

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Logo Yazılım Sanayi ve Ticaret A.Ş. (the “Company”) and its subsidiaries (together will be referred as the “Group”) as of 30 June 2023 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 Interim Financial Reporting (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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



Conclusion

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

Additional paragraph for convenience translation to English

In the accompanying condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying condensed 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, 8 August 2023

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

CONTENTS	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-58

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2023**

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

		Reviewed	Audited
	Notes	30 June 2023	31 December 2022
ASSETS			
Current Assets		1.260.754	1.084.727
Cash and cash equivalents	4	136.454	229.151
Financial investments	5	552.010	411.131
Trade receivables		487.372	387.441
- Trade receivables from third parties	8	485.867	386.374
- Trade receivables from related parties	28	1.505	1.067
Other receivables		69	245
- Other receivables from third parties	9	69	245
Inventories	10	10.435	8.350
Derivative instruments	29	-	1.962
Prepaid expenses	17	29.357	27.765
Other current assets	9	45.057	18.682
Non-current assets		2.224.723	1.582.131
Other receivables		5.100	1.247
- Other receivables from related parties	28	5.100	1.247
Financial investments	5	486.255	383.471
Right-of-use assets	13	25.251	20.244
Property, plant and equipment	11	90.597	46.514
Intangible assets		1.592.693	1.102.811
- Goodwill	14	611.663	436.915
- Other intangible assets	12	981.030	665.896
Prepaid expenses	17	10.516	2.508
Deferred tax asset	26	11.964	24.313
Other non-current asset		2.347	1.023
Total assets		3.485.477	2.666.858

The accompanying consolidated financial statements have been approved by Board of Directors on 8 August 2023 and signed on its behalf by Buğra Koyuncu, Vice Chairman of the Board of Directors and Logo Group Chief Executive Officer, CEO and Gülnur Anlaş, Logo Group Chief Financial Officer, CFO.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2023

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
LIABILITIES			
Current liabilities		1.612.114	1.185.507
Short-term borrowings	7	76.630	21.362
Short-term portions of long-term borrowings	7	56.852	39.836
Trade payables		145.340	143.813
- <i>Trade payables to third parties</i>	8	<i>145.340</i>	<i>143.813</i>
Employee benefits payables	16	189.359	213.588
Other payables		454.019	295.270
- <i>Other payables to third parties</i>	9	<i>454.013</i>	<i>295.266</i>
- <i>Other payables to related parties</i>		<i>6</i>	<i>4</i>
Contract liabilities	17	635.943	462.877
Current income tax liabilities	26	45.076	3.659
Other current liabilities		8.895	5.102
Non-current liabilities		367.625	282.526
Long-term borrowings	7	245.499	192.450
Other payables		3.703	6.901
- <i>Other payables to third parties</i>	9	<i>3.703</i>	<i>6.901</i>
Long-term provisions		94.181	67.880
- <i>Provisions for employee benefits</i>	16	<i>94.181</i>	<i>67.880</i>
Deferred tax liability	26	24.242	15.295
EQUITY			
Equity attributable to equity holders of the parent		1.329.968	1.090.109
Paid-in capital	18	100.000	100.000
Adjustment differences to share capital	18	2.991	2.991
Restricted reserves appropriated from profit		29.382	29.382
Put option revaluation fund			
related with non-controlling interests		(312.199)	(225.551)
Treasury shares (-)	18	(64.386)	(25.335)
Reserves for treasury shares	18	64.386	25.335
Other comprehensive income and expenses that will not be reclassified to profit or loss		68.448	28.375
- <i>Loss on remeasurement of defined benefit plans</i>		<i>(22.201)</i>	<i>(19.492)</i>
- <i>Gain from investments in equity instruments</i>		<i>90.649</i>	<i>47.867</i>
Other comprehensive income and expenses that will be reclassified to profit or loss		406.076	266.104
- <i>Foreign currency translation differences</i>		<i>436.663</i>	<i>282.482</i>
- <i>Hedging losses</i>		<i>(9.471)</i>	<i>(6.015)</i>
- <i>Fair value losses on financial assets at fair value through other comprehensive income</i>		<i>(21.116)</i>	<i>(10.363)</i>
Retained earnings		705.221	473.136
Net profit for the period		330.049	415.672
Non-controlling interests		175.770	108.716
Total equity		1.505.738	1.198.825
Total liabilities and equity		3.485.477	2.666.858

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR PERIOD 1 JANUARY – 30 JUNE 2023**

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

	Notes	Reviewed 1 January - 30 June 2023	Not Reviewed 1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	Not Reviewed 1 April - 30 June 2022
Revenue	20	1.024.360	572.276	636.856	367.725
Cost of sales (-)	20	(216.989)	(119.041)	(130.210)	(69.614)
Gross profit		807.371	453.235	506.646	298.111
General administrative expenses (-)	21	(111.869)	(64.100)	(79.346)	(47.170)
Marketing expenses (-)	21	(204.567)	(115.414)	(87.722)	(53.461)
Research and development expenses (-)	21	(258.974)	(144.026)	(122.910)	(67.998)
Other operating income	22	12.335	4.749	4.829	(892)
Other operating expenses (-)	22	(23.207)	(18.648)	(10.646)	(4.013)
Operating profit		221.089	115.796	210.851	124.577
Income from investing activities	23	46.876	25.611	26.014	13.424
Shares in losses of investments valued by equity method	6	(2.545)	(2.545)	-	-
Operating profit before financial income/(expenses)		265.420	138.862	236.865	138.001
Finance income	24	231.363	197.303	115.291	68.803
Finance expenses (-)	25	(57.251)	(30.185)	(75.766)	(35.881)
Profit before tax		439.532	305.980	276.390	170.923
Tax expense:					
Current tax expense	26	(101.050)	(43.973)	(22.039)	(20.587)
Deferred tax income/(expense)	26	(12.131)	3.182	(11.758)	(1.552)
Profit for the period		326.351	265.189	242.593	148.784
Current profit attributable to:					
Non-controlling interests		(3.698)	(2.897)	3.177	1.967
Equity holders of the parent		330.049	268.086	239.416	146.817
Earnings per 1 TL shares		3,42	2,80	2,48	1,52

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE
INCOME FOR THE PERIODS 1 JANUARY – 30 JUNE 2023 AND 2022

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

		Reviewed 1 January - 30 June 2023	Not Reviewed 1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	Not Reviewed 1 April - 30 June 2022
	Notes				
Profit for the period		326.351	265.189	242.593	148.784
Items that will be reclassified to profit or loss:		210.724	187.746	32.725	8.116
Foreign currency translation differences		224.933	199.944	52.761	27.423
Cost of hedging reserves		(3.456)	(3.036)	(569)	160
Losses on financial assets measured at fair value through other comprehensive income		(13.441)	(11.452)	(24.334)	(24.334)
Tax effect		2.688	2.290	4.867	4.867
Items that will not be reclassified to profit or loss:		40.073	39.340	13.221	8.242
Revaluation and measurement losses on defined benefit plans	16	(2.951)	869	-	-
Tax effect		242	(92)		
Gains from investments in equity instruments		47.552	43.333	13.221	8.242
Tax effect		(4.770)	(4.770)	-	-
Other comprehensive income		250.797	227.086	45.946	16.358
Total other comprehensive income		577.148	492.275	288.539	165.142
Total comprehensive income attributable to:					
Non-controlling interest		67.054	37.092	13.729	7.451
Equity holders of the parent		510.094	455.183	274.810	157.691
		577.148	492.275	288.539	165.142

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY – 30 JUNE 2023 AND 2022

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

	Adjustments		Reserves		Losses on hedging shares (**)	Restricted reserves appropriated from profit	Gains and losses on		Gains from investments in equity instruments (*)	Gains (Losses) on Assets at FVTOCI (**)	Foreign currency translation differences (**)	Prior years' profit	Net profit for the period	Put option valuation fund for non-controlling interests	Equity		Total equity
	Paid-in capital	to share capital	Treasury shares	for treasury shares			remeasurement of defined benefit plans (*)	attributable to the parent							Non-controlling interests		
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	74.262	833.505	
Transfers to prior years' profit	-	-	-	-	-	22.185	-	-	-	-	242.465	(264.650)	-	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	(86.718)	-	-	(86.718)	-	(86.718)	
Decrease due to share ratio changes that do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(35.011)	(35.011)	-	(35.011)	
Purchase of treasury shares	-	-	(15.553)	15.553	-	-	-	-	-	-	(15.553)	-	-	(15.553)	-	(15.553)	
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	239.416	-	239.416	3.177	242.593	
Other comprehensive income	-	-	-	-	(569)	-	-	13.221	(19.467)	42.209	-	-	-	35.394	10.552	45.946	
Balances as of 30 June 2022	100.000	2.991	(25.335)	25.335	(7.745)	29.381	(10.562)	28.687	(19.467)	221.630	473.137	239.416	(160.697)	896.771	87.991	984.762	
Balances as of 1 January 2023	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	
Transfers to prior years' profit	-	-	-	-	-	-	-	-	-	-	415.672	(415.672)	-	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	(144.536)	-	-	(144.536)	-	(144.536)	
Decrease due to share ratio changes that do not result in loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(86.648)	(86.648)	-	(86.648)	
Purchase of treasury shares	-	-	(39.051)	39.051	-	-	-	-	-	-	(39.051)	-	-	(39.051)	-	(39.051)	
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	330.049	-	330.049	(3.698)	326.351	
Other comprehensive income	-	-	-	-	(3.456)	-	(2.709)	42.782	(10.753)	154.181	-	-	-	180.045	70.752	250.797	
Balances as of 30 June 2023	100.000	2.991	(64.386)	64.386	(9.471)	29.382	(22.201)	90.649	(21.116)	436.663	705.221	330.049	(312.199)	1.329.968	175.770	1.505.738	

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

(**) Other comprehensive income/(expenses) that will be reclassified to profit or loss

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 JUNE 2023 AND 2022**

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

	Notes	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
A. Cash flows generated from operating activities		290.633	223.341
Profit for the period		326.351	242.593
Adjustments to reconcile net profit for the period		(5.477)	40.964
Adjustments related to depreciation and amortization expenses	11,12,13	83.721	54.794
Adjustments related to reversal of provisions for employment termination benefits	16	23.388	21.472
Adjustments related to interest expenses	25	47.627	19.855
Adjustments related to interest income	24	(8.469)	(27.737)
Adjustments related to losses (gains) on disposal of financial investments	23	(46.876)	(26.014)
Adjustments related to fair value losses (gains) of derivative financial instruments	29	1.962	(29.917)
Adjustment related to impairment/(reversal of) on receivables		2.172	(302)
Other adjustments to reconcile the profit/(loss)		(222.183)	(4.983)
Adjustments related to tax (income)/expense	26	113.181	33.796
Changes in working capital		35.982	(42.497)
Adjustments related to (increase)/decrease in inventories		(2.085)	353
Adjustments related to decrease in trade receivables		(58.958)	19.622
Adjustments related to decrease in trade payables		(9.915)	(12.701)
Increase in other assets related to operations		(35.125)	(29.232)
(Decrease)/increase in other payables related to operations		142.065	(20.539)
Cash flows generated from operating activities		356.856	241.060
Tax payments		(59.633)	(16.001)
Payments related to provision for employee benefits	16	(6.590)	(1.718)
Cash outflows for purchases of property, plant and equipment and intangible assets	11,12	(255.831)	(111.466)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds		(16.160)	(4.473)
Cash inflows from sale of property and equipment and intangible assets		119	103
Cash outflows from share purchase or capital increase in associates and joint ventures		-	(6.173)
Interest received		55.345	27.737
B. Cash flows from investing activities		(216.527)	(94.272)
Cash outflows related to repayments of loans	32	(60.963)	(30.078)
Cash inflows from loans	32	62.004	-
Interest paid		(45.763)	(18.741)
Cash outflows from the acquisition of own shares of entity		(39.051)	(15.553)
Cash outflows related to debt payments arising from lease agreements	32	(5.931)	(5.961)
Dividends Paid		(144.536)	(86.718)
C. Cash flows from financing activities		(234.240)	(157.051)
Net (decrease)/increase in cash and cash equivalent before the effects of foreign currency translation differences		(160.134)	(27.982)
D. Effect of foreign currency translation differences on cash and cash equivalents		65.469	5.113
Net (decrease)/increase in cash and cash equivalents		(94.665)	(22.869)
Cash and cash equivalents at the beginning of the period	4	229.151	259.390
Cash and cash equivalents at the end of the period	4	136.486	236.521

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

As of 30 June 2023, the average number of the personnel of the Group is 1.503 (31 December 2022: 1.408).

The address of the registered office of the Company is as follows:

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

As of 30 June 2023, main shareholder and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş. The partnership structure of the Company is explained in Note 18.

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

Subsidiaries	Country of operation	Field of activity
Total Soft S.A. (“Total Soft”)	Romania	Software development and marketing
Logo Financial Solutions GmbH (“Logo GmbH”)	Germany	Software development and marketing
Logo Business Solutions FZ-LLC (“Logo FFC-LLC”)	United Arab Emirates	Software development and marketing
Architected Business Solutions SRL (“ABS”)	Romania	Software development and marketing
ABS Financial Services SRL (“ABS FS”)	Romania	Software development and marketing
Elba HR İnsan Kaynakları Eğitim ve Danışmanlık AŞ (“Peoplise”)	Turkey	Software development and marketing
Logo Bilişim Hizmetleri A.Ş. (“Logo Bilişim”) (*)	Turkey	Software development and marketing

Joint venture	Country of operation	Field of activity
Logo Infosoft Business Technology Private Limited (“Logo Infosoft”)	India	Software development and marketing

(*) It was established on 29 November 2022 and has not yet started its operations as of 30 June 2023.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial Reporting Standards Applied

The accompanying consolidated financial statements of the Group have been prepared in accordance 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, in compliance with the international standards, Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/IFRS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and related supplements and interpretations. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués.

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

The Group has prepared its condensed consolidated financial statements for the interim period ended 30 June 2023 in accordance with the Turkish Accounting Standard 34, "Interim Financial Reporting" ("TAS 34"). Interim condensed consolidated financial statements do not include all disclosures and notes required by the year-end financial statements and they should be read in conjunction with the consolidated financial statements dated as at 31 December 2022.

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

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” (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. As a result, no inflation adjustment was made to the accompanying consolidated financial statements in accordance with TAS 29.

2.1.2 Financial Statements of Subsidiaries Operating in Foreign Countries

The financial statements of subsidiaries operating in foreign countries are adjusted to TAS/IFRS published by the POA for the purpose of fair presentation with necessary adjustments and classifications. Subsidiaries’ assets and liabilities of the related foreign subsidiaries are translated into Turkish Lira from the foreign exchange rate at the balance sheet date and income and expenses are translated into Turkish Lira at the average foreign exchange rate. Exchange differences arising from the differences between the average and balance sheet dates are included in the “foreign currency translation difference” under the shareholders’ equity.

2.1.3 Basis of Consolidation

The condensed consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 December 2022 include the accounts of Logo Yazılım and its subsidiaries.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

2.1.3 Basis of Consolidation (cont’d)

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 30 June 2023 and 31 December 2022:

Subsidiaries	30 June 2023 (%)	31 December 2022 (%)
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	100,00	100,00

(*) 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. Pursuant to 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. After the acquisition explained in Note 9, 20% of Total Soft's shares were transferred to Avramos Holding Ltd. In accordance with the agreement, 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.

Joint ventures	30 June 2023 (%)	31 December 2022 (%)
Logo Infosoft (*)	60,00	50,00

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

Subsidiaries

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

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

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

Joint ventures

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

2.1.4 Functional and Presentation Currency

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

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

2.2 Going Concern

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

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

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

a) Amendments that are mandatorily effective from 2023 (cont’d)

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.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

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

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

Amendments to 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 insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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 2024 and earlier application is permitted.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

2.4 Changes in Accounting Policies

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

2.5 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the six months period ended 30 June 2023 have been prepared in accordance with TAS 34. In addition, the significant accounting policies used in preparing the condensed interim consolidated financial statements for the period ended 30 June 2023 are consistent with the accounting policies disclosed in the consolidated financial statements as at 31 December 2022. Accordingly, the condensed consolidated interim financial statements should be evaluated with the consolidated financial statements for the year ended 31 December 2022. The Group has disclosed its accounting policies for the first time in Note 2.4.

2.6 Significant Accounting Estimates and Assumptions

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

Provision for doubtful receivables

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

Useful lives of intangible assets

In accordance with the accounting policies disclosed in the consolidated financial statements as of 31 December 2022, property and equipment are stated at historical cost less depreciation, net of any impairment charges. Depreciation on tangible assets is calculated using the straight-line method over their estimated useful lives. Useful lives depend on the best estimates of the management and are reviewed in each balance sheet period and corrected accordingly, when needed.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

2.6 Significant Accounting Estimates and Assumptions (cont’d)

Revenue recognition

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

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

Research expenses and development costs

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, products, processes or systems before the start of commercial production or use and the costs incurred for these activities are capitalized by the Group. The Management determines the cost of employees to be capitalized taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.

Goodwill impairment test

The Group tests the goodwill amount for impairment every year or in shorter periods in case of impairment. The recoverable amounts of cash generating units have been determined based on fair value calculations less costs to sell.

2.7 Comparative Information and Restatement of Prior Periods’ Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The consolidated balance sheet of the Group as of 30 June 2023 has been provided with the comparative financial information of 31 December 2022 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the interim period ended 30 June 2023 have been provided with the comparative financial information, for the period ended 30 June 2022.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 3 - SEGMENT REPORTING

The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Adjusted earnings before interest, tax, depreciation and amortization (“EBITDA”) are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA is calculated by the Company by adding depreciation expense and amortization to the net amount of sales income, cost of sales, operating expenses (excluding other income and expenses from operating activities).

30 June 2023	Turkey	Romania	Consolidated
Segment assets	2.017.972	1.467.505	3.485.477
Segment liabilities	1.269.995	709.744	1.979.739
Goodwill	11.155	600.508	611.663
Property, plant and equipment and intangible assets	454.624	617.003	1.071.627
Right-of-use assets	6.544	18.707	25.251

30 June 2023	Turkey	Romania	Consolidated
Revenue	702.698	321.662	1.024.360
Cost of sales	(26.493)	(190.496)	(216.989)
Operating expenses	(447.319)	(128.091)	(575.410)
Other operating income	10.146	2.189	12.335
Other operating expenses	(21.221)	(1.986)	(23.207)
Income from investing activities	46.876	-	46.876
Share of losses of investments valued to equity method	(2.545)	-	(2.545)
Finance income	228.873	2.490	231.363
Finance expenses	(47.955)	(9.296)	(57.251)
Depreciation and amortization expenses	(49.239)	(34.482)	(83.721)
Tax expense	(106.127)	(7.054)	(113.181)
Net profit for the period	336.933	(10.582)	326.351
Adjusted EBITDA	278.125	37.557	315.682
Purchase of property, plant and equipment and intangible assets	186.008	69.823	255.831

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 3 - SEGMENT REPORTING (cont’d)

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

30 June 2023	Consolidated
Adjusted EBITDA	315.682
Depreciation and amortization expenses	(83.721)
Income from investing activities	46.876
Share of losses of investments valued to equity method	(2.545)
Other operating income	12.335
Other operating expenses	(23.207)
Finance income	231.363
Finance expenses	(57.251)
Profit before tax	439.532

31 December 2022	Turkey	Romania	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 assets	315.445	396.965	712.410
Right-of-use assets	4.223	16.021	20.244

30 June 2022	Turkey	Romania	Consolidated
Revenue	427.289	209.567	636.856
Cost of sales	(14.581)	(115.629)	(130.210)
Operating expenses	(224.242)	(65.736)	(289.978)
Other operating income	4.743	86	4.829
Other operating expenses	(10.944)	298	(10.646)
Income from investing activities	26.014	-	26.014
Finance income	114.882	409	115.291
Finance expenses	(70.774)	(4.992)	(75.766)
Depreciation and amortization expenses	(29.769)	(25.025)	(54.794)
Tax expense	(29.070)	(4.727)	(33.797)
Net profit/(loss) for the period	223.317	19.276	242.593
Adjusted EBITDA	218.235	53.227	271.462
Purchase of property, plant and equipment and intangible assets	70.403	41.063	111.466

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 3 - SEGMENT REPORTING (cont’d)

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

30 June 2022	Consolidated
Adjusted EBITDA	271.462
Depreciation and amortization expenses	(54.794)
Income from investing activities	26.014
Other operating income	4.829
Other operating expenses	(10.646)
Finance income	115.291
Finance expenses	(75.766)
Profit before tax	276.390

NOTE 4 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Cash	17	37
Bank	67.113	207.375
- Time deposit	47.667	156.487
- Demand deposit	19.446	50.888
Credit card slip receivables	1.932	5.286
Liquid fund (*)	65.424	16.453
	134.486	229.151

(*) 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**

	30 June 2023	31 December 2022
-Financial assets at fair value through profit or loss	47.631	113.780
- Assets at fair value through other comprehensive income (*)	504.379	297.351
	552.010	411.131

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 5 - FINANCIAL INVESTMENTS (cont’d)**Long-term financial investments***Financial assets at fair value*

Details of non-current financial investments as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023 TL	31 December 2022 TL
Logo Ventures Girişim Sermayesi Yatırım Fonu (“Logo Ventures I”)(*)	13.339	9.659
Logo Ventures Girişim Sermayesi Yatırım Fonu (“Logo Ventures II”)(*)	161.492	83.750
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. (“İnterpro”)	81	81
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş. (“Dokuz Eylül”)	50	50
Payer Yazılım Sanayi ve Ticaret A.Ş.(**)	2.952	2.952
Figö Ticari Bilgi ve Uygulama Platformu A.Ş.(**)	27.908	37.210
	205.822	133.702

(*) As of 30 June 2023, Logo Ventures has been recognized as the asset fair value and difference is reflected to other comprehensive income and TL 47.552 (30 June 2022: TL 13.221) difference between its fair value and the cost value is accounted in other comprehensive income. İnterpro and Dokuz Eylül is reflected to consolidated financial statements with their cost value since their fair value is not significant as of 30 June 2023 and 31 December 2022. The Company has committed USD 11.200 thousand to, İstanbul Portföy Yönetimi A.Ş. Logo Ventures II Venture Capital Management Fund. A total of USD 5.670 thousand has been paid, of which USD 1.750 thousand was paid in 2023, USD 1.680 thousand was paid in 2022, USD 2.240 thousand was paid in 2021 and USD 1.750 thousand was paid in 18 April 2023.

(**) The fair value difference of the Group that has 10% and 3.02% shares, respectively of Payer Yazılım Sanayi ve Ticaret A.Ş. and Figö Ticari Bilgi ve Uygulama Platformu A.Ş., as of 30 June 2023, is evaluated as assets reflected in other comprehensive income and the difference between the fair value and the cost value is considered as equal since it is insignificant. In addition, on 5 April 2023 the Company sold 25% of its Figö Ticari Bilgi ve Uygulama Platformu A.Ş. shares. After the sale transaction Group's ownership has decreased from 4,02% to 3,02%.

	30 June 2023	31 December 2022
- Assets at fair value through other comprehensive income(***)	199.994	204.247

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

	30 June 2023	31 December 2022
Long-term other financial investments (****)	80.439	45.522

(****) 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 85.54%. The Group has not considered the related investment for trading purposes and has recognized the fair value changes in the other comprehensive income statement.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 6 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

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

Summary balance-sheet information

Logo Infosoft	30 June 2023	31 December 2022
Cash and cash equivalents	36.991	5.256
Other current assets	17.156	11.687
Other non-current assets	1.362	720
Total assets	55.509	17.663
Other current liabilities	10.173	5.766
Other non-current liabilities	173.273	96.313
Total liabilities	183.446	102.079
Net liabilities	(127.937)	(84.416)

Summary income statement information

Logo Infosoft	30 June 2023	30 June 2022
Income	3.995	1.054
Expenses (-)	(18.570)	(13.077)
Net loss for the period	(14.575)	(12.023)
Group's ownership rate	0,60	0,50
Group's share	(8.745)	(6.012)
Unrecognized losses (*)	6.200	6.012
Share of losses of investment under equity method	(2.545)	-

(*) As of 30 June 2023, the total loss to the Group's share but not recorded is TL 22.706.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 7 – BORROWINGS

Details of financial borrowings as of 30 June 2023 and 31 December 2022 is as follows:

Short-term borrowings:	30 June 2023	31 December 2022
Short-term bank loans	65.172	12.680
Lease liabilities	10.742	7.691
Credit card payables	716	991
	76.630	21.362
Short-term portions of long-term borrowings:		
Short-term portion of long-term bank loans	54.126	38.251
Lease liabilities	2.726	1.585
	56.852	39.836
Total short-term borrowings	133.482	61.198
Long-term borrowings:		
Long-term bank loans	221.688	175.796
Lease liabilities	23.811	16.654
Total long-term borrowings	245.499	192.450

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

NOTE 7 – BORROWINGS (cont’d)

	30 June 2023		TL equivalent
	Weighted average annual interest rate (%)	Original amount	
Short-term borrowings:			
Bank loans - EUR - unsecured	Euribor 1+2.95%	1.655	46.673
Bank loans - RON - unsecured	Robor 1+2.95%	3.274	18.499
Credit card payables – TL	-	716	716
Lease liabilities - EUR	Euribor 3+3.5%	265	7.467
Lease liabilities - TL	12% - 25%	3.275	3.275
			76.630
Short-term portions of long-term borrowings:			
Bank loans - EUR - secured	Euribor+ 2.45%-2.50%	1.919	54.126
Lease liabilities - EUR	-	97	2.726
			56.852
Long-term borrowings:			
Bank loans - EUR – secured	Euribor+ 2.45%-2.50%	7.860	221.688
Lease liabilities - EUR	-	679	19.137
Lease liabilities - TL	-	4.674	4.674
			245.499
Total borrowings			378.981

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 7 – BORROWINGS (cont’d)

	31 December 2022		TL equivalent
	Weighted average annual interest rate (%)	Original amount	
Short-term borrowings:			
Bank loans - EUR - unsecured	Euribor+2.40%	635	12.680
Credit card payables - TL	-	991	991
Lease liabilities - Avro	Euribor 3+3.5%	271	5.412
Lease liabilities - TL	12% - 25%	2.279	2.279
			21.362
Short-term portions of long-term borrowings:			
Bank loans - EUR - secured	Euribor+ 2.45%-2.50%	1.915	38.251
Lease liabilities - EUR	-	79	1.585
			39.836
Long-term borrowings:			
Bank loans - 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

The redemption schedules of long-term borrowings as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
To be paid within 1 - 2 years	67.995	84.583
To be paid within 2 - 5 years	169.714	83.406
To be paid within 5 - 10 years	7.790	24.461
	245.499	192.450

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 7 – BORROWINGS (cont’d)

	Carrying value		Fair value	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Bank loans	340.986	226.727	360.312	243.037
	340.986	226.727	360.312	243.037

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 30 June 2023 and 31 December 2022 are as follows:

Short-term trade receivables:	30 June 2023	31 December 2022
Buyers	513.734	410.637
Cheques and notes receivable	8.964	3.527
Less: Provision for doubtful receivables	(31.477)	(21.743)
Less: Unearned finance income arising from credit sales	(5.354)	(6.047)
	485.867	386.374

As of 30 June 2023, the average turnover of the trade receivables is 63 days (31 December 2022: 73 days), excluding the credit card receivables, the turnover day is 58 days (31 December 2022: 57 days). The discount rate applied to the undue receivables is 30.11% (31 December 2022: 18%).

As of 30 June 2023, TL 64.367 of trade receivables (31 December 2022: TL 34.464) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	30 June 2023	31 December 2022
Up to 1 month	36.225	17.543
1 - 3 months	18.070	12.142
More than 3 months	10.072	4.779
	64.367	34.464

As of 30 June 2023, TL 41.059 of overdue receivables consist of trade receivables of Total Soft (31 December 2022: TL 21.078). The Group manages its receivables in accordance with credit risk management policies which is explained in Note 30.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

The movement of provision for doubtful receivables for the periods ended 30 June 2023 and 2022 are as follows:

	2023	2022
As of 1 January	21.743	19.587
Provisions for the period	7.268	605
Provisions released	(5.096)	(907)
Foreign currency translation differences	7.562	1.947
As of 30 June	31.477	21.232

Trade payables to third parties:	30 June 2023	31 December 2022
Trade payables	145.340	143.813

As of 30 June 2023, the average debt payment period is 89 days (31 December 2022: 93 days).

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

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

As at 30 June 2023 and 31 December 2022, the table showing the Group's exposure to credit risks according to the types of financial instruments is as follows:

30 June 2023	<u>Trade receivables</u>		<u>Other receivables</u>		Bank	Derivative Instruments	Other (**)
	Related party	Other	Related party	Other			
The maximum of credit risk exposure as of reporting date	1.505	485.867	5.100	69	136.437	-	957.826
- Amount of risk covered by guarantees (*)	-	428	-	-	-	-	-
Net carrying value of not past due and not impaired financial assets	1.505	421.500	5.100	69	136.437	-	957.826
Net carrying value of past due but not impaired financial assets	-	64.367	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-	-	-
Past due (gross carrying value)	-	31.477	-	-	-	-	-
Impairment (-)	-	(31.477)	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-

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

(**) Receivables stated as other include long and short-term financial investments.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

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

31 December 2022	<u>Trade receivables</u>		<u>Other receivables</u>		Bank	Derivative Instruments	Other (**)
	Related party	Other	Related party	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	-	-	-	-	-
A. 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
B. Net carrying value of past due but not impaired financial assets	-	34.464	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-	-
Past due (gross carrying value)	-	21.743	-	-	-	-	-
Impairment (-)	-	(21.743)	-	-	-	-	-
Amount of risk covered by guarantees	-	-	-	-	-	-	-

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

(**) Receivables stated as other include long and short-term financial investments.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 9 - OTHER RECEIVABLES, PAYABLES AND OTHER ASSETS

Other short-term receivables from third parties:	30 June 2023	31 December 2022
Deposits and guarantees given	69	69
Income accruals	-	176
	69	245

Other short-term payables to third parties:	30 June 2023	31 December 2022
Put option liability-ABS (*)	309.111	219.265
Taxes payable	143.324	75.726
Other payables to third parties	1.578	275
	454.013	295.266

Other long-term payables to third parties:	30 June 2023	31 December 2022
Put option liability-Peoplise (*)	3.088	6.286
Other payables	615	615
	3.703	6.901

(*) 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 acquisitions, there is a put option granted to Avramos Holding Ltd by Logo Yazılım 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 the share sale option before 15 September 2023, it will be deemed to have exercised this right on the financial terms prior to the end of the first quarter of 2022. Therefore, Total Soft's 2021 financial statements have been taken into account in the calculation of put option liability as of 30 June 2023. 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:	30 June 2023	31 December 2022
Personnel advances	10.166	2.009
Prepaid taxes	8.673	1.625
Business advances	3.786	1.565
Deferred VAT	806	725
Other	21.626	12.758
	45.057	18.682

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 10- INVENTORIES

	30 June 2023	31 December 2022
Trade goods	6.904	5.143
Raw materials and equipment	3.460	3.118
Other	71	89
	10.435	8.350

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	Foreign currency translation differences	30 June 2023
Cost:					
Machinery, plant and equipment	35.681	26.769	(10.686)	10.068	61.832
Motor vehicles	30.709	22.585	(558)	4.722	57.458
Furniture and fixtures	8.781	31	(3.107)	765	6.470
Leasehold improvements	30.045	164	-	598	30.807
	105.216	49.549	(14.351)	16.153	156.567
Accumulated depreciation:					
Machinery, plant and equipment	27.373	4.493	(10.616)	8.021	29.271
Motor vehicles	8.834	4.084	(546)	3.205	15.577
Furniture and fixtures	6.825	201	(3.070)	441	4.397
Leasehold improvements	15.670	692	-	363	16.725
	58.702	9.470	(14.232)	12.030	65.970
Net book value	46.514				90.597

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont’d)

	1 January			Foreign	30 June
	2022	Additions	Disposals	currency	2022
				translation	
				differences	
Cost:					
Machinery, plant and equipment	24.828	2.569	(144)	2.576	29.829
Motor vehicles	6.432	315	-	969	7.716
Furniture and fixtures	7.677	268	-	305	8.250
Leasehold improvements	28.126	73	-	110	28.309
	67.063	3.225	(144)	3.960	74.104
Accumulated depreciation:					
Machinery, plant and equipment	19.666	1.442	(41)	2.190	23.257
Motor vehicles	6.255	125	-	919	7.299
Furniture and fixtures	6.003	202	-	208	6.413
Leasehold improvements	14.173	619	-	96	14.888
	46.097	2.388	(41)	3.413	51.857
Net book value	20.966				22.247

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 12 - INTANGIBLE ASSETS

	1 January 2023	Additions	Foreign currency translation differences	30 June 2023
Cost:				
Development costs	972.147	206.108	210.367	1.388.622
Advanced technology	25.171	-	4.364	29.535
Customer relations	122.145	-	43.588	165.733
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	41.309	174	17.867	59.350
	1.163.520	206.282	276.186	1.645.988
Accumulated depreciation:				
Development costs	395.759	62.501	69.451	527.711
Advanced technology	21.432	264	4.340	26.036
Customer relations	51.757	4.801	17.527	74.085
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	25.928	950	7.500	34.378
	497.624	68.516	98.818	664.958
Net book value	665.896			981.030

TL 204.024 (30 June 2022: TL 106.268) of the total additions to development costs for the interim period ended 30 June 2023 consist of capitalised personnel costs.

Current period depreciation and amortisation expenses related to property, plant and equipment, intangible assets, and right-of-use assets amounting to TL 64.587 (30 June 2022: TL 42.852) are included in research and development expenses, TL 3.957 (30 June 2022: TL 1.289) in marketing expenses, TL 13.203 (30 June 2022: TL 9.850) in general administrative expenses and TL 1.974 (30 June 2022: TL 803) in cost of sales.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

NOTE 12 - INTANGIBLE ASSETS (cont’d)

	1 January 2022	Additions	Foreign currency translation differences	30 June 2022
Cost:				
Development costs	628.923	107.586	44.232	780.741
Advanced technology	22.584	-	1.223	23.807
Customer relations	96.310	-	12.215	108.525
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	28.478	655	5.227	34.360
	779.043	108.241	62.897	950.181
Accumulated depreciation:				
Development costs	274.779	42.204	10.811	327.794
Advanced technology	18.111	443	1.216	19.770
Customer relations	35.113	3.756	3.842	42.711
Non-compete agreement	2.748	-	-	2.748
Other intangible assets	16.340	1.330	4.697	22.367
	347.091	47.733	20.566	415.390
Net book value	431.952			534.791

NOTE 13 – RIGHT-OF-USE ASSETS

	1 January 2023	Additions	Disposals	Foreign currency translation differences	30 June 2023
Cost:					
Motor vehicles	13.907	4.727	-	784	19.418
Office	34.781	88	(11)	9.828	44.686
	48.688	4.815	(11)	10.612	64.104
Accumulated amortization:					
Motor vehicles	13.057	1.013	-	514	14.584
Office	15.387	4.722	-	4.160	24.269
	28.444	5.735	-	4.674	38.853
Net book value	20.244				25.251

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

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

	1 January 2022	Additions	Foreign currency translation differences	30 June 2022
Cost:				
Motor vehicles	14.513	-	382	14.895
Office	26.120	2.213	2.831	31.164
	40.633	2.213	3.213	46.059
Accumulated amortization:				
Motor vehicles	11.433	1.489	342	13.264
Office	11.504	3.184	1.223	15.911
	22.937	4.673	1.565	29.175
Net book value	17.696			16.884

NOTE 14 - GOODWILL

	30 June 2023	31 December 2022
Total Soft	444.515	315.161
Total Soft (ABS)	150.851	106.954
Netsis	5.892	5.892
Peoplise	3.677	3.677
Total Soft (Nexia)	5.142	3.645
Other	1.586	1.586
	611.663	436.915

Movement table of goodwill for the interim periods ended 30 June 2023 and 2022 are as follows:

	2023	2022
As of 1 January	436.915	327.276
Foreign currency translation differences	174.748	48.050
As of 30 June	611.663	375.326

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”).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	30 June 2023		31 December 2022	
		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 30 June 2023 and 31 December 2022, guarantee/pledge/mortgage (“GPM”) given by the Company on behalf of its legal entity are as follows:

GPM given by the Company:

	30 June 2023				31 December 2022			
	EUR	USD	RON	TL	EUR	USD	RON	TL
A. Total amount of GPM provided by the Company on behalf of itself	-	1.153	-	6.918	-	835	-	6.878
B. Total amount of GPM provided on behalf of the associates accounted under full consolidation method (*)	499.576	-	344	-	353.528	-	337	-
C. Total amount of GPM provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Total amount of other GPM given	-	-	-	-	-	-	-	-
i) Total amount of GPM given on behalf of the parent Company	-	-	-	-	-	-	-	-
ii) Total amount of GPM provided on behalf of other Group companies which are not in the scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of GPM provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	499.576	1.153	344	6.918	353.528	835	337	6.878

(*) Note 7.

As of 30 June 2023, the ratio of other GPMs given by the Group to the equity is 0% (31 December 2022: 0%).

NOTE 16 - EMPLOYEE BENEFITS

**Short-term payables for
employee benefits:**

	30 June 2023	31 December 2022
Taxes, funds and social security deductions payables	131.062	83.972
Due to personnel	30.582	21.915
Personnel bonuses	27.715	107.701
	189.359	213.588

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 16 - EMPLOYEE BENEFITS (cont’d)

Long-term provisions for employee benefits:	30 June 2023	31 December 2022
Provision for employment termination benefits	44.635	39.157
Provision for unused vacation liability	49.546	28.723
	94.181	67.880

The movements of provision for unused vacation liability for the interim periods ended 30 June 2023 and 2022 are as follow:

	2023	2022
As of 1 January	28.723	16.473
Increase during the year	14.271	12.740
Foreign currency translation difference	6.552	1.621
As of 30 June	49.546	30.834

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month’s salary limited to a maximum of TL 19 for each year of service (31 December 2022: TL 15). 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 calculated within the scope of employee benefits”:

	30 June 2023	31 December 2022
Discount rate (%)	3,71	3,40
Probability of voluntary leave (%)	98,01	93,86

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 23 which is effective from 1 July 2023 (1 July 2022: TL 15) has been taken into consideration in the calculations.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 16 - EMPLOYEE BENEFITS (cont’d)

The movements of the provision for employment termination benefits for the interim periods ended 30 June 2023 and 2022 are as follows:

	2023	2022
As of 1 January	39.157	20.918
Service cost	5.006	8.270
Interest cost	4.111	462
Actuarial loss	2.951	-
Employment termination benefits paid	(6.590)	(1.718)
As of 30 June	44.635	27.932

NOTE 17 - PREPAID EXPENSES AND LIABILITIES FROM CONTRACTS WITH CUSTOMERS

Short-term prepaid expenses:	30 June 2023	31 December 2022
Prepaid expenses	29.357	27.765
	29.357	27.765
Long-term prepaid expenses:	30 June 2023	31 December 2022
Advances given	10.516	2.508
	10.516	2.508
Short-term deferred income:	30 June 2023	31 December 2022
Contract liabilities (*)	626.619	454.395
Advances received	9.324	8.482
	635.943	462.877

(*) 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.

The details of contract liabilities as of 30 June 2023 and 31 December 2022 as follows:

	30 June 2023	31 December 2022
Pay as you go sales	336.261	236.516
LEM sales income	224.906	177.150
Revenue from continuing projects	33.207	14.999
After-sales services revenue	32.245	25.730
	626.619	454.395

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

NOTE 18 - EQUITY

The Company's authorized and paid-in share capital consists of 10.000.000.000 (31 December 2022: 10.000.000.000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	Share rate (%)	31 December 2022	Share rate (%)
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	100.000	100
Adjustment to share capital	2.991		2.991	
Paid-in share 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.

Treasury shares

As of 30 June 2023, the amount of treasury shares which is accounted in Group's equity is TL 64.386 (31 December 2022: TL 25.335).

Dividend distribution

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 19 - EXPENSES BY NATURE

As of 30 June 2023 and 2022, expenses are disclosed by function and the details of the expenses are summarized in Note 21 and Note 22.

NOTE 20 - REVENUE AND COST OF SALES

Revenue	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Sales income	517.744	300.111	278.266	149.324
Service income	300.837	161.537	183.913	101.350
Saas service income	218.215	117.387	180.042	119.148
Sales returns	(5.500)	(3.745)	(2.265)	(942)
Sales discounts	(6.936)	(3.014)	(3.100)	(1.155)
Net sales income	1.024.360	572.276	636.856	367.725
Cost of sales	(216.989)	(119.041)	(130.210)	(69.614)
Gross profit	807.371	453.235	506.646	298.111
Cost of sales:	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Cost of service	195.189	105.718	118.794	63.688
Cost of transfer of financial rights	16.748	10.873	7.829	5.143
Cost of trade goods sold	3.078	1.704	2.784	289
Depreciation and amortization	1.974	746	803	494
Cost of sales	216.989	119.041	130.210	69.614

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

(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 - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Personnel expenses	140.124	79.775	48.921	27.907
Depreciation and amortization	64.587	34.451	42.852	22.288
Outsourced benefits and services	17.927	9.809	10.367	5.947
Consultancy expenses	8.772	4.914	3.881	2.178
Motor vehicle expenses	4.466	2.369	3.115	1.870
Travel expenses	693	415	292	240
Other	22.405	12.293	13.482	7.568
	258.974	144.026	122.910	67.998

Marketing, sales and distribution expenses:	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Personnel expenses	96.831	45.507	40.910	23.816
Advertising and selling expenses	82.007	57.186	33.494	21.390
Consultancy expenses	8.833	4.092	4.704	3.516
Depreciation and amortization	3.957	2.023	1.289	500
Motor vehicle expenses	3.954	2.144	3.013	1.716
Outsourced benefits and services	3.137	1.639	2.417	1.210
Travel expenses	859	584	386	245
Other	4.989	2.239	1.509	1.068
	204.567	115.414	87.722	53.461

General administrative expenses:	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Personnel expenses	66.023	40.025	54.009	33.569
Consultancy expenses	17.274	9.067	8.238	4.366
Depreciation and amortization	13.203	7.000	9.850	5.090
Motor vehicle expenses	3.299	1.973	1.800	977
Outsourced benefits and services	1.046	525	665	348
Travel expenses	740	301	489	309
Other	10.284	5.209	4.295	2.511
	111.869	64.100	79.346	47.170

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Foreign exchange gains (*)	9.625	6.747	3.278	1.741
Rediscount income	601	(1.927)	744	(2.983)
Overdue interest income	339	339	287	172
Other	1.770	(410)	520	178
	12.335	4.749	4.829	(892)

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

Other operating expenses	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Foreign exchange losses (*)	8.832	5.968	1.832	841
Rediscount expenses	5.855	5.537	744	427
Performance premium of subsidiary	-	-	5.398	893
Provision expenses	1.177	1.177	-	-
Other	7.343	5.966	2.672	1.852
	23.207	18.648	10.646	4.013

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

NOTE 23 - INCOME FROM INVESTING ACTIVITIES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Gain on sale of financial instruments	46.876	25.611	26.014	13.424
	46.876	25.611	26.014	13.424

NOTE 24 - FINANCE INCOME

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Foreign exchange gains	222.894	194.940	87.554	47.536
Interest income	8.469	2.363	27.737	21.267
	231.363	197.303	115.291	68.803

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 25 - FINANCE EXPENSES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Interest expenses	45.763	23.688	18.741	9.975
Interest expense of employment termination benefits	4.111	2.143	462	232
Foreign exchange losses	3.466	2.115	54.100	24.770
Interest expense from leases	1.864	1.314	1.114	558
Credit card commissions	318	159	963	125
Other financial expenses	1.729	766	386	221
	57.251	30.185	75.766	35.881

NOTE 26 - TAX ASSETS AND LIABILITIES

	1 January - 30 June 2023	1 January - 31 December 2022
Corporate tax expense	101.050	35.701
Prepaid taxes and funds (-)	(55.974)	(32.042)
Current period tax expense	45.076	3.659

	30 June 2023	30 June 2022
Current period tax expense	(101.050)	(22.039)
Deferred tax income/(expense)	(12.131)	(11.758)
Current period tax income/(expense)	(113.181)	(33.797)

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 30 June 2023 and 31 December 2022 using the enacted tax rates, is as follows:

	Total temporary differences		Deferred tax asset/(liabilities)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Deferred tax assets:				
Provisions for expenses	43.389	102.889	8.678	20.578
Provision for employment termination benefits	20.452	20.279	4.090	4.056
Deferred income	19.771	15.366	3.954	3.534
Deferred tax from valuation of other financial assets	26.395	11.264	5.279	2.591
Vacation provision	10.278	5.981	2.056	1.196
Finance income unaccrued	11.069	5.171	2.214	1.189
Provision for doubtful receivables	1.627	1.217	325	243
	132.981	162.167	26.596	33.387
Deferred tax liabilities:				
Difference between the tax base and carrying value of property, plant and equipment and intangible assets	(170.520)	(121.845)	(34.104)	(24.369)
Gains from investments in equity instruments	(23.850)		(4.770)	
	(194.370)	(121.845)	(38.874)	(24.369)
Deferred tax (liabilities) /assets, net			(12.278)	9.018

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

	1 January 30 June 2023	1 January 31 December 2022
Deferred tax assets		
To be recovered less than 12 months	20.450	28.135
To be recovered more than 12 months	6.146	5.252
	26.596	33.387
Deferred tax liabilities		
To be recovered more than 12 months	(38.874)	(24.369)
	(38.874)	(24.369)
Deferred tax (liabilities)/assets, net	(12.278)	9.018

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

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

	2023	2022
1 January	9.018	3.735
Charged to statements of profit or loss	(12.131)	(11.758)
Charged to other comprehensive income	(1.840)	4.867
Foreign currency translation difference	(7.325)	(2.621)
30 June	(12.278)	(5.777)

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, in Turkey the corporate tax rate for the interim period 2023 is 20% (31 December 2022: 23%). The corporate tax rate is 16% in Romania for 2023 (31 December 2022: 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 10%. 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 20% 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

Corporate tax (cont’d)

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.

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

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

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

NOTE 27 - EARNINGS PER SHARE

In the interim period ending on 30 June 2023, the profit for the period was full TL 34.28 (30 June 2022: full TL 24.84) per thousand shares calculated from the nominal value of 1 Kr.

	1 January 30 June 2023	1 January 30 June 2022
Net profit attributable to equity holders of the parent	330.049	239.416
Average number of shares for the year	9.639.900	9.639.231
Earnings per share	3,42	2,48

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 28 - RELATED PARTY DISCLOSURES

a) Receivables and payables from related parties for the period ended 30 June 2023 and 31 December 2022:

Trade receivables from related parties:	30 June 2023	31 December 2022
Other	1.505	1.067
	1.505	1.067

Other receivables from related parties:	30 June 2023	31 December 2022
Logo Infosoft	5.100	1.247
	5.100	1.247

b) Services provided to related parties for the period ended 30 June 2023 and 2022:

Services given to related parties	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 31 December 2022	1 April - 31 December 2022
Logo Infosoft	2.158	345	891	538
Timus Siber Güvenlik Teknolojileri A.Ş.	2.248	1.476	939	500
Logo Teknoloji ve Yatırım A.Ş.	26	17	27	13
	4.432	1.838	1.857	1.051

c) Services received from related parties for the periods ended 30 June 2023 and 2022:

Services received from related parties	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 31 December 2022	1 April - 31 December 2022
Logo Infosoft	742	-	-	-
	742	-	-	-

d) Payments to key management:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Remuneration of the key management	26.354	13.291	12.613	7.041

During the interim periods ending on 30 June 2023 and 30 June 2022, all benefits provided to key management personnel (executive management include general manager and assistant general managers) are short-term benefits and fees. It does not include termination benefits and other payments.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 29 – DERIVATIVE TRANSACTIONS

Derivative financial assets:

Derivatives that are carried at fair value	30 June 2023	31 December 2022
-Foreign swap contracts	-	1.962
	-	1.962

Classification of derivative instruments

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

Fair value measurement of derivative instruments

Information on the methods and assumptions used in determining the fair values of derivatives is explained in Note 30.

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

30.1 Financial risk management

Credit risk

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management monitors the liquidity reserve movements according to the estimated cash flows. The Company management holds adequate cash and credit commitment that will meet the need cash for recent future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TL 100.000 that can be utilized whenever needed.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

30.1 Financial risk management (cont’d)

Non-derivative financial liabilities	Book value	30 June 2023				
		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	378.981	398.307	70.025	70.048	250.376	7.858
Trade payables						
- Trade payables to third parties	145.340	145.340	145.340	-	-	-
Payables related to employee benefits	189.359	189.359	189.359	-	-	-
Other payables						
- Other payables to third parties	457.716	457.716	454.013	-	3.703	-
Total liabilities	1.171.396	1.190.722	858.737	70.048	254.079	7.858

Non-derivative financial liabilities	Book value	31 December 2022				
		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	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	-	-	-
Payables related to employee benefits	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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

30.1 Financial risk management (cont’d)

Interest rate risk

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

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

<u>Financial instruments with fixed interest rate</u>	30 June 2023	31 December 2022
Financial assets		
- <i>Financial assets at amortized cost</i>	47.667	156.487
- <i>Financial assets with fair value reflected to other comprehensive income</i>	704.373	501.598
Financial liabilities	103.167	39.601
Put option valuation fund for non-controlling interests	312.199	225.551
<u>Financial instruments with floating interest rate</u>		
Financial assets		
- <i>Financial assets with fair value reflected to profit/loss</i>	67.392	16.453
- <i>Financial assets with fair value reflected to other comprehensive income</i>	47.631	113.780
Financial liabilities	275.814	214.047

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 foreign currency denominated debts or creditors into Turkish Lira. The foreign currency risk is followed by analyzing the foreign exchange position.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

30.1 Financial risk management (cont’d)

Foreign currency risk (cont’d)

Foreign exchange rates used to translate the Group’s assets and liabilities denominated in foreign currencies into TL as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Assets		
USD	25,8231	18,6983
EUR	28,1540	19,9349
Liabilities		
USD	25,8696	18,7320
EUR	28,2048	19,9708

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

**NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(cont’d)**
30.1 Financial risk management (cont’d)
Foreign currency risk (cont’d)

		Foreign Currency Position as of 30 June 2023			
		TL equivalent	USD	EUR	Other
1.	Trade receivables	44.828	809	850	-
2a.	Monetary financial assets (cash and bank accounts included)	518.137	19.981	70	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	562.965	20.790	920	-
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	199.994	7.745	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	199.994	7.745	-	-
9.	Total assets (4+8)	762.959	28.535	920	-
10.	Trade payables	(11.090)	(299)	(116)	(85)
11.	Financial liabilities	(110.992)	-	(3.936)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(122.082)	(299)	(4.052)	(85)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(240.825)	-	(8.539)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(240.825)	-	(8.539)	-
18.	Total liabilities (13+17)	(362.907)	(299)	(12.591)	(85)
19.	Net asset/(liability) position of off-balance sheet derivative financial instruments (19a-19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	Net foreign assets/(liability) Position (9-18+19)	400.052	28.236	(11.671)	(85)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	400.052	28.236	(11.671)	(85)
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	95.355	475	2.951	-
24.	Import	-	-	-	-

(*) Includes exports from the countries in which the Group operates. The total amount of sales made by the Group outside of Turkey in the interim period of 30 June 2023 is TL 333.928 (30 June 2022: TL 217.108).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

30.1 Financial risk management (cont’d)

Foreign currency risk (cont’d)

		Foreign Currency Position as of 31 December 2022			
		TL equivalent	USD	EUR	Other
1.	Trade receivables	25.137	785	523	25
2a.	Monetary financial assets (cash and bank 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 liabilities	-	-	-	-
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	-	-	-	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

30.1 Financial risk management (cont’d)

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.

<i>Foreign currency sensitivity</i>	30 June 2023			
	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	72.878	(72.878)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	72.878	(72.878)	-	-
Change of EUR against TL by 10%				
4- EUR net assets/liabilities	(4.612)	4.612	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	(4.612)	4.612	-	-
Change of USD against RON by 10%				
7- Other currencies net asset/liability	53	(53)	-	-
8- Hedged portion from other currencies risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	53	(53)	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(28.242)	28.242	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(28.242)	28.242	-	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

30.1 Financial risk management (cont’d)

	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 USD against RON by 10%				
7- Other currencies net asset/liability	(89)	89	-	-
8- Hedged portion from other currencies risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	(89)	89	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(22.288)	22.288	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(22.288)	22.288	-	-

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 30 June 2023, foreign exchange losses amounting to TL (3.456) (2022: TL (569)) expenses 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.

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

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

Capital risk management (cont’d)

	30 June 2023	31 December 2022
Total payables	524.321	397.461
Less: Cash and cash equivalents (*)	(686.496)	(640.282)
Net debt	(162.175)	(242.821)
Total equity	1.329.968	1.090.109
Total capital	1.167.793	847.288
Debt/equity ratio (%)	(14%)	(29%)

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 31 - FINANCIAL INSTRUMENTS

Monetary assets

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

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

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

Monetary liabilities

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

The Group classifies the fair value 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 of 30 June 2023 is as follows:

Financial assets at fair value through profit or loss in the statement of financial position	Level 1	Level 2	Level 3
Financial investments (*)	752.004	-	286.261

(*) Note 5 and 29.

Financial assets at fair value through profit or loss in the statement of financial position	Level 1	Level 2	Level 3
Put option liability	-	-	312.199

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 31 - FINANCIAL INSTRUMENTS (cont'd)**Categories and fair values of financial instruments****30 June 2023**

	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Liabilities at fair value	Carrying value	Note
<u>Financial assets</u>							
Cash and cash equivalents	136.454	-	-	-	-	136.454	4
Financial assets	-	47.631	990.634	-	-	1.038.265	5
Trade receivables	487.372	-	-	-	-	487.372	8
Receivables from related parties	6.605	-	-	-	-	6.605	28
<u>Financial liabilities</u>							
Financial payables	-	-	-	378.981	-	378.981	7
Other payables	-	-	-	145.513	-	145.513	10
Put option liabilities	-	-	-	-	312.199	312.199	9
Trade payables	-	-	-	145.340	-	145.340	8
Payables to related parties	-	-	-	6	-	6	28

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 31 - FINANCIAL INSTRUMENTS (cont'd)**Categories and fair values of financial instruments (cont'd)****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	10
Put option liabilities	-	-	-	-	225.551	225.551	9
Trade payables	-	-	-	143.813	-	143.813	8
Payables to related parties	-	-	-	4	-	4	28

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023

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

NOTE 32 - DISCLOSURES ON THE STATEMENT OF CASH FLOW

	Bank loans and credit cards	Lease liabilities	Total
1 January 2023	227.718	25.930	253.648
Cash inflows	62.004	-	62.004
Cash outflows	(60.963)	-	(60.963)
Foreign currency translation differences	112.942	12.466	125.408
Increase in lease liabilities (TFRS 16)	-	4.815	4.815
Cash outflows from lease liabilities (TFRS 16)	-	(5.931)	(5.931)
30 June 2023	341.701	37.280	378.981
Cash and cash equivalents (-)			(136.454)
Net debt			242.527
1 January 2022	245.844	20.579	266.423
Cash inflows	19.898	-	19.898
Cash outflows	(55.221)	-	(55.221)
Foreign 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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

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

NOTE 33 - EVENTS AFTER THE REPORTING PERIOD

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 07 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

Pursuant to the “Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375” published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, and the Group continues to evaluate the possible effects of the relevant Law as of the date of publication of the financial statements.