

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND FOOTNOTES AS OF**  
**SEPTEMBER 30, 2021**

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**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENT AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020**  
**(BALANCE SHEET)**

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

	Footnote Ref.	Not Reviewed CURRENT PERIOD September 30, 2021	Audited PREVIOUS PERIOD December 31, 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	13.500.626	28.066.969
<b>Financial Investments</b>	5	1.734.494	2.234.257
<b>Trade Receivables</b>	3-7	46.992.958	51.292.003
-Trade Receivables from Related Parties	3-7	-	67.422
-Trade Receivables from Unrelated Parties	7	46.992.958	51.224.581
<b>Other Receivables</b>	3-9	460.121	575.147
-Other Receivables from Related Parties	3-9	262.935	518.109
-Other Receivables from Unrelated Parties	9	197.186	57.038
<b>Receivables From Customer Contracts</b>	8	30.202.414	12.330.928
- Contract Assets Arising from Sales of Goods and Services	8	30.202.414	12.330.928
<b>Inventories</b>		763.877	405.511
<b>Prepaid Expense</b>		5.607.038	5.286.778
-Prepaid Expenses to Related Parties		242.105	401.583
- Prepaid Expenses to Unrelated Parties		5.364.933	4.885.195
<b>Current Tax Assets</b>		20.190	33.269
<b>Other Current Assets</b>		732.941	279.980
-Other Current Assets from Unrelated Parties		732.941	279.980
<b>Total Current Assets</b>		<b>100.014.659</b>	<b>100.504.842</b>
<b>Non-Current Assets</b>			
<b>Financial Investments</b>	5	48.664.687	86.061.250
<b>Other Receivables</b>		17.994	49.802
-Other Receivables From Non-Related Parties		17.994	49.802
<b>Tangible Fixed Assets</b>	11	6.303.089	5.322.194
-Vehicles		1.771.599	1.921.614
-Furniture and fixtures		4.068.524	3.163.056
-Special Cost		462.966	237.524
<b>Right of Use Assets</b>		4.112.361	3.916.377
<b>Intangible Assets</b>	12	141.560.578	129.741.210
-Goodwill		64.740.544	64.740.544
-Brands		538.889	576.389
-Computer Software		10.089	16.994
-Capitalized Development Costs		76.167.638	64.406.583
-Other Intangible Fixed Assets		103.418	700
<b>Prepaid Expenses</b>		8.582	387.405
-Prepaid Expenses to Unrelated Parties		8.582	387.405
<b>Deferred Tax Asset</b>		9.920.562	1.218.365
<b>Other Fixed Assets</b>		1.460	1.460
-Other Fixed Assets to Unrelated Parties		1.460	1.460
<b>Total Non-Current Assets</b>		<b>210.589.313</b>	<b>226.698.063</b>
<b>TOTAL ASSETS</b>		<b>310.603.972</b>	<b>327.202.905</b>

Enclosed footnotes are integral parts of these statements.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENT AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020**  
**(BALANCE SHEET)**

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

	Foot. Refer.	Not Reviewed CURRENT PERIOD September 30, 2021	Audited PREVIOUS PERIOD December 31, 2020
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>			
<b>Short-Term Liabilities</b>	<b>6</b>	<b>4.339.202</b>	<b>250.000</b>
- <b>Short-Term Borrowings From Unrelated Parties</b>		<b>4.339.202</b>	<b>250.000</b>
-- <i>Bank credits</i>		4.339.202	250.000
- <b>Short-term Portion of Long-term Borrowings</b>	<b>6</b>	<b>7.610.582</b>	<b>8.890.388</b>
Short-term Portion of Long-term Borrow. from related Parties		<b>166.047</b>	<b>186.515</b>
-- <i>Debts from Leasing Transactions</i>		166.047	186.515
- <b>Short-term Port. of Long-term Borrow. from Unrel. Parties</b>	<b>6</b>	<b>7.444.535</b>	<b>8.703.873</b>
-- <i>Banks credits</i>		5.458.022	5.891.563
-- <i>Debts from Leasing Transactions</i>		1.986.513	2.812.310
<b>Other Financial Liabilities</b>	<b>6</b>	<b>71.264</b>	<b>84.835</b>
-Other Miscellaneous Financial Liabilities		71.264	84.835
<b>Trade Payables</b>	<b>7</b>	<b>9.347.718</b>	<b>18.909.798</b>
-Trade Payables to Unrelated Parties	7	9.347.718	18.909.798
<b>Payables in Scope of Employee Benefits</b>	<b>10</b>	<b>5.584.886</b>	<b>4.125.304</b>
<b>Other Payables</b>	<b>3-9</b>	<b>34.193.183</b>	<b>34.860.579</b>
Other Payables to Related Parties	3-9	86.000	529.201
Other Payables to Unrelated Parties	9	34.107.183	34.331.378
<b>Liabilities from Customer Contracts</b>	<b>8</b>	<b>5.254.348</b>	<b>10.894.133</b>
-Contractual Liabilities From Sales Goods and Services	8	5.254.348	10.894.133
<b>Government Incentives and Grants</b>		<b>440.879</b>	<b>313.516</b>
<b>Deferred Incomes</b>		<b>1.264.667</b>	<b>296.610</b>
- Deferred Incomes From Unrelated Parties		1.264.667	296.610
<b>Current Period Profit Tax Liability</b>		<b>861.641</b>	<b>812.155</b>
<b>Short-Term Provisions</b>		<b>3.162.727</b>	<b>2.837.355</b>
-Short-Term Provisions for Employee Benefits		2.973.881	1.699.730
-Other Short-Term Provisions		188.846	1.137.625
<b>Other Short-Term Liabilities</b>		<b>2.159.312</b>	<b>375.921</b>
-Other Short-Term Liabilities to Unrelated Parties		2.159.312	375.921
<b>Total Short-Term Liabilities</b>		<b>74.290.409</b>	<b>82.650.594</b>
<b>Long Term Liabilities</b>			
<b>Long-Term Borrowings</b>	<b>6</b>	<b>5.647.796</b>	<b>8.986.441</b>
- <b>Long-Term Borrowings from related Parties</b>	<b>6</b>	<b>309.013</b>	<b>469.398</b>
-- <i>Debts from Leasing Transactions</i>		309.013	469.398
- <b>Long-Term Borrowings from Unrelated Parties</b>	<b>6</b>	<b>5.338.783</b>	<b>8.517.043</b>
-- <i>Banks credits</i>		3.066.823	7.249.760
-- <i>Debts from Leasing Transactions</i>		2.271.960	1.267.283
<b>Liabilities from Customer Contracts</b>	<b>8</b>	<b>535.493</b>	<b>273.804</b>
- Contractual Liabilities From Sales Goods and Services	8	535.493	273.804
<b>Government Incentives and Grants</b>		<b>909.789</b>	<b>742.235</b>
<b>Deferred Incomes</b>		<b>2.634.724</b>	<b>-</b>
-Deferred Revenues from Unrelated Parties		2.634.724	-
<b>Long-Term Provisions</b>		<b>6.210.923</b>	<b>5.728.507</b>
-Long-Term Provisions For Employee Benefits		6.210.923	5.728.507
<b>Total Long-Term Liabilities</b>		<b>15.938.725</b>	<b>15.730.987</b>
<b>TOTAL LIABILITIES</b>		<b>90.229.134</b>	<b>98.381.581</b>
<b>EQUITY</b>			
<b>Equity Attributable To Parent Company</b>		<b>149.951.208</b>	<b>161.380.600</b>
- Paid-in Capital	13	<b>19.750.000</b>	<b>19.750.000</b>
-Share Premium (Discount)	13	<b>31.066.576</b>	<b>31.066.576</b>
- Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss	13	<b>(117.695)</b>	<b>(515.833)</b>
-- <i>Revaluation and Measurement Gains (Losses)</i>		<b>(117.695)</b>	<b>(515.833)</b>
--- <i>Actuarial Gain/Loss Fund from defined benefit plan</i>		(117.695)	(515.833)
- Restrained Reserves From Profit	13	<b>46.696.571</b>	<b>3.223.068</b>
-- <i>Real Estate or Subsidiary Sales Gain to be Added to Capital</i>		42.337.521	544.262
-- <i>Legal reserves</i>		4.359.050	2.678.806
- Profit (Loss) for Previous Period	13	<b>63.386.573</b>	<b>77.367.356</b>
- Net Profit (Loss) For The Period	21	<b>(10.830.817)</b>	<b>30.489.433</b>
<b>Non-Controlling Shares</b>		<b>70.423.630</b>	<b>67.440.724</b>
<b>Total Equity</b>		<b>220.374.838</b>	<b>228.821.324</b>
<b>TOTAL LIABILITIES</b>		<b>310.603.972</b>	<b>327.202.905</b>

Enclosed footnotes are integral parts of these statements.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

**NOT REVIEWED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT (CONSOLIDATED)**

**FOR THE PERIOD JANUARY 1, 2021 –SEPTEMBER 30, 2021 AND JANUARY 1, 2020 –SEPTEMBER 30, 2020**

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

	Foot. Ref.	Current Period January 1,2021 September 30,2021	Previous Period January 1,2021 September 30,2020	Current Period July 1, 2021 September 30,2021	Previous Period July 1, 2020 September 30,2020
Sales Revenue	14	168.689.722	113.381.663	54.822.082	39.852.110
Cost of Sales (-)	14	(120.241.361)	(80.772.293)	(40.361.846)	(27.305.419)
<b>GROSS PROFIT (LOSS)</b>		<b>48.448.361</b>	<b>32.609.370</b>	<b>14.460.236</b>	<b>12.546.691</b>
General Administrative Expenses	15	(14.637.655)	(11.111.305)	(4.783.073)	(2.842.427)
Marketing Expenses	15	(141.322)	(223.979)	(53.051)	(106.895)
Research and Development Expenses	15	(12.007.472)	(9.836.659)	(3.238.838)	(4.255.081)
Other Operating Income	16	5.080.474	4.025.776	902.465	1.827.926
Other Operating Expenses	16	(3.129.269)	(3.800.615)	(2.075.458)	(2.577.299)
<b>MAIN OPERATION PROFIT/LOSS</b>		<b>23.613.117</b>	<b>11.662.588</b>	<b>5.212.281</b>	<b>4.592.915</b>
Income from Investment Activities		94.897	244.468	87.359	2.368
Expenses from Investment Activities	17	(37.391.075)	-	(8.893.392)	-
Shares of Profits (Loss) of Investments Valued by Equity Method		-	(2.038)	-	(2.038)
<b>CONTINUING OPER.PROFIT OR LOSS BEFORE FINANCIAL INCOME(EXP.)</b>		<b>(13.683.061)</b>	<b>11.905.018</b>	<b>(3.593.752)</b>	<b>4.593.245</b>
Financial Incomes	18	3.332.638	6.884.911	1.070.555	4.299.168
Financial Expenses	19	(3.235.904)	(2.199.007)	(891.009)	(781.793)
<b>CONTINUING OPER.PROFIT OR LOSS BEFORE TAX</b>		<b>(13.586.327)</b>	<b>16.590.922</b>	<b>(3.414.206)</b>	<b>8.110.620</b>
Continuing Operations Tax Income / Loss		<b>5.593.788</b>	<b>(3.277.755)</b>	<b>969.211</b>	<b>(1.157.428)</b>
-Period Tax Profit / Loss		(3.287.160)	(4.427.170)	(864.818)	(709.715)
-Deferred Tax Profit / Loss		8.880.948	1.149.415	1.834.029	(447.713)
<b>CONTINUING OPER.PERIOD PROFIT OR LOSS</b>		<b>(7.992.539)</b>	<b>13.313.167</b>	<b>(2.444.995)</b>	<b>6.953.192</b>
<b>PERIOD PROFIT OR LOSS</b>		<b>(7.992.539)</b>	<b>13.313.167</b>	<b>(2.444.995)</b>	<b>6.953.192</b>
Allocation Of Period Profit/Loss		<b>(7.992.539)</b>	<b>13.313.167</b>	<b>(2.444.995)</b>	<b>6.953.192</b>
-Non-Controlling Shares		2.838.278	2.256.106	(584.888)	759.262
- Share of Main Partnership		(10.830.817)	11.057.061	(1.860.107)	6.193.930
<b>Earnings per share</b>					
-- Earnings per share from continuing operat.		<b>(0,55)</b>	<b>0,56</b>	<b>(0,09)</b>	<b>0,31</b>
<b>Other Comprehensive Income:</b>					
<b>Items not to be reclassified as profit or loss</b>		<b>542.767</b>	<b>402.786</b>	<b>(758.815)</b>	<b>(324.894)</b>
--Revaluation gains(loss) in defined benefit plans, Post Tax		542.767	402.786	(758.815)	(324.894)
<b>Reclassified as profit or loss</b>					
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>	<b>20</b>	<b>542.767</b>	<b>402.786</b>	<b>(758.815)</b>	<b>(324.894)</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>		<b>(7.449.772)</b>	<b>13.715.953</b>	<b>(3.203.810)</b>	<b>6.628.298</b>
<b>Allocation of Total Comprehensive Income</b>		<b>(7.449.772)</b>	<b>13.715.953</b>	<b>(3.203.810)</b>	<b>6.628.298</b>
- Non-Controlling Shares		2.982.908	2.366.824	(630.280)	611.848
-Share of Main Partnership		(10.432.680)	11.349.129	(2.573.530)	6.016.450

Enclosed footnotes are integral parts of these statements.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.****NOT REVIEWED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2021 –SEPTEMBER 30,2021  
AND JANUARY 1, 2020 –SEPTEMBER 30, 2020**

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

	Foot. Refer.	Current Period	Previous Period
		January 1, 2021 September 30, 2021	January 1, 2020 September 30, 2020
<b>A) Cash Flow from Operating Activities</b>		<b>20.592.967</b>	<b>13.844.942</b>
<b>Profit / (Loss) of the Period</b>		<b>(7.992.539)</b>	<b>13.313.167</b>
Profit/ (Loss) of the Continued Operations of the Period		(7.992.539)	13.313.167
<b>Adjustments Related to Net Profit/Loss Reconciliation</b>		<b>14.318.085</b>	<b>10.993.179</b>
<b>Adjustments related to Depreciation and Amortisation Expense</b>	<b>11-12</b>	<b>17.805.860</b>	<b>12.951.196</b>
<b>Adjustments Related to Impairment/Reversal of impairment</b>	<b>7</b>	<b>2.135.683</b>	<b>1.946.316</b>
-Adjustments Related to Impairment of Rec./Reversal of impairment	7	2.002.952	1.435.146
-Adjustments About Inventory Impairment (Cancellation)		573.747	-
- Adjustments Regarding Impairment (Cancellation) of Tangible Fixed Assets		940.668	1.096.249
-Corrections for Other Impairments (Cancellations)		(1.381.684)	(585.079)
<b>Adjustments related to Provisions</b>		<b>807.788</b>	<b>1.035.864</b>
- Adjustments Related to Employee Benefits Provisions(Cancellations)		807.788	1.035.864
<b>Adjustments for Interest (Income) and Expenses</b>	<b>18-19</b>	<b>(96.734)</b>	<b>(4.685.904)</b>
- Adjustments for Interest Income	18	(3.332.638)	(6.884.911)
- Adjustments for Interest Expenses	19	3.235.904	2.199.007
<b>Adjustments Related to fair value Loses(Gains)</b>	<b>20</b>	<b>(542.767)</b>	<b>(402.786)</b>
-Other Adjustments Related to fair value Loses(Gains)	20	(542.767)	(402.786)
<b>Adjustments to Retained Earnings of Investments Valued by Equity Method</b>		-	<b>2.038</b>
- Adjustments Regarding Retained Profits of Affiliates		-	2.038
<b>Adjustments for Tax (Income) Expense</b>		<b>(5.593.788)</b>	<b>3.277.755</b>
<b>Other Adjustments Regarding Non-Cash Items</b>		<b>(197.957)</b>	<b>(2.890.269)</b>
<b>Adjustments Relat. To Revenue (Loss) Of Sale Of Non Current Assets</b>		-	<b>(241.031)</b>
- Adjustments Related To Revenue (Loss) Of Sale Of Tangible Assets		-	(241.031)
<b>Changes in Working Capital</b>		<b>15.264.133</b>	<b>(9.461.404)</b>
<b>Decrease (Increase) in Financial Investments</b>		<b>37.896.326</b>	<b>(399.018)</b>
<b>Adjustments for Decrease (Increase) in Trade Receivables</b>	<b>3-7</b>	<b>4.299.045</b>	<b>(5.373.089)</b>
Decrease (Increase) in Trade Receivables from Related Parties	3	67.422	3.199.821
Decrease (Increase) in Trade Receivables from unrelated Parties	3-7	4.231.623	(8.572.910)
<b>Adjust. Related to increase/(dec.) in Oth. Receiv.related with oper.</b>		<b>146.834</b>	<b>63.871</b>
- Incr. (Decr.) in Other Receiv. Related to Act. from Related Parties		255.174	(153.435)
- Incr. (Decr.) in Other Receiv. Related to Act. from Unrelated Parties		(108.340)	217.306
<b>Adjust.Related to incr./ (Dec.) in Assets from Customer Contracts</b>	<b>8</b>	<b>(17.871.486)</b>	<b>(3.982.537)</b>
-Incr. (Decr.) in Contractual Assets Arising from Sales of Goods and Services	8	(17.871.486)	(3.982.537)
<b>Adjustments for Decrease (Increase) in Inventories</b>		<b>(358.366)</b>	<b>(2.413.348)</b>
<b>Decrease (Increase) in Prepaid Expenses</b>		<b>58.563</b>	<b>(4.591.338)</b>
<b>Adjustments for Increase (Decrease) in Trade Payables</b>	<b>7</b>	<b>(9.562.080)</b>	<b>7.115.786</b>
-Decrease (Increase) in Trade Payables to Unrelated Party	7	(9.562.080)	7.115.786
<b>Increase (Decrease) in Debts within the Scope of Employee Benefits</b>		<b>1.459.582</b>	<b>286.067</b>
<b>Adjust. for Increase (Decrease) in Liab. Arising from Customer Contracts</b>	<b>8</b>	<b>(5.378.096)</b>	<b>(272.673)</b>
-Incr. (Decr.) in Contractual Oblig. Arising from Sales of Goods and Services	8	(5.378.096)	(272.673)
<b>Adjustments for Inc. (Dec.) in Other Liab. Related to Operations</b>		<b>(667.396)</b>	<b>976.979</b>
-Increase (Decrease) in Other Rel. Party Payab. Related to Activities		(443.201)	-
-Increase (Decrease) in Other Unr. Party Payables Relat. to Activities		(224.195)	976.979
<b>Increase (Decrease) in Government Incentives and Grants</b>		<b>294.917</b>	<b>(511.939)</b>
<b>Increase (Decrease) in Deferred Income</b>		<b>3.602.781</b>	<b>(9.534)</b>
<b>Adjustments Related to Oth. Incr. (Decrease) in Oper. Capital</b>		<b>1.343.509</b>	<b>(350.631)</b>
- Decrease (Increase) in Other Assets Related to Operations		(439.882)	(396.086)
-Increase (Decrease) in Other Liabilities Related to Operations		1.783.391	45.455
<b>Cash Flows From Activities</b>		<b>21.589.679</b>	<b>14.844.942</b>
<b>Dividends Paid</b>		<b>(996.712)</b>	<b>(1.000.000)</b>

Enclosed footnotes are integral parts of these statements.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.****NOT REVIEWED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2021 –SEPTEMBER 30,2021 AND JANUARY 1, 2020 –SEPTEMBER 30, 2020**

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

	Foot. Refer.	Current Period January 1, 2021 September 30, 2021	Previous Period January 1, 2020 September 30, 2020
<b>B)Cash Flows From Investing Activities</b>		<b>(28.780.905)</b>	<b>42.397.853</b>
Cash Inflows related to sales not resulting to loss of control of subsidiaries		-	79.916.274
Cash Outflows on Purchases to Obtain Control of Subsidiaries		-	(17.429.550)
Cash Inflows from the Sale of Tangible and Intangible Fixed Assets	11-12	37.791	719.624
-Cash Inflows from the Sale of Tangible Fixed Assets	11	37.791	378.944
-Cash Inflows from the Sale of Intangible Fixed Assets	12	-	340.680
Cash Outflows from the Purchase of Tan. and Intan. Fixed Assets	11-12	(28.818.696)	(20.808.495)
-Cash Outflows from the Purchase of Fixed Assets	11	(2.415.982)	(1.746.936)
-Cash Outflows from the Purchase of Intangible Fixed Assets	12	(26.402.714)	(19.061.559)
<b>C) Cash Flows From Financing Activities</b>		<b>(6.378.405)</b>	<b>13.326.779</b>
Cash Inflows From Borrowing	6	9.671.619	16.529.693
-Cash Inflows from Loans	6	9.600.355	16.515.448
-Cash Inflows from Other Financial Debts	6	71.264	14.245
Cash Outflows Related to Debt Payments	6	(13.645.211)	(5.365.834)
-Cash Outflows Related to Loan Repayments	6	(13.645.211)	(5.314.029)
-Cash Outflows from Other Financial Debt Payments	6	-	(51.805)
Cash Outflows Related to Loan Payments Arising from Lease Agreements		(2.501.547)	(2.522.984)
Interest Paid		(3.235.904)	(2.199.007)
Interest Received		3.332.638	6.884.911
<b>Net Increase / Decrease in Cash and Cash Equivalents Before Foreign Currency Translation Differences (A+B+C)</b>		<b>(14.566.343)</b>	<b>69.569.574</b>
<b>D)THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS (A+B+C)</b>		-	-
<b>Net Increase/Decrease in Cash and Cash Equival. (A + B + C + D)</b>		<b>(14.566.343)</b>	<b>69.569.574</b>
<b>E- CASH AND CASH EQUIV. AT THE BEGINNING OF THE PERIOD</b>		<b>28.066.969</b>	<b>27.146.794</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A + B + C + D + E)</b>		<b>13.500.626</b>	<b>96.716.368</b>

Enclosed footnotes are integral parts of these statements.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

**NOT REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020**

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

	Foot. Ref.	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
<b>PREVIOUS PERIOD</b>										
<b>Balance as of January 1,2020</b>	<b>13</b>	<b>19.750.000</b>	<b>35.421.880</b>	<b>(416.870)</b>	<b>2.445.527</b>	<b>15.546.825</b>	<b>17.194.535</b>	<b>89.941.897</b>	<b>41.439.032</b>	<b>131.380.929</b>
Transfers		-	-	-	533.562	16.660.973	(17.194.535)	-	-	-
<b>Total comprehen. income (Expense)</b>		-	-	<b>271.952</b>	-	<b>(127.298)</b>	<b>11.057.061</b>	<b>11.201.715</b>	<b>2.514.238</b>	<b>13.715.953</b>
-Profit/(Loss) of the Period		-	-	-	-	-	11.057.061	11.057.061	2.256.106	13.313.167
-Other Comprehensive Income/Loss		-	-	271.952	-	(127.298)	-	144.654	258.132	402.786
Profit Shares		-	-	-	-	(1.000.000)	-	(1.000.000)	-	(1.000.000)
Increase/ Decrease related to share changes not resulting to loss of control of subsidiaries		-	(4.355.304)	-	-	35.551.540	-	31.196.236	16.868.558	48.064.794
<b>Balance as of September 30, 2020</b>	<b>13</b>	<b>19.750.000</b>	<b>31.066.576</b>	<b>(144.918)</b>	<b>2.979.089</b>	<b>66.632.040</b>	<b>11.057.061</b>	<b>131.339.848</b>	<b>60.821.828</b>	<b>192.161.676</b>
<b>CURRENT PERIOD</b>										
<b>Balance as of January 1,2021</b>	<b>13</b>	<b>19.750.000</b>	<b>31.066.576</b>	<b>(515.833)</b>	<b>3.223.068</b>	<b>77.367.356</b>	<b>30.489.433</b>	<b>161.380.600</b>	<b>67.440.724</b>	<b>228.821.324</b>
Transfers		-	-	-	43.473.503	(12.984.070)	(30.489.433)	-	-	-
<b>Total comprehen. income (Expense)</b>		-	-	<b>398.137</b>	-	-	<b>(10.830.817)</b>	<b>(10.432.680)</b>	<b>2.982.908</b>	<b>(7.449.772)</b>
-Profit/(Loss) of the Period		-	-	-	-	-	(10.830.817)	(10.830.817)	2.838.278	(7.992.539)
- Other Comprehensive Income/Loss		-	-	398.137	-	-	-	398.137	144.630	542.767
Profit Shares		-	-	-	-	(996.713)	-	(996.713)	-	(996.713)
Increase (Decrease) Of Other Changes		-	-	1	-	-	-	1	(2)	(1)
<b>Balance as of September 30, 2021</b>	<b>13</b>	<b>19.750.000</b>	<b>31.066.576</b>	<b>(117.695)</b>	<b>46.696.571</b>	<b>63.386.573</b>	<b>(10.830.817)</b>	<b>149.951.208</b>	<b>70.423.630</b>	<b>220.374.838</b>

Enclosed footnotes are integral parts of these statements.



## **KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

### **FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021**

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

#### **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).

The address of the Company and its headquarters is Eski Londra Asfaltı Cad. Çiftelhavuzlar Mah. Yıldız Teknik Üniversitesi Davutpaşa Kampüsü C1 Blok Kat: 2 No: 403 Esenler / İstanbul.

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 30.09.2021 is 748. (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 was included in the scope of consolidation as of 31 December 2019 for the first time and is consolidated according to the full consolidation method.

###### **Smartiks Yazılım A.Ş.**

Smartiks Yazılım A.Ş. was established in 2006 under the title of Smartiks Bilgi Teknoloji Hizmetleri Ltd. Şti. The Company changed its business name to Smartiks Bilgi Teknoloji Hizmetleri A.Ş. in 2008; and on 22.06.2017 the Company's title was changed to "Smartiks Yazılım A.Ş".

The Company is registered with Istanbul Trade Registry Office under Trade registry no. 576460.

The company is engaged in computer programming activities (system, database, network software etc. and customer specific software coding, etc.).In this context, the Company's activity includes production, development, processing, reproduction, dissemination of any kind of software including operating system software, application software, database, multi-media software, and other similar software in physical and electronic environment, and also to perform the other tasks specified in the amendment text registered on 22.06.2017.

The Company, head office of which is Çifte Havuzlar Mah. Eski Londra Asfaltı Caddesi No: 151/E D2 Blok Z06 Esenler / İstanbul, has also branches in Istanbul and Dubai.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**  
**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021**  
**(All amounts are expressed in Turkish Lira ("TL"))**

The Company's branch address information is as follows;

**Kozyatağı Branch:** Sahrayıcedit Mah.Halk Sk. Kayalar İş Merkezi Blok No:39 İç Kapı No:4 Kadıköy / İstanbul

**Dubai Branch:** Dubai Internet City, Building Number 12 Office 207-208 United Arab Emirates

**United States Branch:** 5201 Great America Pkwy, Suite 320 Santa Clara-California 95054 United States

The registered authorized capital of the Company is TL 50.000.000.

The company's capital on September 30, 2021 consists of 31.862.500 shares (31 December 2020: 31.862.500 shares). Nominal value of the shares is 1 TL per share (31 December 2020: 1 TL per share). All issued shares have been paid in cash.

**-Subsidiaries of Smartiks Yazılım A.Ş.**

Smartiks Yazılım A.Ş. On 27.09.2019, it purchased 100% of Compello Information Technology Services and Trade Inc. with a paid capital of 3.000.000 TL for 13.940.000 TL. The subsidiary in question was included in the scope of consolidation as of the date of acquisition and consolidated according to the full consolidation method.

The purpose and subject of the Company is to establish, have installed and set up all kinds of technical, electronic, mechanical and telecommunication infrastructure and user units and peripheral devices required to produce and distribute all kinds of information, computer software, internet services, mobile services; Production, domestic and foreign trade, maintenance, repair and assembly, marketing, sale, rental, provision of necessary services, storage, transportation, promotion and trade of these devices and necessary programs and / or software.

Center address: 19 Mayıs Mah. Sümer Sok. Zitaş Sitesi C2 Blok No:3 B/7 Kadıköy/İstanbul.

The Company has moved the Center address to Sahrayıcedit Mah.Halk Sk. Kayalar İş Merkezi Blok No:39 İç Kapı No:4 Kadıköy / İstanbul with the board of directors decision of 2021/06 on 20.04.2021.

**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. 177695.

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 Block No: 4C / 320 Çankaya / Ankara.

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.

On 12 November 2020, Kafein Yazılım Hizmetleri Ticaret A.Ş. purchased 51 percent of Karmasis for a price of 45.390.000 TL and it is included in the scope of consolidation based on the financial statements of Karmasis for the period ending on 31 October 2020, which is the closest reporting period to the date of the acquisition.

**1.3 Capital Structure;**

The Company's issued capital structure as of September 30, 2021 and 31 December 2020 is as follows:

Shareholders	September 30, 2021		December 31, 2020	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Ali Cem Kalyoncu	25	4.938.382	25	4.938.382
Shares offering to public	75	14.811.618	75	14.811.618
<b>Paid-in Capital</b>	<b>100</b>	<b>19.750.000</b>	<b>100</b>	<b>19.750.000</b>

## **KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

### **FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021**

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

#### **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 9 November 2021. 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 consolidated 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 and Amendment of the Financial Statements for the Previous Period**

Financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. Statement of Financial Position (Balance Sheet), as of September 30, 2021 and December 31,2020; Profit or Loss and Other Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement were comparatively prepared as of September 30, 2021 and September 30,2020.

On 12 November 2020, Kafein Yazılım Hizmetleri Ticaret A.Ş.purchased 51 percent of Karmasis and it is included in the scope of consolidation based on the financial statements of Karmasis for the period ending on 31 October 2020, which is the closest reporting period to the date of the acquisition.

When the presentation or classification of the items of the financial statements changes, in order to ensure comparability, the previous period financial statements are also reclassified accordingly and important differences are disclosed.

##### **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.

## **KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

### **FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021**

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

#### **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.

#### **Assumption on Going Concern**

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. both the impact of the epidemic in the world as well as how long it will continue in Turkey, it is unclear how much can be spread. While preparing the consolidated financial statements dated June 30,2021, 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 June 30,2021 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. 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.
- 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.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.****FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021****(All amounts are expressed in Turkish Lira ("TL"))**

- 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:

	September 30, 2021					December 31, 2020				
	Equity of Subs.	Subsidiary Rate (%)	Total Voting rights (%)	Number of Subsidiary Shares	Amount of Subs.	Equity of Subsidiary	Subs. Rate (%)	Total Voting rights (%)	Number of Subsidiary Shares	Amount of Subsidiary
Smartiks Yazılım A.Ş.	31.862.500	6,43%	%49,80	2.050.000	20.072.836	31.862.500	6,43%	%49,80	2.050.000	20.072.836
Intranet Yazılım A.Ş.	1.500.000	51%	%51	765.000	765.000	1.500.000	51%	%51	765.000	765.000
Karmasis Bilişim Çözümleri Tic.A.Ş.	5.000.000	51%	51%	2.250	2.250.000	5.000.000	51%	51%	2.250	2.250.000

As of 31.12.2019, the participation rate of Kafein Yazılım Hizmetleri Ticaret A.Ş. (Company) in Smartiks Yazılım A.Ş. is 34.01% and voting rights are 41.73%. The company made a total of 9.770.000 sales transactions from the shares of Smartiks Yazılım A.Ş. on 25.06.2020 and 26.06.2020. With this transaction, the Company's Smartiks Yazılım A.Ş. its share in its capital is 3.35% as of 30.06.2020; voting rights fell to the limit of 25.88%. This time, the company purchased 982.500 Class A privileged shares belonging to Smartiks Yazılım A.Ş., on 08.07.2020. With this transaction, the participation rate of Smartiks Yazılım A.Ş. increased to 6.43% and the total voting rights rate to 49.80%. Since its privileged shares have the authority and control power to determine the board of directors of Smartiks Yazılım A.Ş. and to determine financial activities and policies, it has consolidated Smartiks Yazılım A.Ş. as of September 30, 2021.

Kafein Yazılım Hizmetleri Ticaret A.Ş. has 51% (31.12.2020- 51%) majority share of Intranet Yazılım A.Ş. The said subsidiary was included in the scope of consolidation as of 31 December 2019 for the first time and is consolidated according to the full consolidation method.

As a result of the decision taken at the Board of Directors Meeting dated November 9, 2020, the company has decided to sell 67.500 shares in KTEC Yazılım Teknolojileri Yatırım A.Ş. for a price of 67.500 TL.

On 12 November 2020, Kafein Yazılım Hizmetleri Ticaret A.Ş. purchased 51 percent of Karmasis and it is included in the scope of consolidation based on the financial statements of Karmasis for the period ending on 31 October 2020, which is the closest reporting period to the date of the acquisition.

**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 (IFRS 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.



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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:

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

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:

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- 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 company'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:

	<b><u>Useful Life</u></b>
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

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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.

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#### **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.

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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 pay 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 plans.

#### **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.

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#### **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.



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#### **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.

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.

#### **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**

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 1,2020. The effects of these standards and comments on the Group's financial situation end performance are explained in the related paragraphs.

#### **Amendments that are mandatorily effective from 2020**

Amendments to TFRS 3  
Amendments to TAS 1 and TAS 8  
Amendments to TFRS 9, TAS 39 and TFRS 7  
Amendments to TFRS 16  
Amendments to Conceptual Framework

*Definition of a Business*  
*Definition of Material*  
*Interest Rate Benchmark Reform*  
*COVID-19 Related Rent Concessions*  
*Amendments to References to the Conceptual Framework in TFRSs*

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**New standards effective as of September 30, 2021, and changes and comments on existing previous standards:**

**Changes in TAS 1 and TAS 8 materiality definition;**

Valid for annual reporting periods starting on January 1, 2020 or after this date. Changes in TAS 1 "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes and Errors in Accounting Policies" and changes in other TFRSs depending on these changes are as follows:

- i) Use of materiality definition consistent with TFRS and financial reporting framework,
- ii) Clarification of the definition of materiality and
- iii) Inclusion of some guidance in TAS 1 regarding non-material information.

This change has no effect on the financial status and performance of the Group.

**Amendments to TFRS 3 - business definition;**

Valid for annual reporting periods starting on January 1, 2020 or after this date. With this change, the business definition has been revised. According to the feedback received by the IASB, current practice guidance is generally considered to be too complex, resulting in too much action to meet the definition of business combinations. This change has no effect on the financial status and performance of the Group.

**Amendments in TFRS 9, TAS 39 and TFRS 7 - Indicative interest rate reform;**

Valid for annual reporting periods starting on January 1, 2020 or after this date. These changes provide specific facilitating practices regarding benchmark interest rate reform. These practices relate to hedge accounting, and the effect of the IBOR reform should generally not lead to the end of hedge accounting. However, any hedging ineffectiveness should continue to be recorded in the income statement. Considering the prevalence of hedge accounting in IBOR-based contracts, these facilitating practices will affect all companies in the industry. This change has no effect on the financial status and performance of the Group.

**Amendments to TFRS 16 COVID-19 Related Rent Concessions**

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

This change has no effect on the financial situation and performance of the Company.

**Amendments to References to the Conceptual Framework in TFRS**

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

These standards, changes and improvements have no effect on the financial status and performance of the Group.

**Standards and amendments that have been published but not yet effective as of December 31, 2020:**

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

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TFRS 17	:Insurance Contracts
TAS 1 (Changes)	:Classification of Liabilities as Short and Long Term
TFRS 3 (Changes)	: References to the Conceptual Framework
TAS 16 (Changes))	: Tangible Fixed Assets - Intended Earnings Before Use
TAS 37 (Changes)	: Economically Disadvantaged Contracts - Cost of Fulfillment
Annual Improvements to TFRSs	: Amendment to TFRS 1, TFRS 9 and TAS 41 2018-2020
TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16(Changes)	: Indicative Interest Rate Reform - 2nd Stage

**TFRS 17, "Insurance Contracts"**

Valid for annual reporting periods starting on or after January 1, 2023. This standard replaces TFRS 4, which currently allows a wide variety of applications. TFRS 17 will fundamentally change the accounting of all businesses that issue insurance contracts and investment contracts with discretionary participation features.

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

Valid for annual reporting periods starting on or after January 1, 2022. These narrow 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 unaffected by events after the reporting date or the entity's expectations (for example, obtaining a concession or breach of contract). The amendment also clarifies what TAS 1 means to "settle" 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.

**Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 - Indicative interest rate reform Phase 2;**

Valid for annual reporting periods starting on or after January 1, 2021. This Phase 2 change addresses issues arising from the implementation of reforms, including the replacement of a benchmark rate with an alternative.

**Amendments to TFRS 17 and TFRS 4 Insurance Contracts, postponement of the application of TFRS 9;**

Valid for annual reporting periods starting on or after January 1, 2021. These changes postpone the application date of TFRS 17 to January 1, 2023 for two years and the fixed date of the temporary exemption in TFRS 4 for the application date of TFRS 9 Financial Instruments standard has been postponed to January 1, 2023.

The said standard is not expected to have any impact on the financial status and performance of the Group.

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**NOTE 3-RELATED PARTY DISCLOSURES**

**Transactions carried out within the Period with Related Parties**

**A- Receivables and Payables**

**Receivables**

**a- Trade Receivables/Short term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Netsite İletişim ve Elekt. Sist. San. ve Tic. A.Ş	Related Company	-	7.750
Intra Net Bilgi Sistemleri Ltd.Şti.	Related Company	-	59.672
<b>Total</b>		<b>-</b>	<b>67.422</b>

**b. Other Receivables/ Short term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Receivables From Personnel	Related Person	74.407	52.611
Receivables From America Branch	Branch	188.528	465.498
<b>Total</b>		<b>262.935</b>	<b>518.109</b>

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

**c. Prepaid Expenses / Short Term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Employee Advances	Related Person	242.105	401.583

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

**Payables**

**a- Trade Payables**

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

**b- Other Payables / Short Term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Kayhan Ketenci	Related Person	-	271.700
Hakan Temizoğlu	Related Person	-	241.681
Neval Önen	Related Person	-	4.320
Ali Cem Kalyoncu	Shareholder	-	11.500
Mehmet Murat Eraydın	Related Person	86.000	-
<b>Total</b>		<b>86.000</b>	<b>529.201</b>

**c- Lease Payables / Short-Long Term**

**-Short-Term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Ali Cem Kalyoncu	Shareholder	119.488	129.233
Neval Önen	Related Person	46.559	57.282
<b>Total</b>		<b>166.047</b>	<b>186.515</b>

**-Long-Term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Ali Cem Kalyoncu	Shareholder	309.013	437.859
Neval Önen	Related Person	-	31.539
<b>Total</b>		<b>309.013</b>	<b>469.398</b>

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**B-Service Purchase and Sale****a- Purchases from Related Parties****Service Purchases**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>January 1, 2021 September 30, 2021</b>	<b>January 1, 2020 September 30, 2020</b>
Netsite İletişim ve Elekt. Sist. San.ve Tic.Ltd.Şti.	Related Company	9.276	3.007

**Lease (Including TFRS 16 effect)**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>January 1, 2021 September 30, 2021</b>	<b>January 1, 2020 September 30, 2020</b>
Ali Cem Kalyoncu	Related Person	148.721	166.990
Neval Önen	Related Person	44.707	59.334
<b>Total</b>		<b>193.428</b>	<b>226.324</b>

**- Fixture**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>January 1, 2021 September 30, 2021</b>	<b>January 1, 2020 September 30, 2020</b>
Netsite İletişim ve Elekt. Sist. San.ve Tic.Ltd.Şti.	Related Company	51.253	505.634

**b- Sales to Related Parties****Goods and Services Sales**

There are no sale of goods and services to related parties. (September 30, 2020-None)

**Interest**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>January 1, 2021 September 30, 2021</b>	<b>January 1, 2020 September 30, 2020</b>
Ali Cem Kalyoncu	Related Person	5.461	16.435

**Other**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>January 1, 2021 September 30, 2021</b>	<b>January 1, 2020 September 30, 2020</b>
Serkan Karahanoğlu	Shareholder	-	189.823
Nurettin Şendoğan	Shareholder	-	168.317
<b>Total</b>		<b>-</b>	<b>358.140</b>

Nurettin Şendoğan has lost the qualification of related person by selling the Company shares on July 8,2020.

**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:

	<b>January 1, 2021 September 30, 2021</b>	<b>January 1, 2020 September 30, 2020</b>
Chairman and Members of the Board of Directors	3.619.839	2.180.004

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**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 4-CASH AND CASH EQUIVALENTS**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Cash	3.983	17.769
Banks	13.496.643	28.049.200
- Term Deposit(*)	4.143.151	16.249.258
- Demand deposits	9.353.492	11.799.942
<b>Total</b>	<b>13.500.626</b>	<b>28.066.969</b>

The Group has blocked deposits amounting equivalent to TRY 1.297.095 as of September 30, 2021. (December 31, 2020 - 136.000 USD)

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

<b>September 30, 2021</b>		
<b>Currency</b>	<b>Interest Rate</b>	<b>TL Equivalent</b>
TL	9,00-18,82%	3.183.343
USD	0,1-1,17%	959.808
<b>Total</b>		<b>4.143.151</b>
<b>December 31, 2020</b>		
<b>Currency</b>	<b>Interest Rate</b>	<b>TL Equivalent</b>
TL	9% - 17,75%	13.815.236
USD	1% - 1,5%	2.434.022
<b>Total</b>		<b>16.249.258</b>

**NOTE 5 – FINANCIAL INVESTMENTS**

Details of short and long term financial investments as of September 30, 2021 and 31 December 2020 are as follows:

**a) Short Term Financial Investments**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Financial assets at fair value through profit or loss</b>	<b>1.734.494</b>	<b>2.234.257</b>
- Investment funds	1.222.087	1.727.337
- Stock exchange securities (*)	512.407	506.920

(\*)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**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Finan. assets fair value value. through profit or loss</b>	<b>48.664.687</b>	<b>86.061.250</b>
- Stock exchange securities (*)	48.664.687	86.061.250

Kafein Yazılım Ticaret A.Ş. has purchased the shares of Papilon Savunma Teknolojileri 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.

(\*) The fair value differences of the Group's financial investment, classified as profit / loss reflected long term financial investment is related to Papilon Savunma Teknolojileri ve Ticaret A.Ş. The shares of Papilon has been offered to public. The related investment is valued with the Borsa İstanbul highest purchase value and the fair value is determined.

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**NOTE 6- FINANCIAL LIABILITIES****Short-Term Borrowings****a) Short-Term Borrowings from Unrelated Parties**

	Currency	September 30, 2021	December 31, 2020
Banks Credits	TL	4.339.202	250.000

(\*)As of September 30, 2021, the Group's amount of bank loans reported in short-term borrowings from unrelated parties consists of revolving loans, and since interest payments are made quarterly, no accrued interest has been accrued.( As of December 31, 2020, the Group's amount of bank loans reported in short-term borrowings from unrelated parties consists of revolving loans, and since interest payments are made quarterly, no accrued interest has been accrued.)

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

	Currency	Interest rate	TL Amount	Accued Interest	Total
September 30, 2021	TL	%7,5-%21,15	5.435.790	22.232	5.458.022
December 31, 2020	TL	%7,5-%20,65	5.843.396	48.168	5.891.563

**c) Lease Payables /From Unrelated Parties**

	Interest rate	September 30, 2021	December 31, 2020
Short Term Lease Obligation From Unrelated Parties	%12,51-15,75	1.986.513	2.812.310

**d) Lease Payables / From Related Parties**

	Interest rate	September 30, 2021	December 31, 2020
Short Term Lease Obligation From Related Parties	%12,51-15,75	166.047	186.515

**e) Other Financial Liabilities**

	September 30, 2021	December 31, 2020
Credit Card Debts	71.264	84.835

**- Long-Term Borrowings****a) Long-Term Borrowings from Unrelated Parties**

	Currency	Interest rate	TL Amount
<b>Banks Credits</b>			
September 30, 2021	TL	%9,3 -%20,65	3.066.823
December 31, 2020	TL	%9,3 -%20,65	7.249.760

**b) Lease Payables /From Unrelated Parties**

	Interest rate	September 30, 2021	December 31, 2020
Long Term Lease Obligation From Unrelated Parties	%12,51-18,75	2.271.960	1.267.283

**c) Lease Payables / From Related Parties**

	Interest rate	September 30, 2021	December 31, 2020
Long Term Lease Obligation From Related Parties	%12,51-18,75	309.013	469.398

As of September 30, 2021 and 31 December 2020, the maturity of debts arising from bank credits are as follows:

Bank Credits and Lease Obligations	September 30, 2021	December 31, 2020
0-1 years	11.949.784	9.140.388
1-5 years	5.647.796	8.986.441
<b>Total</b>	<b>17.597.580</b>	<b>18.126.829</b>

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**NOTE 7- TRADE RECEIVABLES AND PAYABLES**

<b>Short-term Trade Receivables</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Trade Receivables	47.776.023	51.889.707
<i>Trade Receivables from Unrelated Parties</i>	47.776.023	51.822.285
<i>Trade Receivables from Related Parties</i>	-	67.422
Doubtful Trade Receivables	898.504	898.504
<i>Doubtful Trade Receivables from Unrelated Parties</i>	898.504	898.504
Provision for Doubtful Trade Receivables(-)	(898.504)	(898.504)
<i>Provision for Doubtful Trade Receivables from Unrelated Parties(-)</i>	(898.504)	(898.504)
Expected Losses (-)	(783.066)	(597.704)
<i>Provisions for Expected Losses from Unrelated Parties</i>	(783.066)	(597.704)
<b>Total</b>	<b>46.992.957</b>	<b>51.292.003</b>

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Opening Balance	898.504	873.494
Collected Receivables	-	(76.796)
<i>Provision for Current Period</i>	-	101.806
<b>Total</b>	<b>898.504</b>	<b>898.504</b>

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

**b. Long-term Trade Receivables**

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

**Trade payables:**

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

<b>a- Short term Trade payables:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Suppliers	9.342.224	18.888.522
<i>- Trade Payables to Unrelated Parties</i>	9.342.224	18.888.522
Other Trade Payables	5.494	21.276
<i>- Other Trade Payables to Unrelated Parties</i>	5.494	21.276
<b>Total</b>	<b>9.347.718</b>	<b>18.909.798</b>

**b) Long-term Trade Payables**

There are no long-term trade payables as of the balance sheet date .(31 December 2020- None.)

**NOTE-8 RECEIVABLES AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS**

<b>a- Short Term Receivables Arising From Customer Contracts</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Contract Assets Arising from Sales of Goods and Services (*)	30.202.414	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.)

<b>c- Short Term Liabilities Arising From Customer Contracts</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Contract Obligations Arising from Sales of Goods and Services (**)	5.254.348	10.894.133

<b>d- Long Term Liabilities Arising From Customer Contracts</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Contract Obligations Arising from Sales of Goods and Services (**)	535.493	273.804



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(\*\*) 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 9- OTHER RECEIVABLES AND PAYABLES**

<b>a- Short term Other Receivables</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Other Receivables	197.186	57.038
Receivables from Related Parties (Note: 6)	262.935	518.109
- Receivables from US Branch	188.528	465.498
- Receivables from Employee	74.407	52.611
Other Doubtful Receivables	109.818	109.818
Provision for Other Doubtful Receivables (-)	(109.818)	(109.818)
<b>Total</b>	<b>460.121</b>	<b>575.147</b>

<b>b-Long-term Other Receivables</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Deposits and Guarantees Given	17.994	49.802

<b>c- Other Payables (Short Term)</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Other Miscellaneous Payables	32.036.456	31.642.486
Taxes and funds payables	2.070.727	2.688.892
Payables to Shareholders	86.000	529.201
<b>Total</b>	<b>34.193.183</b>	<b>34.860.579</b>

31,465,625 TL of the balance is related to the debt arising from the performance of the Papon Savunma Teknoloji ve Ticaret A.Ş. shares. The related debt has expired as of 30.09.2021 and an agreement has been reached between the parties to be paid at a future date.

**NOTE 10-LIABILITIES REGARDING EMPLOYEE BENEFITS**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Payables to Employee	2.013.039	1.584.917
Taxes, Fees and Deductions Payable	454.329	472.380
Social Security Premiums Payable	3.117.518	2.068.007
<b>Total</b>	<b>5.584.886</b>	<b>4.125.304</b>

**NOTE 11-TANGIBLE FIXED ASSETS**

The movements of tangible assets and relevant accumulated depreciation, which occurred within the financial year that ended on September 30, 2021 and December 31, 2020, are as follows:

<b>Cost Value</b>	<b>December 31,2020</b>	<b>Purchases</b>	<b>Transfers</b>	<b>Correction /Sales</b>	<b>September 30, 2021</b>
Vehicles	2.365.798	-	-	-	2.365.798
Furniture and Fixtures	6.270.154	1.983.669	-	(60.228)	8.193.595
Special Cost	776.124	306.609	-	-	1.082.733
<b>Total</b>	<b>9.412.076</b>	<b>2.290.278</b>	<b>-</b>	<b>(60.228)</b>	<b>11.642.126</b>

<b>Accumulated Depr.Value</b>	<b>December 31,2020</b>	<b>Period expense</b>	<b>Transfers</b>	<b>Correction /Sales</b>	<b>September 30, 2021</b>
Vehicles	444.184	150.015	-	-	594.199
Furniture and Fixtures	3.107.098	1.059.093	-	(41.120)	4.125.071
Special Cost	538.600	81.167	-	-	619.767
<b>Total</b>	<b>4.089.882</b>	<b>1.290.275</b>	<b>-</b>	<b>(41.120)</b>	<b>5.339.037</b>

<b>Net Book Value</b>	<b>December 31,2020</b>	<b>September 30, 2021</b>
Vehicles	1.921.614	1.771.599
Furniture and Fixtures	3.163.056	4.068.524
Special Cost	237.524	462.966
<b>Total</b>	<b>5.322.194</b>	<b>6.303.089</b>

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<b>Cost Value</b>	<b>December 31, 2019</b>	<b>Subsidiary</b>	<b>Purchases</b>	<b>Correction /Sales</b>	<b>December 31, 2020</b>
Vehicle	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
<b>Total</b>	<b>4.833.568</b>	<b>1.720.388</b>	<b>3.215.689</b>	<b>(357.569)</b>	<b>9.412.076</b>

<b>Accumulated Depr.Value</b>	<b>December 31, 2019</b>	<b>Subsidiary</b>	<b>Period expense</b>	<b>Correction /Sales</b>	<b>December 31, 2020</b>
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
<b>Total</b>	<b>2.764.055</b>	<b>456.085</b>	<b>1.020.642</b>	<b>(150.900)</b>	<b>4.089.882</b>

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

**Pledges and Mortgages on Assets**

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

**NOTE 12 – INTANGIBLE ASSETS****-GOODWILL**

There is a total of 64.740.544 TL of goodwill, of which 38.839.427 TL as a result of the Group's acquisition of Karmasis in 2020, 10.294.528 TL as a result of the acquisition of Compello in 2019, and 15.606.589 TL as a result of the acquisition of Smartiks in 2018.

In the current period, Kafein has paid in cash and purchased %51 share as of November 12,2020 with the amount of 45.390.000 TL and the purchase transaction is valued in the frame of TFRS 3. The purchase price distribution still goes on, so as of September 30,2021 according to TFRS 3-Measurement Period provisions, 38.839.427 TL goodwill is recognized temporarily. Final amounts for the merger will be completed within one year from the merger transaction.

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

Goodwill impairment test for Compello was conducted on 5-year projections prepared by the management between January 1, 2021 and December 31, 2025. No impairment was detected as a result of the impairment test conducted according to the current analysis.

The goodwill amount of 15.606.589 TL arises from Smartiks Yazılım A.Ş. and the Company is open to public. The final valuation for Smartiks is carried on for the dates of December 31,2020 and December 31,2019 and loss of value is not determined.

As of September 30, 2021 and December 31, 2020, Movements of Other Intangible Assets are as follows:

<b>Cost Value</b>	<b>December 31, 2020</b>	<b>Purchases</b>	<b>Correction/Sales</b>	<b>September 30, 2021</b>
Computer Software	100.888	-	(6.700)	94.188
Brands	750.000	-	-	750.000
Capitalized Dev. Costs	102.770.246	26.265.376	-	129.035.622
Other Intangible Fixed Assets	4.964	137.338	-	142.302
<b>Total</b>	<b>103.626.098</b>	<b>26.402.714</b>	<b>(6.700)</b>	<b>130.022.112</b>

<b>Accumulated Depr.Value</b>	<b>December 31, 2020</b>	<b>Subsidiary Effect</b>	<b>Correction/Sales</b>	<b>September 30, 2021</b>
Computer Software	83.894	1.880	(1.675)	84.099
Brands	173.611	37.500	-	211.111
Capitalized Dev. Costs	38.363.663	14.504.322	-	52.867.984
Other Intangible Fixed Assets	4.264	34.620,00	-	38.884
<b>Total</b>	<b>38.625.432</b>	<b>14.578.321</b>	<b>(1.675)</b>	<b>53.202.078</b>

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<b>Net Book Value</b>	<b>December 31, 2020</b>	<b>September 30, 2021</b>
Computer Software	16.994	10.089
Brands	576.389	538.889
Capitalized Development Costs	64.406.583	76.167.638
Other Intangible Fixed Assets	700	103.418
<b>Total</b>	<b>65.000.666</b>	<b>76.820.034</b>

<b>Cost Value</b>	<b>January 1, 2019</b>	<b>Subsidiary Effect</b>	<b>Purchases</b>	<b>Correction/ Sales</b>	<b>Impairment (*)</b>	<b>December 31, 2020</b>
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
<b>Total</b>	<b>70.553.393</b>	<b>10.256.190</b>	<b>23.550.842</b>	<b>(303.479)</b>	<b>(430.848)</b>	<b>103.626.098</b>

<b>Accumulated Depr.Value</b>	<b>January 1, 2019</b>	<b>Subsidiary Effect</b>	<b>Subsidiary</b>	<b>December 31, 2020</b>
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
<b>Total</b>	<b>22.250.469</b>	<b>3.195.113</b>	<b>13.179.849</b>	<b>38.625.432</b>

<b>Net Book Value</b>	<b>December 31,2019</b>	<b>December 31,2020</b>
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
<b>Total</b>	<b>48.302.924</b>	<b>65.000.666</b>

**NOTE 13- EQUITY****A-Paid-in Capital**

The Company's issued capital structure as of September 30, 2021 and 31 December 2020 is as follows:

<b>Shareholders</b>	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Share Ratio %</b>	<b>Share Amount</b>	<b>Share Ratio %</b>	<b>Share Amount</b>
Ali Cem Kalyoncu	25	4.938.382	25	4.938.382
Shares Under Public Offering	75	14.811.618	75	14.811.618
<b>Paid-in Capital</b>	<b>100</b>	<b>19.750.000</b>	<b>100</b>	<b>19.750.000</b>

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 Group's share capital on September 30, 2021 consists of 19.750.000 shares (31 December 2020: 19.750.000 shares). The nominal value of the shares is 1 TL per share (31 December 2020: 1 TL per share). All shares issued were paid in cash.

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

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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
<b>Total</b>	<b>19.750.000</b>		<b>19.750.000</b>

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 premium stock 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)**

	<b>September 30, 2021</b>	<b>December 31,2020</b>
Share Premiums	31.066.576	31.066.576

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

The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. In accordance with the amendments made, changes in the fair values of defined benefit liabilities and fair value of assets are required to be recorded. Thus, the 'corridor approach', which was allowed in the previous version of TAS 19, is eliminated and the recording of past service costs is accelerated. The amendments require that all actuarial losses and gains be recognized immediately as other comprehensive income in order to reflect the full value of the plan deficit or surplus of the net retirement asset or liability which will be shown in the statements of financial position. In addition to this, A 'net interest' amount calculated as a result of the discount rate applied to the net defined benefit liability or asset is used instead of the estimated returns to be obtained from the plan assets explained in the previous edition of TAS 19 and the interest expense related to the plan assets.

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.

	<b>September 30, 2021</b>	<b>December 31,2020</b>
Opening Balance	(515.833)	(416.870)
Subsidiary Effect	-	(26.137)
Revaluation gains(losses) in defined benefit plans	678.459	(331.866)
Deferred Tax Expense / Income	(135.692)	56.931
Given to minority share	(144.629)	202.109
<b>Net Actuarial Gains / Losses</b>	<b>(117.695)</b>	<b>(515.833)</b>

**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 until 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.

	<b>September 30, 2021</b>	<b>December 31,2020</b>
Legal Reserves	4.359.055	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
<b>Total</b>	<b>46.696.576</b>	<b>3.223.068</b>

(\*) 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.

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(\* )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.

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Extraordinary Reserves	3.232.188	3.107.187
Previous Years' Profits	60.154.385	74.260.169
<b>Previous Year Profits / Losses</b>	<b>63.386.573</b>	<b>77.367.356</b>

**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.

**NOTE 14-REVENUE AND COST OF SALES**

	<b>January 1, 2021</b>	<b>January 1, 2020</b>	<b>July 1, 2021</b>	<b>July 1, 2020</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Domestic Sales	162.850.200	106.368.784	54.795.359	37.750.724
Overseas Sales	8.334.548	6.907.374	2.174.057	2.045.289
Other income	540.735	1.144.632	112.799	645.314
Returned Sales (-)	(3.035.761)	(1.039.127)	(2.260.133)	(589.217)
<b>Net Sales</b>	<b>168.689.722</b>	<b>113.381.663</b>	<b>54.822.082</b>	<b>39.852.110</b>
Cost of Merchandise Sold(-) (*)	(8.343.737)	(13.419.989)	(4.369.564)	(4.368.897)
Cost of Service Sold(-)(**)	(111.897.624)	(67.352.304)	(35.992.282)	(22.936.522)
<b>Cost of Sales (-)</b>	<b>(120.241.361)</b>	<b>(80.772.293)</b>	<b>(40.361.846)</b>	<b>(27.305.419)</b>
<b>Gross Profit / (Loss)</b>	<b>48.448.361</b>	<b>32.609.370</b>	<b>14.460.236</b>	<b>12.546.691</b>

(\* ) 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.

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

Details of Cost of Service Sold	January 1,2021	January 1,2020	July 1, 2021	July 1, 2020
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Staff Wages Expenses	(80.719.318)	(46.468.872)	(26.280.816)	(14.702.923)
Consulting Expenses	(25.432.076)	(14.487.686)	(7.919.771)	(4.894.851)
Travel Expenses	(57.696)	(203.491)	(15.792)	(6.237)
Representation Hospitality Expenses	(416.294)	(18.219)	(396.789)	(3.545)
Stamp Tax Expenses	(175.745)	(110.235)	(175.745)	(1.874)
Depreciation Expenses	(4.175.641)	(2.064.053)	(1.205.311)	(435.323)
Insurance Expenses	(9.082)	(91.022)	(9.082)	(38.988)
License maintenance and repair expenses	(260.033)	(178.670)	(1.517)	320.533
Software and Development Expenses	(2.236)	(2.804.030)	(2.236)	(2.600.150)
Other	(649.503)	(926.026)	14.777	(573.164)
<b>Total</b>	<b>(111.897.624)</b>	<b>(67.352.304)</b>	<b>(35.992.282)</b>	<b>(22.936.522)</b>

**NOTE 15-GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES and DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**

	January 1,2021	January 1,2020	July 1, 2021	July 1, 2020
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
General administrative expenses (-)	(14.637.655)	(11.111.305)	(4.783.073)	(2.842.427)
Marketing,Sales and Dis. Expens. (-)	(141.322)	(223.979)	(53.051)	(106.895)
Research and Develop. Expenses (-)	(12.007.472)	(9.836.659)	(3.238.838)	(4.255.081)
<b>Total</b>	<b>(26.786.449)</b>	<b>(21.171.943)</b>	<b>(8.074.962)</b>	<b>(7.204.403)</b>

a- Details of General Management Expenses	January 1,2021	January 1,2020	July 1, 2021	July 1, 2020
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Staff Wages Expenses	(6.830.589)	(5.109.856)	(1.830.909)	(1.657.069)
Depreciation Expenses	(1.427.743)	(1.288.447)	(421.470)	(346.484)
Taxes, Duties and Charges	(317.091)	(286.003)	(170.507)	(206.541)
Consultancy Expenses	(1.120.805)	(876.786)	(244.587)	(205.313)
Representation Hospitality Expenses	(84.720)	(187.325)	(27.669)	(16.526)
Building and Vehicle Rental Expenses	(568.661)	(196.040)	(273.326)	(22.884)
Travel, Accommo. and Food Expenses	(111.814)	(94.351)	(51.067)	(16.311)
Electricity and Water Expenses	(156.878)	(127.286)	(70.195)	(43.445)
Operation Expenses	(811.608)	(463.799)	(282.739)	(137.394)
Subscription and Membership Exp.	(71.656)	(92.520)	28.364	125.996
Benefit and Ser. Prov. From Outside	(310.633)	(1.284.553)	(113.642)	(279.274)
Communication Expenses	(492.897)	(77.247)	(182.564)	113.659
Other Expenses	(2.332.560)	(1.027.092)	(1.142.762)	(150.841)
<b>Total</b>	<b>(14.637.655)</b>	<b>(11.111.305)</b>	<b>(4.783.073)</b>	<b>(2.842.427)</b>

b- Marketing, Sales and Distribution Expenses	January 1,2021	January 1,2020	July 1, 2021	July 1, 2020
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Staff Expenses	(7.551)	(188.124)	(7.273)	(112.116)
Transportation and Accommo. Exp.	(2.657)	(1.946)	(1.333)	29.902
Food and Beverage Expenses	(5.767)	(2.462)	(1.897)	(1.594)
System Support Expenses	(59.685)	(4.908)	(13.230)	(1.569)
Miscellaneous Expenses	(28.817)	(5.080)	(157)	(59)
Depreciation Expenses	(36.845)	(21.459)	(29.161)	(21.459)
<b>Total</b>	<b>(141.322)</b>	<b>(223.979)</b>	<b>(53.051)</b>	<b>(106.895)</b>

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<b>c- Details of Research and Development Expenses</b>	<b>January 1,2021</b>	<b>January 1,2020</b>	<b>July 1, 2021</b>	<b>July 1, 2020</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Staff Expenses	(644.254)	(312.293)	761.204	137.024
Depreciation Expenses	(11.194.297)	(9.524.366)	(3.875.791)	(4.392.105)
Res and Dev. Pro. Soft. and Consul. Exp.	(168.921)	-	(124.251)	-
<b>Total</b>	<b>(12.007.472)</b>	<b>(9.836.659)</b>	<b>(3.238.838)</b>	<b>(4.255.081)</b>

**NOTE 16-OTHER OPERATING INCOME/EXPENSES**

<b>a- Other Operating Income</b>	<b>January 1,2021</b>	<b>January 1,2020</b>	<b>July 1, 2021</b>	<b>July 1, 2020</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Exchange Rate Difference Income from Operations	2.396.012	2.504.085	332.964	1.046.919
Provisions No Longer Required	1.381.684	585.079	387.396	163.167
Revenue and Income From Operations	516.342	-	210.778	-
Previous Period Revenue and Income	16.541	173.359	-	-
Other Extraordinary Income and Profits	769.895	763.253	(28.673)	617.840
<b>Total</b>	<b>5.080.474</b>	<b>4.025.776</b>	<b>902.465</b>	<b>1.827.926</b>

<b>b- Other Operating Expenses</b>	<b>January 1,2021</b>	<b>January 1,2020</b>	<b>July 1, 2021</b>	<b>July 1, 2020</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Exchange Rate Diff. Expense from Oper.	(1.481.293)	(655.297)	(834.872)	(457.542)
Litigation and Doubtful Loans Provision Exp.	(273.210)	(2.189.214)	(55.084)	(1.748.563)
Loss Of Previous Period	(67.579)	(69.356)	(5.268)	-
Commission expense	(31.000)	(76.149)	-	(628)
Rediscount expense	-	(68.593)	-	-
Other Losses	(1.276.187)	(742.006)	(1.180.234)	(370.566)
<b>Total</b>	<b>(3.129.269)</b>	<b>(3.800.615)</b>	<b>(2.075.458)</b>	<b>(2.577.299)</b>

**NOTE 17- EXPENSES DUE TO INVESTING ACTIVITIES**

	<b>January 1,2021</b>	<b>January 1,2020</b>	<b>July 1, 2021</b>	<b>July 1, 2020</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Financial Inves. Valuation Difference (*)	(37.391.075)	-	(8.893.392)	-

(\*) 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 Güvenlik Sistemleri Bil. Müh. Hiz. İth. İhr. San. ve Tic A.S., and Papilon's shares are traded on the stock exchange. The relevant investment was valued at the BIST (Borsa Istanbul Stock Market) pending best purchase price at the balance sheet date, and the fair value was determined. Accordingly, the difference between its fair value on 31 December 2020 (86.061.250 TL) and its fair value on 30 September 2021 (48.664.687 TL) is 37.396.563 TL (86.061.250-48.664.687=37.396.563 TL) is accounted for in expenses from investment activities.

**NOTE 18-FINANCIAL INCOME**

	<b>January 1,2021</b>	<b>January 1,2020</b>	<b>July 1, 2021</b>	<b>July 1, 2020</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Interest income	1.413.328	2.601.607	383.594	1.853.271
Exchange Difference Revenue	1.919.310	4.283.304	686.961	2.445.897
<b>Total</b>	<b>3.332.638</b>	<b>6.884.911</b>	<b>1.070.555</b>	<b>4.299.168</b>

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**NOTE 19- FINANCIAL EXPENSES**

	January 1,2021 September 30, 2021	January 1,2020 September 30, 2020	July 1, 2021 September 30, 2021	July 1, 2020 September 30, 2020
Exchange Difference Expense	(679.908)	(317.276)	(468.280)	(2.018)
Interest Expenses	(2.555.996)	(1.881.731)	(422.729)	(779.775)
<b>Total</b>	<b>(3.235.904)</b>	<b>(2.199.007)</b>	<b>(891.009)</b>	<b>(781.793)</b>

**NOTE 20-ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS****Revaluation gains(losses) in defined benefit plans**

	January 1,2021 September 30, 2021	January 1,2020 September 30, 2020	July 1, 2021 September 30, 2021	July 1, 2020 September 30, 2020
Revaluation gains(losses) in defined benefit plans	678.459	516.392	(948.519)	(416.531)
Deferred Tax Expense / Income	(135.692)	(113.606)	189.704	91.637
<b>Net Actuarial Gains / Losses</b>	<b>542.767</b>	<b>402.786</b>	<b>(758.815)</b>	<b>(324.894)</b>

**NOTE 21-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 September 30, 2021	January 1,2020 September 30, 2020	July 1, 2021 September 30, 2021	July 1, 2020 September 30, 2020
Net Profit / Loss	(10.830.817)	11.057.061	(1.860.107)	6.193.930
Number of shares	19.750.000	19.750.000	19.750.000	19.750.000
<b>Profit / loss per share</b>	<b>(0,55)</b>	<b>0,56</b>	<b>(0,09)</b>	<b>0,31</b>

**NOTE 22- 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:

**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:

	September 30, 2021	December 31, 2020
Total Liabilities	90.229.134	98.381.581
Minus: Cash and Cash Equivalents	13.500.626	28.066.969
Net Liability	76.728.508	70.314.612
Total equity Capital	220.374.838	228.821.324
<b>Ratio for Net Liability / Total Capital</b>	<b>0,35</b>	<b>0,30</b>



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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.

September 30, 2021	Receivables				Bank Deposits	Cash and Cash Equiv
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
<b>Maximum Credit Risk Sustained as of Reporting Date (A+B+C+D)</b>		<b>46.992.957</b>	<b>262.935</b>	<b>215.180</b>	<b>13.496.643</b>	<b>3.983</b>
- 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	-	40.596.497	262.935	215.180	13.496.643	3.983
B. Net book value of assets overdue but not undergone impairment	-	6.396.460	-	-	-	-
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	-	-	-	-	-	-

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December 31, 2020	Receivables				Bank Deposits	Cash and Cash Equiv
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
<b>Maximum Credit Risk Sustained as of Reporting Date (A+B+C+D)</b>	<b>67.422</b>	<b>51.224.581</b>	<b>518.109</b>	<b>57.038</b>	<b>28.049.200</b>	<b>17.769</b>
- 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	-	-	-	-	-	-

**c) 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 September 30, 2021 and December 31, 2020 are as follows:

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<b>SEPTEMBER 30, 2021 FOREIGN EXCHANGE POSITION TABLE</b>	<b>TL equivalent (Functional currency)</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>	<b>CHF</b>	<b>Other</b>
1. Trade Receivables	6.199.134	202.970	289.583	-	149.470	1.163.352
2a Monetary Financial Assets(Cash, including bank accounts)	7.267.990	643.115	142.026	104	10.019	143.323
2b. Non-Monetary Financial Assets	25.403	-	-	-	-	10500
3. Other	350691	-	-	-	-	144955
4. Current Assets(1+2+3)	13.843.218	846.085	431.609	104	159.489	1.462.130
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	89988	-	-	-	-	37196
8. Non-Current Assets(5+6+7)	89988	-	-	-	-	37196
9. Total Assets(4+8)	13.933.206	846.085	431.609	104	159.489	1.499.326
10. Trade Payables	892.167	5.763	81.704	-	-	280110
11. Financial Liabilities	-	-	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	347995	-	-	-	-	143841
13. Short-term Liabilities(10+11+12)	1.240.162	5.763	81.704	-	-	423951
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)	1.240.162	5.763	81.704	-	-	423951
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)	12.693.044	840.322	349.905	104	159.489	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)*	12.574.957	840.322	349.905	104	159.489	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	-	-	-	-	-	-

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<b>DECEMBER 31, 2020 FOREIGN EXCHANGE POSITION TABLE</b>	<b>TL equivalent (Functional currency)</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>	<b>CHF</b>	<b>Other</b>
1. Trade Receivables	7.573.826	131.898	279.562	-	211.749	1.166.487
2a Monetary Financial Assets(Cash, including bank accounts)	11.664.052	1.302.777	104.294	101	519	578.062
2b. Non-Monetary Financial Assets	21.002	-	-	-	-	10.500
3. Other	263.308	-	-	-	-	131.641
4. Current Assets(1+2+3)	19.522.188	1.434.675	383.856	101	212.269	1.886.691
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	42.765	-	-	-	-	21.380
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	65.521	-	-	-	-	32.757
8. Non-Current Assets(5+6+7)	108.286	-	-	-	-	54.138
9. Total Assets(4+8)	19.630.474	1.434.675	383.856	101	212.269	1.940.828
10. Trade Payables	978.324	10.234	38.044	-	-	280.225
11. Financial Liabilities	8.500	1.158	-	-	-	-
12a. Monetary Other Liabilities	75.350	-	-	-	-	37.671
12b. Other Non-Monetary Liabilities	287.711	-	-	-	-	143.841
13. Short-term Liabilities(10+11+12)	1.349.884	11.392	38.044	-	-	461.737
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)	1.349.884	11.392	38.044	-	-	461.737
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)	18.280.590	1.423.283	345.812	101	212.269	1.479.092
21. Monetary Items Net Foreign Exchange Asset/ (Liability) Position(TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	18.218.470	1.423.283	345.812	101	212.269	1.448.035
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	-	-	-	-	-	-

According to the balance sheet position as of September 30, 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 1.257.496 TL (December 31, 2020- 1.821.847 TL) high / low as can be seen in the Exchange rate Sensitivity Analysis Chart given below.

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021**

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

<b>Foreign Exchange Sensitivity Analysis Table</b>		
	<b>Profit/Loss</b>	
<b>September 30, 2021</b>	<b>Increase of Foreign Exchange in Value</b>	<b>Decrease of Foreign Exchange in Value</b>
<b>In case US Dollar changes 10% against TL:</b>		
1- US Dollar net asset/liability	746.080	(746.080)
2- The part secured against US Dollar risk (-)		
<b>3- US Dollar Net Effect(1+2)</b>	<b>746.080</b>	<b>(746.080)</b>
<b>In case EURO changes 10% against TL:</b>		
4- EURO net asset/liability	360.168	(360.168)
5- The part secured against EURO risk (-)		
<b>6- Euro Net Effect(4+5)</b>	<b>360.168</b>	<b>(360.168)</b>
<b>In case CHF changes 10% against TL:</b>		
7- CHF net asset/liability	124	(124)
8- The part secured against CHF risk (-)		
<b>9- CHF Net Effect (7+8)</b>	<b>124</b>	<b>(124)</b>
<b>In case AED changes 10% against TL:</b>		
10- AED net asset/liability	151.124	(151.124)
11- The part secured against AED risk (-)		
<b>12- AED Net Effect (7+8)</b>	<b>151.124</b>	<b>(151.124)</b>
<b>TOTAL (3+6+9+12+15)</b>	<b>1.257.496</b>	<b>(1.257.496)</b>

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

**KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.**

**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 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 23-POST BALANCE SHEET EVENTS**

**September 30, 2021**

- Financial statements were approved by the board of directors on November 9, 2021. 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.