

**SMARTİKS YAZILIM A.Ş.**  
**AUDIT REPORT**  
**FOR CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES AS OF**  
**DECEMBER 31, 2022**

Original reporting language is Turkish.  
In case of translation errors, original report should be referred as correct.

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**INDEPENDENT AUDITOR REPORT****To the General Assembly of Smartiks Yazılım A.Ş.****A. Independent Audit of Consolidated Financial Tables****1. Opinion**

**Smartiks Yazılım A.Ş.** (the Company) and its subsidiary (the Group) for the fiscal period ending on the same date as the consolidated financial statement dated 31 December 2022; we have audited the financial statements that consist of the footnotes of the financial statements including consolidated profit or loss and other comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement and summary of significant accounting policies.

In our opinion, the Group's consolidated financial statements as of December 31, 2022, offer a fair manner with appropriate as all important aspects in accordance with Turkey Financial Accounting Standard of the consolidated financial condition and the same date as the end of the fiscal year of consolidated financial performance and its consolidated cash flows.

**2. The Base of Opinion**

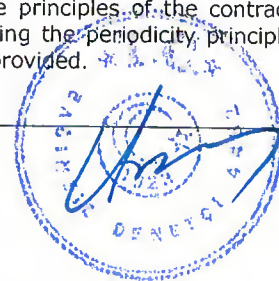
In our independent audit we did the Independent Auditing Standards published by the Capital Markets Board and the standards issued by the Public Oversight, Accounting and Auditing Standards Authority was carried out in accordance with the Independent Auditing Standards which are a part of Turkey Auditing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

**3. Key Audit Topics**

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



<b>Testing of Internally generated intangible assets / Capitalized Development Costs</b>	<b>How the matter is addressed in the Audit</b>
<p>The Group capitalizes on the expenditures it has made in the software development phase in scope of development activities for the projects completed technically, ready for use and believed to provide cash flow in the future in accordance with the clarifications in TAS 38 "Intangible Assets". (Footnote 2.4.18)</p> <p>Development costs consist of the fees calculated according to the time when the personnel working directly in the establishment of the asset are employed in the related project and the costs directly related to the creation of the intangible asset.</p> <p>Capitalization calculations and amortization are determined as key issues due to their significant amounts in terms of financial statements and that they include management estimates thereof.</p>	<p>In addition to our existing audit procedures, the following procedures have been applied as to the auditing of capitalized development costs:</p> <ul style="list-style-type: none"> <li>- The study was conducted to differentiate the research expenses and development expenses and the status of writing off the research expenses were checked.</li> </ul> <p>Whether the projects evaluated in scope of development activity meets the criteria of capitalization specified in the TAS 38 "Intangible Assets" or not was discussed at a meeting held with the management,</p> <ul style="list-style-type: none"> <li>- In this context, the estimations and projected redemption periods of the future economic benefits of the projects were evaluated with the management.</li> <li>- Personnel costs related to projects have been tested by means of taking down the balances of Project-based expenditure types related to capitalized costs.</li> <li>- The contents of other expenses directly related to the capitalized development costs other than personnel costs were queried and the allocation keys were controlled by recalculation method.</li> </ul>
<b>Revenue Recognition</b>	<b>How the matter is addressed in the Audit</b>
<p>The Group's revenues include application development, test / test automation services, project management, software solutions, sales of custom-made computer software, project consultancy service, installation, development and support services, data analysis, especially in the field of BSS (Business Support System) and data archiving income.</p> <p>The amount of revenue in the financial statements, the complexity of applications regarding accounting standards in the recognition of revenue from development activities; Due to the fact that the recognition of revenue related to private software project revenues and service transactions has different characteristics in accordance with the "TFRS 15 Revenue from Customer Contracts" standard, timely and accurate recognition and recording of revenue has been considered by us as a key audit subject.</p> <p>Explanations of the Group on accounting policies and revenue amounts are included in Note 2.4.47 and Note 32.</p>	<p>In addition to our existing audit procedures, the following audit procedures have been applied for timely and accurate recording of revenue:</p> <ul style="list-style-type: none"> <li>- The audit procedures we have implemented consist of understanding the internal controls and process related to the recording of revenues, analytical reviews and detailed tests.</li> <li>- While establishing the procedures for our detailed tests, sales were separated on the basis of software project revenues and service groups, and different tests were applied for each group.</li> <li>- In order to verify the revenue related to the software and special software project revenues generated as a result of the development activities, the accounting records regarding the accrued but not yet invoiced income to the customer and the documents subject to these records were tested by sampling method, taking into account the periodicity of the work.</li> <li>- The records were questioned and tested in terms of whether the invoices issued for the incomplete projects are included in the liabilities accounts from the customer contracts.</li> <li>- Revenues obtained from after-sales support, maintenance and consultancy services were also controlled based on the principles of the contract and mainly by considering the periodicity principle over the service hours provided.</li> </ul>



<b>Goodwill Impairment Test</b>	<b>How the matter is addressed in the Audit</b>
<p>After allocation of impairment of 5.638.616 TL of 10.294.528 TL, net goodwill amount in intangible assets is calculated as 4.655.912 TL in the consolidated financial statements as of December 31, 2022.</p> <p>In our audit work, we focused on this issue for the following reasons:</p> <ul style="list-style-type: none"> <li>- The goodwill recognized in the consolidated financial statements of the Group as of December 31, 2022 is a significant amount,</li> <li>- Using forward-looking management estimates in goodwill impairment studies (growth rate and weighted capital cost ratio, etc.),</li> <li>- The predictions used in goodwill impairment studies may be affected by future sectoral and economic changes</li> </ul>	<p>The following procedures have been applied for the audit of the goodwill impairment test:</p> <p>Discussions were held with the group management, and the management's future plans and statements were evaluated within the framework of macroeconomic data.</p> <p>Discussions were made about the setup of the calculation model and the assumptions used, and the mathematical accuracy of the setup was checked.</p> <p>The appropriateness of the important estimates (growth rate and weighted capital ratio, etc.) used in the goodwill impairment test has been evaluated and concluded that it is within an acceptable range.</p> <p>The realizability of forward-looking cash flow and investment projections used in the goodwill impairment test was evaluated at the meetings held with senior management.</p> <p>The cash flow estimates prepared by the management are compared with the past financial performance results and evaluated whether they are reasonable.</p>

#### **4. Responsibilities of the Administrative and Supervisory Officers on Consolidated Financial Statements**

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

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

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

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

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

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

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

We also:

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



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

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

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

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

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

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

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

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

## **B. Other liabilities arising from the legislation**

1. The report dated March 13, 2023, which we prepared in accordance with the fourth paragraph of article 398 of the Turkish Commercial Code, on the early detection system of the Group's risk appetite and its applications, was presented to the Board of Directors of the Company.

2. In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, No significant issue was found in the accounting period of the Group for the period between January 1, 2022 and December 31, 2022 as to the bookkeeping method and the fact that the financial statements do not conform to the provisions of the law and the financial statements of the main contract.

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

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

**Istanbul, 13 March 2023**

**AYŞE KUTBAY**  
Responsible Auditor

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

**SMARTIKS YAZILIM A.Ş.****AUDITED CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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

		Audited	Audited
		<i>Consolidated</i>	<i>Consolidated</i>
	Footnote	Current Period	Previous Period
	Reference	December 31, 2022	December 31, 2021
<b>Current Assets</b>			
Cash and Cash Equivalents	7	2.806.474	5.229.639
<b>Financial Investments</b>	8	300.710	-
-Time Deposits	8	153.300	-
-Financial assets (fair value diff.reflected to other compr.income)	8	147.410	-
<b>Trade Receivables</b>	10	23.120.359	20.233.693
-Trade Receivables from Unrelated Parties	10	23.120.359	20.233.693
<b>Other Receivables</b>	6-13	1.520.456	242.545
-Other Receivables from Related Parties	6	1.422.021	184.905
-Other Receivables from Unrelated Parties	13	98.435	57.640
<b>Receivables From Customer Contracts</b>	11	3.561.149	-
- Contract Assets Arising from Sales of Goods and Services	11	3.561.149	-
<b>Inventories</b>	16	106.142	-
<b>Prepaid Expense</b>	6-18	4.207.348	1.080.537
-Prepaid Expenses to Related Parties	6	82.002	94.391
- Prepaid Expenses to Unrelated Parties	18	4.125.346	986.146
<b>Current Tax Assets</b>	21	3.118	8.184
<b>Other Current Assets</b>	22	885.295	27.794
-Other Current Assets from Unrelated Parties	22	885.295	27.794
<b>Total Current Assets</b>		<b>36.511.051</b>	<b>26.822.392</b>
<b>Non-Current Assets</b>			
<b>Other Receivables</b>	13	77.871	12.721
-Other Receivables From Unrelated Parties	13	77.871	12.721
<b>Tangible Fixed Assets</b>	27	920.375	675.373
-Furniture and fixtures	27	685.664	391.772
-Special Cost	27	234.711	283.601
<b>Right of Use Assets</b>	29	2.356.071	2.863.999
<b>Intangible Assets</b>	28	67.502.381	60.501.318
-Goodwill	28	4.655.912	10.294.528
-Computer Software	28	15.150	9.968
-Capitalized Development Costs	28	62.831.319	50.196.504
-Other Intangible Fixed Assets	28	-	318
<b>Deferred Tax Asset</b>	42	8.154.600	2.416.930
<b>Total Non-Current Assets</b>		<b>79.011.298</b>	<b>66.470.341</b>
<b>TOTAL ASSETS</b>		<b>115.522.349</b>	<b>93.292.733</b>

Enclosed footnotes are integral parts of these statements.



**SMARTIKS YAZILIM A.Ş.**

**AUDITED CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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

	Footnote Reference	Audited	Audited
		<i>Consolidated</i> Current Period December 31,2022	<i>Consolidated</i> Previous Period December 31,2021
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
<b>Short-Term Borrowings</b>	<b>9</b>	<b>11.396.635</b>	<b>4.695.986</b>
- Short-Term Borrowings From Unrelated Parties	9	11.396.635	4.695.986
-- <i>Bank credits</i>	9	11.396.635	4.695.986
Short-term Portion of Long-term Borrowings	<b>9</b>	<b>2.978.352</b>	<b>3.013.379</b>
- Short-term Portion of Long-term Borr. From Unrelated Parties	9	2.978.352	3.013.379
-- <i>Banks credits</i>	9	1.612.842	1.641.624
-- <i>Debts from Leasing Transactions</i>	9	1.365.510	1.371.755
<b>Other Financial Liabilities</b>	<b>9</b>	<b>121.216</b>	<b>21.807</b>
-Other Miscellaneous Financial Liabilities	9	121.216	21.807
<b>Trade Payables</b>	<b>6-10</b>	<b>9.172.713</b>	<b>3.422.146</b>
-Trade Payables to related Parties	6	-	185.620
-Trade Payables to Unrelated Parties	10	9.172.713	3.236.526
<b>Payables in Scope of Employee Benefits</b>	<b>14</b>	<b>3.267.207</b>	<b>3.010.372</b>
<b>Other Payables</b>	<b>13</b>	<b>293.273</b>	<b>1.142.904</b>
-Other Payables to Unrelated Parties	13	293.273	1.142.904
<b>Liabilities from Customer Contracts</b>	<b>11</b>	<b>273.493</b>	<b>2.365.300</b>
-Contractual Liabilities From Sales Goods and Services	11	273.493	2.365.300
<b>Government Incentives and Grants</b>	<b>19</b>	<b>156.903</b>	<b>130.303</b>
<b>Current Period Profit Tax Liability</b>	<b>20</b>	<b>2.195.862</b>	<b>-</b>
<b>Short-Term Provisions</b>	<b>30</b>	<b>4.578.485</b>	<b>1.663.935</b>
-Short-Term Provisions for Employee Benefits	30	1.623.465	1.663.935
-Other Short-Term Provisions	30	2.955.020	-
<b>Total Short-Term Liabilities</b>		<b>34.434.139</b>	<b>19.466.132</b>
<b>Long-Term Liabilities</b>			
<b>Long Term Borrowings</b>	<b>9</b>	<b>2.238.041</b>	<b>2.357.167</b>
- <b>Long-Term Borrowings from Unrelated Parties</b>	<b>9</b>	<b>2.238.041</b>	<b>2.357.167</b>
-- <i>Banks credits</i>	9	1.087.421	421.139
-- <i>Debts from Leasing Transactions</i>	9	1.150.620	1.936.028
<b>Liabilities from Customer Contracts</b>	<b>11</b>	<b>110.906</b>	<b>-</b>
-Contractual Liabilities From Sales Goods and Services	11	110.906	-
<b>Government Incentives and Grants</b>	<b>19</b>	<b>418.118</b>	<b>449.629</b>
<b>Long-Term Provisions</b>	<b>30</b>	<b>2.943.183</b>	<b>2.114.993</b>
-Long-Term Provisions For Employee Benefits	30	2.943.183	2.114.993
<b>Total Long-Term Liabilities</b>		<b>5.710.248</b>	<b>4.921.789</b>
<b>TOTAL LIABILITIES</b>		<b>40.144.387</b>	<b>24.387.921</b>
<b>EQUITY</b>			
<b>Equity Attributable To Parent Company</b>	<b>31</b>	<b>75.377.962</b>	<b>68.904.812</b>
- Paid-in Capital	31	31.862.500	31.862.500
-Share Premium (Discount)	31	15.791.850	15.791.850
- Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss	31	(661.214)	(273.418)
-- <i>Revaluation measurement gains/losses</i>	31	(661.214)	(273.418)
--- <i>Acturial Gain/Loss Fund from defined benefit plan)</i>	31	(661.214)	(273.418)
- Restrained Reserves From Profit	31	2.091.846	1.776.843
-- <i>Legal reserves</i>	31	1.951.846	1.776.843
-- <i>Venture Capital Fund</i>	31	140.000	-
- Profit (Loss) for Previous Period	31	19.432.034	15.933.305
- Net Profit (Loss) For The Period	31	6.860.946	3.813.732
<b>Total Equity</b>		<b>75.377.962</b>	<b>68.904.812</b>
<b>TOTAL LIABILITIES</b>		<b>115.522.349</b>	<b>93.292.733</b>

Enclosed footnotes are integral parts of these statements.





**SMARTIKS YAZILIM A.Ş.**

**AUDITED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT CONSOLIDATED**

**FOR THE PERIOD JANUARY 1, 2022 -DECEMBER 31, 2022 AND JANUARY 1, 2021 - DECEMBER 31, 2021**

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

	Footnote Reference	Audited	Audited
		<i>Consolidated</i>	<i>Consolidated</i>
		Current Period January 1,2022 December 31,2022	Previous Period January 1,2021 December 31,2021
Sales Revenue	32	59.019.480	36.364.651
Cost of Sales (-)	32	(16.657.176)	(15.718.849)
<b>GROSS PROFIT (LOSS)</b>		<b>42.362.304</b>	<b>20.645.802</b>
General Administrative Expenses	33	(7.390.228)	(3.727.186)
Marketing Expenses	33	(349.042)	(145.159)
Research and Development Expenses	33	(9.152.429)	(11.444.982)
Other Operating Income	35	7.352.315	6.865.869
Other Operating Expenses	35	(21.357.891)	(7.539.110)
<b>MAIN OPERATION PROFIT/LOSS</b>		<b>11.465.029</b>	<b>4.655.234</b>
Income from Investment Activities	36	18.212	8.381
Expense from Investment Activities	37	(5.638.616)	-
<b>CONTINUING OPER.PROFIT OR LOSS BEFORE FINANCIAL INCOME(EXP.)</b>		<b>5.844.625</b>	<b>4.663.615</b>
Financial Incomes	38	377.008	125.220
Financial Expenses	39	(2.805.546)	(1.549.575)
<b>CONTINUING OPER.PROFIT OR LOSS BEFORE TAX</b>		<b>3.416.087</b>	<b>3.239.260</b>
Continuing Operations Tax Income / Loss		3.444.859	574.472
-Period Tax Profit / Loss	42	(2.195.862)	-
-Deferred Tax Profit / Loss	42	5.640.721	574.472
<b>CONTINUING OPER.PERIOD PROFIT OR LOSS</b>		<b>6.860.946</b>	<b>3.813.732</b>
<b>PERIOD PROFIT OR LOSS</b>		<b>6.860.946</b>	<b>3.813.732</b>
Allocation Of Period Profit/Loss		6.860.946	3.813.732
- Share of Main Partnership		6.860.946	3.813.732
<b>Earnings per share</b>		<b>0,22</b>	<b>0,12</b>
-- Earnings per share from continuing oper.		0,22	0,12
<b>Other Comprehensive Income:</b>			
<b>Items not to be reclassified as profit or loss</b>	<b>41</b>	<b>(387.796)</b>	<b>(123.761)</b>
-- Revaluation gains(loss) in defined benefit plans , Post Tax			(123.761)
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>		<b>(387.796)</b>	<b>(123.761)</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>		<b>6.473.150</b>	<b>3.689.971</b>
-Share of Main Partnership		6.473.150	3.689.971

Enclosed footnotes are integral parts of these statements.



**SMARTIKS YAZILIM A.Ş.**

**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD**

**DECEMBER 31, 2022- DECEMBER 31, 2022 AND DECEMBER 31, 2021 AND DECEMBER 31, 2021**

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

	Footnote Reference	Audited	Audited
		Consolidated	Consolidated
		Current Period January 1,2022 December 31,2022	Previous Period January 1,2021 December 31,2021
<b>A) Cash Flow from Operating Activities</b>		<b>29.952.078</b>	<b>24.713.561</b>
<b>Profit / (Loss) of the Period</b>		<b>6.860.946</b>	<b>3.813.732</b>
Profit/ (Loss) of the period Continued Operations		6.860.946	3.813.732
<b>Adjustments Related to Net Profit/Loss Reconciliation</b>		<b>38.194.192</b>	<b>20.109.646</b>
<b>Adjustments related to Depreciation and Amortisation Expense</b>	27-28-29	<b>14.998.765</b>	<b>16.001.127</b>
<b>Adjustments Related to Impairment/Reversal of impairment</b>	10-28	<b>20.364.937</b>	<b>5.835.922</b>
-Adjustments Related to Impairment of Receivables/Reversal of impairment		6.092.979	3.810.683
-Adjust. Impairment (Cancellation) of Other Intangible Fixed Assets		8.633.342	2.025.239
-Impairment of Goodwill Corrections		5.638.616	-
<b>Adjustments related to Provisions</b>	30	<b>3.742.740</b>	<b>(2.825.973)</b>
- Adjustments Related to Employee Benefits Provisions(Cancellations)		787.720	1.095.695
- Adjustments Related to Litigation and / or Penalty Provisions (Cancel.)		2.955.020	(9.000)
- General Provision Corrections (Cancellation)		-	(3.912.668)
<b>Adjustments for Interest (Income) and Expenses</b>	16-17	<b>2.428.538</b>	<b>1.424.355</b>
- Adjustments for Interest Income		(377.008)	(125.220)
- Adjustments for Interest Expenses		2.805.546	1.549.575
<b>Adjustments Related to fair value Loses(Gains)</b>		<b>387.796</b>	<b>123.761</b>
-Other Adjustments Related to fair value Loses(Gains)		387.796	123.761
<b>Adjustments for Tax (Income) Expense</b>		<b>(3.444.859)</b>	<b>(574.472)</b>
<b>Other Adjustments Regarding Non-Cash Items</b>		<b>(283.725)</b>	<b>124.926</b>
<b>Changes in Working Capital</b>		<b>(15.103.060)</b>	<b>790.183</b>
<b>Decrease (Increase) in Financial Investment</b>		<b>(300.710)</b>	<b>-</b>
<b>Adjustments for Decrease (Increase) in Trade Receivables</b>	6-10	<b>(8.979.645)</b>	<b>(8.120.797)</b>
Decrease (Increase) in Trade Receivables from Related Parties		-	25.639
Decrease (Increase) in Trade Receivables from unrelated Parties		(8.979.645)	(8.146.436)
<b>Adjust. Related to increase/(dec.) in Oth. Receiv.related with oper.</b>	6-13	<b>(1.343.061)</b>	<b>332.881</b>
- Incr. (Decr.) in Other Receiv. Related to Act. from Related Parties		(1.237.116)	323.631
- Incr. (Decr.) in Other Receiv. Related to Act. from Unrelated Parties		(105.945)	9.250
<b>Adjust.Related to incr./ (Decr.) in Assets from Customer Contracts</b>	11	<b>(3.561.149)</b>	<b>4.849.758</b>
-Incr. (Decr.) in Contractual Assets Arising from Sales of Goods and Services		(3.561.149)	4.849.758
<b>Adjustments for Decrease (Increase) in Inventories</b>	16	<b>(106.142)</b>	<b>335.930</b>
<b>Decrease (Increase) in Prepaid Expenses</b>	18	<b>(3.126.811)</b>	<b>(358.872)</b>
<b>Adjustments for Increase (Decrease) in Trade Payables</b>	6-10	<b>5.750.567</b>	<b>2.392.914</b>
- Increase (Decrease) in Trade Payables to Related Parties		(185.620)	168.805
- Increase (Decrease) in Trade Payables to Unrelated Parties		5.936.187	2.224.109
<b>Increase (Decrease) in Debts within the Scope of Employee Benefits</b>	14	<b>256.835</b>	<b>909.941</b>
<b>Adjust. for Increase (Decrease) in Liab. Arising from Customer Contracts</b>	11	<b>(1.980.901)</b>	<b>(1.447.625)</b>
-Incr. (Decr.) in Contractual Oblig. Arising from Sales of Goods and Services		(1.980.901)	(1.447.625)
<b>Adjustments for Inc. (Decr.) in Other Liab. Related to Operations</b>		<b>(849.631)</b>	<b>1.063.935</b>
-Increase (Decrease) in Other Unrelated Party Payables Relat. to Activities		(849.631)	1.063.935
<b>Increase (Decrease) in Government Incentives and Grants</b>	19	<b>(4.911)</b>	<b>579.932</b>
<b>Adjustments Related to Other Incr. (Decrease) in Oper. Capital</b>		<b>(857.501)</b>	<b>252.186</b>
-Increase (Decrease) in Other Liabilities Related to Operations		(857.501)	252.186
<b>Cash Flows From Activities</b>		<b>29.952.078</b>	<b>24.713.561</b>

Enclosed footnotes are integral parts of these statements.



**SMARTIKS YAZILIM A.Ş.**

**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD**

**DECEMBER 31, 2022- DECEMBER 31, 2022 AND DECEMBER 31, 2021 AND DECEMBER 31, 2021**

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

	Footnote Referance	Audited	
		Consolidated	Consolidated
		Current Period January 1,2022 December 31,2022	Previous Period January 1,2021 December 31,2021
<b>B)Cash Flows From Investing Activities</b>		<b>(34.966.295)</b>	<b>(23.912.267)</b>
<b>Cash Inflows from the Sale of Tangible and Intangible Assets</b>	<b>27-28</b>	-	<b>49.246</b>
-Cash Inflows from the Sale of Tangible Fixed Assets		-	49.246
<b>Cash Outflows from the Purchase of Tangible/Intan. Fixed Assets</b>	<b>27-28</b>	<b>(34.966.295)</b>	<b>(23.961.513)</b>
-Cash Outflows from the Purchase of Fixed Assets		(547.460)	(623.352)
-Cash Outflows from Purchase of Intangible Fixed Assets		(34.418.835)	(23.338.161)
<b>C) Cash Flows From Financial Activities</b>		<b>2.591.052</b>	<b>(38.761)</b>
<b>Cash Inflows From Borrowing</b>	<b>9</b>	<b>20.820.732</b>	<b>6.916.913</b>
Cash Inflows from Loans		20.820.732	6.916.913
<b>Cash Outflows Related to Debt Payments</b>	<b>9</b>	<b>(13.487.801)</b>	<b>(4.234.710)</b>
-Cash Outflows Related to Loan Repayments		(13.487.801)	(4.234.710)
<b>Cash Outflows Related to Loan Payments Arising from Lease Agreements</b>	<b>29</b>	<b>(1.718.487)</b>	<b>(1.998.757)</b>
<b>Interest Paid</b>	<b>39</b>	<b>(2.805.546)</b>	<b>(1.549.575)</b>
<b>Interest Received</b>	<b>38</b>	<b>377.008</b>	<b>125.220</b>
<b>Other Cash Inflows (Outflows)</b>		<b>(594.854)</b>	<b>702.148</b>
<b>Net Increase / Decrease in Cash and Cash Equivalents Before Foreign Currency Translation Differences (A+B+C)</b>		<b>(2.423.165)</b>	<b>762.533</b>
<b>Net Increase / Decrease in Cash and Equivalents (A + B + C)</b>		<b>(2.423.165)</b>	<b>762.533</b>
<b>D- CASH AND CASH EQUIV. AT THE BEGINNING OF THE PERIOD</b>	<b>7</b>	<b>5.229.639</b>	<b>4.467.106</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A + B + C + D )</b>	<b>7</b>	<b>2.806.474</b>	<b>5.229.639</b>

Enclosed footnotes are integral parts of these statements.



**SMARTIKS YAZILIM A.Ş.**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021**  
 (All amounts are expressed in Turkish Lira ("TL"))

	Paid-in-Capital	Issuance of Share Premiums / Discounts	Revaluation measurement gains/losses	Retained Earnings	Profit/Loss for the period	EQUITY
<b>PREVIOUS PERIOD</b>						
Balance as of January 1, 2021 (Beginning of the period)	31.862.500	15.791.850	(149.657)	12.566.761	3.739.410	65.214.841
Transfers	-	-	-	372.866	(3.739.410)	-
Total comprehensive income (Expense)	-	-	(123.761)	3.366.544	3.813.732	3.689.971
-Profit/(Loss) of the Period	-	-	-	-	3.813.732	3.813.732
-Other Comprehensive Income/Loss	-	-	(123.761)	-	-	(123.761)
Capital Increase	-	-	-	-	-	-
Increase / decrease due to share-based transactions	-	-	-	-	-	-
Subsidiary Acquisition or Disposal	-	-	-	-	-	-
Balance as of December 31, 2021 (End of Period)	31.862.500	15.791.850	(273.418)	15.933.305	3.813.732	68.904.812
<b>CURRENT PERIOD</b>						
Balance as of January 1, 2022 (Beginning of the period)	31.862.500	15.791.850	(273.418)	15.933.305	3.813.732	68.904.812
Transfers	-	-	-	315.003	(3.813.732)	-
Total comprehensive income (Expense)	-	-	(387.796)	3.498.729	6.860.946	6.473.150
-Profit/(Loss) of the Period	-	-	-	-	6.860.946	6.860.946
-Other Comprehensive Income/Loss	-	-	(387.796)	-	-	(387.796)
Capital Increase	-	-	-	-	-	-
Increase / decrease due to share-based transactions	-	-	-	-	-	-
Subsidiary Acquisition or Disposal	-	-	-	-	-	-
Balance as of December 31, 2022 (End of Period)	31.862.500	15.791.850	(661.214)	19.432.034	6.860.946	75.377.962

Enclosed footnotes are integral parts of these statements.



**SMARTIKS YAZILIM A.Ş.**  
**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF**  
**DECEMBER 31, 2022 AND DECEMBER 31, 2021**  
(All amounts are expressed in Turkish Lira ("TL"))

**NOTE 1 - ORGANIZATION AND SUBJECT OF ACTIVITY**

**1.1 Field of Activity;**

Smartiks Yazılım A.Ş. (Company) was established in 2006 under the title of "Smartiks Bilgi Telnoloji Hizmetleri A.Ş.". In 2008, the Company changed its title to "Smartiks Bilgi Telnoloji Hizmetleri A.Ş."; and on 22 June 2017, the former title was change to "Smartiks Yazılım A.Ş".

The Company is registered with the 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 address Company headquarters is Çifttehavuzlar Mah. Eski Londra Asfaltı Caddesi No:151/E D2 Blok Z06 Esenler/İstanbul also has branches in Istanbul, the United States of America and Dubai.

Kozyatağı branch address in Sahrayıcedit Mah. Halk Sk.Sıddıklar İş Merkezi Apt. No:52/1 Kadıköy / İstanbul is moved to Sahrayıcedit Mah.Halk Sk. Kayalar İş Merkezi Blok No:39 İç Kapı No:4 Kadıköy / İstanbul as approved by 20201/15 numbered Board Decision and notarized by Kadıköy 26.Notery, dated 20.04.2021, 22594 no.

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 100.000.000. (December 31,2021:100.000.000 TL)

The average number of employees working at the Company as of 31.12.2022 is 103. (as of 31 December 2021: 134)

**1.2 Information About the Company's Subsidiaries**

**Compello Bilgi Teknolojisi Hizmetleri A.Ş.**

Compello Bilgi Teknolojisi Hizmetleri A.Ş. was established in 2012.

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.

Headquarter address in 19 Mayıs Mah. Sümer Sok. Zitaş Sitesi C2 Blok No:3 B/7 Kadıköy/İstanbul is moved to Sahrayıcedit Mah.Halk Sk. Kayalar İş Merkezi Blok No:39 İç Kapı No:4 Kadıköy / İstanbul as approved by 2021/6 numbered Board Decision and notarized by Kadıköy 26.Notery, dated 20.04.2021, 22592 no.

Its head office address : Sahrayıcedit Mah.Halk Sk. Kayalar İş Merkezi Blok No:39 İç Kapı No:4 Kadıköy / İstanbul

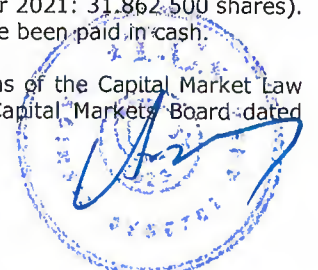
The average number of employees working at the Group as of 31.12.2022 is 4. (as of 31 December 2021: 11)

With the decision taken with the Management Decision dated 27.09.2019, Smartiks Yazılım A.Ş. purchased the whole (100%) of 3,000,000 shares (100%) of Compello Bilgi Teknoloj Hizmetleri ve Ticaret A.Ş. with a paid capital of 3.000.000 TL for 13.940.000 TL. Of the capital, 150.000 is A group, 150.000 is B group and 2.700.000 is C group shares.

**1.3 Capital Structure;**

The company's capital on December 31, 2022 consists of 31.862.500 shares (31 December 2021: 31.862.500 shares). Nominal value of shares is 1 TL per share (31 December 2021-1 TL). All issued shares have been paid in cash.

The Company 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 13.10.2017 and numbered 37/1252.



**SMARTIKS YAZILIM A.Ş.**  
**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF**  
**DECEMBER 31, 2022 AND DECEMBER 31, 2021**  
(All amounts are expressed in Turkish Lira ("TL"))

At the Board of Directors meeting dated 18.10.2021 and numbered 2021/20, it was decided to apply to the Capital Markets Board and the Ministry of Trade in order to complete the legal procedures related to the increase of the existing registered capital ceiling of TL 50.000.000, valid for the years 2017-2021, to TL 100.000.000, valid for the years 2021-2025 (5 years), since the validity period of the Company's existing registered capital ceiling expires at the end of 2021. On 18.11.2021, the Capital Markets Board and the Ministry of Trade approved the extension of the validity period of the Company's registered capital ceiling to 2025 and the increase of the registered capital ceiling to TL 100.000.000.

The Company's issued capital structure as of 31 December 2022 and 31 December 2021 is as follows:

Shareholders	December 31, 2022		December 31, 2021	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Kafein Yazılım Hizmetleri Ticaret A.Ş.	-	-	6,43	2.050.000
Serkan Karahanoğlu	-	-	0,25	80.000
Ece Alkan	0,25	80.000	-	-
Cihan Bilgin	6,42	2.045.000	-	-
Shares Publicly Held	93,33	29.737.500	93,32	29.732.500
<b>Paid-in Capital</b>	<b>100</b>	<b>31.862.500</b>	<b>100</b>	<b>31.862.500</b>

Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi transferred a total of 2.045.000 (6,42%) registered privileged shares (982.500 Group A shares and 1.062.500 Group B shares) in Smartiks Yazılım Anonim Şirketi to Mad Yazılım ve Teknoloji Yatırımları Anonim Şirketi for TL 16.000.000 with a price of TL 7,824 per share outside the stock exchange.

As a result of the aforementioned acquisition transaction, Mad Yazılım ve Teknoloji Yatırımları A.Ş.'s share in the Company's capital has become 6,42% and its voting rights due to preferred shares has become 49,79%.

At the Board of Directors meeting dated 18.05.2022 and numbered 2022/19, Mad Yazılım ve Teknoloji Yatırımları A.Ş.'s total of 2.045.000 (6,42%) registered privileged shares (982.500 Group A shares and 1.062.500 Group B shares) in Smartiks Yazılım A.Ş. were transferred to Cihan Bilgin for TL 16.800.000 at a price of TL 8,2151 per share outside the stock exchange.

All 80.000 Group A registered shares of Serkan Karahanoğlu were transferred to Ece Alkan with the decision of the Board of Directors dated 08.08.2022.

#### 1.4 Approval of the Financial Statements;

The financial statements of the Company prepared are authorized by the Board in March 13, 2023. The General Assembly and some regulatory establishments are entitled to make any amendments.

#### 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.

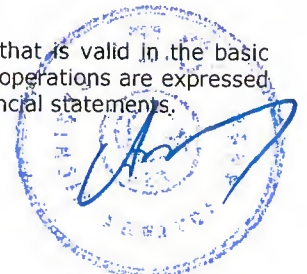
The accompanying financial statements are prepared in accordance with the Taxonomy of TAS in 2016 and the provision "Notice on Guidelines for Financial Reporting In Capital Market" ("Notice"), Seri II, No.14.1 of the Capital Market Board ("CMB") as published in the copy dated 13.06.2013 and numbered 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 financial statements and notes of the Group are presented in accordance with the formats announced by the CMB with the announcement dated June 7, 2013 and by including the required information.

The financial statements of the Group are presented in accordance with the TAS taxonomy published by the POA with the decision number 30 on June 2, 2016 and subsequently announced to the public on April 15, 2019 together with the changes in TFRS-15 Revenue from Customer Contracts and TFRS-16 Leasing standards.

#### Reporting Currency

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



**SMARTIKS YAZILIM A.Ş.**  
**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF**  
**DECEMBER 31, 2022 AND DECEMBER 31,2021**  
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**Adjustment of financial statements in high inflation periods**

According to the standard TMS 29, if the functional money unit is high inflation economy money unit, the companies report according to purchasing power of money at the end of reporting period. TMS 29 defines the qualifications that reveals the economy is high inflation economy. At the same time, all the Companies that make reporting in money unit in high inflationary economy should implement the standart beginning from the same date. For this reason, to provide consistency in application process in the country as stated in TMS 29, all the companies are expected to implement the standard TMS 29 at the same time with the explanation that will be made by Public Oversight Accounting and Auditing Standards Authority.

Public Oversight Accounting and Auditing Standards Authority has made an explanation about the application of financial reporting in the high inflation periods for medium and big sized enterprises and Turkish Financial Reporting Standards in January 20, 2022. According to the explanation, the Companies implementing TFRS, do not need to make adjustments in the scope of TMS 29. As of the date of preparation of the these financial statements, there is no new explanation made by Public Oversight Accounting and Auditing Standards Authority about TMS 29. In the financial statements TMS 29 has not been applied and inflation adjustment has not been made as of December 31,2022.

**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 December 31,2022 and 31 December 2021; Profit or Loss and Other Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement were comparatively prepared as of December 31,2022 and December 31, 2021.

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.

**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 its assets and perform its obligations within a year and in the ordinary course of its business activities.

**2.2. Changes in Accounting Policies**

The Group applied its accounting policies consistently with the previous year. When there are significant changes in accounting policies, they are applied retrospectively and the financial statements of the previous period are rearranged.

**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.



**SMARTIKS YAZILIM A.Ş.**  
**FOOTNOTES REGARDING CONSOLIDATED FINANCIAL STATEMENTS AS OF**  
**DECEMBER 31, 2022 AND DECEMBER 31,2021**  
(All amounts are expressed in Turkish Lira ("TL"))

**2.4. Summary of Significant Accounting Policies**

**2.4.1 Consolidation principles**

Consolidated financial statements include the financial statements of Smartiks Yazılım 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.
- 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 pf financial statement.

**Subsidiary**

Smartiks Yazılım A.Ş. purchased 100% share of Compello Bilgi Teknolojisi Hizmetleri ve Ticaret A.Ş. ("Compello A.Ş.") with a capital of 3.000.000 TL on 27.09.2019 for 13.940.000 TL. The subsidiary is consolidated since its purchase and fully consolidated in the financial statements.

	<b>Capital of Subsidiary</b>	<b>Subsidiary Rate (%)</b>	<b>Amount of Subsidiary</b>
Compello Bilgi Teknolojisi Hizmetleri ve Tic. A.Ş.	3.000.000	100%	13.940.000

**2.4.2 Business Combinations and Goodwill**

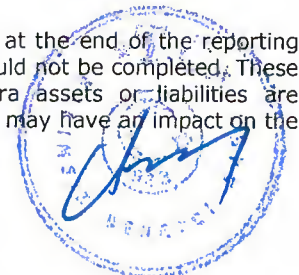
The acquirer, obtaining the control of one or more entity, or any other transaction is defined as business combination.

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 cost 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.





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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**

TAS 32 Financial Instruments: of the financial assets defined in the Submission Standard and TAS 39 (in TFRS 9 for early appliers), any financial assets held for investment purpose, and cash and cash equivalents, any receivables from activities in the finance sector, trade and other receivables, and ones remaining out of investments assessed by the equity method are shown in this item.

Any financial assets classified in the "current assets includes ones held for purposes of evaluating any inactive funds, obtaining direct interests, dividend incomes, trading profits, etc., or protecting against any damage other than performing any obligations.

Of the financial asserts, any ones with remaining due dates shorter than 12 months since the reporting day, and although their due date is longer, ones intended to be sold within 12 months are shown in the item "Financial Investments." Any ones with remaining due date longer than 12 months and any ones intended to be held for a period longer than 12 months are shown in the item "Financial Investments" in the non-current assets.

#### **2.4.5. Derivative Financial Instruments**

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

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



#### **2.4.6. Receivables from Financial Sector Activities**

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

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

#### **2.4.7. Trade Receivables / Related Parties**

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

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

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

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

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

#### **Related Parties**

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

#### **2.4.8 Contract Assets**

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

#### **2.4.9 Other Receivables**

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

#### **2.4.10. Inventories**

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

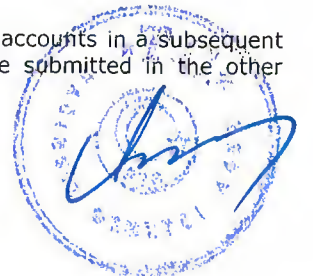
#### **2.4.11. Alive Assets**

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

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

#### **2.4.12. Prepaid Expenses**

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



#### **2.4.13. Assets Related To the Current Period**

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

#### **2.4.14. Other Current/Non-Current Assets**

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

#### **2.4.15. Non-current Assets Classified For Sales Purpose**

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

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

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

#### **2.4.16. Investments Assessed By Equity Method**

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

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

#### **2.4.17. Investment Property**

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

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

The Group does not have any investment property.

#### **2.4.18. Tangible and Intangible Fixed Assets**

##### **Tangible Assets:**

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

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

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

The estimated useful lives of tangible assets are as follows:

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

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

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



**-Right of Use Assets**

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

**-Intangible Assets:**

**a.Intangible assets acquired**

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

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

**b.Internally generated intangible assets-research and development expenses**

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

ii) Expenses within the scope of development activities:

- Capitalized Development Costs

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

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

complete the development of the intangible asset, use or sell the asset in question, and

- The cost of developing the asset can be measured reliably during the development process.

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

**-Special software project expenses:**

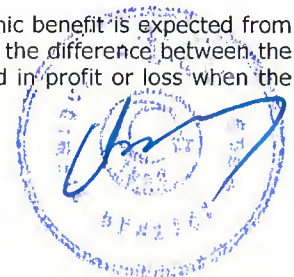
Special software project expenses, which are specially developed for the customer and cannot be sold to another customer, are recorded as expenses depending on the realization of the revenue as of the date of completion. In special software projects that extend to more than one period; Project expenses,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

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

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

**c. Derecognition of intangible assets**

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



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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:

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

**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.

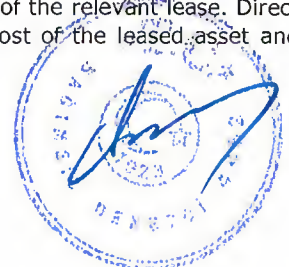
Pursuant to the Standards on Financial Instruments and Details TFRS 7, any relevant details are given in footnotes.

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.



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Leasing– company as leaseholder

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

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

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

Sales and lease back transactions

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

**2.4.22. Short-Term Parts of Long-Term Obligations**

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

**2.4.23. Other Financial Obligations**

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

**2.4.24. Obligations from Financial Sector Activities**

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

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

**2.4.25. Trade Payables**

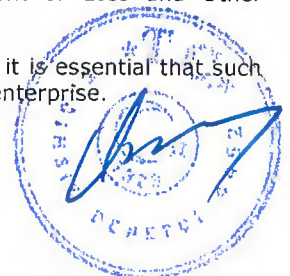
They are obligations owed to third parties in capacity of suppliers.

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

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

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

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



#### **2.4.26. Obligations for Employee Benefits**

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

#### **2.4.27. Other Payables**

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

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

#### **2.4.28 Contractual Obligations**

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

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

#### **2.4.29. Government Incentives and Grants**

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

#### **2.4.30. Deferred Incomes (Excluding Contractual Obligations)**

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

#### **2.4.31. Period Profit Tax Obligation**

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

##### Tax calculated on basis of the company's earnings

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

##### Current period tax

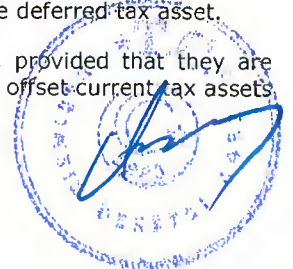
The current period tax obligation includes any tax obligation entries calculated on part of the taxable profit at tax rates, which are valid and legitimated as of the financial statement date, under the current tax legislation.

##### Deferred tax

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

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

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



Period current and deferred tax

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

**2.4.32. Provisions**

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

Employee Benefits

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

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

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

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

Such amendments require calculating all actual losses and incomes immediately as other comprehensive incomes to show actual value of plan gap or surplus of the net pension asset or liability in the financial statement. Additionally, a 'net interest' amount calculated as a result of the discount rate applied to the identified net benefit liability or asset is used instead of any interest expenses for any estimated returns obtained the plan assets described in the previous version of the TAS 19. The amendments made in the TAS 19 are applied retrospectively.

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

Pension plans

The Group has no pension benefit plants.

**2.4.33. Liabilities regarding Current Period Tax**

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

**2.4.34. Deferred Tax Liability**

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

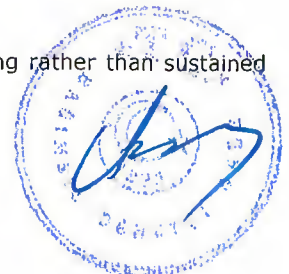
The Group has no deferred tax liability as of the financial statement period.

**2.4.35. Other Short-term/Long-term Liabilities**

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

**2.4.36. Liabilities Regarding Group of Assets Held for Sale**

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





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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 shre 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



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a subsidiary).These reserves shall be presented based on their amounts as specified in the legal records and differences occurring as a result of valuations conducted under TAS are associated with the profit/losses of the previous years.

**2.4.45. Previous years' Profit/Loss**

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

**2.4.46. Cash Flow Statement**

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

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

**2.4.47. Operating Activities**

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

**Recording of Revenue / Proceeds**

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

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

- Identification of contracts with customers
- Determination of separate performance criteria and obligations in the contract
- Determination of contract price
- Distribution of Sales Price to Liabilities
- Record revenue as contractual obligations are met

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

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

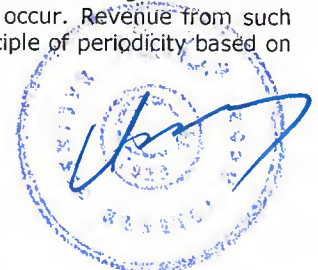
In case the Group foresees that the period between the date of the transfer of the goods or services committed to the customer at the beginning of the contract and the date on which the customer pays the price of such goods or services will be one year or less, it doesn't make any adjustment for the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



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

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

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

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

**2.4.49. Other Main Operating Income/Expenses**

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

**2.4.50. Investment Activities**

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

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

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

**2.4.51. Financial Income/ Financial Expenses**

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

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

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

**2.4.52. Earnings per Share**

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

**2.4.53. Effects of Changes in Foreign Exchange Rates**

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
USD	18,6983	13,3290
EURO	19,9349	15,0867
GBP	22,4892	17,9667
CHF	20,2019	14,5602
AED	5,0627	3,6085



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**2.4.54. Post-balance-sheet Events**

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

**2.5. Important Accounting Evaluation, Estimation and Assumptions**

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

**2.6 New and Amended Turkish Financial Reporting Standards**

As of December 31, 2022 the accounting policies adopted during the preparation of consolidated financial statements are applied consistently with the previous year's accounting policies except for new and changed Turkish Accounting Standards (TAS)/IFRS and TAS/IFRS Comments valid as of January 1, 2022. The effects of these standards and comments on the Group's financial situation end performance are explained in the related paragraphs

**Amendments/interpretations to existing standards and new standards, effective as of December 31, 2022:**

**IFRS 16 'Leases' - and COVID-19 – Extension of practical expedient (effective April 1, 2021);**

Due to the COVID-19 pandemic, tenants have been granted certain concessions on lease payments. In May 2020, the Turkish Accounting Standards Board (TASB) issued an amendment to IFRS 16 Leases to provide an optional relief for lessees not to consider whether concessions in lease payments granted due to COVID-19 are a modification of the lease. On March 31, 2021, the IASB issued a further amendment to extend the date of the practical expedient from June 30, 2021 to June 30, 2022. Lessees may elect to account for such lease concessions in accordance with the provisions that would apply in the absence of a modification to the lease. This practical expedient often results in the lease concession being recognized as a variable lease payment in the period in which the event or condition that triggers a reduction in lease payments occurs.

**Narrow-scope amendments to IFRS 3, TAS 16, TAS 37 and certain annual improvements to IFRS 1, IFRS 9, TAS 41 and IFRS 16;** effective from annual periods beginning on or after January 1, 2022.

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

- **Amendments to TAS 16 Property, Plant and Equipment;** prohibit an entity from deducting from the amount of property, plant and equipment the proceeds from the sale of products produced until the asset is ready for its intended use. Instead, an entity shall recognize such sales proceeds and the related cost in profit or loss.

- **Amendments to TAS 37 - Provisions, contingent liabilities and contingent assets;** this amendment specifies which costs an entity includes when deciding whether to recognize a loss on a contract.

Annual improvements make minor amendments to IFRS 1 'First-time Adoption of Turkish Financial Reporting Standards', IFRS 9 'Financial Instruments', TAS 41 'Agriculture' and the illustrative examples of IFRS 16.

These standards, amendments and improvements have no impact on the financial position and performance of the Group.

**Standards and amendments issued but not yet effective as at December 31, 2022:**

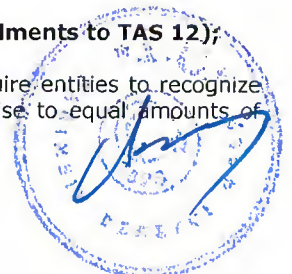
The Group has not yet adopted the following standards, amendments and interpretations to existing standards that are not yet effective:

**Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;**

Effective for annual periods beginning on or after January 1, 2023. These amendments are intended to improve accounting policy disclosures and help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

**Deferred tax related to assets and liabilities arising from a single transaction (Amendments to TAS 12);**

Effective for annual periods beginning on or after January 1, 2023. These amendments require entities to recognize deferred tax on transactions that, when first recognized in the financial statements, give rise to equal amounts of taxable and deductible temporary differences.



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**TFRS 16 – Lease Liability in a sale and leaseback;**

Effective for annual periods beginning on or after January 1, 2024. These amendments include the sale and leaseback provisions in TFRS 16 that clarify how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions where some or all of the lease payments are variable lease payments that are not linked to an index or rate are likely to be affected.

**Non-current liabilities with covenants (Amendment to TAS 1);**

Effective for annual periods beginning on or after January 1, 2024. These amendments clarify how conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability.

**TFRS 17, 'Insurance contracts', as amended in December 2021;**

Effective for annual periods beginning on or after January 1, 2023. This standard replaces TFRS 4, which currently permits a wide range of applications. TFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

These standards, amendments and improvements do not have an impact on the financial position or performance of the Group.

**NOTE 3 -BUSINESS COMBINATIONS**

The Group does not have any transactions concerning business combinations. (December 31, 2021:None)

**NOTE 4-SHARES IN OTHER ENTERPRISES AND BUSINESS PARTNERSHIPS**

The company does not have any business partnerships. (December 31, 2021-None)

**NOTE 5-SEGMENT REPORTING**

As the Group is engaged in one field of activity, no such distinction is made. (December 31, 2021:None)

**NOTE 6-RELATED PARTY DISCLOSURES**

**A- Receivables and Payables**

**a- Trade Receivables**

The Group has no trade receivables from related parties. (December 31, 2021:None)

**b- Trade Payables / Short term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Kafein Yazılım Hizmetleri Tic. A.Ş.	Related Company	-	185.620

Related party status of Kafein Yazılım Hizmetleri Tic. A.Ş. is lost in the current period. Therefore amounts related with this company are not expressed at this section.

**c- Other Receivables/ Short term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cihan Bilgin	Shareholder	1.138.247	-
Receivables from employees	Related Person	133.646	40.795
Receivables from USA Branch	Branch	150.128	144.110
<b>Total</b>		<b>1.422.021</b>	<b>184.905</b>

**d- Prepaid Expenses / Short Term**

<b>Name-Surname/Title</b>	<b>Type of Partnership</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Employee Advances	Related Person	82.002	94.391



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**B-Goods and Service Purchase and Sale**

**a- Purchases of Goods and Service**

The Group does not purchase goods or services from related parties. (December 31, 2021 - None.)

**b-Other**

Name-Surname/Title	Type of Partnership	January 1, December 31, 2022	January 1, December 31, 2021
Kafein Yazılım Hizmetleri Tic. A.Ş.	Related Company	-	196.550

Related party status of Kafein Yazılım Hizmetleri Tic. A.Ş. is lost in the current period. Therefore amounts related with this company are not expressed at this section.

**Sale of Goods and Services**

**a- Service Sales**

The Group does not sell goods or services to related parties. (December 31, 2021 - None.)

**b-Other**

Name-Surname/Title	Type of Partnership	January 1, December 31, 2022	January 1, December 31, 2021
Kafein Yazılım Hizmetleri Tic. A.Ş.	Related Company	-	33.236

Related party status of Kafein Yazılım Hizmetleri Tic. A.Ş. is lost in the current period. Therefore amounts related with this company are not expressed at this section.

**C-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 2021: None)

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

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

	January 1, 2022 December 31, 2022	January 1, 2021 December 31, 2021
Chairman and Members of the Board of Directors	724.890	1.333.669

**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, 2021 - 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, 2021 - None)

**NOTE 7-CASH AND CASH EQUIVALENTS**

	January 1, 2022 December 31, 2022	January 1, 2021 December 31, 2021
Cash	6.422	5.143
Banks	2.800.052	5.224.496
- Time Deposit(*)	774.335	3.212.733
- Demand deposits	2.025.717	2.011.763
<b>Total</b>	<b>2.806.474</b>	<b>5.229.639</b>



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The amount of blocked deposits of the Group as of 31 December 2022 is TL 120.994 TL and 1.500 USD. (December 31, 2021:93.519 TL)

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

**December 31, 2022**

Döviz Cinsi	Interest Rate	TL Equivalent
TL	%3 - %19	774.335

**December 31, 2021**

Döviz Cinsi	Interest Rate	TL Equivalent
USD	%0,2	497.347
TL	%14 - %15	2.715.386
<b>Total</b>		<b>3.212.733</b>

**NOTE 8 – FINANCIAL INVESTMENTS**

	December 31,2022	December 31, 2021
Currency Guaranteed Deposits	153.300	-
Venture Capital Funds	147.410	-
<b>Total</b>	<b>300.710</b>	<b>-</b>

**NOTE 9- FINANCIAL LIABILITIES**

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

	Currency	Interest rate	TL Amount	Accued Interest	Total
<b>Banks Credits</b>					
December 31, 2022 (*)	TL	-	11.396.635	-	11.396.635
December 31, 2021	TL	%19,5	4.537.000	158.986	4.695.986

The Group's amounts regarding bank loans reported in short-term borrowings from non-related parties consist of revolving loans, and due to quarterly interest payments, no accrued interest accrued.

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

	Currency	Interest rate	TL Amount	Accued Interest	Total
<b>Banks Credits</b>					
December 31, 2022	TL	%7,50-%24,24	1.585.615	27.227	1.612.842
December 31, 2021	TL	%12,91-%19,00	1.627.804	13.820	1.641.624
<b>Lease Payables</b>					
December 31, 2022	TL	%9,75	1.365.510		
December 31, 2021	TL	%15,75	1.371.755		

**c) Long Term Borrowings From Unrelated Parties**

	Currency	Interest rate	TL Amount
<b>Banks Credits</b>			
December 31, 2022	TL	%7,50-%24,24	1.087.421
December 31, 2021	TL	%12,91-%19,00	421.139
<b>Lease Payables</b>			
December 31, 2022	TL	%9,75	1.150.620
December 31, 2021	TL	%15,75	1.936.028



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As of 31 December 2022 and 31 December 2021, the maturity of debts arising from bank credits and lease obligations are as follows:

<b>Bank Credits and Lease Obligations</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
0-3 Months	12.478.079	5.506.595
4-12 Months	1.896.908	2.202.770
1-5 years	2.238.041	2.357.167
<b>Total</b>	<b>16.613.028</b>	<b>10.066.532</b>

**d) Other Financial Liabilities**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Credit Card Debts	121.216	21.807

**NOTE 10- TRADE RECEIVABLES AND PAYABLES**

**a- Short term- Trade Receivables**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Trade Receivables	23.590.442	20.453.791
Doubtful Trade Receivables	6.727.691	4.477.758
Provision for Doubtful Trade Receivables(-)	(6.727.691)	(4.477.758)
Expected Losses (-)	(470.083)	(220.098)
<b>Total</b>	<b>23.120.359</b>	<b>20.233.693</b>

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

	<b>December 31,2022</b>	<b>December 31,2021</b>
Opening Balance	4.477.758	796.698
Collected Receivables	-	(5.609)
<i>Provision for Current Period</i>	2.249.933	3.686.669
<b>Total</b>	<b>6.727.691</b>	<b>4.477.758</b>

As of December 31, 2022, the average maturity of trade receivables is 40 days (December 31, 2021:31 days)

As of December 31, 2022, TL 23.120.359 (31 December 2021: TL 20.233.693) of the trade receivables are not overdue or impaired. The maturity information of these receivables is as shown in the chart below:

<b>Maturity</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
1-30 days	5.922.946	9.814.470
1-3 month	6.997.413	10.419.223
3+	10.200.000	-
<b>Total</b>	<b>23.120.359</b>	<b>20.233.693</b>

As of 31 December 2022, there is no overdue but not impaired amount of trade receivables. (31 December 2021 - None)

The Group has no letter of guarantee received in return for trade receivables. (31 December 2021 - 42,050 TL.)

The Group has no notes receivables on December 31, 2022 (December 31, 2021 - None.)

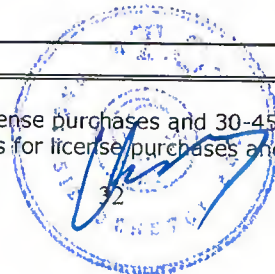
**b. Long-term Trade Payables**

The group does not have long-term trade receivables. (December 31, 2021- None)

**c. Short term Trade payables:**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Suppliers	9.172.713	3.422.146
-Trade Payables to unrelated Parties	9.172.713	3.236.526
-Trade Payables to related Parties	-	185.620
<b>Total</b>	<b>9.172.713</b>	<b>3.422.146</b>

Average term of trade payables is 90 days for license purchases and 30-45 days for service purchases. (December 31 2021 - Average term of trade payables is 90 days for license purchases and 30-45 days for service purchases)





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**b) Long-term Trade Payables**

There are no long-term trade payables from related parties. (December 31, 2021 – None.)

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

**NOTE-11 RECEIVABLES AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS**

**a- Receivables Arising From Short Term Customer Contracts**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Contract Assets Arising from Sales of Goods and Services	3.561.149	-

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- Receivables Arising From Long Term Customer Contracts**

There are no receivables arising from long term customer contracts (December 31, 2021 – None.)

**c- Liabilities Arising Due to Short Term Customer Contracts**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Contract Obligations Arising from Sales of Goods and Services	273.493	2.365.300

Contractual Obligations Arising from Sales 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.

**d- Liabilities Arising Due to Long Term Customer Contracts**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Contract Obligations Arising from Sales of Goods and Services	110.906	-

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

**NOTE 12-PAYABLES/RECEIVABLES FROM FINANCIAL SECTOR ACTIVITIES**

The Group has no receivables or payables attributable to finance sector activities. (December 31, 2021 - None.)

**NOTE 13-OTHER RECEIVABLES AND PAYABLES**

**a-Short-term Other Receivables**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Other Receivables	98.435	57.640
Receivables from Related Parties	1.422.021	184.905
- <i>Receivables from Shareholders</i>	1.138.247	-
- <i>Receivables from Employee</i>	133.646	40.795
- <i>Receivables from US Branch</i>	150.128	144.110
Other Doubtful Receivables	113.303	109.818
Provision for Other Doubtful Receivables (-)	(113.303)	(109.818)
<b>Total</b>	<b>1.520.456</b>	<b>242.545</b>

The Group has allocated provisions for other doubtful receivables of TL 113.303 for other receivables with doubtful receivables in the current period. (31.12.2021 – 109.818 TL)



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**b- Long-term Other Receivables**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Deposits and Guarantees Given	77.871	12.721

**c- Short-term Other Payables**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Other Miscellaneous Payables	69.523	20.941
Taxes and Funds Payables	204.975	1.011.295
Overdue, Deferred and Restructured Taxes and Other Payables(*)	-	98.255
Other Liabilities Payable	18.775	12.413
<b>Total</b>	<b>293.273</b>	<b>1.142.904</b>

(\*) The Group has benefitted from the corporate tax base increase application of Law no.6736.

**d- Long-term Other Payables**

The Group has no long-term other payables. (December 31, 2021 - None.)

**NOTE 14-LIABILITIES REGARDING EMPLOYEE BENEFITS**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Payables to Employee	2.291.071	2.305.882
Taxes, Fees and Deductions Payable	172.122	109.221
Social Security Premiums Payable	804.014	595.269
<b>Total</b>	<b>3.267.207</b>	<b>3.010.372</b>

**NOTE 15-DERIVATIVE INSTRUMENTS**

The Group has no derivative instrument. (December 31, 2021- None.)

**NOTE 16-INVENTORIES**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Trade Goods (*)	106.142	-

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

**NOTE 17-ALIVE ASSETS**

Alive assets are not a part of the Group's main area of activity. (December 31, 2021- None)

**NOTE 18-PREPAID EXPENSES AND DEFERRED INCOME**

**a- Short Term Prepaid Expenses**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Advances Given	3.001.831	358.622
Expenses for Future Months	1.107.627	663.448
Business Advances	18.419	20.012
Prepaid Expenses to Related Parties (Note:6)	93.488	103.953
Prepaid expense provision given to related parties(Note:6)	(11.486)	(9.562)
Prepaid Expenses Provision	(2.531)	(55.936)
<b>Total</b>	<b>4.207.348</b>	<b>1.080.537</b>

**b- Long Term Prepaid Expenses**

The Group has no long-term prepaid expenses. (December 31, 2021 - None.)

**c-Deferred Income**

The Group has no deferred income. (December 31, 2021 - None.)



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**NOTE 19 – GOVERNMENT INCENTIVES AND GRANTS**

The Group receives incentives for its TUBITAK (Scientific and Technological Research Council of Turkey) projects related to R & D activities. The incentive to be received is not recorded as income in the first accounting records and is recorded as income in proportion to the amortisation of the R & D investment. R&D assistance to be written as income in the future is reported in short and long term "Government Incentives and Grants" account items in the balance sheet.

The company subjected the R&D projects within the scope of the incentive to an impairment test and allocated provisions on net value. Incentives for the upcoming period of R&D projects for which provision is made for impairment have also been recorded as income in the current period.

<b>Short-Term Government Incentives and Grants</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
Government Incentives and Grants	156.903	130.303

<b>Long-Term Government Incentives and Grants</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
Government Incentives and Grants	418.118	449.629

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

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

<b>Social Security Institution (SSI) Incentives</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
Incentive benefitted as per law no. 5510	1.739.896	1.236.402
Incentive benefitted as per law no. 5746	2.241.461	1.406.648
Incentive benefitted as per law no. 4857	15.687	6.654
Incentive benefitted as per law no. 6111	72.814	27.385
Incentive benefitted as per law no. 7103	111.760	-
<b>Total</b>	<b>4.181.618</b>	<b>2.677.089</b>

<b>VAT, Income Tax and Stamp Tax related Incentives</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
VAT incentive benefitted	5.339.847	2.976.445
Income tax and Stamp tax incentive benefitted	6.159.047	4.925.942
<b>Total</b>	<b>11.498.894</b>	<b>7.902.387</b>

**NOTE 20 – PERIOD PROFIT - TAX LIABILITY**

<b>Corporate Tax Provision</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
Current Period Legal Tax Provision	-	-
Prepaid Taxes (-)	(3.118)	(8.184)
<b>Total net tax payable</b>	<b>(3.118)</b>	<b>(8.184)</b>

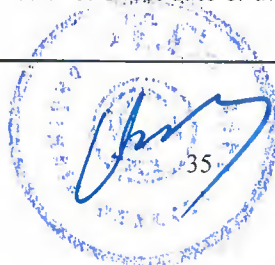
<b>Tax calculated over incentive and deductions</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
Tax provision (*)	2.195.862	-

(\*) Group reported % 10 tax which is calculated over incentives and deductions summed in corporate tax calculation according to Law no.7440 (published in Official Gazette in March 12, 2023)

**NOTE 21-ASSETS RELATED TO CURRENT PERIOD TAX**

The tax amounts to be refunded as of the balance sheet date of the Group are as follows:

	<b>December 31,2022</b>	<b>December 31,2021</b>
Prepaid Taxes	3.118	8.184



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**NOT 22- OTHER CURRENT ASSETS /OTHER FIXED ASSETS**

**a- Other Current Assets**

	<b>December 31,2022</b>	<b>December 31,2021</b>
Deferred VAT	885.295	27.794

**b- Other Fixed Assets**

The Group does not have any other fixed assets as of December 31, 2022. (December 31, 2021 - None.)

**NOTE 23-OTHER LIABILITIES**

The Group does not have any other liabilities as of December 31, 2022. (December 31, 2021- None.)

**NOTE 24-PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**a.Collaterals, pledges and mortgages acquired by the Company**

There are no collaterals, pledges and mortgages acquired by the Group. (December 31, 2021- Group has TL 42.050 guarantee within the scope of the Group's Computer Aided Facility Management Services Project)

**b.Collaterals, pledges and mortgages given by the Company**

	<b>December 31,2022</b>	<b>December 31,2021</b>
<b>A. CPM Given On Behalf of Its Own Legal Entity</b>		
Letters of Guarantee (TL)	675.861	1.269.000
Letters of Guarantee(USD)	4.019	4.019
Pledge	-	2.500
Mortgage	-	-
Cash Collaterals	-	-
<b>B. Total amount of "CPM" Given to the Benefit of Subsidiaries Included Within the Full Consolidation</b>	-	-
<b>C. Total amount of "CPM" Given for the Purpose of Covering the Debt of other 3<sup>rd</sup> party people in order to Execute Regular Trade Activities</b>	-	-
<b>D. Total of Other CPM's</b>	-	-

**NOTE 25-INVESTMENT VALUED BY EQUITY METHOD**

The Group has no investment valued by equity method. (December 31, 2021 – None.)

**NOTE 26-INVESTMENT PROPERTY**

The Group does not have investment properties.(December 31, 2021 – None.)

**NOTE 27-TANGIBLE FIXED ASSETS**

<b>Cost Value</b>	<b>January 1, 2022</b>	<b>Purchases</b>	<b>Outputs (-)</b>	<b>December 31, 2022</b>
Fixtures	1.790.909	530.855	-	2.321.764
Special Cost	481.422	16.605	-	498.027
<b>Total</b>	<b>2.272.331</b>	<b>547.460</b>	<b>-</b>	<b>2.819.791</b>
<b>Accumulated Depr.Value</b>	<b>January 1, 2022</b>	<b>Period expense</b>	<b>Outputs (-)</b>	<b>December 31, 2022</b>
Fixtures	1.399.137	236.963	-	1.636.100
Special Cost	197.821	65.495	-	263.316
<b>Total</b>	<b>1.596.958</b>	<b>302.458</b>	<b>-</b>	<b>1.899.416</b>



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<b>Net Book Value</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Fixtures	391.772	685.664
Special Cost	283.601	234.711
<b>Total</b>	<b>675.373</b>	<b>920.375</b>

<b>Cost Value</b>	<b>January 1, 2021</b>	<b>Purchases</b>	<b>Outputs (-)</b>	<b>December 31, 2021</b>
Fixtures	1.528.382	311.773	(49.246)	1.790.909
Special Cost	169.843	311.579	-	481.422
<b>Total</b>	<b>1.698.225</b>	<b>623.352</b>	<b>(49.246)</b>	<b>2.272.331</b>

<b>Accumulated Depr.Value</b>	<b>January 1, 2021</b>	<b>Period expense</b>	<b>Outputs (-)</b>	<b>December 31, 2021</b>
Fixtures	1.235.730	202.352	(38.945)	1.399.137
Special Cost	162.578	35.243	-	197.821
<b>Total</b>	<b>1.398.308</b>	<b>237.595</b>	<b>(38.945)</b>	<b>1.596.958</b>

<b>Net Book Value</b>	<b>January 1, 2020</b>	<b>December 31, 2021</b>
Fixtures	292.652	391.772
Special Cost	7.265	283.601
<b>Total</b>	<b>299.917</b>	<b>675.373</b>

*Distribution of Depreciation and Amortization Regarding Tangible Fixed Assets, Intangible Fixed Assets and Right of Use Assets:*

<b>Tangible Fixed Assets</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Research and Development Expenses	162.294	172.673
General and administrative expenses	140.164	64.922
<b>Total</b>	<b>302.458</b>	<b>237.595</b>
<b>Intangible Fixed Assets</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Cost of services	4.844.381	5.054.499
Research and Development Expenses	8.300.561	9.570.486
General and administrative expenses	872	1.127
<b>Total</b>	<b>13.145.814</b>	<b>14.626.112</b>
<b>Right of Use Assets</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Cost of services	44.696	5.626
Marketing, Sales and Distr.expenses	16.302	9.553
General and administrative expenses	327.491	423
R&D capitilization	1.162.004	1.121.818
<b>Total</b>	<b>1.550.493</b>	<b>1.137.420</b>
<b>Grand Total</b>	<b>14.998.765</b>	<b>16.001.127</b>

**Pledges and Mortgages on Assets**

There are no pledges and mortgages on the tangible assets detailed above. (December 31, 2021- None)

**NOTE 28 – INTANGIBLE ASSETS**

<b>Cost Value</b>	<b>January 1, 2022</b>	<b>Purchases</b>	<b>Impairment (*)</b>	<b>December 31, 2022</b>
Computer Software	38.295	6.054	-	44.349
Capitalized Development Costs	96.265.755	34.412.781	(8.633.342)	122.045.194
Other Intangible Fixed Assets	4.965	-	-	4.965
Goodwill (*)	10.294.528	-	(5.638.616)	4.655.912
<b>Total</b>	<b>106.603.543</b>	<b>34.418.835</b>	<b>(14.271.958)</b>	<b>126.750.420</b>

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<b>Accumulated Depr.Value</b>	<b>January 1, 2022</b>	<b>Period expense</b>	<b>Impairment (*)</b>	<b>December 31, 2022</b>
Computer Software	28.327	872	-	29.199
Capitalized Development Costs	46.069.251	13.144.624	-	59.213.875
Other Intangible Fixed Assets	4.647	318	-	4.965
<b>Total</b>	<b>46.102.225</b>	<b>13.145.814</b>	<b>-</b>	<b>59.248.039</b>

<b>Net Book Value</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>
Computer Software	9.968	15.150
Capitalized Development Costs	50.196.504	62.831.319
Other Intangible Fixed Assets	318	-
Goodwill	10.294.528	4.655.912
<b>Toplam</b>	<b>60.501.318</b>	<b>67.502.381</b>

<b>Cost Value</b>	<b>January 1, 2021</b>	<b>Purchases</b>	<b>Impairment (*)</b>	<b>December 31, 2021</b>
Computer Software	44.995	-	(6.700)	38.295
Capitalized Development Costs	74.952.833	23.338.161	(2.025.239)	96.265.755
Other Intangible Fixed Assets	4.965	-	-	4.965
<b>Total</b>	<b>75.002.793</b>	<b>23.338.161</b>	<b>(2.031.939)</b>	<b>96.309.015</b>

<b>Accumulated Depr.Value</b>	<b>January 1, 2021</b>	<b>Period expense</b>	<b>Impairment (*)</b>	<b>December 31, 2021</b>
Computer Software	28.875	1.127	(1.675)	28.327
Capitalized Development Costs	31.444.648	14.624.603	-	46.069.251
Other Intangible Fixed Assets	4.265	382	-	4.647
<b>Total</b>	<b>31.477.788</b>	<b>14.626.112</b>	<b>(1.675)</b>	<b>46.102.225</b>

<b>Net Book Value</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>
Computer Software	16.120	9.968
Capitalized Development Costs	43.508.185	50.196.504
Other Intangible Fixed Assets	700	318
Goodwill	10.294.528	10.294.528
<b>Total</b>	<b>53.819.533</b>	<b>60.501.318</b>

The Group periodically reviews the useful lives of capitalized development costs and recognizes impairment losses for projects with weakened sales potential. The amount of impairment recognized in this context is TL 8.633.342. (December 31, 2021 - TL 2.025.239)

**-GOODWILL**

With the Management Decision dated 27.09.2019, Smartiks Yazılım A.Ş. purchased the whole (100%) of 3.000.000 shares (100%) of Compello Bilgi Teknoloji Hizmetleri ve Ticaret A.Ş. with a paid capital of 3.000.000 TL for 13.940.000 TL. Of the capital, 150.000 is group A, 150.000 is group B and 2.700.000 is group C shares. As a result of this acquisition made in 2019, TL 10.294.528 goodwill was born.

The Group tests for impairment of goodwill every year or in shorter periods in the case of situations indicating impairment. Test for impairment of goodwill is made considering 9-year projections of Compello prepared by management, for the periods of January 1, 2023 and December 31, 2031.

The Group has calculated the value in use of the cash generating unit to which the goodwill amount is related by using the Discounted Cash Flow method and recognized an impairment loss amounting to TL 5.638.616 and the amount of goodwill recognized in the balance sheet is TL 4.655.912 (10.294.528-5.638.616=).

The key assumptions used in the calculation of recoverable amounts are discount rates, terminal growth rates and EBITDA (Earnings before interest, tax, depreciation and amortization) growth rates.



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The values used in the assumptions are based on the Group Management's assessment of future trends in the software industry, the Company's past financial performance and general economic conditions.

**NOTE 29 – RIGHT-OF-USE ASSETS**

The balance of the right of use assets as of December 31, 2022 and December 31, 2021 the depreciation and amortization expenses for the relevant period are as follows;

<b>Net Value</b>	<b>January 1, 2022</b>	<b>Addition</b>	<b>Deduction/ Correction</b>	<b>December 31, 2022</b>
Right of Use Assets	4.606.852	572.106	(135.980)	5.042.978
Accumulated Depreciation	(1.742.853)	(1.550.493)	606.439	(2.686.907)
<b>Net Book Value</b>	<b>2.863.999</b>			<b>2.356.071</b>

The interest expense in the lease obligations is 270.761 TL.

<b>Net Value</b>	<b>January 1, 2021</b>	<b>Addition</b>	<b>Deduction/ Correction</b>	<b>December 31, 2021</b>
Right of Use Assets	4.109.838	2.946.816	(2.449.802)	4.606.852
Accumulated Depreciation	(2.107.176)	(1.137.420)	1.501.743	(1.742.853)
<b>Net Book Value</b>	<b>2.002.662</b>			<b>2.863.999</b>

The interest expense in the lease obligations is 409.529 TL.

**NOTE 30-SHORT/LONG-TERM PROVISIONS**

**a- Short Term Provisions**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Short-Term Provisions for Employee Benefits (*)	1.623.465	1.663.935
Other Short Term Provisions (**)	2.955.020	-
<b>Total</b>	<b>4.578.485</b>	<b>1.663.935</b>

(\*)Short Term Provisions for Employee Benefits

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Provisions for unused leave	1.623.465	1.663.935

As of December 31, 2022, the Group has allocated TL 1.623.465 as a result of unused leave. (December 31, 2021: 1.663.935 TL)

The movements of unused leave fees are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Opening Balance, January 1	1.663.935	658.121
Increase in Current Year(+)	(40.470)	1.005.814
<b>Provision as of December, 31</b>	<b>1.623.465</b>	<b>1.663.935</b>

(\*\*) Other Short Term Provisions

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Law-suit Provisions	2.955.020	-

**Seniority Incentive Bonus**

As of 31 December 2022, there is no liability amount related to seniority incentive bonus. (December 31, 2021- None)

**Other**

The Company does not have any provision for social aid raise payments and tax risks (December 31, 2021 - None)

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

**-Provision for Severance Pay**

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

Severance payments are calculated based on one month salary per annum. As of the date of the balance sheet, severance payment to be paid is subjected to a ceiling amount of 15.371 TL (December 31, 2021-8.285 TL).

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

Main assumption is an increase in maximum liability for each service year in parallel to inflation rate. Therefore, the discount rate being applied implies the anticipated real interest rate after the adjustment of inflation effects in future.

The liabilities in the attached financial statements as of the dates December 31, 2022 and December 31, 2021 are calculated through the estimation of the present value for the potential liabilities in future arising from the retirements of the employees.

The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 17,95 % (December 31, 2021 - % 14,55) and an interest rate of 19,04 % (December 31, 2021- % 15,75), resulting in a real discount rate of approximately 0,92 %(31 December, 2021 - % 1,03).

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Provision for severance pay	2.943.183	2.114.993
<b>Severance Pay Movements</b>		
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Opening Balance	2.114.993	2.025.112
Service Costs	659.031	82.624
Revaluation gains(losses) in defined benefit plans	484.745	154.701
Interest Cost	181.955	184.213
Payment (-)	(497.541)	(331.657)
<b>End of the Period</b>	<b>2.943.183</b>	<b>2.114.993</b>

**NOTE 31- EQUITY**

**A-Paid-in Capital**

The Company 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 13.10.2017 and numbered 37/1252.

At the Board of Directors meeting dated 18.10.2021 and numbered 2021/20, it was decided to apply to the Capital Markets Board and the Ministry of Trade in order to complete the legal procedures related to the increase of the existing registered capital ceiling of TL 50.000.000, valid for the years 2017-2021, to TL 100.000.000, valid for the years 2021-2025 (5 years), since the validity period of the Company's existing registered capital ceiling expires at the end of 2021. On 18.11.2021, the Capital Markets Board and the Ministry of Trade approved the extension of the validity period of the Company's registered capital ceiling to 2025 and the increase of the registered capital ceiling to TL 100.000.000.

As of December 31, 2022, capital of the company is divided into 31.862.500 shares (December 31, 2021: 31.862.500 shares), each with a nominal value of 1 (one) Turkish Lira (December 31, 2021: 1 TL each). All shares issued were paid in cash.





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The Company's issued capital structure as of December 31, 2022 and December 31, 2021 is as follows:

Shareholders	December 31, 2022		December 31, 2021	
	Share Rate %	Share Amount	Share Rate %	Share Amount
Kafein Yazılım Hizmetleri Ticaret A.Ş.	-	-	6,43	2.050.000
Serkan Karahanoğlu	-	-	0,25	80.000
Ece Alkan	0,25	80.000	-	-
Cihan Bilgin	6,42	2.045.000	-	-
Shares Publicly Held	93,33	29.737.500	93,32	29.732.500
<b>Paid-in Capital</b>	<b>100</b>	<b>31.862.500</b>	<b>100</b>	<b>31.862.500</b>

Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi transferred a total of 2.045.000 (6,42%) registered privileged shares (982.500 Group A shares and 1.062.500 Group B shares) in Smartiks Yazılım Anonim Şirketi to Mad Yazılım ve Teknoloji Yatırımları Anonim Şirketi for TL 16.000.000 with a price of TL 7,824 per share outside the stock exchange.

As a result of the aforementioned acquisition transaction, Mad Yazılım ve Teknoloji Yatırımları A.Ş.'s share in the Company's capital has become 6,42% and its voting rights due to preferred shares has become 49,79%.

At the Board of Directors meeting dated 18.05.2022 and numbered 2022/19, Mad Yazılım ve Teknoloji Yatırımları A.Ş.'s total of 2.045.000 (6,42%) registered privileged shares (982.500 Group A shares and 1.062.500 Group B shares) in Smartiks Yazılım A.Ş. were transferred to Cihan Bilgin for TL 16.800.000 at a price of TL 8,2151 per share outside the stock exchange.

All 80.000 Group A registered shares of Serkan Karahanoğlu were transferred to Ece Alkan with the decision of the Board of Directors dated 08.08.2022.

**b-Share Premiums (Discounts)**

	December 31, 2022	December 31, 2021
Share Premiums	15.791.850	15.791.850

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

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

	December 31, 2022	December 31, 2021
Opening Balance	(273.418)	(149.657)
Revaluation gains(losses) in defined benefit plans	(484.745)	(154.701)
Deferred Tax Expense / Income	96.949	30.940
<b>Net Actuarial Gains / Losses</b>	<b>(661.214)</b>	<b>(273.418)</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.

	December 31, 2022	December 31, 2021
Legal Reserves	1.951.846	1.776.843
Venture Capital Fund	140.000	-
<b>Total</b>	<b>2.091.846</b>	<b>1.776.843</b>

**e-Previous Year Profits / Losses**

Retained earnings consist of previous year profits, extraordinary reserves and previous years' losses, if any.

	December 31, 2022	December 31, 2021
Previous Years' Profits/(Losses)	19.432.034	15.933.305



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**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 32-REVENUE AND COST OF SALES**

	<b>January 1,2022</b>	<b>January 1,2021</b>
	<b>December 1,2022</b>	<b>December 1,2021</b>
Domestic Sales	55.731.397	31.750.986
Overseas Sales	6.321.152	5.072.307
Other Income	398.734	451.117
Returned Sales (-)	(3.431.803)	(909.759)
<b>Net Sales</b>	<b>59.019.480</b>	<b>36.364.651</b>
Cost of Merchandise Sold(-)	(14.084.200)	(13.132.856)
Cost of Service Sold(-)	(2.572.976)	(2.585.993)
<b>Cost of Sales (-)</b>	<b>(16.657.176)</b>	<b>(15.718.849)</b>
<b>Gross Profit / (Loss)</b>	<b>42.362.304</b>	<b>20.645.802</b>

	<b>January 1,2022</b>	<b>January 1,2021</b>
	<b>December 1,2022</b>	<b>December 1,2021</b>
<b>Details of Cost of Service Sold</b>		
Staff Wages Expenses	(4.458.676)	(6.776.853)
Depreciation Expenses	(4.889.077)	(5.060.125)
Mobile Phone Expenses	(5.582)	(1.946)
Fuel Expenses	(17.394)	(1.362)
License Costs	(3.606.606)	(321.258)
Project Expenses	(596.382)	(303.742)
Building and Vehicle Rent Expenses	(4.751)	(85.324)
Domestic and International Travel Expenses	(73.861)	(1.996)
Consulting Expenses	(264.138)	(391.600)
Various Expenses	(167.733)	(188.650)
<b>Total</b>	<b>(14.084.200)</b>	<b>(13.132.856)</b>

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

	<b>January 1,2022</b>	<b>January 1,2021</b>
	<b>December 1,2022</b>	<b>December 1,2021</b>
General administrative expenses (-)	(7.390.228)	(3.727.186)
Marketing, Sales and Distribution Expenses (-)	(349.042)	(145.159)
Research and Development Expenses (-)	(9.152.429)	(11.444.982)
<b>Total</b>	<b>(16.891.699)</b>	<b>(15.317.327)</b>



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<b>a- General Management Expenses</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Staff Wages Expenses	(3.749.941)	(2.043.200)
Depreciation Expenses	(468.527)	(66.472)
Transportation and Vehicle Expenses	(186.925)	(28.341)
Subscription and Membership Expenses	(47.261)	(33.946)
Maintenance Repair Expenses	(49.301)	(11.038)
Travel, Accommodation, Food Expenses	(174.429)	(27.449)
Consultancy Expenses	(1.262.609)	(739.355)
Communication, Postal and Cargo Expenses	(107.847)	(75.076)
Taxes, Duties and Charges	(227.177)	(82.244)
Stationary and Printing Expenses	(10.395)	(9.009)
Insurance Expenses	(1.195)	(8.471)
Rent Expenses	(209.052)	(103.526)
Small Fixtures	(36.376)	(17.352)
Various Expenses	(358.734)	(185.624)
BIST Fees and Other	(264.703)	(185.770)
Human Resources Expenses	(235.756)	(110.313)
<b>Total</b>	<b>(7.390.228)</b>	<b>(3.727.186)</b>

<b>b- Marketing, Sales and Distribution Expenses</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Staff Wages Expenses	(221.496)	(22.225)
Depreciation Expenses	(16.302)	(9.553)
Vehicle Expenses	(2.542)	(4.129)
Transportation and Accommodation Expenses	(1.909)	(4.062)
Food and Beverage Expenses	(4.522)	(7.426)
System Support Expenses	(94.473)	(68.505)
Various Expenses	(7.798)	(29.259)
<b>Total</b>	<b>(349.042)</b>	<b>(145.159)</b>

<b>c- Research and Development Expenses</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Staff expenses	(689.574)	(1.701.823)
Depreciation Expenses	(8.462.855)	(9.743.159)
<b>Total</b>	<b>(9.152.429)</b>	<b>(11.444.982)</b>

**NOTE 34-EXPENSES CLASSIFIED ACCORDING TO TYPE**

<b>a- Depreciation and Amortization Expenses (-)</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Service Costs	(4.889.077)	(5.060.125)
Research and Development Expenses	(8.462.855)	(9.743.159)
General and administrative expenses	(468.527)	(66.472)
Marketing, Sales and Distribution Expenses	(16.302)	(9.553)
<b>Total</b>	<b>(13.836.761)</b>	<b>(14.879.309)</b>

<b>b-Employee Expenses (-)</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Service Costs	(4.458.676)	(6.776.853)
Research and Development Expenses	(689.574)	(1.654.619)
General and administrative expenses	(3.749.941)	(2.043.200)
Marketing, Sales and Distribution Expenses	(221.496)	(22.225)
<b>Total</b>	<b>(9.119.687)</b>	<b>(10.496.897)</b>

**NOTE 35-OTHER OPERATING INCOME/EXPENSES**

<b>a- Other Operating Income</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Exchange Rate Difference Income from Operations	5.661.895	5.952.791
Provisions No Longer Required	1.016.298	769.491
Other Income	674.122	143.587
<b>Total</b>	<b>7.352.315</b>	<b>6.865.869</b>



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<b>b- Other Operating Expenses</b>	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Comission Expenses	-	(31.000)
Provision for Lawsuits and Doubtful Receivables	(6.092.979)	(3.612.848)
Provision for Project Impairment	(8.633.342)	(2.025.239)
Exchange Rate Difference Expense from Operations	(2.915.248)	(1.077.809)
Law-suit Provisions	(2.955.020)	-
Other expenses	(761.302)	(792.214)
<b>Total</b>	<b>(21.357.891)</b>	<b>(7.539.110)</b>

**NOTE 36-INCOME FROM INVESTING ACTIVITIES**

	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Securities Sales Income	1.276	8.381
Currency Guaranteed Deposits Interest Income	16.936	-
<b>Total</b>	<b>18.212</b>	<b>8.381</b>

**NOTE 37- EXPENSES DUE TO INVESTING ACTIVITIES**

	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Impairment of Goodwill	(5.638.616)	-

Group's explanations related with impairment of goodwill is preseneted in Note 28.

**NOTE 38-FINANCIAL INCOME**

	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Deposit Interest Income	377.008	125.220

**NOTE 39-FINANCIAL EXPENSES**

	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Interest Expenses	(2.346.844)	(1.403.115)
Bank Commissions and Expenses	(458.702)	(146.460)
<b>Total</b>	<b>(2.805.546)</b>	<b>(1.549.575)</b>

**NOTE 40-ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

As of the balance sheet date, the Group do not have any assets held for sale or discontinued operations. (December 31 2021 – None.)

**NOTE 41-ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS**

**Revaluation gains (losses) in defined benefit plans**

	<b>January 1,2022 December 1,2022</b>	<b>January 1,2021 December 1,2021</b>
Revaluation gains (losses) in defined benefit plans	(484.745)	(154.701)
Deferred Tax Expense / Income	96.949	30.940
<b>Net Actuarial Gains / Losses</b>	<b>(387.796)</b>	<b>(123.761)</b>



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

<b>Current Tax Liability / Asset</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current Period Tax Provision	-	-
Prepaid Taxes (-)	(3.118)	(8.184)
<b>Total Net Tax Payable(Return)</b>	<b>(3.118)</b>	<b>(8.184)</b>

<b>Tax calculated over incentive and deductions</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Tax provision (*)	2.195.862	-

(\*) Group reported % 10 tax which is calculated over incentives and deductions summed in corporate tax calculation according to Law no.7440 (published in Official Gazette in March 12, 2023)

<b>Tax Expense in Profit or Loss Statement</b>	<b>January 1, 2022</b>	<b>January 1, 2021</b>
	<b>December 1, 2022</b>	<b>December 1, 2021</b>
Current Period Legal Tax Provision (-)	-	-
Tax calculated over incentive and deductions	(2.195.862)	-
Deferred Tax Income/(Expense)	5.640.721	574.472
<b>Total Tax Expense</b>	<b>3.444.859</b>	<b>574.472</b>

**A. Period Income Tax Liability**

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

Corporate tax rate is % 23 for 2022 and %20 for 2023 in Turkey.

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

Under provisional Article 2, which was replaced with the article 14 of the law no. 6676 that was added to the Technology Development Zones law numbered 691 with the article 44 of the law n. 5035, article 44 of the law no. 5035, the earnings of corporate taxpayers operating in technology development zones, which are exclusively obtained from the software, design and R&D activities, are exempted from income and corporate tax until 31/12/2023.

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

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

**B. Deferred Tax Asset and Liability**

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

Tax rate used in calculating deferred tax assets and liabilities is 20% (December 31, 2021: %23)

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



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<b>Deferred Tax Assets / Liabilities:</b>	<b>December 31,2022</b>	<b>December 31,2021</b>
Provision for severance pay	588.636	422.999
Allowances	324.693	382.705
Tangible and Intangible Fixed Assets	2.500.078	646.863
Provision for Doubtful Receivables	193.062	229.502
Expected Credit Loss	94.016	43.394
Tübitak Incentive Income	(293.635)	(295.416)
R&D Discount Tranferred	4.656.480	717.226
The Effect of Amortized Cost Method on Loans	27.794	69.096
Exchange Differences	(808.611)	-
Payables from Leasing Transactions	(505.370)	37.025
Inventories	688.087	-
Law-suit provisions	591.004	-
Interest Disc.Related with Monetary Capital Increases	-	156.315
Other	98.366	7.221
<b>Total</b>	<b>8.154.600</b>	<b>2.416.930</b>

The movement of deferred tax assets / (liabilities) for the year ended 31 December 2022 and 31 December 2021 is as follows:

	<b>January 1,2022</b>	<b>January 1,2021</b>
	<b>December 1,2022</b>	<b>December 1,2021</b>
Opening Balance as of 1 January	2.416.930	1.811.518
Deferred Tax Income / Expense of the Period	5.640.721	574.472
Reflected in Comprehensive Income	96.949	30.940
<b>Closing Balance</b>	<b>8.154.600</b>	<b>2.416.930</b>

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

<b>Reconciliation of tax provision:</b>	<b>January 1,2022</b>	<b>January 1,2021</b>
	<b>December 1,2022</b>	<b>December 1,2021</b>
Continuing Operations Profit / Loss Before Tax	3.416.087	3.239.260
Corporate Tax Rate	23 %	25 %
<b>Calculated Tax</b>	<b>(785.700)</b>	<b>(809.815)</b>
<b>Tax Effect</b>		
Disallowable expenses	(132.705)	(88.782)
Discounts and Exceptions	5.050.484	1.803.301
Other	1.508.642	(330.232)
<b>Total Tax Effect</b>	<b>6.426.421</b>	<b>1.384.287</b>
<b>Tax calculated over incentive and deductions</b>	<b>(2.195.862)</b>	<b>-</b>
<b>Tax Expense in Income Statement</b>	<b>3.444.859</b>	<b>574.472</b>

**NOTE 43-EARNINGS PER SHARE**

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

	<b>January 1,2022</b>	<b>January 1,2021</b>
	<b>December 1,2022</b>	<b>December 1,2021</b>
Net Profit / Loss	6.860.946	3.813.732
Number of shares	31.862.500	31.862.500
<b>Profit / loss per share</b>	<b>0,22</b>	<b>0,12</b>



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

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

**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:

	<b>December 1,2022</b>	<b>December 1,2021</b>
Total Liabilities	40.144.387	24.387.921
Minus: Cash and Cash Equivalents	2.806.474	5.229.639
<b>Net Liability</b>	<b>37.337.913</b>	<b>19.158.282</b>
Total equity Capital	75.377.962	68.904.812
<b>Ratio for Net Liability /Total Capital</b>	<b>0,50</b>	<b>0,28</b>

**b) Loans and Receivables Risk Management:**

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

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

<b>December 31, 2022</b>	<b>Receivables</b>				<b>Bank Deposits</b>	<b>Cash and Cash Equiv</b>
	<b>Trade Receivables</b>		<b>Other Receivables</b>			
	<b>Related Party</b>	<b>Other Party</b>	<b>Related Party</b>	<b>Other Party</b>		
<b>Maximum Credit Risk Sustained as of Reporting Date (A+B+C+D)</b>	-	<b>23.120.359</b>	<b>1.422.021</b>	<b>176.306</b>	<b>2.800.052</b>	<b>6.422</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	-	23.590.442	1.422.021	176.306	2.800.052	6.422
B. Net book value of assets overdue but not undergone impairment	-	-	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	6.727.691	-	113.303	-	-
- Impairment (-)	-	(6.727.691)	-	(113.303)	-	-
- Undued (Gross book value)	-	-	-	-	-	-
-Impairment (-)	-	(470.083)	-	-	-	-
-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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The Company does not have any assets that are overdue but not impaired as of December 31, 2022.

December 31, 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>	-	20.233.693	184.905	70.361	5.224.496	5.143
- 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	-	20.453.791	184.905	70.361	5.224.496	5.143
B. Net book value of assets overdue but not undergone impairment	-	-	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	4.477.758	-	109.818	-	-
- Impairment (-)	-	(4.477.758)	-	(109.818)	-	-
- Undued (Gross book value)	-	-	-	-	-	-
-Impairment (-)	-	(220.098)	-	-	-	-
-Part of the net value secured by means of guarantee, etc.	-	-	-	-	-	-
D. Elements containing credit risk outside the statement of financial position	-	-	-	-	-	-

The Company does not have any assets that are overdue but not impaired as of December 31, 2021.

**c) Liquidity Risk Management:**

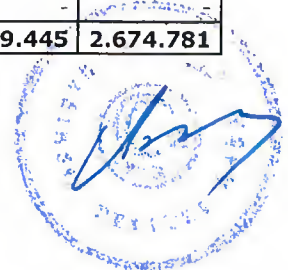
Group is entitled to utilize banks, its sellers and shareholders as funding source. Company continuously assesses liquidity risk determining and following the changes in the conditions of the funding which is required to achieve the targets set according to group strategy.

**December 31, 2022**

Terms as per contract	Book value	Sum of Cash Output as per contract (=I+II+III-IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
<b>Non-derivative Fin. Liabilities</b>					
Bank credits	14.096.898	14.638.457	12.185.882	1.246.607	1.205.968
Payables from Leasing	2.516.130	2.768.761	461.249	1.088.118	1.219.394
Other Financial Liabilities	121.216	121.216	121.216	-	-
Trade Payables	9.172.713	9.172.713	9.172.713	-	-
Other Payables	293.273	293.273	293.273	-	-
Liab. Under Employee Benefits	3.267.207	3.267.207	3.267.207	-	-
<b>Total Liabilities</b>	<b>29.467.437</b>	<b>30.261.627</b>	<b>25.501.540</b>	<b>2.334.725</b>	<b>2.425.362</b>

**December 31, 2021**

Terms as per contract	Book value	Sum of Cash Output as per contract (=I+II+III-IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
<b>Non-derivative Fin. Liabilities</b>					
Bank credits	6.758.749	6.910.802	5.321.133	1.161.773	427.897
Payables from Leasing	3.307.783	3.991.456	456.900	1.287.672	2.246.884
Other Financial Liabilities	21.807	21.807	21.807	-	-
Trade Payables	3.422.146	3.422.146	3.422.146	-	-
Other Payables	1.142.904	1.142.904	1.142.904	-	-
Liab. Under Employee Benefits	3.010.372	3.010.372	3.010.372	-	-
<b>Total Liabilities</b>	<b>17.663.761</b>	<b>18.499.487</b>	<b>13.375.262</b>	<b>2.449.445</b>	<b>2.674.781</b>





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

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

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

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

Foreign asset and liability of the group, foreign exchange position sheet in terms of original and TL currencies as of December 31, 2022 and December 31, 2021 are as follows:

**FOREIGN EXCHANGE POSITION TABLE**

December 31, 2022	TL equivalent (Functional currency)	USD	Euro	GBP	CHF	Other
1. Trade Receivables	10.906.761	253.738	3.540	-	10.000	1.163.352
2a Monetary Financial Assets(Cash, including bank accounts)	822.143	5.236	-	99	19	142.535
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	53.158	-	-	-	-	10.500
4. Current Assets(1+2+3)	11.782.062	258.974	3.540	99	10.019	1.316.387
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets(5+6+7)	-	-	-	-	-	-
9. Total Assets(4+8)	11.782.062	258.974	3.540	99	10.019	1.316.387
10. Trade Payables	6.479.224	293.266	37.500	-	-	49.004
11. Financial Liabilities	-	-	-	-	-	-
12a. Monetary Other Liabilities	4.768	255	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-
13. Short-term Liabilities(10+11+12)	6.483.992	293.521	37.500	-	-	49.004
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)	6.483.992	293.521	37.500	-	-	49.004
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)	5.298.070	(34.546)	(33.960)	99	10.019	1.267.383
21. Monetary Items Net Foreign Exchange Asset/ (Liability) Position(TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	5.244.912	(34.546)	(33.960)	99	10.019	1.256.883
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	-	-	-	-	-	-
25.Export	6.271.822	151.765	50.657	-	120.000	-
26.Import	1.157.409	12.436	46.395	-	-	-



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DECEMBER 31, 2021	TL equivalent (Functional currency)	USD	Euro	GBP	CHF	Other
1. Trade Receivables	11.037.372	289.872	52.987	-	149.470	1.163.352
2a Monetary Financial Assets(Cash, including bank accounts)	1.710.452	78.659	-	99	10.019	142.535
2b. Non-Monetary Financial Assets	182.000	10.812	-	-	-	10.500
3. Other	475.026	-	-	-	-	131.641
4. Current Assets(1+2+3)	13.404.850	379.344	52.987	99	159.489	1.448.028
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	134.221	-	-	-	-	37.196
8. Non-Current Assets(5+6+7)	134.221	-	-	-	-	37.196
9. Total Assets(4+8)	13.539.070	379.344	52.987	99	159.489	1.485.223
10. Trade Payables	1.940.611	27.315	37.500	-	-	280.110
11. Financial Liabilities	-	-	-	-	-	-
12a. Monetary Other Liabilities	5.982	449	-	-	-	37.671
12b. Other Non-Monetary Liabilities	519.050	-	-	-	-	143.841
13. Short-term Liabilities(10+11+12)	2.465.643	27.764	27.764	-	-	423.951
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Long-term Liabilities(14+15+16)	-	-	-	-	-	-
18. Total Liabilities(13+17)	2.465.643	27.764	37.500	-	-	423.951
19. Off the Balance Sheet Net Asset/(Liability) Position of Derivative Instruments in terms of Foreign Exchange(19a-19b)	-	-	-	-	-	-
19a. Off the Balance Sheet Amount of Active Derivatives in terms of Foreign Exchange	-	-	-	-	-	-
19b. Off the Balance Sheet Amount of Passive Derivatives in terms of Foreign Exchange	-	-	-	-	-	-
20. Net Foreign Asset/ (Liability) Position(9-18+19)	11.073.428	351.580	15.487	99	159.489	1.061.272
21. Monetary Items Net Foreign Exchange Asset/ (Liability) Position(TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	10.801.232	340.768	15.487	99	159.489	1.025.776
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	-	-	-	-	-	-
25.Export	9.511.260	458.049	101.314	-	120.000	12.450
26.Import	607.279	15.479	26.577	-	-	-

According to the balance sheet position as of December 31, 2022 and December 31, 2021, based on the assumption that the Turkish Lira will be valued / devalued 10% against the USD, Euro,GBP and other currency units, the gross profit as a result of profit on Exchange difference consisting of assets and liabilities in terms of USD, Euro,GBP and other currencies, would be 524.491 TL (December 31, 2021- 1.080.123 TL) high / low as can be seen in the Exchange rate Sensitivity Analysis Chart given below.



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Foreign Exchange Sensitivity Analysis Table	December 31, 2022	
	Profit/Loss	
	Increase of Foreign Exchange in Value	Decrease of Foreign Exchange in Value
<b>In case US Dollar changes 10% against TL:</b>		
1- US Dollar net asset/liability	(64.596)	64.596
2- The part secured against US Dollar risk (-)		
<b>3- US Dollar Net Effect(1+2)</b>	<b>(64.596)</b>	<b>64.596</b>
<b>In case EURO changes 10% against TL:</b>		
4- EURO net asset/liability	(67.699)	67.699
5- The part secured against EURO risk (-)		
<b>6- Euro Net Effect(4+5)</b>	<b>(67.699)</b>	<b>67.699</b>
<b>In case GBP changes 10% against TL:</b>		
7- GBP net asset/liability	223	(223)
8- The part secured against GBP risk (-)		
<b>9- GBP Net Effect (7+8)</b>	<b>223</b>	<b>(223)</b>
<b>In case CHF changes 10% against TL:</b>		
10- CHF net asset/liability	20.241	(20.241)
11- The part secured against CHF risk (-)		
<b>12- CHF Net Effect (7+8)</b>	<b>20.241</b>	<b>(20.241)</b>
<b>In case AED changes 10% against TL:</b>		
13- AED net asset/liability	636.322	(636.322)
14- The part secured against AED risk (-)		
<b>15- AED Net Effect (7+8)</b>	<b>636.322</b>	<b>(636.322)</b>
<b>TOTAL (3+6+9+12+15)</b>	<b>524.491</b>	<b>(524.491)</b>

Foreign Exchange Sensitivity Analysis Table	December 31, 2021	
	Profit/Loss	
	Increase of Foreign Exchange in Value	Increase of Foreign Exchange in Value
<b>In case US Dollar changes 10% against TL:</b>		
1- US Dollar net asset/liability	454.210	(454.210)
2- The part secured against US Dollar risk (-)		
<b>3- US Dollar Net Effect(1+2)</b>	<b>454.210</b>	<b>(454.210)</b>
<b>In case EURO changes 10% against TL:</b>		
4- EURO net asset/liability	23.365	(23.365)
5- The part secured against EURO risk (-)		
<b>6- Euro Net Effect(4+5)</b>	<b>23.365</b>	<b>(23.365)</b>
<b>In case GBP changes 10% against TL:</b>		
7- GBP net asset/liability	178	(178)
8- The part secured against GBP risk (-)		
<b>9- GBP Net Effect (7+8)</b>	<b>178</b>	<b>(178)</b>
<b>In case CHF changes 10% against TL:</b>		
10- CHF net asset/liability	232.219	(232.219)
11- The part secured against CHF risk (-)		
<b>12- CHF Net Effect (7+8)</b>	<b>232.219</b>	<b>(232.219)</b>
<b>In case AED changes 10% against TL:</b>		
13- AED net asset/liability	370.151	(370.151)
14- The part secured against AED risk (-)		
<b>15- AED Net Effect (7+8)</b>	<b>370.151</b>	<b>(370.151)</b>
<b>TOTAL (3+6+9+12+15)</b>	<b>1.080.123</b>	<b>(1.080.123)</b>



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**e) Interest Rate Risk Management and Interest Rate Sensitivity**

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

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

**NOTE 45 - FINANCIAL INSTRUMENTS**

The Group does not have any financial intermediaries other than those explained in Note 8-Financial Investments (December 31, 2021: None)

**NOTE 46 –AUDIT FEES FOR THE REPORTING PERIOD**

In accordance with the decision of the Public Oversight Authority dated March 30, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below.

	December 31, 2022	December 31, 2021
(Amounts Excluding VAT )		
Audit Fee	248.400	146.650

**NOTE 47-POST BALANCE SHEET EVENTS**

**December 31, 2022**

- Financial statements were approved by the board of directors on March 13, 2023. Board members have the authority to change the financial statements.

**December 31, 2021**

- Compello Bilgi Teknolojisi Hizmetleri ve Ticaret A.Ş. has applied to Ministry of Industry and Technology for cancellation of R&D certification on January 6, 2022. R&D certification is cancelled and declared by Ministry of Industry and Technology in February 4, 2022.

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

**NOTE 48–OTHER MATTERS**

**a- Financial Statement Disclosures:**

-As of December 31, 2022, total insurance amount of asset corresponded to 2.660.000 TL. Vehicles are insured with current value.

-As of December 31, 2021, total insurance amount of asset corresponded to 2.045.000 TL. Vehicles are insured with current value.

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

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

**c- Significant Accounting Policies**

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

