

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2022 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

**To the General Assembly of
Logo Yazılım Sanayi ve Ticaret A.Ş.**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Logo Yazılım Sanayi ve Ticaret A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2022 and the related condensed consolidated statements of profit or loss, condensed consolidated statements of other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six-month period then ended, and other explanatory notes. Group management is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” Standard. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

DRT BAGIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Okan Öz, SMMM
Partner

İstanbul, 16 August 2022

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2022**

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LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2022**

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
ASSETS			
Current assets		744,789,846	796,273,910
Cash and cash equivalents	4	236,520,938	259,390,060
Financial investments	5	122,507,827	173,933,264
Trade receivables		327,253,574	333,669,674
- Trade receivables from third parties	8	326,308,857	332,830,871
- Trade receivables from related parties	28	944,717	838,803
Other receivables		69,121	130,036
- Other receivables from third parties	9	69,121	130,036
Inventories	10	5,576,407	5,929,135
Derivative instruments	29	12,414,649	7,563,396
Prepaid expenses	17	17,161,017	9,770,505
Other current assets	9	23,286,313	5,887,840
Non-current assets		1,232,431,716	1,011,197,908
Other receivables		11,443,101	9,044,507
- Other receivables from third parties	28	11,443,101	9,044,507
Financial investments	5	254,707,721	183,908,017
Right-of-use assets	13	16,884,221	17,696,433
Property, plant and equipment	11	22,246,825	20,966,204
Intangible assets		910,116,265	759,228,798
- Goodwill	14	375,326,393	327,276,359
- Other intangible assets	12	534,789,872	431,952,439
Prepaid expenses	17	4,223,042	1,125,044
Deferred tax asset	26	12,011,962	18,921,317
Other non-current assets		798,579	307,588
Total assets		1,977,221,562	1,807,471,818

The accompanying consolidated financial statements have been approved by Board of Directors on 16 August 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.

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 30 JUNE 2022

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
LIABILITIES			
Short-term liabilities		727,147,820	742,156,945
Short-term borrowings	7	54,324,654	64,787,912
Short-term portions of long-term borrowings	7	34,747,309	29,055,855
Trade payables		69,449,460	79,780,089
- Trade payables to related parties	28	841,288	838,257
- Trade payables to third parties	8	68,608,172	78,941,832
Derivative liabilities	29	241,934	25,307,291
Payables for employee benefits	16	85,312,980	81,090,495
Other payables		196,347,450	159,563,379
- Other payables to third parties	9	196,343,650	159,559,579
- Other payables to related parties		3,800	3,800
Contract liabilities	17	268,093,391	290,897,336
Current tax liability	26	16,264,315	10,226,461
Other short-term liabilities		2,366,327	1,448,127
Long-term liabilities		265,311,010	231,809,483
Long-term borrowings	7	182,878,771	172,579,159
Other payables		5,878,552	6,653,446
- Other payables to third parties	9	5,878,552	6,653,446
Long-term provisions		58,765,981	37,391,280
- Long-term provisions for employee benefits	16	58,765,981	37,391,280
Deferred tax liability	26	17,787,706	15,185,598
EQUITY			
Equity attributable to equity holders of the parent		896,771,796	759,243,142
Paid-in capital	18	100,000,000	100,000,000
Capital adjustment differences	18	2,991,336	2,991,336
Restricted reserves appropriated from profit		29,381,522	7,196,456
Reserves related to the repurchased shares	18	25,335,357	9,782,044
Put option revaluation fund related with non-controlling interests		(160,697,078)	(125,685,943)
Treasury shares (-)	18	(25,335,357)	(9,782,044)
Accumulated other comprehensive income/(expenses) that will not be reclassified to profit or loss		18,125,022	4,903,883
- Loss on revaluation and measurement		(10,562,073)	(10,562,073)
- Gain from investments in equity instruments	5	28,687,095	15,465,956
Other accumulated comprehensive income/(expenses) to be reclassified to profit or loss		194,418,298	172,245,346
- Foreign currency translation differences		221,629,953	179,421,334
- Hedge gain losses		(7,744,748)	(7,175,988)
- Fair Value Losses on financial assets at fair value through other comprehensive income		(19,466,907)	-
Prior years' profit		473,135,675	332,942,105
Net profit for the period		239,417,021	264,649,959
Non-controlling interests		87,990,936	74,262,248
Total equity		984,762,732	833,505,390
Total liabilities and equity		1,977,221,562	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 STATEMENTS OF PROFIT OR LOSS
FOR PERIOD 1 JANUARY – 30 JUNE 2022 AND 2021**

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

	Notes	Reviewed 1 January - 30 June 2022	Not reviewed 1 April - 30 June 2022	Reviewed 1 January - 30 June 2021	Not reviewed 1 April - 30 June 2021
Revenue	20	636,855,927	367,725,170	317,169,445	177,787,846
Cost of sales (-)	20	(130,210,203)	(69,613,582)	(61,718,071)	(34,116,949)
Gross profit		506,645,724	298,111,588	255,451,374	143,670,897
General administrative expenses (-)	21	(79,345,821)	(47,169,686)	(40,206,690)	(19,716,401)
Marketing expenses (-)	21	(87,722,047)	(53,460,998)	(45,013,552)	(25,775,903)
Research and development expenses (-)	21	(122,910,034)	(67,997,870)	(72,416,247)	(37,698,014)
Other operating income	22	4,829,266	(892,231)	13,839,983	1,685,249
Other operating expenses (-)	22	(10,645,932)	(4,012,849)	(1,912,367)	(1,058,960)
Operating profit		210,851,156	124,577,954	109,742,501	61,106,868
Income from investing activities	23	26,013,712	13,423,647	984,589	141,714
Operating profit before finance income/(expenses)		236,864,868	138,001,601	110,727,090	61,248,582
Finance income	24	115,290,992	68,803,254	29,739,303	14,043,558
Finance expenses (-)	25	(75,765,884)	(35,880,780)	(10,343,429)	(6,522,484)
Profit before tax		276,389,976	170,924,075	130,122,964	68,769,656
Tax expense:					
Current tax expense	26	(22,038,875)	(20,587,489)	(12,363,588)	(6,586,721)
Deferred tax (expense)/income	26	(11,757,547)	(1,551,893)	(1,212,028)	1,697,163
Profit for the period		242,593,554	148,784,693	116,547,348	63,880,098
Profit for the period attributable to:					
Non-controlling interests		3,176,533	1,966,582	(3,264,081)	(1,202,718)
Equity holders of the parent		239,417,021	146,818,111	119,811,429	65,082,816
Earnings per 1 TL shares	27	2.48	1.52	1.24	0.67

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 – 30 JUNE 2022 AND 2021

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

Notes	Reviewed 1 January - 30 June 2022	Not reviewed 1 April - 30 June 2022	Reviewed 1 January - 30 June 2021	Not reviewed 1 April - 30 June 2021
Profit for the period	242,593,554	148,784,693	116,547,348	63,880,098
<i>Items that will be reclassified to profit or loss:</i>				
	32,725,107	8,116,092	24,832,588	10,820,998
Foreign currency translation differences	52,760,774	27,423,078	26,646,010	11,884,773
Hedge loss	(568,760)	159,921	(1,813,422)	(1,063,775)
Fair value losses on financial asset at fair value through other comprehensive income	(24,333,634)	(24,333,634)	-	-
Fair value losses on financial asset at fair value through other comprehensive income, tax effect	4,866,727	4,866,727	-	-
<i>Items that will not be reclassified to profit or loss:</i>				
	13,221,139	8,241,669	(825,724)	1,630,479
Revaluation and measurement losses of defined benefits plans 16	-	-	(3,881,730)	-
Fair value gains on financial asset at fair value through other comprehensive income	13,221,139	8,241,669	2,679,013	1,617,882
Tax effect 26	-	-	376,993	12,597
Other comprehensive income	45,946,246	16,357,761	24,006,864	12,451,477
Total comprehensive income	288,539,800	165,142,454	140,554,212	76,331,575
Total comprehensive income attributable to:				
Non-controlling interests	13,728,688	7,451,198	2,065,121	1,174,237
Equity holders of the parent	274,811,112	157,691,256	138,489,091	75,157,338

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 – 30 JUNE 2022 AND 2021

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

	Paid-in capital	Capital adjustment differences	Treasury shares	Reserves for treasury shares	Hedge gain losses (**)	Restricted reserves appropriated from profit	Loss on revaluation and measurement (*)	Gains from investments in equity instruments(*)	Losses on Financial Assets at FVTOCI (**)	Foreign currency translation differences(**)	Prior years' profit	Net profit for the period	Put option valuation fund for non-controlling interests	Equity attributable to equity holders of the parents	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
Transfer to prior years' profit	75.000.000	-	-	-	-	-	-	-	-	-	39.528.012	(114.528.012)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(28.673.009)	-	-	(28.673.009)	-	(28.673.009)
Decrease due to share ratio changes that do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(3.464.538)	(3.464.538)	-	(3.464.538)
Sales of treasury shares	-	-	271.989	(271.989)	-	-	-	-	-	-	7.327.995	-	-	7.327.995	-	7.327.995
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	119.811.429	-	119.811.429	(3.264.081)	116.547.348
Other comprehensive income	-	-	-	-	(1.813.422)	-	(3.504.737)	2.679.013	-	21.316.808	-	-	-	18.677.662	5.329.202	24.006.864
Balances as of 30 June 2021	100.000.000	2.991.336	(9.782.044)	9.782.044	(4.784.157)	7.196.456	(9.737.344)	4.013.369	-	96.316.257	332.942.105	119.811.429	(32.788.799)	615.960.652	37.534.068	653.494.720
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
Transfer to prior years' profit	-	-	-	-	-	22.185.066	-	-	-	-	242.464.893	(264.649.959)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(86.718.010)	-	-	(86.718.010)	-	(86.718.010)
Decrease due to share ratio changes that do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(35.011.135)	(35.011.135)	-	(35.011.135)
Increase due to treasury shares	-	-	(15.553.313)	15.553.313	-	-	-	-	-	-	(15.553.313)	-	-	(15.553.313)	-	(15.553.313)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	239.417.021	-	239.417.021	3.176.533	242.593.554
Other comprehensive income	-	-	-	-	(568.760)	-	-	13.221.139	(19.466.907)	42.208.619	-	-	-	35.394.091	10.552.155	45.946.246
Balances as of 30 June 2022	100.000.000	2.991.336	(25.335.357)	25.335.357	(7.744.748)	29.381.522	(10.562.073)	28.687.095	(19.466.907)	221.629.953	473.135.675	239.417.021	(160.697.078)	896.771.796	87.990.936	984.762.732

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

(**) Accumulated other comprehensive income to 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 - 30 JUNE 2022 AND 2021

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
A. Cash flows from operating activities		223,341,156	98,703,275
Profit for the period		242,593,554	116,547,348
Adjustments to reconcile net profit for the period		40,964,795	52,819,664
Adjustment related to depreciation and amortization	11,12,13	54,793,870	37,418,351
Adjustment related to reversal of provisions for employment termination benefits	16	21,471,726	9,213,863
Adjustment related to interest expense	25	19,855,427	2,897,940
Adjustment related to interest income	24	(27,737,354)	(12,753,699)
Adjustments related to losses (gains) on disposal of financial investments	23	(26,013,712)	(984,589)
Change in derivative assets and liabilities		(29,916,610)	-
Adjustment related to impairment/ (reversal of) on receivables	8	(302,253)	(1,759,560)
Adjustments related to unrealized foreign currency translation differences		(4,982,721)	5,211,742
Adjustment related to tax expense	26	33,796,422	13,575,616
Changes in working capital		(42,497,871)	(63,985,255)
Adjustments related to decrease in trade receivables		19,621,879	8,137,984
Adjustments related to (increase)/decrease in inventories		352,728	(455,725)
Adjustments related to increase in other operating assets		(29,231,576)	(7,002,187)
Adjustments related to decrease in trade payables		(12,701,423)	(25,424,164)
Adjustments related to increase/(decrease) in other operating liabilities		(20,539,479)	(39,241,163)
Cash flows used in operating activities		241,060,478	105,381,757
Tax payments		(16,001,021)	(6,223,255)
Payments related to employee benefits	16	(1,718,301)	(455,227)
Cash outflows for purchases to gain control of subsidiaries		(6,172,677)	(8,493,796)
Cash outflows for purchases of property, plant and equipment and intangible assets	11,12	(111,465,618)	(56,918,803)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds		(4,473,050)	29,684,526
Proceeds from sales of property, plant and equipment	11	103,100	170,587
Interest received		27,737,354	13,362,347
B. Cash flows from investing activities		(94,270,891)	(22,195,139)
Cash outflows for repayments of loans	32	(30,078,321)	(30,719,283)
Cash from loans	32	-	39,733,169
Interest paid		(18,740,688)	(1,657,116)
Cash outflows from the acquisition of own shares of the business		(15,553,313)	-
Cash inflows from sales of treasury shares		-	9,770,661
Cash outflows related to debt payments arising from lease agreements	32	(5,961,444)	(6,648,290)
Dividends paid		(86,718,010)	(28,673,009)
C. Cash flows from financing activities		(157,051,776)	(18,193,868)
Net increase in cash and cash equivalents before the effects of foreign currency translation differences		(27,981,511)	58,314,268
D. Effects of foreign currency translation differences on cash and cash equivalents		5,112,389	18,345,221
Net increase in cash and cash equivalents		(22,869,122)	76,659,489
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	4	236,520,938	338,255,198

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 – 30 JUNE 2022

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

NOTE 1 - ORGANIZATION AND OPERATION OF THE GROUP

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

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

As of 30 June 2022, the Group has 1,356 employees (31 December 2021: 1,255).

The address of the registered office is as follows:

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

As of 30 June 2022, the main shareholder and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş. The partnership structure of the Company is explained in Note 18.

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 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 condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards (“TAS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in compliance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the “Communiqué”) announced by the CMB on 13 June 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations (“TAS/IFRS”). TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

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

The Group has prepared its condensed consolidated financial statements for the interim period ended 30 June 2022 in accordance with the Turkish Accounting Standard 34, "Interim Financial Reporting" ("TAS 34"). Interim condensed consolidated financial statements do not include all disclosures and notes required by the year-end financial statements and they should be read in conjunction with the consolidated financial statements dated as at 31 December 2021.

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

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. In this context, while preparing the consolidated financial statements dated 30 June 2022, no inflation adjustment was made according to TAS 29.

2.1.2 Financial Statements of Subsidiaries Operating in Foreign Countries

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

2.1.3 Basis of Consolidation

The condensed consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 December 2021 include the accounts of Logo Yazılım and its subsidiaries.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 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)

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company as of 30 June 2022 and 31 December 2021:

Subsidiaries	30 June 2022 (%)	31 December 2021 (%)
Total Soft	80.00	80.00
e-Logo (*)	-	-
Logo GmbH	100.00	100.00
Logo Kobi (*)	-	-
ABS	80.00	80.00
ABS FS	80.00	80.00
Peoplise	88.00	88.00

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

Joint venture	30 June 2022 (%)	31 December 2021 (%)
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 has been evaluated as a joint venture in the consolidated financial statements and recognized as an investment valued by the equity method.

Subsidiaries

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

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

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

Joint venture

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

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

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

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

2.1.4 Functional and Presentation Currency

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

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

2.2 Going Concern

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

Covid-19

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

While preparing the interim condensed consolidated financial statements as at 30 June 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.

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(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 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 New and amended Turkish financial reporting standards (Continued)

a. Amendments that are mandatorily effective from 2022 (cont’d):

Annual Improvements to TFRS Standards 2018-2020 Cycle (cont’d)

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.

The Group management has evaluated that these amendments and interpretations, effective from 2022, do not have any impact on the consolidated financial statements of the Group.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. New and amended Turkish financial reporting standards (Continued)

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 (Amendment to TFRS 17)</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.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. New and amended Turkish financial reporting standards (Continued)

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.

2.4 Changes in Accounting Policies

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

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

2.5 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the six months period ended 30 June 2022 have been prepared in accordance with TAS 34. The significant accounting policies used in preparing the condensed interim consolidated financial statements for the six months period ended 30 June 2022 are consistent with the accounting policies disclosed in the consolidated financial statements as of 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 Judgments, Estimates and Assumptions

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

Provision for doubtful receivables

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

Useful lives of intangible assets

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

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

2.6 Significant Accounting Judgments, Estimates and Assumptions (cont’d)

Revenue recognition

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

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

Research and development costs

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

Goodwill impairment test

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

2.7 Comparative Information and Restatement of Prior Periods’ Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The consolidated balance sheet of the Group as of 30 June 2022 has been provided with the comparative financial information of 31 December 2021 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the interim period ended 30 June 2022 have been provided with the comparative financial information, for the period ended 30 June 2021.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

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NOTE 3 - SEGMENT REPORTING

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

30 June 2022	Turkey	Romania	Segmental eliminations	Consolidated
Segment assets	1,120,228,192	857,039,240	(45,870)	1,977,221,562
Segment liabilities	570,690,893	421,813,807	(45,870)	992,458,830
Goodwill	11,155,524	364,170,869	-	375,326,393
Property, plant and equipment and other intangible asset	236,742,728	320,293,969	-	557,036,697
Right-of-use assets	5,715,145	11,169,076	-	16,884,221

30 June 2022	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	427,288,663	209,567,264	-	636,855,927
Cost of sales	(14,581,658)	(115,628,545)	-	(130,210,203)
Operating expenses	(224,241,991)	(65,735,911)	-	(289,977,902)
Other operating income	4,742,825	86,441	-	4,829,266
Other operating expenses	(10,943,436)	297,504	-	(10,645,932)
Income from investing activities	26,013,712	-	-	26,013,712
Financial income	114,881,609	409,383	-	115,290,992
Financial expenses	(70,773,419)	(4,992,465)	-	(75,765,884)
Depreciation and amortization	(29,769,338)	(25,024,532)	-	(54,793,870)
Tax expense	(29,069,148)	(4,727,274)	-	(33,796,422)
Net profit/(loss) for the period	223,317,157	19,276,397	-	242,593,554
Adjusted EBITDA	218,234,352	53,227,340	-	271,461,692
Purchase of property, plant and equipment and intangible assets	70,402,675	41,062,943	-	111,465,618

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

30 June 2022	Consolidated
Adjusted EBITDA	271,461,692
Depreciation and amortization	(54,793,870)
Income from investing activities	26,013,712
Other operating income	4,829,266
Other operating expenses	(10,645,932)
Finance income	115,290,992
Finance expenses	(75,765,884)
Profit before tax	276,389,976

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - SEGMENT REPORTING (cont’d)

31 December 2021	Turkey	Romania	Segmental eliminations	Consolidated
Segment assets	1,095,151,372	712,824,928	(504,482)	1,807,471,818
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 other intangible asset	193,883,260	259,035,383	-	452,918,643
Right-of-use assets	5,831,297	11,865,136	-	17,696,433

30 June 2021	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	211,955,763	105,213,682	-	317,169,445
Cost of sales	(6,021,730)	(55,696,341)	-	(61,718,071)
Operating expenses	(118,701,765)	(38,934,724)	-	(157,636,489)
Other operating income	3,338,728	10,501,255	-	13,839,983
Other operating expenses	(1,708,965)	(203,402)	-	(1,912,367)
Income from investing activities	984,589	-	-	984,589
Finance income	29,353,419	385,884	-	29,739,303
Finance expenses	(7,456,024)	(2,887,405)	-	(10,343,429)
Depreciation and amortization	(24,829,856)	(12,588,495)	-	(37,418,351)
Tax expense	(11,517,079)	(2,058,537)	-	(13,575,616)
Profit/(loss) for the period	100,226,936	16,320,412	-	116,547,348
Adjusted EBITDA	112,062,124	23,171,112	-	135,233,236
Purchase of property, plant and equipment and intangible assets	39,537,424	17,381,379	-	56,918,803

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

30 June 2021	Consolidated
Adjusted EBITDA	135,233,236
Depreciation and amortization	(37,418,351)
Income from investing activities	984,589
Other operating income	13,839,983
Other operating expenses	(1,912,367)
Finance income	29,739,303
Finance expense	(10,343,429)
Profit before tax	130,122,964

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

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NOTE 4 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 30 June 2022 and 31 December 2021 are presented below:

	30 June 2022	31 December 2021
Cash	57,040	47,602
Bank	176,343,421	177,256,899
- Time deposit	118,108,842	135,599,840
- Demand deposit	58,234,579	41,657,059
Credit card slip receivables	51,702,584	73,254,820
Liquid funds (*)	8,260,600	8,719,596
Checks received	157,293	111,143
	236,520,938	259,390,060

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

NOTE 5 - FINANCIAL INVESTMENTS

Short-term financial investments

	30 June 2022	31 December 2021
- Time deposit more than 3 months (**)	-	45,252,556
- Financial assets at fair value through profit or loss	40,236,209	71,966,045
- Assets related to fair value in other comprehensive income (***)	82,271,618	56,714,663
	122,507,827	173,933,264

(**) The average maturity for time deposits is 180 days.

(***) Private sector bonds consist of financial investments that are easily convertible into cash and have high liquidity. Bonds are denominated in US Dollars and Turkish Lira.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

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

NOTE 5 - FINANCIAL INVESTMENTS (cont’d)

Long-term financial investments

Financial assets recognized at fair value

Details of non-current financial investments as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Logo Ventures Girişim Sermayesi Yatırım Fonu (“Logo Ventures I”) (*)	8,196,684	6,393,202
Logo Ventures Girişim Sermayesi Yatırım Fonu (“Logo Ventures II”) (*)	66,002,478	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
Payer Yazılım Sanayi ve Ticaret A.Ş. (***)	2,952,120	-
	77,281,935	36,366,609

- (*) As of 30 June 2022, Logo Ventures has been evaluated as an asset at fair value through other comprehensive income and the difference between its fair value and cost amounting to TL 13,221,139 has been accounted for in other comprehensive income. The company has pledged USD 11,200,000 to İstanbul Portföy Yönetimi A.Ş. Logo Ventures II Girişim Sermayesi Yönetim Fonu and paid USD 2,240,000 in 2021 and USD 1,680,000 on 7 April 2022.
- (**) İnterpro and Dokuz Eylül are reflected in the consolidated financial statements at cost as of 30 June 2022 and 31 December 2021, as their fair value is not significant.
- (***) As of 10 May 2022, 10% of the shares of Payer Yazılım Sanayi ve Ticaret A.Ş. has been acquired. Since its fair value is not significant, it is reflected in the consolidated financial statements at cost.

	30 June 2022	31 December 2021
- Assets at fair value through other comprehensive income (***)	139,980,252	121,201,542

- (****) Private sector bonds consist of financial investments that are easily convertible into cash and have high liquidity. Bonds are denominated in US Dollars and Turkish Lira.

Other long-term financial investments:

	30 June 2022	31 December 2021
Other long-term financial investments (****)	37,445,534	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 80.28%. The Group has not considered the related investment for trading purposes and has recognized the fair value changes in the other comprehensive income statement in accordance with the accounting policies explained in Note 2.5.

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NOTE 6 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

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

Summary balance-sheet information

Logo Infosoft	30 June 2022	31 December 2021
Cash and cash equivalents	4,428,675	2,857,570
Other current assets	9,005,191	6,961,115
Other non-current assets	707,962	812,300
Total assets	14,141,828	10,630,985
Other short-term liabilities	23,439,456	17,086,651
Other long-term liabilities	77,130,024	55,200,944
Total liabilities	100,569,480	72,287,595
Net liabilities/assets	(86,427,652)	(61,656,610)

Summary income statement information

Logo Infosoft	30 June 2022	30 June 2021
Income	1,053,771	737,941
Expenses (-)	(13,077,236)	(5,384,033)
Net loss for the period	(12,023,465)	(4,646,092)
Ownership ratio of the Group	50.00%	50.00%
Group’s share (*)	(6,011,733)	(2,323,046)
Unrecognized losses	6,011,733	2,323,046

(*) Logo Infosoft's portion of the Group's share of loss amounting to TL 6,011,733 has not been accounted because Logo Infosoft's carrying amount has been zero. As of 30 June 2022, the total loss to the Group's share but not recorded is TL 22,517,763.

NOTE 7 – BORROWINGS

Details of borrowings as of 30 June 2022 and 31 December 2021 is as follows:

Short-term borrowings:	30 June 2022	31 December 2021
Short-term bank loans	46,448,298	56,570,055
Lease liabilities	6,720,870	7,428,142
Credit card payables	1,155,486	789,715
	54,324,654	64,787,912

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NOTE 7 – BORROWINGS (cont’d)

Short-term portions of long-term borrowings:	30 June 2022	31 December 2021
Short-term portions of long-term bank loans	33,332,394	28,576,257
Lease liabilities	1,414,915	479,598
	34,747,309	29,055,855

Total short-term borrowings	89,071,963	93,843,767
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Long-term borrowings:	30 June 2022	31 December 2021
Long-term bank loans	169,855,231	159,907,035
Lease liabilities	13,023,540	12,672,124

Total long-term borrowings	182,878,771	172,579,159
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	30 June 2022		
	Weighted average annual interest rate (%)	Original amount	TL equivalent
Short-term borrowings:			
Bank loans - RON - unsecured	Rabor+1 2.40%	14,189,185	46,448,298
Payables from leasing transactions – Euro	Euribor 3+3,5%	217,179	3,772,424
Payables from leasing transactions - TL	12% - 25%	2,948,446	2,948,446
Credit card payables - TL	-	1,155,486	1,155,486
			54,324,654

Short-term portion of long-term borrowings:			
Bank borrowings - EUR – secured	Euribor+ 2.45%-2.50%	1,918,952	33,332,394
Lease liabilities - EUR	-	81,457	1,414,915
			34,747,309

Long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+ 2.45%-2.50%	9,778,598	169,855,231
Lease liabilities - EUR		510,094	8,860,389
Lease liabilities - TL		4,163,151	4,163,151
			182,878,771

Total borrowings			271,950,734
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NOTE 7 - BORROWINGS (cont’d)

	31 December 2021		
	Weighted average annual interest rate (%)	Original amount	TL equivalent
Short-term borrowings:			
Bank borrowings - TL - unsecured		14,445,980	14,445,980
Bank borrowings - 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 borrowings - 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 borrowings - EUR – secured	Euribor+ 2.45%-2.50%	10,599,206	159,907,035
Lease liabilities - EUR		572,531	8,637,603
Lease liabilities - TL		4,034,521	4,034,521
-			172,579,159
Total borrowings			266,422,926

The redemption schedules of long-term borrowings as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	Net book value		Fair value	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
To be paid within 1-2 years	39,532,706		33,752,173	
To be paid within 2-5 years	105,083,237		91,963,257	
To be paid in more than 5-10 years	38,262,828		46,863,729	
	182,878,771		172,579,159	
Bank loans	249,635,923	245,053,347	266,400,519	261,760,215
	249,635,923	245,053,347	266,400,519	261,760,215

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

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as of 30 June 2022 and 31 December 2021 are as follows:

Short-term trade receivables:	30 June 2022	31 December 2021
Receivables	248,871,092	223,258,593
Credit card receivables	112,657,847	144,589,559
Cheques and notes receivables	3,405,305	5,500,294
Less: Provision for doubtful receivables	(21,231,893)	(19,587,252)
Less: Unearned finance income from futures sales	(17,393,494)	(20,930,323)
	326,308,857	332,830,871

As of 30 June 2022, the average turnover rate of receivable is 87 days (31 December 2021: 116 days) and the average turnover rate is 52 days (31 December 2021: 59 days), excluding credit card receivables. The discount rate applied for non-due receivables is 15.71% (31 December 2021: 15.73%).

As of 30 June 2022, trade receivables amounting to TL 27,426,516 (31 December 2021: TL 16,911,490) are not considered as doubtful receivables although they are overdue. The maturity analysis of these receivables is as follows:

	30 June 2022	31 December 2021
Up to 1 month	11,707,588	8,561,844
1-3 months	8,086,563	3,691,138
More than 3 months	7,632,365	4,658,508
	27,426,516	16,911,490

As of 30 June 2022, TL 16,145,650 of overdue receivables consist of trade receivables of Total Soft (31 December 2021: TL 9,276,761). Group manages its receivables in accordance with credit risk management policies which is explained in Note 30.

The movement of provision for doubtful receivables for the periods ended 30 June 2022 and 2021 are as follows:

	2022	2021
As of 1 January	19,587,252	32,509,022
Provisions made during the period	604,779	2,543,006
Provisions released	(907,032)	(4,302,566)
Foreign currency translation difference	1,946,894	3,514,444
As of 30 June	21,231,893	34,263,906

Trade payables to third parties:	30 June 2022	31 December 2021
Trade payables	68,608,172	78,941,832

As of 30 June 2022, the average debt payment period is 93 days (31 December 2021: 115 days).

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

The table below shows the maximum exposure of the Group to credit risk as of 30 June 2022 and 31 December 2021:

30 June 2022	<u>Trade receivables</u>		<u>Other receivables</u>				
	<u>Related party</u>	<u>Other</u>	<u>Related party</u>	<u>Other</u>	<u>Deposits in Banks</u>	<u>Derivative Instruments</u>	<u>Other</u>
The maximum of credit risk exposure as of reporting date (A+B+C)	944,717	326,308,857	11,443,101	69,121	236,306,605	12,414,649	339,770,014
- Amount of risk covered by guarantees (*)	-	428,049	-	-	-	-	-
A. Net carrying value of not past due and not impaired financial assets	944,717	298,882,341	11,443,101	69,121	236,306,605	12,414,649	339,770,014
B. Net carrying value of past due but not impaired financial assets	-	27,426,516	-	-	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-	-
Past due (gross carrying value)	-	21,231,893	-	-	-	-	-
Impairment (-)	-	(21,231,893)	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-

(*) Guarantees include securities, mortgages and letters of guarantee.

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

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

(*) Guarantees include securities, mortgages and letters of guarantee.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2022

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NOTE 9 - OTHER RECEIVABLES, PAYABLES AND OTHER ASSETS

Short-term other receivables from third parties:

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

Short-term other payables to third parties:

	30 June 2022	31 December 2021
Put option liability - ABS (*)	155,433,770	119,647,741
Other taxes payable	40,626,350	39,043,422
Other payables to third parties	283,530	868,416
	196,343,650	159,559,579

Long-term other payables to third parties:

	30 June 2022	31 December 2021
Put option liability (**)	5,263,308	6,038,202
Other payables	615,244	615,244
	5,878,552	6,653,446

(*) The Group has purchased ABS and ABS FS, of which ABS is fully owned with the share transfer agreement signed on 19 July 2018. As a result of these purchases, there is a put option given to Avramos Holding Ltd by Logo Yazılım for the 20% of Total Soft shares transferred to Avramos Holding Ltd. Due to the put option given in the consolidated financial statements as of 30 June 2022, a put option liability amounting to TL 155,433,770 has been accounted for in the “other short-term payables to non-related parties” account.

(**) As a result of the acquisition of Peoplise, there is a sales option given to minority shareholders by Logo Yazılım for the 12% Peoplise shares. As of 30 June 2022, the Company has accounted for the liability for a put option amounting to TL 5,263,308 in the long-term other payables to third parties account as a result of the sales option given in the consolidated financial statements.

Other current assets:

	30 June 2022	31 December 2021
Prepaid taxes	4,659,713	3,126,495
Personnel advances	3,347,284	405,754
Business advances	2,350,553	1,093,920
Deferred VAT	1,043,864	293,516
Other	11,884,899	968,155
	23,286,313	5,887,840

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NOTE 10- INVENTORIES

	30 June 2022	31 December 2021
Trade goods	4,378,818	4,843,411
Raw materials and equipment	1,173,514	1,065,623
Other	24,075	20,101
	5,576,407	5,929,135

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Foreign currency translation differences	30 June 2022
Cost:					
Machinery, plant equipment	24,827,407	2,569,230	(143,797)	2,575,509	29,828,349
Motor vehicles	6,432,202	314,550	-	968,639	7,715,391
Furniture and fixtures	7,677,136	268,019	(348)	304,925	8,249,732
Leasehold improvements	28,126,172	72,880	-	110,005	28,309,057
	67,062,917	3,224,679	(144,145)	3,959,078	74,102,529
Accumulated depreciation:					
Machinery, plant equipment	19,666,197	1,442,339	(40,697)	2,189,630	23,257,469
Motor vehicles	6,255,281	124,527	-	919,115	7,298,923
Furniture and fixtures	6,002,701	201,682	(348)	208,278	6,412,313
Leasehold improvements	14,172,534	618,954	-	95,511	14,886,999
	46,096,713	2,387,502	(41,045)	3,412,534	51,855,704
Net book value	20,966,204				22,246,825

	1 January 2021	Additions	Disposals	Foreign currency translation differences	30 June 2021
Cost:					
Machinery, plant equipment	16,734,912	636,159	(777,684)	1,268,354	17,861,741
Motor vehicles	4,120,764	55,069	-	533,583	4,709,416
Furniture and fixtures	6,967,484	71,086	(75,217)	157,161	7,120,514
Leasehold improvements	26,033,420	177,683	-	60,780	26,271,883
	53,856,580	939,997	(852,901)	2,019,878	55,963,554
Accumulated depreciation:					
Machinery, plant equipment	13,145,024	731,808	(607,131)	1,103,958	14,373,659
Motor vehicles	3,828,381	129,163	-	503,286	4,460,830
Furniture and fixtures	5,357,150	180,811	(75,183)	108,284	5,571,062
Leasehold improvements	12,179,703	1,067,155	-	50,104	13,296,962
	34,510,258	2,108,937	(682,314)	1,765,632	37,702,513
Net book value	19,346,322				18,261,041

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Foreign currency translation differences	30 June 2022
Costs:					
Development costs	628,923,522	107,585,553	-	44,232,116	780,741,191
Advanced technology	22,583,464	-	-	1,222,949	23,806,413
Customer relations	96,310,187	-	-	12,215,234	108,525,421
Non-compete agreement	2,747,778	-	-	-	2,747,778
Other intangible assets	28,478,376	655,386	-	5,226,564	34,360,326
	779,043,327	108,240,939	-	62,896,863	950,181,129
Accumulated depreciation:					
Development costs	274,779,183	42,204,371	-	10,811,311	327,794,865
Advanced technology	18,111,064	443,375	-	1,216,377	19,770,816
Customer relations	35,112,846	3,755,911	-	3,842,206	42,710,963
Non-compete agreement	2,747,778	-	-	-	2,747,778
Other intangible assets	16,340,017	1,329,744	-	4,697,074	22,366,835
	347,090,888	47,733,401	-	20,566,968	415,391,257
Net book value	431,952,439				534,789,872

TL 106,267,928 of the total additions to development costs for the interim period ended 30 June 2022 (30 June 2021: TL 54,763,223) consist of capitalized personnel costs.

TL 42,852,003 (30 June 2021: TL 32,931,158), TL 1,289,097 (30 June 2021: TL 1,490,638), TL 9,849,915 (30 June 2021: TL 2,595,987) and TL 802,855 (30 June 2021: TL 400,568) of the depreciation and amortization expenses related to property, plant and equipment, intangible assets, and right-of-use assets as of 30 June 2022 have been accounted for research and development expenses, marketing expenses, general administrative expenses and cost of sales, respectively (Note 21 and 22).

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NOTE 12 - INTANGIBLE ASSETS (cont'd)

	1 January 2021	Additions	Disposals	Foreign currency translation differences	30 June 2021
Costs:					
Development costs	400,376,247	55,014,217	-	19,032,578	474,423,042
Advanced technology	19,413,827	-	-	675,701	20,089,528
Customer relations	64,650,780	-	-	6,749,129	71,399,909
Non-compete agreement	2,747,778	-	-	-	2,747,778
Other intangible assets	14,280,023	964,589	-	1,056,615	16,301,227
	501,468,655	55,978,806	-	27,514,023	584,961,484
Accumulated depreciation:					
Development costs	185,286,066	27,212,106	-	5,691,160	218,189,332
Advanced technology	14,052,336	462,752	-	672,069	15,187,157
Customer relations	20,701,616	2,642,984	-	1,653,395	24,997,995
Non-compete agreement	2,747,778	-	-	-	2,747,778
Other intangible assets	11,182,967	716,293	-	562,215	12,461,475
	233,970,763	31,034,135	-	8,578,839	273,583,737
Net book value	267,497,892				311,377,747

NOTE 13 - RIGHT-OF-USE ASSETS

	1 January 2022	Additions	Disposals	Foreign currency translation differences	30 June 2022
Cost:					
Motor vehicles	14,513,231	-	-	382,280	14,895,511
Office	26,120,009	2,213,079	-	2,830,807	31,163,895
	40,633,240	2,213,079	-	3,213,087	46,059,406
Accumulated depreciation:					
Motor vehicles	11,433,212	1,489,000	-	341,967	13,264,179
Office	11,503,595	3,183,967	-	1,223,444	15,911,006
	22,936,807	4,672,967	-	1,565,411	29,175,185
Net book value	17,696,433				16,884,221

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NOTE 13 - RIGHT-OF-USE ASSETS (cont’d)

	1 January 2021	Additions	Disposals	Foreign currency translation differences	30 June 2021
Cost:					
Motor vehicles	12,618,514	785,243	-	211,216	13,614,973
Office	17,521,821	3,252,267	(3,383)	1,844,595	22,615,300
	30,140,335	4,037,510	(3,383)	2,055,811	36,230,273
Accumulated depreciation:					
Motor vehicles	7,020,425	1,880,555	-	142,631	9,043,611
Office	5,409,511	2,394,724	-	514,228	8,318,463
	12,429,936	4,275,279	-	656,859	17,362,074
Net book value	17,710,399				18,868,199

NOTE 14 – GOODWILL

	30 June 2022	31 December 2021
Total Soft	274,741,328	238,490,927
Total Soft (ABS)	86,252,002	74,871,625
Netsis	5,892,252	5,892,252
Peoplise	3,676,872	3,676,872
Total Soft (Nexia)	3,177,539	2,758,283
Other	1,586,400	1,586,400
	375,326,393	327,276,359

Movement table of goodwill for the interim accounting periods ended 30 June 2022 and 2021 is as follows:

	2022	2021
As of 1 January	327,276,359	202,740,417
Foreign currency translation difference	48,050,034	26,548,475
As of 30 June	375,326,393	229,288,892

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

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NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	30 June 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

As of 30 June 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:

	30 June 2022				31 December 2021			
	EUR	USD	RON	TL	EUR	USD	RON	TL
A. Total amount of Guarantees provided by the Company on behalf of itself	-	744,521	-	6,995,920	-	595,340	-	7,491,930
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	310,718,655	-	319,039	-	267,522,735	-	196	-
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Other Guarantees given -	-	-	-	-	-	-	-	-
(i) Total amount of Guarantees given on behalf of the parent Company -	-	-	-	-	-	-	-	-
(ii) Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-	-	-	-	-
(iii) Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	310,718,655	744,521	319,039	6,995,920	267,522,735	595,340	196	7,491,930

(*) Note 7.

The ratio of other GPMs given by the Company to the Company's equity is 0% as of 30 June 2022 (31 December 2021: 0%).

The lawsuits filed against the Group in the previous periods amount to TL 5,707,066. The Group's management does not expect any cash outflows regarding these lawsuits therefore, no provisions has been accounted in the consolidated financial statements.

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NOTE 16 - EMPLOYEE BENEFITS

Short-term payables for employment benefits:

	30 June 2022	31 December 2021
Due to personnel	41,264,010	4,408,774
Taxes, funds and social security payables	39,528,200	24,447,943
Personnel premiums	4,520,770	52,233,778
	85,312,980	81,090,495

Long-term provisions for employment benefits:

	30 June 2022	31 December 2021
Provision for unused vacation	30,833,811	16,472,610
Provision for employment termination benefits	27,932,170	20,918,670
	58,765,981	37,391,280

The movements of provision for unused vacation liability for the interim periods ended 30 June 2022 and 2021 are as follow:

	2022	2021
As of 1 January	16,472,610	6,718,424
Increase during the period	12,739,925	6,437,557
Foreign currency translation difference	1,621,276	615,776
As of 30 June	30,833,811	13,771,757

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TL 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.

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NOTE 16 - EMPLOYEE BENEFITS (cont’d)

TAS 19, “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group’s obligation under the defined benefit plans. The following actuarial assumptions used in the calculation of the total liability are given below. Actuarial gain/(loss) is accounted for under the “actuarial gains/(losses)”, which is calculated within the employee benefits in the statement of income:

	30 June 2022	31 December 2021
Discount rate (%)	4.45	4.45
Probability of retirement (%)	93.57	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 15,371.40 which is effective from 1 July 2022 (1 July 2021: TL 8,284.51) has been taken into consideration in the calculations.

The movements in the provision for employment termination benefits during the periods ended 30 June 2022 and 2021 are as follows:

	2022	2021
As of 1 January	20,918,670	10,000,811
Service cost	8,269,973	2,523,674
Interest cost	461,828	252,632
Actuarial loss	-	3,881,730
Compensation paid	(1,718,301)	(455,227)
As of 30 June	27,932,170	16,203,620

NOTE 17 - PREPAID EXPENSES AND CONTRACT LIABILITIES

Short-term prepaid expenses:	30 June 2022	31 December 2021
Prepaid expenses	17,161,017	9,770,505
	17,161,017	9,770,505
Long-term prepaid expenses:	30 June 2022	31 December 2021
Advances given	4,223,042	1,125,044
	4,223,042	1,125,044

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NOTE 17 - PREPAID EXPENSES AND CONTRACT LIABILITIES (cont'd)

Contract liabilities:

	30 June 2022	31 December 2021
Contract liabilities (*)	263,060,536	285,919,817
Advances received	5,032,855	4,977,519
	268,093,391	290,897,336

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

The details of contract liabilities as of 30 June 2022 and 31 December 2021 as follows:

	30 June 2022	31 December 2021
Pay as you go sales income	138,497,367	166,980,535
LEM sales income	81,638,064	88,822,539
Revenue from continuing projects	26,657,746	26,712,171
After-sales services revenue	16,267,359	3,404,572
	263,060,536	285,919,817

NOTE 18 – EQUITY

The Company's authorized and paid-in share capital consists of 10,000,000,000 (31 December 2021: 100,000,000,000) shares with a nominal value of Kurus 1 each. The shareholding structure of the Company as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	Share (%)	31 December 2021	Share (%)
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
Capital adjustment differences	2,991,336		2,991,336	
Paid-in capital	102,991,336		102,991,336	

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NOTE 18 - EQUITY (cont’d)

The shares representing capital are categorized as group A and B. The privileges are granted to group A shares by means of half of the members of Board of Directors of the Parent Company 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. Adjustments to share capital represent the differences between the historical amounts and the amounts adjusted according to the inflation of cash contributions to share capital.

Treasury shares

As of 30 June 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. General Assembly or Board of Directors, if authorized by the General Assembly, can decide to distribute dividend in installments in line with CMB regulations.

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NOTE 19 - EXPENSES BY NATURE

As of 30 June 2022 and 2021, expenses are disclosed by function and the details of the expenses are summarized in Note 21 and Note 22.

NOTE 20 - SALES AND COST OF SALES

Revenue:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Sales income	421,664,820	244,515,508	214,952,438	120,910,950
Service income	183,912,834	101,349,897	92,516,872	50,675,126
Retail SaaS service income	18,415,056	13,445,631	8,483,678	5,808,397
Other SaaS service income	18,227,749	10,510,332	4,782,839	1,993,554
Sales returns	(2,264,583)	(941,583)	(1,314,008)	(798,715)
Sales discounts	(3,099,949)	(1,154,615)	(2,252,374)	(801,466)
Net sales income	636,855,927	367,725,170	317,169,445	177,787,846
Cost of sales	(130,210,203)	(69,613,582)	(61,718,071)	(34,116,949)
Gross profit	506,645,724	298,111,588	255,451,374	143,670,897

Cost of sales:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Service cost	118,794,086	63,688,071	57,496,105	31,786,650
Cost of transfer of financial rights	7,829,117	5,142,792	3,875,490	2,142,560
Cost of trade goods sold	3,587,000	782,719	346,476	187,739
Cost of sales	130,210,203	69,613,582	61,718,071	34,116,949

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

Research and development expenses:	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	48,921,101	27,906,507	26,956,369	13,790,136
Depreciation and amortization	42,852,003	22,288,383	32,931,158	17,176,808
Outsourced benefits and services	10,367,170	5,946,696	4,294,791	2,363,870
Consultancy expenses	3,881,497	2,177,882	1,780,295	1,021,364
Motor vehicles expenses	3,115,403	1,869,607	589,227	311,452
Travel expenses	292,206	239,937	21,004	8,534
Other	13,480,654	7,568,858	5,843,403	3,025,850
	122,910,034	67,997,870	72,416,247	37,698,014
Marketing, selling and distribution expenses:	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	40,909,971	23,815,772	18,858,599	10,636,335
Advertising and sales expenses	33,493,697	21,390,187	19,378,601	11,298,823
Consultancy expenses	4,704,281	3,515,759	1,879,951	1,191,883
Motor vehicles expenses	3,012,807	1,716,294	582,547	336,233
Outsourced benefits and services	2,416,715	1,209,681	1,465,974	725,178
Depreciation and amortization	1,289,097	500,467	1,490,638	839,202
Travel expenses	385,722	245,010	13,473	3,518
Other	1,509,757	1,067,828	1,343,769	744,731
	87,722,047	53,460,998	45,013,552	25,775,903
General administrative expenses:	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	54,008,880	33,569,013	29,905,548	14,323,644
Depreciation and amortization	9,849,915	5,090,174	2,595,987	1,479,906
Consultancy expenses	8,238,436	4,366,468	4,349,133	2,248,063
Motor vehicles expenses	1,799,937	976,684	826,131	456,802
Outsourced benefits and services	665,270	348,221	346,725	182,081
Travel expenses	488,579	309,277	110,643	52,093
Other	4,294,804	2,509,849	2,072,523	973,812
	79,345,821	47,169,686	40,206,690	19,716,401

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NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses

Other operating income	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange income (*)	3,277,750	1,741,452	1,488,548	606,034
Rediscount income	744,289	(2,983,167)	640,580	(570,787)
Overdue interest income	287,116	171,949	459,200	360,573
Other	520,111	177,535	11,251,655	1,289,429
	4,829,266	(892,231)	13,839,983	1,685,249

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

Other operating expenses	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Subsidiary performance bonus	5,397,783	892,856	-	-
Foreign exchange expense (*)	1,831,695	840,528	644,893	408,771
Rediscount expense	743,624	427,410	669,527	419,903
Provision expenses	-	-	33,770	33,770
Other	2,672,830	1,852,055	564,177	196,516
	10,645,932	4,012,849	1,912,367	1,058,960

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

NOTE 23 - INCOME FROM INVESTING ACTIVITIES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Gain on sales of securities	26,013,712	13,423,647	984,589	141,714
	26,013,712	13,423,647	984,589	141,714

NOTE 24 - FINANCE INCOME

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange gains	87,553,638	47,536,106	16,985,604	6,244,988
Interest income	27,737,354	21,267,148	12,753,699	7,798,570
	115,290,992	68,803,254	29,739,303	14,043,558

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NOTE 25 - FINANCE EXPENSES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange losses	54,100,362	24,770,074	3,487,291	1,731,924
Change in share purchase liability	-	-	2,552,985	2,552,985
Interest expenses	18,740,688	9,974,642	1,657,116	894,670
Interest expense from leases	1,114,739	558,323	1,240,824	645,797
Credit card commissions	963,323	125,118	746,174	353,609
Interest cost of employee termination benefits	461,828	232,190	252,632	127,014
Other finance expenses	384,944	220,433	406,407	216,485
	75,765,884	35,880,780	10,343,429	6,522,484

NOTE 26 - TAX ASSETS AND LIABILITIES

	30 June 2022	30 June 2021
Current period tax expense	(22,038,875)	(12,363,588)
Deferred tax expense	(11,757,547)	(1,212,028)
Current period tax expense	(33,796,422)	(13,575,616)

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 as of 30 June 2022 and 31 December 2021 using the enacted tax rates, is as follows:

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

	Total temporary differences		Deferred tax assets/(liabilities)	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Deferred tax assets:				
Finance income not accrued	17,244,923	19,592,094	3,966,332	4,506,182
Expense provisions	14,854,396	60,599,886	2,970,879	12,119,977
Provision for employment termination benefits	12,520,539	11,707,510	2,504,108	2,341,502
Deferred income	10,658,558	10,860,031	2,451,468	2,497,807
Deferred tax on valuation of other financial assets	8,986,966	-	2,067,002	-
Provision for vacation	6,597,297	3,476,892	1,319,459	695,378
Provision for doubtful receivable	1,147,596	1,009,497	229,519	201,899
	72,010,275	107,245,910	15,508,767	22,362,745
Deferred tax liabilities:				
Difference between the tax base and carrying value of property equipment and intangible assets	(106,422,555)	(93,135,130)	(21,284,511)	(18,627,026)
	(106,422,555)	(93,135,130)	(21,284,511)	(18,627,026)
Deferred tax assets/(liabilities), net			(5,775,744)	3,735,719

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

Deferred tax assets	1 January - 30 June 2022	1 January - 31 December 2021
To be recovered in less than 12 months	11,685,200	19,325,865
To be recovered in more than 12 months	3,823,567	3,036,880
	15,508,767	22,362,745
Deferred tax liabilities		
To be recovered in more than 12 months	(21,284,511)	(18,627,026)
	(21,284,511)	(18,627,026)
Deferred tax assets/(liabilities), net	(5,775,744)	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 the statement of profit or loss	(11,757,547)	(1,212,028)
Charged to the statement of other comprehensive income	4,866,727	376,993
Foreign currency translation difference	(2,620,643)	(910,683)
30 June	(5,775,744)	1,498,016

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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 2022 is 23% and for 2023 it is 20% (31 December 2021: 23% for 2022 and 20% for 2023). The corporate tax rate is 16% in Romania (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.

Companies in Turkey are required to pay advance corporation tax quarterly at the rate of 23% on their corporate income for 2022. 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:

In accordance with the Temporary Article added to the Technology Development Regions Law No. 4691 with Article 44 of the Law No. 5035, the income and corporate taxpayers operating in the technology development regions are exempted from income and corporate tax, exclusively for the gains from the software and R&D activities in this region, until 31 December 2028.

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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:

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

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

NOTE 27 – EARNINGS PER SHARE

The earnings per hundred shares with nominal value of Kuruş 1 amounted to TL 2.48 for the interim period ended 30 June 2022 (30 June 2021: TL 1.24).

	1 January - 30 June 2022	1 January - 30 June 2021
Net profit for the period of the parent shareholders	239,417,021	119,811,429
Average number of shares outstanding during the period	9,639,230,800	9,655,657,467
Earnings per 1 TL shares	2.48	1.24

NOTE 28 - RELATED PARTY DISCLOSURES

a) Receivables from and payables to related parties at 30 June 2022 and 31 December 2021:

Trade receivables from related parties:	30 June 2022	31 December 2021
Other	944,717	838,803
	944,717	838,803
Other receivables from related parties:	30 June 2022	31 December 2021
Logo Infosoft	11,443,101	9,044,507
	11,443,101	9,044,507

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NOTE 28 - RELATED PARTY DISCLOSURES (cont’d)

b) Receivables from and payables to related parties at 30 June 2022 and 31 December 2021 (cont’d):

Trade payables from related parties:	30 June 2022	31 December 2021
Other	841,288	838,257
	841,288	838,257

c) Services provided to related parties during the interim period ending on 30 June 2022 and 2021:

Services given to related parties	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Logo Siber	939,074	499,534	431,406	278,695
Logo Infosoft	891,029	538,351	632,929	236,490
Logo Teknoloji ve Yatırım A.Ş.	26,755	13,157	11,924	6,280
	1,856,858	1,051,042	1,076,259	521,465

d) Services received from related parties during the interim periods ended 30 June 2022 and 2021:

Services received from related parties

Services received from related parties	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Logo Teknoloji ve Yatırım A.Ş.	-	-	419	419
Logo Siber	-	-	30,189	30,189
	-	-	30,608	30,608

e) Remuneration of the executive management:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Benefits paid to executive management	12,613,461	7,040,664	7,579,758	4,091,878

During the interim periods ending on 30 June 2022 and 30 June 2021, all benefits provided to key management personnel (executive management include general manager and assistant general managers) are short-term benefits and fees. It does not include termination benefits and other payments.

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NOTE 29 – DERIVATIVE TRANSACTIONS

	30 June 2022	31 December 2021
Derivative financial assets	12,414,649	7,563,396
Derivative financial liabilities	241,934	25,307,291

Classification of derivative instruments

Derivative instruments held for speculative purposes that do not meet hedge accounting requirements are classified as “held for trading” 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.

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

30.1 Financial risk management

Credit risk

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. 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 holds adequate cash and credit commitment that will meet the cash need for the immediate future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TL 100,000,000 that can be utilized whenever needed.

Non-derivative financial instruments	30 June 2022					
	Carrying value	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	271,950,734	288,715,330	49,980,779	43,953,695	155,828,496	38,952,360
Trade payables						
- Trade payables to third parties	68,608,172	68,608,172	68,608,172	-	-	-
Payables related to employee benefits	85,312,980	85,312,980	85,312,980	-	-	-
Other payables						
- Other payables to third parties	202,222,202	202,222,202	196,343,650	-	5,878,552	-
Total liability	628,094,088	644,858,684	400,245,581	43,953,695	161,707,048	38,952,360

Non-derivative financial instruments	31 December 2021					
	Carrying value	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 liability	592,668,278	609,375,146	379,182,332	38,775,837	143,345,977	48,071,000

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

30.1 Financial risk management (cont’d)

Liquidity risk (cont’d)

	30 June 2022					
	Carrying value	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)
Contractual maturities						
Derivative financial liabilities						
Derivative cash outflows	241,934	241,934	241,934	-	-	-
	31 December 2021					
	Carrying value	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)
Contractual maturities						
Derivative financial liabilities						
Derivative cash outflows	25,307,291	25,307,291	25,307,291	-	-	-

Interest rate risk

The Group management evaluates its interest bearing assets in short-term investment instruments within the framework of the principle of management with natural precautions by balancing the maturities of its interest sensitive assets and liabilities. The Group’s interest rate sensitive financial instruments are as follows:

The table showing the Group's interest rate sensitive financial instruments is as follows:

	30 June 2022	31 December 2021
<u>Fixed rate financial instruments</u>		
Financial assets	340,360,712	313,516,045
- Financial assets at amortized value	118,108,842	135,599,840
- Financial assets at fair value through other comprehensive income	222,251,870	177,916,205
Financial liabilities	68,763,109	77,939,634
<u>Variable rate financial instruments</u>		
Financial liabilities	203,187,625	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 possessing liquid funds and obtaining adequate committed funding lines from high quality lenders.

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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 the amounts payable or receivable denominated in foreign currency into Turkish Lira. The exchange rate risk is monitored by analyzing the foreign exchange position.

Foreign exchange rates used to translate the Group’s assets and liabilities denominated in foreign currencies into TL as of 30 June 2022 and 31 December 2021 are as follows:

	Assets		Liabilities	
	<u>30 June 2022</u>	<u>31 December 2021</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
USD	16.6614	13.3290	16.6914	13.3530
EUR	17.3701	15.0867	17.4014	15.1139
CHF	17.3698	14.5602	17.4813	14.6537

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

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

30.1 Financial risk management (cont’d)

Currency risk (cont’d)

		Foreign Currency Position as of 30 June 2022				
		TL equivalent	USD	EUR	CHF	Other
1.	Trade receivables	24,962,130	748,068	712,511	-	121,890
2a.	Monetary financial assets (including cash, bank accounts)	215,616,013	11,975,483	193,487	732,553	2,522
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets (1+2+3)	240,578,143	12,723,551	905,998	732,553	124,412
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	117,922,457	7,077,584	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	117,922,457	7,077,584	-	-	-
9.	Total assets (4+8)	358,500,600	19,801,135	905,998	732,553	124,412
10.	Trade payables	(1,675,245)	(90,540)	(9,598)	-	-
11.	Financial liabilities	(38,519,733)	-	(2,217,588)	-	-
12a.	Other monetary liabilities	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-
13.	Current liabilities (10+11+12)	(40,194,978)	(90,540)	(2,227,186)	-	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(178,715,620)	-	(10,288,692)	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	Non-current (14+15+16)	(178,715,620)	-	(10,288,692)	-	-
18.	Total liabilities (13+17)	(218,910,598)	(90,540)	(12,515,878)	-	-
19.	Net asset/(liability) position of off-balance sheet derivative financial instruments (19a-19b)	(174,202,639)	(9,663,149)	-	(760,000)	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	174,202,639	9,663,149	-	760,000	-
20.	Net foreign assets/(liability) Position (9-18+19)	(34,612,637)	10,047,446	(11,609,880)	(27,447)	124,412
21.	Net foreign currency asset/(liability) Position of monetary items (=1+2a+3+5+6a-10-11-12a-14-15-16a)	139,590,002	19,710,595	(11,609,880)	732,553	124,412
22.	Total fair value of derivative instruments used in foreign currency hedge	12,172,715	700,519	-	28,848	-
23.	Export (*)	(55,854,299)	452,585	2,781,423	-	-
24.	Import	-	-	-	-	-

(*) It includes the sales made abroad by the Group from the countries in which it operates. The total amount of sales made by the Group outside of Turkey in the 30 June 2022 interim period is TL 217,107,967 (30 June 2021: TL 108.235,189).

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

30.1 Financial risk management (cont’d)

Currency risk (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 (including cash, bank accounts)	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 (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)	(140,635,985)	500,000	(7,830,500)	(2,003,000)	-
19a.	Off-balance sheet foreign currency derivative financial assets	35,809,596	500,000	600,000	1,380,000	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	176,445,581	-	8,430,500	3,383,000	-
20.	Net foreign assets/(liability) Position (9-18+19)	(15,401,744)	13,483,606	(12,938,788)	-	81,014
21.	Net foreign currency asset/(liability) Position of monetary items (=1+2a+3+5+6a-10-11-12a-14-15-16a)	125,234,241	12,983,606	(5,108,288)	2,003,000	81,014
22.	Total fair value of derivative instruments used in foreign currency hedge	(17,743,895)	(27,813)	(1,023,208)	(1,521,593)	-
23.	Export (*)	(77,193,829)	660,225	4,533,376	-	-
24.	Import	-	-	-	-	-

(*) It includes the sales made abroad by the Group from the countries in which it operates. The total amount of sales made by the Group outside of Turkey in 2021 is TL 270,999,794.

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

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

Foreign currency sensitivity

	30 June 2022			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%				
1- USD net assets/liabilities	16,751,953	(36,751,953)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	16,751,953	(16,751,953)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	115,875	(115,875)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	115,875	(115,875)	-	-
Change of CHF against TL by 10%				
7- CHF net assets/liabilities	(47,675)	47,675	-	-
8- Hedged portion from CHF risks (-)	-	-	-	-
9- CHF net effect (1+2)	(47,675)	47,675	-	-
Change of USD against RON by 10%				
10- USD net assets/liabilities	(11,502)	11,502	-	-
11- Hedged portion from USD risks (-)	-	-	-	-
12- USD net effect (7+8)	(11,502)	11,502	-	-
Change of EUR against RON by % 10				
13- EUR net assets/liabilities	(20,282,354)	20,282,354	-	-
14- Hedged portion from EUR risks (-)	-	-	-	-
15- EUR net effect (10+11)	(20,282,354)	20,282,354	-	-
	31 December 2021			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%				
1- USD net assets/liabilities	18,062,053	(18,062,053)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	18,062,053	(18,062,053)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	145,520	(145,520)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	145,520	(145,520)	-	-
Change of CHF against TL by 10%				
7- CHF net assets/liabilities	-	-	-	-
8- Hedged portion from CHF risks (-)	-	-	-	-
9- CHF net effect (1+2)	-	-	-	-
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	-	-

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

Capital risk management

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

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

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

	30 June 2022	31 December 2021
Total borrowings	341,400,194	346,203,015
Less: Cash and cash equivalents (*)	(359,028,765)	(433,323,324)
Net debt	(17,628,571)	(87,120,309)
Total equity	896,771,796	759,243,142
Total capital	879,143,225	672,122,833
Debt/equity ratio	(2%)	(13%)

(*) Cash and cash equivalents, deposits with a maturity of more than 3 months, stocks and private sector bonds included in short-term financial investments 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.

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NOTE 31 - FINANCIAL INSTRUMENTS

Monetary assets

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

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

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

Monetary liabilities

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

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

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

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

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

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of 30 June 2022 is as follows:

Financial assets at fair value in the statement of financial position	Level 1	Level 2	Level 3
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Financial investments (*)	262,488,079	12,414,649	114,727,469
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(*) Note 5 and 29.

Financial liabilities at fair value in the statement of financial position	Level 1	Level 2	Level 3
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Put option liability	-	241,934	160,697,078
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While determining the fair values of financial investments in Level 3, discounted cash flow analyzes were used. Since the sensitivities of the inputs used in the analyzes do not have a significant effect on the consolidated financial statements, the sensitivity analysis is not presented separately.

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NOTE 31 - FINANCIAL INSTRUMENTS (cont'd)

Categories and fair values of financial instruments

30 June 2022	Financial assets at amortized value	FVTPL	FVTOCI	Financial liabilities at amortized cost	Book value	Note
<u>Financial assets</u>						
Cash and cash equivalents	236,520,938	-	-	-	236,520,938	4
Financial assets	-	40,236,209	336,979,339	-	377,215,548	5
Trade receivables	327,253,574	-	-	-	327,253,574	8
Receivables from related parties	12,387,818	-	-	-	12,387,818	28
Derivative financial instruments	-	12,414,649	-	-	12,414,649	29
<u>Financial liabilities</u>						
Financial payables	-	-	-	271,950,734	271,950,734	7
Other payables	-	-	-	155,433,770	155,433,770	9
Trade payables	-	-	-	68,608,172	68,608,172	8
Payables to related parties	-	-	-	841,288	841,288	28
Derivative financial instruments	-	241,934	-	-	241,934	29

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NOTE 31 - FINANCIAL INSTRUMENTS (cont’d)

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

31 December 2021	Financial assets at amortized value	FVTPL	FVTOCI	Financial liabilities at amortized cost	Book 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	333,669,674	-	-	-	333,669,674	8
Receivables from related parties	9,883,310	-	-	-	9,883,310	28
Derivative financial 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
Derivative financial instruments	-	25,307,291	-	-	25,307,291	29

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NOTE 32 - DISCLOSURES ON THE STATEMENT OF CASH FLOW

	Bank loans and credit cards	Financial leases	Total
1 January 2022	245,843,062	20,579,864	266,422,926
Cash inflows	-	-	-
Cash outflows	(30,078,321)	-	(30,078,321)
Foreign currency translation differences	35,026,668	4,327,827	39,354,495
Increase in lease liabilities (TFRS 16)	-	2,213,078	2,213,078
Cash outflows from lease liabilities (TFRS 16)	-	(5,961,444)	(5,961,444)
30 June 2022	250,791,409	21,159,325	271,950,734
Cash and cash equivalents (-)			(236,520,938)
Net debt			35,429,796

	Bank loans and credit cards	Financial 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

None.

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