FONET BİLGİ TEKNOLOJİLERİ

ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2021 (ORIGINALLY ISSUED IN TURKISH)

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Consolidated Statements of Financial Position as of 30 September 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)

		Current Period Not Reviewed	**Prior Year Audited**
	Notes	**30 September 2021**	**31 December 2020**
ASSETS			
Current assets			
Cash and cash equivalents	5	10.575.807	8.620.349
Trade receivables		--	--
-Trade receivables from third parties	7	*33.283.176*	*16.521.988*
Other receivables			
- Other receivables from third parties	*8*	*172.876*	*158.469*
Inventories	9	1.168.418	1.293.810
Prepaid expenses	10	1.234.714	931.123
Current income tax assets	25	26.552	54.945
Other current assets	17	31.611	41.608
Total current assets		**46.493.154**	**27.622.292**
Non-current assets			
Trade receivables			
- Trade receivables from third parties	7	21.987.686	788.382
Other receivables			
- Other receivables from third parties	*8*	35.500	39.380
Right of use assets	13	922.156	1.237.246
Property, plant and equipment	11	3.862.899	4.015.673
Intangible assets	12	85.397.666	72.646.597
Prepaid expenses	10	624.977	722.604
Deferred tax assets	25	2.061.052	1.658.818
Total non-current assets		**114.891.936**	**81.108.700**
Total assets		**161.385.090**	**108.730.992**

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

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ

Consolidated Statements of Financial Position as of 30 September 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)

		Current Period Not Reviewed	**Prior Year Audited**
LIABILITIES	**Notes**	**30 September 2021**	**31 December 2020**
Current liabilities			
Current borrowings			
- Bank borrowings	*6*	*1.450.630*	*888.948*
- Lease liabilities	*6*	*299.082*	*580.434*
- Other financial liabilities	*6*	*332.506*	*250.448*
Trade payables			
- Trade payables to third parties	*7*	*940.885*	*1.001.658*
Employee benefit liabilities	16	3.623.134	2.795.313
Other payables			
- Other payables to related parties	*24*	--	*1.271.169*
- Other payables to third parties	*8*	*398.250*	*593.423*
Deferred income	10	6.738.594	1.189.161
Current provisions			
- Current provisions for employee benefits	*16*	*356.058*	*329.831*
- Other current provisions	*15*	879.244	429.175
Other current liabilities			
-Other current liabilities to third parties	*17*	*57.294*	*25.773*
Total current liabilities		**15.075.677**	**9.355.333**
Non-current liabilities			
Non current borrowings			
- Lease liabilities	*6*	*527.084*	*737.192*
Deferred income	10	22.178.998	792.774
Current provisions			
- Long term provisions for employee benefits	*16*	*1.300.556*	*1.042.688*
Deferred tax liabilities	25	2.102.140	1.931.330
Total non-current liabilities		**26.108.778**	**4.503.984**
Total Liabilities		**41.184.455**	**13.859.317**
Equity			
Paid-in capital	18	40.000.000	40.000.000
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
- Gain/loss arising from defined benefit plans	*18*	(426.595)	(563.392)
Restricted reserves	18	3.410.180	2.281.006
Retained earnings	18	51.995.092	25.415.086
Net profit for the period		25.221.958	27.738.975
Total equity		**120.200.635**	**94.871.675**
Total liabilities and equity		**161.385.090**	**108.730.992**

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

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 30 September 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

		Not Reviewed			
	Notes	**01.01-30.09.2021**	**01.01-30.09.2020**	**01.07-30.09.2021**	**01.07-30.09.2020**
Sales	19	60.299.403	45.186.082	22.990.237	14.653.402
Cost of sales (-)	19	(28.567.046)	(21.232.041)	(9.965.624)	(7.313.335)
Gross profit		**31.732.357**	**23.954.041**	**13.024.613**	**7.340.067**
General administrative expenses (-)	20	(5.058.969)	(4.834.752)	(1.703.273)	(1.481.086)
Marketing expenses (-)	20	(418.707)	(748.758)	(181.281)	(113.780)
Research and development expenses (-)	20	(3.095.609)	(2.744.522)	(1.559.660)	(1.067.522)
Other operating income	21	2.509.201	2.907.201	979.734	1.333.291
Other operating expense (-)	21	(1.229.324)	(132.016)	78.240	630.622
Operating profit		**24.438.949**	**18.401.194**	**10.638.373**	**6.641.592**
Income from investing activities / (expenses)	22	822.294	66.375	192.930	25.585
Financial income / (expense) before operating profit		**25.261.243**	**18.467.569**	**10.831.303**	**6.667.177**
Financial income	23	7.654	43.315	1.666	23.556
Financial expenses (-)	23	(251.003)	(238.128)	(25.767)	(131.775)
Profit from continuing operations before tax		**25.017.894**	**18.272.756**	**10.807.202**	**6.558.958**
Current period tax (expense) / income	25	--	--	--	--
Deferred tax (expense) / income	25	204.064	(651.489)	(29.492)	(134.896)
Profit for the period		**25.221.958**	**17.621.267**	**10.777.710**	**6.424.062**
Distribution of income for the period					
Non-controlling interests		--	--	--	--
Attributable to equity holders of the parent		25.221.958	17.621.267	10.777.710	6.424.062
Earnings per share (kr)	**26**	**0,63**	**0,44**	**0,27**	**0,16**
Other Comprehensive Income:					
Items not to be reclassified to profit or loss					
- Actuarial gain/(loss) arising from defined benefit plans		136.797	132.433	4.828	(342.500)
- Tax effect of other comprehensive income/expense not to be reclassified to profit or loss		(27.360)	(20.233)	(545)	52.326
Other comprehensive (expense)		**109.437**	**112.200**	**4.283**	**(290.174)**
Total comprehensive (expense) / income		**25.331.395**	**17.733.467**	**10.781.993**	**6.133.888**
Distribution of total comprehensive income /(income)					
Non-controlling interests		--	--	--	--
Equity holders of the parent		25.331.395	17.733.467	10.781.993	6.133.888

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

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ

Consolidated Statements of Changes in Shareholders' Equity for the Period Ended 30 September 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)

				Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss		Retained earnings				
	Notes	**Paid-in Capital**	**Share Premium**	**Profit / Loss on Remeasurements of Defined Benefit Plans**	**Restricted Reserves Allocated from Net Profit**	**Geçmiş yıllar karı**	**Net Profit**	**Equity of the parent**	**Non-controlling interests**	**Total Equity**
Balance as of 1 January 2020	**18**	**40.000.000**	**--**	**(783.508)**	**1.749.772**	**11.295.290**	**14.651.030**	**66.912.584**	**--**	**66.912.584**
Transfers		--	--	--	531.234	14.119.796	(14.651.030)	--	--	--
Net profit		--	--	--	--	--	17.621.267	17.621.267	--	17.621.267
Total Comprehensive Income		--	--	112.200	--	--	--	112.200	--	112.200
Balance as of 30 June 2020	**18**	**40.000.000**	**--**	**(671.308)**	**2.281.006**	**25.415.086**	**17.621.267**	**84.646.051**	**--**	**84.646.051**
Balance as of 1 January 2021	**18**	**40.000.000**	**--**	**(563.392)**	**2.281.006**	**25.415.086**	**27.738.975**	**94.871.675**	**--**	**94.871.675**
Transfers		--	--	--	1.129.174	26.609.801	(27.738.975)	--	--	--
Net profit		--	--	--	--	--	25.221.958	25.221.958	--	25.221.958
Other comprehensive income		--	--	136.797	--	(29.795)	--	107.002	--	107.002
Balance as of 30 September 2021	**18**	**40.000.000**	**--**	**(426.595)**	**3.410.180**	**51.995.092**	**25.221.958**	**120.200.635**	**--**	**120.200.635**

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

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ

Consolidated Statement of Cash Flows for the Period Ended 31 September 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)

	Notes	Not Reviewed 01 Ocak- 30 September 2021	01 Ocak- 30 December 2020
A. Cash flows from operating activities			
Profit from continuing operations		**25.221.958**	**17.621.267**
Adjustments to reconcile profit / (loss)			
Adjustments for depreciation and amortization expense	11,12,13	6.025.745	5.215.524
Adjustments for (reversal of) provisions related with employee benefits	16	425.950	340.333
Adjustment for deferred financing expenses	7	647.094	9.475
Adjustments for (reversal of) warranty provisions	15	450.069	18.144
Adjustments for impairment loss (reversal) of receivables	7	(100.000)	150.450
Adjustments for interest expense	23	54.607	38.131
Adjustment for deferred financing income	7	(3.624)	21.358
Other adjustments to reconcile profit (loss)	10	--	(2.291.805)
Adjustments for tax income/ (expense)	25	(231.424)	631.256
Adjustments for Working Capital		**32.490.375**	**21.754.133**
Adjustments for decrease (increase) in trade receivables	7	(37.856.868)	(6.094.056)
Adjustments for decrease (increase) in other receivables	8,10	(188.098)	(457.123)
Adjustments for decrease (increase) in inventories	9	125.392	(1.280.817)
Adjustments for increase (decrease) in trade payables	7	(707.867)	(608.568)
Adjustments for decrease (increase) in other payables	7,8	(1.466.342)	1.912.325
Increase (decrease) in employee benefit liabilities	16	827.821	331.367
Changes in other current and non current assets	17	9.997	(9.291)
Adjustments for increase / (decrease) related to deferred income	10	26.935.657	--
Change in other current and non current liabilities	17	31.521	33.913
Cash Flows Generated from Operating Activities (+)		**20.201.588**	**15.581.883**
Payments related to employee benefits	17	(32.418)	(80.000)
İşletme Faaliyetlerinden Sağlanan Nakit Akışları, net		**20.169.170**	**15.501.883**
B. Cash Flows From Investıng Actıvıtıes			
Cash outflows from purchases of property, plant, equipment	11,13	(620.113)	45.440
Cash outflows from purchases of intangible assets	12	(17.688.837)	(13.942.979)
Net Cash Used in Investing Activities		**(18.308.950)**	**(13.897.539)**
C. Cash Flows from Financing Activities			
Interest paid	23	(57.042)	(38.131)
Repayments of borrowings	6	152.280	432.017
Net Cash Used in Financing Activities		95.238	393.886
Net Increase / (Decrease) in Cash and Cash Equivalents	**5**	**1.955.458**	**1.998.230**
D. Cash and Cash Equivalents at the Beginning of the Period	**5**	**8.620.349**	**2.927.899**
Cash and Cash Equivalents at the End of the Period		**10.575.807**	**4.926.129**

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

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Fonet Bilgi Teknolojileri Anonim Şirketi ("The Company" or "Fonet") was established in in 1997 to provide computer software and technical support to both Public and Private Institutions. The Company has operated as a Limited Company until 31 May 2011. As of 1 September 2011, the Company changed its type and became an incorporated company.

The Company's headquarter is located at Kızılırmak Mahallesi 1445. Sokak No: 2B/1 The Paragon Tower Çukurambar, Çankaya / ANKARA.

The Company has two branches, one located at Büyükdere Cad. A2 Blok No:33/4 Levent, ISTANBUL and the other branch in İpekyol Cad. No: 12/1 ŞANLIURFA. The Company has liaison office abroad located in Klarabergsviadukten 70 D4, 111 64 Stockholm, SWEDEN.

The Company provides information management systems, system integration, consultancy and turnkey project services in the field of health informatics. Although the main operations of the Company are in the field of health informatics, the Company also participates in different IT projects related to field expertise.

The software products which are completely owned by Fonet are as follows:

S. No	Module Name	S. No	Module Name
1	Patient Record / Admission Management Sys.	31	Social Services Management System
2	Polyclinic Management System	32	Home Health Care Services Management System
3	Clinic Management System	33	Interoperability System
4	Emergency Management System	34	Decision Support Management System
5	Laboratory Information System	35	Material Resource and Inventory Management System
6	Radiology Information System	36	Fixture and Asset Management System
7	PACS (Picture Archiving and Communication S.)	37	Financial Information Man. S. (Invoice, Cash Desk, etc.)
8	Nursing Management System	38	Purchasing Information System
9	Operating Room Information System	39	Human Resources / Pay-Roll Information System
10	Pharmacy Information System	40	Personnel Attendance Control Management System
11	Cancer Management System	41	Document Management System
12	Mouth and Dental Health Information System	42	Medical Record Archive Management System
13	Physical Treatment and Rehabilitation Man. S.	43	Device Tracking Management System
14	Intensive Care Management System	44	Medical Device Calibration and Quality Control M. Sys.
15	Haemodialysis Management System	45	Quality Management System
16	Pathology Management System	46	Quality Indicator Management System
17	Psychology Management System	47	Laundry Management System
18	Oncology Management System	48	Occupational Health and Safety Management System
19	Diet Management System	49	LCD / Display Information and Qmatic Man. Sys.
20	Blood Centre Information System	50	Kiosk Management System
21	Sterilization Information System	51	SMS Management System
22	Healthcare Commission Management System	52	Technical Service Management System
23	Organ and Tissue Donation Management S.	53	Central Computer Management System
24	Clinic Engineering Information System	54	Process Management System
25	Information System, Statistic & Reporting Sys.	55	Medical Waste Management System
26	Medical Research Management System	56	Dynamic Medical / Administrative Module Des. Sys.
27	Information Desk Management System	57	Subscription Counter Tracking Module
28	Appointment Procedure Management System	58	Mobile Doctor Examination Man. System
29	Pregnant Education Management System	59	Online Examination Module (Videocall)
30	Diabetes Education Management System	60	Mobile Patient Management System

The Company's main product is Fonet HIS ("Hospital Information Management System"). Fonet HIS ensures that all medical, administrative and financial business processes of health institutions are managed within the automation system. Fonet HIS consists of 60 separate software modules. Fonet HIS has been developed completely by their own engineers and actively operates in over 200 health institutions including hospitals in Somalia, Azerbaijan, Northern Cyprus and the Republic of Moldova.

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

The average number of personnel employed within the Group as of 30 September 2021 is 477 (31 December 2020: 453).

The shareholders of the Company and shares are as follows:

	30 September 2021		31 December 2020	
Shareholders	**Share Amount**	**Rate %**	**Share Amount**	**Rate %**
Abdülkerim GAZEN	19.333.333	48,33	19.333.333	48,33
Other (Public)	18.542.389	46,36	20.666.667	51,67
Azimut PYŞ Çoklu Varlık Değişken Fon	2.124.278	5,31	--	--
Paid capital	**40.000.000**	**100,00**	**40.000.000**	**100,00**

The Company's issued capital consists of 40.000.000 shares, all with a par value of 1 Turkish Liras each as at 30 September 2021 (31 December 2020: 40.000.000 shares).

As of 30 September 2021, 2.222.000 shares of 40.000.000 shares consist of Group A shares and 37.778.000 shares consist of Group B shares. Group A shares has a privilege in determining the members of the board of directors and in exercising voting rights in the general assembly.

At the ordinary and extraordinary general assembly meetings to be held by the Company, group (A) shareholders have 15 voting rights for each share, and Group (B) shareholders have 1 voting right for each share.

The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and has been involved to the registered capital system with the permission of the Capital Markets Board dated 27 February 2015 and numbered 5/253. The Company's registered capital ceiling amount is 100.000.000 TL, all with a par value of 1 Turkish Liras and total shares are 100.000.000. The permission of the registered capital ceiling valid date is between 2019- 2023.

Subsidiaries fully consolidated included in the accompanying consolidated financial statements:

Pidata Bilişim Teknolojileri Anonim Şirketi ("Pidata")

The Company was established on 16 July 2018 and registered in Ankara. The establishment of the Company was announced in the Turkish Trade Registry Gazette dated 19 July 2018, numbered 9624. The shares of Pidata is owned completely by Fonet Bilgi Teknolojileri Anonim Şirketi.

Company Title	**Main Operating Activity**	**Type of Activities**	**Country**	**Establishment year**
PiData Bilişim Teknolojileri A.Ş.	Information Technology	Service	Turkey/Ankara	2018

From here on after, Fonet Bilgi Teknolojileri Anonim Şirketi and the aforementioned subsidiary will be referred as "Group" or "Community."

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

Financial Reporting Standards

The companies of the Group in Turkey keep and prepare their legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code ("TCC") and tax legislation.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (Continued)

Financial Reporting Standards (Continued)

The accompanying interim consolidated financial statements of the Group have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") on 13 June 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TFRS") and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards ("IFRS").

The Group prepared its interim consolidated financial statements as of 30 September 2021 in accordance with TAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all information required to be included in the annual financial statements and should be read in conjunction with the annual financial statements of the Company as of 31 December 2020.

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

Presentation and Functional Currency

The interim consolidated financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the functional and presentation currency of the Group is accepted as Turkish Lira "TL."

Going Concern

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

Comparatives and Restatement of Prior Periods' Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

The Group has applied consistent accounting policies in its condensed consolidated financial statements for the periods presented, and there are no significant changes in accounting policies and estimates in the current period.

2.2. Changes in Accounting Policies

Accounting policies are amended if the Group's financial position, performance or cash flows and the effects of events are likely to result in a more appropriate and reliable presentation of the consolidated financial statements. If the amendments to the accounting policies affect previous periods, the policy is applied retroactively in the consolidated financial statements as if the policy have always been exercised. Accounting policy changes arising from the application of a new standard shall be applied retroactively or in accordance with the transition provisions of the standard, if any. Changes that are not covered by any transitional provision are applied retrospectively.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. The New Standards, Amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at September 30, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Company / the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021.Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. The New Standards, Amendments and interpretations (Continued)

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows (Continued):

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

ii) Standards issued but not yet effective and not early adopted

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company / the Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first adopters

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. The New Standards, Amendments and interpretations (Continued)

ii) Standards issued but not yet effective and not early adopted (Continued)

Amendments to TAS 37 Onerous contracts Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

iii) Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. The New Standards, Amendments and interpretations (Continued)

iv) New and revised standards and interpretations published by the International Accounting Standards Board (TMSK) but not by KGK

The new standards, interpretations and amendments to existing IFRS standards listed below have been published by the IASB but have not yet entered into force for the current reporting period. However, these new standards, interpretations and amendments have not yet been adapted/published to TFRS by KGK and therefore do not form a part of TFRS. The Group will make the necessary changes in its financial statements and footnotes after these standards and interpretations become effective in TFRS.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies

The consolidated financial statements for the interim period ended 30 September 2021 have been prepared in accordance with TAS 34 for the preparation of interim financial statements.

Basis of Consolidation
The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS applying uniform accounting policies and presentation.

Subsidiaries
As of 30 September 2021, the Group has control over financial and operating policies consolidated financial statements includes the financial statements of the subsidiaries.

As of 30 September 2021, the direct and indirect participation rates of the companies subject to consolidation are as follows:

				Share Rate in Capital	
Subsidiaries	**Place of Establishment and Activity**	**Main Operation**	**Currency**	**30 September 2020**	**31 December 2020**
Pidata Bilişim Teknolojileri A.Ş.	Turkey/Ankara	Information Technologies	Turkish Lira	100.00%	100.00%

If the parent company controls more than half of the voting rights in a partnership, directly or indirectly, and the entity has the authority to manage its financial and operational policies, control is considered to exist. In consolidation of financial statements, all profits and losses, including intercompany balances, transactions and unrealized profits and losses are offset. Consolidated financial statements are prepared by applying consistent accounting policies for similar transactions and accounts. The financial statements of the subsidiaries are prepared for the same accounting period as the parent company. Subsidiaries begin to be consolidated from the date the control passes to the Company, and the consolidation process ends when the control leaves the Group. Income and expenses of subsidiaries purchased or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of purchase to the date of disposal.

In case of a situation or event that may cause any change in at least one of the criteria listed above, the Company re-evaluates whether it has control power over its investment.

Non-controlling shares in the net assets of the subsidiaries included in consolidation are included as a separate item in the Group's equity. Equity of the consolidated subsidiaries and non-parent shares within the current period operations are shown separately in the consolidated financial statements as non-controlling interests. Non-controlling shares consist of the amounts belonging to non-controlling shares at the first purchase date and the amount of non-parent shares in changes in the shareholder's equity starting from the date of purchase.

Total comprehensive income is transferred to parent shareholders and non-controlling shares, even if non-controlling interests result in negative balance.

In cases where the Group does not have majority voting right over the invested company / asset, it has control power over the invested company / asset if there is sufficient voting right to direct / manage the activities of the relevant investment. The Company takes into account all relevant events and conditions in the assessment of whether the majority of votes in the relevant investment is sufficient to provide control power, including the following factors.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Basis of Consolidation (Continued)

Subsidiaries (Continued)

- Comparing the voting right of the company with the voting right of other shareholders;
- Potential voting rights of the company and other shareholders;
- Rights arising from other contractual agreements, and
- Other events and conditions that may indicate whether the Company has current power in managing the relevant activities (including voting at previous general meetings) in cases where a decision is required.

If necessary, adjustments are made in the financial statements of the subsidiaries to match the accounting policies followed by the Group.

Cash flows related to all intra-group assets and liabilities, equity, income and expenses and transactions between the Group companies are eliminated in consolidation.

Unrealized income and expenses arising from intra-group transactions, intra-group balances and intra-group transactions are mutually deleted during the preparation of consolidated financial statements. The profits and losses resulting from the transactions between the subsidiary and the parent and the subsidiaries subject to consolidation and jointly controlled partnerships are netted off in proportion to the parent's share in the subsidiary. Unrealized losses are deleted in the same way as unrealized gains unless there is evidence of impairment.

Full Consolidation Method:

Paid-in capital and statement of financial position items of the Group and its subsidiaries were collected. In the collection process, the receivables and debts of the partnerships subject to consolidation method have been mutually reduced.

- Paid-in capital of the consolidated statement of financial position is the paid-in capital of the Group; paid-in capital of subsidiaries is not included in the consolidated balance sheet.
- From all equity group items including the paid / issued capital of the subsidiaries within the scope of consolidation, the amounts corresponding to the shares other than the parent and subsidiaries have been reduced and the consolidated financial following the equity account group of the status table, it is shown as the account group Non-Controlling Shares‖.
- Current and non-current assets purchased by partnerships subject to consolidation method as a result, adjustments are made to ensure that these assets are presented at the acquisition cost to the companies subject to consolidation method and are included in the consolidated balance sheet at the amount prior to the sales transaction.
- The comprehensive income statement items of the Group and its subsidiaries were collected separately, and the sales of goods and services made by the companies subject to consolidation were reduced from the total sales and the cost of the goods sold.

The profit arising from the purchase and sale of goods between these partnerships regarding the stocks of the companies subject to consolidation method has been added to the cost of the goods sold by deducting from the stocks in the consolidated financial statements, and the loss has been reduced from the cost of the goods sold.

- The portion of the subsidiaries within the scope of consolidation that hits shares other than those subject to consolidation method from net profit or loss is shown as the ―Non-Controlling Shares‖ account group after the net consolidated period profit.
- In cases deemed necessary, adjustments have been made to make the financial statements of the subsidiaries in accordance with the accounting principles applied by other in-group companies.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Related parties
For the purpose of these financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Company are defined and referred to as related parties.

In the presence of one of the following criteria, the party is deemed to be related to the Company:

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

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity;
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity,

ii) The entity and the reporting entity are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others),
iii) Both entities are joint ventures of the same third party,
iv) The party is a member of the key management personnel of the Group or its parent,
v) The party is a close family member of any individual mentioned in (i) or (iv) articles,
vi) The entity is a; business that is controlled, jointly controlled, under significant influence or an individual abovementioned in (iv) or (v) has direct or indirect significant voting rights; or
vii) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

Recognition of the revenue
The Group transfers a committed good or service to its customer and records the revenue in its financial statements as it fulfils or obtains its performance obligation. When an asset is in control (or as it passes) to the customer, the asset is transferred.

The Group records revenue in its financial statements in accordance with the following basic principles:

- Determination of contracts with customers,
- Determination of performance obligations in the contract,
- Determination of the transaction price in the contract,
- Dividing the transaction price into performance obligations in the contract,
- Accounting of revenue when each performance obligation is fulfilled)

The Group accounts for a contract with its customer as revenue if all of the following conditions are met:

- The parties to the contract have approved the contract (in writing, verbally or in accordance with other commercial practices) and undertake to perform their own actions,
- The company can define the rights related to the goods or services to be transferred by each party,)
- The company can define payment terms for the goods or services to be transferred,
- The contract is inherently commercial in nature.
- It is probable that the Group will collect a price for goods or services to be transferred to the customer. When evaluating whether a price is likely to be collected, the entity takes into account only the customer's ability to pay this amount on due date and the intention to do so.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Recognition of the revenue (Continued)

Revenue from product sales

The Group receives revenue by selling the software programs it produces. Revenue is recorded when products are handed over to the customer.

The Group revenue mainly consists of the sales revenue of the software product specified in the first footnote and the modules that are part of this product.

When another party is involved in providing the goods or services to the customer, the Group determines the quality of its commitment as a performance obligation to provide the specified goods or services in person (principal) or to mediate those goods or services provided by the other party (proxy). It is noble if the company checks the specified goods or services before transferring those goods or services to the customer. In that case, when it fulfils (or brings) its obligation to perform, it records the revenue in the financial statements as much as the gross amount of the price it expects to deserve in return for the assigned goods or services. If the Group acts as an intermediary in the provision of goods or services whose performance obligation is determined by another party, it is a proxy and does not reflect the revenue in the financial statements for the performance obligation in question.

If the company is entitled to collect a price directly corresponding to the value of its completed performance from its customers (in the delivery of the products), the company records the revenue in the financial statements as much as it has the right to invoice. The Group does not make any adjustments at the beginning of the contract, since the period between the transfer date of the goods and services promised to the customer and the date when the customer pays the price of this goods or service will be one year or less, there will be no impact on the promised financing component.

The Group does not have contract assets arising from its contracts with its customers and contract costs to be capitalized regarding the aforementioned contracts.

Financial assets

Financial assets other than those that are classified as financial assets whose fair value difference is reflected in profit or loss and recorded at fair value are accounted for their total market value and the total amount of expenses directly attributable to the purchase transaction. As a result of the purchase or sale of financial assets, which are bound to a contract that has the condition of delivery of the investment instruments in accordance with the period determined by the relevant market, the relevant assets are recorded or removed from the records at the transaction date.

Financial assets are classified as financial assets whose fair value difference is reflected in profit or loss, investments held to maturity, financial assets available for sale and loans and receivables. The classification is determined during the first registration, depending on the purpose and characteristics of the financial asset. The Group does not have ―financial assets with fair value difference reflected in profit or loss‖ and ―investments to be held until maturity.

Effective interest method

Effective interest method is the method of evaluating the financial asset with the amortized cost and distributing the related interest income to the related period. Effective interest rate is the rate that reduces the estimated cash total to be collected during the expected life of the financial instrument or, if appropriate, during a shorter period of time, to the net present value of the financial asset.

Income related to financial assets classified with the exception of financial assets whose fair value difference is reflected to profit or loss is calculated by using effective interest method.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

Financial assets available for sale
Quoted equity instruments and some debt securities are listed as available-for-sale financial assets and are shown at fair value. The Group has equity instruments that are not traded in an active market and are not quoted on the stock market but are classified as available-for-sale financial assets and are shown at cost because their fair values cannot be measured reliably. Except for the depreciation recorded in the income statement, interest rate and monetary assets, exchange rate difference profit / loss calculated using the effective interest method, gains and losses arising from changes in fair value are recognized in other comprehensive income and financial assets are accumulated in the value increase fund.

In the event of an investment disposal or impairment, the total profit / loss accumulated in the financial assets' appreciation fund is classified in the income statement. Dividends related to equity instruments ready for sale are recognized in the income statement, when the Group has the right to receive dividends. The Group does not have any financial assets investment ready for sale.

Loans and receivables
Commercial and other receivables and loans with fixed and determinable payments that are not traded in the market are classified in this category. Loans and receivables are shown by deducting the impairment from their discounted cost by using the effective interest method.

Impairment of financial assets
Financial assets or groups of financial assets, other than financial assets whose fair value difference is reflected in profit or loss, are assessed at each balance sheet on whether there are indicators of impairment. Impairment loss occurs when one or more events occur after the initial recognition of the financial asset and the adverse impact of that event on the future cash flows that can be reliably predicted by the relevant financial asset or group of assets is impaired. The depreciation amount for the financial assets shown from their amortized value is the difference between the present value calculated by discounting the expected cash flows over the effective interest rate of the financial asset and the book value.

Except for trade receivables, where the carrying amount is reduced through the use of a reserve account, the impairment is directly deducted from the book value of the relevant financial asset. If the trade receivable is not collected, the amount in question is deleted by deducting from the reserve account. Changes in reserve account are accounted for in the income statement.

Except for available-for-sale equity instruments, if the impairment loss decreases in a subsequent period and the decrease can be attributed to an event that occurred after the impairment loss was recognized, the previously recognized impairment loss is the amortized cost of the investment if the impairment was never recognized at the date of cancellation. shall be cancelled in the income statement, not exceeding the increase in the fair value of available-for-sale equity instruments after impairment is recognized directly in equity.

Cash and cash equivalents
Cash and cash equivalents include cash, demand deposits and other short-term highly liquid investments with maturities less than 3 months or 3 months from the date of purchase, which can be immediately converted to cash and without significant risk of value change.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Financial liabilities
Financial liabilities are recorded with their values after the transaction expenses are deducted from the financial debt amount received on the date of receipt. Financial liabilities are followed in the financial statements with their discounted values calculated with effective interest rate on the following dates. The difference between the amount of the financial debt received (excluding transaction expenses) and the repayment value is recognized on the accrual basis during the financial debt period in the statement of profit or loss. Financial debts are classified as short term liabilities if the company does not have unconditional right such as postponing the liability for 12 months from the balance sheet date.

Trade payables
Trade payables are recorded at their fair values and are subsequently accounted for at their discounted values using the effective interest rate.

Recording and extraction of financial assets and liabilities
All financial asset purchases and sales are reflected in the records on the transaction date, that is, on the date that the Group has committed to buy or sell the asset. Aforementioned purchases and sales are trades that require the delivery of the financial asset within the timeframe determined by the general practices and regulations that occur in the market.

A financial asset (or part of a financial asset or group of similar financial assets);

- If the period regarding the right of the Group to obtain cash flow from the asset has expired;
- In the event that the Group has the right to obtain cash flow from the asset, it has an obligation to pay the entire party without spending too much time under an agreement that has to be transferred directly to third parties;
- If the Group has transferred its right to obtain cash flows from the financial asset and (a) all risks or rewards related to the asset have been transferred or (b) all rights or rewards have not been transferred, they are removed from the records.

In the event that the Group transfers its right to obtain cash flow from the asset, however, if all risks or interests are not transferred or transferring control over the asset, the asset is carried in the financial statements depending on the Group's ongoing relationship with the asset.

Financial liabilities are removed from the records in case the liabilities arising from these liabilities are eliminated, cancelled and expired.

Inventories
It is the item that shows assets that are held to be sold for sale in the normal course of business, that are produced to be sold or that are found in the form of items and materials to be used in the production process or service delivery. Order advances given are classified as other current assets until the relevant stock is recognized.

Inventories are valued at the lower of cost and net realizable value. Cost of Inventories; Includes all purchasing costs, conversion costs and other costs incurred to bring stocks to their current state and position. Conversion costs of inventories; This includes direct costs associated with production, such as direct labour costs. These costs also include the amounts distributed systematically from the fixed and variable general production costs incurred in the conversion of the first substance and material into a product.

The net realizable value is obtained by deducting the estimated completion cost from the estimated sales price occurring in the ordinary commercial activity and the Total of the estimated costs that must be incurred to realize the sale. Stocks cannot be tracked in the financial statements at a price higher than the amount expected to be obtained as a result of their use or sale. When the net realizable value of the inventories falls below its cost, the inventories are reduced to their net realizable value and reflected to the income statement in the year when the impairment occurs. In cases where the conditions leading to the reduction of inventories to net realizable value have expired or an increase in net realizable value due to changing economic conditions, the provision for impairment is cancelled. The cancelled amount is limited by the amount of impairment previously reserved.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Investment property
Investment properties are properties that are held for the purpose of earning rental and / or appreciation gains and are first measured by their cost values and the transaction costs involved.

The Group does not have investment properties.

Property, plant and equipment
The property, plant and equipment of the Group, which are held for use in the production or supply of goods and services, to be rented to others (for non-real estate assets) or to be used for administrative purposes, are stated with their cost values within the framework of the cost model.

Cost value of the tangible asset; The purchase price, import taxes, and non-refundable taxes consist of charges to make the tangible fixed asset available. Expenditures such as repair and maintenance after the use of the tangible fixed asset are reported in the income statement in the period they occur. If the expenditures provide an economic increase in the future use of the related tangible fixed asset, these expenditures are added to the cost of the asset.

Private costs include the expenditures made for the rented real estate, and in cases where the useful life is longer than the term of the rental contract, it is depreciated over the useful lives during the rental period.

Depreciation is reserved from the date on which the tangible assets are ready for use. Depreciation is continued to be reserved in the period when the relevant assets are idle.

Economic life and depreciation method are regularly reviewed; accordingly, it is checked whether the method and the depreciation period are in line with the economic benefits to be obtained from the related asset and corrections are made when necessary.

Cost Method
Tangible assets are shown over the amount after deducting accumulated depreciation and accumulated impairment from cost values.

Assets that are under construction for leasing or administrative purposes or for other purposes that are not already determined are shown by deducting impairment loss, if any, from their cost value. Legal fees are also included in the cost. Such assets, like the depreciation method used for other fixed assets, are subject to depreciation when they are ready for use.

Except for land and ongoing investments, the cost amounts of tangible assets are depreciated using the straight-line method, according to their expected useful lives. The expected useful life, residual value, and depreciation method are reviewed annually for possible effects of changes in estimates, and if there is a change in estimates, they are recognized prospectively.

The gain or loss resulting from the disposal of the tangible assets or the removal of a tangible fixed asset is determined as the difference between the sales revenue and the book value of the asset and included in the income statement.

	Useful Life 30 September 2021	**Useful Life 31 December 2020**
Buildings	50 years	50 years
Motor vehicles	5 years	5 years
Fixtures and fittings	3-15 year	3-15 year
Leasehold improvements	3-15 year	3-15 year

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Intangible assets

Intangible assets purchased
Purchased intangible assets are shown with the amount after accumulated amortization and accumulated impairment losses are deducted from their cost values. These assets are amortized using the straight line method based on their expected useful life. The expected useful life and depreciation method are reviewed annually in order to determine the possible effects of the changes that occur in the estimations and the changes in the estimations are accounted prospectively.

Computer software
Purchased computer software is activated over the costs incurred during the purchase and from the purchase until it is ready for use.

Derecognition of intangible assets
When an intangible asset is disposed of, or if no future economic benefits are expected from its use or sale, the statement of financial position (balance sheet) is excluded. Profit or loss arising from the exclusion of an intangible asset from the statement of financial position (balance sheet) is calculated as the difference between net collections and book values obtained from disposal of assets, if any. This difference is recognized in profit or loss when the related asset is taken out of the statement of financial position (balance sheet).

Evaluation of research costs and development costs under Articles 52 to 67 of TAS 38;
Planned activities with the aim of obtaining new technological information or findings are defined as research and expense is recorded when the research expenses incurred at this stage are realized.

The application of research findings or other information to a plan prepared to produce new or significantly improved products, processes, systems or services is defined as development and is included in the financial statements as intangible assets resulting from development if all of the following conditions exist.

Intangible fixed assets created within the company resulting from development activities (or the development phase of an in-house project) are registered only when all of the following conditions are met:

- It is technically possible to complete the intangible asset so that it is ready for use or ready for sale,
- Intention to complete, use or sell the intangible asset,
- The intangible asset can be used or sold, it is clear how the asset will provide a possible future economic benefit,
- Appropriate technical, financial and other resources are available to complete the development of the intangible asset, to use or sell it; and
- The development cost of the asset can be reliably measured in the development process.

The amount of intangible assets created within the enterprise is the Total amount of the expenditures incurred from the moment the intangible asset meets the accounting requirements stated above. When intangible assets created within the business cannot be recorded, development expenses are recorded as expense in the period they occur. After initial accounting, intangible assets created within the business are also shown over the amount after deducting accumulated depreciation and accumulated impairments from cost values such as separately purchased intangible assets.

The Group purchases some of the intangible assets from outside, under the paragraphs 27 to 32 of TAS 38. In this context, it activates the costs obtained separately and which are directly related to the asset. In particular, the costs incurred in accordance with the 28th paragraph of TAS 38 are activated.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Intangible assets (Continued)

	Useful Life 30 September 2021	Useful Life 31 December 2020
Rights	10-15 year	10-15 year
Development costs	12 years	12 years
New HIS working in Java based cloud	15 years	15 years
Tales ERP	15 years	15 years
Web portals	5 years	5 years
Other intangible fixed assets	3-10 year	3-10 year

Leases

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

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above-mentioned factors.

Group has the right to direct the use of the asset throughout the period of use only if either:

a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or

b) Relevant decisions about how and for what purpose the asset is used are predetermined:

   i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or

   ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group - as a lessee (Continued)

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,
c) any initial direct costs incurred by the Group, and
d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability
At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments, less any lease incentives receivable,
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Group measures the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability,
b) reducing the carrying amount to reflect the lease payments made, and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group - as a lessee (Continued)

Practical expedients
The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognized as an expense in the period in which they are incurred.

Group - as a lessor
All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

Impairment of assets

Impairment test is applied when it is not possible to recover assets' book value which is subject to depreciation. Provision of impairment is entered when asset's book value is higher than its recoverable value. Recoverable amount, after deducting sales costs, is fair value or value in use whichever is higher. In order to evaluate impairment, assets are grouped into lowest level of separate definable cash flows (cash generating units). Except goodwill, nonfinancial assets which are subject to impairment are revised in every reporting period in case when there is a possibility of cancellation of impairment.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Effects of exchange rate differences
The financial statements of the Group are presented in the currency (functional currency unit) valid in the basic economic environment in which they operate. The Group's financial status and operating results are expressed in TL, which is the current currency and the presentation unit for the financial statements.

During the preparation of the Group's financial statements, transactions in foreign currency (currencies other than TL) are recorded based on the exchange rates at the date of the transaction. Foreign currency indexed monetary assets and liabilities in the balance sheet are converted into Turkish Lira by using the exchange rates valid on the balance sheet date. Of the non-monetary items that are monitored with their fair value, those recorded in foreign currency are converted into TL based on the exchange rates on the date the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange differences are recognized in profit or loss in the period they occur except for the following situations:

- Exchange differences that are related to assets being built for future use and are included in the cost of such assets, which are considered as a correction item to interest costs on debts denominated in foreign currency,
- Foreign exchange differences arising from transactions to provide financial protection against risks arising from foreign currency (accounting policies for providing financial protection against risks are explained below),
- Foreign exchange differences arising from foreign debt and receivables arising from foreign operations, which are part of the net investment in foreign activity, accounted for in the reserve reserves and associated with profit or loss in the sale of the net investment, with no intention to pay or probability.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Earnings per share
Earnings / loss amount per share, period profit / loss; The amount of profit / loss per share from continuing activities is calculated by dividing the period profit / loss from continuing activities by the time weighted average number of shares in the period.

In Turkey companies can increase their capital by giving out to shareholders ―free share‖ way which is from previous year 's profit. This type of free share‖ distribution is set, in the calculation of earnings per share, average share number, and by considering previous effects of such share distribution.

In the calculation of earnings per share, there are no privileged shares or potential shares with dilution effect that will require correction.

Events after the reporting date
Events after the balance sheet date refer to events occurring in favour or against the Company between the balance sheet date and the date when the financial statements are approved for publication. Based on whether or not corrections are made, two types of situations are defined:

- Events requiring post-balance sheet correction; Situations where there are proofs of evidence of the existence of related -developments indicating that the relevant events occurred after the balance sheet date (events that do not require post-balance sheet correction)
- In the attached financial statements of the Group, events requiring correction after the balance sheet date are recorded and the events that do not require post-balance sheet correction are shown in the footnotes.

In the accompanying financial statements of the Group, the events requiring correction after the balance sheet date are recorded and the events that do not require correction after the balance sheet are shown in the footnotes.

Provisions, contingent asset and contingent liabilities

Provisions
Provision is made in the financial statements if there is an existing legal or implied obligation arising from past events and sources with economic benefits are likely to leave the Company and the liability amount is estimated safely to fulfil the obligation. Provisions are calculated according to the most realistic estimation made by the Company management of the expenditure to be made to fulfil the obligation as of the balance sheet date and discounted to its present value when the effect is significant.

Contingent Liabilities
Liabilities included in this group are considered as contingent liabilities and are not included in the financial statements. Because, in order to fulfil the obligation, there is no possibility of the resources containing economic benefits to leave the business or the amount of the obligation cannot be measured reliably enough. The Company shows its contingent liabilities in the footnotes of the financial statements unless the sources of economic benefits are far from likely to leave the business.

Contingent Asset
The asset, which will be confirmed by the occurrence of one or more inaccurate events arising from past events and whose existence is not under the full control of the business, is considered as a conditional asset. Contingent assets are explained in the footnotes of financial statements if the entry of resources with economic benefits is not definitive.

In cases where all or part of the economic benefits used to pay the allowance amount are expected to be met by third parties, the amount to be collected is recognized and reported as an asset if the reimbursement of this amount is definite and the amount is calculated reliably.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Taxes on income
Income tax expense is the sum of current tax and deferred tax expense.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax
The deferred tax liability or asset is determined by calculating the tax effects of the temporary differences between the amounts of the assets and liabilities shown in the financial statements and the amounts considered in the legal tax base account, taking into account the legal tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly likely to benefit from such differences by obtaining taxable profit in the future.

Such assets and liabilities are not recognized if the temporary difference related to the transaction that does not affect commercial or financial profit / loss is due to the first time the goodwill or other assets and liabilities are included in the financial statements (other than business combinations)

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and affiliates and shares in joint ventures, except when the Group can control the disappearance of temporary differences and the likelihood that this difference will disappear in the near future.

Deferred tax assets arising from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable to benefit from these differences by obtaining sufficient taxable profit in the near future and that the related differences are likely to disappear in the future.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Summary of Significant Accounting Policies (Continued)

Employee benefits
The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognised under other comprehensive income

Reporting of cash flows
The Group organizes the cash flow statements in order to inform the users of the financial statements about the changes in the net assets, the financial structure and the ability to direct the amount and timing of the cash flows according to the changing conditions. In the cash flow statement, cash flows for the period are classified and reported based on operating, investment and financing activities.

Cash flows arising from operating activities show cash flows arising from the main activities of the Group. Cash flows related to investment activities show the cash flows used and obtained by the Group in its investment activities (fixed asset investments and financial investments). Cash flows related to financial activities show the resources used by the Group in financial activities and repayments of these resources.

Cash and cash equivalents include cash and demand bank deposits, and short-term investments with high liquidity that can be easily converted to a certain amount of cash, with a maturity of 3 months or less.

Capital and dividends
Dividends receivable are recognized as income in the period when they are declared. Dividend's payable are recognized as an appropriation of profit in the period in which they are declared.

2.5. Significant Accounting Judgments, Estimates and Assumptions

While preparing the interim consolidated financial statements as of 30 September 2021, the Group evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairments that may occur in the interim consolidated financial statements dated 30 September 2021 have been evaluated.

As the Group operates in the field of health informatics, it does not think that such impacts will have a significant effect on its operations but takes the necessary precautions.

3. BUSINESS COMBINATION

None (31 December 2020: None).

4. SEGMENT REPORTING

Fonet Bilgi Teknolojileri Anonim Şirketi. and its subsidiary Pidata Bilişim Teknolojileri A.Ş. operates in the same sector and in the same geographical regions.

5. CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
Cash on hands	2.242	1.967
Bank		
- Demand deposits	*1.914.774*	*1.044.566*
- Time deposits	*8.658.791*	*7.573.816*
Total	**10.575.807**	**8.620.349**

As of the reporting period, the time deposits of the Group are comprised of TL assets, with a maturity range of approximately 2-32 days and interest rates between 13.06% and 20.00%.

6. FINANCIAL BORROWINGS

Current borrowings	**30 September 2021**	**31 December 2020**
Banka loans	1.450.630	888.948
Lease liabilities	299.082	580.434
Other financial liabilities	332.506	250.448
Total	**2.082.218**	**1.719.830**

Non current borrowings	**30 September 2021**	**31 December 2020**
Lease liabilities	527.084	737.192
Total	**527.084**	**737.192**

The repayment schedule of the financial liabilities	**30 September 2021**	**31 December 2020**
0-3 month	1.783.136	1.139.396
3-12 month	--	--
Total	**1.783.136**	**1.139.396**

Amounts related to the loans expressed in Turkish Lira and the details of the Collaterals, Pledges and Mortgages given against the loans are given in Note 15.

Details of lease liabilities	**30 September 2021**	**31 December 2020**
Within 1 year	299.082	580.434
1-5 years	527.084	737.192
Total	**826.166**	**1.317.626**

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

7. TRADE RECEIVABLES AND TRADE PAYABLES

Current trade receivables	**30 September 2021**	**31 December 2020**
Trade receivables from related parties (Note 24)	**--**	--
Trade receivables	33.265.919	16.087.502
Notes receivable	--	610.000
Deferred financing income (-)	(621.743)	(175.514)
Provision for trade receivables (-)	**(150.222)**	**(250.222)**
Total	**33.283.176**	**16.521.988**

The movement of provision for trade receivables is as follows:

	30 September 2021	**30 September 2020**
Beginning of the period	**250.222**	**571.229**
Provision cancelled during the period (Note21)	(100.000)	(420.779)
End of the period	**150.222**	**150.450**

Non current trade receivables	**30 September 2021**	**31 December 2020**
Trade receivables	22.178.998	792.774
Deferred financing income (-)	(191.312)	(4.392)
Total	**21.987.686**	**788.382**

Current trade payables	**30 September 2021**	**31 December 2020**
Trade payables from related parties (Note 24)	--	--
Trade payables	517.355	1.005.723
Notes payables	431.105	--
Deferred financing income (-)	(7.575)	(4.065)
Total	**940.885**	**1.001.658**

8. OTHER RECEIVABLES and OTHER LIABILITIES

Other Current Receivables	**30 September 2021**	**31 December 2020**
Due from personnel	56.500	11.000
Deposits and guarantees given	116.376	147.469
Total	**172.876**	**158.469**

Other Non Current Receivables	**30 September 2021**	**31 December 2020**
Deposits and guarantees given	35.500	39.380
Total	**35.500**	**39.380**

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

8. OTHER RECEIVABLES and OTHER LIABILITIES (CONTINUED)

Other Current Liabilities	**30 September 2021**	**31 December 2020**
Other payables to related parties (Note 24)	--	1.271.169
Taxes and funds payables	398.250	593.423
Total	**398.250**	**1.864.592**

9. INVENTORIES

	30 September 2021	**31 December 2020**
Merchandises	1.168.418	1.293.810
Total	**1.168.418**	**1.293.810**

10. PREPAID EXPENSES AND DEFERRED INCOMES

Current Prepaid Expenses	**30 September 2021**	**31 December 2020**
Prepaid expenses (*)	1.044.945	911.798
Advances given for business purposes	189.769	19.325
Total	**1.234.714**	**931.123**

Non Current Prepaid Expenses	**30 September 2021**	**31 December 2020**
Prepaid expenses (*)	624.977	722.604
Total	**624.977**	**722.604**

(*) Prepaid expenses are comprised of software licenses acquired in accordance with the contracts made within the scope of the tenders that the Group has participated in and are closed by monthly invoicing to the customers during the period.

Current Deferred Income	**30 September 2021**	**31 December 2020**
Deferred income	6.738.594	1.189.161
Total	**6.738.594**	**1.189.161**

Non current Deferred Income	**30 September 2021**	**31 December 2020**
Deferred income	22.178.998	792.774
Total	**22.178.998**	**792.774**

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

11. PROPERTY, PLANT AND EQUIPMENT

Cost	**1 January 2021**	**Addition**	**Disposal**	**30 September 2021**
Buildings	1.500.000	--	--	1.500.000
Motor vehicles	1.722.576	485.198	--	2.207.774
Fixtures and fittings	3.877.253	298.306	--	4.175.559
Leasehold improvements	966.532	14.539	(86.335)	894.736
Total	**8.066.361**	**798.043**	**(86.335)**	**8.778.069**
Accumulated depreciation (-)				
Buildings	(270.000)	(22.500)	--	(322.500)
Motor vehicles	(858.419)	(266.570)	--	(1.124.989)
Fixtures and fittings	(2.337.138)	(483.817)	--	(2.820.955)
Leasehold improvements	(555.131)	(136.346)	44.751	(646.726)
Total	**(4.050.688)**	**(909.233)**	**44.751**	**(4.915.170)**
Net book value	**4.015.673**			**3.862.899**

Cost	**31 December 2019**	**Addition**	**Disposal**	**31 December 2020**
Buildings	1.500.000	--	--	1.500.000
Motor vehicles	1.722.576	--	--	1.722.576
Fixtures and fittings	3.472.335	404.918	--	3.877.253
Leasehold improvements	966.532	--	--	966.532
Total	**7.661.443**	**404.918**	**--**	**8.066.361**
Accumulated depreciation (-)				
Buildings	(270.000)	(30.000)	--	(270.000)
Motor vehicles	(535.338)	(323.081)	--	(858.419)
Fixtures and fittings	(1.768.172)	(568.966)	--	(2.337.138)
Leasehold improvements	(361.824)	(193.307)	--	(555.131)
Total	**(2.935.334)**	**(1.115.354)**	**--**	**(4.050.688)**
Net book value	**4.726.109**			**4.015.673**

The net book value of the tangible fixed assets are as follows:

	30 September 2021	**31 December 2020**
Buildings	1.354.604	1.540.115
Motor vehicles	1.177.500	1.200.000
Fixtures and fittings	1.082.785	864.157
Leasehold improvements	248.010	411.401
Total	**3.862.899**	**4.015.673**

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

12. INTANGIBLE ASSETS

Cost	1 January 2021	Additions	Disposals	30 September 2021
Rights	11.214.338	2.443.191	14.703.341	28.360.870
Development costs ".net based HIS"	4.588.814	--	--	4.588.814
Development costs —Java based cloud system	74.319.377	11.899.300	(14.703.341)	71.515.336
Tales ERP	2.964.500	3.210.000	--	6.174.500
Total	**93.087.029**	**17.552.491**	**--**	**110.639.520**
Accumulated amortization (-)				
Rights	(5.547.000)	(1.184.384)	782.541	(5.948.843)
Development costs ".net based HIS"	(3.510.214)	(262.294)	--	(3.772.508)
Development costs — Java based cloud system	(11.313.990)	(3.116.774)	(782.541)	(15.213.305)
Tales ERP	(69.228)	(237.970)	--	(307.198)
Total	**(20.440.432)**	**(4.801.422)**	**--**	**(25.241.854)**
Net book value	**72.646.597**			**85.397.666**

Cost	31 December 2019	Additions	Disposals	31 December 2020
Rights	6.462.747	2.902.980	1.848.611	11.214.338
Development costs ".net based HIS"	4.588.814	--	--	4.588.814
Development costs — Java based cloud system	62.485.188	13.682.800	(1.848.611)	74.319.377
Other intangible assets	--	2.964.500	--	2.964.500
Total	**73.536.749**	**19.550.280**	**--**	**93.087.029**
Accumulated amortization (-)				
Rights	(4.975.910)	(408.123)	(162.967)	(5.547.000)
Development costs ".net based HIS"	(3.130.536)	(379.678)	--	(3.510.214)
Development costs — Java based cloud system	(6.850.414)	(4.626.543)	162.967	(11.313.990)
Other intangible assets	--	(69.228)	--	(69.228)
Total	**(14.956.860)**	**(5,483,572)**	**--**	**(20.440.432)**
Net book value	**58.579.889**			**72.646.597**

The net book value of the intangible fixed assets are as follows:

	30 September 2021	31 December 2020
Rights	22.412.027	5.667.338
Development costs ".net based HIS"	816.306	1.078.600
Development costs — Java based cloud system	59.422.286	63.005.387
Tales ERP	2.747.047	2.895.272
Total	**85.397.666**	**72.646.597**

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

12. INTANGIBLE ASSETS (Continued)

The Group capitalizes the cost of the new HIS program running on Java-based cloud architecture. These costs consist of outsourced services and personnel costs in software development, project implementation and system support departments.

The details of the program costs capitalized during the period are as follows:

	30 September 2021	31 December 2020
Personnel costs		
(personnel working on software development, project implementation and system support departments)	12.847.491	16.590.471
Total	**12.847.491**	**16.590.471**

Development costs incurred in prior periods are comprised of development costs related to the Java based HIS of which sales are ongoing.

13. RIGHT OF USE ASSETS

Cost	1 January 2021	Additions	Disposals	30 September 2021
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	1.863.478	--	--	**1.863.478**
Total	**1.863.478**	**--**	**--**	**1.863.478**
Accumulated amortization (-)				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	(626.232)	(315.090)	--	(941.322)
Total	**(626.232)**	**(315.090)**	**--**	**922.156**
Net book value	**1.237.246**			

Cost	31 December 2019	Additions	Disposals	31 December 2020
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	1.493.943	369.535	--	1.863.478
Total	**1.493.943**	**369.535**	**--**	**1.863.478**
Accumulated amortization (-)				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	(77.885)	(548.347)	--	(626.232)
Total	**(77.885)**	**(548.347)**	**--**	**(626.232)**
Net book value	**1.416.058**			**1.237.246**

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

13. RIGHT OF USE ASSETS (Continued)

Group in the case of tenant

The Group has four lease agreement that is subject to operating leases.

The Group has four workplace rentals, Floor 1 and Floor 8 at The Paragon Business Centre. A2 Floor 2 and City Office in WTC AB. The beginning date of the contracts are 15 August 2017, 15 July 2018, 1 August 2019 and 02 January 2020 respectively and the contract terms are valid for 5 years.

14. GOVERNMENT INCENTIVES

The Group has investment incentive certificates that are deemed appropriate to be issued by the Official Departments regarding investment expenditures. The rights owned by the Group due to these incentives are as follows:

a) Incentives within the scope of Technology Development Zones Law (100% Corporate Tax Exemption),
b) Incentives within the scope of research and development law (Social Security Institution incentives etc.)

In accordance with the article; 'Within the scope of the temporary second article of the Law No. 4691 on Technology Development Zones, amended by the 8th article of the Corporate Tax General Communiqué No 6, the earnings obtained by the management companies within this law and the income and corporate taxpayers operating in the region are exempt from income and corporate tax until 31 December 2023, exclusively from the software and R&D activities in this region. The Group 's revenues to be obtained as a result of research and development activities are within the scope of exemption from corporate tax.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other Current Provisions	**30 September 2021**	**31 December 2020**
Provisions for lawsuits	879.244	429.175
Total	**879.244**	**429.175**

As of the date of this report, summary information about the Group related to litigation and execution are as follows:

	Total	**Amount**
Ongoing lawsuits on behalf of the Group	2	525.250
Ongoing execution proceedings	6	221.495
Ongoing lawsuits against the Group	71	879.244
Ongoing enforcement proceedings	3	235.097

The Group management has provided a provision in the amount of TL 879.244 in the financial statements with regards to lawsuits filed against The Group (31 December 2020 TL 429.175).

Contingent Liabilities

	30 September 2021	**31 December 2020**
Guarantees given	13.014.051	10.418.725
Total	**13.014.051**	**10.418.725**

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Collaterals, pledges and mortgages (CPM's) given by the Group are as follows;

	30 September 2021	31 December 2020
CPM given by the Group		
A. CPM's given for Group's own legal personality		
CPM given by the company	13.014.051	10.418.725
CPM's given on behalf of fully consolidated companies	--	--
B. CPM's given on behalf of third parties for ordinary course of business	--	--
C. Total amount of other CPM's	--	
i. Total amount of CPM's given on behalf of the majority shareholder	--	--
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	--	--
Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total	**13.014.051**	**10.418.725**

16. LIABILITIES FROM EMPLOYEE BENEFITS

Liabilities from Employee Benefits	**30 September 2021**	**31 December 2020**
Payables due to personnel	2.420.308	1.898.776
Social security withholdings payables	1.202.826	896.537
	3.623.134	**2.795.313**

Current Provisions for Employee Benefits	**30 September 2021**	**31 December 2020**
Provisions for unused vacations	356.058	329.831
	356.058	**329.831**

Movements of the provisions for unused vacations are as follows:

	30 September 2021	**31 December 2020**
Beginning of the period	**329.831**	**299.181**
Provision amount for the current period	45.007	78.580
Payments (-)	(18.780)	--
End of the period	**356.058**	**377.761**

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

16. LIABILITIES FROM EMPLOYEE BENEFITS (CONTINUED)

	30 September 2021	31 December 2020
Provision for employee termination benefits	1.300.556	1.042.688
	1.300.556	**1.042.688**

Provision for Severance Pay

Under the Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age. Severance payment provision is calculated as 30 days gross salary for each service year.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 (Employee Benefits) stipulates the development of Group liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

	30 September 2021	31 December 2020
Net discount rate (%)	3,67%	2.84%

	30 September 2021	31 December 2020
Beginning of the period	**1.042.688**	**902.491**
Service cost	278.498	175.869
Actuarial profit /(loss)	(109.437)	(91.967)
Interest expense (Note 21)	102.445	65.651
Compensation paid	(13.638)	(80.000)
Closing balance	**1.300.556**	**972.044**

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore. The discount rate applied represents the expected real rate after adjusting for future inflation effects. Therefore, as of 30 September 2021 and 31 December 2020, the provisions in the accompanying financial statements are calculated by estimating the present value of the probable liability arising from the retirement of future employees.

In calculating the provision for severance pay of the Group, the ceiling amount of TL 8.284,51 valid as of 30 September 2021 was taken into account (31 December 2020: TL 7.638,16).

17. OTHER ASSETS AND LIABILITIES

Other current assets	30 September 2021	31 December 2020
VAT carried forward	31.604	41.608
Other	7	--
Total	**31.611**	**41.608**

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

17. OTHER ASSETS AND LIABILITIES (CONTINUED)

Other current liabilities	**30 September 2021**	**31 December 2020**
Executive and BES Deductions	57.294	25.773
TOTAL	**57.294**	**25.773**

18. EQUITY, RESERVES AND OTHER EQUITY COMPONENTS

The Shareholders structure of The Company is as follow

	30 September 2021		**31 December 2020**	
Shareholders	**Share amount**	**Rate%**	**Share amount**	**Rate%**
Abdülkerim GAZEN	19.333.333	48,33	19.333.333	48,33
Other (public)	20.666.667	51,67	20.666.667	51,67
Paid capital	**40.000.000**	**100,00**	**40.000.000**	**100,00**

The Company's issued capital consists of 40.000.000 shares, all with a par value of 1 Turkish Liras each as at 31 December 2020 (31 December 2019: 40.000.000 shares).

Other comprehensive income/loss not to be reclassified to profit or loss

	30 September 2021	**31 December 2020**
Actuarial gain/loss	(426.595)	(563.392)
	(426.595)	**(563.392)**

Restricted reserves allocated from profit

	30 September 2021	**31 December 2020**
Legal reserves	3.410.180	2.281.006
	3.410.180	**2.281.006**

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

Previous Year Profit / Loss (-)	**30 September 2021**	**31 December 2020**
Opening balance	**25.415.086**	**11.295.290**
Prior period profit / (loss) transfer	27.738.975	14.651.030
Transfer to restricted reserves separated from profit	(1.129.174)	(531.234)
Profit / (loss) adjustment	(29.795)	--
Previous Year Profit / Loss (-)	**51.995.092**	**25.415.086**

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

18. EQUITY, RESERVES AND OTHER EQUITY COMPONENTS (COUNTINUED)

Accumulated profits other than net period profit are shown in previous years' profits / (losses). Extraordinary reserves, which are essentially accumulated profits and thus not restricted, are also considered as accumulated profits and shown in this item.

19. REVENUE AND COST OF SALES (-)

Sales revenue, net	**01.01.-30.09.2021**	**01.01.-30.09.2020**	**01.07.-30.09.2021**	**01.07.-30.09.2020**
Domestic sales	58.420.694	44.341.408	22.640.739	14.344.358
Exports	1.877.494	844.201	348.951	308.571
Other sales	1.215	473	547	473
Total Revenues	**60.299.403**	**45.186.082**	**22.990.237**	**14.652.929**
Sales returns and discounts (-)	--	--	--	--
Revenue, net	**60.299.403**	**45.186.082**	**22.990.237**	**14.653.402**

Cost of sales (-)	**01.01.-30.09.2021**	**01.01.-30.09.2020**	**01.07.-30.09.2021**	**01.07.-30.09.2020**
Cost of services sold	27.868.835	21.010.553	9.413.962	7.149.828
Cost of merchandises sold	698.211	221.488	551.662	163.507
Cost of sales	**28.567.046**	**21.232.041**	**9.965.624**	**7.313.335**
Gross profit	**31.732.357**	**23.954.041**	**13.024.613**	**7.340.067**

20. GENERAL ADMINISTRATION EXPENSES. RESEARCH EXPENSES (-)

	01.01.-30.09.2020	**01.01.-30.09.2020**	**01.07.-30.09.2021**	**01.07.-30.09.2020**
General administrative expenses (-)	5.058.969	4.834.752	1.703.273	1.481.086
Marketing, selling and distribution expenses (-)	418.707	748.758	181.281	113.780
Research and development expenses (-)	3.095.608	2.744.522	1.559.659	1.067.522
Total	**8.573.284**	**8.328.032**	**3.444.213**	**2.662.388**

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (-)

Other income from operating activities	**01.01.-30.09.2021**	**01.01.-30.09.2020**	**01.07.-30.09.2021**	**01.07.-30.09.2020**
Incentive income	2.040.826	2.200.664	710.235	837.380
Reversal of provisions for receivables (Note 7)	100.000	420.779	100.000	416.402
Reversal of provisions for litigations	69.924	69.924	(1.021)	(155)
Deferred financing income	3.624	73.329	(4.824)	62.890
Other	294.827	142.505	175.344	16.774
Total	**2.509.201**	**2.907.201**	**979.734**	**1.333.291**

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

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (-) (CONTINUED)

Other expenses from operating activities (-)	**01.01.- 30.09.2021**	**01.01.- 30.09.2020**	**01.07.- 30.09.2021**	**01.07.- 30.09.2020**
Severance pay interest expenses (Note 16)	102.445	65.651	34.149	65.651
Deferred financing expenses	647.094	43.481	227.216	(21.465)
Provisions for litigation	450.069	18.144	305.170	(460.722)
Doubtful trade receivable provision expense	--	--	(644.773)	--
Other	29.716	4.740	(2)	(214.086)
Total	**1.229.324**	**132.016**	**(78.240)**	**(630.622)**

22. INCOME AND EXPENSES FROM INVESTING ACTIVITIES (-)

Income from Investment Activities	**01.01.- 30.09.2021**	**01.01.- 30.09.2020**	**01.07.- 30.09.2021**	**01.07.- 30.09.2020**
Interest income	822.294	66.375	221.263	25.585
Income from sales of property, plant and equipment	--	--	(28.333)	--
Total	**822.294**	**66.375**	**192.930**	**25.585**

23. FINANCIAL INCOME AND EXPENSES (-)

Financial income	**01.01.- 30.09.2021**	**01.01.- 30.09.2020**	**01.07.- 30.09.2021**	**01.07.- 30.09.2020**
Foreign exchange income	7.654	43.315	1.666	23.556
Total	**7.654**	**43.315**	**1.666**	**23.556**

Financial expenses (-)	**01.01.- 30.09.2021**	**01.01.- 30.09.2020**	**01.07.- 30.09.2021**	**01.07.- 30.09.2020**
Foreign exchange expenses	32.562	30.736	5.580	27.545
Loan interest expense	57.042	38.131	13.921	(39.405)
Letter of guarantee commission expenses	74.824	124.237	18.360	122.020
Stock market expense	31.968	16.593	31.968	1.584
Right of use expenses	49.329	27.634	(49.276)	27.634
Other financial expenses	5.278	797	5.214	(7.603)
Total	**251.003**	**238.128**	**25.767**	**131.775**

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

24. RELATED PARTIES

For the purpose of these financial statements, shareholders, key executives, board members, their families and companies are regarded as related parties and affiliates.

As of 30 September 2021 there is no receivable from related parties. (31 December 2019: None)

Payables to related parties

	30 September 2021		31 December 2020	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Abdülkerim GAZEN	--	--	--	1.271.169
Total	**--**	**--**	**--**	**1.271.169**

The amount of rights granted to senior managers in the current period is TL 903.150 (31 December 2020: TL 1.950.000)

25. TAXES ON INCOME (Deferred Tax Asset and Liability Included)

Corporate Tax Provision

	30 September 2021	31 December 2020
Prepaid temporary taxes and funds (-)	(26.552)	(54.945)
Tax asset or liability	**(26.552)**	**(54.945)**

In Turkey, the corporation tax rate is 25% as of 30 September 2021 (31 December 2020: 22%). The corporate tax rate is applied to the tax base that will result in the deduction of non-deductible expenses in accordance with the tax legislation of the corporation's commercial income, the exemption in the tax laws (such as the exemption of participation profits) and deductions (such as investment discount). No further tax is paid if the profit is not distributed.

Companies calculate provisional tax of 25% on their quarterly financial profits (23% for the taxation periods of 2022, 20% for the year 2023 and beyond) and declare it until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

Tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years. Declarations and related accounting records can be examined by the tax office within five years.

Tax provision in the income statement:	**30 September 2021**	**30 September 2020**
Current period corporate tax provision	--	--
Deferred tax provision	204.064	(651.489)
Total	**204.064**	**(651.489)**

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

25. TAXES ON INCOME (Deferred Tax Asset and Liability Included) (Continued)

Deferred Tax Assets and Liabilities

As of 30 September 2021 and 31 December 2020, the temporary differences that are subject to deferred tax and the distribution of deferred tax assets calculated using the effective tax rates as of the balance sheet date are summarized below:

	Cumulative temporary differences		**Deferred Tax**	
	30 September 2021	**31 December 2020**	**30 September 2021**	**31 December 2020**
Deferred Tax Assets				
Deferred finance expense	813.055	179.906	203.264	39.579
Lease contracts	1.401.540	1.943.858	350.386	427.649
Provision for doubtful receivables	3.331.277	3.331.277	832.819	732.881
Unused vacation provision (Note 16)	356.058	329.831	89.015	72.563
Provision for litigation (Note 15)	879.244	429.175	219.811	94.419
Provision for doubtful receivables	150.222	250.222	37.556	55.049
Severance pay provision (Note 16)	1.300.556	1.042.688	325.139	229.391
Written off assets	9.055	24.963	2.264	5.492
Adjustment on borrowings	3.192	8.158	798	1.795
Total	**8.244.199**	**7.540.078**	**2.061.052**	**1.658.818**
Deferred Tax Liabilities				
Deferred financial expense	(7.575)	(17.896)	(1.894)	(3.937)
Adjustment for time deposits accounts	(18.115)	(12.049)	(4.529)	(2.651)
Difference between the tangible assets registered value and tax base	(126.563)	(126.567)	(31.641)	(27.845)
Capitalized costs of programs in progress	(3.147.594)	(3.476.679)	(786.899)	(764.869)
Capitalized development costs	(3.476.679)	(3.147.594)	(869.170)	(692.471)
Lease contracts	(1.497.530)	(1.863.482)	(374.383)	(409.966)
Other	(134.500)	(134.504)	(33.624)	(29.591)
Total	**(8.408.556)**	**(8.778.771)**	**(2.102.140)**	**(1.931.330)**
Deferred Tax Assets / (Liabilities), net	**(164.357)**	**(1.238.693)**	**(41.088)**	**(272.512)**

	30.09.2021	**31.12.2020**
Deferred tax assets	2.061.052	1.658.818
Deferred tax liabilities (-)	(2.102.140)	(1.931.330)
Deferred Tax Assets / (Liabilities), net	**(41.088)**	**(272.512)**

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

25. TAXES ON INCOME (Deferred Tax Asset and Liability Included) (Continued)

Deferred Tax Assets and Liabilities (Continued)

Movements of deferred tax assets / (liabilities) are as follows:

	30 September 2021	31 December 2020
Opening balance of deferred tax assets / (liabilities)	(272.512)	359.218
Deferred tax expense / (income)	204.064	(651.489)
Deferred tax effect of other comprehensive income	27.360	39.693
Deferred tax asset / liability in the current period	**(41.088)**	**(272.512)**

26. EARNINGS PER SHARE

	01.01.-30.09.2021	01.01.-30.09.2020
Net profit / (loss) for the period from continued operations:		
Net profit / (loss) of parent company from continued operations	25.221.958	17.621.267
Weighted average number of shares	40.000.000	40.000.000
Earnings / (loss) per share from continued operations (TL)	**0,63**	**0,44**
Earnings / (loss) per share		
Profit / (loss) for the period	25.221.958	17.621.267
Net profit / (loss) of parent company for the period	25.221.958	17.621.267
Weighted average number of shares	40.000.000	40.000.000
Earnings / (loss) per share (TL)	**0,63**	**0,44**

	01.01.-30.09.2021	01.01.-30.09.2020
Number of weighted shares at the beginning of the period	40.000.000	40.000.000
Number of shares issued within the period	--	--
Number of shares at the end-of-period	40.000.000	40.000.000

27. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The most important risks arising from the financial instruments of the Group is interest rate risk, liquidity risk and credit risk.

Capital Risk Management

The Group monitors its capital adequacy using the debt / equity ratio as in the previous period. This ratio is calculated by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes loans, trade and other debts shown on the balance sheet).

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

27. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Capital Risk Management (Continued)

	01.01.- 30.09.2021	01.01.- 31.12.2020
Total liabilities	14.203.041	13.859.317
Less: cash and cash equivalents	(10.575.807)	(8.620.349)
Net (Cash)/Liabilities	**3.627.234**	**5.238.968**
Total equity	120.200.635	94.871.675
Capital	40.000.000	40.000.000
Net (Cash) Liabilities / Total Equity Ratio	**0,03**	**0,06**

The current ratio from liquidity ratios has been realized as follows in terms of periods.

	01.01.- 30.09.2021	01.01.- 31.12.2020
Current assets	46.493.154	27.622.292
Current liabilities (-)	15.075.677	9.355.333
Net working capital excess / (deficit)	**31.417.477**	**18.266.959**
Current Ratio	**3,08**	**2,95**

Earnings Before Interest Tax Depreciation and Amortization (EBITDA)	**01.01.- 30.09.2021**	**01.01.- 30.09.2020**
Net income / (loss) for the period	25.221.958	17.621.267
Income / expenses from operating activities, net	(1.279.877)	(2.775.185)
Income / expenses from investment activities, net	(822.294)	(66.375)
Depreciation expenses	6.025.745	5.215.524
Depreciation expenses	243.349	194.813
Depreciation expenses	(204.064)	651.489
EBITDA	**29.184.817**	**20.841.533**
EBITDA margin	**48,40%**	**46,12%**

Financial Risk Factors

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group management meets these risks by limiting the average risk for the counterparty in each agreement. The Group's collection risks mainly arise from its trade receivables. The Group manages this risk by limitation on the extension of the credit to customers. Credit limits are monitored regularly by the Company and the customer's financial position, taking into account the customers' credit quality and other factors considered. The Group does not have any derivative financial instruments. (31 December 2020: None)

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

27. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors (Continued)

Credit risk (Continued)

The imposed credit risk by financial instrument type is as follows as 30 September 2021 and 31 December 2020

	RECEIVABLES					
	Trade Receivables		Other Receivables			
30 September 2021	**Related Parties**	**Other Parties**	**Related Parties**	**Related Parties**	**Bank Deposits**	**Cash and Other**
Maximum credit risk exposures as of report date (A+B+C+D+E)	--	**55.270.862**	--	**208.376**	**10.573.565**	**2.242**
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	--	55.270.862	--	208.376	10.573.565	2.242
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
D. Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	150.222	--	--	--	--
- Impairment asset (-)	--	(150.222)	--	--	--	--
- Net, secured part via collateral etc.	--	--	--	--	--	--
E. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

	RECEIVABLES					
	Trade Receivables		Other Receivables			
31 December 2020	**Related Parties**	**Other Parties**	**Related Parties**	**Related Parties**	**Bank Deposits**	**Cash and Other**
Maximum credit risk exposures as of report date (A+B+C+D+E)	--	**17.310.370**	--	**197.849**	**8.618.382**	**1.967**
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	--	17.310.370	--	197.849	8.618.382	1.967
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
D. Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	250.222	--	--	--	--
- Impairment asset (-)	--	(250.222)	--	--	--	--
- Net, secured part via collateral etc.	--	--	--	--	--	--
E. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

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

27. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors (Continued)

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group management minimizes its liquidity risk by financing its assets with equity as in the previous period. The Group conducts its liquidity management not according to the expected terms, but it conducts with the terms determined in accordance with the contract. The Group has no derivative financial liabilities.

Maturities accordance with the contract as of 30 September 2021	**Book value**	**Total contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1 – 5 years III)**
Non-derivative Financial Liabilities					
Bank loans	1.450.630	1.450.630	1.450.630	--	--
Other financial liabilities	332.506	332.506	332.506	--	--
Finance lease obligations	826.166	826.166	94.349	204.733	527.084
Trade payables	940.885	940.885	940.885	--	--
Total Liabilities	**3.550.187**	**3.550.187**	**2.818.370**	**204.733**	**527.084**
Derivative Financial Liabilities					
Liabilities from employee benefits	3.623.134	3.623.134	3.623.134	--	--
Deferred income	28.917.592	28.917.592	6.738.594	--	22.178.998
Other debts and liabilities	2.991.402	2.991.402	1.690.846	--	1.300.556
	35.532.128	**35.532.128**	**12.052.574**	**--**	**23.479.554**

Maturities accordance with the contract as of 31 December 2020	**Book value**	**Total contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1 – 5 years III)**
Non-derivative Financial Liabilities					
Bank loans	888.948	888.948	888.948	--	--
Other current liabilities	250.448	250.448	250.448	--	--
Finance lease obligations	1.317.626	1.317.626	138.235	442.199	737.192
Trade payables	1.001.658	1.001.658	1.001.658	--	--
Total Liabilities	**3.458.680**	**3.458.680**	**2.279.289**	**442.199**	**737.192**
Derivative Financial Liabilities					
Liabilities from employee benefits	2.795.313	2.795.313	2.795.313	--	--
Deferred income	1.981.935	1.981.935	1.189.161	--	792.774
Other payables	2.420.890	2.420.890	1.378.202	--	1.042.688
	7.198.138	**7.198.138**	**5.362.676**	**--**	**1.835.462**

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

27. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Financial Risk Factors (Continued)

Market Risk

Market risk is the risk of fluctuations in the fair value of a financial instrument or in future cash flows that will adversely affect a business due to changes in market prices. These are foreign currency risk, interest rate risk and financial instruments or commodity price change risk.

Interest Rate Risk

Interest rate risk arises from the possibility of interest rate changes that affect the financial statements. The Group is exposed to interest rate risk because of timing differences of its assets and liabilities which is expired in a current period. There is no risk management pattern and implementation which is defined and in the Group Company. The Group administration manages the interest rate risk by making decision and with its implementations although there is not any risk management model defined in the Group.

The Group's interest position table is as follows:

	30 September 2021	31 December 2020
Financial Liabilities (Note 6)	1.783.136	1.139.396
Cash and Cash Equivalents (Note 5)	10.575.807	8.620.349

28. EVENTS AFTER THE REPORTING DATE

As the Group operates in the field of health informatics, it does not consider such impacts to have a material effect on its operations and takes the necessary precautions.