.249.306	-	46.649.884
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Financial liabilities at fair value in the statement of financial position	Level 1	Level 2	Level 3
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Put option liability	-	-	40.931.532
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Fair value hierarchy table as of 31 December 2020 is as follows:

Financial assets at fair value in the statement of financial position	Level 1	Level 2	Level 3
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Financial investments	39.736.632	-	20.446.416
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Financial liabilities at fair value in the statement of financial position	Level 1	Level 2	Level 3
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Put option liability	-	-	29.324.261
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

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NOTE 32 - DISCLOSURES ON THE STATEMENT OF CASH FLOW

	Bank loans and credit cards	Leases	Total
1 January 2021	132.487.670	19.813.128	152.300.798
Cash inflows	57.670.519	-	57.670.519
Cash outflows	(40.580.796)	-	(40.580.796)
Foreign currency translation differences	21.906.078	4.270.263	26.176.341
Increase in lease liabilities (TFRS 16)	-	3.748.493	3.748.493
Cash outflows from lease liabilities (TFRS 16)	-	(8.857.259)	(8.857.259)
30 September 2021	171.483.471	18.974.625	190.458.096
Cash and cash equivalents (-)			(316.443.998)
Net debt			(125.985.902)

	Bank loans and credit cards	Leases	Total
1 January 2020	119.711.958	16.501.182	136.213.140
Cash inflows	-	-	-
Cash outflows	(29.185.543)	-	(29.185.543)
Foreign currency translation differences	41.961.255	-	41.961.255
Increase in lease liabilities (TFRS 16)	-	10.166.344	10.166.344
Cash outflows from lease liabilities (TFRS 16)	-	(6.854.398)	(6.854.398)
31 December 2020	132.487.670	19.813.128	152.300.798
Cash and cash equivalents (-)			(261.595.709)
Net debt			(109.294.911)

NOTE 33 - EVENTS AFTER THE REPORTING PERIOD

Within the scope of the simplified merger procedure initiated with the decision of the Board of Directors of Logo Yazılım, dated 19/10/2021 and numbered 2021/30, and the decision of the Board of Directors of the Company dated 07/09/2021 and numbered 2021/28, in accordance with the decision of CMB taken at the meeting dated 14/10/2021 and numbered 53/1539, the Company took over Logo Elektronik Ticaret Hizmetleri Anonim Şirketi and Logo Kobi Digital Services Anonim Şirketi, of which 100% of the voting shares were held, as a whole with all their assets and liabilities. It was decided to merge under the umbrella of Logo Yazılım.

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