

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
AUDIT REPORT
FOR CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES AS OF
DECEMBER 31, 2021

INDEPENDENT AUDITOR REPORT	-
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	1-2
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	3
CASH FLOW STATEMENT	4
STATEMENT OF CHANGES IN EQUITY	5-6
FOOTNOTES REGARDING FINANCIAL STATEMENTS	7-51
NOTE 1	COMPANY'S ORGANIZATION AND SUBJECT OF ACTIVITY
NOTE 2	PRINCIPLES REGARDING PRESENTATION OF FINANCIAL STATEMENTS
NOTE 3	BUSINESS COMBINATIONS
NOTE 4	SHARES IN OTHER ENTERPRISES AND BUSINESS PARTNERSHIPS
NOTE 5	SEGMENT REPORTING
NOTE 6	RELATED PARTY DISCLOSURES
NOTE 7	CASH AND CASH EQUIVALENTS
NOTE 8	FINANCIAL INVESTMENTS
NOTE 9	FINANCIAL LIABILITIES
NOTE 10	TRADE RECEIVABLES AND PAYABLES
NOTE 11	RECEIVABLES AND OBLIGATIONS FROM CUSTOMER CONTRACTS
NOTE 12	RECEIVABLES AND PAYABLES ARISING FROM FINANCIAL ACTIVITIES
NOTE 13	OTHER RECEIVABLE AND PAYABLES
NOTE 14	LIABILITIES UNDER EMPLOYEE BENEFITS
NOTE 15	DERIVATIVE INSTRUMENTS
NOTE 16	INVENTORIES
NOTE 17	ALIVE ASSETS
NOTE 18	PREPAID EXPENSES AND DEFERRED INCOME
NOTE 19	GOVERNMENT INCENTIVES AND GRANTS
NOTE 20	PERIOD INCOME TAX LIABILITY
NOTE 21	ASSETS RELATED TO CURRENT PERIOD TAX
NOTE 22	OTHER CURRENT ASSETS /OTHER FIXED ASSETS
NOTE 23	OTHER LIABILITIES
NOTE 24	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES
NOTE 25	INVESTMENTS IN AFFILIATES,JOINT VENTURES AND SUBSIDIARIES
NOTE 26	INVESTMENT PROPERTY
NOTE 27	TANGIBLES FIXED ASSETS
NOTE 28	INTANGIBLE FIXED ASSETS
NOTE 29	RIGHT-OF-USE ASSETS
NOTE 30	SHORT/LONG-TERM PROVISIONS
NOTE 31	SHAREHOLDER'S EQUITY
NOTE 32	SALES REVENUE AND COST OF SALES
NOTE 33	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES
NOTE 34	EXPENSES CLASSIFIED ACCORDING TO ASSORTMENT
NOTE 35	OTHER OPERATING INCOME / EXPENSES
NOTE 36	INCOME RELATED TO INVESTING ACTIVITIES
NOTE 37	EXPENSES RELATED TO INVESTING ACTIVITIES
NOTE 38	FINANCIAL REVENUE
NOTE 39	FINANCIAL EXPENSES
NOTE 40	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
NOTE 41	ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS
NOTE 42	TAX PROVISIONS AND LIABILITIES
NOTE 43	EARNINGS PER SHARE
NOTE 44	FEATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
NOTE 45	FINANCIAL INSTRUMENTS
NOTE 46	POST-BALANCE SHEET EVENTS
NOTE 47	FEES FOR SERVICES RENDERED BY INDEPENDENT AUDIT AUTHORITY
NOTE 48	OTHER MATTERS

INDEPENDENT AUDITOR REPORT

To the General Assembly of Kafein Yazılım Hizmetleri Ticaret A.Ş.,

A. Independent Audit of Consolidated Financial Statements

1. Opinion

Kafein Yazılım Hizmetleri Ticaret A.Ş. (the Company) and its subsidiaries (the Group) for the fiscal period ending on the same date as the consolidated financial statement dated 31 December 2021; we have audited the financial statements that consist of the footnotes of the financial statements including consolidated profit or loss and other comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement and summary of significant accounting policies.

In our opinion, the Group's consolidated financial statements as of December 31, 2021, offer a fair manner with appropriate as all important aspects in accordance with Turkish Financial Reporting Standards(TFRS) of the consolidated financial condition and the same date as the end of the fiscal year of consolidated financial performance and its consolidated cash flows.

2. The Base of Opinion

In our independent audit we did the Independent Auditing Standards published by the Capital Markets Board and the standards issued by the Public Oversight, Accounting and Auditing Standards Authority was carried out in accordance with the Independent Auditing Standards which are a part of Turkey Auditing Standards. Our responsibilities under these Standards are explained in detail in the section entitled "Independent Auditor's Responsibilities for Independent Audit of Consolidated Financial Statements". We declare that we are independent from the Community in accordance with the Code of Ethics for Independent Auditors published by the Public Oversight Board (Code of Ethics) and the ethical provisions contained in the relevant legislation with independent auditing of the consolidated financial statements. Ethical Rules and other ethical responsibilities under the legislation have also been fulfilled by us. We believe that the independent audit evidence we obtain during the independent audit is sufficient and appropriate basis for the establishment of our opinion.

3. Key Audit Matters

The key audit issues, according to our professional judgment, are those that are most important in the independent audit of the consolidated financial statements in the current period. The key audit issues are discussed in the context of the independent audit of the consolidated financial statements as a whole and in the formation of our view of the consolidated financial statements, and we do not give a separate opinion on these matters.

Revenue Recognition	How the matter is addressed in the Audit
<p>The Group's revenues include application development, test / test automation services, project management, software solutions, sales of custom-made computer software, project consultancy service, installation, development and support services, data analysis, especially in the field of BSS (Business Support System) and data archiving income.</p> <p>The amount of revenue in the financial statements, the complexity of applications regarding accounting standards in the recognition of revenue from development activities; Due to the fact that the recognition of revenue related to private software project revenues and service transactions has different characteristics in accordance with the "TFRS 15 Revenue from Customer Contracts" standard, timely and accurate recognition and recording of revenue has been considered by us as a key audit subject.</p> <p>Explanations of the Group on accounting policies and revenue amounts are included in Note 2.4.47 and Note 32.</p>	<p>In addition to our existing audit procedures, the following audit procedures have been applied for recording of revenue:</p> <ul style="list-style-type: none">- The audit procedures we have implemented consist of understanding the internal controls and process related to the recording of revenues, analytical reviews and detailed tests.- While establishing the procedures for our detailed tests, sales were separated on the basis of software project revenues and service groups, and different tests were applied for each group.-In order to verify the revenue related to the software and special software project revenues generated as a result of the development activities, the accounting records regarding the accrued but not yet invoiced income to the customer and the documents subject to these records were tested by sampling method, taking into account the periodicity of the work.

	<ul style="list-style-type: none"> - The records were questioned and tested in terms of whether the invoices issued for the incomplete projects are included in the liabilities accounts from the customer contracts. - Revenues obtained from after-sales support, maintenance and consultancy services were also controlled based on the principles of the contract and mainly by considering the periodicity principle over the service hours provided.
Testing of Internally generated intangible assets / Capitalized Development Costs	How the matter is addressed in the Audit
<p>The Group capitalizes on the expenditures it has made in the software development phase in scope of development activities for the projects completed technically, ready for use and believed to provide cash flow in the future in accordance with the clarifications in TAS 38 "Intangible Assets". (Footnote 2.4.18)</p> <p>Development costs consist of the fees calculated according to the time when the personnel working directly in the establishment of the asset are employed in the related project and the costs directly related to the creation of the intangible asset.</p> <p>Capitalization calculations and amortization are determined as key issues due to their significant amounts in terms of financial statements and that they include management estimates thereof.</p>	<p>In addition to our existing audit procedures, the following procedures have been applied as to the auditing of capitalized development costs:</p> <ul style="list-style-type: none"> - The study was conducted to differentiate the research expenses and development expenses and the status of writing off the research expenses were checked. <p>Whether the projects evaluated in scope of development activity meets the criteria of capitalization specified in the TAS 38 "Intangible Assets" or not was discussed at a meeting held with the management,</p> <ul style="list-style-type: none"> - In this context, the estimations and projected redemption periods of the future economic benefits of the projects were evaluated with the management. - Personnel costs related to projects have been tested by means of taking down the balances of Project-based expenditure types related to capitalized costs. - The contents of other expenses directly related to the capitalized development costs other than personnel costs were queried and the allocation keys were controlled by recalculation method.
Goodwill Impairment Test	How the matter is addressed in the Audit
<p>As of December 31, 2021, there are intangible assets amounting to 38.839.427 TL, which are recognized as goodwill in the consolidated financial statements. In accordance with TAS, the said goodwill is tested for impairment annually.</p> <p>In our audit work, we focused on this issue for the following reasons:</p> <ul style="list-style-type: none"> - The goodwill recognized in the consolidated financial statements of the Group as of December 31, 2021 is a significant amount, - Using forward-looking management estimates in goodwill impairment studies (growth rate and weighted capital cost ratio, etc.), - The predictions used in goodwill impairment studies may be affected by future sectoral and economic changes 	<p>The following procedures have been applied for the audit of the goodwill impairment test:</p> <p>Discussions were held with the group management, and the management's future plans and statements were evaluated within the framework of macroeconomic data.</p> <p>Discussions were made about the setup of the calculation model and the assumptions used, and the mathematical accuracy of the setup was checked.</p> <p>The appropriateness of the important estimates (growth rate and weighted capital ratio, etc.) used in the goodwill impairment test has been evaluated and concluded that it is within an acceptable range.</p> <p>The realizability of forward-looking cash flow and investment projections used in the goodwill</p>

	<p>impairment test was evaluated at the meetings held with senior management.</p> <p>The cash flow estimates prepared by the management are compared with the past financial performance results and evaluated whether they are reasonable.</p>
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4. Responsibilities of the Administrative and Supervisory Officers on Consolidated Financial Statements

The group management; is responsible for the internal control it deems necessary to prepare it so that it does not contain significant error caused by error or fraud, the preparation of consolidated financial statements in accordance with Turkey Accounting Standards and from its presentation in a reasonable way.

Management when preparing consolidated financial statements is in the responsibility of the Group to use the continuity principle as long as there is no obligation, from the assessment of the ability of the Group to maintain its continuity, for clarifying the points of continuity if necessary, for liquidation of the community or for intention to terminate commercial activity.

Those responsible for top management are responsible for overseeing the Group's financial reporting process.

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

In an independent audit, the responsibilities of independent auditors like ours are:

Our aim is to obtain reasonable assurance as to whether the financial statements as a whole contain significant errors caused by errors or fraud, and to prepare an independent auditor's report that includes our observations. Reasonable assurance as a result of an independent audit carried out in accordance with the Independent Auditing Standards (IAS); is a high level of assurance, but does not always guarantee that an important mistake that exists will always be detected. Errors can be due to errors or tricks. These inaccuracies are considered significant if the mistakes are reasonably expected to affect the economic decisions that financial statement users will receive in the context of a table, alone or collectively.

By force of an independent audit carried out in accordance with the Independent Auditing Standards(IAS) published by the Capital Markets Board, we use our professional judgment during the independent audit and we continue our professional skepticism.

We also:

Risks of "major mistakes" originating from errors or fraud in the consolidated financial statements are identified and evaluated; audit procedures that respond to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to provide a basis for the audit.(Since trick has fraud, intentional negligence, untrue declaration or internal control violation, the risk of not detecting an important fallacy of falsity is higher than the risk of not detecting an important mistake.)

-Internal control is not evaluated with the aim to give an opinion on the effectiveness of the Group's internal control, but it is evaluated on the audit to design appropriate audit procedures.

- It is evaluated whether the accounting estimates made by the appropriateness of the accounting policies used by the management and the related disclosures are reasonable or not.

-Based on the audit evidence obtained, it is concluded that there is a significant uncertainty regarding the event or circumstances that could cause serious doubt as to the ability of the Group to maintain its continuity and the appropriateness of the management using the continuity of the management. If we reach a conclusion that there is a significant ambiguity, we should draw attention to the relevant disclosures in the Consolidated Financial Statements, or we should give any opinion other than a positive opinion if these disclosures are inadequate. The results we have are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or circumstances may end the continuity of the Group.

-The Consolidated Financial Statements reflect the general presentation, structure and content of the financial statements, including the disclosures, and whether these statements reflect the underlying transactions and events in a manner that will provide a sound presentation.

-Adequate and appropriate audit evidence is obtained about the financial information about the entities in the community or business segments in order to give an opinion on the consolidated financial statements. We are responsible in the guidance, observation and execution of the Group audit. We are responsible alone by the audit opinion mentioned.

- Among other things, we report to the top management the planned coverage and timing of the independent audit, as well as any significant audit findings, including any significant internal control deficiencies we identified during the audit.

We have informed top management that we have complied with the ethical provisions regarding independence. We have informed top management all relations and other matters that may be considered to have an effect on independence and, if any, relevant measures.

Among the issues that are reported to top management, we have identified key issues that are most important in the independent audit of the consolidated financial statements. Where the legislation does not allow public disclosure of the matter, or in exceptional circumstances where it is reasonably expected that the negative consequences of public disclosure will exceed public interest, we may decide that the relevant matter should not be mentioned in our independent audit report.

B.Other liabilities arising from the legislation

1. The report dated March 11, 2022, which we prepared in accordance with the fourth paragraph of article 398 of the Turkish Commercial Code, on the early detection system of the Group's risk appetite and its applications, was presented to the Board of Directors of the Company.

2. In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, No significant issue was found in the accounting period of the Group for the period between 1 January 2021 and 31 December 2021 as to the bookkeeping method and the fact that the financial statements do not conform to the provisions of the law and the financial statements of the main contract.

3. In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, The Board of Directors has made the required explanations within the scope of the audit and given the documents we requested.

AYŞE KARAUSTA is the auditor responsible for carrying out this independent audit.

Istanbul, 11 March 2022

AYŞE KARAUSTA
Responsible auditor

KAVRAM BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.
Member Crowe Global

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**AUDITED CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020
(BALANCE SHEET)**

(All amounts are expressed in Turkish Lira ("TL"))

	Footnote Refer.	CURRENT PERIOD December 31,2021	PREVIOUS PERIOD December 31, 2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	23.001.141	28.066.969
Financial Investments	8	3.036.848	2.234.257
Trade Receivables	10	96.857.100	51.292.003
-Trade Receivables from Related Parties	6-10	185.969	67.422
-Trade Receivables from Unrelated Parties	10	96.671.131	51.224.581
Other Receivables	13	1.120.496	575.147
-Other Receivables from Related Parties	6-13	8.286	518.109
-Other Receivables from Unrelated Parties	13	1.112.210	57.038
Receivables From Customer Contracts	11	6.384.976	12.330.928
- Contract Assets Arising from Sales of Goods and Services	11	6.384.976	12.330.928
Inventories	16	31.714	405.511
Prepaid Expense	18	17.611.003	5.286.778
-Prepaid Expenses to Related Parties	6-18	230.345	401.583
- Prepaid Expenses to Unrelated Parties	18	17.380.658	4.885.195
Current Tax Assets	21	-	33.269
Other Current Assets	22	791	279.980
-Other Current Assets from Unrelated Parties	22	791	279.980
Total Current Assets		148.044.069	100.504.842
Non-Current Assets			
Financial Investments	8	57.975.000	86.061.250
Investments in Affiliates, Joint Ventures and Subsidiaries	25	864.443	-
Other Receivables	13	5.572	49.802
-Other Receivables From Unrelated Parties	13	5.572	49.802
Tangible Fixed Assets	27	6.051.738	5.322.194
-Vehicles		1.696.368	1.921.614
-Furniture and fixtures		4.212.282	3.163.056
-Special Cost		143.088	237.524
Right of Use Assets	29	1.393.578	3.916.377
Intangible Assets	28	66.612.414	129.741.210
-Goodwill		38.839.427	64.740.544
-Brands		525.639	576.389
-Computer Software		91.560	16.994
-Capitalized Development Costs		27.155.788	64.406.583
-Other Intangible Fixed Assets		-	700
Prepaid Expenses	18	12.418.249	387.405
- Prepaid Expenses to Related Parties	6-18	-	-
- Prepaid Expenses to Unrelated Parties	18	12.418.249	387.405
Deferred Tax Asset	42	6.960.931	1.218.365
Other Fixed Assets	22	1.460	1.460
-Other Fixed Assets to related Parties	6-22	-	-
-Other Fixed Assets to Unrelated Parties	22	1.460	1.460
Total Non-Current Assets		152.283.385	226.698.063
TOTAL ASSETS		300.327.454	327.202.905

Enclosed footnotes are integral parts of these statements.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
AUDITED CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020
(BALANCE SHEET)

(All amounts are expressed in Turkish Lira ("TL"))

	Footnote Refer.	CURRENT PERIOD December 31, 2021	PREVIOUS PERIOD December 31, 2020
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings	9	61.356	250.000
- Short-Term Borrowings From Unrelated Parties		61.356	250.000
-- Bank credits		61.356	250.000
Short-term Portion of Long-term Borrow. from Unrelated Parties	9	5.356.840	8.890.388
Short-term Portion of Long-term Borrow. from related Parties		207.149	186.515
-- Debts from Leasing Transactions		207.149	186.515
Short-term Portion of Long-term Borrow. from Unrelated Parties		5.149.691	8.703.873
--Banks credits		3.837.761	5.891.563
-- Debts from Leasing Transactions		1.311.930	2.812.310
Other Financial Liabilities	9	83.391	84.835
-Other Miscellaneous Financial Liabilities		83.391	84.835
Trade Payables	10	46.473.559	18.909.798
-Trade Payables to Unrelated Parties	10	46.473.559	18.909.798
Payables in Scope of Employee Benefits	14	3.623.112	4.125.304
Other Payables	13	8.006.110	34.860.579
Other Payables to Related Parties	6-13	90.382	529.201
Other Payables to Unrelated Parties	13	7.915.728	34.331.378
Liabilities from Customer Contracts	11	20.028.854	10.894.133
-Contractual Liabilities From Sales Goods and Services	11	20.028.854	10.894.133
Government Incentives and Grants	19	531.776	313.516
Deferred Incomes	18	1.264.668	296.610
- Deferred Incomes/Unrelated Parties	6-18	1.264.668	296.610
Current Period Profit Tax Liability	20	376.398	812.155
Short-Term Provisions	30	6.008.761	2.837.355
-Short-Term Provisions for Employee Benefits	30	2.593.717	1.699.730
-Other Short-Term Provisions	30	3.415.044	1.137.625
Other Short-Term Liabilities	23	6.660.255	375.921
-Other Short-Term Liabilities to Unrelated Parties	23	6.660.255	375.921
Total Short-Term Liabilities		98.475.080	82.650.594
Long-Term Liabilities			
Long-Term Borrowings	9	2.004.376	8.986.441
- Long-Term Borrowings from related Parties		262.250	469.398
-- Debts from Leasing Transactions		262.250	469.398
- Long-Term Borrowings from Unrelated Parties		1.742.126	8.517.043
--Banks credits		1.288.030	7.249.760
-- Debts from Leasing Transactions		454.096	1.267.283
Liabilities from Customer Contracts	11	11.596.130	273.804
- Contractual Liabilities From Sales Goods and Services		11.596.130	273.804
Government Incentives and Grants	19	558.960	742.235
Deferred Incomes	18	2.318.557	-
- Deferred Incomes/Unrelated Parties	18	2.318.557	-
Long-Term Provisions	30	5.455.034	5.728.507
-Long-Term Provisions For Employee Benefits	30	5.455.034	5.728.507
Total Long-Term Liabilities		21.933.057	15.730.987
TOTAL LIABILITIES		120.408.137	98.381.581
EQUITY			
Equity Attributable To Parent Company	31	167.589.660	161.380.600
- Paid-in Capital		19.750.000	19.750.000
-Share Premium (Discount)	31	30.050.545	31.066.576
- Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss	31	(720.130)	(515.833)
-- Revaluation measurement gains/losses		(720.130)	(515.833)
---Actuarial Gain/Loss Fund from defined benefit plan)		(720.130)	(515.833)
- Restrained Reserves From Profit	31	46.707.250	3.223.068
--Real Estate or Subsidiary Sales Gain to be Added to Capital		42.337.521	544.262
-- Legal reserves		4.369.729	2.678.806
- Profit (Loss) for Previous Period	31	64.407.315	77.367.356
- Net Profit (Loss) For The Period	43	7.394.680	30.489.433
Non-Controlling Shares		12.329.657	67.440.724
Total Equity		179.919.317	228.821.324
TOTAL LIABILITIES		300.327.454	327.202.905

Enclosed footnotes are integral parts of these statements.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**AUDITED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT (CONSOLIDATED)****FOR THE PERIOD JANUARY 1, 2021 -DECEMBER 31, 2021 AND JANUARY 1, 2020 -DECEMBER 31, 2020**

(All amounts are expressed in Turkish Lira ("TL"))

	Footnote Refer.	Current Period January 01,2021- December 31,2021	Previous Period January 01,2020- December 31,2020
Sales Revenue	32	265.074.491	171.973.987
Cost of Sales (-)	32	(184.672.086)	(123.238.485)
GROSS PROFIT (LOSS)		80.402.405	48.735.502
General Administrative Expenses	33	(20.644.093)	(19.096.819)
Marketing Expenses	33	(145.159)	(368.399)
Research and Development Expenses	33	(17.975.769)	(13.901.821)
Other Operating Income	35	12.842.523	4.798.792
Other Operating Expenses	35	(11.575.522)	(4.446.494)
MAIN OPERATION PROFIT/LOSS		42.904.385	15.720.761
Income from Investment Activities	36	343.391	15.011.911
Expenses from Investment Activities	37	(32.771.835)	-
CONTINUING OPER.PROFIT OR LOSS BEFORE FINANCIAL INCOME(EXP.)		10.475.941	30.732.672
Financial Income	38	6.391.584	8.969.427
Financial Expenses	39	(5.461.902)	(3.518.254)
CONTINUING OPER.PROFIT OR LOSS BEFORE TAX		11.405.623	36.183.845
Continuing Operations Tax Income / Loss		5.499.847	(2.792.963)
-Period Tax Profit / Loss	42	(2.566.601)	(2.216.728)
-Deferred Tax Profit / Loss	42	8.066.448	(576.235)
CONTINUING OPER.PERIOD PROFIT OR LOSS		16.905.470	33.390.882
PERIOD PROFIT OR LOSS		16.905.470	33.390.882
Allocation Of Period Profit/Loss		16.905.470	33.390.882
-Non-Controlling Shares		9.510.790	2.901.449
- Share of Main Partnership		7.394.680	30.489.433
Earnings per share	43	0,37	1,54
-- Earnings per share from continuing oper.	43	0,37	1,54
Other Comprehensive Income:			
Items not to be reclassified as profit or loss		(372.197)	(274.935)
--Revaluation gains(loss) in defined benefit plans , Post Tax	41	(372.197)	(274.935)
Reclassified as profit or loss		-	-
OTHER COMPREHENSIVE INCOME (EXPENSE)		(372.197)	(274.935)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		16.533.273	33.115.947
Allocation of Total Comprehensive Income		16.533.273	33.115.947
- Non-Controlling Shares		9.360.483	2.692.032
-Share of Main Partnership		7.172.790	30.423.915

Enclosed footnotes are integral parts of these statements.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2021 -DECEMBER 31, 2021
AND JANUARY 1, 2020-DECEMBER 31, 2020**

(All amounts are expressed in Turkish Lira ("TL"))

	Footnote Refer.	Current Period January 01,2021- December 31,2021	Previous Period January 01,2020- December 31,2020
A) Cash Flow from Operating Activities		32.190.499	70.798.705
Profit / (Loss) of the Period		16.905.470	33.390.882
Profit/ (Loss) of the period Continued Operations		16.905.470	33.390.882
Adjustments Related to Net Profit/Loss Recoinciliation		62.888.921	6.470.069
Adjustments related to Depreciation and Amortisation Expense	27-28-29	26.191.882	18.090.211
Adjustments Related to Impairment/Reversal of impairment	10-28-35-36	6.579.061	1.558.483
-Adjustments Related to Impairment of Receivables/Reversal of impairment	10	4.553.822	1.843.002
- Adjust. Impairment (Cancellation) of Other Intangible Fixed Assets.	28	2.025.239	430.847
-Corrections for Other Impairments (Cancellations)	35-36	-	(715.366)
Adjustments related to Provisions	30	3.972.024	3.318.421
- Adjustments Related to Employee Benefits Provisions(Cancellations)	30	7.893.692	3.318.421
- Adjustments Related to Litigation and/or Penalty Provisions (Cancellations)		(9.000)	-
- Adjustments Related to General Provisions(Cancellations)		(3.912.668)	-
Adjustments for Interest (Income) and Expenses	35-38-39	738.085	(5.451.173)
- Adjustments for Interest Income	38	(1.796.098)	(8.969.427)
- Adjustments for Interest Expenses	39	2.534.183	3.518.254
Adjustments Related to fair value Loses(Gains)	41	28.694.442	(14.427.375)
-Adjustments for Fair Value Losses (Gains) of Financial Assets		28.570.681	(14.702.310)
-Other Adjustments Related to fair value Loses(Gains)	41	123.761	274.935
Adjustments for Tax (Income) Expense		(7.191.603)	2.792.963
Other Adjustments Regarding Non-Cash Items		(155.425)	588.539
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations		4.060.455	-
Changes in Working Capital		(46.607.180)	31.937.754
Decrease (Increase) in Financial Investments		(1.287.022)	(2.234.257)
Adjustments for Decrease (Increase) in Trade Receivables	6-10	(68.752.428)	(17.085.187)
Decrease (Increase) in Trade Receivables from Related Parties	6	(2.329.046)	3.133.777
Decrease (Increase) in Trade Receivables from unrelated Parties	10	(66.423.382)	(20.218.964)
Adjust. Related to increase/(dec.) in Oth. Receiv.related with oper.	6-13	(756.385)	126.644
- Incr. (Decr.) in Other Receiv. Related to Act. from Related Parties	6	324.918	(75.095)
- Incr. (Decr.) in Other Receiv. Related to Act. from Unrelated Parties	13	(1.081.303)	201.739
Adjust.Related to incr./ (Dec.) in Assets from Customer Contracts	11	5.945.952	(2.727.304)
-Incr. (Decr.) in Contractual Assets Arising from Sales of Goods and Services	11	5.945.952	(2.727.304)
Adjustments for Decrease (Increase) in Inventories	16	373.797	693.162
Decrease (Increase) in Prepaid Expenses	18	(25.782.258)	(3.022.967)
Adjustments for Increase (Decrease) in Trade Payables	6-10	33.196.406	13.216.941
-Decrease (Increase) in Trade Receivables to related Party	6	2.396.119	-
-Decrease (Increase) in Trade Receivables to Urelated Party	10	30.800.287	13.216.941
Increase (Decrease) in Debts within the Scope of Employee Benefits	14	2.508.180	1.141.397
Adjust. for Increase (Decrease) in Liab. Arising from Customer Contracts	11	23.168.999	8.852.769
-Incr. (Decr.) in Contractual Oblig. Arising from Sales of Goods and Services	11	23.168.999	8.852.769
Adjustments for Incr. (Decr.) in Other Liab. Related to Operations	6-13	(25.711.565)	33.281.293
-Increase (Decrease) in Other Related Party Payables Related to Activities	6	(438.819)	529.201
-Increase (Decrease) in Other Unrelated Party Payables Relat. to Activities	13	(25.272.746)	32.752.092
Increase (Decrease) in Government Incentives and Grants	19	614.917	(620.174)
Increase (Decrease) in Deferred Income	18	3.286.615	287.076
Adjustments Related to Other Incr. (Decrease) in Oper. Capital	22-23	6.587.612	28.361
- Decrease (Increase) in Other Assets Related to Operations	22	253.298	(222.227)
-Increase (Decrease) in Other Liabilities Related to Operations	23	6.334.314	250.588
Cash Flows From Activities		33.187.211	71.798.705
Dividends Paid		(996.712)	(1.000.000)

Enclosed footnotes are integral parts of these statements.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2021 -DECEMBER 31, 2021
AND JANUARY 1, 2020-DECEMBER 31, 2020**

(All amounts are expressed in Turkish Lira ("TL"))

	Footnote Refer.	Current Period January 01,2021- December 31,2021	Previous Period January 01,2020- December 31,2020
B)Cash Flows From Investing Activities		(29.669.390)	(82.541.732)
Cash Inflows Concerning Sales Resulting in Loss of Control of Subsidiaries		10.770.361	
Cash Inflows for Sales Not Resulting in Loss of Control of Subsidiaries		-	59.030.761
Cash Outflows Related to Purchases for Obtaining Control of Subsidiaries		-	(41.900.457)
Cash Outflows Due to Subsidiaries and/or Joint Ventures Share Purchase or Capital Increase	25	(864.443)	-
Cash outflows for the acquisition of shares or debt instruments of other businesses or funds	8	-	(71.465.625)
Cash Inflows from the Sale of Tangible and Intangible Fixed Assets	27-28	85.087	1.098.916
-Cash Inflows from the Sale of Tangible Fixed Assets	27	85.087	1.098.916
Cash Outflows from the Purchase of Tan. and Intan. Fixed Assets	27-28	(39.660.395)	(29.305.327)
-Cash Outflows from Purchase of Fixed Assets	27	(3.316.689)	(5.754.485)
-Cash Outflows from Purchase of Intangible Fixed Assets	28	(36.343.706)	(23.550.842)
C) Cash Flows From Financing Activities		(7.586.937)	12.663.202
Cash Inflows From Borrowing	9	6.916.913	16.592.264
Cash Inflows from Loans	9	6.916.913	16.507.429
Cash Inflows from Other Financial Debts	9	-	84.835
Cash Outflows Related to Debt Payments	9	(8.427.523)	(6.383.441)
-Cash Outflows Related to Loan Repayments	9	(8.427.523)	(6.383.441)
Cash Outflows Related to Loan Payments Arising from Lease Agreements		(4.218.048)	(4.000.332)
Interest Paid	39	(2.534.183)	(3.518.254)
Interest Received	38	1.697.122	8.969.427
Other Cash Inflows (Outflows)		(1.021.218)	1.003.538
Net Increase / Decrease in Cash and Cash Equivalents Before Foreign Currency Translation Differences (A+B+C)		(5.065.828)	920.175
Net Increase / Decrease in Cash and Equivalents (A + B + C + D)		(5.065.828)	920.175
E- CASH AND CASH EQUIV. AT THE BEGINNING OF THE PERIOD	7	28.066.969	27.146.794
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A + B + C + D + E)	7	23.001.141	28.066.969

Enclosed footnotes are integral parts of these statements.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF JANUARY 1, 2021 -DECEMBER 31, 2021 AND JANUARY 1, 2020-DECEMBER 31, 2020

(All amounts are expressed in Turkish Lira ("TL"))

			Revaluation measurement gains/losses		Retained Earnings				
	Paid-in- Capital	Issuance of Share Premiums / Discounts	Remeasurement Gains/ Losses Due to Defined Benefit Plan	Restricted Reserves	Previous Years Profit/Loss	Profit/Loss for the period	Equity Attributable to Parent Company	Non- Controlling Shares	EQUITY
PREVIOUS PERIOD									
Balance as of January 1,2020 (Beginning of the period)	19.750.000	35.421.880	(416.870)	2.445.527	15.546.825	17.194.535	89.941.897	41.439.032	131.380.929
Adjustments Related to Changes in Accounting Policies	-	-	-	-	-	-	-	-	-
Amount After Adjustments	19.750.000	35.421.880	(416.870)	2.445.527	15.546.825	17.194.535	89.941.897	41.439.032	131.380.929
Transfers	-	-	-	777.541	16.416.994	(17.194.535)	-	-	-
Total comprehen. income (Expense)	-	-	(65.518)	-	-	30.489.433	30.423.915	2.692.032	33.115.947
-Profit/(Loss) of the Period	-	-	-	-	-	30.489.433	30.489.433	2.901.449	33.390.882
- Other Comprehensive Income/Loss	-	-	(65.518)	-	-	-	(65.518)	(209.417)	(274.935)
Profit Shares	-	-	-	-	(1.000.000)	-	(1.000.000)	-	(1.000.000)
Subsidiary Acquisition or Disposal	-	-	-	-	-	-	-	6.293.687	6.293.687
Increase / Decrease due to Share Rate Changes in Subsidiaries that do not result in a loss of control	-	(4.355.304)	(33.445)	-	46.403.537	-	42.014.788	17.015.973	59.030.761
Balance as of December 31,2020 (End of Period)	19.750.000	31.066.576	(515.833)	3.223.068	77.367.356	30.489.433	161.380.600	67.440.724	228.821.324
CURRENT PERIOD									
Balance as of January 1,2021 (Beginning of the period)	19.750.000	31.066.576	(515.833)	3.223.068	77.367.356	30.489.433	161.380.600	67.440.724	228.821.324
Adjustments Related to Changes in Accounting Policies	-	-	-	-	-	-	-	-	-
Amount After Adjustments	19.750.000	31.066.576	(515.833)	3.223.068	77.367.356	30.489.433	161.380.600	67.440.724	228.821.324
Transfers	-	-	-	43.598.502	(13.109.069)	(30.489.433)	-	-	-
Total comprehen. income (Expense)	-	-	(221.890)	-	-	7.394.680	7.172.790	9.360.483	16.533.273
-Profit/(Loss) of the Period	-	-	-	-	-	7.394.680	7.394.680	9.510.790	16.905.470
- Other Comprehensive Income/Loss	-	-	(221.890)	-	-	-	(221.890)	(150.307)	(372.197)
Profit Shares	-	-	-	-	(996.713)	-	(996.713)	-	(996.713)
Subsidiary Acquisition or Disposal	-	(1.016.031)	17.593	(114.320)	1.145.741	-	32.983	(64.471.550)	(64.438.567)
Balance as of December 31,2021 (End of Period)	19.750.000	30.050.545	(720.130)	46.707.250	64.407.315	7.394.680	167.589.660	12.329.657	179.919.317

Enclosed footnotes are integral parts of these statements.

NOTE 1 - ORGANIZATION AND SUBJECT OF ACTIVITY

1.1 Field of Activity;

Kafein Yazılım Hizmetleri Ticaret A.Ş. (Company) was established in 2005 under the title of "Kafein Yazılım ve Bilgisayar Hizmetleri Sanayi ve Ticaret Ltd.". In 2011, the Company changed its title to "Kafein Yazılım ve Bilgisayar Hizmetleri Sanayi ve Ticaret A.Ş."; and on 18 March 2015, the former title was change to "Kafein Yazılım Hizmetleri Ticaret A.Ş".

The Company is registered with the Istanbul Trade Registry Office under trade registry no. 563336.

The company provides services in application development, test / test automation services, project management, software solutions, consulting, data analysis and data archiving, especially in the field of BSS (Business Support System).

While the address and main activity center of the Company is Eski Londra Asfaltı Cad. Çiftelhavuzlar Mah. Yıldız Teknik Üniversitesi Davutpaşa Kampüsü C1 Blok Kat: 2 No: 403 Esenler / İstanbul, it is changed to Eski Londra Asfaltı Cad. Çiftelhavuzlar Mah. Kuluçka Merkezi A2 Blok No:151/1b İç kapı No: B01 Esenler/İstanbul with the decision of the Board of Directors dated January 22, 2022. The relevant amendment was registered and announced in the Turkish Trade Registry Gazette on February 1, 2022.

The Company's branch address information is as follows;

- **Ataşehir Branch:** Barbaros Mah. Mor Sümbül Sok. Deluxia Palace Kat:17 D:48 Ataşehir/İstanbul
- **Ankara Branch:** Aşağı Öveçler Mah. 1309.Cadde No:5/4 Çankaya/Ankara

The registered authorized capital of the Company is TL 200.000.000.

The average number of employees working at the Group as of 31.12.2021 is 662. (as of 31 December 2020: 663)

1.2 Information on the Subsidiaries and Participations of the Company

Intranet Yazılım A.Ş.

On June 13, 2017, Intranet Yazılım A.Ş. was established by Kafein Yazılım Hizmetleri Ticaret A.Ş. as the founder. The establishment of the said Company was registered on June 13, 2017. Intranet Yazılım A.Ş.' main field of activity is to; conduct research and offer consultancy services on quality management, information technology, system integration, to develop and manufacture all kinds of goods and services in the field of computer industry and information technology, to design, manufacture, assemble in the said fields, and to offer consultancy on information technologies and projects, and to manage and supervise projects.

The head office of the company is Sahrayıcedit Mah. Atatürk Cad. No: 34/5 Kadıköy / İstanbul.

Intranet Yazılım A.Ş.'s capital is divided into 1.500.000 shares each with a value of 1 TL and the total value is TL 1.500.000. Kafein Yazılım Hizmetleri Ticaret A.Ş. became shareholder of Intranet Yazılım A.Ş. with 765.000 shares, each with a value of 1 TL, amounting to TL 765.000.

Kafein Yazılım Hizmetleri Ticaret A.Ş. has 51% majority share of Intranet Yazılım A.Ş. The said subsidiary is consolidated according to the full consolidation method.

Karmasis Bilişim Çözümleri Ticaret A.Ş.

Karmasis Bilişim Çözümleri Ticaret A.Ş. was established in 2003 under the title of Karma Teknoloji ve Elektronik Sistemleri Ticaret Ltd. Şti. The Company changed its title to "Karmasis Bilişim Çözümleri Ticaret Ltd. Şti." as announced in the trade registry gazette on 03.01.2008. Subsequently, the title of the company was changed to Karmasis Bilişim Çözümleri Ticaret A.Ş., the change of title was registered on 15 November 2019 and announced in the trade registry gazette on 20 November 2019. The Company is registered with Ankara Trade Registry Office under Trade registry no. 17695.

The main activity of the company is to produce information processing software, to sell the usage rights as the owner of these software, to carry out training activities on information processing and software, and to provide consultancy services on these issues if necessary. The address of the company and its main center of operation is Üniversiteler Mah. 1606 Cad. C Blok No: 4C / 320 Çankaya / Ankara.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

The capital of Karmasis Bilişim Çözümleri Ticaret A.Ş. is divided into 5.000 shares, each with a value of 1.000 TL, and its total capital is 5.000.000 TL.

Kafein Yazılım Hizmetleri Ticaret A.Ş. has 51% majority share of Karmasis Bilişim Çözümleri Ticaret A.Ş. The said subsidiary is consolidated according to the full consolidation method.

1.3 Capital Structure;

The Company's issued capital structure as of 31 December 2021 and 31 December 2020 is as follows:

Shareholders	December 31, 2021		December 31, 2020	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Ali Cem Kalyoncu	25	4.938.382	25	4.938.382
Shares Under Public Offering	75	14.811.618	75	14.811.618
Paid-in Capital	100	19.750.000	100	19.750.000

NOTE 2-GUIDELINES ON SUBMISSION OF FINANCIAL STATEMENTS**2.1. Basic Guidelines on Submission of Financial Statements and Declaration of Conformity to the Turkish Accounting Standard**

The Company keeps and prepares its statutory books and financial statements in accordance with the Turkish Trade Law and Uniform Account Plan and principles issued by Ministry of Finance of Turkey.

The accompanying financial statements are prepared in accordance with the Taxonomy of TAS in 2016 and the provision "Notice on Guidelines for Financial Reporting In Capital Market" ("Notice"), Seri II, No.14.1 of the Capital Market Board ("CMB") as published in the copy dated 13.06.2013 and numbered 28676 of the Official Gazette and based on the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS"/TFRS"), which are put into force by the Public Oversight Accounting and Auditing Standards Authority ("POA") pursuant to article 5 of the Notice, and its relevant appendices and comments.

The Group's financial statements and notes are presented in accordance with the formats announced by the CMB with the announcement dated 7 June 2013 and including the mandatory information thereof.

The financial statements of the Group are in accordance with the TAS taxonomy published with the current name "2019 TFRS" published by the POAASA on 2 June 2016 with the decision no. 30 along with the amendments to the TFRS-15 Revenue from Contracts with Customers and the TFRS16-Leasing Standard.

The Group's financial statements prepared in accordance with TAS/TFRS accepted by POAASA were approved by the Board of Directors on 11 March 2022. The General Assembly has the power to change the financial statements after the publication.

Reporting Currency

The financial statements of the Group are presented in the currency (functional currency) that is valid in the basic economic environment in which its. The financial position of the Group and the results of its operations are expressed in TL, which is the functional currency of the Group and the presentation currency for the financial statements.

Adjustment of Financial Statements in High Inflation Periods

With the resolution B.02.1.SPK.017 / 152-7642, which was obtained by Capital Market Board on March 18, 2005, the company has declared that the application of inflation accounting is not necessary effective from 1 January 2005 for companies preparing financial statements accounting and reporting principles ("CMB Financial Reporting Standards") operating in Turkey and accepted by the CMB. Accordingly, in the financial statements, as of January 1, 2005, 29 numbered "Financial Reporting in Hyperinflationary Economies" standard ("IAS 29") issued by the IASB has not been applied.

According to aforementioned resolution, the consolidated financial statements of the current and prior periods don't subject to keep inflation adjustments not due to realize necessary conditions to make any inflation adjustments.

Non-monetary assets and liabilities and equity items included in the current and previous period financial statements are reported with their nominal values.

Comparative Information

In order to make financial condition and performance trends eligible to determine, the financial statements of the company are prepared comparatively with the previous period. Comparative information are reclassified, if deemed necessary, in order to ensure compliance with the presentation of financial statements of current period.

Transactions in Foreign Currency

The Group considers the relevant exchange rates valid at the transaction date, while it converts any transactions conducted in foreign currency, and their balances to Turkish Lira. Monetary assets and liabilities in foreign currency are assessed in exchange rate announced by the Turkish Central Bank at the balance sheet date. Any exchange difference incomes and expenses arisen from conversion of any transactions in foreign currency to Turkish Lira or expression of monetary items are reflected to the income/ (expense) statement in the respective period.

Offsetting – Deduction

The financial assets and liabilities are shown as net values, where any necessary legal rights are available, and it is intended to assess such assets and liabilities as net values, or the assets and liabilities are obtained and fulfilled simultaneously.

The financial statements are prepared on the going concern basis by assuming that the Group shall get benefit from assets and perform its obligations within next year and in the ordinary course of its business activities.

It has been declared a "Pandemic" by the World Health Organization due to the COVID-19 outbreak, and the epidemic is still continuing. It is unclear how long the effect of the pandemic will continue both in the world and in Turkey. While preparing the consolidated financial statements dated December 31, 2021, the Group evaluated the possible effects of the Covid 19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairment losses in the consolidated financial statements dated December 31, 2021 have been evaluated and no significant impact has been identified.

In this process, the necessary actions were taken by the Group management to minimize the possible effects of Covid 19 on the Group's activities and financial status. Necessary studies have been started to evaluate the potential opportunities created by the pandemic process for the software sector. In the meantime, actions were taken by the Group for investment expenditures and operational expenses, and the cash management strategy was reviewed by examining the payment and collection terms in order to strengthen its liquidity position.

2.2. Changes in Accounting Policies

Accounting policy changes resulting from the first application of a new standard are applied retrospectively or prospectively in accordance with the transition provisions, if any. Changes without any transition requirement, optional significant changes in accounting policies or detected accounting errors are applied retrospectively and the financial statements of the previous period are restated. The accounting policies applied in the comparative financial statements of the Group are the same.

In order to comply with the presentation of the current period condensed consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

2.3. Changes and Errors in Accounting Estimates

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised in case of changes in circumstances of estimation, obtaining new information or additional developments. If the impact of the change in accounting estimate is related to only one period, it is reflected in the financial statements in the current period in which the change is made, if it is related to the future periods, it is reflected prospectively in the financial statements both in the period in which the change is made in consideration of determining the period profit or loss.

Detected significant accounting errors are applied retrospectively and previous period financial statements are restated. An error is corrected by restating the comparative amounts for prior periods when it occurs, or by restating the retained earnings account for the period in question prior to the next reporting period. If the reorganization of the information causes an excessive cost, the comparative information of the previous periods is not reorganised and the accumulated profit account of the following period is rearranged by the cumulative effect of the error before the beginning of the period in question.

2.4. Summary of Significant Accounting Policies

2.4.1 Consolidation principles

Consolidated financial statements include the financial statements of Kafein Yazılım Hizmetleri Ticaret A.Ş. (Company) and the financial statements of the said Company's subsidiaries. During the preparation of the financial statements of the companies included in the scope of consolidation, necessary adjustments and reclassifications have been made in order to comply with the TAS / TFRS and the accounting policies and presentation formats applied by the Group.

The principles for preparing consolidated financial statements is as follows;

- The consolidated financial statements include the financial statements of the Company and its subsidiaries.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

- Subsidiaries represent the entities in which the parent company has more than 50% of the shares, voting rights or the majority of the management or the right to elect the majority of the management through capital and management relations, either directly or through other subsidiaries or participations. The controlling power is defined as the parent company's power to manage the financial and operating policies of its subsidiaries and to provide benefits from the activities.

- Subsidiaries are included in the scope of consolidation as of the date control over their activities is transferred to the Group, and will be excluded from consolidation at the date when control is abolished. Accounting policies applied by the subsidiaries have been aligned with the accounting policies applied by the Group in order to ensure consistency.

- The financial statements of the subsidiaries are consolidated using the full consolidated method. In this context, the carrying value of the subsidiaries and the shareholders' equity is netted off, the carrying amount of the shares held by the Company and the dividends arising from them are netted from related equity and income statement accounts.

- The receivables and payables of each of the subsidiaries within the scope of consolidation and the sales of goods and services to each other and the revenue and expense items arising from transactions with each other are mutually offset.

- Amounts corresponding to minority interests excluding the interests of parent company and subsidiaries are deducted from all equity accounts group items, including the paid-in capital/issued capital, of the subsidiaries within the scope of consolidation, and shown under the name "Non-controlling interests" in the equity account group of financial statement.

Subsidiaries and Participations

The partnership ratios of subsidiaries and participations are as follows:

	December 31, 2021				December 31, 2020			
	Equity of Subs.	Subsidiary Rate (%)	Total Voting rights (%)	Number of Subsidiary Shares	Equity of Subs.	Subsidiary Rate (%)	Total Voting rights (%)	Number of Subsidiary Shares
Smartiks Yazılım A.Ş.(*)	-	-	-	-	31.862.500	6,43%	%49,80	2.050.000
Intranet Yazılım A.Ş.(**)	1.500.000	51%	%51	765.000	1.500.000	51%	%51	765.000
Karmasis Bilişim Çözümleri Tic. A.Ş.(***)	5.000.000	51%	51%	2.550	5.000.000	51%	51%	2.550

(*)On December 24, 2021, Kafein Yazılım Hizmetleri Ticaret A.Ş. sold all of the shares of its subsidiary Smartiks Yazılım A.Ş. to Mad Yazılım ve Teknoloji Yatırımları Anonim Şirketi, which consist of all of its preferred registered shares by 6,43% corresponding to 982.500 Group A and 1.062.500 Group B, totaling 2.045.000 for 16.000.000 TL, at a price of 7,824 TL per share off the stock market. Smartiks Yazılım A.Ş. has been excluded from the scope of consolidation based on its financial statements for the period ending on 31 December 2021, which is the closest reporting period to the date of sale. After this transaction, 5,000 C group shares remained in Kafein Yazılım Hizmetleri Ticaret A.Ş. and it was reported in the "Fair value differences financial investments reflecting on profit / loss" account.

(**)Kafein Yazılım Hizmetleri Ticaret A.Ş. has 51% majority share of Karmasis Bilişim Çözümleri Ticaret A.Ş.. The said subsidiary is consolidated according to the full consolidation method.

(***)Kafein Yazılım Hizmetleri Ticaret A.Ş. has 51% majority share of Intranet Yazılım A.Ş. The said subsidiary is consolidated according to the full consolidation method.

Non-controlling Shares

The Group considers the buying and selling of the shares which are not controlled by the non-controlling interests and the shares owned by the subsidiaries that it currently controls, as transactions between the Group's shareholders. Accordingly, the difference between the cost of acquisition and the carrying amount of the net assets of the subsidiary is accounted for under equity for additional share purchases from non-controlling interests. In the case of share sales to non-controlling interests, any gains or losses arising from the difference between the selling price and the carrying amount of the net assets of the subsidiary are also accounted in equity.

Changes in the rates held by non-controlling interests

In case the equity ratio held by non-controlling interests changes, the Group adjusts the book values of the controlling and non-controlling interests in order to reflect the changes in their relative interests in the subsidiary. The difference between the amount corrected for non-controlling interests and the fair value of the amount paid or received is directly accounted for in equity.

2.4.2 Business Combinations and Goodwill

The acquirer, obtaining the control of one or more entity, or any other transaction is defined as business combination.

The business combinations under the standart TFRS 3 'Business Combinations' are recognized by applying acquisition method. The acquisition cost related to the acquisition of a company, is distributed to the identifiable assets acquired, the liabilities assumed and contingent liabilities of the acquired company. The costs related to acquisition transaction is expensed in the period in which the costs are incurred.

The goodwill is recognized as the value transferred for the sale process exceeds the net value of the non controlling shares of acquired company and if any, of the acquiree company's the total of fair value of the equity shares those were previously held in the business combination recognized hierarchicly, the acquired company's net value of identifiable assets and liabilities at the date of acquisition.

If the fair value of the contingent consideration needs to be adjusted as a result of additional information emerging during the measurement period, this adjustment is adjusted retrospectively from goodwill. The measurement period is the period after the merger date in which the acquirer can correct the temporary amounts accounted for in the business combination. This period cannot be more than 1 year from the date of purchase.

In cases where the acquisition accounting for the business combination is not completed at the end of the reporting date, the Group reports temporary amounts for items for which the recognition process could not be completed. These provisionally reported amounts are adjusted during the measurement period or extra assets or liabilities are recognized to reflect the new information obtained on events occurring on that date, which may have an impact on the amounts recognized at the date of acquisition.

If the transferred value over the fair value in the acquisition date by the acquirer, is over the net values of identifiable assets acquired and identifiable liabilities assumed in the acquisition date, the amount is measured as goodwill in the Company. As of the acquisition date, the acquirer, separately from goodwill, accounts for identifiable assets acquired and liabilities assumed and non-controlling shares (minority interest) of acquired company. The acquired identifiable assets and assumed identifiable liabilities recognition is made by consistency to the Conceptual Framework's asset and liability definition.

In the business combinations, the assets, the intangible assets and contingent liabilities that are not in the financial statements of acquired company, but are in goodwill item and that are able to be discriminated are reflected in the consolidated financial statements with fair value. The goodwill amount in the acquired company's financial statements is not regarded as identifiable asset.

If the acquirer's share of acquired identifiable asset, liability and contingent liability's fair value is over the business combination cost the difference is associated with profit or loss. For every acquisition the acquired company's minority shares are accounted with share of net assets of the acquired company.

After the goodwill is recorded initially, it's reflected to financial statements at the acquisition date less any accumulated impairment losses. The goodwill should be tested yearly or more often if there is a probability of value loss. If the recoverable amount is less than the amount in the records, the impairment loss is valued in the consolidated income statement.

In the test of impairment, the goodwill during the purchase transaction, is distributed among the cash generating unit or groups waiting for benefits, without regarding the impliance of other assets and liabilities after the purchase. The units or groups in which the goodwill is distributed, represents the smallest unit or group for management purposes. The impairment losses over the goodwill can not be cancelled. The gains and losses of selling of one corporation includes the recorded value of goodwill over the corporation sold.

2.4.3 Cash and Cash Equivalents

Cash states cash and drawing accounts in the enterprise. Cash equivalents state any assets held for any short-term cash obligations and not used for investment or other purposes. It is essential that its value may be converted certainly to a cash value and the risk to change its value is negligible for any asset to be accepted as a cash equivalent.

Cash and cash equivalents are integral part of the cash management of the enterprise. Any financial instruments to be included in the scope of cash equivalents consist of cheques (current type), liquid funds, short-term bonds and drafts, receivables from reverse-repo transactions, deposit accounts with a term shorter than 3 months (any deposit account longer than 3 months is shown among financial investments), and government bonds and treasury bonds with remaining due date shorter than 3 months on acquisition date, or any other liquid debt instruments, and any receivables from money market.

Cash and cash equivalents in the financial statements of the Group as cash in hand as of the balance sheet date and the demand deposits are reported.

2.4.4 Financial Investments

The Group recognizes its financial assets in three classes as financial assets that are recognized at amortized cost, their fair value difference is reflected in the other comprehensive income statement, and their fair value difference is reflected to profit or loss. Classification is made on the basis of the business model used by the enterprise for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Group makes the classification of its financial assets on the date of purchase.

"Financial assets measured at amortized cost" are non-derivative financial assets that are held within the scope of a business model that aims to collect contractual cash flows and that have cash flows that include only the principal and interest payments arising from the principal balance at certain dates in contract terms.

"Financial assets at fair value reflected to other comprehensive income" consists of equity-based financial assets and debt instruments. The group measures these assets at their fair value.. Gains or losses arising from related financial assets other than exchange difference income or expenses are reflected in other comprehensive income. In case equity-based financial assets are sold, valuation differences classified into other comprehensive income are classified into previous years' profits. In cases where debt instruments are derecognised, gains and losses previously recognized in comprehensive income are classified from equity to income statement.

For investments in equity-based financial assets, the Group may irrevocably opt for the method of reflecting subsequent changes in fair value to other comprehensive income at initial recognition. In the event that the said choice is made, the dividends obtained from the relevant investments are accounted in the income statement.

"Financial assets at fair value through profit or loss" consist of financial assets excluding financial assets measured at amortized cost and at fair value through other comprehensive income. Gains and losses resulting from the valuation of these assets are accounted in the consolidated income statement.

2.4.5. Derivative Financial Instruments

Any derivative financial instruments, which are appropriate the definition "financial asset or financial obligation" in TAS 32, are calculated in accordance with the provisions of the TAS 39 (TFRS 9), and submitted furthermore in the financial statement.

The Group does not have any derivative instruments as of the balance sheet date.

2.4.6. Receivables from Financial Sector Activities

Any receivables other than cash and cash equivalents and resulted from the financial sector are shown here.

As of the balance sheet date, the Group does not have any receivables from finance sector activities.

2.4.7. Trade Receivables / Related Parties

They are receivables from customers taken to the financial statements for all or part of a revenue.

In accordance with TFRS 15 Revenue from Customer Contracts, commercial receivables arise when the entity's unconditional right to charge the customer is expected to be collected. The right to receive the price is unconditional, but only if the collection of the price depends on a term.

Therefore, in order for a receivable to be a commercial receivable, the invoice must be issued or in a similar manner to be agreed in a binding manner with the customer. In cases where the enterprise has performed its performance by transferring its goods or services to the customer before the right to receive the price unconditionally, no commercial receivable will arise, the related asset is shown in the "Contractual Assets" item. The part of trade receivables from related parties is shown in a separate sub-item. Deposits and guarantees given are shown in other receivables, not under this item.

If any, late interests, interests, etc. of the trade receivables are shown not in the provisions for revenue, but in the provisions for interest incomes, exchange differences, etc. in the financial statements, and these amounts are also shown in the trade receivables and the relevant statements are made in the footnotes. Such interest incomes, exchange differences, etc. are also shown in the other real operating income in Profit or Loss and Other Comprehensive Income Statement.

Even if the time elapsed for foreclosure of the trade receivables is longer than 12 months, it is essential that such receivables must be classified in the current assets in the regular course of business of the enterprise.

Related Parties

The Group's related parties include entities that can directly or indirectly control or significantly affect the counterparty through shareholder, contractual right, family relationship or similar means. In the accompanying financial statements, the shareholders of the Group and the companies owned by such shareholders, their key management personnel and other companies known to be related are identified as related parties.

2.4.8 Contract Assets

It is used in tracking assets defined as contract assets in TFRS 15. According to TFRS 15, contract assets are the right of the enterprise to receive the price that is subject to another condition (for example, the future performance of the enterprise), except for the expiration of time, in return for the goods or services transferred to the customer. The total amount of contract assets is shown separately in the statement of financial position.

2.4.9 Other Receivables

Receivables excluding trade receivables and financial investments. Deposits and guarantees given, other receivables from related parties, receivables from public administrations other than assets related to current period tax and other various receivables can be shown as examples. The part of these receivables from related parties is shown in a separate sub-item in accordance with the sample format.

2.4.10. Inventories

It is an item, in which any assets that are available as substances and materials held to sell, manufactured to sell, and to be used during manufacturing process or service delivery in the regular course of business of the enterprise, are shown. The advances given for purchase orders have not a nature of inventories, and are shown in the "Prepaid Expenses," until the inventory accounting is conducted.

2.4.11. Alive Assets

If the current assets included in the TAS 41, and any agricultural products collected during harvest relate to the agricultural activities, they are shown in this item. This item is used by the enterprises, which deal with agricultural activities only.

The Group does not have any biological assets as of the date of financial statement.

2.4.12. Prepaid Expenses

All amounts paid usually to the suppliers and to be transferred to the expense and cost accounts in a subsequent period (or period) are shown in this item. If the item is negligible, such amounts are submitted in the other current/non-current assets.

2.4.13. Assets Related To the Current Period

Pursuant to the Income Tax Standard TAS 12, any assets such as various taxes and funds related to the current period tax payable over revenue prepaid and possibly subject to discount are shown in this item.

2.4.14. Other Current/Non-Current Assets

The current/non-current assets such as transferred VAT, VAT discount, other VAT, counting and acceptance points are shown in this item.

2.4.15. Non-current Assets Classified For Sales Purpose

Pursuant to the Standard on Non-Current Assets and Discounted Operations TFRS 5, any non-current assets classified for sales purpose, because their book value shall be recovered by means of the sales procedure rather than use, and all assets to be sold are shown in this item.

Furthermore, pursuant to the TFRS 5, any non-current assets classified for purpose of distributing them to the shareholders and all other assets to be sold are also shown in this item since it is committed to distribute them to the shareholders. In this case, this item is called so as to state these assets.

The Group does not have any non-current assets classified as held for sale as of the date of financial statement.

2.4.16. Investments Assessed By Equity Method

Pursuant to the Standard on Investments in Subsidiaries and Business Associates TAS 28, any subsidiaries and business associates assessed by equity method are shown in this item.

The Group has no affiliates and business associates assessed by equity method as of the financial statement period.

2.4.17. Investment Property

Pursuant to the Investment Property Standard TAS 40, any real properties (lands, buildings part of a building) acquired (by their landlord or tenant according to the financial leasing agreements for purposes of obtaining a rental income or capital gains income or both of them) are shown in this item. If the real property is subject to the financial leasing, the details specified in three Standards on Leasing Operations TAS 17 are added.

If it is included in the definition of investment property and the tenant uses the fair value method, it is possible that a right for a real property held by the tenant under the operating lease is shown as an investment property in this item.

The Group does not have any investment property.

2.4.18. Tangible and Intangible Fixed Assets

Tangible Assets:

Tangible assets are stated at cost value by deducting accumulated depreciation and accrued depreciation, if any.

The cost value, purchase price, import duties and non-refundable purchase taxes of the tangible assets are the costs incurred to make the tangible asset ready for use. Maintenance and repair costs are recognized in profit or loss in the period in which they are incurred.

Depreciation of tangible fixed assets is determined by using the straight-line method based on the useful lives of the assets. The expected useful life is reviewed annually for the possible effects of the changes in the depreciation method and the estimates and is accounted for prospectively if there is a change in the estimates.

The estimated useful lives of tangible assets are as follows:

	<u>Useful Life</u>
Vehicles	5-10 Years
Furniture and Fixtures	3-4-5-6-7-8-10-15-16-50 Years
Special Costs	5 Year

When a tangible asset is sold, or if no future economic benefits are expected from its use or sale, it is excluded from the statement of financial position. The gain or loss arising on the sale or retirement of a tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The advances given for the purchases of tangible assets are shown under "Prepaid Expenses" item rather than this item until the relevant asset is capitalized.

-Right of Use Assets

According to TFRS 16 Leases, the lessee is required to present right-of-use assets separately from other assets in the statement of financial position or in the notes. Businesses that prefer to show their right of use assets separately in the statement of financial position show these assets in this item.

-Intangible Assets:

a.Intangible assets acquired

Intangible assets are stated at cost value by deducting accumulated amortization and depletion expenses and depreciations.

Expected useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimations and they are accounted for prospectively if there is a change in the estimates.

b.Internally generated intangible assets-research and development expenses

i) Research activities expenses are recognized in profit or loss in the period in which they are incurred.

ii) Expenses within the scope of development activities:

- Capitalized Development Costs

Intangible assets that are created internally as a result of the development of a project that is ordered or initiated with a new idea in the company are capitalized and registered only when all the following conditions are met:

- It is technically possible to complete the intangible asset to be ready for use or ready for sale,
- The intention to complete, use or sell the intangible asset,
- The intangible asset can be used or sold,
- It is known that the asset has a kind of possible economic benefit for the future.
- Having appropriate technical, financial and other resources to complete the development of the intangible asset, use or sell the asset in question, and
- The cost of developing the asset can be measured reliably during the development process.

During the period, the Group management re-examined the existence of possible economic benefits of internally generated intangible assets created internally. The Group management believes that the projects will continue as expected and anticipates that the projects will create economic benefits upon analysis. The management is sure that even if the economic benefit decreases, it is possible to recover the registered values of the assets. This situation is closely monitored by the Group management and management will make adjustments in cases where future market activities require adjustment.

-Special software project expenses:

Special software project expenses, which are specially developed for the customer and cannot be sold to another customer, are recorded as expenses depending on the realization of the revenue as of the date of completion. In special software projects that extend to more than one period; Project expenses, which are determined by matching the revenue amount accrued in connection with the invoice issued within the scope of partial deliveries and the expenses corresponding to the completed part of the project, are recorded as expense in the period of partial delivery. Development expenses related to such special software projects are not capitalized.

The amount of intangible assets created internally is the total amount of expenses incurred from the moment the intangible asset meets the above-mentioned accounting conditions. When intangible assets created internally cannot meet the conditions stated above, development expenditures are recorded as an expense in the period they occur.

After initial recognition, internally created intangible assets are shown over the amount after the accumulated amortization and accumulated impairment losses are deducted from their cost values, just like intangible fixed assets purchased separately.

c. Derecognition of intangible assets

An intangible asset is derecognised when the intangible asset is sold or if no future economic benefit is expected from its use or sale. Any gain or loss arising from the sale of an intangible asset is calculated as the difference between the net proceeds from sale of assets and the book values, if any. This difference is recognized in profit or loss when the related asset is excluded from the balance sheet.

The Group's intangible assets item; It includes the acquired rights and computer programs as well as development costs and other identifiable rights related to computer software and programs created within the enterprise. Development costs consist of the wages of the personnel directly involved in the creation of the asset and the costs directly attributable to the creation of the intangible asset. Government incentives associated with development costs are recorded in parallel to the redemption period of intangible assets.

The rates determined by taking into account the useful lives of Intangible Fixed Assets are as follows:

	<u>Useful Life</u>
Brands	15 Years
Computer Programs	3 Years
Capitalized development Costs	2-3-4-5-6-7 Years
Other Intangible Assets	4-10 Years

2.4.19. Deferred Tax Assets

The deferred tax assets include any amounts to be recovered in next periods for any taxes collected upon revenue due to any deductible temporary differences, and any non-used financial losses transferred to next periods, and any non-used tax advantages transferred to next periods.

The item "Deferred tax assets" is not used for any (permanent) amounts, which are not impossible to deduct under the tax legislation.

2.4.20. Short-Term / Long-Term Obligations

The obligations include ones, which shall cause exit of any assets that arise from any events occurred in the past, and if they are paid/executed, shall contain a financial benefit from the enterprise. This definition states basic characteristics of the obligations, and identifies the basic criteria that such obligations must meet to take place in the Financial Statement. Therefore, since the obligation definition meets any criteria to show in financial statements, it also contains any obligations not specified in the Financial Statement.

Pursuant to paragraphs 69-76 of the TAS 1, any obligations having any one of the following characteristics are classified as short-term obligations:

- (a) It is expected that they shall be paid in the regular course of business;
- (b) They are held primarily for commercial purposes;
- (c) They shall be paid within two months following the reporting period (balance sheet date); or

(d) The enterprise has no unconditional right to defer payment of its obligations for a period of at least two months following the end of the reporting period (balance sheet date). The provisions that the obligation shall be paid by issuing an equity instrument at the counter party's never restrict such obligation.

Entity/establishment classifies all the other liabilities as being long-term.

2.4.21. Borrowings

Of the financial obligations defined in the TAS 32, any borrowings from financial markets such as amortized bank loans, issued bonds, bills and debentures, which have a nature of borrowing, and in other words, which are calculated by the efficient interest method after first accounting, and capital instalments and interests of their long-term type, debts from financial leasing transactions, etc.

Of the financial borrowings, ones, which have the characteristics listed above for short-term obligations, are classified as short-term obligations, and others are classified as long-term obligations.

Pursuant to the Standards on Financial Instruments and Details TFRS 7, any relevant details are given in footnotes.

Leasing Transactions

The leasing transaction, in which the lessee assumes a great portion of risks and acquisitions related the ownership, is classified as financial leasing. Other leases are classified as operating leases.

Leasing- leasing company

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. Direct initial costs incurred in the realization of the lease and negotiation are included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Leasing- company as leaseholder

Assets acquired through financial leasing are capitalized using the fair value of the asset on the date of lease, or capitalized using the lower of the present value of the minimum lease payments. The liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are allocated as the finance expense and the principal payment that provides for the decrease in the finance lease obligation and thus the interest rate on the remaining principal amount of the debt at a fixed rate is calculated. Financial expenses are recorded in the profit or loss statement except the capitalized portion of the financial expenses in the scope of the general borrowing policy detailed above. Contingent rents are recognized as an expense in the period in which they are incurred.

Payments made for operating leases (incentives received or to be received in order to be able to perform leasing from the lessor are recorded in the profit or loss statement on a straight-line basis over the period of the lease) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease. Contingent rents under operating leases are recognized as an expense in the period in which they are incurred.

Sales and lease back transactions

A sale and leaseback transaction involve the sale of an asset and the leaseback of the same asset. Lease payments and the sale price are usually interdependent, as they are negotiated as a whole. The accounting method of a sale and leaseback depends on the type of leasing transaction involved. In the event that a sale and leaseback result in a financial lease, the portion of the sales revenue above the carrying amount is not recognized as immediate income by the seller-lessor. Instead, the said income is deferred and amortized over the term of the lease. If the leaseback is a financial leasing, the transaction is a tool that the lessor provides financing to the lessee, provided that the leased asset is the guarantee of the transaction. Therefore, it is not right that sales revenues exceeding the carrying amount of the related asset are considered as income. Such excess amounts are deferred and amortized over the lease term.

2.4.22. Short-Term Parts of Long-Term Obligations

This item shows short-term parts of the long-term obligations. If short-term parts of the long-term obligations are negligible, they are shown together with "Short-Term Obligations" under the item "Financial Obligations."

2.4.23. Other Financial Obligations

Of the financial obligations defined in the TAS 32, any obligations, which have not a nature borrowing, and in other words, which arise from the derivative financial instruments not measured from the amortized costs calculated by the efficient interest method after first accounting, and any financial obligations such as financial warranty agreements are shown in this item.

2.4.24. Obligations from Financial Sector Activities

Any obligations arisen from such activities of any corporations, which enter into consolidation and operate in the financial sector, are shown in this item. In the footnote, details are given a sector basis. Their examples include any obligations from banking activities (deposit accounts, participation accounts, etc.), obligations from insurance activities (obligations from insurances and reinsurance activities, deposits, obligation from retirement activities, etc.), obligations from financial leasing activities, etc.

The Group has no Obligations from Financial Sector Activities as of the financial statement period.

2.4.25. Trade Payables

They are obligations owed to third parties in capacity of suppliers.

It is essential that its invoice must be issued or similarly the supplier (customer) and parties agree upon stringently for a debt (receivable) to become a trade debt (receivable) pursuant to paragraph 11 of the Standard TAS 37 Provisions, Contingent Obligations and Contingent Assets. Any debts (receivables), which meet the criteria to include them to the financial statements as of the reporting date, but not agreed upon so yet, are classified as accruals. However, such accruals are shown in the items "Trade Receivables" and "Trade Debts" in the Financial Statements to ensure compliance to any practices in our company.

The received deposits and guarantees are not expressed under this item but under other payables.

If any, late interests, interests, etc. of the trade receivables are shown not in the provisions for revenue, but in the provisions for interest incomes, exchange differences, etc. in the financial statements, and these amounts are also shown in the trade receivables and the relevant statements are made in the footnotes. Such interest incomes, exchange differences, etc. are also shown in the other real operating income in Profit or Loss and Other Comprehensive Income Statement.

Even if the time elapsed for foreclosure of the trade receivables is longer than 12 months, it is essential that such receivables must be classified in the current assets in the regular course of business of the enterprise.

2.4.26. Obligations for Employee Benefits

Any amounts such as pays, salaries, social security contributions, etc. borrowed due to benefits provided to the employees within the respective period are shown in this item. It may also be called alternatively as "Pay Accruals of Employees," etc., provided that it shows its contents. If the item is negligible, such amount is shown in the item "Trade Payables."

2.4.27. Other Payables

They include any obligations, which keep out of the trade payables and arise from any financial activities. Their examples include obligations owed to the related parties, who have not capacity of suppliers or customers, deposits and guarantees received, obligations from public authorities and other miscellaneous obligations.

Any borrowings made from financial instruments for purpose of obtaining finance from the related parties are shown not in this item, but in the short-term or long-term borrowings by their term. If such amounts are negligible, further items are opened for these amounts.

2.4.28 Contractual Obligations

It is used in monitoring the obligations defined as contractual obligations in TFRS 15. According to TFRS 15, the contractual obligation is the obligation of the enterprise to transfer the goods or services to the customer in return for the amount collected (or entitled to collection) from the customer.

A contractual obligation arises if the customer pays the compensation or the entity has the unconditional right (ie a receivable) before a good or service is transferred to the customer. The total amount of contract liabilities is shown separately in the statement of financial position.

2.4.29. Government Incentives and Grants

Pursuant to the TAS 20, if any alternative option is selected for submission of incentives related to assets, any amounts shown as deferred revenue are shown in this item.

2.4.30. Deferred Incomes (Excluding Contractual Obligations)

They are any obligations related to incomes, which are collected completely or partially from customers and other persons or accrued as receivables in that period under the sales agreements and for other reasons, but belong to next periods. If the deferred incomes are negligible, such amount is shown in the other short-term / long-term obligations.

2.4.31. Period Profit Tax Obligation

Part of any taxes collected on any incomes under the TAS 12 as expected to pay to the tax office is shown in this item. Any prepaid taxes of the period profit are deducted from such amount and shown in the item "Assets for the Current Period Taxes."

Tax calculated on basis of the company's earnings

Any tax obligation on profits or losses for the period includes the current period tax and deferred tax.

Current period tax

The current period tax obligation includes any tax obligation entries calculated on part of the taxable profit at tax rates, which are valid and legitimated as of the financial statement date, under the current tax legislation.

Deferred tax

The deferred tax is calculated upon any temporary differences between values of the assets and liabilities entered in the financial statement. Tax values of the assets and liabilities state any amounts to affect tax assessment of such assets and liabilities in next periods under the tax legislation. The deferred tax is calculated on tax rates as expected to apply in the period, when tax asset shall realize or the obligation shall be executed by considering tax rates that are current of become into force as of the financial statement date.

The deferred tax asset or obligation shall be reflected to the financial statements at increase and reduction rates as estimated to be done on any tax amounts payable in any periods, when such temporary differences shall be eliminated. The deferred tax asset is added to the financial statements, provided that any deductible temporary differences are most likely to be utilized to obtain a taxable profit in the future, while the deferred tax obligation is calculated for all taxable temporary differences. The registered value of the deferred tax asset is reduced to the extent that it is not possible to obtain a financial profit to enable to provide part or all of the deferred tax asset.

Deferred tax assets and deferred tax liabilities are mutually deducted from each other, provided that they are subject to the tax legislation of the same country and there is a legally enforceable right to offset current tax assets from current tax liabilities.

Period current and deferred tax

Current tax and deferred tax for the period, other than those associated with items that are directly accounted as receivable or debt in equity (in which case the deferred tax related to the relevant items is also accounted directly in equity) or arising from the initial registration of business combinations, are accounted as expense or income in the income statement.

2.4.32. Provisions

Provisions include obligations with indefinite time and amount and are calculated according to most realistic estimate made by the company's management. Provisions for the employee benefits under the Employee Benefit Standard TAS 19 include any provisions for financial sector activities, and other provisions showing any provisions allocated under the TAS 37 such as possible compensation, penalties and damages, reconstruction provisions, provisions allocated for financially disadvantageous agreements, etc.

Employee Benefits

The accrued liabilities (or provisions) needed to be shown in the financial statements under the UMS 19 "Employee benefits" are given in this item.

In case of severance pay, pension or dismiss, they are paid in accordance with the legislation in force in Turkey and the provisions of the collective labour agreement. Pursuant to the updated Employee Benefit Standard UMS 19 ("UMS 19"), such payments are defined as the identified pension benefit plans.

Under the legislation in force in Turkey, it is compulsory that a severance pay must be paid to employees, who complete their annual tenure of office and are dismissed without any reasonable reason, and are called for military service, deceased, and complete a tenure of office of 25 years for men or of 20 years for women, or get to the pension age. The severance pays are calculated upon a gross salary of 30 days per office year. The calculation involves real discount rates and the current values of the severance pay payable in the future as of the balance sheet date.

Any amendments made in the TAS 19 change the identified benefit plans and severance pat accounting. Most important amendment involves accounting of the identified benefit obligations and plan assets. If any amendments are made in realistic values of the identified benefit obligations and plan assets, such amendments must be entered and thus this eliminates the "corridor method" allowed in the previous version of the TAS 19, and facilitates entry of the past service costs.

Such amendments require calculating all actual losses and incomes immediately as other comprehensive incomes to show actual value of plan gap or surplus of the net pension asset or liability in the financial statement. Additionally, a 'net interest' amount calculated as a result of the discount rate applied to the identified net benefit liability or asset is

used instead of any interest expenses for any estimated returns obtained the plan assets described in the previous version of the TAS 19. The amendments made in the TAS 19 are applied retrospectively.

According to the Group Personnel, actuarial profit / loss in the defined benefit plans is calculated and are presented in the financial statements.

Pension plans

The Group has no pension benefit plants.

2.4.33. Liabilities regarding Current Period Tax

Within the scope of TAS 12, the part of the taxes collected on income and expected to be paid to the tax administration in the periods following the subsequent period are presented under this item.

2.4.34. Deferred Tax Liability

This kind of tax refers to the income taxes to be paid in the following periods based on taxable temporary differences. "Deferred tax liability" item may not be used for non-taxable (continuous) amounts in terms of tax legislation.

The Group has no deferred tax liability as of the financial statement period.

2.4.35. Other Short-term/Long-term Liabilities

Short-term/ long-term liabilities, which are not shown under the abovementioned items such as inventory overages, other miscellaneous obligations and liabilities are given under this item.

2.4.36. Liabilities Regarding Group of Assets Held for Sale

Liabilities regarding the groups to be disposed, which will be recovered by means of selling rather than sustained use of carrying amount, are presented under this item within the scope of TFRS 5.

Besides, liabilities regarding the groups to be disposed, which are classified with intent to distributed to the shareholders as per TFRS, are also presented under this item hereby as of the date distribution to shareholders is committed. In this case, the name of the item may be given in a manner to refer to these obligations.

The Group has no liability for the asset groups held for sale as of the financial statement period.

2.4.37. Equities

Equities are the shares which are left behind after any and all obligations of the enterprise are deducted from the corporate assets. Contributed capital, share premiums, positive distinction from share capital adjustment, reserves on retained earnings, prior years' profits and losses and profit or loss for the financial year are presented under this item.

2.4.38. Positive Distinction from Share Capital Adjustment

As of the financial statement period, there is no positive difference in capital adjustment of the Group.

2.4.39. Repurchased Shares (-)

Within the scope of the paragraph 33 of the TAS 32, if a company purchases its own shares, purchase price of the said shares are deducted from equity and presented under "Repurchased Share (-)" item. In the case that shares are purchased by other parties under consolidation, purchased shares are still presented under this item but such amounts are presented under "capital adjustments due to cross-ownership" item as per TAS 32. Differences arising as a result of buying and selling of repurchased shares are not presented under profit or loss item.

As of the financial statement period, there is no positive difference in capital adjustment of the Group.

2.4.40. Capital Adjustments due to Cross-ownership (-)

This item is used with intent to assure that the paid-in capital of the company is presented by the amount registered in the legal records and for the purpose of adjusting the amount of paid-in capital under an item other than the paid-in capital in the event that the shares of the company are purchased by the parties under consolidation.

The Group does not have any capital adjustments due to cross-ownership as of the financial statement period.

2.4.41. Share premiums /discounts

In this item, amounts, which arise from capital movements such as share premiums, nullified equity interests, profits of share sales of controlling partners and deemed to be a part of the capital are presented.

Negative differences occurring due to the difference between nominal value of shares issued under nominal value and issue price are presented separately in the disclosures.

2.4.42. Other Accumulated Comprehensive Income and Expenses which cannot be reclassified under Profit or Loss

This item involves revaluation and measurement gains/losses (increases/decreases in tangible fixed assets revaluation, increases/decreases in intangible fixed assets revaluation, gains/losses on defined benefit plans re-measurement), which are defined as an item of other comprehensive income and reported directly as an item of equity in the period it appears and any circumstances as well as income items such as other gains and losses.

The Group has accumulated other comprehensive income/expenses arising from severance pay actuarial gains and losses not be reclassified to profit or loss.

2.4.43. Other Accumulated Comprehensive Income and Expenses which can be reclassified under profit or Loss

This item involves foreign currency conversion differences, revaluation and classification gains/losses (revaluation and/or classification gains/losses of available-for-sale financial assets, shares to be classified under profit/loss out of the profit of other comprehensive income of investments valued by equity method), which is defined as an item of other comprehensive income (expenses) and reported directly as an item of equity in the period it appears and can be written-down to profit or loss later , hedging gains and losses (gains and losses for hedging against cash-flow and investment risk regarding companies located abroad), and comprehensive income (expense) items such as other gains/losses.

The Group does not have any other comprehensive income or expenses to be reclassified to profit or loss as of the financial statement period.

2.4.44. Reserves on Retained Earnings (Non-distributable reserves)

These are the kind of reserves, which are retained due to obligations arising from the law and agreements or for certain purposes other than profit distribution (for example, in order to obtain tax advantage from earnings gained from sale of a subsidiary). These reserves shall be presented based on their amounts as specified in the legal records and differences occurring as a result of valuations conducted under TAS are associated with the profit/losses of the previous years.

2.4.45. Previous years' Profit/Loss

Profit/loss accumulated except for net profit for the year are offset and presented under this item. Extraordinary reserves, which are accumulated profit/loss by nature, thus not constrained are considered as profit and presented under this item.

2.4.46. Cash Flow Statement

The Group draws up cash flow statements in order to inform financial statement users about the changes that occur in the assets of the company, its financial structure and its ability to direct the amount and timing of cash flows according to the changing conditions. In a cash flow statement, cash flows related to a period are classified and reported based on operation, investment and financing activities.

Cash flows from operating activities show the cash flows which arise from the core activities of the Group. Cash flows related with investment activities show the cash flows which are used and obtained by the Group in its investment activities (tangible asset investments and financial investments). Cash flows related to financial activities show the resources used by the Group in its financial activities and the repayments related to such resources. Cash and cash equivalents consist of cash and checking account as well as short-term high-liquidity investments with a term of 3 months or less which can be easily cashed in.

2.4.47. Operating Activities

Operating activities provide core earnings/proceeds for a company. Activities which are defined below and not under the scope of the investment and financial activities are also evaluated as core activities.

Recording of Revenue / Proceeds

Revenue are reflected in the financial statements over an amount which reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers within scope "TAS 15 Revenue from Customer Contracts" standards.

For this purpose, a 5-step process is applied in the recognition of revenue in accordance with TFRS 15 provisions.

- Identification of contracts with customers
- Determination of separate performance criteria and obligations in the contract
- Determination of contract price
- Distribution of Sales Price to Liabilities

- Record revenue as contractual obligations are met

When the Group fulfills the performance obligations committed in the customer contracts in accordance with TFRS 15, in other words, when the control of the goods and services is transferred to the customer, the proceeds are taken to the financial statements. The Group records its performance obligations over time or at a certain time.

If the timing of the payments agreed by the parties of the contract provides an important financial benefit, when the transaction cost is determined, the adjustment is made according to the effect of the time value of the money.

In case the Group foresees that the period between the date of the transfer of the goods or services committed to the customer at the beginning of the contract and the date on which the customer pays the price of such goods or services will be one year or less, it doesn't make any adjustment for the effect of a significant financing component by choosing the facilitating practice.

Additional explanations are given below for some important income groups

Software Development Services

Software development services that constitute the main activity of the Group consists of services given to customer by man-hour-based agreement, or or the projected software development services. The control of the software development services is transferred to the customer as the service is provided and the customer consumes the benefit from this action at the same time.

The stage of completion of the contract is determined based on the time spent and the revenue generated from contracts, working hours and direct expenses are accounted over contract fees as they occur. Revenue from such services is recognized on an accrual basis as spread over time in accordance with the principle of periodicity based on the service hours given in accordance with the contractual principles.

In short-term and one-time services, the Group enters the income into the financial statements "at a certain moment of time" when it is transferred to the customer.

2.4.48. General Administrative Expenses, Marketing Expenses, Research and Development Expenses

Administrative expenses, marketing, sales and distribution expenses and research and development expenses, which are directly related with profit or loss within the scope of TAS 38- Intangible Fixed-Assets Standard are presented separately. The said expenses include depreciation and amortization costs as well as employee benefits.

(*) The Group associates research expenses directly with the statement of profit or loss in the period in which they are incurred. According to the findings of the research, the expenditures made within the scope of a project to produce a new product, software or program are defined as development and the development expenditures are capitalized by moving to the future periods when the future realizable value is assured. In this context, while the other costs and the costs incurred for the personnel who are directly involved in the creation of the Project are capitalized, it is taken into account how much time each staff takes in research and development activities. The cost of personnel related to research activities is recorded as expense when realized.

2.4.49. Other Main Operating Income/Expenses

Although not arising from core activities and excluded from income and expenses related to core activities, other real operating income/Expenses are earnings other than proceeds, losses unrelated to cost of sales, income and expenses related to the activities which are evaluated within the scope of core activities as not evaluated under scope of investment and financial activities.

2.4.50. Investment Activities

Investment activities are related to acquisition and disposal of other investments, which are not presented under long-term assets and cash equivalents. The activities deemed to be under scope of investment activities are assessed under TAS 7.

Investing activities profit/loss are determined by means of deducting the income and expenses related to the same. Profit shares or loss shares, if any, related to the investments valued by equity method are either added to or deducted from the respective item.

In the case that investments valued by equity method are a part of the reporting entity, such item is reported under "Operating Activities Section".

2.4.51. Financial Income/ Financial Expenses

Financing activities change the structure and amount of shareholders' equity and foreign funds. Activities under scope of financing activities are evaluated within framework of TAS 7.

In the event that outstanding interest accrues before acquisition of a security with interest; later- collected interest is classified under periods of pre-acquisition and post-acquisition and only shown in financial statements as income under post-acquisition.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

Interests, which are charged to overdraft accounts and short-term and long-term borrowings, in case of foreign currency borrowings, provided these are considered as adjustments to interest costs, currency differences thereof shall be presented under financial expenses item.

2.4.52. Earnings per Share

Net earnings per share are calculated by dividing the main shareholder's earnings or loss (numerator) the ordinary shareholders into the weighted average of number of ordinary shares (denominator) of the relevant period. In order to calculate the diluted earnings per share, the group adjusts the main shareholder's earnings or loss of the ordinary shareholders and number of weighted average shares based on the impacts of the dilutive potential ordinary shares

2.4.53. Effects of Changes in Foreign Exchange Rates

Foreign exchange transactions are carried out by converting foreign currency into TL based on the foreign currency rate on the date of transaction. Foreign currencies, monetary assets and liabilities are converted into TL at the end of the period based on the currency rate which is valid on balance sheet date. The foreign exchange differences resulting from these types of operations are presented in the income statement/balance sheet.

Exchange rate details used by the group at the end of the period are as follows;

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
USD	13,3290	7,3405
Euro	15,0867	9,0079

2.4.54. Post-balance-sheet Events

Even though the post-balance sheet events emerge after the disclosure of any announcement regarding profit or other disclosure of other selected financial information, it covers all events between the date of the balance sheet and the authorization date for the publishing of the balance sheet. In the event that certain events require correction following the balance sheet date, the Group shall correct the amounts represented in the financial statements in accordance with the then current situation.

2.5. Important Accounting Evaluation, Estimation and Assumptions

The preparation of the financial statements requires using the estimates and assumptions which may affect the measurement of assets and liabilities reported as of the statement of financial position, disclosure of contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, actual results may differ from the assumptions.

2.6 New and Amended Turkish Financial Reporting Standards

As of December 31,2021 the accounting policies adopted during the preparation of consolidated financial statements are applied consistently with the previous year's accounting policies except for new and changed Turkish Accounting Standards (TAS)/IFRS and TAS/IFRS Comments valid as of January 1,2021. The effects of these standards and comments on the Group's financial situation and performance are explained in the related paragraphs.

New standards effective as of December 31, 2021 and changes and comments on existing previous standards:

Amendments to TFRS 7 and TFRS 16 - Interest Rate Benchmark Reform Phase 2; Effective for annual reporting periods beginning on or after 1 January 2021. These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. This amendment has no impact on the Group's financial position and performance.

Standards and amendments published but not yet effective as of 31 December 2021:

Amendments to TFRS 16 "Leases - COVID 19 - Related Rent Concessions" amendments related to extending the facilitating application; As of March 2021, this amendment has been extended until June 2022 and is effective from April 1, 2021. Due to the COVID-19 outbreak, some concessions have been provided to tenants in rent payments. These concessions can take various forms, including suspending or deferring rental payments. With the amendment published in IFRS 16 Leases standard on May 28, 2020, IASB introduced an optional facilitating practice for the lessees to evaluate whether the privileges granted due to COVID-19 in the lease payments are a change in the lease. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.

The amendment of TAS 1, "Presentation of financial statements" regarding the classification of liabilities;

The effective date has been postponed to the annual reporting periods beginning on or after 1 January 2024. These narrow scope amendments to TAS 1, "Presentation of financial statements" explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The classification is not affected by events after the reporting date or the expectations of the entity (for example, the receipt of a concession or the violation of a contract). The amendment also clarifies what IAS 1 means to "pay" an obligation.

Narrow amendments in TFRS 3, TAS 16, TAS 37 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16; Valid for annual reporting periods starting on or after January 1, 2022.

- TFRS 3 Amendments to business combinations; This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.

- Amendments to TAS 16 'Tangible fixed assets'; prohibits a company from deducting the income from the sale of manufactured products from the amount of the tangible fixed asset until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.

- Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', this amendment specifies what costs a company includes when deciding whether a contract will be harmed or not. Annual improvements make minor changes to the explanatory examples of TFRS 1, 'First time implementation of International Financial Reporting Standards', TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and TFRS 16.

Narrow scope changes in TAS 1, Practice Statement 2 and TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023. These amendments are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, Amendment to Deferred Tax related to Assets and Liabilities arising from a Single Transaction is valid for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

These amendments are not expected to have a significant impact on the Group's financial position and performance.

NOTE 3 -BUSINESS COMBINATIONS

In the current period, the Group does not have any transactions within the scope of business combinations.

Information on the business combination realized in the previous period is as follows:

The Group purchased 51 percent of Karmasis on 12 November 2020 and this transaction was accounted for using the purchase method. Within the scope of the purchase method accounting, the purchase price should be compared with the fair value of the purchased asset and the amount exceeding the fair value should be defined as goodwill. However, in cases where the said purchasing method stages cannot be completed at the end of the reporting date, the Group reports provisional amounts for items for which the recognition process could not be completed. These provisionally reported amounts are adjusted during the measurement period, which is 1 year from the date of purchase, or extra assets or liabilities are accounted for to reflect new information obtained about events and circumstances that may have an impact on the amounts recognized at the date of purchase. The Group has completed its purchase accounting transactions within the 2021 accounting period, and the relevant calculations and explanations are given below.

a. The main items of assets acquired and liabilities assumed as of the date of purchase are as follows.

Cash and Cash Equivalents	3.489.543
Financial Investments	2.256.044
Trade and Other Receivables	1.703.293
Tangible and Intangible Assets	8.628.995
Other Assets	504.887
Total Assets	16.582.762
Financial Borrowings	1.362.849
Trade and Other Payables	72.535
Payables within the Scope of Employee Benefits	109.241
Liabilities from Customer Contracts	1.518.543
Provisions for Employee Benefits	526.021
Other Liabilities	149.313
TOTAL LIABILITIES	3.738.502
Net Asset Value	12.844.260

b. Goodwill arising during the purchase

Total price to be transferred	45.390.000
Non-Controlling Shares	6.293.687
Minus: Temporary value of net assets of the acquired company	(12.844.260)
Goodwill	38.839.427

NOTE 4-SHARES IN OTHER ENTERPRISES AND BUSINESS PARTNERSHIPS

The Group does not have any business partnerships. (December 31, 2020-None)

NOTE 5-SEGMENT REPORTING

As the Group is engaged in one field of activity, no such distinction is made. (December 31, 2020:None)

NOTE 6-RELATED PARTY DISCLOSURES

Transactions carried out within the Period with Related Parties

A- Receivables and Payables

Receivables

a- Trade Receivables/Short term

Name-Surname/Title	Type of Partnership	December 31, 2021	December 31, 2020
Smartiks Yazılım A.Ş.	Related Company	185.969	-
Netsite İletişim ve Elekt. Sist. San. ve Tic. A.Ş	Related Company	-	7.750
Intra Net Bilgi Sistemleri Ltd.Şti.	Related Company	-	59.672
Total		185.969	67.422

b. Other Receivables

Name-Surname/Title	Type of Partnership	December 31, 2021	December 31, 2020
Receivables from employees	Related Person	8.286	52.611
Receivables from USA Branch	Branch	-	465.498
Total		8.286	518.109

The Group does not have other long-term receivables from related parties. (December 31, 2020 - None.)

c. Prepaid Expenses / Short Term

Name-Surname/Title	Type of Partnership	December 31, 2021	December 31, 2020
Employee Advances	Related Person	205.345	401.583
Intra Net Bilgi Sistemleri Ltd.Şti.	Related Company	25.000	-
Total		230.345	401.583

d- Prepaid Expenses / Long Term

The Group has no long-term prepaid expenses to related parties. (December 31, 2020- None.)

Payables

a- Trade Payables/Short –Long Term

The Group does not have any short / long term trade payables from related parties. (December 31, 2020- None.)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

b- Other Payables / Short –Long Term

Name-Surname/Title	Type of Partnership	December 31, 2021	December 31, 2020
Mehmet Murat Eraydın	Related Person	86.062	-
Kayhan Ketenci	Related Person	-	271.700
Hakan Temizoğlu	Related Person	-	241.681
Neval Önen	Related Person	4.320	4.320
Ali Cem Kalyoncu	Shareholder	-	11.500
Total		90.382	529.201

c- Lease Payables / Short-Long Term

-Short-Term

Name-Surname/Title	Type of Partnership	December 31, 2021	December 31, 2020
Ali Cem Kalyoncu	Shareholder	175.610	129.233
Neval Önen	Related Person	31.539	57.282
Total		207.149	186.515

-Long-Term

Name-Surname/Title	Type of Partnership	December 31, 2021	December 31, 2020
Ali Cem Kalyoncu	Shareholder	262.250	437.859
Neval Önen	Related Person	-	31.539
Total		262.250	469.398

B-Service Purchase and Sale

a- Purchases from Related Parties

Service Purchases

Name-Surname/Title	Type of Partnership	January 1, December 31, 2021	January 1, December 31, 2020
Netsite İletişim ve Elekt. Sist. San. ve Tic. A.Ş.	Related Company	6.817	-

Lease

Name-Surname/Title	Type of Partnership	January 1, December 31, 2021	January 1, December 31, 2020
Ali Cem Kalyoncu	Related Person	194.132	219.873
Neval Önen	Related Person	61.525	68.453
Total		255.657	388.326

Fixture

Name-Surname/Title	Type of Partnership	January 1, December 31, 2021	January 1, December 31, 2020
Netsite İletişim ve Elekt. Sist. San. ve Tic. A.Ş.	Related Company	97.646	505.634

b- Sales to Related Parties

Service Sales

Name-Surname/Title	Type of Partnership	January 1, December 31, 2021	January 1, December 31, 2020
Netsite İletişim ve Elekt. Sist. San. ve Tic. A.Ş.	Related Company	-	6.568

Other

Name-Surname/Title	Type of Partnership	January 1, December 31, 2021	January 1, December 31, 2020
Serkan Karahanoğlu	Shareholder	-	189.823

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

C-Information on Mortgages, Guarantees, Commitments and Guarantees Granted to / Received by Related Persons- Organisations

There are no mortgages, guarantees, commitments and sureties granted to or received by related persons and organisations. (31 December 2020: None)

D- Remuneration and Similar Benefits to the Chairman of board, Members of the board, General Manager and Deputy managers

The Group's senior management team consists of the members of the board of directors and the Chairman of board of Directors, as well as the executives at the level of the General Manager. Benefits provided to senior executives include benefits such as remuneration and premiums. The benefits provided to senior executives during the period are as follows:

	January 1, December 31, 2021	January 1, December 31, 2020
Chairman and Members of the Board of Directors	5.174.521	3.610.964

E-Collateralized Receivables and Payables from Related Parties and conditions of maturity

There are no receivables and payables related to mortgages and collaterals from related parties.
(December 31, 2020 - None)

F-Doubtful Provision Amounts reserved Due to Receivables from Related Organisations

There is no doubtful provision reserved due to receivables from related organisations. (December 31, 2020 - None)

NOTE 7-CASH AND CASH EQUIVALENTS

	December 31,2021	December 31,2020
Cash	566	17.769
Banks	23.000.575	28.049.200
- Time Deposit(*)	7.675.687	16.249.258
- Demand deposits	15.324.888	11.799.942
Total	23.001.141	28.066.969

As of 31 December 2021, the Group has no blocked deposits. (December 31, 2020-The Group has blocked deposits amounting to 136.000 USD equivalent to TRY 998.308.)

* The details of time deposits with a maturity of less than 3 months is as follows;

December 31, 2021		
Currency	Currency Amount	TL Equivalent
TL	6,18-16,64%	6.832.724
USD	0,7-0,8%	842.963
Toplam		7.675.687
December 31, 2020		
Currency	Currency Amount	TL Equivalent
TL	9% - 17,75%	13.815.236
USD	1% - 1,5%	2.434.022
Total		16.249.258

NOTE 8 – FINANCIAL INVESTMENTS

Details of short and long term financial investments as of 31 December 2021 and 31 December 2020 are as follows:

a) Short Term Financial Investments

	December 31,2021	December 31,2020
Financial assets at fair value through profit or loss	3.036.848	2.234.257
- Investment funds	3.008.898	1.727.337
- Stock exchange securities(*)	27.950	506.920

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

(*)The financial investments of the Group, whose fair value differences are reflected in profit / loss, consist of companies stock exchange securities, and the fair value was determined by evaluating with the best pending BIST purchase price on the balance sheet date.

b)Long Term Financial Investments

	December 31,2021	December 31,2020
Financial assets at fair value through profit or loss	57.975.000	86.061.250
- Stock exchange securities (*)	57.475.000	86.061.250
- Investment funds	500.000	-

Kafein Yazılım Ticaret A.Ş. has purchased the shares of Papilon Savunma Teknoloji ve Ticaret A.Ş. ("Papilon")with an amount of 71.465.625 TL by 18,90 TL by share out of the market. The acquiring transaction covers 3.781.250 shares which comprises %11 of capital that has non-public offering situation as of 2020.

The fair value differences of the Group's financial investment , classified as profit / loss reflected long term financial investment is related. The shares of Papilon has been offered to public. The relevant investment was valued at the BIST pending best purchase price on the balance sheet date, and the fair value was determined and accounted for TL 57.475.000. (31 December 2020: 86.061.250 TL)

NOTE 9- FINANCIAL LIABILITIES**a) Short-Term Borrowings from Unrelated Parties**

	Currency	December 31,2021	December 31,2020
Bank Credits (*)	TL	61.356	250.000

(*)The Group's amounts regarding bank loans reported in short-term borrowings from non-related parties consist of revolving loans, and due to quarterly interest payments, no accrued interest accrued. (As of 31 December 2020, is related with bank borrowings reported in short-term borrowings from unrelated parties, and since interest payments are made on a quarterly basis, no interest is accrued.

b) Short Term Portions of Long Term Borrowings from Unrelated Parties**Banks Credits**

	Currency	Interest rate	TL Amount	Accued Inter	Total
December 31, 2021	TL	%7,5-%9	3.819.150	18.611	3.837.761
December 31, 2020	TL	%7,5-%20,65	5.843.396	48.167	5.891.563

Lease Payables

	December 31,2021	December 31,2020
Short Term Lease Obligation From Unrelated Parties	1.311.930	2.812.310

c) Short Term Portions of Long Term Borrowings from related Parties**Lease Payables**

	December 31,2021	December 31,2020
Short Term Lease Obligation From Related Parties	207.149	186.515

d) Long Term Borrowings From Unrelated Parties

	Currency	Interest rate	TL Amount
Banks Credits			
December 31, 2021	TL	%7,5 -%9	1.288.030
December 31, 2020	TL	%9,3 -%20,65	7.249.760

Lease Payables

	December 31,2021	December 31,2020
Long Term Lease Obligation From Unrelated Parties	454.096	1.267.283

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

e) Long Term Borrowings From Related Parties

Lease Payables

	December 31,2021	December 31,2020
Long Term Lease Obligation From Related Parties	262.250	469.398

As of 31 December 2021 and 31 December 2020, the maturity of debts arising from bank credits are as follows:

Bank Credits and Lease Obligations	December 31,2021	December 31,2020
0-1 years	5.418.198	9.140.388
1-5 years	2.004.376	8.986.441
Total	7.422.574	18.126.829

f) Other Financial Liabilities

	December 31,2021	December 31,2020
Credit Card Debts	83.391	84.835

NOTE 10- TRADE RECEIVABLES AND PAYABLES

Short-term Trade Receivables	December 31,2021	December 31,2020
Trade Receivables	98.125.910	51.889.707
<i>Trade Receivables from Unrelated Parties</i>	<i>97.939.941</i>	<i>51.822.285</i>
<i>Trade Receivables from Related Parties</i>	<i>185.969</i>	<i>67.422</i>
Doubtful Trade Receivables	101.806	898.504
<i>Doubtful Trade Receivables from Unrelated Parties</i>	<i>101.806</i>	<i>898.504</i>
Provision for Doubtful Trade Receivables(-)	(101.806)	(898.504)
<i>Provision for Doubtful Trade Receivables from Unrelated Parties(-)</i>	<i>(101.806)</i>	<i>(898.504)</i>
Expected Losses (-)	(1.268.810)	(597.704)
<i>Provisions for Expected Losses from Unrelated Parties</i>	<i>(1.268.810)</i>	<i>(597.704)</i>
Total	96.857.100	51.292.003

Transactions regarding the Group's receivables that are overdue and provision for doubtful receivables are as follows:

	December 31,2021	December 31,2020
Opening Balance	898.504	873.494
<i>Subsidiary Sale Impact</i>	<i>(796.698)</i>	<i>-</i>
Collected Receivables	-	(76.796)
<i>Provision for Current Period</i>	<i>-</i>	<i>101.806</i>
Total	101.806	898.504

As of December 31, 2021, TL 89.304.299 (31 December 2020: TL 48.123.701) of the trade receivables is not overdue or impaired. The maturity information of these receivables is as shown in the chart below:

Maturity	December 31,2021	December 31,2020
1-30 days	26.995.475	27.228.758
1-3 months	62.308.824	20.898.028
Total	89.304.299	48.126.786

As of December 31, 2021, TL 7.552.801 (31 December 2020 - TL -3.165.217) of trade receivables is overdue but not impaired. Past maturity information of these receivables is given in footnote 44.

There is no letter of guarantee and mortgage received for trade receivables.

b. Long-term Trade Payables

The group does not have long-term trade receivables. (December 31, 2020- None)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

Trade payables:

The Company's detail of trade payables as of the balance sheet date are as follows:

a- Short term Trade payables:	December 31,2021	December 31,2020
Suppliers	46.426.950	18.888.522
- Trade Payables to Unrelated Parties	46.426.950	18.888.522
Other Trade Payables	46.609	21.276
- Other Trade Payables to Unrelated Parties	46.609	21.276
Total	46.473.559	18.909.798

b)Long-term Trade Payables

There are no long-term trade payables from related parties .(31 December 2020 – None.)

The average maturity of trade payables is 30 days (31 December 2020: 30 days).

The maturity information of trade payables is stated in Note: 44.

NOTE-11 RECEIVABLES AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS

a- Short Term Receivables Arising From Customer Contracts	December 31,2021	December 31,2020
Contract Assets Arising from Sales of Goods and Services (*)	6.384.976	12.330.928

(*) Contract Assets Arising from Sales of Goods and Services consist of revenues accrued depending on the time spent by the personnel within a certain service contract in projects where the Group is a service provider, but not yet invoiced to the customer.

b- Long Term Receivables Arising From Customer Contracts

The Group has no receivables arising from long-term customer contracts as of the balance sheet date. (December 31, 2020 - None.)

c- Short Term Liabilities Arising From Customer Contracts	December 31,2021	December 31,2020
Contract Obligations Arising from Sales of Goods and Services (**)	20.028.854	10.894.133

d- Long Term Liabilities Arising From Customer Contracts	December 31,2021	December 31,2020
Contract Obligations Arising from Sales of Goods and Services (**)	11.596.130	273.804

(**) Contractual Obligations Arising from the Sale of Goods and Services consist of the income that the Group will earn from the transactions that have been invoiced to the customer within the scope of the customer contracts but the service will take place in the following periods.

NOTE 12-PAYABLES/RECEIVABLES FROM FINANCIAL SECTOR ACTIVITIES

The Company has no receivables or payables attributable to finance sector activities. (December 31, 2020 - None.)

NOTE 13-OTHER RECEIVABLES AND PAYABLES

a- Short term Other Receivables	December 31,2021	December 31,2020
Other Receivables	1.112.210	57.038
Receivables from Related Parties (Note: 6)	8.286	518.109
- Receivables from US Branch	-	465.498
- Receivables from Employee	8.286	52.611
Other Doubtful Receivables	-	109.818
Provision for Other Doubtful Receivables (-)	-	(109.818)
Total	1.120.496	575.147

b-Long-term Other Receivables	December 31,2021	December 31,2020
Deposits and Guarantees Given	5.572	49.802

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

c- Other Payables (Short Term)	December 31,2021	December 31,2020
Other Miscellaneous Payables	240.348	31.642.486
<i>Other Miscellaneous Payables to Related Parties</i>	4.320	-
<i>Other Miscellaneous Payables to Unrelated Parties</i>	236.028	-
Taxes and Funds Payables	7.679.700	2.688.892
Payables to Shareholders	86.062	529.201
Total	8.006.110	34.860.579

As of December 31, 2020, TL 31.465.625 of the balance reported in "Other Miscellaneous Payables" is related to the debt arising from the acquisition of Papilon Savunma Teknoloji ve Ticaret A.Ş.'s shares.

d- Long Term Other Payables

The Group does not have any long- term liabilities as of the balance sheet date. (31 December 2020- None.)

NOTE 14-LIABILITIES REGARDING EMPLOYEE BENEFITS

	December 31,2021	December 31,2020
Payables to Employee	348.535	1.584.917
Taxes, Fees and Deductions Payable	524.808	472.380
Social Security Premiums Payable	2.749.769	2.068.007
Total	3.623.112	4.125.304

NOTE 15-DERIVATIVE INSTRUMENTS

The Group has no derivative instrument. (December 31, 2020- None.)

NOTE 16- INVENTORIES

	December 31,2021	December 31,2020
Trade Goods (*)	-	330.804
Other Inventories	31.714	74.707
Total	31.714	405.511

(*) Consists of the license and software costs received for sale to customers.

NOTE 17-ALIVE ASSETS

Alive assets are not a part of the Group's main area of activity. (December 31, 2020- None)

NOTE 18-PREPAID EXPENSES AND DEFERRED INCOME**A-Prepaid Expenses**

a- Short Term Prepaid Expenses	December 31,2021	December 31,2020
Advances Given	374.005	466.168
Expenses for Future Months (*)	16.851.364	4.389.885
Business Advances	155.289	29.142
Other Current Assets	-	15.955
Other Current Assets Provisions	-	(15.955)
Prepaid Expenses to Related Parties (Note:6)	230.345	401.583
-Salary Advances	205.345	95.514
-Advances Given to Related Parties	25.000	306.069
Total	17.611.003	5.286.778

b- Long Term Prepaid Expenses	December 31,2021	December 31,2020
Expenses for Future Years (*)	12.418.249	387.405

(*)It consists of insurance, rent, membership, maintenance and license expenses for the future months.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

B- Deferred Revenues (Excluding Obligations Arising From Customer Contracts)

a- Short Term Deferred Income	December 31,2021	December 31,2020
Income for the Next Months	1.264.668	296.610

b- Long Term Deferred Income	December 31,2021	December 31,2020
Income for the Next Years	2.318.557	-

NOTE 19 – GOVERNMENT INCENTIVES AND GRANTS

Short-Term Government Incentives and Grants	December 31,2021	December 31,2020
Government Incentives and Grants	531.776	313.516

Long-Term Government Incentives and Grants	December 31,2021	December 31,2020
Government Incentives and Grants	558.960	742.235

The Group receives incentives for its TUBITAK (Scientific and Technological Research Council of Turkey) projects related to R & D activities. The incentive to be received is not recorded as income in the first accounting records and is recorded as income in proportion to the amortisation of the R & D investment.

The Group operates in the software sector within the Technology Development Zone. In accordance with the Law No. 4691 on Technology Development Zones, the remuneration of the personnel working in the said zone related to these duties is exempt from any tax until 31 December 2023. In addition, in accordance with Law No. 5746 on Research, Development and Design Activities, half of the employer's share related to this personnel's insurance premium is paid by the allowance of the Ministry of Finance's budget for five (5) years for each employee; Pursuant to the Social Insurance and General Health Insurance Law no. 5510, 5% of the employer's share of insurance premium is paid by Republic of Turkey, Undersecretariat of Treasury under The Prime Ministry.

The amounts, which are benefitted by the Group, related to the Social Security Institution, income tax in relation to the personnel, stamp tax incentives are demonstrated in the chart, by years.

Social Security Institution (SSI) Incentives	December 31,2021	December 31,2020
Incentive benefitted as per law no. 5510	5.255.426	3.095.531
Incentive benefitted as per law no. 5746	6.790.436	3.689.024
Incentive benefitted as per law no. 4857	33.086	894.590
Incentive benefitted as per law no. 6111	-	3.441
Incentive benefitted as per law no. 6661	-	9.295
Incentive benefitted as per law no. 17103	-	60.563
4447 provisional incentive numbered 19-20-21	-	-
Incentive benefitted as per law no.07252	55.451	56.453
Total	12.134.399	7.808.897

VAT, Income Tax and Stamp Tax related Incentives	December 31,2021	December 31,2020
VAT incentive benefitted	-	1.701.185
Benefited Income and Stamp Tax Incentive	22.517.367	13.331.844
Total	22.517.367	15.033.029

NOTE 20 – PERIOD PROFIT TAX LIABILITY

	December 31,2021	December 31,2020
Current Period Legal Tax Provision	2.566.601	5.424.389
Prepaid Taxes (-)	(2.190.203)	(4.612.234)
Total net tax payable	376.398	812.155

NOTE 21-ASSETS RELATED TO CURRENT PERIOD TAX

	December 31,2021	December 31,2020
Prepaid Taxes	-	33.269

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

NOTE 22-OTHER CURRENT/FIXED ASSETS

a. Other Current Assets

As of 31 December 2021, the Group's total of other current assets is TL 791. (December 31, 2020:279.980 TL)

b. Other Fixed Assets

	December 31,2021	December 31,2020
Advances Given	1.460	1.460

NOTE 23-OTHER LIABILITIES

a. Short Term Other Liabilities	December 31,2021	December 31,2020
Expense Accruals	6.660.255	375.921

Expense accruals reported in other short-term liabilities consist of amounts that have not been invoiced as of the balance sheet date although the service was received in the current period.

NOTE 24-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a.Collaterals, pledges and mortgages acquired by the Group

There are no letters of guarantee, pledges and mortgages received by the company December 31, 2021.(December 31, 2020: 42.050 TL)

b.Collaterals, pledges and mortgages given by the Company

	December 31,2021	December 31,2020
A. CPM Given On Behalf of Its Own Legal Entity	13.985.733	7.376.558
Letters of Guarantee	13.985.733	7.012.280
Pledge	-	361.778
Mortgage	-	2.500
Cash Collaterals	-	-
B. Total amount of "CPM" Given to the Benefit of Subsidiaries Included Within the Full Consolidation	-	-
C. Total amount of "CPM" Given for the Purpose of Covering the Debt of other 3 rd party people in order to Execute Regular Trade Activities	-	-
D. Total of Other CPM's	-	-
Total	13.985.733	7.376.558

c- Group-Provided Bails

As of 31 December 2021, the Group has no bail given. (31 December 2020-2,620,000 TL.)

NOTE 25 – INVESTMENTS IN AFFILIATES,JOINT VENTURES AND SUBSIDIARIES

The Group decided to invest in "MEIR International KG", a software product and service provider in the telecommunication sector, headquartered in Bishkek, Kyrgyzstan, and an advance of 60,000 USD equivalent to 864,443 TL was sent as an offsetting for the participation capital commitment. As of the balance sheet date, the subsidiary acquisition transactions have not been completed yet.

NOTE 26-INVESTMENT PROPERTY

The Group has no investment properties.(December 31, 2020 – None.)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

NOTE 27-TANGIBLE FIXED ASSETS

Cost Value	December 31, 2020	Purchases	Correction /Sales	Subsidiary Sale Impact	December 31, 2021
Vehicles	2.365.798				2.365.798
Furniture and Fixtures	6.270.154	3.010.081	(238.011)	(1.790.909)	7.251.315
Special Cost	776.124	306.608	-	(481.422)	601.310
Total	9.412.076	3.316.689	(238.011)	(2.272.331)	10.218.423

Accumulated Depr.Value	December 31, 2020	Period expense	Correction /Sales	Subsidiary Sale Impact	December 31, 2021
Vehicles	444.184	225.246		-	669.430
Furniture and Fixtures	3.107.098	1.483.996	(152.924)	(1.399.137)	3.039.033
Special Cost	538.600	117.443	-	(197.821)	458.222
Total	4.089.882	1.826.685	(152.924)	(1.596.958)	4.166.685

Net Book Value	December 31, 2020	December 31, 2021
Vehicles	1.921.614	1.696.368
Furniture and Fixtures	3.163.056	4.212.282
Special Cost	237.524	143.088
Total	5.322.194	6.051.738

Cost Value	December 31, 2019	Subsidiary	Purchases	Correction/ Sales	December 31, 2020
Vehicles	614.664	1.335.901	772.802	(357.569)	2.365.798
Furniture and Fixtures	3.542.178	285.089	2.442.887	-	6.270.154
Special Cost	676.726	99.398		-	776.124
Total	4.833.568	1.720.388	3.215.689	(357.569)	9.412.076

Accumulated Depr.Value	December 31, 2019	Subsidiary	Period expense	Correction/ Sales	December 31, 2020
Vehicles	345.952	222.949	26.183	(150.900)	444.184
Furniture and Fixtures	2.108.346	156.931	841.821	-	3.107.098
Special Cost	309.757	76.205	152.638	-	538.600
Total	2.764.055	456.085	1.020.642	(150.900)	4.089.882

Net Book Value	December 31, 2019	December 31, 2020
Vehicles	268.712	1.921.614
Furniture and Fixtures	1.433.832	3.163.056
Special Cost	366.969	237.524
Total	2.069.513	5.322.194

Pledges and Mortgages on Assets

There are no pledges and mortgages on the tangible assets detailed above. (December 31, 2020: None)

NOTE 28 – INTANGIBLE ASSETS

-GOODWILL

The goodwill amounts recognized in the consolidated financial statements of the Group as of 31 December 2021 and 31 December 2020 and their distribution are as follows.

	December 31, 2021	December 31, 2020
Karmasis	38.839.427	38.839.427
Smartiks(*)	-	15.606.589
Compello(*)	-	10.294.528
Goodwill Total	38.839.427	64.740.544

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

(*) On December 24, 2021, Kafein Yazılım Hizmetleri Ticaret A.Ş. sold all of the shares of its subsidiary Smartiks Yazılım A.Ş to Mad Yazılım ve Teknoloji Yatırımları Anonim Şirketi, which consist of all of its preferred registered shares by 6,43% corresponding to 982.500 Group A and 1.062.500 Group B, totaling 2.045.000 for 16.000.000 TL, at a price of 7,824 TL per share off the stock market. Smartiks Yazılım A.Ş. has been excluded from the scope of consolidation based on its financial statements for the period ending on 31 December 2021, which is the closest reporting period to the date of sale. After this transaction, 5,000 C group shares remained in Kafein Yazılım Hizmetleri Ticaret A.Ş. and it was reported in the "Fair value differences financial investments reflecting on profit / loss" account.

The Group tests for impairment of goodwill every year or in shorter periods in the case of situations indicating impairment.

Goodwill amounting to TL 38,839,427 in the consolidated financial statements as of December 31, 2021 is due to the acquisition of Karmasis in 2020, and as of December 31, 2021, a goodwill impairment test has been performed for Karmasis. No impairment has been detected as a result of the impairment test performed according to the current analysis.

As of December 31, 2021 and December 31, 2020, Movements of Other Intangible Assets are as follows:

Cost Value	December 31, 2020	Purchases	Impairment(*) /Adjustment	Subsidiary Sale Impact	December 31, 2021
Computer Software	100.888	137.338	(6.700)	(38.295)	193.231
Brands	750.000	-	-	-	750.000
Capitalized Dev. Costs	102.770.246	36.206.368	(4.803.460)	(96.265.755)	37.907.399
Other Intangible Fixed Assets	4.964	-	-	(4.964)	-
Total	103.626.098	36.343.706	(4.810.160)	(96.309.014)	38.850.630

Accumulated Depr.Value	December 31, 2020	Period expense	Impairment(*) /Adjustment	Subsidiary Sale Impact	December 31, 2021
Computer Software	83.894	47.779	(1.675)	(28.327)	101.671
Brands	173.611	50.750	-	-	224.361
Capitalized Dev. Costs	38.363.663	21.235.420	(2.778.221)	(46.069.251)	10.751.611
Other Intangible Fixed Assets	4.264	383	-	(4.647)	-
Total	38.625.432	21.334.332	(2.779.896)	(46.102.225)	11.077.643

Net Book Value	December 31, 2020	December 31, 2021
Computer Software	16.994	91.560
Brands	576.389	525.639
Capitalized Development Costs	64.406.583	27.155.788
Other Intangible Fixed Assets	700	-
Total	65.000.666	27.772.988

(*) The Group periodically reviews the useful life of capitalized development costs and allocates provision for impairment for projects with weakened sales potential.

Cost Value	January 1, 2020	Subsidiary Acquisition Impact	Purchases	Adjustment (-)	Impairment(*)	December 31, 2020
Computer Software	94.523	-	6.365	-	-	100.888
Brands	750.000	-	-	-	-	750.000
Capitalized Dev. Costs	69.703.906	10.256.190	23.544.477	(303.479)	(430.848)	102.770.246
Other Intangible Fixed Assets	4.964	-	-	-	-	4.964
Total	70.553.393	10.256.190	23.550.842	(303.479)	(430.848)	103.626.098

Accumulated Depr.Value	January 1, 2020	Subsidiary Acquisition Impact	Period expense	December 31, 2020
Computer Software	65.140	-	18.754	83.894
Brands	123.611	-	50.000	173.611
Capitalized Dev. Costs	22.057.834	3.195.113	13.110.715	38.363.663
Other Intangible Fixed Assets	3.884	-	380	4.264
Total	22.250.469	3.195.113	13.179.849	38.625.432

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

Net Book Value	December 31, 2019	December 31, 2020
Computer Software	29.383	16.994
Brands	626.389	576.389
Capitalized Development Costs	47.646.072	64.406.583
Other Intangible Fixed Assets	1.080	700
Total	48.302.924	65.000.666

NOTE 29 – RIGHT-OF-USE ASSETS

The balance of the right of use assets as of December 31, 2021 the depreciation and amortization expenses for the relevant period are as follows;

Net Value	January 1, 2021	Purchases	Depreciation(-)	Subsidiary Sale Impact	December 31, 2021
Building Rental Expense	1.930.756	1.025.393	(1.001.686)	(1.636.849)	317.614
Vehicle Rental Expense	1.985.621	2.346.672	(2.029.179)	(1.227.150)	1.075.964
Total	3.916.377	3.372.065	(3.030.865)	(2.863.999)	1.393.578

Net Value	January 1, 2020	Subsidiary Acquisition Impact	Purchases	Depreciation(-)	December 31, 2020
Building Rental Expense	3.115.988	279.651	611.283	(2.076.166)	1.930.756
Vehicle Rental Expense	2.421.643	-	1.377.532	(1.813.554)	1.985.621
Total	5.537.631	279.651	1.988.815	(3.889.720)	3.916.377

NOTE 30-SHORT/LONG-TERM PROVISIONS

	December 31, 2021	December 31, 2020
Short-Term Provisions for Employee Benefits(*)	2.593.717	1.699.730
Other Short Term Provisions (**)	3.415.044	1.137.625
Total	6.008.761	2.837.355

(*)Short Term Provisions for Employee Benefits

	December 31, 2021	December 31, 2020
Provisions for unused leave	2.593.717	1.699.730

As of December 31, 2021, the Group has allocated TL 2.593.717 as a result of unused leave. (December 31, 2020:1.699.730 TL)

The movements of unused leave fees are as follows:

	December 31, 2021	December 31, 2020
Opening Balance January 1	1.699.730	1.388.692
Subsidiary Sale Impact	(1.663.935)	53.360
Increase in Current Year(+)	2.557.922	257.678
Provision as of December 31	2.593.717	1.699.730

(**)Other Short Term Provisions

	December 31, 2021	December 31, 2020
Provisions for Lawsuits	491.397	188.846
Premium Provision for Employees	2.923.647	948.779
Total	3.415.044	1.137.625

Regarding various lawsuits filed against the Group, which are ongoing as of December 31, 2021, the Company has a risk amounting to TL 491.397 and provision has been provided for this amount in accordance with the opinions of the Group management and legal advisors. (31 December 2020: 188.846.)

As of December 31, 2021, the Group has made a provision amounting to TL 2.923.647 for the premium to be given to the employees in 2022 regarding the year 2021. (31 December 2020: 948.779)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

Movement of provision for litigation is as follows;

	December 31, 2021	December 31, 2020
Opening Balance January 1	188.846	60.176
Subsidiary Sale Impact	(9.000)	-
Provisions for lawsuits in Current Period(+)	311.551	128.670
Provision as of December 31	491.397	188.846

Seniority Incentive Bonus

As of 31 December 2021, there is no liability amount related to seniority incentive bonus. (31 December 2020- None)

Other

The Company does not have any provision for social aid raise payments and tax risks (December 31, 2020 - None).

B- Long- term provisions (Long-term Provisions Regarding Employee Benefits)

-Provision for Severance Pay

As per the rules of the Labour Law in effect, it is obliged to pay the legally deserved severance payments to the employees whose labor contracts have expired provided that they have become entitled to acquire severance payment. In addition, according to the current Social Security Law's No.506/dated March 6, 1981, No.2422/dated August 25, 1999, No.4447, as well as its amended Article No.60, the legal severance payments have to be paid to the employees who became entitled to acquire severance payment in case they leave.

Severance payments are calculated based on one month salary per annum. As of the date of the balance sheet, severance payment to be paid is subjected to a ceiling amount of 10.849 TL (December 31, 2020-7.639 TL).

Severance payment liability is calculated based on the estimation for the present value of the future potential obligations of the Company arising from the retirements of its employees. IAS 19 "Employee Benefits" (amended) sets forth actuarial valuation methods for the calculation of company's liabilities within the scope of defined benefit plans. Accordingly, actuarial assumptions used in the calculation of total liabilities are indicated below.

Main assumption is an increase in maximum liability for each service year in parallel to inflation rate. Therefore, the discount rate being applied implies the anticipated real interest rate after the adjustment of inflation effects in future. The liabilities in the attached financial statements as of the dates December 31, 2021 are calculated through the estimation of the present value for the potential liabilities in future arising from the retirements of the employees.

The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 14,55 %(December 31, 2020 - %14) and interest rate of 16,75 %(December 31, 2020 - %17,51), resulting in a real discount rate of approximately 2,58%(31 December, 2020 - %2,41).

In the calculation of provision for severance pay, the significant estimates are inflation, discount rate and the possibility willingly to leave the work.

	December 31, 2021	December 31, 2020
Provision for severance pay	5.455.034	5.728.507

Severance Pay Movements

	December 31, 2021	December 31, 2020
Opening Balance	5.728.507	3.425.676
Subsidiary Sale Impact	(2.114.993)	264.462
Service Costs	1.435.009	1.646.634
Revaluation gains(losses) in defined benefit plans	465.245	295.946
Interest Cost	642.719	510.834
Payment (-)	(701.453)	(415.045)
End of the Period	5.455.034	5.728.507

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

NOTE 31- EQUITY**A-Paid-in Capital**

The Company's issued capital structure as of 31 December 2021 and 31 December 2020 is as follows:

Shareholders	December 31, 2021		December 31, 2020	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Ali Cem Kalyoncu	25	4.938.382	25	4.938.382
Shares Under Public Offering	75	14.811.618	75	14.811.618
Paid-in Capital	100	19.750.000	100	19.750.000

The Group has adopted the registered capital system in accordance with the provisions of the Capital Market Law No. 6362 and has entered the registered capital system with the permission of the Capital Markets Board dated 30.06.2016 and numbered 21/729. The registered capital ceiling of the Group is TL 200.000.000 and is divided into 200.000.000 shares, each with a nominal value of 1 (one) Turkish Lira. The registered capital ceiling permission given by the Capital Markets Board is valid for the years 2020-2025 (5 years).

The issued capital of the Group is TL 19.750.000 and the issued capital has been paid completely free of collusion. This capital is divided into 19.750.000 shares with a nominal value of 1 TL each. These shares are divided into group (A), (B) and (C) shares with the same nominal values. Group (A) and (B) shares are registered shares and the transfer of these shares is subject to the approval by the Board of Directors decision. Group (C) shares are bearer shares and these shares may be transferred freely and without any restrictions. Group (A) and (B) shares have the privilege of being in the board or nominated as candidate by the board of directors. Group (C) shares are not granted any privilege. At the ordinary and extraordinary general assembly meetings of the Group, each (A) and (B) group shareholder has 15 (fifteen) voting right, and each (C) group shareholder has 1 (one) voting right, except for the election of the members of the board of directors.

Name & Surname of Shareholder	Number of Share	Share Group	Capital ,TL
Ali Cem Kalyoncu	183.333	A	183.333
Ali Cem Kalyoncu	183.333	B	183.333
Ali Cem Kalyoncu	4.571.716	C	4.571.716
Other	14.811.618	C	14.811.618
Total	19.750.000		19.750.000

When increasing capital, in order to represent the increased capital, Group (A) shares in the ratio of Group (A) shares, Group (B) shares in the ratio of Group (B) shares, Group (C) shares in the ratio of Group (C) shares will be issued. In accordance with the provisions of the Capital Market Legislation, the Board of Directors is authorized to increase the issued capital by issuing new shares up to the registered capital ceiling, to restrict the rights of the privileged shareholders and to limit the right of the shareholders to buy new shares and to issue a decision on issuance of shares under the premiums to book value or nominal value. The right to restrict the right to buy new shares cannot be used in a way that causes inequality among the shareholders.

b-Share Premiums (Discounts)

	December 31,2021	December 31,2020
Share Premiums	30.050.545	31.066.576

c. Gains (Losses) on Remeasurement of Defined Benefit Actuarial Gain (Loss) Fund

Within this framework, the Group has calculated the actuarial gains/losses in the defined benefit plans regarding its employees and presented them in the financial statements.

	December 31,2021	December 31,2020
Opening Balance	(515.833)	(416.870)
Subsidiary Acquisition Impact	-	(26.137)
Subsidiary Sale Impact	17.591	-
Revaluation gains(losses) in defined benefit plans	(465.246)	(331.866)
Deferred Tax Expense / Income	93.049	56.931
Given to minority share	150.309	202.109
Net Actuarial Gains / Losses	(720.130)	(515.833)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

d- Restrained Reserves from Profit

According to the Turkish Commercial Code, legal reserves are divided into two groups as primary legal reserves and secondary legal reserves. Primary legal reservers are allocated as 5% of the legal net profit untill 20% of the paid capital of company is achieved. As for the secondary legal reserves, they are 10% of the profit distributed which exceeds the 5% of the paid capital. According to the Turkish Commercial Code, if the general legal reserve does not exceed half of the capital or the issued capital, it may be used only to close the losses, to continue the business when the work is not going well or to prevent unemployment and to take measures to mitigate the results. Otherwise it is not possible to use it in any way.

	December 31,2021	December 31,2020
Legal Reserves	4.369.729	2.678.806
Subsidiary Sale Earnings Exemption to be Added to Capital(*)	41.793.259	-
Real Estate Sales Earnings to be Added to Capital (**)	544.262	544.262
Total	46.707.250	3.223.068

(*) The Company sold the shares of Smartiks Yazılım A.Ş. on 25.06.2020 and 26.06.2020 which were previously acquired in 2018 and earned an income corresponding to 55.724.345 TL from this sale. 75% of the mentioned income corresponding to 41.793.259 TL has been deducted from the corporate income in determining the corporate tax base by making use of the provision of article 5/1-e of the corporate tax law numbered 5520.

(*)The Company sold its property, which it purchased in 2014, in 2017, and generated TL 725.683 of revenue from this sale. 75% of the mentioned income corresponding to 544.262 TL has been deducted from the corporate income in the determination of corporate tax base by benefitting from the provision of article 5/1-e of the corporate tax law no. 5520.

The Group holds 42.337.521 TL, which is the part of the profit that is benefited from the exception, in a special fund account in the liabilities until the end of the fifth year following the year in which the sale is made.

e-Previous Year Profits / Losses

Retained earnings other than the net profit for the period and accumulated losses are shown in this item. The extraordinary reserves that are retained by the nature of their accumulated profit and are therefore not restricted, are also recognized as retained earnings.

	December 31,2021	December 31,2020
Extraordinary Reserves	3.107.187	3.107.187
Previous Years' Profits	61.300.128	74.260.169
Previous Year Profits / Losses	64.407.315	77.367.356

Dividend Distribution

The companies whose shares are traded in BIST are subject to the dividend requirement brought by the CMB as follows:

According to Article 19 of the Capital Markets Law No. 6362 entered into force on December 30, 2012 and the Communiqué on Dividends numbered II-19.1, which entered into force on 1 February 2014, the publicly-traded companies distribute profits in scope of the profit distribution policies to be determined by their general assembly, and as per the provisions of the relevant legislation. The Board may set different principles on the profit distribution policies of publicly traded companies on the basis of similar partnerships.

Unless reserve is set up as per TCC or the dividend determined for the shareholders under the main contract or under the dividend distribution policy, it is not possible to decide to distribute any other reserve fund, transfer the profit to the following year and distribute the dividend from the profit to the owners of bonus shares, the members of the board of directors, the employees of the partnership and the persons other than the shareholder.

In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution, regardless of their issuance and acquisition dates.

According to the regulations in force, the partnerships distribute their profits in accordance with the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the relevant legislation. In these arrangements, a minimum distribution rate has not been determined. Companies pay dividends as set out in their articles of association or profit distribution policies. In addition, dividends may be paid in installments of equal or different amounts and may distribute advance dividends in cash on the profit on interim financial statements.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

NOTE 32-REVENUE AND COST OF SALES

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Domestic Sales	256.771.927	160.841.257
Overseas Sales	11.453.284	10.045.365
Other income	706.882	1.983.710
Returned Sales (-)	(3.857.602)	(896.345)
Sales Discounts (-)	-	-
Net Sales	265.074.491	171.973.987
Cost of Merchandise Sold(-) (*)	(26.764.033)	(25.929.324)
Cost of Service Sold(-)(**)	(157.908.053)	(97.309.161)
Cost of Sales (-)	(184.672.086)	(123.238.485)
Gross Profit / (Loss)	80.402.405	48.735.502

(*) It is the cost value of the licenses sold under the Project which was carried out for the customer by the Group as its service provider.

(**) The details of cost of sold services are given below.

Details of Cost of Service Sold	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Staff Wages Expenses	(112.249.523)	(69.601.130)
Consulting Expenses	(34.966.862)	(22.059.334)
Depreciation Expenses	(7.166.106)	(2.970.538)
License Costs	(321.258)	(469.694)
Project Expenses	(1.001.367)	(209.635)
Other	(2.202.937)	(1.998.830)
Total	(157.908.053)	(97.309.161)

NOTE 33-GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES and DISTRUBITION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
General administrative expenses (-)	(20.644.093)	(19.096.819)
Marketing,Sales and Distrubition Expenses (-)	(145.159)	(368.399)
Research and Development Expenses (-)	(17.975.769)	(13.901.821)
Total	(38.765.021)	(33.367.039)

a- Details of General Management Expenses	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Staff Wages Expenses	(10.537.687)	(7.333.471)
Depreciation Expenses	(1.488.773)	(1.995.317)
Taxes, Duties and Charges	(449.943)	(2.476.311)
Consultancy Expenses	(2.213.587)	(2.974.663)
Representation Hospitality Expenses	(301.968)	(232.512)
Maintenance Repair Expenses	(11.038)	(118.792)
Fuel expenses	(223.595)	(166.776)
Building and Vehicle Rent Expenses	(929.952)	(620.200)
Travel, Accommodation, Food Expenses	(216.869)	(141.911)
Electricity and Water Expenses	(237.684)	(162.502)
Business Expenses	(1.882.405)	(1.216.388)
Various Expenses	(2.150.592)	(1.657.976)
Total	(20.644.093)	(19.096.819)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
b- Marketing, Sales and Distribution Expenses		
Staff Expenses	(22.225)	(284.031)
Depreciation Expenses	(9.553)	(27.876)
Vehicle Expenses	(4.129)	(2.729)
Transportation and Accommodation Expenses	(4.062)	(3.293)
Food and Beverage Expenses	(7.426)	(6.592)
System Support Expenses	(68.505)	-
Various Expenses	(29.259)	(43.878)
Total	(145.159)	(368.399)

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
c- Details of Research and Development Expenses		
Staff Expenses	(1.628.468)	(2.239.956)
Depreciation Expenses	(16.347.301)	(11.661.865)
Total	(17.975.769)	(13.901.821)

NOTE 34-EXPENSES CLASSIFIED ACCORDING TO ASSORTMENT

	December 31,2021	December 31,2020
a-Depreciation and Amortization Expenses (-)		
Service Costs	(7.166.106)	(2.970.538)
Research and Development Expenses	(16.347.301)	(11.661.865)
Marketing, Sales and Distribution Expenses	(9.553)	(27.876)
General administrative expenses	(1.594.308)	(1.995.317)
Total	(25.117.268)	(16.655.596)

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
b-Staff Expenses (-)		
Service Cost	(112.249.523)	(69.601.130)
Research and Development Expenses	(1.628.468)	(2.239.956)
Marketing Expenses	(22.225)	(284.031)
General administrative expenses	(10.537.687)	(7.333.471)
Total	(124.437.903)	(79.458.588)

NOTE 35-OTHER OPERATING INCOME/EXPENSES

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
a- Other Operating Income		
Exchange Rate Difference Income from Operations	9.683.027	3.181.429
Provisions No Longer Required	1.640.404	715.366
Other Extraordinary Income and Profits	1.519.092	901.997
Total	12.842.523	4.798.792

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
b- Other Operating Expenses		
Commission Expenses	(31.000)	(75.521)
Exchange Rate Difference Expense from Operations	(2.055.536)	(1.782.125)
Provision Expenses	(6.750.008)	(1.634.079)
Rediscount cancellation expense	-	(68.593)
Other	(2.738.978)	(886.176)
Total	(11.575.522)	(4.446.494)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

NOTE 36-INCOME FROM INVESTING ACTIVITIES

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Financial Investments Valuation Difference	15.569	14.702.310
Subsidiary Sales Profit	-	65.462
Securities Sales Profit	319.441	3.109
Fixed Asset Sales Revenue	8.381	241.030
Total	343.391	15.011.911

NOTE 37- EXPENSES DUE TO INVESTING ACTIVITIES

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Financial Inves. Valuation Difference (*)	(28.586.250)	-
Loss on Subsidiary Sales (**)	(4.060.455)	-
Loss on Security Sales	(111.348)	-
Fixed Asset Sales Expense	(13.782)	-
Total	(32.771.835)	-

(*) The mentioned amount, which is predominantly the financial investment of the Group that is classified as long-term financial investments at fair value through profit or loss, is related to company named Papilon Savunma Teknoloji ve Ticaret A.Ş., and Papilon's shares are traded on the stock exchange. The relevant investment was valued at the BIST (Borsa İstanbul Stock Market) pending best purchase price at the balance sheet date, and the fair value was determined. Accordingly, the difference between its fair value as of 31 December 2020 and its fair value as of 31 December 2021, amounting to TL 28.586.250 (86.061.250-57.475.000= TL 28.586.250) has been accounted for in expenses from investment activities.

NOTE 38-FINANCIAL INCOME

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Interest income	1.796.098	3.773.633
Exchange Difference Revenue	4.595.486	5.195.794
Total	6.391.584	8.969.427

NOTE 39- FINANCIAL EXPENSES

	January 1,2021 December 31,2021	January 1,2020 December 31,2020
Exchange Difference Expense	(1.572.138)	(814.630)
Interest Expenses	(3.633.519)	(2.503.775)
Bank Commissions and Expenses	(256.245)	(199.849)
Total	(5.461.902)	(3.518.254)

NOTE 40-ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of the balance sheet date, the Company do not have any assets held for sale or discontinued operations. (December 31 2020 – None.)

NOTE 41-ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS**Revaluation gains(losses) in defined benefit plans**

	December 31,2021	December 31,2020
Opening Balance	(515.833)	(416.870)
Opening Balance of Subsidiary	-	(26.137)
Subsidiary Sale Impact	17.591	-
Revaluation gains(losses) in defined benefit plans	(465.246)	(331.866)
Deferred Tax Expense / Income	93.049	56.931
Given to Minority Shares	150.309	202.109
Net Actuarial Gains / Losses	(720.130)	(515.833)

NOTE 42- TAX PROVISIONS AND LIABILITIES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

	December 31,2021	December 31,2020
Current Period Legal Tax Provision	2.566.601	5.424.389
Prepaid Taxes (-)	(2.190.203)	(4.612.234)
Total Net Tax Payable	376.398	812.155

	January 1,2021	January 1,2020
Tax Expense in Profit or Loss Statement	December 31,2021	December 31,2020
Current Period Legal Tax Provision (-)	(2.566.601)	(2.216.728)
Deferred Tax Income/(Expense)	8.066.448	(576.235)
Total Tax Expense	5.499.847	(2.792.963)

A.Period Income Tax Liability

The Company is subject to corporation tax applicable in Turkey. Provision is made in the accompanying financial statements for estimated tax liabilities related to the Company's operating results for the current period.

Corporation tax; It is applied to the tax base to be determined as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions (such as the participation earnings exception) and deductions (such as the R&D discount) in the tax laws. Past years' losses deducted from the corporate tax base can be carried forward for a maximum of 5 years, to be deducted from the taxable profit to be generated in the coming years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years. In addition, provisional tax is calculated and accrued at the corporate tax rate on a quarterly basis.

According to the Corporate Tax Law No. 5520, the corporate tax and temporary tax rate was applied as 20% until January 1, 2018, and as 22% for the years 2018, 2019 and 2020 as of January 1, 2018. Starting from the declarations that must be submitted as of July 1, 2021, based on the Law on the Collection of Public Claims dated April 15, 2021 and numbered 7316 and Articles 11 and 14 of the Law on Amending Certain Laws, and to be effective as of January 1, 2021, the Corporate Tax rate has been set as 25% for the corporate earnings for the 2021 accounting period and 23% for the 2022 accounting period earnings. The rate to be applied in the first period temporary tax return to be submitted for the 2021 accounting period earnings is still 20%, and it has been applied as 25% as of the second temporary taxation period.

According to the Provisional Article 4, which was added to the abovementioned law under the article 15 of the law no. 6676, in order to be implemented until 31/12/2023, the capital supports provided by the income and corporate taxpayers to be used in the financing of the projects to be carried out in the areas that are found eligible by the Ministry shall be not exceed ten percent of the declared income or corporate income and twenty percent of the capital, and in accordance with Article 10 of the Tax Law, the said capital supports are subjected to discount in terms determining the corporate profit.. The amount subject to discount shall not exceed 500.000 Turkish Liras annually.

In the period of time when earnings of the entrepreneurs, which are engaged in activities inside Technology Development Zone in Turkey, are exempted from income or corporate tax, and system management, data management, business applications, industry, internet, mobile and military command and control applications delivered in the form of software and services produced only inside the said zone are also exempt from VAT.

When calculating the deferred tax, the following rates have been used: 20% in 2020, 23% in 2021 for short-term transactions, and 20% for transactions related to the following periods. (31 December 2020: 20%)

There is no firm reconciliation procedure as to tax assessment in Turkey. Companies draw up their tax statements between April 1st -30th of the following year which is subsequent to the account settlement period of the relevant year. The said tax statements and accounting records that form basis for these statements may be amended by Tax Office within 5 years.

B. Deferred tax Asset and Liability

The Group accounts for the deferred tax assets and liabilities for the temporary timing discrepancies arising from the differences between the legal financial statements on which the tax is based and the financial tables which have been prepared in accordance with the Turkish Accounting Standards (TAS). The said differences usually originate from the fact that tax base amounts of some income and expense items have been presented in the different periods for the financial statements prepared according to the TAS, and the said differences are stated below.

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

Items on which deferred tax and corporate tax are based are shown below:

Deferred Tax Assets / Liabilities:	December 31,2021	December 31,2020
Wage Premium Accrual	527.668	120.000
Right of Use Assets	1.116.018	737.329
Provision for severance pay	1.091.007	1.145.702
Adjustments Regarding Customer Agreements	684.480	1.039.198
Trade Receivables	286.629	335.337
Tangible and Intangible Fixed Assets	1.310.527	790.054
Payables from Leasing Transactions	(1.089.323)	(947.548)
Allowances	596.555	339.946
Financial Investments Valuation Difference	2.794.544	(2.940.462)
Inventories	-	268.207
Transferring R&D Discount	-	483.631
Other	(357.174)	(153.029)
Total	6.960.931	1.218.365

The movement of deferred tax assets / (liabilities) for the year ended 31 December 2021 and 31 December 2020 is as follows:

	January 1,2021	January 1,2020
	December 31,2021	December 31,2020
Opening Balance as of 1 January	1.218.365	1.373.960
Subsidiary Acquisition Impact	-	363.709
Subsidiary Sale Impact	(2.416.930)	-
Deferred Tax Income / Expense of the Period	8.066.448	(576.235)
Reflected in Comprehensive Income	93.048	56.931
Closing Balance	6.960.931	1.218.365

The reconciliation study between tax income/expense and the accounting profit within scope of IAS 12 is specified below.

	January 1,2021	January 1,2020
Reconciliation of tax provision	December 31,2021	December 31,2020
Continuing Operations Profit / Loss Before Tax	11.405.623	36.183.845
Corporate Tax Rate	25%	22%
Calculated Tax	(2.851.406)	(7.960.446)
Tax Effect		
Disallowable expenses	(826.248)	(593.382)
Discounts and Exceptions	11.094.965	5.653.819
Impact of Tax Rate Changes	(1.917.464)	107.046
Tax Expense in Income Statement	5.499.847	(2.792.963)

NOTE 43-EARNINGS PER SHARE

As of the current and previous period, company's number of shares and profit/loss calculations per unit share are as follows.

	January 1,2021	January 1,2020
	December 31,2021	December 31,2020
Net Profit / Loss	7.394.680	30.489.433
Number of shares	19.750.000	19.750.000
Profit / loss per share	0,37	1,54

NOTE 44- FEATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Main financial instruments of the group are bank credits, cash and short-term bank deposits. The main reason for using these instruments is to create finance for the activities of the company. The group also possesses the financial instruments such as trade receivables and trade payables arising directly from the activities. Risks associated with the instruments being used are foreign exchange risk, interest risk, credit risk and liquidity risk. The group management handles these risks as follows:

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

a) Capital risk management:

The objectives of the group in the management of the capital are to provide its shareholders with benefit and to maintain the optimum capital structure for the purpose of reducing capital cost and sustaining the activities of the group.

Capital costs of the group, as well as the risks associated with each type of capital are evaluated by the top management. Based on the assessments of the top management, capital structure is aimed to balance through borrowing new loans or payment of existing loans as well as dividend payments, issuance of new shares.

The group monitors equity capital by using the ratio of liability/total equity capital. This ratio is obtained by the dividing of net liability into total equity capital. Net liability is calculated by the deduction of cash and cash equivalents from the total amount of liability (includes credits and trade payables as shown in the balance sheet).

As of the period-ends, the ratios net liability/total capital is as follows:

	December 31,2021	December 31,2020
Total Liabilities	120.408.137	98.381.581
Minus: Cash and Cash Equivalents	23.001.141	28.066.969
Net Liability	97.406.996	70.314.612
Total equity Capital	179.919.317	228.821.324
Ratio for Net Liability /Total Capital	0,54	0,31

b) Loans and Receivables Risk Management:

Loan risk is a risk where a customer or other party cannot fulfil the requirements in the contract. Receivables risk, on the other hand, involves the possession of financial assets, the risk where other party is unable to fulfil the requirements of the contract, too. Loans and receivables risk of Partnership basically results from trade receivables. Group management offsets those risks by means of limiting the average risk for the other party (except for associative parties) presented at all agreements and getting guarantee if necessary.

Trade receivables are tackled taking into account the past experiences and current economic situation and, if required, shown as net in the balance sheet after the allocation of an appropriate amount of provision for bad debts by top management.

The Group applied the simplified approach specified in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for the lifetime expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group has classified its trade receivables in terms of maturity. The expected credit loss ratio for trade receivables is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and trade receivable sum by using past loan loss experiences.

December 31, 2021	Receivables				Bank Deposits	Cash and Cash Equiv
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
Maximum Credit Risk Sustained as of Reporting Date (A+B+C+D)	185.969	96.671.131	8.286	1.112.210	23.000.575	566
- Part of the maximum risk secured by means of guarantee, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	185.969	89.118.330	8.286	1.112.210	23.000.575	566
B. Net book value of assets overdue but not undergone impairment	-	7.552.801	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	101.806	-	-	-	-
- Impairment (-)	-	(101.806)	-	-	-	-
- Undued (Gross book value)	-		-	-	-	-
-Impairment (-)	-		-	-	-	-
-Part of the net value secured by means of guarantee, etc.	-		-	-	-	-
D. Elements containing credit risk outside the statement of financial position	-		-	-	-	-

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

December 31, 2020	Receivables				Bank Deposits	Cash and Cash Equiv
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
Maximum Credit Risk Sustained as of Reporting Date (A+B+C+D)	67.422	51.224.581	518.109	57.038	28.049.200	17.769
- Part of the maximum risk secured by means of guarantee, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	67.422	48.059.364	518.109	57.038	28.049.200	17.769
B. Net book value of assets overdue but not undergone impairment	-	3.165.217	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	898.504	-	109.818	-	-
- Impairment (-)	-	(898.504)	-	(109.818)	-	-
- Undued (Gross book value)	-		-	-	-	-
-Impairment (-)	-		-	-	-	-
-Part of the net value secured by means of guarantee, etc.	-		-	-	-	-
D. Elements containing credit risk outside the statement of financial position	-		-	-	-	-

Table regarding maturities of assets which have been overdue but not undergone impairment is as follows:

December 31, 2021	Receivables	
	Trade Receivables	Other Receivables
Overdue 1-30 days	6.855.623	-
Overdue 1-3 months	169.599	-
Overdue 3-12 months	427.479	-
Overdue 1-5 years	100.100	-
Overdue more than 5 years	-	-
Total	7.552.801	-
Part covered by a Guarantee, etc.	-	-

December 31, 2020	Receivables	
	Trade Receivables	Other Receivables
Overdue 1-30 days	1.661.021	-
Overdue 1-3 months	704.872	-
Overdue 3-12 months	98.563	-
Overdue 1-5 years	700.761	-
Overdue more than 5 years	-	-
Total	3.165.217	-
Part covered by a Guarantee, etc.	-	-

c) Liquidity Risk Management:

Group is entitled to utilize banks, its sellers and shareholders as funding source. Company continuously assesses liquidity risk determining and following the changes in the conditions of the funding which is required to achieve the targets set according to company strategy

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.
FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021
(All amounts are expressed in Turkish Lira ("TL"))

December 31, 2021

Terms as per contract	Book value	Sum of Cash Output as per contract (=I+II+III)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative Fin. Liabilities					
Bank credits	5.187.417	5.477.302	1.075.827	3.090.060	1.311.415
Payables from Leasing	2.235.425	2.444.692	472.594	1.204.035	768.063
Other Financial Liabilities	83.391	83.391	83.391	-	-
Trade Payables	46.473.559	46.473.559	46.473.559	-	-
Other Payables	8.006.110	8.006.110	8.006.110		
Liab. Under Employee Benefits	3.623.112	3.623.112	3.623.112		
Total Liabilities	65.609.014	66.108.166	59.734.593	4.294.095	2.079.478

December 31, 2020

Terms as per contract	Book value	Sum of Cash Output as per contract (=I+II+III)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative Fin. Liabilities					
Bank credits	13.391.323	14.596.858	1.930.622	5.111.775	7.554.461
Payables from Leasing	4.735.506	5.262.561	965.001	1.989.481	2.308.079
Other Financial Liabilities	84.835	84.835	84.835	-	-
Trade Payables	18.909.798	18.909.798	18.909.798	-	-
Other Payables	34.860.579	34.860.579	3.394.954	31.465.625	-
Liab. Under Employee Benefits	4.125.304	4.125.304	4.125.304	-	-
Total Liabilities	76.107.345	77.839.935	29.410.514	38.566.881	9.862.540

d) Management of the Risks Due to Market and Foreign Exchange:

The Group is not sensitive to foreign exchange risk due to the fact that a significant portion of the Group's sales are not indexed to foreign currency and foreign currency and some portion of its trade payables are foreign currency. The costs are determined in Turkish Lira and represent a foreign currency risk conversely. Therefore, currency risk is minimized.

Required price adjustments are made instantly through tracking price changes in the market and market conditions regularly.

There is no change with respect to the last year regarding the market risk undergone by the group in the current year or the way of dealing with the risks encountered or the way of measuring these risks.

Foreign asset and liability of the group, foreign exchange position sheet in terms of original and TL currencies as of December 31, 2021 and December 31, 2020 are as follows:

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

DECEMBER 31, 2021 FOREIGN EXCHANGE POSITION TABLE	TL equivalent (Functional currency)	USD	Euro	GBP	CHF	Other
1. Trade Receivables	7.508.906	349.369	189.052	-	-	1.163.352
2a Monetary Financial Assets(Cash, including bank accounts)	4.325.083	303.318	18.247	382	-	143.323
2b. Non-Monetary Financial Assets	-	-	-	-	-	10.500
3. Other	-	-	-	-	-	144.955
4. Current Assets(1+2+3)	11.833.989	652.687	207.299	382	-	1.462.130
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	37.196
8. Non-Current Assets(5+6+7)	-	-	-	-	-	37.196
9. Total Assets(4+8)	11.833.989	652.687	207.299	382	-	1.499.326
10. Trade Payables	1.631.154	93.942	22.601	2.116	-	280.110
11. Financial Liabilities	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	143.841
13. Short-term Liabilities(10+11+12)	1.631.154	93.942	22.601	2.116	-	423.951
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Long-term Liabilities(14+15+16)	-	-	-	-	-	-
18. Total Liabilities(13+17)	1.631.154	93.942	22.601	2.116	-	423.951
19.Off the Balance Sheet Net Asset/(Liability) Position of Derivative Instruments in terms of Foreign Exchange(19a-19b)	-	-	-	-	-	-
19a. Off the Balance Sheet Amount of Active Derivatives in terms of Foreign Exchange	-	-	-	-	-	-
19b. Off the Balance Sheet Amount of Passive Derivatives in terms of Foreign Exchange	-	-	-	-	-	-
20. Net Foreign Asset/ (Liability) Position(9-18+19)	10.202.835	558.745	184.699	(1.734)	-	1.075.375
21. Monetary Items Net Foreign Exchange Asset/ (Liability) Position(TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	10.202.835	558.745	184.699	(1.734)	-	1.026.565
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-
23. Amount of hedged portion of foreign currency assets**	-	-	-	-	-	-
24- Amount of hedged portion of foreign currency liabilities	-	-	-	-	-	-

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

DECEMBER 31, 2020 FOREIGN EXCHANGE POSITION TABLE	TL equivalent (Functional currency)	USD	Euro	GBP	CHF	Other
1. Trade Receivables	4.919.427	102.597	448.700	-	202.749	55.867
2a Monetary Financial Assets(Cash, including bank accounts)	7.621.226	832.184	166.984	143	55	967.025
2b. Non-Monetary Financial Assets	353.725	-	-	-	-	218.443
3. Other	386.020	-	4.856	-	-	218.443
4. Current Assets(1+2+3)	13.280.398	934.781	620.540	143	202.804	1.459.778
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets(5+6+7)	-	-	-	-	-	-
9. Total Assets(4+8)	13.280.398	934.781	620.540	143	202.804	1.459.778
10. Trade Payables	623.742	56.473	27.621	-	-	64.585
11. Financial Liabilities	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-
13. Short-term Liabilities(10+11+12)	623.742	56.473	27.621	-	-	64.585
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Long-term Liabilities(14+15+16)	-	-	-	-	-	-
18. Total Liabilities(13+17)	623.742	56.473	27.621	-	-	64.585
19. Off the Balance Sheet Net Asset/(Liability) Position of Derivative Instruments in terms of Foreign Exchange(19a-19b)	-	-	-	-	-	-
19a. Off the Balance Sheet Amount of Active Derivatives in terms of Foreign Exchange	-	-	-	-	-	-
19b. Off the Balance Sheet Amount of Passive Derivatives in terms of Foreign Exchange	-	-	-	-	-	-
20. Net Foreign Asset/ (Liability) Position(9-18+19)	12.656.656	878.308	592.919	143	202.804	1.395.193
21. Monetary Items Net Foreign Exchange Asset/ (Liability) Position(TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	11.916.911	878.308	588.063	143	202.804	958.307
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-
23. Amount of hedged portion of foreign currency assets**	-	-	-	-	-	-
24- Amount of hedged portion of foreign currency liabilities	-	-	-	-	-	-

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

According to the balance sheet position as of December 31, 2021 and December 31, 2020, based on the assumption that the Turkish Lira will be valued / devalued 10% against the USD, Euro and other currency units, the gross profit as a result of profit on Exchange difference consisting of assets and liabilities in terms of USD and Euro currencies, would be 1.020.283 TL (December 31, 2020- 1.821.847 TL) high / low as can be seen in the Exchange rate Sensitivity Analysis Chart given below.

Foreign Exchange Sensitivity Analysis Table		
	Profit/Loss	
	Increase of Foreign Exchange in Value	Decrease of Foreign Exchange in Value
December 31, 2021		
In case US Dollar changes 10% against TL:		
1- US Dollar net asset/liability	744.751	(744.751)
2- The part secured against US Dollar risk (-)		
3- US Dollar Net Effect(1+2)	744.751	(744.751)
In case EURO changes 10% against TL:		
4- EURO net asset/liability	278.649	(278.649)
5- The part secured against EURO risk (-)		
6- Euro Net Effect(4+5)	278.649	(278.649)
In case GBP changes 10% against TL:		
7- GBP net asset/liability	(3.117)	3117
8- The part secured against GBP risk (-)		
9- GBP Net Effect (7+8)	(3.117)	3117
TOTAL (3+6+9+12+15)	1.020.283	(1.020.283)

Foreign Exchange Sensitivity Analysis Table		
	Profit/Loss	
	Increase of Foreign Exchange in Value	Decrease of Foreign Exchange in Value
December 31, 2020		
In case US Dollar changes 10% against TL:		
1- US Dollar net asset/liability	1.044.761	(1.044.761)
2- The part secured against US Dollar risk (-)		
3- US Dollar Net Effect(1+2)	1.044.761	(1.044.761)
In case EURO changes 10% against TL:		
4- EURO net asset/liability	311.504	(311.504)
5- The part secured against EURO risk (-)		
6- Euro Net Effect(4+5)	311.504	(311.504)
In case GBP changes 10% against TL:		
7- GBP net asset/liability	101	(101)
8- The part secured against GBP risk (-)		
9- GBP Net Effect (7+8)	101	(101)
In case CHF changes 10% against TL:		
10- CHF net asset/liability	175.845	(175.845)
11- The part secured against CHF risk (-)		
12- CHF Net Effect (10+11)	175.845	(175.845)
In case AED changes 10% against TL:		
13- AED net asset/liability	289.636	(289.636)
14- The part secured against AED risk (-)		
15- AED Net Effect (13+14)	289.636	(289.636)
TOPLAM (3+6+9+12+15)	1.821.847	(1.821.847)

KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

(All amounts are expressed in Turkish Lira ("TL"))

e)Interest Rate Risk Management and Interest Rate Sensitivity

Due its assets bringing interest or liabilities interest is paid for, the group is vulnerable to interest rate risk arising from interest rate changes. This risk is handled by means of balancing the amount and terms of assets and liabilities being sensitive to interest rate via some techniques within the balance sheet and using derivative instruments, if necessary.

Within this scope, great importance is attached to the fact that not only the maturities of receivables and payables but also interest renewal periods are similar. In order for the financial liabilities to be affected minimally from the interest rate fluctuations in the market, "fixed interest / variable interest", "short-term / long-term "and TL / foreign currency balance of these debts are structured both within itself and within the framework of the asset structure. Since interest rates of corporate loans will remain constant until maturity, no interest rate risk has been calculated in this period.

NOTE 45 - FINANCIAL INSTRUMENTS

The Group does not have any financial intermediaries other than those explained in NOTE 8-Financial Investments.

NOTE 46-POST BALANCE SHEET EVENTS**December 31, 2021**

- Karmasis Bilişim Çözümleri Tic. A.Ş. decided to become a founding partner of "Karmasis Azerbaijan MMC" with a capital of 10.000 USD, which is to operate in the field of Cyber Security and is located at the address of Azerbaijan, Baku Nizami Caddesi 92. Arena, by participating in the ratio of 20%, and registration procedures regarding the establishment of "Karmasis Azerbaijan MMC" company were completed on 14.01.2022 and the establishment was registered.

- Kafein Yazılım Hizmetleri Ticaret A.Ş.'s headquarters has been moved from the address of "Yıldız Teknik Üniversitesi Teknoloji Geliştirme Bölgesi Davutpaşa Kampüsü C1 Blok K 2 No 403 Esenler İstanbul" to the address "Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No 151/1B İç Kapı No B01 Esenler İstanbul".

- On 25.02.2022, Kafein Yazılım Hizmetleri Ticaret A.Ş. paid 1,981,250,16 TL to buy back a total of 119,000 shares from the price range of 17,80 TL - 18,274 TL. With this transaction, the number of KFEIN shares owned by the company reached 119,000.

Shares	Transaction Date	Nominal Value of Shares (TL)	Capital Ratio (%)	Transaction Price (TL/Share)	Privileges related to Shares, if any
C Grubu, KFEIN, TREKFIN00037	25.02.2022	24.000	0,122	18,274	-
C Grubu, KFEIN, TREKFIN00037	25.02.2022	5.000	0,025	18,213	-
C Grubu, KFEIN, TREKFIN00037	25.02.2022	5.000	0,025	18,2	-
C Grubu, KFEIN, TREKFIN00037	25.02.2022	5.000	0,025	18,2	-
C Grubu, KFEIN, TREKFIN00037	25.02.2022	5.000	0,025	18,198	-
C Grubu, KFEIN, TREKFIN00037	25.02.2022	10.000	0,051	18,2	-
C Grubu, KFEIN, TREKFIN00037	25.02.2022	55.000	0,278	18,12	-
C Grubu, KFEIN, TREKFIN00037	28.02.2022	10.000	0,051	17,8	-

- Financial statements were approved by the board of directors on 11 March 2022. Board members have the authority to change the financial statements.

December 31, 2020

-The amendment draft on Article 7 titled "Capital of the Company" of the Articles of Association of the Company to extend the validity period of the registered capital ceiling of the Company to 2025 and to increase the registered capital ceiling to 200.000.000-TL has been approved by the Capital Markets Board.

- Kafein Yazılım Hizmetleri Ticaret A.Ş. has signed a contract on "Software Supply and Service for the KVKK (Personal Data Protection Law) Project" with a third party bank, valid between 01/01/2021 and 31/12/2021. The contract service amount includes 662.750 USD License + 2.050.000 TL implementation fee.

- Smartiks Yazılım A.Ş. signed a Business Partnership Agreement on "Data Governance and Data Security" with foreign-based SecuPi Security Solutions Ltd on 25.01.2021. The contractual service period is 2 years and will automatically extend for 1 year unless the parties terminate it. The planned service amount for the first year is 5.000.000 TL and the relevant service will proceed through the Order Forms (PO).

- Financial statements were approved by the board of directors on February 17, 2021. Board members have the authority to change the financial statements.

NOTE 47- FEES FOR SERVICES RENDERED BY INDEPENDENT AUDIT AUTHORITY

The Group is required to disclose the fees related to the services received from the independent audit firm as of the reporting period, based on the Board Decision published in the Official Gazette of the Public Oversight, Accounting and Auditing Standards Authority. In this context, the independent audit fee for the reporting period is 365.650 TL, excluding VAT, including subsidiaries and affiliates. (31 December 2020: 297,680 TL). There are no services other than the independent audit received from the independent audit firm.

NOTE 48-OTHER MATTERS

A-Financial Statement Disclosures:

- As of December 31, 2021, total insurance amount of asset corresponded to 429.000 TL. Vehicles are insured with current value.

-As of December 31, 2020, total insurance amount of asset corresponded to 2.872.904 TL. Vehicles are insured with current value.

b- Classifications Made for Financial Statements of Previous Periods and Their Properties

Comparative information is re-classified, when needed, for the purpose of conformity with the presentation of financial statements of current period.

c- Significant Accounting Policies

Significant accounting policies of the company regarding financial instruments are explained under the note Financial Instruments included in Note 2.