LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022 WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

Deloitte.

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**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Logo Yazılım Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3) Key Audit Matters (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition Revenue is the most significant measurement criterion for evaluating the results of strategies implemented throughout the year end performance follow-up. The Group's total net revenue is amounting to TRY 1.541.476 thousand for the year ended 31 December 2022. The revenue of the Group mainly consists of standard software license sales, Logo Enterprise Membership ("LEM") sales, SaaS subscription revenues, software development revenues and package upgrade revenues. We focused on this area due to following reasons: - It has significant impacts on several financial statements line items such as trade receivables, contract liabilities, revenue and cost of sales on the consolidated financial statement of the Group as at 31 December 2022, - Application of accounting standards for recognition of revenue are complex, - Each revenue streams recognized in the consolidated financial statements have different recognition criteria and management's assumptions and judgements are used for determination of percentage of completion ratios in recognizing revenue from projects. Accounting policies of the Group and the amount of revenue are disclosed in Note 2.5 and 20, respectively.	The following procedures were performed to audit of the revenue: Our audit procedures consist of understanding of the internal controls and business processes on revenue recognition, including reporting on business performance reviews and controls performed by the management, analytical reviews and substantive tests. While designing and performing our audit procedures on revenue, we segregated revenue streams and designed our audit procedures based on each revenue types. To verify software licenses and version upgrade revenues, accounting records and underlying documents were substantively tested. LEM revenue is recognized over the duration of the contract terms. LEM revenue and deferred revenue related to LEM sales were tested by sampling method. SaaS subscription revenue consists of sales recorded and reflected to customers on a monthly basis. The accuracy of invoices issued to customers and records were tested using substantive testing procedures. The completion rate of projects was considered in recognition of special software development and project revenues. Our audit procedures on these types of revenues included reviewing agreements, testing completion rates and comparing the budgets and realized costs of the ongoing projects. We evaluated the adequacy of disclosures explained in Note 20 for requirements of TFRS 15. "Revenue from Contract with Customers".

3) Key Audit Matters (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
Impairment test of goodwill The carrying value of goodwill accounted for under intangible assets amounted to TRY 436.915 thousand in the consolidated financial statements as of 31 December 2022. In accordance with TAS, goodwill should be tested for impairment annually. We focused on this area due to the following reasons: - Carrying values of the goodwill recognized in the consolidated financial statements as at 31 December 2022 is material, - Significant judgements and estimates were used in the impairment tests (expected growth rate of earning before interests, taxes, depreciation and amortization, long-term growth rates, weighted average cost of capital etc.) performed by the management, - The outcome of some estimates is sensitive to changes in the market conditions and economic developments, Please refer to Note 14 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.	We performed the following procedures in relation to the impairment tests of goodwill: Discussed with management about their future plans and explanations based on the macro-economic information. We inquired with management to understand the setup of the discounted cash flow models and underlying assumptions used and mathematical accuracy of the model was tested. Through involvement of our internal valuation specialists, we assessed the reasonableness of key assumptions (expected growth rate of earning before interests, taxes, depreciation and amortization, long- term growth rates, weighted average cost of capital etc.) used in the goodwill impairment test in comparison to the applications in the sector. We evaluated the realizability of the future cash flow and investment projections used in the goodwill impairment test in the meetings held with top management. We evaluated whether the consolidated cash flow estimations prepared are reasonable when compared with past financial performance results. We checked whether the significant assumptions and sensitivity analysis are disclosed appropriately in the accompanying consolidated financial statements as of 31 December 2022.

3) Key Audit Matters (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
Capitalization of development costs TRY 241.785 thousand of development costs are capitalized in the consolidated financial statements of the Group as at 31 December 2022. The Group applies policies described on TAS 38, "Intangible Assets", and Note 12 in the capitalization of development costs. The Group capitalizes the costs of employees working for software developments and the costs of consultancies for software developments for the projects in which feasibility analysis have been completed and which are expected to generate cash flow in the future. Total amount of capitalized costs are calculated are based on the estimates and assumptions for the future cash flows of the projects made by the management and project managers and time sheets of the employees. We defined this area as a key audit matter due the calculations of the capitalization schedules are material for the consolidated financial statements and include the management's estimations.	We performed the following procedures in relation to the test of development costs: We discussed with the management to understand how they meet the requirements in TAS 38, "Intangible Assets". We discussed the details of the feasibility studies and future economic benefits of ongoing projects with the project managers and the consistency of estimations used in revenue expectations were compared with the historical data. We checked the project based capitalized cost details with the movement table of intangible assets. We tested capitalized personnel cost on the projects analytically by obtaining project-based breakdown of personnel costs. We interviewed with personnel whose salaries are subject to capitalization on a sample basis, and we understood the development activities and their roles on the projects. We understood the nature of the outsourced consultancy expenses and applied contract and invoice testing procedures to test their nature and accuracy.

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 27 February 2023.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and consolidated financial statements prepared for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Group's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Okan Öz.

Additional paragraph for convenience translation to English

In the accompanying 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 consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Okan Öz
Partner

İstanbul, 27 February 2023

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current assets		**1.084.727**	**796.274**
Cash and cash equivalents	4	229.151	259.390
Financial investments	5	411.131	173.933
Trade receivables		387.441	333.670
- Trade receivables from third parties	8	386.374	332.831
- Trade receivables from related parties	28	1.067	839
Other receivables		245	130
- Other receivables from third parties	9	245	130
Inventories	10	8.350	5.929
Derivative instruments	29	1.962	7.563
Prepaid expenses	17	27.765	9.771
Other current assets	9	18.682	5.888
Non-current assets		**1.582.131**	**1.011.197**
Other receivables		1.247	9.045
- Other receivables from related parties	28	1.247	9.045
Financial investments	5	383.471	183.908
Right-of-use assets	13	20.244	17.696
Property plant and equipment	11	46.514	20.966
Intangible assets		1.102.811	759.228
- Goodwill	14	436.915	327.276
- Other intangible assets	12	665.896	431.952
Prepaid expenses	17	2.508	1.125
Deferred tax assets	26	24.313	18.921
Other non-current assets		1.023	308
Total assets		**2.666.858**	**1.807.471**

These consolidated financial statements have been approved by Board of Directors on 27 February 2023 and signed on its behalf by Buğra Koyuncu, Logo Group Chief Executive Officer and Gülnur Anlaş, Logo Group Chief Financial Officer.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2022
LIABILITIES			
Short-term liabilities		**1.185.507**	**742.156**
Short-term borrowings	7	21.362	64.788
Short-term portion of long-term borrowings	7	39.836	29.056
Trade payables		143.813	81.636
- Trade payables to related parties	*28*	-	*838*
- Trade payables to third parties	*8*	*143.813*	*80.798*
Derivative liabilities	29	-	25.307
Employee benefit payables	16	213.588	81.090
Other payables		295.270	159.564
- Other payables to third parties	*9*	*295.266*	*159.560*
- Other payables to related parties		*4*	*4*
Contract liabilities	17	462.877	290.897
Current income tax liabilities	26	3.659	8.370
Other current liabilities		5.102	1.448
Long-term liabilities		**282.526**	**231.809**
Long-term borrowings	7	192.450	172.579
Other payables		6.901	6.653
- Other payables to third parties	9	6.901	6.653
Long-term provisions		67.880	37.391
- Provisions for employee benefits	16	67.880	37.391
Deferred tax liabilities	26	15.295	15.186
EQUITY			
Equity attributable to equity holders of the parent		**1.090.109**	**759.243**
Paid-in share capital	18	100.000	100.000
Adjustment differences to share capital	18	2.991	2.991
Restricted reserves appropriated from profit		29.382	7.196
Put option revaluation fund related with non-controlling interests		(225.551)	(125.686)
Treasury shares (-)	18	(25.335)	(9.782)
Reserves for treasury shares	18	25.335	9.782
Other comprehensive income and expenses that will not be reclassified to profit or loss		28.375	4.904
- Loss on remeasurement of defined benefit plans		*(19.492)*	*(10.562)*
- Gain from investments in equity instruments		*47.867*	*15.466*
Other comprehensive income and expense that will be reclassified to profit or loss		266.104	172.245
- Currency translation differences		*282.482*	*179.421*
- Cost of hedging reserves		*(6.015)*	*(7.176)*
- Fair value losses on financial assets at fair value through other comprehensive income		*(10.363)*	-
Retained earnings		473.136	332.943
Net income for the year		415.672	264.650
Non-controlling interests		**108.716**	**74.263**
Total equity		**1.198.825**	**833.506**
Total liabilities and equity		**2.666.858**	**1.807.471**

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2022

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

PROFIT OR LOSS	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Revenue	20	1.541.476	766.766
Cost of sales (-)	20	(362.638)	(142.733)
Gross profit		**1.178.838**	**624.033**
General administrative expenses (-)	21	(229.061)	(98.204)
Marketing expenses (-)	21	(247.476)	(143.006)
Research and development expenses (-)	21	(326.918)	(175.441)
Other operating income	22	27.646	22.628
Other operating expenses (-)	22	(27.707)	(18.226)
Operating profit		**375.322**	**211.784**
Income from investing activities	23	64.664	11.682
Shares of losses of investments valued through equity method		(5.742)	-
Operating profit before financial income		**434.244**	**223.466**
Financial income	24	181.822	116.271
Financial expenses (-)	25	(162.015)	(39.668)
Income before taxes		**454.051**	**300.069**
Taxation on income/expense			
Current income tax expense	26	(35.701)	(29.585)
Deferred tax (expense)/income	26	6.010	6.855
Net income for the period		**424.360**	**277.339**
Net income attributable to:			
Non-controlling interests		8.688	12.689
Equity holders of the parent		415.672	264.650
		424.360	**277.339**
Earnings per share (Full TL)	**27**	**4,31**	**2,74**

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

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

OTHER COMPREHENSIVE INCOME	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Net income for the period		**424.360**	**277.339**
Items that will be reclassified to profit or loss		**119.624**	**126.321**
Currency translation differences		128.826	130.526
Cost of hedging reserves		1.161	(4.205)
Losses on financial assets measured at fair value through other comprehensive income		(12.954)	-
Tax effect	26	2.591	-
Items that will not be reclassified to profit or loss		**23.471**	**9.803**
Loss on remeasurement of defined benefits plans	16	(9.705)	(4.762)
Gain from investments in equity instruments		32.401	14.132
Tax effect	26	775	433
Other comprehensive income		**143.095**	**136.124**
Total comprehensive income		**567.455**	**413.463**
Total comprehensive income attributable to:			
Non-controlling interest		34.453	38.793
Equity holders of the parent		533.002	374.670
		567.455	**413.463**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Share capital	Adjustments to share capital	Treasury shares	Reserves for treasury shares	Cost of hegding reserves (**)	Restricted reserves appropriated from profit	Gains and losses on remeasurement of defined benefit plans (*)	Gains from investments in equity instruments (*)	Fair value losses on financial assets at FVTOCI (**)	Currency translation differences (**)	Prior years' profit	Net income for the year	Put option revaluation fund related with non-controlling interests	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balances as of 1 January 2021	**25.000**	**2.991**	**(10.054)**	**10.054**	**(2.971)**	**7.196**	**(6.233)**	**1.334**	**-**	**74.999**	**314.759**	**114.528**	**(29.324)**	**502.279**	**35.470**	**537.749**
Transfers to prior years' profit	75.000	-	-	-	-	-	-	-	-	-	39.528	(114.528)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(28.672)	-	-	(28.672)	-	(28.672)
Change in put option revaluation fund	-	-	-	-	-	-	-	-	-	-	-	-	(96.362)	(96.362)	-	(96.362)
Sales of treasury shares	-	-	272	(272)	-	-	-	-	-	-	7.328	-	-	7.328	-	7.328
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	264.650	-	264.650	12.689	277.339
Other comprehensive income	-	-	-	-	(4.205)	-	(4.329)	14.132	-	104.422	-	-	-	110.020	26.104	136.124
Balances as of 31 December 2021	**100.000**	**2.991**	**(9.782)**	**9.782**	**(7.176)**	**7.196**	**(10.562)**	**15.466**	**-**	**179.421**	**332.943**	**264.650**	**(125.686)**	**759.243**	**74.263**	**833.506**
Balances as of 1 January 2022	**100.000**	**2.991**	**(9.782)**	**9.782**	**(7.176)**	**7.196**	**(10.562)**	**15.466**	**-**	**179.421**	**332.943**	**264.650**	**(125.686)**	**759.243**	**74.263**	**833.506**
Transfers to prior years' profit	-	-	-	-	-	22.186	-	-	-	-	242.464	(264.650)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	(86.718)	-	-	(86.718)	-	(86.718)
Change in put option revaluation fund	-	-	-	-	-	-	-	-	-	-	-	-	(99.865)	(99.865)	-	(99.865)
Purchase of treasury shares	-	-	(15.553)	15.553	-	-	-	-	-	-	(15.553)	-	-	(15.553)	-	(15.553)
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	415.672	-	415.672	8.688	424.360
Other comprehensive income	-	-	-	-	1.161	-	(8.930)	32.401	(10.363)	103.061	-	-	-	117.330	25.765	143.095
Balances as of 31 December 2022	**100.000**	**2.991**	**(25.335)**	**25.335**	**(6.015)**	**29.382**	**(19.492)**	**47.867**	**(10.363)**	**282.482**	**473.136**	**415.672**	**(225.551)**	**1.090.109**	**108.716**	**1.198.825**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
A. Cash flows generated from operating activities		**752.056**	**373.166**
Profit for the period		424.360	277.339
Adjustments to reconcile profit for the year		**62.740**	**(336)**
Adjustments related to depreciation and amortization expenses	11, 12, 13	117.635	78.872
Adjustments related to provisions for employment termination benefits	16	20.456	14.059
Adjustments related to interest expenses	25	75.874	10.173
Adjustments related to interest income	23,24	(120.761)	(33.962)
Adjustments related to fair value losses (gains) of derivative financial instruments		(19.706)	17.744
Adjustment related to impairment/(reversal of) on receivables	8	(2.060)	(22.037)
Other adjustments to reconcile the profit/(loss)		(29.091)	(84.223)
Adjustments related to fair value gains of financial assets		(9.298)	(3.692)
Adjustments related to tax expense	26	29.691	22.730
Changes in working capital		**308.490**	**123.075**
Adjustments related to increase in inventories		(2.421)	(3.082)
Adjustments related to increase in trade receivables		(31.682)	(13.466)
Adjustments related to increase in trade payables		57.193	4.345
Increase in other assets related to operations		(30.190)	(2.523)
Increase in other payables related to operations		315.590	137.801
Cash flows generated from operating activities		**795.590**	**400.078**
Tax payments	26	(40.412)	(25.264)
Payments related to employee benefits	16	(3.122)	(1.648)
Cash outflows for purchases of property, plant and equipment and intangible assets	11, 12	(274.782)	(140.263)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds		(408.016)	(283.524)
Proceeds from sale of property and equipment and intangible assets		731	322
Cash outflows from share purchase or capital increase in associates and joint ventures		(5.397)	(6.436)
Interest received		120.761	33.962
B. Cash flows from investing activities		**(566.703)**	**(395.939)**
Repayments of loans	32	(55.221)	(65.201)
Cash from loans	32	19.898	89.252
Interest paid		(73.826)	(7.974)
Cash outflows from the acquisition of own shares of entity		(15.553)	-
Cash inflows from sales of treasury shares		-	9.771
Lease payments	32	(10.701)	(16.666)
Dividends paid		(86.718)	(28.673)
C. Cash flows from financing activities		**(222.121)**	**(19.491)**
Net increase in cash and cash equivalent before the effects of currency translation differences (A+B+C)		**(36.768)**	**(42.264)**
D. Effects of currency translation differences on cash and cash equivalents		**6.529**	**40.058**
Net increase in cash and cash equivalents (A+B+C+D)		**(30.239)**	**(2.206)**
E. Cash and cash equivalents at the beginning of the period	**4**	**259.390**	**261.596**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**4**	**229.151**	**259.390**

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

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

NOTE 1 - ORGANIZATION AND NATURE OF GROUP'S OPERATIONS

Logo Yazılım Sanayi ve Ticaret Anonim Şirketi ('Logo Yazılım' or the 'Company'), was established in 1986 and became a corporation on 30 September 1999. The Company is domiciled in Turkey and operates under the Turkish Commercial Code.

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

As of 31 December 2022, average number of the personnel of the Group is 1.408 (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 31 December 2022, the main shareholder and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş. Shareholding structure of the Company is disclosed on Note 18.

The nature of businesses of subsidiaries and joint ventures of Logo Yazılım (together referred to as the 'Group') are as follows:

Subsidiary	Country of incorporation	Nature of business
Total Soft S.A. ("Total Soft")	Romania	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
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 A.Ş. ("Peoplise")	Turkey	Software programming and IT
Logo Bilişim Hizmetleri A.Ş. ("Logo Bilişim") (**)	Turkey	

Subsidiary	Country of incorporation	Nature of business
Logo Infosoft Business Technology Private Limited ("Logo Infosoft")	India	Development and marketing of software

(*) Logo Bilişim was established on 29 November 2022, it has not been operational yet.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial Reporting Standards

The accompanying 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/TFRS'). TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ('IFRS') by the communiqués announced by the POA.

The 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.

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 tangible and intangible assets arising from business combinations.

2.1.2 Financial Statements of Subsidiaries Operating in Foreign Countries

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted to TAS/TFRS 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 . Exchange differences arising from the use of balance sheet date and average exchange rates are included in the 'currency translation difference' under the shareholders' equity.

2.1.3 Basis of Consolidation

The consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 December 2022 include the accounts of Logo Yazılım and its subsidiaries. The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 31 December 2022 and 31 December 2021:

Subsidiaries	**31 December 2022 (%)**	**31 December 2021 (%)**
Total Soft	80,00	80,00
Logo GmbH	100,00	100,00
ABS	80,00	80,00
ABS FS (*)	39,20	39,20
Peoplise	88,00	88,00
Logo Bilişim	100	-

(*) In 2018, the Company acquired 100% of the shares of Architected Business Solutions SRL and indirectly owns 49% of the shares of Nexia ABS Financial Services SRL. In accordance with the parent agreement, all risks and gains (including gains, losses and net asset rights) related to Nexia's shares have been transferred to the Company. As explained in Disclosure 9 after acquisition, 20% of Total Soft shares are transferred to Avramos Holding Ltd. In accordance with the contract, the Company takes all decisions regarding the subsidiary. Therefore, the Company has control over the subsidiary and can be fully consolidated without accounting for non-controlling interests.

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

2.1.3 Basis of Consolidation (Continued)

Joint venture	31 December 2022 (%)	31 December 2021 (%)
Logo Infosoft (*)	50,00	50,00

(*) As of 1 January 2018, the Company has joint control of Logo Infosoft based on the contract made with GSF Software Labs LLC on. After this date Logo Infosoft has been accounted according to equity method in the consolidated financial statements.

Subsidiaries

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

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

2.1.4 Presentation and Functional 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 functional currency of Logo Yazılım.

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.

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

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

2.1.5 Comparative Information and Restatement of Previous Year Financial Statements

The Group prepared its consolidated financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. For the purpose of convenience with the presentation of current period consolidated financial statements, comparative information is restated when necessary and major changes are disclosed. In the current period, the Group has made a reclassification in prior year financial statements. The nature and amount of reclassification is disclosed below:

- In 2021, Group presented provision expenses amounting to TL 1.856 as "Current Income Tax Liability" in the financial position statement. In current year, this amount is reclassified in "Trade Payables" by Group management.

This reclassification has no impact on profit or loss statement.

2.2 Going Concern

The consolidated financial statements including the accounts of the parent company and its subsidiary have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard. The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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

2.3 New and Amended Turkish Financial Reporting Standards (Continued)

a) Amendments that are mandatorily effective from 2022 (continued)

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

Amendments to TFRS *9 Financial Instruments,* the amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to 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 assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group's consolidated financial statements.

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

NOTE 2 - BASIS OF PRESENTATION OF 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	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfilment 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.

NOTE 2 - BASIS OF PRESENTATION OF 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 (continued)

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.

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 position and performance of the Group.

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

2.4 Changes in Accounting Policies

Accounting policy changes arising from the initial application of a new TAS/TFRS are applied retrospectively or prospectively in accordance with the transitional provisions of the TAS/TFRS. 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 . No adjustments have been made to the prior period financial statements.

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 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 31 December 2022, no inflation adjustment was made according to TAS 29.

2.5 Summary of Significant Accounting Policies

Financial assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

a-) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded, and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise 'trade receivables' and 'cash and cash equivalents' in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, credit card receivables and checks received.

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial assets (continued)

Classification and measurement (continued)

a-) Financial assets carried at amortized cost (continued)

Trade receivables and impairment provision

The Group uses the provision matrix by selecting the facilitated application for impairment calculations, since its trade receivables, accounted for amortized cost in the consolidated financial statements, do not contain a significant financing component. With this application, the Group measures the expected credit loss provision at an amount equal to the lifetime expected credit losses in cases where the trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, the future estimates of the Group are taken into account together with past credit loss experiences.

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

Trade and other payables

Trade and other payables are initially measured at fair value. None interest rate bearing short-term payables are measured at original invoice amount unless the effect of imputing interest is significant.

Financial borrowings

Interest-bearing financial borrowings are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset. Other borrowing costs shall be recognized as an expense in the period it incurs.

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial assets (continued)

Classification and measurement (continued)

b-) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through' arrangement or the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Derivative financial instruments and hedge accounting

The long-term loans used by the Group in Euro are matched with the income in the same currency, which has a high probability of realization, and has been defined as a means of protection against the currency risk exposed. Exchange differences arising from loans subject to hedge accounting are recognized under equity, under other comprehensive income/expenses to be reclassified to profit or loss.

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

2.5 Summary of Significant Accounting Policies (Continued)

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Related Parties

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

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

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

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

For the purpose of these consolidated financial statements, shareholders, associated entities, key management personnel and Board of Directors members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as related parties. As a result of ordinary business operations, Company may have business relations with the related parties.

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

2.5 Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the aggregate of the consideration transferred measured at fair value at the date of acquisition and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed at fair value in accordance with TFRS 3 on the date of acquisition. The goodwill for associates is recorded in consolidated statement of financial position under associates accounted for using the equity method.

In the event the amount paid in an acquisition is lower than the fair value of the acquired net assets and liabilities the difference is recognised as income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. The impairment of goodwill cannot be cancelled. The Group tests the impairments of goodwill as of December 31st.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Property, Plant and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Gains or losses on disposals of property and equipment are included in the related income and expense accounts, as appropriate.

The initial cost of property and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance expenses are charged to the statement of profit or loss during the period in which they are incurred.

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

2.5 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

These capitalized costs are depreciated and charged to statement of profit or loss over the useful life of the related assets. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which are as follows:

	Useful Life
Leasehold improvements relating to building	5 - 49 year
Machinery, plant and equipment	5 year
Motor vehicles	5 year
Furniture and fixtures	3 - 15 year

Estimated useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Intangible Assets

Intangible assets include acquired rights, development costs, software and technology, customer relationships and other identifiable rights acquired in business combinations. Intangible assets are carried at cost less accumulated amortization. These are accounted by cost of acquisition and are subjected to straight-line depreciation method with their useful lives starting from the date of acquisition.

	Useful Life
Development costs	5 - 15 year
Technology developed	5 - 10 year
Customer relations	8 - 20 year
Agreement for restriction of competition	3 - 4 year
Other intangible assets	3 - 5 year

Intangible assets acquired in business combinations are accounted for over their fair values at the acquisition date. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Research and Development Costs

Research is defined as the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. The expenditure on research is recognized as an expense when it is incurred.

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 when the following are demonstrated:

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

2.5 Summary of Significant Accounting Policies (Continued)

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,
b) Its intention to complete the intangible asset and use or sell it,
c) Its ability to use or sell the intangible asset,
d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs comprise salaries, wages and related costs of the staff working directly in development activities and other directly attributable costs. The government grants related development costs are deducted from the carrying value of associated development costs.

Impairment of Assets

All assets are reviewed for impairment losses including property, plant and equipment, and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

2.5 Summary of Significant Accounting Policies (Continued)

Leases (continued)

The Group - as a lessee (continued)

To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and
d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset.

The Group has the right to direct use of asset if either:

i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or
ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used**.**

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criteria.

Right-of-use asset

The right of use asset is initially recognized at cost comprising of:

a) Amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group and

The Group subsequently measures the right-of-use asset:

a) After netting-off depreciation and reducing impairment losses from right of use asset,
b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies TAS 16 'Property, Plant and Equipment' to amortize the right of use asset and to assess for any impairment.

Determine whether the right-of-use assets has impaired and to account for any impairment loss, applies TAS 36, 'Impairment of Assets' standard.

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

2.5 Summary of Significant Accounting Policies (Continued)

Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

a) Increasing the carrying amount to reflect interest on lease liability,
b) Reducing the carrying amount to reflect the lease payments made and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Government Incentives

Logo Yazılım benefits from research and development ('R&D') grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ('TÜBİTAK') and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognized when there is reasonable assurance that Logo Yazılım will comply with the conditions attached to them and the grants will be received.

The government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

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

2.5 Summary of Significant Accounting Policies (Continued)

Government Incentives (continued)

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group. Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible.

Income Taxes

Income tax expense comprises current tax and deferred tax expense. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The tax base resulting from the addition of non-deductible expenses in accordance with the tax laws to the commercial income of the corporations, and the deduction of the exemptions and deductions in the tax laws, is different from the profit before tax amount in the consolidated statement of profit or loss. The current year tax liability includes the tax liability calculated in accordance with the tax legislation in force on the taxable portion of the profit for the period and the tax rates effective as of the balance sheet date, and the adjustments related to the tax liability of the prior years.

Deferred taxes are calculated over the temporary differences between the carrying values of assets and liabilities in the financial statements and their tax base values. Except for business combinations, deferred tax asset or liability is not included in the financial statements in case assets and liabilities that do not affect both commercial and financial profit or loss are included in the financial statements for the first time.

In the calculation of deferred tax assets and liabilities, tax rates (based on ratios that have entered into force or are finalized as of the balance sheet date) that will be valid on the dates when the Group thinks that these temporary differences will disappear are used. Provided that they are subject to the tax legislation of the same country and there is a legally enforceable right to set off current tax assets from current tax liabilities, deferred tax assets and deferred tax liabilities are mutually offset.

While the deferred tax liability is calculated over all taxable temporary differences, the deferred tax asset is recognized on the condition that it is highly probable that deductible temporary differences will be realized by generating taxable profit in the future. In each balance sheet period, the Group reviews its deferred tax assets and accounts for the possibility of future deductibility.

Interest and penalties assessed on income tax deficiencies are presented based on their nature.

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

2.5 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Group mainly generates revenue from sale of off-the-shelf software, sale of Logo Enterprise Membership ('LEM'), sale of SaaS membership, after-sales services revenue, development of customized software and version upgrade package sales.

Off-the-shelf software sales - license model

Revenues on off-the-shelf software sales are recognized when the control passes the customer. Net sales represent the invoiced value less sales returns and discounts. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

On the off-the-shelf software sales, Logo Yazılım charge its customers a one-time fee and the customers are entitled to use the current release and version indefinitely. Accordingly, the Company does not have obligation following the point of sale.

Off-the-shelf software sales - pay as you go model

In the sales model where the license rights are not transferred to customers, but usage right of the package programme is made available for a limited period of time, the revenues are accounted for on accrual basis.

e-Logo Private Integrator service sales

Companies issuing e-invoice can exchange electronic invoice via data processing system of a private integrator that has the technical capability instead of using internal data processing infrastructure. E-Logo is a private integrator certified by the Turkish Revenue Administration and enables its users to realize their electronic invoice exchanges that works with speed and security 24 hours. Companies that use e-Logo's private Integrator Service manage their approval processes on web. Private Integrator Service is provided with a prepaid coin sale. Revenue is recognized according to rates of coin usage.

LEM sales and version upgrade package sales

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 value to the products throughout the year. Enterprises which buy LEM obtain the basic maintenance and support services necessary for high performance functioning of Enterprise Resource Planning, besides receiving all the legal changes and charged version changes free of charge. LEM sales are recognized on an accrual basis over the contract period. The Group gives LEM for free with the initial sale of the main software.

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

2.5 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

LEM sales and version upgrade package sales (continued)

The Group's management noted that LEM products are sold free of charge in the first year and all receipts from these sales transactions are attributed to the main software product. Since the free of charge LEM products given 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. A fee is charged for the subsequent renewal of LEM agreements.

SaaS subscription income

SaaS subscription income is allocated to customers on a monthly basis. Income is invoiced and recognised as part of a periodic invoicing process and the source of income is accounted for as soon as the service is rendered.

Post-delivery customer support

The revenues from post-delivery customer support are recognized on the accrual basis based on the terms of the agreements. The post-delivery customer support services are mainly provided by the business partners.

Customized software development

Customized software development project revenues are included in the consolidated financial statements as income based on the stage of completion of contract obligations as of the balance sheet date.

Other revenues

Other revenues earned by the Group are recognized on the following basis:

Royalty and rental income - on an accrual basis,
Interest income - on an effective yield basis,
Dividend income - when the Company's right to receive payment is established.

Provisions

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

Provision of distribution premium

The Group set annual sale targets for its distributors and distribute premiums at the end of the year according to these targets. Premiums are recognized in the period that they are realized and associated with profit and loss statements.

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

2.5 Summary of Significant Accounting Policies (Continued)

Contingent Assets and Liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and treated as contingent assets or liabilities.

Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognized in the financial statements. Contingent assets are not recognized in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Put option

Potential cash payments related to the sales options held by the Group's subsidiaries are accounted for as a financial liability. The amount payable under the option is initially recognized at fair value within the borrowing framework and the amount corresponding to this amount is followed in equity. The amount recognized in the shareholders equity is recognized in the put option revaluation fund related with non-controlling interests account under the shareholders' equity of the parent company, provided that certain conditions are met. The Group recognizes changes in the subsequent periods in put option revaluation fund related with non-controlling interests.

Employee Benefits

Retirement pay liability

Employment termination benefits, as required by the Turkish Labor Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefit to employees in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one-year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated other comprehensive income.

Personnel vacation provision

Unused vacation rights accrued in the consolidated financial statements represents total provision for liabilities related to employees' unused vacation days as of the balance sheet date.

Personnel bonus provision

Personnel bonus provisions consist of the benefits provided to the employees by the Company as a result of the performance of the employees during the year. Personnel bonuses are recognized in the profit or loss statement in the period in which they are accrued.

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

2.5 Summary of Significant Accounting Policies (Continued)

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Statement of Cash Flows

The Group prepares consolidated statement of cash flows as an integral part of its financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (property and equipment, intangible assets and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Segment Reporting

The Group's operations are carried out in a single business line. There are two geographical segments which include the data used by management to make decisions on performance evaluation and source distribution. The Group's geographical segments cover operations in Turkey and Romania. These segments are managed separately since different economic conditions affect them. Their risks and yields are different based on their geographical positions. The Group's management adopted a policy of examining geographical segment results in the interim consolidated financial statements prepared in line with TFRS while evaluating the performance of segments.

Geographical segments are reported in a manner consistent with the reporting provided to the Chief Executive Officer and Board of Directors of the Group ('Chief Operating Decision-Maker').

EBITDA is not a financial measure defined by TAS/TFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies.

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

2.5 Summary of Significant Accounting Policies (Continued)

Segment Reporting (continued)

For a geographical segment to be identified as a reportable segment, its revenue, including both sales to external customers and intersegment sales or transfers, should be 10% or more of the combined revenue, internal and external, of all geographical segments; its profit or loss should be 10% or more of the combined profit or loss or its assets should be 10% or more of the combined assets of all geographical segments. Management monitors the Group's operations in Turkey and Romania, separately.

Geographical segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is equal to basic EPS because the Group does not have any convertible notes or share options granted to employees.

In Turkey, companies are allowed to raise their share capital by distributing bonus shares to shareholders from retained earnings. In computing earnings per share, such bonus share distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this calculation.

2.6 Significant Accounting 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:

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

2.6 Significant Accounting Estimates and Assumptions (Continued)

Provision for doubtful receivables

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

Useful lives of intangible assets

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

Revenue recognition

The Group uses percentage of completion method in accounting of its software license revenues and customized software revenues. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of total services to be performed.

Logo Enterprise Membership 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 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 taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.

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

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

2.6 Significant Accounting Estimates and Assumptions (Continued)

Goodwill impairment test

The Group tests the goodwill amount for impairment each year or in shorter periods in case of any impairment. The recoverable amounts of cash generating units are determined on fair value less cost of disposal basis. The details of estimates and assumptions used are explained in Note 14.

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).

2022	**Turkey**	**Romania**	**Segmental eliminations**	**Consolidated**
Segment assets	1.646.926	1.019.932	-	2.666.858
Segment liabilities	994.967	473.066	-	1.468.033
Goodwill	11.155	425.760	-	436.915
Property, plant and equipment and intangible asset	315.445	396.965	-	712.410
Right-of-use assets	4.223	16.021	-	20.244

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

NOTE 3 - SEGMENT REPORTING (Continued)

2022	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	997.533	543.943	-	1.541.476
Cost of sales	(35.937)	(326.701)	-	(362.638)
Operating expenses	(655.472)	(147.983)	-	(803.455)
Other operating income	23.317	4.329	-	27.646
Other operating expenses	(26.060)	(1.647)	-	(27.707)
Income from investing activities	64.664	-	-	64.664
Shares of losses of investments valued through equity method	(5.742)	-	-	(5.742)
Finance income	175.515	6.307	-	181.822
Finance expenses	(143.441)	(18.574)	-	(162.015)
Depreciation and amortization	(64.642)	(52.993)	-	(117.635)
Tax expense	(23.140)	(6.551)	-	(29.691)
Net profit/(loss) for the period	371.237	53.123	-	424.360
Adjusted EBITDA	370.766	122.252	-	493.018
Purchase of property, plant and equipment and intangible assets	182.484	92.298	-	274.782

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

2022	Consolidated
Adjusted EBITDA	493.018
Depreciation and amortization expenses	(117.635)
Income from investing activities	64.664
Shares of losses of investments valued through equity method	(5.742)
Other operating income	27.646
Other operating expenses	(27.707)
Finance income	181.822
Finance expenses	(162.015)
Profit before tax	**454.051**

2021	Turkey	Romania	Segmental eliminations	Consolidated
Segment assets	1.095.150	712.825	(504)	1.807.471
Segment liabilities	625.401	349.068	(504)	973.965
Goodwill	11.155	316.121	-	327.276
Property, plant and equipment and other intangible assets	193.883	259.035	-	452.918
Right-of-use assets	5.831	11.865	-	17.696

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

NOTE 3 - SEGMENT REPORTING (Continued)

2021	**Turkey**	**Romania**	**Segmental eliminations**	**Consolidated**
Revenue	504.566	262.200	-	766.766
Cost of sales	(16.149)	(126.584)	-	(142.733)
Operating expenses	(349.026)	(67.625)	-	(416.651)
Other operating income	9.589	13.039	-	22.628
Other operating expenses	(15.517)	(2.709)	-	(18.226)
Income from investing activities	11.682	-	-	11.682
Finance income	115.643	628	-	116.271
Finance expenses	(33.049)	(6.619)	-	(39.668)
Depreciation and amortization	(51.109)	(27.763)	-	(78.872)
Tax expense	(13.838)	(8.892)	-	(22.730)
Net profit/(loss) for the period	213.900	63.439	-	277.339
Adjusted EBITDA	190.500	95.754	-	286.254
Purchase of property, plant and equipment and intangible assets	85.197	55.066	-	140.263

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

2021	**Consolidated**
Adjusted EBITDA	286.254
Depreciation and amortization	(78.872)
Income from investing activities	11.682
Other operating income	22.628
Other operating expenses	(18.226)
Finance income	116.271
Finance expenses	(39.668)
Profit before tax	**300.069**

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

NOTE 4 – CASH AND CASH EQUIVALENTS

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

	31 December 2022	**31 December 2021**
Cash	37	47
Bank		
- Time deposits	156.487	135.600
- Demand deposits	50.888	41.657
Credit card slip receivables	5.286	73.255
Liquid funds (*)	16.453	8.720
Checks received	-	111
	229.151	**259.390**

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

NOTE 5 - FINANCIAL INVESTMENTS

Short-term financial investments

	31 December 2022	**31 December 2021**
- Time deposits with maturity longer than 3 months (*)	-	*45.252*
- Financial assets at fair value through profit or loss	*113.780*	*71.966*
- Financial assets at fair value through other comprehensive income (**)	*297.351*	*56.715*
	411.131	**173.933**

(*) The average maturity of time deposits are 180 days.
(**) Bonds consist of financial investments which are easily convertible into cash, do not bear the risk of significant changes in value and have high liquidity. Bonds are denominated in US Dollars.

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

NOTE 5 - FINANCIAL INVESTMENTS (Continued)

Long-term financial investments

Fair value difference recognized in other comprehensive income

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

	31 December 2022	31 December 2021
Logo Ventures Girişim Sermayesi Yatırım Fonu ("Logo Ventures I") (*)	9.659	6.393
Logo Ventures Girişim Sermayesi Yatırım Fonu ("Logo Ventures II") (*)	83.750	29.843
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. ("Interpro")	81	81
Figo Ticari Bilgi ve Uygulama Platformu A.Ş. (**)	37.210	-
Payer Yazılım Sanayi ve Ticaret A.Ş. (**)	2.952	-
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş. ("Dokuz Eylül")	50	50
	133.702	**36.367**

(*) As of 30 September 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 32.401 (2021: TL 14.132) has been accounted for in other comprehensive income. Interpro and Dokuz Eylül are reflected in the consolidated financial statements at cost as of 31 December 2022 and 2021, as their fair value difference is not significant. The Company has pledged USD 11.200 to İstanbul Portföy Yönetimi A.Ş. Logo Ventures II Girişim Sermayesi Yatırım Fonu and paid USD 1.680 in 2022 (2021: USD 2.240).

(**) Payer Yazılım Sanayi ve Ticaret A.Ş. and Figo Commercial Information and Application Platform A.Ş., in which the Group owns 10% and 4.02% shares, respectively, as of 31 December 2022, have been evaluated as assets at fair value through other comprehensive income. Since the difference between the fair value and the cost value is insignificant, they are accepted as equal.

	31 December 2022	31 December 2021
- Financial assets at fair value through other comprehensive income (***)	*204.247*	*121.202*

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

Other long-term financial investments:

	31 December 2022	31 December 2021
Other long-term financial investments (****)	45.522	26.339

(****) 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 82%. 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.

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

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Summary of balance sheet

Logo Infosoft	**31 December 2022**	**31 December 2021**
Cash and cash equivalents	5.256	2.858
Other current assets	11.687	6.961
Other non-current assets	720	812
Total assets	**17.663**	**10.631**
Other short-term liabilities	5.766	17.087
Other long-term liabilities	96.313	55.201
Total liabilities	**102.079**	**72.288**
Net liabilities	**(84.416)**	**(61.657)**

Summary of income statement

Logo Infosoft	**31 December 2022**	**31 December 2021**
Income	2.331	1.807
Expenses (-)	(6.400)	(12.380)
Net loss for the period	**(4.069)**	**(10.573)**
Interest ratio of the Group	50,00%	50,00%
Group's share	(2.035)	(5.287)
Unrecognised losses (*)	-	5.287
Share of losses of investment under equity method	**-**	**-**

(*) As of 31 December 2022, the total loss to the Group's share but not recorded is TL 16.506.

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

NOTE 7 – BORROWINGS

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

Short-term borrowings:	**31 December 2022**	**31 December 2021**
Short-term bank loans	12.680	56.570
Credit card payables	991	790
Lease liabilities	7.691	7.428
	21.362	**64.788**
Short-term portions of long-term borrowings:		
Short-term portions of long-term bank loans	38.251	28.576
Lease liabilities	1.585	480
	39.836	**29.056**
Total short-term borrowings	**61.198**	**93.844**

Long-term borrowings:	**31 December 2022**	**31 December 2021**
Long-term bank loans	175.796	159.907
Lease liabilities	16.654	12.672
Total long-term borrowings	**192.450**	**172.579**

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

NOTE 7 – BORROWINGS (Continued)

		31 December 2022	
	Weighted average annual interest rate (%)	**Original amount**	**TL equivalent**
Short-term borrowings:			
Bank loans - EUR - unsecured	Euribor+ 2,40%	635	12.680
Credit card payables - TL		991	991
Payables from leasing transactions - Euro	Euribor 3+3,5%	271	5.412
Payables from leasing transactions - TL	12% - 25%	2.279	2.279
			21.362
Short-term portion of long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+ 2,45%-2,50%	1.915	38.251
Lease liabilities - EUR		79	1.585
			39.836
Long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+ 2,45%-2,50%	8.803	175.796
Lease liabilities - TL		3.210	3.210
Lease liabilities - EUR		673	13.444
			192.450
Total borrowings			**253.648**

		31 December 2021	
	Weighted average annual interest rate (%)	**Original amount**	**TL equivalent**
Short-term borrowings:			
Bank borrowings - TL - unsecured		14.446	14.446
Bank borrowings - RON - unsecured	Rabor 1 + 2,40%	13.895	42.124
Credit card payables - TL		790	790
Lease liabilities - EUR	Euribor 3+ 3,5%	287	4.333
Lease liabilities - TL	12% – 25%	3.095	3.095
			64.788
Short-term portion of long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+ 2,45%-2,50%	1.894	28.576
Financial leases - EUR		32	480
			29.056
Long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+2,45%-2,50%	10.599	159.907
Lease liabilities - TL		4.035	4.035
Lease liabilities - EUR		573	8.637
			172.579
Total borrowings			**266.423**

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

NOTE 7 – BORROWINGS (Continued)

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

	31 December 2022	31 December 2021
To be paid within 1-2 years	84.583	33.752
To be paid within 2-5 years	83.406	91.963
To be paid in more than 5 years	24.461	46.864
	192.450	**172.579**

	Net book value		Fair value	
	2022	**2021**	**2022**	**2021**
Bank borrowings	226.727	245.053	243.037	261.760
	226.727	**245.053**	**243.037**	**261.760**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables:	31 December 2022	31 December 2021
Buyers	410.637	223.258
Credit card receivables	-	144.590
Cheques and notes receivables	3.527	5.500
Less: Provision for doubtful receivables	(21.743)	(19.587)
Less: Unearned finance income from futures sales	(6.047)	(20.930)
	386.374	**332.831**

As of 31 December 2022, the average turnover rate of receivable is 73 days (31 December 2021: 116 days). As of 31 December 2022, the average turnover rate is 57 days, excluding credit card receivables. The discount rate applied for non-due receivables is 18% (31 December 2021: 15.73%).

As of 31 December 2022, trade receivables amounting to TL 34.464 (31 December 2021: TL 16.912) are not considered as doubtful receivables although they are overdue. The maturity analysis of these receivables is as follows:

	31 December 2022	31 December 2021
Up to 1 month	17.543	8.562
1-3 months	12.142	3.691
More than 3 months	4.779	4.659
	34.464	**16.912**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

As of 31 December 2022, TL 21.078 (31 December 2021: TL 9.277) of overdue receivables consists of trade receivables of Total Soft. The Group manages its receivables in accordance with credit risk management policies which is explained in Note 29.

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

	2022	2021
As of 1 January	**19.587**	**32.509**
Provisions for the year	4.568	3.565
Provisions released	(6.628)	(25.602)
Foreign currency translation difference	4.216	9.115
As of 31 December	**21.743**	**19.587**

Trade payables to third parties:	31 December 2022	31 December 2021
Trade payables	143.813	80.798

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

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

As at 31 December 2022 and 31 December 2021, the table showing the Group's exposure to credit risks according to the types of financial instruments is as follows:

	Trade receivables		Other receivables				
31 December 2022	**Related party**	**Other**	**Related party**	**Other**	**Bank**	**Derivative Instruments**	**Other**
The maximum of credit risk exposure as of reporting date	1.067	386.374	1.247	245	229.114	1.962	749.080
- Amount of risk covered by guarantees	-	*428*	-	-	-	-	-
Net carrying value of not past due and- not impaired financial assets	1.067	351.910	1.247	245	229.114	1.962	749.080
Net carrying value of past due but - not impaired financial assets	-	34.464	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-	-	-
Past due (gross carrying value)	-	*21.743*	-	-	-	-	-
Provision for impairment (-)	-	*(21.743)*	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-

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

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	Trade receivables		Other receivables				
31 December 2021	**Related party**	**Other**	**Related party**	**Other**	**Bank**	**Derivative Instruments**	**Other**
The maximum of credit risk exposure as of reporting date	839	332.831	9.045	130	259.231	7.563	331.501
- Amount of risk covered by guarantees	-	*428*	-	-	-	-	-
Net carrying value of not past due and- not impaired financial assets	839	315.920	9.045	130	259.231	7.563	331.501
Net carrying value of past due but - not impaired financial assets	-	16.911	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-
Net carrying value of	-	-	-	-	-	-	-
impaired assets	-	*19.587*	-	-	-	-	-
Past due (gross carrying value)	-	*(19.587)*	-	-	-	-	-
Provision for impairment (-)	-	-	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-

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

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

NOTE 9 - OTHER RECEIVABLES, PAYABLES AND OTHER ASSETS

Short-term other receivables from third parties:	31 December 2022	31 December 2021
Income accruals	176	-
Deposits and guarantees given	69	130
	245	**130**

Short-term other payables to third parties:	31 December 2022	31 December 2021
Put option liability – ABS (*)	219.265	119.648
Taxes payable	75.726	39.043
Other payables to third parties	275	869
	295.266	**159.560**

Long-term other payables to third parties:	31 December 2022	31 December 2021
Put option liability - Peoplise (**)	6.286	6.038
Other	615	615
	6.901	**6.653**

(*) With the share transfer agreement signed on 19 July 2018, the Group has purchased ABS and ABS FS shares, of which ABS is fully owned. As a result of these purchases, there is a put option given to Avramos Holding Ltd by Logo Yazilim for the 20% of Total Soft shares transferred to Avramos Holding Ltd. The Company and Avramos Holding Ltd. revised the partnership agreement in 2022 to state that if Avramos Holding Ltd. exercises its put option before 10 March 2023, it will be deemed to have exercised this right on financial terms prior to the end of the first quarter of 2022. Therefore, Total Soft's 2021 financial statements are taken into consideration in the calculation of put option liability as of 31 December 2022.

(**) As a result of Peoplise's acquisitions, there is a put option granted to the shareholders by Logo Yazılım for 12% of the shares owned by the minority shareholders.

Other current assets:	31 December 2022	31 December 2021
Personnel advances	2.009	406
Prepaid taxes	1.625	3.126
Business advances	1.565	1.094
Deferred VAT	725	294
Other	12.758	968
	18.682	**5.888**

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

NOTE 10 - INVENTORIES

	31 December 2022	31 December 2021
Trade goods	5.143	4.843
Raw materials and equipment	3.118	1.066
Other	89	20
	8.350	**5.929**

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Foreign currency translation differences	31 December 2022
Cost:					
Machinery. plant and equipment	24.828	3.066	(1.193)	8.980	35.681
Motor vehicles	6.432	25.222	-	(945)	30.709
Furniture and fixtures	7.677	505	(40)	639	8.781
Leasehold improvements	28.126	1.686	-	233	30.045
	67.063	**30.479**	**(1.233)**	**8.907**	**105.216**
Accumulated depreciation:					
Machinery. plant and equipment	19.666	3.351	(463)	4.819	27.373
Motor vehicles	6.255	620	-	1.959	8.834
Furniture and fixtures	6.003	412	(39)	449	6.825
Leasehold improvements	14.173	1.292	-	205	15.670
	46.097	**5.675**	**(502)**	**7.432**	**58.702**
Net book value	**20.966**				**46.514**

	1 January 2021	Additions	Disposals	Foreign currency translation differences	31 December 2021
Cost:					
Machinery. plant and equipment	16.735	2.516	(798)	6.375	24.828
Motor vehicles	4.121	143	(209)	2.377	6.432
Furniture and fixtures	6.967	197	(244)	757	7.677
Leasehold improvements	26.033	1.808	-	285	28.126
	53.856	**4.664**	**(1.251)**	**9.794**	**67.063**
Accumulated depreciation:					
Machinery. plant and equipment	13.145	1.615	(495)	5.401	19.666
Motor vehicles	3.828	258	(192)	2.361	6.255
Furniture and fixtures	5.357	363	(242)	525	6.003
Leasehold improvements	12.180	1.752	-	241	14.173
	34.510	**3.988**	**(929)**	**8.528**	**46.097**
Net book value	**19.346**				**20.966**

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

NOTE 12 - INTANGIBLE ASSETS

	1 January 2022	Additions	Foreign currency translation differences	31 December 2022
Cost:				
Development costs	628.923	241.785	101.439	972.147
Advanced technology	22.584	-	2.587	25.171
Customer relations	96.310	-	25.835	122.145
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	28.478	2.518	10.313	41.309
	779.043	**244.303**	**140.174**	**1.163.520**
Accumulated amortization:				
Development costs	274.779	91.968	29.012	395.759
Advanced technology	18.111	748	2.573	21.432
Customer relations	35.113	7.966	8.678	51.757
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	16.340	2.732	6.856	25.928
	347.091	**103.414**	**47.119**	**497.624**
Net book value	**431.952**			**665.896**

TL 239.710 of additions to development costs for the year ended 31 December 2022 (31 December 2021: TL 126.428) consists of capitalised personnel costs.

Current period depreciation and amortisation expenses amounting to TL 92.888 (31 December 2021: TL 69.636) are included in research and development expenses, TL 2.664 (31 December 2021: TL 2.766) in marketing expenses, TL 19.993 (31 December 2021: TL 5.536) in general administrative expenses, TL 2.090 (31 December 2021: TL 934) in cost of sales.

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

NOTE 12 - INTANGIBLE ASSETS (cont'd)

	1 January 2021	Additions	Foreign currency translation differences	31 December 2021
Cost:				
Development costs	400.376	127.882	100.665	628.923
Advanced technology	19.414	-	3.170	22.584
Customer relations	64.651	-	31.659	96.310
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	14.280	7.717	6.481	28.478
	501.469	**135.599**	**141.975**	**779.043**
Accumulated amortization:				
Development costs	185.286	58.340	31.153	274.779
Advanced technology	14.052	906	3.153	18.111
Customer relations	20.702	5.586	8.825	35.113
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	11.183	1.656	3.501	16.340
	233.971	**66.488**	**46.632**	**347.091**
Net book value	**267.498**			**431.952**

NOTE 13 - RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	Foreign currency translation differences	31 December 2022
Cost:					
Motor vehicles	14.513	-	(1.092)	486	13.907
Office	26.120	8.126	(4.875)	5.410	34.781
	40.633	**8.126**	**(5.967)**	**5.896**	**48.688**
Accumulated depreciation: (-)					
Motor vehicles	11.433	2.268	(1.092)	448	13.057
Office	11.504	6.278	(4.875)	2.480	15.387
	22.937	**8.546**	**(5.967)**	**2.928**	**28.444**
Net book value	**17.696**				**20.244**

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

NOTE 13 - RIGHT OF USE ASSETS (Continued)

	1 January 2021	Additions	Disposals	Foreign currency translation differences	31 December 2021
Cost:					
Motor vehicles	12.619	1.519	(615)	990	14.513
Office	17.522	3.586	(2.959)	7.971	26.120
	30.141	**5.105**	**(3.574)**	**8.961**	**40.633**
Accumulated depreciation: (-)					
Motor vehicles	7.020	3.633	-	780	11.433
Office	5.410	4.763	-	1.331	11.504
	12.430	**8.396**	**-**	**2.111**	**22.937**
Net book value	**17.711**				**17.696**

NOTE 14 - GOODWILL

	31 December 2022	31 December 2021
Total Soft	315.161	238.491
Total Soft (ABS)	106.954	74.872
Netsis	5.892	5.892
Peoplise	3.677	3.677
Nexia	3.645	2.758
Sempa	903	903
Vardar	346	346
Intermat	337	337
	436.915	**327.276**

Movement table of goodwill for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
As of 1 January	**327.276**	**202.740**
Foreign currency translation difference	109.639	124.536
As of 31 December	**436.915**	**327.276**

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').

NOTE 14 - GOODWILL (Continued)

Goodwill impairment test - Total Soft and ABS

FVLCD is determined by discounting the expected future discounted cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the recoverable value of CGU as of 31 December 2022:

Goodwill impairment test has been performed by using the five years consolidated business projections of Total Soft and ABS prepared by the management between 1 January 2023 and 31 December 2027. 17,55% has been used as cumulative average growth rate the years between 2023 and 2027.

Cash flows for future periods (perpetuity) were extrapolated using a constant growth rate of 2,6% which is the expected inflation rate announced by the Central Bank of Romania.

Weighted average cost of capital rate of 18,8% has been used as after-tax discount rate in order to calculate the recoverable amount of the unit.

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

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

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

Long term growth rate

Originally, the long-term growth rate is assumed to be 2,6%. Has the rate been assumed to be as 3,6%, the recoverable amount would have been 5,58% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Discount rate

Originally, the discount rate is assumed to be 18,8%. Has the rate been assumed to be as 16,3%, the recoverable amount would have been 25,75% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Goodwill impairment test - Netsis

The impairment test of goodwill related with Netsis acquisition has been performed using the cash flows for the year ended 31 December 2022 and current book value. As of 31 December 2022, it is noted that the current cash flows of the cash generating unit exceeds its book value. Negative cash flows are not expected from Netsis in the foreseeable future.

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

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

		31 December 2022		31 December 2021	
	Original currency	**Original amount**	**TL equivalent**	**Original amount**	**TL equivalent**
Guarantee notes	TL	368	368	368	368
Mortgages received	TL	60	60	60	60
		428	**428**	**428**	**428**

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

GPM given by the Company:

	31 December 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	-	835		6.878	-	595		7.492
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	353.528		337	-	267.523	-	-	-
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	-	-	-	-	-	-	-	-
	353.528	**835**	**337**	**6.878**	**267.523**	**595**	**-**	**7.492**

(*) Note 7.

The ratio of other CPMs given by the Group to the equity is 0% (2021: 0%).

There are lawsuits filed against the Group in prior years amounting to TL 6.614 (2021: TL 5.443). The Group management has taken the opinion of the Group's lawyers regarding these lawsuits and accounted provisions amounting to TL 2.485 (2021: TL 1.855) for expecting cash outflows regarding these lawsuits in the consolidated financial statements.

NOTE 16 - EMPLOYEE BENEFITS

Short-term payables for employee benefits:

	31 December 2022	31 December 2021
Personnel bonuses	107.701	52.234
Taxes, funds and social security payables	83.972	24.447
Due to personnel	21.915	4.409
	213.588	**81.090**

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

Long-term payables for employee benefits:

	31 December 2022	**31 December 2021**
Provision for employment termination benefits	39.157	20.918
Provision for unused vacation liability	28.723	16.473
	67.880	**37.391**

The movement of provision for unused vacation liability for the years ended 31 December 2022 and 2021 is as follow:

	2022	**2021**
As of 1 January	**16.473**	**6.718**
Increase for the period	8.800	6.255
Currency translation difference	3.450	3.500
As of 31 December	**28.723**	**16.473**

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TL 15 for each year of service (31 December 2021: TL 8). Provision for employment termination benefits is calculated based on the present value of the Group's obligation to pay in the event of retirement.

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

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

	31 December 2022	**31 December 2021**
Discount rate (%)	3,40	4,45
Turnover rate to estimate the probability of retirement (%)	93,86	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 19 which is effective from 1 January 2023 (1 January 2022: TL 10) has been taken into consideration in the calculations.

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

The movement in the provision for employment termination benefits during the years ended 31 December 2022 and 2021 were as follows:

	2022	2021
As of 1 January	**20.918**	**10.001**
Interest cost	3.744	509
Service cost	7.912	7.295
Actuarial loss	9.705	4.762
Compensation paid	(3.122)	(1.649)
As of 31 December	**39.157**	**20.918**

NOTE 17 - PREPAID EXPENSES AND CONTRACT LIABILITIES

Short-term prepaid expenses:	**31 December 2022**	**31 December 2021**
Prepaid expenses	27.765	9.771
	27.765	**9.771**

Long-term prepaid expenses:	**31 December 2022**	**31 December 2021**
Advances given	2.508	1.125
	2.508	**1.125**

Short-term contract liabilities:

	31 December 2022	**31 December 2021**
Contract liabilities (*)	454.395	285.920
Advances received	8.482	4.977
	462.877	**290.897**

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

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

NOTE 17 - PREPAID EXPENSES AND CONTRACT LIABILITIES (Continued)

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

	31 December 2022	31 December 2021
Pay as you go sales	236.516	166.980
LEM sales	177.150	88.823
Revenue from continuing projects	14.999	26.712
After-sales services revenue	25.730	3.405
	454.395	**285.920**

NOTE 18 - EQUITY

The Company's authorized and paid-in share capital consists of 100.000.000 (31 December 2021: 100.000.000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	Share (%)	31 December 2021	Share (%)
Logo Teknoloji ve Yatırım A.Ş.	33.630	33,63	33.630	33,63
Publicly traded	66.370	66,37	66.370	66,37
	100.000	**100,00**	**100.000**	**100,00**
Adjustment to share capital	2.991		2.991	
Total paid-in capital	**102.991**		**102.991**	

The shares representing capital are categorized as group A and B. The privileges granted to group A shares are as follows: half of the board members will be elected from among the candidates nominated by group A shareholders and the Chairman of the Board is elected from among the board members proposed by Group A shareholders. Adjustment to share capital represents the difference between the historical amounts and the amounts adjusted according to the inflation of cash contributions to share capital.

NOTE 18 - EQUITY (Continued)

Treasury shares

As of 31 December 2022, the amount of treasury shares which is accounted in Group's equity is TL 25.335 (31 December 2021: TL 9.782).

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.

NOTE 19 - EXPENSES BY NATURE

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

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

NOTE 20 - SALES AND COST OF SALES

Sales:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Revenue	1.007.455	508.285
Service revenue	471.087	232.271
SaaS service revenue	38.952	11.220
Retail SaaS service revenue	38.884	23.667
Sales returns	(6.203)	(3.158)
Sales discounts	(8.699)	(5.519)
Net sales	**1.541.476**	**766.766**
Cost of sales (-)	(362.638)	(142.733)
Gross profit	**1.178.838**	**624.033**

Cost of sales:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Cost of services	334.587	130.113
Cost of transfer of financial rights	22.480	11.745
Cost of trade goods sold	5.571	875
Cost of sales (-)	**362.638**	**142.733**

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

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

Research and development expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	157.271	76.036
Depreciation and amortization (Note 11,12,13)	92.888	69.636
Outsourced benefits and services	24.792	10.964
Consultancy expenses	11.857	4.687
Motor vehicle expenses	7.050	1.460
Travel expenses	837	114
Other	32.223	12.544
	326.918	**175.441**

Marketing expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Advertising and selling expenses	119.860	79.690
Personnel expenses	94.080	46.166
Consultancy expenses	13.650	6.479
Motor vehicle expenses	5.097	1.513
Outsourced benefits and services	4.961	3.281
Depreciation and amortization (Note 11,12,13)	2.664	2.766
Travel expenses	1.060	162
Other	6.104	2.949
	247.476	**143.006**

General administrative expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	167.046	76.240
Consultancy expenses	22.236	9.343
Depreciation and amortization (Note 11, 12, 13)	19.993	5.536
Motor vehicle expenses	4.079	2.001
Outsourced benefits and services	1.539	830
Travel expenses	1.268	355
Other	12.900	3.899
	229.061	**98.204**

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

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 December 2022	1 January - 31 December 2021
Rediscount income	16.282	1.554
Foreign exchange income (*)	5.869	5.782
Overdue interest income	473	763
Other	5.022	14.529
	27.646	**22.628**

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

Other operating expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Performance premium of subsidiary	5.398	2.553
Foreign exchange expense (*)	3.754	3.003
Rediscount expenses	1.399	6.757
Provisions (no longer required) / expense	67	35
Other (**)	17.089	5.878
	27.707	**18.226**

(*) Arising from the difference between foreign exchange differences of trade receivables and trade payables.
(**) TL 10.885 consists of unrecoverable other receivable balances.

NOTE 23 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Gain on sale of financial instruments	64.664	11.682
	64.664	**11.682**

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

NOTE 24 - FINANCIAL INCOME

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange income	125.683	93.990
Interest income	56.097	22.281
Other income	42	-
	181.822	**116.271**

NOTE 25 - FINANCIAL EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange expenses	79.001	26.598
Interest expenses	73.826	7.974
Interest expense of employee termination benefits	3.744	509
Credit card commissions	2.054	1.505
Interest expense from leases	2.048	2.199
Other financial expenses	1.342	883
	162.015	**39.668**

NOTE 26 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Current period tax expense	(35.701)	(29.585)
Deferred tax income	6.010	6.855
Current period tax expense	**(29.691)**	**(22.730)**

Deferred taxes

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

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

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2022 and 2021 using the enacted tax rates, is as follows:

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

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Deferred income tax assets:				
Expense provisions	102.889	60.600	20.578	12.120
Employee termination benefits	20.279	11.707	4.056	2.341
Deferred income	15.366	10.860	3.534	2.498
Valuation of other financial assets	11.264	-	2.591	-
Vacation provision	5.981	3.477	1.196	695
Unaccrued finance income	5.171	19.592	1.189	4.506
Provision for doubtful receivables	1.217	1.009	243	202
	162.167	**107.245**	**33.387**	**22.362**
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property. equipment and intangible assets	(121.845)	(93.135)	(24.369)	(18.627)
	(121.845)	**(93.135)**	**(24.369)**	**(18.627)**
Deferred income tax assets/(liabilities) net			**9.018**	**3.735**

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

Deferred tax assets	**1 January - 31 December 2022**	**1 January - 31 December 2021**
To be recovered less than 12 months	28.135	19.325
To be recovered more than 12 months	5.252	3.037
	33.387	**22.362**
Deferred tax liabilities		
To be recovered more than 12 months	(24.369)	(18.627)
	(24.369)	**(18.627)**
Deferred income tax assets/(liabilities), net	**9.018**	**3.735**

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

	2022	**2021**
As of 1 January	**3.735**	**3.244**
Charged to statements of profit or loss	6.010	6.855
Charged to other comprehensive income	3.366	433
Currency translation difference	(4.093)	(6.797)
31 December	**9.018**	**3.735**

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. Accordingly, the corporate tax rate in Turkey is 23% for 2022 (31 December 2021: 25%). The tax rate in Romania is 16% for 2022 (31 December 2021: %16).

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

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

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 30th of the fourth month following the close of the financial year to which they relate.

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

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

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

In accordance with Tax Law No: 5035 item 44, that amends 'Technology Development Regions Law' No: 4691, corporate and income taxpayers operating in technology development regions are exempt from corporate and income tax until 31 December 2028 exclusively for their profit from software and R&D activities in this region.

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

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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

a) In accordance with the investment certificates prepared for applications made before 24 April 2003 investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No: 4842 dated 9 April 2003 and,

b) Investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law 193 repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

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

	1 January - 31 December 2022	**1 January - 31 December 2021**
Current income tax expense	35.701	29.585
Prepaid taxes and funds (-)	(32.042)	(21.215)
Current income tax liabilities	**3.659**	**8.370**

Income tax reconciliation:	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Profit before income tax	454.051	300.069
Tax calculated at enacted tax rate in Turkey (23%) (2021: %25)	(104.432)	(75.017)
Non-deductible expenses	(12.632)	(6.109)
Income not subject to tax	81.840	47.553
Unused tax losses and tax offset not recognized as deferred tax	-	2.767
Impact of foreign companies subject to different tax rates (*)	4.115	6.509
Other	1.418	1.562
Income tax expense	**(29.691)**	**(22.730)**

(*) The applicable tax rate in Romania is 16% as of 2022 (2021: 16%).

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

NOTE 27 - EARNINGS PER SHARE

The earnings per thousand shares with nominal value of Kr 1 amounted to full TL 4.31 for the year ended 31 December 2022 (2021: full TL 2.74).

	1 January - 31 December 2022	1 January - 31 December 2021
Net income attributable to equity holders of the parent	415.672	264.651
Average number of shares for the period	9.639.900	9.666.169
Earnings per share (Full TL)	**4,31**	**2,74**

NOTE 28 - RELATED PARTY DISCLOSURES

a) Due from related parties at 31 December 2022 and 2021:

Trade receivables from related parties:	31 December 2022	31 December 2021
Other	1.067	839
	1.067	**839**

b) Due from related parties at 31 December 2022 and 2021:

Other receivables from related parties:	31 December 2022	31 December 2021
Logo Infosoft	1.247	9.045
	1.247	**9.045**

c) Due to related parties at 31 December 2022 and 2021:

Payables to related parties:	31 December 2022	31 December 2021
Other	-	838
	-	**838**

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

Services given to related parties:

	2022	2021
Logo Infosoft	1.617	1.505
Logo Siber	2.735	1.267
Logo Teknoloji ve Yatırım A.Ş.	70	37
	4.422	**2.809**

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

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

e) Services purchased from related parties and other transactions with related parties during the periods ended 31 December 2022 and 2021:

Services purchased from related parties:

	2022	2021
Logo Teknoloji ve Yatırım A.Ş.	538	312
Logo Infosoft	480	-
Logo Siber	20	45
	1.038	**357**

f) Payments to key management:

	2022	2021
Benefits paid to executive management	53.393	30.681

NOTE 29 – DERIVATIVE INSTRUMENTS

Derivative financial assets:

Derivatives that are carried at fair value:	31 December 2022	31 December 2021
- Foreign swap contracts	*1.962*	*7.563*
	1.962	**7.563**

Derivative financial liabilities:

Derivatives that are carried at fair value:	31 December 2022	31 December 2021
- Foreign swap contracts	-	*24.936*
- Foreign currency forward contracts	-	*371*
	-	**25.307**

Classification of derivative instruments

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

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

NOTE 29 – DERIVATIVE INSTRUMENTS (Continued)

Fair value measurement of derivative instruments

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

30.1 Financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by limiting aggregate risk from any individual counterparty (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 need cash for recent future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TL 100.000 that can be utilized whenever needed.

	31 December 2022					
Non-derivative financial instruments	**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	253.648	269.958	16.102	50.217	178.845	24.794
Trade payables						
- *Trade payables to third parties*	*143.813*	*143.813*	*143.813*	-	-	-
Employee benefit payables	213.588	213.588	213.588	-	-	-
Other Payables						
- *Other payables to third parties*	*302.167*	*302.167*	*295.266*	-	*6.901*	-
Total liabilities	**913.216**	**929.526**	**668.769**	**50.217**	**185.746**	**24.794**

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

30.1 Financial risk management (Continued)

Liquidity risk (Continued)

	31 December 2021					
Non-derivative financial instruments	**Carrying value**	**Total contractual cash outflow (I+II+III+IV)**	**Up to 3 months (I)**	**Between 3-12 months (II)**	**Between 1-5 years (III)**	**More than 5 years (IV)**
Borrowings	266.423	283.130	59.590	38.776	136.693	48.071
Trade payables						
- *Trade payables to third parties*	*80.798*	*80.798*	*80.798*	-	-	-
Employee benefit payables	81.090	81.090	81.090	-	-	-
Other Payables						
- *Other payables to third parties*	*166.213*	*166.213*	*159.560*	-	*6.653*	-
Total liabilities	**594.524**	**611.231**	**381.038**	**38.776**	**143.346**	**48.071**

	31 December 2021					
Derivative financial liabilities	**Carrying value**	**Total contractual cash outflow (I+II+III+IV)**	**Up to 3 months (I)**	**Between 3-12 months (II)**	**Between 1-5 years (III)**	**More than 5 years (IV)**
Derivative cash outflows	*25.307*	*25.307*	*25.307*	-	-	-
Total liabilities	***25.307***	***25.307***	***25.307***	-	-	-

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

30.1 Financial risk management (Continued)

The Company's interest rate sensitive financial instruments are as follows:

	31 December 2022	31 December 2021
Financial instruments with fixed interest rate		
Financial assets		
- *Financial assets at amortized value*	*156.487*	*135.600*
- *Financial assets with fair value reflected to other comprehensive income*	*501.598*	*223.169*
Financial liabilities	39.601	77.940
Put option valuation fund for non-controlling interests	225.551	125.686
Financial instruments with float interest rate		
Financial assets		
- *Financial assets with fair value reflected to profit/loss*	*16.453*	*8.720*
- *Financial assets with fair value reflected to other comprehensive income*	*113.780*	*71.966*
Financial liabilities	214.047	188.483

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 risk of funding existing and potential debt liabilities is managed by holding liquid funds that can meet existing and potential debt liabilities, and by providing adequate funding commitments from lenders with high funding opportunities.

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 at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Assets		
USD	18,6983	13,3290
EUR	19,9349	15,0867
CHF	20,2019	14,5602
Liabilities		
USD	18,7320	13,3530
EUR	19,9708	15,1139
CHF	20,3316	14,6537

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

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		Foreign Currency Position as of 31 December 2022				
		TL Equivalent	**USD**	**EUR**	**CHF**	**Other**
1.	Trade receivables	25.137	785	523	-	25
2a.	Monetary financial assets (cash and banks accounts included)	337.519	17.888	153	-	3
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	**Current assets (1+2+3)**	**362.656**	**18.673**	**676**	**-**	**28**
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	204.247	10.923	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	**Non-current assets (5+6+7)**	**204.247**	**10.923**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**566.903**	**29.596**	**676**	**-**	**28**
10.	Trade payables	(7.826)	(337)	(76)	-	(16)
11.	Financial liabilities	(57.928)	-	(2.900)	-	-
12a.	Other monetary liabilities	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-
13.	**Current liabilities (10+11+12)**	**(65.754)**	**(337)**	**(2.976)**	**-**	(16)
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(189.240)	-	(9.476)	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**(189.240)**	**-**	**(9.476)**	**-**	**-**
18.	**Total liabilities (13+17)**	**(254.994)**	**(337)**	**(12.452)**	**-**	**-**
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	-	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
20.	**Net foreign assets/(liability) position (9-18+19)**	**311.909**	**29.259**	**(11.776)**	**-**	**28**
21.	**Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**311.909**	**29.259**	**(11.776)**	**-**	**12**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23.	Export (*)	142.704	1.000	6.221	-	-
24.	Import	-	-	-	-	-

(*) Includes exports from the countries in which the Group operates. As of 2022 the Group's total sales made outside Turkey during the period is TL 562.633 (2021: TL 270.999).

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		Foreign Currency Position as of 31 December 2021				
		TL Equivalent	**USD**	**EUR**	**CHF**	**Other**
1.	Trade receivables	20.704	872	597	-	79
2a.	Monetary financial assets (cash and banks accounts included)	210.806	4.626	7.953	2.003	2
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	**Current assets (1+2+3)**	**231.510**	**5.498**	**8.550**	**2.003**	**81**
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	104.489	7.839	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	**Non-current assets (5+6+7)**	**104.489**	**7.839**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**335.999**	**13.337**	**8.550**	**2.003**	**81**
10.	Trade payables	(8.831)	(353)	(273)	-	-
11.	Financial liabilities	(33.389)	-	(2.213)	-	-
12a.	Other monetary liabilities	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-
13.	**Current liabilities (10+11+12)**	**(42.220)**	**(353)**	**(2.486)**	**-**	**-**
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(168.545)	-	(11.172)	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**(168.545)**	**-**	**(11.172)**	**-**	**-**
18.	**Total liabilities (13+17)**	**(210.764)**	**(353)**	**(13.658)**	**-**	**-**
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(17.744)	(27)	(1.023)	1.521	-
19a.	Off-balance sheet foreign currency derivative financial assets	7.563	-	383	1.777	-
19b.	Off-balance sheet foreign currency derivative financial assets	(25.307)	(27)	(1.407)	(255)	-
20.	**Net foreign assets/(liability) position (9-18+19)**	**107.490**	**12.956**	**(6.131)**	**3.525**	**81**
21.	**Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**125.234**	**12.984**	**(5.108)**	**2.003**	**81**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23.	Export (*)	(77.194)	660	4.533	-	-
24.	Import	-	-	-	-	-

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

Foreign currency sensitivity

	31 December 2022			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets/liabilities	54.800	(54.800)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	**54.800**	**(54.800)**	**-**	**-**
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	(1.188)	1.188	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	**(1.188)**	**1.188**	**-**	**-**
Change of CHF against TL by 10%				
7- CHF net assets/liabilities	-	-	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- CHF net effect (1+2)	**-**	**-**	**-**	**-**
Change of USD against RON by 10%				
10- USD net assets/liabilities	(89)	89	-	-
11- Hedged portion from USD risks (-)	-	-	-	-
12- USD net effect (7+8)	**(89)**	**89**	**-**	**-**
Change of EUR against RON by 10%				
13- EUR net assets/liabilities	(22.288)	22.288	-	-
14- Hedged portion from EUR risks (-)	-	-	-	-
15- EUR net effect (10+11)	**(22.288)**	**22.288**	**-**	**-**

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity (Continued)

	31 December 2021			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets/liabilities	17.396	(17.396)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	**17.396**	**(17.396)**	**-**	**-**
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	11.945	(11.945)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	**11.945**	**(11.945)**	**-**	**-**
Change of CHF against TL by 10%				
7- CHF net assets/liabilities	2.916	(2.916)	-	-
8- Hedged portion from CHF risks (-)	-	-	-	-
9- CHF net effect (1+2)	**2.916**	**(2.916)**	**-**	**-**
Change of USD against RON by 10%				
10- USD net assets/liabilities	(89)	89	-	-
11- Hedged portion from USD risks (-)	-	-	-	-
12- USD net effect (7+8)	**(89)**	**89**	**-**	**-**
Change of EUR against RON by 10%				
13- EUR net assets/liabilities	(19.666)	19.666	-	-
14- Hedged portion from EUR risks (-)	-	-	-	-
15- EUR net effect (10+11)	**(19.666)**	**19.666**	**-**	**-**

Hedging

The functional currency of Total Soft, the Group's subsidiary operating in Romania, is RON. In order to hedge the foreign currency translation risk arising from the conversion of Total Soft's Euro-denominated borrowings to RON, 54% of Total Soft's Euro-denominated revenues and that it plans to generate between 2020 and 2028 in Euros are defined as hedging instruments. The Group management considers the risk of hedging ineffectiveness that may arise in the future low due to the low hedge ratio used. For the year ended 31 December 2022, foreign exchange losses amounting to TL 1.161 – income (2021: TL 4.205 - expense) were accounted for in the hedge gains/losses under shareholders' equity.

Capital risk management

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

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

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

NOTE 30 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity (Continued)

Capital risk management (Continued)

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

	31 December 2022	**31 December 2021**
Total payables	397.461	348.059
Less: Cash and cash equivalents	(640.282)	(433.323)
Net debt	(242.821)	(85.264)
Total equity	1.090.109	759.243
Total capital	847.288	673.979
Debt/capital ratio	**(29%)**	**(13%)**

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 Group could realize in a current market exchange.

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

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.

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

It is assumed that the carrying values of financial liabilities and other monetary liabilities approximate their fair values due to the variable interest rate of long-term financial liabilities. It is projected that the book values of trade and other payables reflect their fair values due to their short-term nature. The Group classifies the fair value measurements of financial instruments reflected at fair value in the financial statements according to the source of the inputs of each financial instrument class, using a 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 at 31 December 2022 is as follows.

Financial assets held at fair value through profit or loss	**Level 1**	**Level 2**	**Level 3**
Financial investments (*)	615.378	1.962	179.224

Financial assets held at fair value through profit or loss	**Level 1**	**Level 2**	**Level 3**
Sales operation liability	-	-	225.551

(*) Note 5 and 29

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

NOTE 31 - FINANCIAL INSTRUMENTS (Continued)

Classes and categories of financial instruments and their fair values

31 December 2022	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Liabilities at fair value	Carrying value	Note
Financial assets							
Cash and cash equivalents	229.151	-	-	-	-	229.151	4
Financial assets	-	113.780	680.822	-	-	794.602	5
Trade receivables	387.441	-	-	-	-	387.441	8
Receivables from related parties	2.314	-	-	-	-	2.314	28
Derivative financial instruments	-	1.962	-	-	-	1.962	29
Financial liabilities							
Financial payables	-	-	-	253.648	-	253.648	7
Other payables	-	-	-	76.616	-	76.616	9
Put option liability	-	-	-	-	225.551	225.551	9
Trade payables	-	-	-	143.813	-	143.813	9
Payables to related parties	-	-	-	4	-	4	28

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

NOTE 31 - FINANCIAL INSTRUMENTS (Continued)

Classes and categories of financial instruments and their fair values (Continued)

31 December 2021	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Liabilities at fair value	Carrying value	Note
Financial assets							
Cash and cash equivalents	259.930	-	-	-	-	259.930	4
Financial assets	45.252	71.966	240.623	-	-	357.841	5
Trade receivables	333.670	-	-	-	-	333.670	8
Receivables from related parties	9.884	-	-	-	-	9.884	28
Derivative financial instruments	-	7.563	-	-	-	7.563	29
Financial liabilities							
Financial payables	-	-	-	266.423	-	266.423	7
Other payables	-	-	-	40.527	-	40.527	9
Put option liability	-	-	-	-	125.686	125.686	9
Trade payables	-	-	-	80.798	-	80.798	9
Payables to related parties	-	-	-	842	-	842	28
Derivative financial instruments	-	25.307	-	-	-	25.307	29

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

NOTE 32 - EXPLANATIONS ON THE CASH FLOW STATEMENTS

	Loans and credit cards	Leases	Total
1 January 2022	**245.844**	**20.579**	**266.423**
Cash inflows	19.898	-	19.898
Cash outflows	(55.221)	-	(55.221)
Currency translation differences	17.197	7.926	25.123
Increase in lease liabilities (TFRS 16)	-	8.126	8.126
Cash outflows from lease liabilities (TFRS 16)	-	(10.701)	(10.701)
31 December 2022	**227.718**	**25.930**	**253.648**
Cash and cash equivalents (-)			(229.151)
Net debt			**24.497**

	Loans and credit cards	Leases	Total
1 January 2021	**132.488**	**19.813**	**152.301**
Cash inflows	89.252	-	89.252
Cash outflows	(65.201)	-	(65.201)
Currency translation differences	89.305	15.902	105.207
Increase in lease liabilities (TFRS 16)	-	1.530	1.530
Cash outflows from lease liabilities (TFRS 16)	-	(16.666)	(16.666)
31 December 2021	**245.844**	**20.579**	**266.423**
Cash and cash equivalents (-)			(259.390)
Net debt			**7.033**

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

NOTE 33 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRMS

The fees related to the services received by the Group from the Independent Audit Firm ("IAF") for the periods 1 January – 31 December 2022 and 1 January – 31 December 2021 are as follows:

	2022	**2021**
Independent audit fee for the reporting period	1.723	1.089
Other assurance services	580	1.162
	2.303	**2.251**

NOTE 34- EVENTS AFTER THE REPORTING PERIOD

In accordance with the Official Gazette No. 32098 dated Wednesday, February 8, 2023, due to the negativities caused by the earthquakes that took place in Kahramanmaraş on February 6, 2023, affected many of our provinces and our whole country, it was decided to declare an ordinary state of emergency for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. Developments related to the natural disaster in question are being closely monitored, The Group's consolidated financial position and possible impact on its performance are assessed.