

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

(ORIGINALLY ISSUED IN TURKISH)

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 MARCH 2022**

CONTENTS	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS.....	3
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7-59

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2022**

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

	Notes	31 March 2022	Audited 31 December 2021
ASSETS			
Current assets		731,440,068	796,273,910
Cash and cash equivalents	4	313,849,873	259,390,060
Financial investments	5	175,575,500	173,933,264
Trade receivables		190,225,649	333,669,674
- <i>Trade receivables from third parties</i>	8	189,339,428	332,830,871
- <i>Trade receivables from related parties</i>	28	886,221	838,803
Other receivables		69,121	130,036
- <i>Other receivables from third parties</i>	9	69,121	130,036
Inventories	10	5,458,976	5,929,135
Derivative instruments	29	11,961,732	7,563,396
Prepaid expenses	17	20,895,629	9,770,505
Other current assets	9	13,403,588	5,887,840
Non-current assets		1,105,379,553	1,011,197,908
Other receivables		10,000,302	9,044,507
- <i>Other receivables from related parties</i>	28	10,000,302	9,044,507
Financial investments	5	206,620,729	183,908,017
Right-of-use asset	13	18,457,321	17,696,433
Property, plant and equipment	11	22,301,818	20,966,204
Intangible assets		836,510,059	759,228,798
- <i>Goodwill</i>	14	352,500,542	327,276,359
- <i>Other intangible assets</i>	12	484,009,517	431,952,439
Prepaid expenses	17	2,684,754	1,125,044
Deferred tax assets	26	8,189,930	18,921,317
Other non-current assets		614,640	307,588
Total assets		1,836,819,621	1,807,471,818

The accompanying consolidated financial statements have been approved by the Board of Directors on 10 May 2022 and signed on its behalf by Buğra Koyuncu, Vice Chairman of the Board of Directors and Logo Group Chief Executive Officer, CEO and Gülnur Anlaş, Logo Group Chief Financial Officer, CFO on behalf of the Board of Directors.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2022

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

	Notes	31 March 2022	Audited 31 December 2021
LIABILITIES			
Current liabilities		645,472,303	742,156,945
Short-term borrowings	7	50,417,266	64,787,912
Short-term portions of long-term borrowings	7	32,875,765	29,055,855
Trade payables		66,403,389	79,780,089
- Trade payables to related parties	28	880,965	838,257
- Trade payables to third parties	8	65,522,424	78,941,832
Derivative instruments	29	3,541,565	25,307,291
Employee benefit payables	16	54,836,305	81,090,495
Other payables		145,482,968	159,563,379
- Other payables to related parties		-	3,800
- Other payables to third parties	9	145,482,968	159,559,579
Liabilities from contracts with customers	17	286,928,351	290,897,336
Current tax liability	26	3,191,207	10,226,461
Other current liabilities		1,795,487	1,448,127
Non-current liabilities		256,939,637	231,809,483
Long-term borrowings	7	188,976,907	172,579,159
Other payables		6,653,446	6,653,446
- Other payables to third parties	9	6,653,446	6,653,446
Long-term provisions		45,179,401	37,391,280
- Provisions for employee benefits	16	45,179,401	37,391,280
Deferred tax liability	26	16,129,883	15,185,598
EQUITY			
Equity attributable to equity holders of the parent		853,867,943	759,243,142
Paid-in share capital	18	100,000,000	100,000,000
Adjustment to share capital	18	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		(132,627,685)	(125,685,943)
Treasury shares (-)	18	(25,335,357)	(9,782,044)
Reserves for treasury shares	18	25,335,357	9,782,044
Gains from financial instrument investments based on equity		20,445,426	15,465,956
Other accumulated comprehensive expense that will not be reclassified to profit or loss		(10,562,073)	(10,562,073)
- Losses on remeasurement of defined benefit plans		(10,562,073)	(10,562,073)
Other accumulated comprehensive income that will be reclassified to profit or loss		191,786,822	172,245,346
- Foreign currency translation differences		199,691,491	179,421,334
- Hedging gains/losses		(7,904,669)	(7,175,988)
Prior years' profits		582,038,751	332,942,105
Net period for the period		92,598,910	264,649,959
Non-controlling interests		80,539,738	74,262,248
Total equity		934,407,681	833,505,390
Total liabilities and equity		1,836,819,621	1,807,471,818

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIODS 1 JANUARY - 31 MARCH 2022 AND 2021**

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

PROFIT OR LOSS	Notes	1 January - 31 March 2022	1 January - 31 March 2021
Revenue	20	269,130,757	139,381,599
Cost of sales (-)	20	(60,596,621)	(27,601,122)
Gross profit		208,534,136	111,780,477
General administrative expenses (-)	21	(32,176,135)	(20,490,289)
Marketing expenses (-)	21	(34,261,049)	(19,237,649)
Research and development expenses (-)	21	(54,912,164)	(34,718,233)
Other operating income	22	5,721,497	12,154,734
Other operating expenses (-)	22	(6,633,083)	(853,407)
Operating profit		86,273,202	48,635,633
Income from investing activities	23	12,590,065	842,875
Operating profit before finance income/expenses		98,863,267	49,478,508
Financial income	24	46,487,738	15,695,745
Financial expenses (-)	25	(39,885,104)	(3,820,945)
Profit before tax		105,465,901	61,353,308
Tax income/expense			
Current tax expense	26	(1,451,386)	(5,776,867)
Deferred tax expense	26	(10,205,654)	(2,909,191)
Net profit for the period		93,808,861	52,667,250
Net profit for the period attributable to:			
Non-controlling interests		1,209,951	(2,061,363)
Equity holders of the parent		92,598,910	54,728,613
		93,808,861	52,667,250
Earnings per share	27	0,96	0,57

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 31 MARCH 2022 AND 2021**

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

OTHER COMPREHENSIVE INCOME	Notes	1 January - 31 March 2022	1 January - 31 March 2021
Net profit for the period		93,808,861	52,667,250
Items that will be reclassified to profit or loss		24,609,015	14,011,590
Foreign currency translation differences		25,337,696	14,761,237
Loss of cash flow hedges		(728,681)	(749,647)
Items that will not be reclassified to profit or loss		4,979,470	(2,456,203)
Defined benefit plans remeasurement losses	16	-	(3,881,730)
Gains from financial instrument investments based on equity		4,979,470	1,061,131
Tax effect	26	-	364,396
Other comprehensive income		29,588,485	11,555,387
Total comprehensive income		123,397,346	64,222,637
Other comprehensive income attributable to:			
Non-controlling interest		6,277,490	890,884
Equity holders of the parent		117,119,856	63,331,753
		123,397,346	64,222,637

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 MARCH 2022 AND 2021

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

	Paid-in Share capital	Adjustments to share capital	Treasury shares	Reserves for treasury shares	Cost of hedging reserves (**)	Restricted reserves appropriated from profit benefit plans (*)	Loss and gain on remeasurement of defined plans (*)	Gains from financial instrument investments based on equity(*)	Foreign currency translation differences(**)	Prior years' profits	Net profit for the period	Put option revaluation fund related with non-controlling interests	Equity attributable to equity holders of the parent	Non- controlling interests	Total equity
Balances as of 1 January 2021	25,000,000	2,991,336	(10,054,033)	10,054,033	(2,970,735)	7,196,456	(6,232,607)	1,334,356	74,999,449	314,759,107	114,528,012	(29,324,261)	502,281,113	35,468,947	537,750,060
Transfers to retained earnings	-	-	-	-	-	-	-	-	-	114,528,012	(114,528,012)	-	-	-	-
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	2,316,211	2,316,211	-	2,316,211
Net profit for the year	-	-	-	-	-	-	-	-	-	-	54,728,613	-	54,728,613	(2,061,363)	52,667,250
Other comprehensive income	-	-	-	-	(749,647)	-	(3,517,334)	1,061,131	11,808,990	-	-	-	8,603,140	2,952,247	11,555,387
Balances as of 31 March 2021	25,000,000	2,991,336	(10,054,033)	10,054,033	(3,720,382)	7,196,456	(9,749,941)	2,395,487	86,808,439	429,287,119	54,728,613	(27,008,050)	567,929,077	36,359,831	604,288,908
Balances as of 1 January 2022	100,000,000	2,991,336	(9,782,044)	9,782,044	(7,175,988)	7,196,456	(10,562,073)	15,465,956	179,421,334	332,942,105	264,649,959	(125,685,943)	759,243,142	74,262,248	833,505,390
Transfers to retained earnings	-	-	-	-	-	-	-	-	-	249,096,646	(264,649,959)	-	(15,553,313)	-	(15,553,313)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in put option liability	-	-	-	-	-	-	-	-	-	-	-	(6,941,742)	(6,941,742)	-	(6,941,742)
Repurchase of treasury shares	-	-	(15,553,313)	15,553,313	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	92,598,910	-	92,598,910	1,209,951	93,808,861
Other comprehensive income	-	-	-	-	(728,681)	-	-	4,979,470	20,270,157	-	-	-	24,520,946	5,067,539	29,588,485
Balances as of 31 March 2022	100,000,000	2,991,336	(25,335,357)	25,335,357	(7,904,669)	7,196,456	(10,562,073)	20,445,426	199,691,491	582,038,751	92,598,910	(132,627,685)	853,867,943	80,539,738	934,407,681

(*) Other accumulated comprehensive income/(expense) that will not be reclassified to profit or loss.

(**) Other accumulated comprehensive income/(expense) that will be reclassified to profit or loss.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 MARCH 2022 AND 2021

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

	Notes	1 January - 31 March 2022	1 January - 31 March 2021
A. Cash flow generated from operating activities		137,292,551	51,642,865
Profit for the period		93,808,861	52,667,250
Adjustments to reconcile profit for the period		24,866,373	52,815,785
Adjustments related to depreciation and amortization	11, 12, 13	26,421,350	17,745,459
Adjustments related to provision for employment termination benefits	16	7,798,306	26,742,988
Adjustments related to interest expense	25	9,322,462	1,357,473
Adjustments related to interest income	23, 24	(19,060,271)	(5,798,004)
Adjustments related to fair value losses (gains) of derivative financial instruments	29	(26,164,062)	-
Adjustments related to impairment/(reversal) of receivables	8	(40,139)	(317,386)
Other adjustments related to reconcile the profit/(loss)		14,931,687	4,399,197
Adjustments related to tax expense	26	11,657,040	8,686,058
Changes in working capital		27,992,129	(48,470,528)
Adjustments related to decrease (increase) on inventories		470,159	2,126,852
Adjustments related to decrease (increase) on trade receivables		134,508,217	34,179,927
Adjustments related to Increase (decrease) on trade payables		(17,683,717)	(21,027,987)
Increase (decrease) in other payables related to operations		(68,679,092)	(72,255,202)
Decrease (increase) in other assets related to operations		(20,623,438)	8,505,882
Cash flow generated from activities		146,667,363	57,012,507
Taxes paid		(8,486,640)	(4,983,705)
Payments related to provisions for employee benefits	16	(888,172)	(385,937)
Cash outflows for purchase of property, plant and equipment and intangible assets	11, 12	(55,644,302)	(27,106,325)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds		(19,375,478)	(2,396,790)
Cash inflows from sale of property, plant and equipment and intangible assets		22,334	146,410
Cash outflows for purchase of share or increase in share capital in associates and joint ventures		(4,504,927)	(1,422,577)
Interests received		19,060,271	4,826,646
B. Cash flows generated from investing activities		(60,442,102)	(25,952,636)
Cash outflows related to repayments of loans	31	(18,075,407)	(53,533)
Cash inflows from loans	31	-	11,777,857
Interests paid	25	(8,766,046)	(762,446)
Cash outflows from the acquisition of the company's own shares	18	(15,553,313)	-
Cash outflows related to debt payments arising from lease agreements	31	(2,383,048)	(1,928,111)
C. Cash flows from financing activities		(44,777,814)	9,033,767
Net increase in cash and cash equivalent before the effect of foreign currency translation differences (A+B+C)		32,072,635	34,723,996
D. Effects of foreign currency translation differences on cash and cash equivalents		22,387,178	1,925,782
Net increase in cash and cash equivalents (A+B+C+D)		54,459,813	36,649,778
E. Cash and cash equivalents at the beginning of the period	4	259,390,060	261,595,709
Cash and cash equivalents at the end of the period (A+B+C+D+E)	4	313,849,873	298,245,487

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(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 in 1986 as a Limited Company and became a corporation on 30 September 1999. The Company is domiciled 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 31 March 2022, the average number of the personnel of the Group is 1,343 (31 December 2021: 1,255).

The registered office address is as follows:

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

As of 31 March 2022, 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 18.

The operations of subsidiaries and joint ventures of Logo Yazılım (together referred to as “the Group”) are as follows:

Subsidiaries	Country of operation	Field of activity
Total Soft S.A. (“Total Soft”)	Romania	Software development and marketing
Logo Elektronik Ticaret Hizmetleri A.Ş. (“e-Logo”) (*)	Turkey	Software development and marketing
Logo Financial Solutions GmbH (“Logo GmbH”)	Germany	Software development and marketing
Logo Business Solutions FZ-LLC (“Logo FFC-LLC”)	United Arab Emirates	Marketing of Software
Logo Kobi Dijital Hizmetler A.Ş. (“Logo Kobi”) (*)	Turkey	Software development and marketing
Architectured Business Solutions SRL (“ABS”)	Romania	Software development and marketing
ABS Financial Services SRL (“ABS FS”)	Romania	Software development and marketing
ELBA HR İnsan Kaynakları Eğitim ve Danışmanlık A.Ş. (“Peoplise”)	Turkey	Software development and marketing

Joint venture	Country of operation	Field of activity
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Logo Infosoft Business

Technology Private Limited (“Logo Infosoft”)

India

Software development and marketing

(*) On 9 November 2021, Logo Yazılım merged with e-Logo and Logo Kobi companies through takeover.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(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 consolidated financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) which is published on Official Gazette numbered 28676 dated 13 June 2013 and Turkish Financial Reporting Standards and appendices and interpretations related to them adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) have been taken as basis. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués.

The consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 15 April 2019 by the POA, and the format and mandatory information recommended by CMB.

The consolidated financial statements have been prepared under the historical cost convention except for the financial investments, derivative assets and liabilities at fair values and revaluations related to the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

2.1.2 Financial Statements of Subsidiaries Operating in Foreign Countries

The financial statements of subsidiaries operating in foreign countries are adjusted to TAS/IFRS published by the POA for the purpose of fair presentation with necessary adjustments and classifications. Subsidiaries’ assets and liabilities of the related foreign subsidiaries 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. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet dates are included in the “foreign currency translation difference” under the shareholders’ 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 2021 include the accounts of Logo Yazılım and its subsidiaries.

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 31 March 2022 and 31 December 2021:

Subsidiaries	31 March 2022 (%)	31 December 2021 (%)
Total Soft	80.00	80.00
Logo GmbH	100.00	100.00
ABS	80.00	80.00
ABS FS	80.00	80.00
Peoplise	88.00	88.00

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(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)

<u>Joint venture</u>	<u>31 March 2022 (%)</u>	<u>31 December 2021 (%)</u>
Logo Infosoft (*)	50.00	50.00

(*) On 1 January 2018, the Company has joint control of Logo Infosoft based on the contract made with GSF Software Labs LLC. After this date, Logo Infosoft was evaluated as a joint venture in the consolidated financial statements and accounted for 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 ventures

Joint venture is a joint initiative in which the sides, 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 subsidiary or joint venture.

2.1.4 Functional and Presentation Currency

The financial position and operating results of the Group are prepared in TL, which is the currency of the main economic environment in which Logo Yazılım operates (“functional currency”) and the presentation currency for the consolidated financial statements.

Functional currency of subsidiaries operating in Romania is Romanian Leu (“RON”). Functional currency of Logo Infosoft is Indian rupee (“INR”). Financial information of each entity included in consolidation are measured using the currency of the primary economic environment in which these entities operate, normally under their local currencies. The financial statements of subsidiaries operating in foreign countries have been prepared in accordance with the laws and regulations applicable in the country in which they operate, in the currency of that country, and assets and liabilities for each statement of financial position presented are translated to TL at closing exchange rates at the statement of financial position date. Income and expenses are translated to TL at monthly average exchange rates. Foreign currency differences resulting from the use of closing and monthly average rates are followed in the foreign currency translation differences account under shareholders' equity and other comprehensive income.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

2.1.5 Comparative Information and Restatement of Prior Period Financial Statements

The Group’s condensed consolidated financial statements have been prepared comparatively with the prior period in order to allow determination of the financial position and performance trends. Reclassifications can be made in comparative information in order to conform with the presentation of the current period financial statements. In the current year, the Group had reclassified certain comparative balances in order to conform to current year’s presentation. The nature, amount and reasons for each of the reclassifications are described below:

2.2 Going Concern

The companies 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 going concern of the Group’s operations and concluded that the Group has sufficient resources to continue its activities in the near future.

Covid-19

The necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group’s activities and financial status. Due to the COVID-19 outbreak, there were developments/slowdowns in both the Group’s sector and the general economic activity, but the Group continued its activities without interruption during this period. Considering the health of its employees, the Group has started to implement remote working model in its domestic and international operations. During this period, operations were successfully carried out using digital platforms. There are some tax exemptions that the Group utilized as explained in Note 26. To take advantage of these exemptions, the Group follows the regulations made by the Republic of Turkey Ministry of Industry and Technology and takes the necessary actions. Meanwhile, the Group has taken action to minimize the increase in investment expenditures and operational expenses and the cash strategy was revised to strengthen the liquidity position.

While preparing the condensed consolidated financial statements as at 31 March 2022, 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. In this context, the Group has tested the possible impairment in the values of financial assets, property, plant and equipment, intangible assets and goodwill included in its consolidated financial statements dated 31 March 2022 and has not detected any impairment.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 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 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

2.3 New and Amended Turkish Financial Reporting Standards (cont’d)

a) Amendments that are mandatorily effective from 2022 (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 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* 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 June 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

2.3 New and Amended Turkish Financial Reporting Standards (cont’d)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</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 2023.

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 2023 and earlier 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, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

2.3 New and Amended Turkish Financial Reporting Standards (cont’d)

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

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 *Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

2.4 Changes in Accounting Policies

Accounting policy changes arising from the initial application of a new TAS/IFRS are applied retrospectively or prospectively in accordance with the transitional provisions of the TAS/IFRS. Changes to which no transition clauses are included, material changes in accounting policies or voluntary accounting errors are applied retrospectively and prior period financial statements are restated. No adjustments have been made to the prior period financial statements.

2.5 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the three months period ended 31 March 2022 have been prepared in accordance with TAS 34. In addition, the significant accounting policies used in preparing the condensed interim consolidated financial statements for the period ended 31 March 2022 are consistent with the accounting policies disclosed in the consolidated financial statements as at 31 December 2021. Accordingly, the condensed consolidated interim financial statements should be evaluated with the consolidated financial statements for the year ended 31 December 2021. The Group has disclosed its accounting policies for the first time in Note 2.4.

2.6 Significant Accounting Estimates and Assumptions

Preparation of the 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, property and equipment are stated at historical cost less depreciation, net of any impairment charges. Depreciation on tangible assets is calculated using the straight-line method over their estimated useful lives. Useful lives depend on the best estimates of the management and are reviewed in each balance sheet period and corrected accordingly, when needed.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

2.6 Significant Accounting Estimates and Assumptions (cont’d)

Revenue recognition

The Group records software license revenue and special software development project revenues based on the completion level of contract activities as of the balance sheet date. Completion level is found by dividing the estimated total service rendered as of the balance sheet date by the total contractually required service.

Logo Enterprise Membership (“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.

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, products, processes or systems before the start of commercial production or use and the costs incurred for these activities are capitalized by the Group. The Management determines the cost of employees to be capitalized taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.

Goodwill impairment test

The Group tests the goodwill amount for impairment every year or in shorter periods in case of impairment. The recoverable amounts of cash generating units have been determined based on fair value calculations less costs to sell. The details of the estimates and assumptions used are explained in Note 14.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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”) are 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 is calculated by the Company by adding depreciation expense and amortization to the net amount of sales income, cost of sales, operating expenses (excluding other income and expenses from operating activities).

31 March 2022	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	1,062,980,005	774,344,098	(504,482)	1,836,819,621
Reportable segment liabilities	522,988,113	379,928,309	(504,482)	902,411,940
Goodwill	11,155,524	341,345,018	-	352,500,542
Property, plant and equipment and intangible assets	217,047,717	289,263,618	-	506,311,335
Right-of-use assets	6,816,353	11,640,968	-	18,457,321

31 March 2022	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	174,268,446	94,862,311	-	269,130,757
Cost of sales	(7,301,223)	(53,295,398)	-	(60,596,621)
Operating expense	(88,099,490)	(33,249,858)	-	(121,349,348)
Other operating income	5,635,492	86,005	-	5,721,497
Other operating expenses	(6,293,206)	(339,877)	-	(6,633,083)
Income from investing activities	12,590,065	-	-	12,590,065
Financial income	46,349,311	138,427	-	46,487,738
Financial expenses	(37,930,206)	(1,954,898)	-	(39,885,104)
Depreciation and amortization expenses	(14,401,551)	(12,019,799)	-	(26,421,350)
Tax expense	(11,460,079)	(196,961)	-	(11,657,040)
Net profit/(loss) for the period	87,759,110	6,049,751	-	93,808,861
Adjusted EBITDA	93,269,284	20,336,854	-	113,606,138
Purchase of property, plant and equipment and intangible assets	36,360,320	19,283,982	-	55,644,302

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 3 – SEGMENT REPORTING (cont’d)

31 March 2022	Consolidated
Adjusted EBITDA	113,606,138
Depreciation and amortization expenses	(26,421,350)
Income from investing activities	12,590,065
Other operating income	5,721,497
Other operating expenses	(6,633,083)
Financial income	46,487,738
Financial expenses	(39,885,104)
Profit before tax	105,465,901

31 December 2021	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	1,095,151,372	712,824,928	(504,482)	1,807,471,818
Reportable segment liabilities	625,403,001	349,067,909	(504,482)	973,966,428
Goodwill	11,155,524	316,120,835	-	327,276,359
Property, plant and equipment and intangible asset	193,883,260	259,035,383	-	452,918,643
Right-of-use assets	5,831,297	11,865,136	-	17,696,433

31 March 2021	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	91,253,676	48,127,923	-	139,381,599
Cost of sales	(2,542,754)	(25,058,368)	-	(27,601,122)
Operating expense	(55,840,772)	(18,605,399)	-	(74,446,171)
Other operating income	2,383,046	9,771,688	-	12,154,734
Other operating expenses	(699,888)	(153,519)	-	(853,407)
Income from investing activities	842,875	-	-	842,875
Financial income	15,475,391	220,354	-	15,695,745
Financial expenses	(1,620,253)	(2,200,692)	-	(3,820,945)
Depreciation and amortization expenses	(11,872,386)	(5,873,073)	-	(17,745,459)
Tax expense	(6,890,884)	(1,795,174)	-	(8,686,058)
Net profit/(loss) for the period	42,360,437	10,306,813	-	52,667,250
Adjusted EBITDA	44,742,536	10,337,229	-	55,079,765
Purchase of property, plant and equipment and intangible assets	19,152,696	7,953,629	-	27,106,325

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 3 – SEGMENT REPORTING (cont’d)

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

31 March 2021	Consolidated
Adjusted EBITDA	55,079,765
Depreciation and amortization expenses	(17,745,459)
Income from investing activities	842,875
Other operating income	12,154,734
Other operating expenses	(853,407)
Financial income	15,695,745
Financial expenses	(3,820,945)
Profit before tax	61,353,308

NOTE 4 – CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Cash	47,900	47,602
Banks		
- Time deposits - foreign currency	234,865,143	102,047,929
- Demand deposits - foreign currency	42,054,532	40,875,226
- Demand deposits - TL	15,016,050	781,833
- Time deposits - TL	6,031,171	33,551,911
Credit cards slip receivables	14,800,888	73,254,820
Liquid funds (*)	274,881	8,719,596
Checks received	759,308	111,143
	313,849,873	259,390,060

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 5 - FINANCIAL INVESTMENTS

Short-term financial investments

	31 March 2022	31 December 2021
- Time deposits with maturity longer than 3 months (*)	-	45,252,556
- Financial assets at fair value through profit or loss	101,386,468	71,966,045
- Financial assets at fair value through other comprehensive income (**)	74,189,032	56,714,663
	175,575,500	173,933,264

(*) The average maturity of time deposits are 180 days.

(**) Private sector bonds consist of highly liquid financial investments that are easily convertible into cash, do not bear the risk of significant value changes. Bonds are denominated in US Dollars and Turkish Lira.

Long-term financial investments

Financial assets accounted for at fair value

The analysis of non-current financial assets as of 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022	31 December 2021
Logo Ventures Girişim Sermayesi Yatırım Fonu (“Logo Ventures I”) (**)	7,207,590	6,393,202
Logo Ventures Girişim Sermayesi Yatırım Fonu (“Logo Ventures II”) (**)	34,007,836	29,842,754
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
	41,346,079	36,366,609

(**) As of 31 March 2022, Logo Ventures has been recognized as the asset fair value and difference is reflected to other comprehensive income and TL 4,979,470 difference between its fair value and the cost value is accounted in other comprehensive income. İnterpro and Dokuz Eylül is reflected to consolidated financial statements with their cost value since their fair value is not significant as of 31 March 2022 and 31 December 2021.

The company has committed USD 11,200,000 to the Logo Ventures II Venture Capital Management Fund of İstanbul Portföy Yönetimi A.Ş.. The company paid USD 2,240,000 in 2021 and USD 1,680,000 on 07 April 2022.

	31 March 2022	31 December 2021
Private sector bonds (***)		
- Financial assets at fair value through other comprehensive income	133,869,142	121,201,542

(***) Private sector bonds consist of highly liquid financial investments that are easily convertible into cash, do not bear the risk of significant value changes. Bonds are denominated in US Dollars and Turkish Lira.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 5 - FINANCIAL INVESTMENTS (cont'd)

Long-term other financial investments:

	31 March 2022	31 December 2021
Long-term other financial investment (****)	31,405,508	26,339,866

(****) 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 79.26%. 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.

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The financial information summary of investment accounted for using the equity method is as follows:

Summary of balance sheet

Logo Infosoft	31 March 2022	31 December 2021
Cash and cash equivalents	3,906,118	2,857,570
Other current assets	7,492,921	6,961,115
Other non-current assets	746,084	812,300
Total assets	12,145,123	10,630,985
Other current liabilities	20,052,206	17,086,651
Other non-current liabilities	65,321,700	55,200,944
Total liabilities	85,373,906	72,287,595
Net liabilities	(73,228,783)	(61,656,610)

Summarized information on income statement

Logo Infosoft	31 March 2022	31 March 2021
Income	246,837	263,670
Expenses (-)	(6,045,329)	(2,612,561)
Net loss for the period	(5,798,492)	(2,348,891)
Interest ratio of the Group	50.00%	50.00%
Group's share	(2,899,246)	(1,174,446)
Unrecognized losses (*)	2,899,246	1,174,446

Share of losses of investment under equity method

(*) The Group's shares of loss for the period of Logo Infosoft amounting to TL 2,899,246 has not been recognised, since the carrying value of Logo Infosoft declined to zero. As of 31 March 2022, the total loss of the Group's share but not recorded is TL 19,405,276.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 7 - BORROWINGS

Details of financial borrowings as of 31 March 2022 and 31 December 2021 is as follows:

Short-term borrowings:	31 March 2022	31 December 2021
Short-term bank loans	41,822,890	56,570,055
Lease liabilities	7,043,020	7,428,142
Credit card payables	1,551,356	789,715
	50,417,266	64,787,912
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank loans	31,250,400	28,576,257
Lease liabilities	1,625,365	479,598
	32,875,765	29,055,855
Total short-term borrowings	83,293,031	93,843,767
Long-term borrowings:	31 March 2022	31 December 2021
Long-term bank loans	174,871,006	159,907,035
Lease liabilities	14,105,901	12,672,124
Total long-term borrowings	188,976,907	172,579,159

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 7 – BORROWINGS (cont’d)

	31 March 2022		
	Weighted average Annual interest rate (%)	Original amount	TL equivalent
Short-term borrowings:			
Bank loans - RON - unsecured	Rabor 1 + 2.40%	10,456,338	34,228,822
Bank loans - TL - unsecured		7,594,068	7,594,068
Lease liabilities- EUR	Euribor 3 - 3.5%	220,553	3,591,810
Lease liabilities- TL	12% - 25%	3,451,210	3,451,210
Credit card payables - TL		1,551,356	1,551,356
			50,417,266
Short-term portion of long-term borrowings:			
Bank loans – EUR - secured	Euribor + 2.45% - 2.50%	1,918,909	31,250,400
Financial leases - EUR		99,804	1,625,365
			32,875,765
Long-term borrowings:			
Bank loans - EUR - secured	Euribor + 2.45% - 2.50%	10,737,835	174,871,006
Lease liabilities - EUR		586,249	9,547,359
Lease liabilities - TL		4,558,542	4,558,542
			188,976,907
Total borrowings			272,269,938
	31 December 2021		
	Weighted average Annual interest rate (%)	Original amount	TL equivalent
Short-term borrowings:			
Bank loans - TL - unsecured		14,445,980	14,445,980
Bank loans - RON - unsecured	Rabor 1 + 2.40%	13,894,998	42,124,075
Credit card payables - TL		789,715	789,715
Lease liabilities- EUR	Euribor 3 - 3.5%	287,187	4,332,705
Lease liabilities- TL	12% - 25%	3,095,437	3,095,437
			64,787,912
Short-term portion of long-term borrowings:			
Bank loans - EUR - secured	Euribor + 2.45% - 2.50%	1,894,136	28,576,257
Financial leases - EUR		31,789	479,598
			29,055,855
Long-term borrowings:			
Bank loans - EUR - secured	Euribor + 2.45% - 2.50%	10,599,206	159,907,035
Lease liabilities - TL		4,034,521	4,034,521
Lease liabilities - EUR		572,531	8,637,603
			172,579,159
Total borrowings			266,422,926

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 7 – BORROWINGS (cont’d)

The redemption schedules of long-term borrowings as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022		31 December 2021	
To be paid within 1 - 2 years	37,666,527		33,752,173	
To be paid within 2 - 5 years	99,678,572		91,963,257	
To be paid in more than 5 years	51,631,808		46,863,729	
	188,976,907		172,579,159	

	Net book value		Fair value	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Bank loans	247,944,296	245,053,347	266,214,580	261,760,215
	247,944,296	245,053,347	266,214,580	261,760,215

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as of 31 March 2022 and 31 December 2021 are as follows:

Short-term trade receivables:	31 March 2022	31 December 2021
Receivables	181,659,313	223,258,593
Credit card receivables	31,135,690	144,589,559
Cheques and notes receivables	3,208,263	5,500,294
Less: Provision for doubtful receivables	(20,680,921)	(19,587,252)
Less: Unearned finance income arising from credit sales	(5,982,917)	(20,930,323)
	189,339,428	332,830,871

As of 31 March 2022, the average turnover of the trade receivables is 96 days (31 December 2021: 116 days), excluding the credit card receivables, the turnover day is 53 days (31 December 2021: 59 days). The discount rate applied to the undue receivables is 15.72% (31 December 2021: 15.73%).

As of 31 March 2022, TL 32,294,305 of trade receivables (31 December 2021: TL 16,911,490) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	31 March 2022	31 December 2021
Up to 1 month	18,288,223	8,561,844
1 - 3 months	10,130,184	3,691,138
More than 3 months	3,875,898	4,658,508
	32,294,305	16,911,490

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (cont’d)

As of 31 March 2022, TL 14.622.940 of overdue receivables consist of trade receivables of Total Soft (31 December 2021: TL 9,276,761). The Group manages its receivables in accordance with credit risk management policies which is explained in Note 29.

The movement of provision for doubtful receivables for the periods ended 31 March 2022 and 2021 are as follows:

	2022	2021
As of 1 January	19,587,252	32,509,022
Provisions for the period	447,435	570,987
Released provisions	(487,574)	(888,373)
Foreign currency translation difference	1,133,808	1,868,672
As of 31 March	20,680,921	34,060,308

Trade payables to third parties:	31 March 2022	31 December 2021
Trade payables	65,522,424	78,941,832

As of 31 March 2022, the average debt payment period is 101 days (31 December 2021: 115 days)

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (cont’d)

The table below shows the maximum exposure of the Group to credit risk as of 31 March 2022 and 31 December 2021:

	31 March 2022	<u>Trade receivables</u>		<u>Other receivables</u>			Derivative Instruments	Other
		Related party	Other	Related party	Other	Bank		
The maximum of credit risk exposure as of reporting date		886,221	189,339,428	10,000,302	69,121	313,042,665	11,961,732	350,790,721
- Amount of risk covered by guarantees		-	428,049	-	-	-	-	-
Net carrying value of not past due not impaired financial assets		886,221	157,045,123	10,000,302	69,121	313,042,665	11,961,732	350,790,721
Net carrying value of past due but not impaired financial assets		-	32,294,305	-	-	-	-	-
Amount of risk covered by guarantees		-	-	-	-	-	-	-
Net carrying value of impaired assets		-	-	-	-	-	-	-
Past due (gross carrying value)		-	20,680,921	-	-	-	-	-
Impairment (-)		-	(20,680,921)	-	-	-	-	-
Amount of risk covered by guarantees		-	-	-	-	-	-	-

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (cont’d)

	31 December 2021	<u>Trade receivables</u>		<u>Other receivables</u>			Derivative Instruments	Other
		Related party	Other	Related party	Other	Bank		
The maximum of credit risk exposure as of reporting date		838,803	332,830,871	9,044,507	130,036	259,231,315	7,563,396	331,501,415
- Amount of risk covered by guarantees		-	428,049	-	-	-	-	-
Net carrying value of not past due/ not impaired financial assets		838,803	315,919,381	9,044,507	130,036	259,231,315	7,563,396	331,501,415
Net carrying value of past due but not impaired financial assets		-	16,911,490	-	-	-	-	-
Amount of risk covered by guarantees		-	-	-	-	-	-	-
Net carrying value of impaired assets		-	-	-	-	-	-	-
Past due (gross carrying value)		-	19,587,252	-	-	-	-	-
Impairment (-)		-	(19,587,252)	-	-	-	-	-
Amount of risk covered by guarantees		-	-	-	-	-	-	-

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 9 - OTHER RECEIVABLES, PAYABLES AND OTHER ASSETS

Other short-term receivables from third parties:

	31 March 2022	31 December 2021
Deposits and guarantees given	69,121	130,036
	69,121	130,036

Other short-term payables to third parties:

	31 March 2022	31 December 2021
Put option liability - ABS (*)	126,589,483	119,647,741
Other taxes payable	18,601,527	39,043,422
Other payables to third parties	291,958	868,416
	145,482,968	159,559,579

Other long-term payables to third parties

	31 March 2022	31 December 2021
Put option liability - Peoplise (***)	6,038,202	6,038,202
Other	615,244	615,244
	6,653,446	6,653,446

(*) With the share transfer agreement signed on 19 July 2018, the Group acquired ABS shares and ABS-FS shares which are fully owned by ABS. As a result of these acquisitions, there is a put option granted to Avramos Holding Ltd by Logo Yazılım for the 20% Total Soft shares transferred to Avramos Holding Ltd. Due to the put option given in the consolidated financial statements prepared as of 31 March 2022, put option liability amounting to TL 126,589,483 has been accounted under “other short-term payables to third parties” account.

(**) As a result of Peoplise's acquisitions, there is a put option granted to the shareholders by Logo Yazılım for 13.3% of the shares owned by the minority shareholders. As of 31 March 2022, put option liability amounting to TL 6,038,202 was accounted under “other long-term payables to third parties” account due to put option given in consolidated financial statements.

Other current assets:

	31 March 2022	31 December 2021
Prepaid taxes	7,250,125	3,126,495
Personnel advances	3,080,813	405,754
Business advances	1,383,968	1,093,920
Deferred VAT	610,418	293,516
Other	1,078,264	968,155
	13,403,588	5,887,840

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 10 - INVENTORIES

	31 March 2022	31 December 2021
Trade goods	4,742,802	4,843,411
Raw materials and equipment	701,964	1,065,623
Other	14,210	20,101
	5,458,976	5,929,135

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Foreign currency translation differences	31 March 2022
Cost:					
Machinery, plant and equipment	24,827,407	1,793,407	(32,618)	1,311,487	27,899,683
Motor vehicles	6,432,202	314,550	-	499,176	7,245,928
Furniture and fixtures	7,677,136	75,200	-	154,554	7,906,890
Leasehold improvements	28,126,172	15,305	-	57,748	28,199,225
	67,062,917	2,198,462	(32,618)	2,022,965	71,251,726
Accumulated depreciation:					
Machinery, plant and equipment	19,666,197	625,924	(10,284)	1,130,007	21,411,844
Motor vehicles	6,255,281	58,990	-	480,759	6,795,030
Furniture and fixtures	6,002,701	97,556	-	108,625	6,208,882
Leasehold improvements	14,172,534	311,789	-	49,829	14,534,152
	46,096,713	1,094,259	(10,284)	1,769,220	48,949,908
Net book value	20,966,204				22,301,818
	1 January 2021	Additions	Disposals	Foreign currency translation differences	31 March 2021
Cost:					
Machinery, plant and equipment	16,734,912	398,545	(591,591)	696,484	17,238,350
Motor vehicles	4,120,764	-	-	297,243	4,418,007
Furniture and fixtures	6,967,484	20,867	-	86,674	7,075,025
Leasehold improvements	26,033,420	50,365	-	33,469	26,117,254
	53,856,580	469,777	(591,591)	1,113,870	54,848,636
Accumulated depreciation:					
Machinery, plant and equipment	13,145,024	366,212	(445,181)	606,377	13,672,432
Motor vehicles	3,828,381	66,702	-	282,061	4,177,144
Furniture and fixtures	5,357,150	90,685	-	59,610	5,507,445
Leasehold improvements	12,179,703	335,832	-	27,536	12,543,071
	34,510,258	859,431	(445,181)	975,584	35,900,092
Net book value	19,346,322				18,948,544

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 12 - INTANGIBLE ASSETS

	1 January 2022	Additions	Foreign currency translation differences	31 March 2022
Cost:				
Development costs	628,923,522	53,208,588	22,716,290	704,848,400
Advanced technology	22,583,464	-	641,995	23,225,459
Customer relations	96,310,187	-	6,423,543	102,733,730
Non-compete agreement	2,747,778	-	-	2,747,778
Other intangible assets	28,478,376	237,252	2,154,707	30,870,335
	779,043,327	53,445,840	31,936,535	864,425,702
Accumulated amortization:				
Development costs	274,779,183	20,233,061	4,013,236	299,025,480
Advanced technology	18,111,064	221,687	638,545	18,971,296
Customer relations	35,112,846	1,816,839	1,962,421	38,892,106
Non-compete agreement	2,747,778	-	-	2,747,778
Other intangible assets	16,340,017	699,326	3,740,182	20,779,525
	347,090,888	22,970,913	10,354,384	380,416,185
Net book value	431,952,439			484,009,517

Additions amounting to TL 52,873,915 to development costs for the year ended 31 March 2022 (31 March 2021: TL 26,250,249) consists of capitalized personnel costs.

TL 20,563,620 (31 March 2021: TL 15,754,350) of the current year’s depreciation and amortization expenses has been allocated to research and development expenses, TL 788,630 (31 March 2021: TL 651,436) to marketing expenses, TL 4,759,741 (31 March 2021: TL 1,116,081) to general administrative expenses, and TL 309,359 (31 March 2021: TL 223,592) to cost of sales.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 12 - INTANGIBLE ASSETS (cont’d)

	1 January 2021	Additions	Foreign currency translation differences	31 March 2021
Cost:				
Development costs	400,376,247	26,398,014	10,382,297	437,156,558
Advanced technology	19,413,827	-	372,087	19,785,914
Customer relations	64,650,780	-	3,716,528	68,367,308
Non-compete agreement	2,747,778	-	-	2,747,778
Other intangible assets	14,280,023	238,534	379,109	14,897,666
	501,468,655	26,636,548	14,850,021	542,955,224
Accumulated amortization:				
Development costs	185,286,066	13,076,743	3,084,144	201,446,953
Advanced technology	14,052,336	241,065	370,087	14,663,488
Customer relations	20,701,616	1,281,890	900,766	22,884,272
Non-compete agreement	2,747,778	-	-	2,747,778
Other intangible assets	11,182,967	257,748	317,903	11,758,618
	233,970,763	14,857,446	4,672,900	253,501,109
Net book value	267,497,892			289,454,115

DİPNOT 13 – RIGHT-OF-USE ASSETS

	1 January 2022	Additions	Disposals	Foreign currency translation differences	31 March 2022
Cost:					
Motor vehicles	14,513,231	-	-	200,680	14,713,911
Office	26,120,009	2,213,078	-	1,486,051	29,819,138
	40,633,240	2,213,078	-	1,686,731	44,533,049
Accumulated depreciation: (-)					
Motor vehicles	11,433,212	818,227	-	174,527	12,425,966
Office	11,503,595	1,537,951	-	608,216	13,649,762
	22,936,807	2,356,178	-	782,743	26,075,728
Net book value	17,696,433				18,457,321

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

DİPNOT 13 – RIGHT-OF-USE ASSETS (cont’d)

	1 January 2021	Additions	Disposals	Foreign currency translation differences	31 March 2021
Cost:					
Motor vehicles	12,618,514	785,241	-	116,310	13,520,065
Office	17,521,821	2,593,732	(3,383)	1,015,759	21,127,929
	30,140,335	3,378,973	(3,383)	1,132,069	34,647,994
Accumulated depreciation: (-)					
Motor vehicles	7,020,425	924,106	-	77,268	8,021,799
Office	5,409,511	1,104,476	-	276,191	6,790,178
	12,429,936	2,028,582	-	353,459	14,811,977
Net book value	17,710,399				19,836,017

NOTE 14 - GOODWILL

	31 March 2022	31 December 2021
Total Soft	257,520,828	238,490,927
Total Soft (ABS)	80,845,816	74,871,625
Netsis	5,892,252	5,892,252
Peoplise	3,676,872	3,676,872
Nexia	2,978,374	2,758,283
Other	1,586,400	1,586,400
	352,500,542	327,276,359

Movement table of goodwill for the interim periods ended 31 March 2022 and 2021 are as follows:

	2022	2021
As of 1 January	327,276,359	202,740,417
Foreign currency translation difference	25,224,183	14,619,388
As of 31 March	352,500,542	217,359,805

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”).

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 14 – 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 March 2022:

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 2022 and 31 December 2026. 16.5% has been used as cumulative average growth rate the years between 2022 and 2026.

Cash flows for future periods (perpetuity) were extrapolated using a constant growth rate of 4% which is the expected inflation rate announced by the Central Bank of Romania.

Weighted average cost of capital rate of 18,9% 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 4%. When the rate is assumed to be as 3.6%, the recoverable amount would have been 3% 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 18.9%. When the rate is assumed to be as 19.4%, the recoverable amount would have been 5% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	31 March 2022		31 December 2021	
		Original amount	TL equivalent	Original amount	TL equivalent
Guarantee notes	TL	368,049	368,049	368,049	368,049
Mortgages received	TL	60,000	60,000	60,000	60,000
		428,049	428,049	428,049	428,049

As of 31 March 2022 and 31 December 2021, guarantee/pledge/mortgage (“GPM”) given by the Company on behalf of its legal entity are as follows:

GPM given by the Company:

	31 March 2022				31 December 2021			
	EUR	USD	RON	TL	EUR	USD	RON	TL
A. Total amount of GPM provided by the Company on behalf of itself	-	653,766	-	7,429,145	-	595,340	-	7,491,930
B. Total amount of GPM provided on behalf of the associates accounted under full consolidation method (*)	288,780,284	-	580,544	-	267,522,735	-	196,161	-
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	-	-	-	-	-	-	-	-
	288,780,284	653,766	580,544	7,429,145	267,522,735	595,340	196,161	7,491,930

(*) Note 7.

Other GMP to equity ratio is 0%.

There are lawsuits amounting to TL 3,588,656 filed against the Group in previous years. The Group management has received the opinions of the Group lawyers regarding these lawsuits and considers that it is unlikely that any outflow of funds is possible, therefore, no provision is allocated in the consolidated financial statements.

NOTE 16 - EMPLOYEE BENEFITS

Short-term payables for employee benefits:

	31 March 2022	31 December 2021
Taxes, funds and social security deductions payables	27,267,224	24,447,943
Due to personnel	20,637,219	4,408,774
Personnel premiums	6,931,862	52,233,778
	54,836,305	81,090,495

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 16 - EMPLOYEE BENEFITS (cont’d)

Long-term provisions for employee benefits:

	31 March 2022	31 December 2021
Provision for unused vacation	24,557,972	16,472,610
Provision for employment termination benefits	20,621,429	20,918,670
	45,179,401	37,391,280

The movements of provision for unused vacation for the interim periods ended 31 March 2022 and 2021 are as follow:

	2022	2021
As of 1 January	16,472,610	6,718,424
Increase/(decrease) in the period	7,207,375	4,101,271
Foreign currency translation difference	877,987	333,985
As of 31 March	24,557,972	11,153,680

Under the Turkish Labor Law, the Company 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 10,848.59 for each year of service (31 December 2021: TL 8,284.51). 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.

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 gain/(loss) is accounted under the “Actuarial gain/(loss) calculated within the scope of employee benefits”:

	31 March 2022	31 December 2021
Discount rate (%)	4.45	4.45
Turnover rate to estimate the probability of retirement (%)	95.53	95.53

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 10,848.59 which is effective from 1 January 2022 (1 January 2021: TL 7,638.96) has been taken into consideration in the calculations.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 16 - EMPLOYEE BENEFITS (cont’d)

The movements of the provision for employment termination benefits for the interim periods ended 31 March 2022 and 2021 are as follows:

	2022	2021
As of 1 January	20,918,670	10,000,811
Service cost	361,293	1,822,973
Interest cost	229,638	125,618
Actuarial loss	-	3,881,730
Payments during the year	(888,172)	(385,937)
As of 31 March	20,621,429	15,445,195

NOTE 17 - PREPAID EXPENSES AND LIABILITIES FROM CONTRACTS WITH CUSTOMERS

Short-term prepaid expenses:	31 March 2022	31 December 2021
Prepaid expenses	20,895,629	9,770,505
	20,895,629	9,770,505

Long-term prepaid expenses:	31 March 2022	31 December 2021
Advances given	2,684,754	1,125,044
	2,684,754	1,125,044

Short-term liabilities from contracts with customers:	31 March 2022	31 December 2021
Liabilities from contracts with customers (*)	280,239,270	285,919,817
Advances received	6,689,081	4,977,519
	286,928,351	290,897,336

(*) Liabilities from contracts with customers mainly relates to LEM sales income, pay as you go sales (integrator income), after-sales services, customized software sales.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 17 - PREPAID EXPENSES AND LIABILITIES FROM CONTRACTS WITH CUSTOMERS (cont’d)

The details of prepaid expenses as of 31 March 2022 and 31 December 2021 as follows:

	31 March 2022	31 December 2021
Income from Pay as you go sales	159,469,730	166,980,535
Income from LEM sales	76,341,703	88,822,539
Income from continuing projects	25,162,200	26,712,171
Income from after-sales services	19,265,637	3,404,572
	280,239,270	285,919,817

NOTE 18 - EQUITY

The Company's authorized and paid-in share capital consists of 100.000.000.000 (31 December 2021: 100.000.000.000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022	Share rate (%)	31 December 2021	Share rate (%)
Logo Teknoloji ve Yatırım A.Ş.	33,630,053	33.63	33,630,053	33.63
Publicly traded	66,369,947	66.37	66,369,947	66.37
	100,000,000	100.00	100,000,000	100.00
Adjustment to share capital	2,991,336		2,991,336	
Paid-in share capital	102,991,336		102,991,336	

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. Adjustment to share capital represents the difference between the historical amounts and the amounts adjusted according to the inflation of cash contributions to share capital.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 18 – EQUITY (cont’d)

Treasury shares

As of 31 March 2022, the amount of treasury shares which is accounted in Group's equity is TL 25,335,357 (31 December 2021: TL 9,782,044).

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.

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. The 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 19 - EXPENSES BY NATURE

As of 31 March 2022 and 2021, expenses are disclosed by function and the details of the expenses are summarized in Note 21 and Note 22.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 20 - REVENUE AND COST OF SALES

Revenue:

	1 January - 31 March 2022	1 January - 31 March 2021
Sales revenue	177,149,312	94,041,488
Service revenue	82,562,937	41,841,746
Saas service revenue	7,717,417	2,789,285
Retail Saas service revenue	4,969,425	2,675,281
Sales returns	(1,323,000)	(515,293)
Sales discounts	(1,945,334)	(1,450,908)
Net sales income	269,130,757	139,381,599
Cost of sales (-)	(60,596,621)	(27,601,122)
Gross profit	208,534,136	111,780,477

Cost of sales:

	1 January - 31 March 2022	1 January - 31 March 2021
Cost of services	55,106,015	25,709,455
Cost of transfer of financial rights	2,686,325	1,732,930
Cost of trade goods sold	2,804,281	158,737
Cost of sales (-)	60,596,621	27,601,122

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 21 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses:

	1 January - 31 March 2022	1 January - 31 March 2021
Personnel expenses	21,014,594	13,166,233
Depreciation and amortization (Note 11,12,13)	20,563,620	15,754,350
Outsourced benefits and services	4,420,474	1,930,921
Consultancy expenses	1,703,615	758,931
Motor vehicle expenses	1,245,796	277,775
Travel expenses	52,269	12,470
Other	5,911,796	2,817,553
	54,912,164	34,718,233

Marketing expenses:

	1 January - 31 March 2022	1 January - 31 March 2021
Personnel expenses	17,094,199	8,222,264
Advertising and selling expenses	12,103,510	8,079,778
Motor vehicle expenses	1,296,513	246,314
Outsourced benefits and services	1,207,034	740,796
Consultancy expenses	1,188,522	688,068
Depreciation and amortization (Note 11,12,13)	788,630	651,436
Travel expenses	140,712	9,955
Other	441,929	599,038
	34,261,049	19,237,649

General administrative expenses:

	1 January - 31 March 2022	1 January - 31 March 2021
Personnel expenses	20,439,867	15,581,904
Depreciation and amortization (Note 11, 12, 13)	4,759,741	1,116,081
Consultancy expenses	3,871,968	2,101,070
Motor vehicle expenses	823,253	369,329
Outsourced benefits and services	317,049	164,644
Travel expenses	179,302	58,550
Other	1,784,955	1,098,711
	32,176,135	20,490,289

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 March 2022	1 January - 31 March 2021
Rediscount income	3,727,456	1,211,367
Foreign exchange gains (*)	1,536,298	882,514
Overdue interest income	115,167	98,627
Other	342,576	9,962,226
	5,721,497	12,154,734

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

Other operating expenses

	1 January - 31 March 2022	1 January - 31 March 2021
Performance premium of subsidiary	4,504,927	-
Foreign exchange losses (*)	991,167	236,122
Rediscount expenses	316,214	249,624
Provision expense	41,848	-
Other	778,927	367,661
	6,633,083	853,407

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

NOTE 23 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 March 2022	1 January - 31 March 2021
Gain on sale of financial instruments	12,590,065	842,875
	12,590,065	842,875

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 24 - FINANCIAL INCOME

	1 January - 31 March 2022	1 January - 31 March 2021
Foreign exchange gains	40,017,532	10,740,616
Interest income	6,470,206	4,955,129
	46,487,738	15,695,745

NOTE 25 - FINANCIAL EXPENSES

	1 January - 31 March 2022	1 January - 31 March 2021
Foreign exchange losses	29,330,288	1,755,367
Interest expense	8,766,046	762,446
Credit card commissions	838,205	392,565
Interest expense from leases	556,416	595,027
Interest cost of employment termination benefits	229,638	125,618
Other financial expenses	164,511	189,922
	39,885,104	3,820,945

NOTE 26 - TAX ASSETS AND LIABILITIES

	31 March 2022	31 March 2021
Current period tax expense	(1,451,386)	(5,776,867)
Deferred tax income	(10,205,654)	(2,909,191)
Current period tax expense	(11,657,040)	(8,686,058)

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 31 March 2022 and 31 December 2021 using the enacted tax rates, is as follows:

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

NOTE 26 - TAX ASSETS AND LIABILITIES (cont'd)

	<u>Total temporary differences</u>		<u>Deferred tax assets/(liabilities)</u>	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Deferred income tax assets:				
Finance income unaccrued	15,036,832	19,592,094	3,458,471	4,506,182
Deferred income	11,999,634	10,860,031	2,759,916	2,497,807
Provision for employment termination benefits	11,661,772	11,707,510	2,332,354	2,341,502
Expense accruals	11,542,054	60,599,886	2,308,411	12,119,977
Vacation provision	4,993,513	3,476,892	998,703	695,378
Provision for doubtful receivables	1,035,578	1,009,497	207,116	201,899
	56,269,383	107,245,910	12,064,971	22,362,745
Deferred income tax liabilities:				
Difference between the tax base and Carrying value of property, plant and equipment and intangible assets	(100,024,620)	(93,135,130)	(20,004,924)	(18,627,026)
	(100,024,620)	(93,135,130)	(20,004,924)	(18,627,026)
Deferred income tax assets/(liabilities), net			(7,939,953)	3,735,719

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

Deferred tax assets	1 January - 31 March 2022	1 January - 31 December 2021
To be recovered less than 12 months	8,733,914	19,325,865
To be recovered more than 12 months	3,331,057	3,036,880
	12,064,971	22,362,745
Deferred tax liabilities		
To be recovered more than 12 months	(20,004,924)	(18,627,026)
	(20,004,924)	(18,627,026)
Deferred income tax assets/(liabilities), net	(7,939,953)	3,735,719

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

	2022	2021
1 January	3,735,719	3,243,734
Charged to statements of profit or loss	(10,205,654)	(2,909,191)
Foreign currency translation difference	(1,470,018)	(516,909)
Charged to other comprehensive income	-	364,396
31 March	(7,939,953)	182,030

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 26 - 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 for the interim period March 2022 is 23% (31 December 2021: 25%). The corporate tax rate is 16% in Romania for 2022 (31 December 2021: 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 23% 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 Group 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.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 26 - 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:

- a) 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,
- b) 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 27 - EARNINGS PER SHARE

In the interim period ending on 31 March 2022, the profit for the period was TL 0,96 (31 March 2021: TL 0,57) per thousand shares calculated from the nominal value of 1 Kr.

	1 January - 31 March 2022	1 January - 31 March 2021
Net income attributable to equity holders of the parent	92,598,910	54,728,613
Average number of shares for the year	9,639,230,800	9,651,930,800
Earnings per share	0,96	0,57

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 28 - RELATED PARTY DISCLOSURES

a) Due from related parties as of 31 March 2022 and 31 December 2021:

Trade receivables from related parties:	31 March 2022	31 December 2021
Other	886,221	838,803
	886,221	838,803

b) Due from related parties as of 31 March 2022 and 31 December 2021:

Other receivables from related parties:	31 March 2022	31 December 2021
Logo Infosoft	10,000,302	9,044,507
	10,000,302	9,044,507

c) Due from related parties as of 31 March 2022 and 31 December 2021:

Payables to related parties:	31 March 2022	31 December 2021
Other	880,965	838,257
	880,965	838,257

d) Sales to related parties, services given to related parties and finance income from related parties during the periods ended 31 March 2022 and 31 March 2021:

Services given to related parties:

	31 March 2022	31 March 2021
Logo Infosoft	352,678	396,439
Logo Siber	439,540	152,711
Logo Teknoloji ve Yatırım A.Ş.	13,598	5,644
	805,816	554,794

e) Remuneration of the key management:

	31 March 2022	31 March 2021
Remuneration of the key management	5,572,797	3,487,880

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 29 – DERIVATIVE INSTRUMENTS

Derivative financial assets:

Derivatives that are carried at fair value:	31 March 2022	31 December 2021
- <i>Foreign swap contracts</i>	11,961,732	7,563,396
	11,961,732	7,563,396

Derivative financial liabilities:

Derivatives that are carried at fair value:	31 March 2022	31 December 2021
- <i>Foreign swap contracts</i>	3,541,565	24,936,565
- <i>Forward contracts</i>	-	370,726
	3,541,565	25,307,291

Classification of derivative instruments

Derivative instruments that are held for speculative purposes and that do not meet hedge accounting requirements are classified as “traded” and the fair value changes of these instruments are recognized in profit or loss. Assets related to derivative instruments that are expected to close within 12 months following the reporting date are presented as current assets and liabilities are presented as current liabilities.

Fair value measurement of derivative instruments

Information on the methods and assumptions used in determining the fair values of derivatives is explained in Note 2.

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 aggregate risk from any individual counterparty (excluding 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. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management monitors the liquidity reserve movements 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.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

30.1 Financial risk management (cont’d)

Liquidity risk (cont’d)

Non-derivative financial instruments	31 March 2022					
	Carrying value	Total contractual cash outflow (I+II+III+IV)	Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Borrowings	272,269,938	290,540,222	63,940,568	24,298,172	149,432,585	52,868,897
Trade payables						
- Trade payables to third parties	65,522,424	65,522,424	65,522,424	-	-	-
Payables related to employee benefits	54,836,305	54,836,305	54,836,305	-	-	-
Other payables						
- Other payables to third parties	152,136,414	152,136,414	145,482,968	-	6,653,446	-
Total liabilities	544,765,081	563,035,365	329,782,265	24,298,172	156,086,031	52,868,897

Non-derivative financial instruments	31 December 2021					
	Carrying value	Total contractual cash outflow (I+II+III+IV)	Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Borrowings	266,422,926	283,129,794	59,590,426	38,775,837	136,692,531	48,071,000
Trade payables						
- Trade payables to third parties	78,941,832	78,941,832	78,941,832	-	-	-
Payables related to employee benefits	81,090,495	81,090,495	81,090,495	-	-	-
Other payables						
- Other payables to third parties	166,213,025	166,213,025	159,559,579	-	6,653,446	-
Total liabilities	592,668,278	609,375,146	379,182,332	38,775,837	143,345,977	48,071,000

Derivative financial instruments	31 March 2022					
	Carrying value	Total contractual cash outflow (I+II+III+IV)	Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Derivative cash outflows	3,541,565	3,541,565	3,541,565	-	-	-
Total liabilities	3,541,565	3,541,565	3,541,565	-	-	-

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

30.1 Financial risk management (cont’d)

Derivative financial instruments	Carrying value	Total contractual cash outflow (I+II+III+IV)	31 December 2021			
			Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
<i>Derivative cash outflows</i>	25,307,291	25,307,291	25,307,291	-	-	-
Total liabilities	25,307,291	25,307,291	25,307,291	-	-	-

Interest rate risk

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

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

	31 March 2022	31 December 2021
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- <i>Financial assets at amortized cost</i>	240,896,314	135,599,840
Financial liabilities	66,148,532	77,939,634
<u>Financial instruments with float interest rate</u>		
Financial assets		
- <i>Financial assets with fair value reflected to profit/loss</i>	274,881	8,719,596
- <i>Financial assets with fair value reflected to other comprehensive income</i>	309,444,642	295,134,806
Financial liabilities	206,121,406	188,483,292

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 obtaining adequate committed funding lines from high quality lenders.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

30.1 Financial risk management (cont’d)

Foreign currency risk

The Group is exposed to exchange rate risk arising from exchange rate changes due to the translation of foreign currency denominated debts or creditors into Turkish Lira. The foreign currency risk is followed 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 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Assets		
USD	14,6371	13,3290
EUR	16,2855	15,0867
CHF	15,7954	14,5602
Liabilities		
USD	14,6635	13,3530
EUR	16,3148	15,1139
CHF	15,8969	14,6537

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

		Foreign Currency Position as of 31 March 2022				
		TL equivalent	USD	EUR	CHF	Other
1.	Trade receivables	17,863,844	745,963	417,590	-	144,451
2a.	Monetary financial assets (cash and bank accounts included)	289,862,901	3,680,602	5,091,369	9,689,082	2,372
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets (1+2+3)	307,726,745	4,426,565	5,508,959	9,689,082	146,823
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	133,789,620	9,140,446	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	133,789,620	9,140,446	-	-	-
9.	Total assets (4+8)	441,516,365	13,567,011	5,508,959	9,689,082	146,823
10.	Trade payables	(4,356,228)	(156,243)	(127,063)	-	-
11.	Financial liabilities	(36,467,575)	-	(2,239,266)	-	-
12a.	Other monetary liabilities	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-
13.	Current liabilities (10+11+12)	(40,823,803)	(156,243)	(2,366,329)	-	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(184,418,365)	-	(11,324,084)	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(184,418,365)	-	(11,324,084)	-	-
18.	Total liabilities (13+17)	(225,242,168)	(156,243)	(13,690,413)	-	-
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	8,420,167	49,194	453,007	458,639	-
19a.	Off-balance sheet foreign currency derivative financial assets	11,961,732	281,234	453,007	467,830	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	(3,541,565)	(232,040)	-	(9,191)	-
20.	Net foreign assets/(liability) position (9-18+19)	224,694,364	13,459,962	(7,728,447)	10,147,721	146,823
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-12a-14-15-16a)	216,274,197	13,410,768	(8,181,454)	9,689,082	146,823
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23.	Export (*)	(26,860,093)	218,272	1,453,147	-	-
24.	Import	-	-	-	-	-

(*) Includes exports from the countries in which the Group operates. The total amount of sales made by the Group outside of Turkey in the interim period of 31 March 2022 is TL 98,057,175 (31 March 2021: TL 49,327,426).

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

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

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

		Foreign Currency Position as of 31 December 2021				
		TL equivalent	USD	EUR	CHF	Other
1.	Trade receivables	20,703,842	871,559	597,080	-	78,861
2a.	Monetary financial assets (cash and bank accounts included)	210,806,008	4,626,287	7,952,577	2,003,000	2,153
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets (1+2+3)	231,509,850	5,497,846	8,549,657	2,003,000	81,014
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	104,488,846	7,839,211	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	104,488,846	7,839,211	-	-	-
9.	Total assets (4+8)	335,998,696	13,337,057	8,549,657	2,003,000	81,014
10.	Trade payables	(8,831,257)	(353,451)	(273,096)	-	-
11.	Financial liabilities	(33,388,560)	-	(2,213,112)	-	-
12a.	Other monetary liabilities	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-
13.	Current liabilities (10+11+12)	(42,219,817)	(353,451)	(2,486,208)	-	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(168,544,638)	-	(11,171,737)	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(168,544,638)	-	(11,171,737)	-	-
18.	Total liabilities (13+17)	(210,764,455)	(353,451)	(13,657,945)	-	-
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(17,743,895)	(27,813)	(1,023,208)	1,521,593	-
19a.	Off-balance sheet foreign currency derivative financial assets	7,563,396	-	383,569	1,776,599	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	(25,307,291)	(27,813)	(1,406,777)	(255,006)	-
20.	Net foreign assets/(liability) position (9-18+19)	107,490,346	12,955,793	(6,131,496)	3,524,593	81,014
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-12a-14-15-16a)	125,234,241	12,983,606	(5,108,288)	2,003,000	81,014
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23.	Export (*)	(77,193,829)	660,225	4,533,376	-	-
24.	Import	-	-	-	-	-

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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 equity.

Foreign currency sensitivity

	31 March 2022			
	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	19,628,649	(19,628,649)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	19,628,649	(19,628,649)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	8,255,151	(8,255,151)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	8,255,151	(8,255,151)	-	-
Change of CHF against TL by 10%				
7- CHF net assets/liabilities	15,304,292	(15,304,292)	-	-
8- Hedged portion from CHF risks (-)	-	-	-	-
9- CHF net effect (1+2)	15,304,292	(15,304,292)	-	-
Change of USD against RON by 10%				
10- USD net assets/liabilities	827	(827)	-	-
11- Hedged portion from USD risks (-)	-	-	-	-
12- USD net effect (7+8)	827	(827)	-	-
Change of EUR against RON by 10%				
13- EUR net assets/liabilities	(21,579,058)	21,579,058	-	-
14- Hedged portion from EUR risks (-)	-	-	-	-
15- EUR net effect (10+11)	(21,579,058)	21,579,058	-	-

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

Foreign currency sensitivity (cont’d)

	31 December 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	17,395,603	(17,395,603)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	17,395,603	(17,395,603)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	11,945,266	(11,945,266)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	11,945,266	(11,945,266)	-	-
Change of CHF against TL by 10%				
7- CHF net assets/liabilities	2,916,408	(2,916,408)	-	-
8- Hedged portion from CHF risks (-)	-	-	-	-
9- CHF net effect (4+5)	2,916,408	(2,916,408)	-	-
Change of USD against RON by 10%				
10- USD net assets/liabilities	(89,754)	89,754	-	-
11- Hedged portion from USD risks (-)	-	-	-	-
12- USD net effect (7+8)	(89,754)	89,754	-	-
Change of EUR against RON by 10%				
13- EUR net assets/liabilities	(19,665,880)	19,665,880	-	-
14- Hedged portion from EUR risks (-)	-	-	-	-
15- EUR net effect (10+11)	(19,665,880)	19,665,880	-	-

Hedging activities

The functional currency of Total Soft, the Group's subsidiary operating in Romania, is RON. In order to hedge the foreign currency translation risk arising from the conversion of Total Soft's Euro-denominated borrowings into RON, 54% of Total Soft's Euro-denominated revenues are defined as hedging instruments which is planned to generate between 2020 and 2028. The Group management considers the low risk of hedging ineffectiveness that may arise in the future due to the low hedge ratio used. For the year ended 31 March 2022, foreign exchange expense amounting to TL 728,680 was accounted for in the hedge gains/losses under shareholders' equity.

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.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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

Capital risk management (cont’d)

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.

	31 March 2022	31 December 2021
Total payables	338,673,327	346,203,015
Less: Liquid Assets (*)	(489,425,373)	(433,323,324)
Net debt	(150,752,046)	(87,120,309)
Total equity	853,867,943	759,243,142
Total capital	703,115,897	672,122,833
Debt/equity ratio	(21%)	(13%)

(*) Cash and cash equivalents, time deposits maturities longer than 3 months, equity securities, and private sector bonds included in short-term financial assets are included in liquid assets.

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.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

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.

Certain financial assets carried at cost including cash and cash equivalents are carried at cost, and their carrying values are approximately equal to their fair values due to their short-term nature.

It is assumed that the book values of trade receivables reflect their fair values with the related doubtful receivables provisions.

Monetary liabilities

It is assumed that the carrying values of financial liabilities and other monetary liabilities approximate their fair values due to the variable interest rate of long-term financial liabilities. It is anticipated that the book 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 31 March 2022 is as follows:

Financial assets at fair value through profit or loss in the statement of financial position:	Level 1	Level 2	Level 3
Financial investments (*)	309,444,642	11,961,732	72,751,587

Financial assets at fair value through profit or loss in the statement of financial position:	Level 1	Level 2	Level 3
Put option liabilities	-	3,541,565	132,627,685

(*) Note 5 and Note 29

While determining the fair values of financial investments in Level 3, discounted cash flow analysis has been used. Since the sensitivities of the inputs used in the analysis do not have a significant effect on the consolidated financial statements, the sensitivity analysis is not presented separately.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 31 - FINANCIAL INSTRUMENTS (cont’d)

Categories of financial instruments and their fair values

31 March 2022	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	313,849,873	-	-	-	313,849,873	4
Financial assets	-	101,386,468	280,809,761	-	382,196,229	5
Trade receivables	189,339,428	-	-	-	189,339,428	8
Receivables from related parties	10,886,523	-	-	-	10,886,523	28
Derivatives instruments	-	11,961,732	-	-	11,961,732	29
<u>Financial liabilities</u>						
Financial payables	-	-	-	272,269,938	272,269,938	7
Other payables	-	-	-	126,589,483	126,589,483	9
Trade payables	-	-	-	65,522,424	65,522,424	8
Receivables from related parties	-	-	-	880,965	880,965	28
Derivatives instruments	-	3,541,565	-	-	3,541,565	29

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 31 - FINANCIAL INSTRUMENTS (cont’d)

Categories of financial instruments and their fair values (cont’d)

31 December 2021	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	259,390,060	-	-	-	259,390,060	4
Financial assets	45,252,556	71,966,045	240,622,680	-	357,841,281	5
Trade receivables	332,830,871	-	-	-	332,830,871	8
Receivables from related parties	9,883,310	-	-	-	9,883,310	28
Derivatives instruments	-	7,563,396	-	-	7,563,396	29
<u>Financial liabilities</u>						
Financial payables	-	-	-	266,422,926	266,422,926	7
Other payables	-	-	-	119,647,741	119,647,741	9
Trade payables	-	-	-	78,941,832	78,941,832	8
Payables to related parties	-	-	-	838,257	838,257	28
Derivatives instruments	-	25,307,291	-	-	25,307,291	29

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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

NOTE 32 – DISCLOSURES ON THE STATEMENT OF CASH FLOWS

	Bank loans and credit cards	Leases	Total
1 January 2022	245,843,062	20,579,864	266,422,926
Cash inflows	-	-	-
Cash outflows	(18,075,407)	-	(18,075,407)
Foreign currency translation differences	21,727,997	2,364,392	24,092,389
Increase in lease liabilities (TFRS 16)	-	2,213,078	2,213,078
Cash outflows from lease liabilities (TFRS 16)	-	(2,383,048)	(2,383,048)
31 March 2022	249,495,652	22,774,286	272,269,938
Cash and cash equivalents (-)			(313,849,873)
Net debt			(41,579,935)

	Bank loans and credit cards	Leases	Total
1 January 2021	132,487,669	19,813,128	152,300,797
Cash inflows	89,251,503	-	89,251,503
Cash outflows	(65,200,986)	-	(65,200,986)
Foreign currency translation differences	89,304,876	15,902,253	105,207,129
Increase in lease liabilities (TFRS 16)	-	1,530,476	1,530,476
Cash outflows from lease liabilities (TFRS 16)	-	(16,665,993)	(16,665,993)
31 December 2021	245,843,062	20,579,864	266,422,926
Cash and cash equivalents (-)			(259,390,060)
Net debt			7,032,866

NOTE 33 – EVENTS AFTER THE REPORTING PERIOD

At the meeting of the Board of Directors of Logo Yazılım, dated 22.03.2022, The net profit for the period of 01.01.2021 – 31.12.2021, which was prepared in accordance with the International Financial Reporting Standards within the framework of the provisions of the Communiqué Serial: II 14.1 of the Board of Directors and audited by DRT Independent Auditing and Certified Public Accountant Anonim Şirketi, by the company, it was proposed to the General Assembly to distribute it within the framework of the company's profit distribution policy and in accordance with the profit distribution table prepared, and the proposal was accepted at the Ordinary General Assembly dated 15 April 2022.