LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020 WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Logo Yazılım Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition Revenue is the most significant measurement criterion for evaluating the results of strategies implemented throughout the year and performance follow-up. The Group's total net revenue is amounting to TRY545.023.892 for the year ended 31 December 2020. The revenue of the Group mainly consists of standard software licence sales, Logo Enterprise Membership ("LEM") sales, SaaS subscription revenues, software development revenues and package upgrade revenues. We focused on this area due to the following reasons: - It has significant impacts on several financial statements line items such as trade receivables, contract liabilities, revenue and cost of sales on the consolidated financial statement of the Group as at 31 December 2020, - Application of accounting standards for recognition of revenue are complex, - Each revenue streams recognized in the consolidated financial statements have different recognition criteria and management's assumptions and judgements are used for determination of percentage of completion ratios in recognizing revenue from projects. Accounting policies of the Group and the amount of revenue are disclosed in Note 2.5 and 21, respectively.	The following procedures were performed to audit of the revenue: Our audit procedures consist of understanding of the internal controls and business processes on revenue recognition, including reporting on business performance reviews and controls performed by the management, analytical reviews and substantive tests. While designing and performing our audit procedures on revenue, we segregated revenue streams and designed our audit procedures based on each revenue types. To verify software licences and version upgrade revenues, accounting records and underlying documents were substantively tested. In addition, activation status of software licences were tested on a sample basis and we checked whether the product keys were delivered to the customers or not. LEM revenue is recognized over the duration of the contract terms. LEM revenue and deferred revenue related to LEM sales were tested by sampling method. SaaS subscription revenue consists of sales recorded and reflected to customers on a monthly basis. The accuracy of invoices issued to customers and records were tested using substantive testing procedures. The completion rate of projects was considered in recognition of special software development and project revenues. Our audit procedures on these type of revenues included reviewing agreements, testing completion rates and comparing the budgets and realized costs of the ongoing projects. We evaluated the adequacy of disclosures explained in Note 21 for requirements of TFRS 15, "Revenue from Contract with Customers". As a result of our work, we had no material findings related to the revenue.

Key audit matters	How our audit addressed the key audit matter
Impairment test of goodwill The carrying value of goodwill accounted for under intangible assets amounted to TRY202.740.417 in the consolidated financial statements as of 31 December 2020. In accordance with TAS, goodwill should be tested for impairment annually. We focused on this area due to the following reasons: - Carrying values of the goodwill recognized in the consolidated financial statements as at 31 December 2020 is material, - Significant judgements and estimates were used in the impairment tests (expected growth rate of earning before interests, taxes, depreciation and amortization, long-term growth rates, weighted average cost of capital etc.) performed by the management, - The outcome of some estimates is sensitive to changes in the market conditions and economic developments, Please refer to Note 15 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.	We performed the following procedures in relation to the impairment tests of goodwill: Discussed with management about their future plans and explanations based on the macro-economic information. We inquired with management to understand the setup of the discounted cash flow models and underlying assumptions used and mathematical accuracy of the model was tested. Through involvement of our internal valuation specialists, we assessed the reasonableness of key assumptions (expected growth rate of earning before interests, taxes, depreciation and amortization, long-term growth rates, weighted average cost of capital etc.) used in the goodwill impairment test in comparison to the applications in the sector. We evaluated the realizability of the future cash flow and investment projections used in the goodwill impairment test in the meetings held with top management. We evaluated whether the consolidated cash flow estimations prepared are reasonable when compared with past financial performance results. We checked whether the significant assumptions and sensitivity analysis are disclosed appropriately in the accompanying consolidated financial statements as of 31 December 2020 or not.

Key audit matters	How our audit addressed the key audit matter
Capitalization of development costs TRY80.848.353 of development costs are capitalized in the consolidated financial statements of the Group as at 31 December 2020. The Group applies policies described on TAS 38, "Intangible Assets", and Note 2.5 in the capitalization of development costs. The Group capitalizes the costs of employees working for software developments and the costs of consultancies for software developments for the projects in which feasibility analysis have been completed and which are expected to generate cash flow in the future. Total amount of capitalized costs are calculated are based on the estimates and assumptions for the future cash flows of the projects made by the management and project managers and time sheets of the employees. We defined this area as a key audit matter due the calculations of the capitalization schedules are material for the consolidated financial statements and include the management's estimations.	We performed the following procedures in relation to the test of development costs: We discussed with the management to understand how they meet the requirements in TAS 38, "Intangible Assets". We discussed the details of the feasibility studies and future economic benefits of ongoing projects with the project managers and the consistency of estimations used in revenue expectations were compared with the historical data. We checked the project based capitalized cost details with the movement table of intangible assets. To test capitalized personnel cost on the projects, we obtained project based breakdown of personnel costs to verify capitalized personnel costs with payrolls and time sheets. We interviewed with personnel whose salaries are subject to capitalization on a sample basis, and we understood the development activities and their roles on the projects. We understood the nature of the outsourced consultancy expenses and applied contract and invoice testing procedures to test their nature and accuracy.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 17 February 2021.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mert Tüten, SMMM
Partner

İstanbul, 17 February 2021

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020 WITH INDEPENDENT AUDITOR'S REPORT

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS	1-2
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS..	3
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME................	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY...	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS......................................	7-69

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
ASSETS			
Current assets		**543.820.036**	**375.900.470**
Cash and cash equivalents	5	261.595.709	152.183.722
Financial investments	6	32.081.501	-
Trade receivables		235.668.367	211.156.878
- Trade receivables from third parties	*9*	*235.668.367*	*211.156.878*
- Trade receivables from related parties	*29*	-	-
Other receivables		799.556	1.095.167
- Other receivables from third parties	*10*	*799.556*	*909.141*
- Other receivables from related parties	*29*	-	*186.026*
Inventories	11	2.846.711	538.114
Prepaid expenses	18	4.917.554	6.496.405
Other current assets	10	5.910.638	4.430.184
Non-current assets		**553.699.940**	**399.831.802**
Other receivables		5.343.356	3.192.800
- Other receivables from related parties	*29*	*5.343.356*	*3.192.800*
- Other receivables from third parties	*10*	-	-
Financial investments	6	28.104.547	12.730.813
Investments accounted for using the equity method	7	-	-
Right of use assets	14	17.710.399	14.391.618
Property. plant and equipment	12	19.346.322	20.049.599
Intangible assets		470.238.309	342.178.523
- Goodwill	*15*	*202.740.417*	*146.362.128*
- Other intangible assets	*13*	*267.497.892*	*195.816.395*
Prepaid expenses	18	2.019.197	1.307.947
Deferred tax assets	27	10.007.150	5.160.460
Other non-current assets		930.660	820.042
Total assets		**1.097.519.976**	**775.732.272**

These consolidated financial statements have been approved by Board of Directors on 17 February 2021 and signed on its behalf by Buğra Koyuncu, Logo Group Chief Executive Officer and Gülnur Anlaş, Logo Group Head of Finance, Chief Financial Officer. General Assembly has the authority to change the consolidated financial statements.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
Short-term liabilities		**406.374.780**	**242.046.963**
Short-term borrowings	8	9.520.664	21.309.333
Short-term portion of long-term borrowings	8	17.463.445	10.924.218
Trade payables		65.971.841	46.713.633
- Trade payables to third parties	*9*	*65.971.841*	*46.713.633*
Employee benefit payables	17	75.595.098	39.983.674
Other payables		56.671.372	17.960.544
- Other payables to third parties	*10*	*56.659.241*	*17.960.544*
- Other payables to related parties		*12.131*	-
Contract liabilities	18	175.869.865	99.935.854
Current income tax liabilities	27	3.461.961	4.977.704
Other current liabilities		1.820.534	242.003
Long-term liabilities		**153.395.136**	**139.084.303**
Long-term borrowings	8	125.316.688	103.979.589
Other payables		4.595.797	18.773.309
- Due to third parties	10	*4.595.797*	*18.773.309*
Long-term provisions		16.719.235	13.595.065
- Provisions for employee benefits	*17*	*16.719.235*	*13.595.065*
Deferred tax liabilities	27	6.763.416	2.736.340
EQUITY			
Equity attributable to equity holders of the parent		**502.281.113**	**368.962.947**
Paid-in share capital	19	25.000.000	25.000.000
Adjustment to share capital	19	2.991.336	2.991.336
Restricted reserves	19	7.196.456	7.196.456
Put option revaluation fund related with non-controlling interests	4	(29.324.261)	(18.158.065)
Treasury shares (-)	19	(10.054.033)	(10.054.033)
Reserves for treasury shares	19	10.054.033	10.054.033
Changes in the fair value of equity investments	6	1.334.356	586.613
Other comprehensive income and expense that will not be reclassified to profit or loss		(6.232.607)	(4.676.659)
- Actuarial loss on employment termination benefits		*(6.232.607)*	*(4.676.659)*
Other comprehensive income and expense that will be reclassified to profit or loss		72.028.714	41.264.159
- Currency translation differences		*74.999.449*	*41.264.159*
-Cost of Hedging reserves		*(2.970.735)*	-
Retained earnings		314.759.107	228.448.354
Net income for the year		114.528.012	86.310.753
Non-controlling interests		**35.468.947**	**25.638.059**
Total equity		**537.750.060**	**394.601.006**
Total liabilities		**1.097.519.976**	**775.732.272**

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

PROFIT OR LOSS	**Notes**	**Audited 1 January - 31 December 2020**	**Audited 1 January - 31 December 2019**
Sales	21	545.023.892	422.133.386
Cost of sales (-)	21	(99.573.299)	(75.030.599)
Gross profit		**445.450.593**	**347.102.787**
General administrative expenses (-)	22	(91.851.838)	(69.559.623)
Marketing expenses (-)	22	(121.204.221)	(83.760.534)
Research and development expenses (-)	22	(118.552.365)	(101.520.557)
Other operating income	23	6.062.177	6.025.298
Other operating expenses (-)	23	(14.410.550)	(5.741.624)
Operating profit		**105.493.796**	**92.545.747**
Income from investing activities	24	8.984.822	5.447.222
Operating profit before financial income/(expenses)		**114.478.618**	**97.992.969**
Financial income	25	24.181.653	6.446.006
Financial expenses (-)	26	(20.590.005)	(12.931.385)
Income before taxes		**118.070.266**	**91.507.590**
Taxation on income/(expenses)			
Current income tax expense	27	(11.151.400)	(7.461.566)
Deferred tax income	27	6.889.097	2.239.100
Net income for the period		**113.807.963**	**86.285.124**
Net income attributable to:			
Non-controlling interests		(720.049)	(25.629)
Equity holders of the parent		114.528.012	86.310.753
		113.807.963	**86.285.124**
Earnings per share	**28**	**45,81**	**34,52**

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

OTHER COMPREHENSIVE INCOME	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
Net income for the period		**113.807.963**	**86.285.124**
Other comprehensive income and expense that will be reclassified to profit or loss		**40.816.269**	**7.176.245**
Currency translation differences		43.787.004	7.176.245
Cost of hedging reserves		(2.970.735)	-
Other comprehensive income and expense that will not be reclassified to profit or loss		**(808.205)**	**(293.979)**
Actuarial loss on employment termination benefits	17	(1.723.981)	(978.664)
Changes in the fair value of equity investments		747.743	586.613
Tax effect	27	168.033	98.072
Other comprehensive income		**40.008.064**	**6.882.266**
Total comprehensive income		**153.816.027**	**93.167.390**
Other comprehensive income attributable to:			
Non-controlling interest		9.331.665	1.268.683
Equity holders of the parent		144.484.362	91.898.707
		153.816.027	**93.167.390**

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

	Paid-in share capital	Adjustment to share capital	Treasury shares	Reserves for treasury shares	Cost of Hedging reserves (**)	Restricted shares	Actuarial loss on employment termination benefits (*)	Changes in the fair value of equity investments(*)	Currency translation differences (**)	Retained earnings	Net income for the year	Put option revaluation fund related with non-controlling interests (***)	Equity attributable to equity holders of the parent	Non controlling interests	Total equity
Balances at 1 January 2019	**25.000.000**	**2.991.336**	**(10.054.033)**	**10.054.033**	**-**	**7.196.456**	**(3.796.067)**	**-**	**35.382.226**	**160.744.977**	**67.703.377**	**(1.018.118)**	**294.204.187**	**24.369.376**	**318.573.563**
Transfers to retained earnings	-	-	-	-	-	-	-	-	-	67.703.377	(67.703.377)	-	-	-	-
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(17.139.947)	(17.139.947)	-	(17.139.947)
Profit for the year	-	-	-	-	-	-	-	-	-	-	86.310.753	-	86.310.753	(25.629)	86.285.124
Other comprehensive income	-	-	-	-	-	-	(880.592)	586.613	5.881.933	-	-	-	5.587.954	1.294.312	6.882.266
Balances at 31 December 2019	**25.000.000**	**2.991.336**	**(10.054.033)**	**10.054.033**	**-**	**7.196.456**	**(4.676.659)**	**586.613**	**41.264.159**	**228.448.354**	**86.310.753**	**(18.158.065)**	**368.962.947**	**25.638.059**	**394.601.006**
Balances at 1 January 2020	**25.000.000**	**2.991.336**	**(10.054.033)**	**10.054.033**	**-**	**7.196.456**	**(4.676.659)**	**586.613**	**41.264.159**	**228.448.354**	**86.310.753**	**(18.158.065)**	**368.962.947**	**25.638.059**	**394.601.006**
Transfers to retained earnings	-	-	-	-	-	-	-	-	-	86.310.753	(86.310.753)	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(3.980.554)	(3.980.554)	499.223	(3.481.331)
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(7.185.642)	(7.185.642)	-	(7.185.642)
Profit for the year	-	-	-	-	-	-	-	-	-	-	114.528.012	-	114.528.012	(720.049)	113.807.963
Other comprehensive income	-	-	-	-	(2.970.735)	-	(1.555.948)	747.743	33.735.290	-	-	-	29.956.350	10.051.714	40.008.064
Balances at 31 December 2020	**25.000.000**	**2.991.336**	**(10.054.033)**	**10.054.033**	**(2.970.735)**	**7.196.456**	**(6.232.607)**	**1.334.356**	**74.999.449**	**314.759.107**	**114.528.012**	**(29.324.261)**	**502.281.113**	**35.468.947**	**537.750.060**

(*) Other comprehensive income and expense that will not be reclassified to profit or loss

(**) Other comprehensive income and expense that will be reclassified to profit or loss

(***) Note 4.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
A. Cash generated from operating activities		**224.963.079**	**136.035.193**
Profit for the period		113.807.963	86.285.124
Adjustments to reconcile profit for the year		**163.136.396**	**101.587.980**
Adjustments for depreciation and amortization expenses	12, 13,14	63.332.775	50.002.342
Adjustments for provision/(reversals) for employment termination benefits	17	43.049.333	12.868.241
Adjustments for interest expense	26	5.431.441	5.416.564
Adjustments for interest income	24,25	(15.554.393)	(7.215.074)
Adjustments for provision/(reversal) for doubtful receivables	9	1.801.805	(3.357.704)
Other adjustments to reconcile the profit or loss		60.813.132	38.651.145
Adjustments for tax expense	27	4.262.303	5.222.466
Changes in net working capital		**(38.070.519)**	**(46.233.170)**
Decrease (increase) in inventories		(2.308.597)	249.446
Increase in trade receivables		(32.027.495)	(71.455.369)
Increase in trade payables		17.960.142	23.054.387
Increase in other operating payables		18.524.728	9.838.024
Increase in other operating assets		(40.219.297)	(7.919.658)
Net cash generated from operating activities		**238.873.840**	**141.639.934**
Taxes paid		(12.667.143)	(4.443.248)
Employment termination benefits paid	17	(1.243.618)	(1.161.493)
Purchase of property and equipment and intangible assets	12, 13	(84.583.557)	(67.214.921)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds	6	(6.967.860)	(5.407.599)
Proceeds from sale of property and equipment and intangible assets		139.474	29.170
Contribution of increase of share capital in joint ventures	4	(7.869.780)	-
Interests received		13.997.073	7.215.074
B. Cash flows from investing activities		**(85.284.650)**	**(65.378.276)**
Repayments of borrowings	32	(29.185.543)	(795.117)
Proceeds from borrowings	32	-	11.459.560
Interests paid		(3.954.081)	(5.416.564)
Lease payments	32	(6.854.398)	(5.353.812)
C. Cash flows from financing activities		**(39.994.022)**	**(105.933)**
Net increase in cash and cash equivalent before the effects of currency translation differences (A+B+C)		**99.684.407**	**70.550.984**
D. Effects of currency translation differences on cash and cash equivalents.		**9.727.580**	**712.961**
Net increase in cash and cash equivalents (A+B+C+D)		**109.411.987**	**71.263.945**
E. Cash and cash equivalents at the beginning of the period	**5**	**152.183.722**	**80.919.777**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**5**	**261.595.709**	**152.183.722**

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

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

NOTE 1 - ORGANIZATION AND NATURE OPERATIONS

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

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

As of 31 December 2020, average number of the personnel of the Group is 1.177 (31 December 2019: 1.157).

The address of the registered office is as follows:

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

As of 31 December 2020, main shareholders and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş. Shareholding structure of the Company is disclosed on Note 19.

The nature of businesses of subsidiaries and joint ventures of Logo Yazılım (together referred to as the 'Group') are as follows:

Subsidiary	**Country of incorporation**	**Nature of business**
Total Soft S.A. ('Total Soft')	Romania	Development and marketing of software
Logo Elektronik Ticaret Hizmetleri A.Ş. ('e-Logo')	Turkey	Development and marketing of software
Logo Financial Solutions GmbH ('Logo GmbH')	Germany	Development and marketing of software
Logo Business Solutions FZ-LLC ('Logo FFC-LLC')	United Arab Emirates	Marketing of software
Logo Kobi Dijital Hizmetler A.Ş. ('Logo Kobi')	Turkey	Development and marketing of software
Architected Business Solutions SRL ('ABS')	Romania	Development and marketing of software
ABS Financial Services SRL ('ABS FS')	Romania	Development and marketing of software
ELBA HR İnsan Kaynakları Eğitim ve Danışmanlık A.Ş. ('Peoplise') (*)	Turkey	Development and marketing of software

Joint Venture	**Country of incorporation**	**Nature of business**
Logo Infosoft Business Technology Private Limited ('Logo Infosoft')	India	Development and marketing of software

(*) As of 11 May 2020, The Company has acquired 86.7% shares of Peoplise digital human resources management platform operating in Turkey - pursuant to share purchase agreement that signed on April 20 2020. (Note 4).

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards

The accompanying consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards ('TAS') promulgated by the Public Oversight Accounting and Auditing Standards Authority ('POA') in compliance with the communiqué numbered II - 14.1 'Communiqué on the Principles of Financial Reporting In Capital Markets' (the 'Communiqué') announced by the CMB on 13 June 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations ('TAS/TFRS'). TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ('IFRS') by the communiqués announced by the POA.

The consolidated 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.

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

2.1.2 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted to TAS/TFRS for the purpose of fair presentation. Subsidiaries' assets and liabilities are translated into Turkish Lira from the foreign exchange rate at the balance sheet date and income and expenses are translated into Turkish Lira at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet dates are included in the 'currency translation difference' under the shareholders' equity.

2.1.3 Basis of consolidation

The consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 December 2020 include the accounts of Logo Yazılım and its subsidiaries. The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 31 December 2020 and 2019:

Subsidiaries	31 December 2020 (%)	31 December 2019 (%)
Total Soft (*)	80,00	80,00
e-Logo	100,00	100,00
Logo GmbH	100,00	100,00
Logo Kobi	100,00	100,00
ABS (*)	80,00	80,00
ABS (FS) (*)	80,00	80,00
Peoplise(*)	86,70	-

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of consolidation (Continued)

Joint Venture	31 December 2020 (%)	31 December 2019 (%)
Logo Infosoft (**)	50,00	50,00

(*) Note 4.
(**) As of 1 January 2018, the Company has joint control of Logo Infosoft based on the contract made with GSF Software Labs LLC on. After this date Logo Infosoft has been accounted according to equity method in the consolidated financial statements.

Subsidiaries

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

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

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

Joint venture

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

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

2.1.4 Presentation and functional currency

For the purpose of the consolidated financial statements, the results and financial position and cash flows of the Group are presented in Turkish Lira ('TRY'), which is the functional currency of Logo Yazılım.

Functional currency of subsidiaries operating in Romania is Romanian Leu ('RON'). Functional currency of Logo Infosoft is Indian rupee ('INR'). Financial information of each entity included in consolidation are measured using the currency of the primary economic environment in which these entities operate, normally under their local currencies. Assets and liabilities for each statement of financial position presented (including comparatives) are translated to TRY at exchange rates at the statement of financial position date. Income and expenses are translated to TRY at monthly average exchange rates. Foreign currency differences arising on translation are recognized in other comprehensive income as a separate component of equity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 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.

Covid-19

The necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial status. Due to the COVID-19 outbreak, there were developments / slowdowns in both the Group's sector and the general economic activity, but the Group continued its activities without interruption during this period. Considering the health of its employees, the Group has started to implement remote working model in its domestic and international operations. During this period, operations were successfully carried out using digital platforms. There are some tax exemptions that the Group utilized as explained in Note 27. To take advantage of these exemptions, the Group follows the regulations made by the Republic of Turkey Ministry of Industry and Technology and takes the necessary actions . Meanwhile, the Group has taken action to minimize the increase in investment expenditures and operational expenses and the cash strategy was revised to strengthen the liquidity position.

While preparing the consolidated financial statements as of 31 December 2020, the Group has evaluated the possible effects of the COVID-19 pandemic on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, the Group has tested the possible impairment in the values of financial assets, tangible and intangible fixed assets and goodwill included in its consolidated financial statements dated 31 December 2020 and has not detected any impairment.

2.3 Amendments to Turkish Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2020:

Explanations on the effects of new TAS/TFRS on the financial statements:

a) title of TAS/TFRS,
b) the change in accounting policy, if any, in accordance with the relevant transitional provisions,
c) disclosure of the change in accounting policy,
d) disclosure of transitional provisions, if any,
e) the possible effects of transitional provisions if any, on the following periods,
f) as far as possible, the amount of adjustment related to current and each prior period presented.
   i should be presented for each financial statement item affected and,
   ii If the TAS 33, "Earnings Per Share" standard is valid for the company,ordinary share and diluted earnings per share should be recalculated.
g) If possible, the adjustment amounts for the periods before the periods not presented.
h) If retrospective application is not possible for any period or periods, the events that led to this situation should be disclosed and the date and how the change in accounting policy was applied should be explained.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Amendments to Turkish Financial Reporting Standards (Continued)

a) Standards, amendments and interpretations applicable as at 31 December 2020 (Continued)

- **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:
- **Amendments to TFRS 3 definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the UMSK, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to TFRS 9, TAS 39 and TFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) Standards, amendments and interpretations applicable as at 31 December 2020:

- **TFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to TAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Amendments to Turkish Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations applicable as at 31 December 2020: (Continued)

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

    - **Amendments to TFRS 3**, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
    - **Amendments to TAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
    - **Amendments to TAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

    Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

- **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to TFRS 17 and TFRS 4, 'Insurance contracts', deferral of TFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instrument until 1 January 2023.

2.4 Changes in Accounting Policies

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.5 Summary of Significant Accounting Policies

Financial assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise 'trade receivables' and 'cash and cash equivalents' in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cheques received deposits at banks and highly liquid investments with maturity periods of less than three months.

Trade receivables and impairment provision

The Group uses the provision matrix by selecting the facilitated application for impairment calculations, since its trade receivables, accounted for amortized cost in the consolidated financial statements, do not contain a significant financing component. With this application, the Group measures the expected credit loss provision at an amount equal to the lifetime expected credit losses in cases where the trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, the future estimates of the Group are taken into account together with past credit loss experiences.

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

Trade and other payables

Trade and other payables are initially measured at fair value. None interest rate bearing short term payables are measured at original invoice amount unless the effect of imputing interest is significant.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Financial borrowings

Interest-bearing financial borrowings are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset. Other borrowing costs shall be recognized as an expense in the period it incurs.

b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through‘ arrangement or the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group‘s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Derivative financial instruments and hedge accounting

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

The long-term loans used by the Group in Euro are matched with the income in the same currency, which has a high probability of realization, and has been defined as a means of protection against the currency risk exposed. Exchange differences arising from loans subject to hedge accounting are recognized under equity, under other comprehensive income / expenses to be reclassified to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Related Parties

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

- (i) Has control or joint control over the reporting entity,
- (ii) Has significant influence over the reporting entity or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Related Parties (Continued)

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others), if:

- (i) The entity and the company are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity has a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity has itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

For the purpose of these consolidated financial statements, shareholders, associated entities, key management personnel and Board of Directors members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as related parties. As a result of ordinary business operations, Company may have business relations with the related parties.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group.

When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed based on the requirements of TFRS 3 are recognized at fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the aggregate of the consideration transferred measured at fair value at the date of acquisition and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed at fair value in accordance with TFRS 3 on the date of acquisition. The goodwill for associates is recorded in consolidated statement of financial position under associates accounted for using the equity method.

In the event the amount paid in an acquisition is lower than the fair value of the acquired net assets and liabilities the difference is recognised as income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. The impairment of goodwill cannot be cancelled. The Group tests the impairments of goodwill as of December 31st. The profit and losses generated from the sale of a business include the goodwill on the sold business.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Gains or losses on disposals of property and equipment are included in the related income and expense accounts, as appropriate.

The initial cost of property and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance expenses are charged to the statement of profit or loss during the period in which they are incurred.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Property and equipment (Continued)

These capitalized costs are depreciated and charged to statement of profit or loss over the useful life of the related assets. Depreciation is calculated on a straight line basis over the estimated useful life of the assets, which are as follows:

	Useful Life
Leasehold improvements relating to building	5 - 49 year
Machinery, plant and equipment	5 year
Motor vehicles	5 year
Furniture and fixtures	3 - 15 year

Estimated useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Intangible assets

Intangible assets include acquired rights, development costs, software and technology, customer relationships and other identifiable rights acquired in business combinations. Intangible assets are carried at cost less accumulated amortization. These are accounted by cost of acquisition and are subjected to straight-line depreciation method with their useful lives starting from the date of acquisition.

	Useful Life
Development costs	5 - 15 year
Technology developed	5 - 10 year
Customer relations	8 - 20 year
Agreement for restriction of competition	3 - 4 year
Other intangible assets	3 - 5 year

Intangible assets acquired in business combinations are accounted for over their fair values at the acquisition date. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Research and development costs

Research is defined as the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. The expenditure on research is recognized as an expense when it is incurred.

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized when the following are demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,
b) Its intention to complete the intangible asset and use or sell it,
c) Its ability to use or sell the intangible asset,
d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs comprise salaries, wages and related costs of the staff working directly in development activities and other directly attributable costs. The government grants related development costs are deducted from the carrying value of associated development costs.

Impairment of assets

All assets are reviewed for impairment losses including property, plant and equipment, and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

TFRS 16, 'Leases'

The Group - as a lessee

At inception of a contract, the Group assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and
d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset.

The Group has the right to direct use of asset if either:

i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or
ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Changes in Accounting Policies (Continued)

TFRS 16 Leases (Continued)

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) 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

The Group subsequently measures the right of use asset:

a) After netting-off depreciation and reducing impairment losses from right of use asset,
b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies TAS 16 'Property, Plant and Equipment' to amortize the right of use asset and to asses for any impairment.

Determine whether the right of use assets has impaired and to account for any impairment loss, applies TAS 36, 'Impairment of Assets' standart.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) Increasing the carrying amount to reflect interest on 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 or to reflect revised in-substance fixed lease payments.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Government incentives

Logo Yazılım benefits from research and development ('R&D') grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ('TÜBİTAK') and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognized when there is reasonable assurance that Logo Yazılım will comply with the conditions attached to them and the grants will be received.

The government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group. Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible.

Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Interest and penalties assessed on income tax deficiencies are presented based on their nature.

Revenue Recognition

The Group mainly generates revenue from sale of off-the-shelf software, sale of Logo Enterprise Membership ('LEM'), sale of SaaS membership, after-sales services revenue, development of customized software and version upgrade package sales.

Off-the-shelf software sales - licence model

Revenues on off-the-shelf software sales are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value less sales returns and discounts. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

On the off-the-shelf software sales, Logo Yazılım charge its customers a one-time fee and the customers are entitled to use the current release and version indefinitely. Accordingly, the Company does not have obligation following the point of sale.

Off-the-shelf software sales - pay as you go model

In the sales model where the licence rights are not transferred to customers, but usage right of the package programme is made available for a limited period of time, the revenues are accounted for on accrual basis.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

e-Logo Private Integrator service sales

Companies issuing e-invoice can exchange electronic invoice via data processing system of a private integrator that has the technical capability instead of using internal data processing infrastructure. E-Logo is a private integrator certified by the Turkish Revenue Administration and enables its users to realize their electronic invoice exchanges that works with speed and security 24 hours. Companies that use e-Logo's private Integrator Service manage their approval processes on web. Private Integrator Service is provided with a prepaid coin sale. Revenue is recognized according to rates of coin usage.

LEM sales and version upgrade package sales

LEM is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments and which includes new features that will contribute new value to the products throughout the year. Enterprises which buy LEM obtain the basic maintenance and support services necessary for high performance functioning of Enterprise Resource Planning, besides receiving all the legal changes and charged version changes free of charge. LEM sales are recognized on an accrual basis over the contract period. The Group gives LEM for free with the initial sale of the main software. The Group's management noted that LEM products are sold free of charge in the first year and all receipts from these sales transactions are attributed to the main software product. Since the free of charge LEM products given the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. A fee is charged for the subsequent renewal of LEM agreements.

SaaS subscription income

SaaS subscription income is allocated to customers on a monthly basis. Income is invoiced and recognised as part of a periodic invoicing process and the source of income is accounted for as soon as the service is rendered.

Post delivery customer support

The revenues from post delivery customer support are recognized on the accrual basis based on the terms of the agreements. The post delivery customer support services are mainly provided by the business partners.

Customized software development

The revenues from customized software development are recognized by reference to the stage of completion of the contract activity at the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other revenues

Other revenues earned by the Group are recognized on the following basis:

Royalty and rental income - on an accrual basis,
Interest income - on an effective yield basis,
Dividend income - when the Company's right to receive payment is established.

Provisions

Provisions are recognized when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision of distribution premium

The group set annual sale targets for its distributors and distribute premiums at the end of the year according to these targets. Premiums are recognized in the period that they are realized and associated with profit and loss statements.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and treated as contingent assets or liabilities.

Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognized in the financial statements. Contingent assets are not recognized in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Put option

Potential cash payments related to the sales options held by the Group's subsidiaries are accounted for as a financial liability. The amount payable under the option is initially recognized at fair value within the borrowing framework and the amount corresponding to this amount is followed in equity. The amount recognized in the shareholders equity is recognized in the put option revaluation fund related with non-controlling interests account under the shareholders' equity of the parent company, provided that certain conditions are met. The Group recognizes changes in the subsequent periods in the other comprehensive income and expense statement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Employee benefits

Retirement pay liability

Employment termination benefits, as required by the Turkish Labor Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefit to employees in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the other comprehensive income.

Personnel vacation provision

Unused vacation rights accrued in the consolidated financial statements represents total provision for liabilities related to employees' unused vacation days as of the balance sheet date.

Personnel bonus provision

Provision for bonus is provided when the bonus is a legal obligation, or past practice would make the bonus a constructive obligation and the Group is able to make a reliable estimate of the obligation.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them. Share options exercised during the reporting period are satisfied with treasury shares.

Statement of cash flows

The Group prepares consolidated statement of cash flows as an integral part of its financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (property and equipment, intangible assets and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Segment Reporting

The Group's operations are carried out in a single business line. There are two geographical segments which include the data used by management to make decisions on performance evaluation and source distribution. The Group's geographical segments cover operations in Turkey and Romania. These segments are managed separately since different economic conditions affect them. Their risks and yields are different based on their geographical positions. The Group's management adopted a policy of examining geographical segment results in the interim consolidated financial statements prepared in line with TFRS while evaluating the performance of segments

Geographical segments are reported in a manner consistent with the reporting provided to the Chief Executive Officer and board of directors of the Group ('Chief Operating Decision-Maker').

EBITDA is not a financial measure defined by TAS/TFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies.

For a geographical segment to be identified as a reportable segment, its revenue, including both sales to external customers and intersegment sales or transfers, should be 10% or more of the combined revenue, internal and external, of all geographical segments; its profit or loss should be 10% or more of the combined profit or loss or its assets should be 10% or more of the combined assets of all geographical segments. Management monitors the Group's operations in Turkey and Romania, separately.

Geographical segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the interim consolidated financial statements.

Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is equal to basic EPS because the Group does not have any convertible notes or share options granted to employees.

In Turkey, companies are allowed to raise their share capital by distributing bonus shares to shareholders from retained earnings. In computing earnings per share, such bonus share distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this calculation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Significant Accounting Estimates and Assumptions

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

Provision for doubtful receivables

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

Useful lives of intangible assets

In accordance with the accounting policy stated in Note 2.5, property and equipment are stated at historical cost less depreciation, net of any impairment charges. Depreciation on tangible assets is calculated using the straight-line method over their estimated useful lives. Useful lives depend on the best estimates of management and are reviewed in each financial period and corrected accordingly.

Revenue recognition

The Group uses percentage of completion method in accounting of its software license revenues and customized software revenues. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of total services to be performed.

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

Research and development costs

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Significant Accounting Estimates and Assumptions (Continued)

Goodwill impairment test

Goodwill is subject to impairment test at least annually. The recoverable amounts of cash generating units are determined on fair value less cost of disposal ('FVLCD') basis. The details of estimates and assumptions used are explained in Note 15.

2.7 Comparatives and Adjustment of Prior periods' Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The consolidated balance sheet of the Group at 31 December 2020 has been provided with the comparative financial information of 31 December 2019 and the consolidated statements of profit or loss, the consolidated statements other comprehensive income, changes in equity and cash flows for the period ended 31 December 2020 have been provided with the comparative financial information, for the period ended 31 December 2019.

In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. Accordingly, the following reclassification was made:

- As of December 31, 2019, the Group reclassified the personnel premium amount of TRY 28.145.390, which has been accounted for in the short-term provisions for employee benefits, retrospectively under payables within the scope of employee benefits.

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

NOTE 3 - SEGMENT REPORTING

The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments. Adjusted earnings before interest, tax, depreciation and amortization ('EBITDA') is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization accounted for operating expenses (except other income and expenses).

31 December 2020	**Turkey**	**Romania**	**Segmental eliminations**	**Consolidated**
Reportable segment assets	831.996.902	265.526.932	(3.858)	1.097.519.976
Reportable segment liabilities	323.705.285	236.068.489	(3.858)	559.769.916
Goodwill	155.692.858	47.047.559	-	202.740.417
Property and equipment and intangible asset	155.096.580	131.747.634	-	286.844.214
Right of use assets	6.594.507	11.115.892	-	17.710.399

2020	**Turkey**	**Romania**	**Segmental eliminations**	**Consolidated**
Revenue	365.957.966	179.065.926	-	545.023.892
Cost of sales	(9.172.874)	(90.400.425)	-	(99.573.299)
Operating expense	(251.826.450)	(79.781.974)	-	(331.608.424)
Other operating income	4.548.293	1.513.884	-	6.062.177
Other operating expenses	(11.617.004)	(2.793.546)	-	(14.410.550)
Income from investing activities	8.984.822	-	-	8.984.822
Financial income	23.174.608	1.007.045	-	24.181.653
Financial expense	(15.790.108)	(4.799.897)	-	(20.590.005)
Depreciation and amortization	(42.335.299)	(20.997.476)	-	(63.332.775)
Share of profit or loss of investments accounted for using the equity method	-	-	-	-
Tax expense	(4.051.542)	(210.761)	-	(4.262.303)
Net profit for the year	110.207.711	3.600.252	-	113.807.963
Adjusted EBITDA	147.293.941	29.881.003	-	177.174.944
Purchase of property and equipment and intangible assets	59.461.840	25.121.717	-	84.583.557

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

2020	**Consolidated**
Adjusted EBITDA	177.174.944
Depreciation and amortization	(63.332.775)
Income from investing activities	8.984.822
Share of profit or loss of investments accounted for using the equity method	-
Other operating income	6.062.177
Other operating expenses	(14.410.550)
Financial income	24.181.653
Financial expense	(20.590.005)
Profit before tax	**118.070.266**

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

NOTE 3 - SEGMENT REPORTING (Continued)

31 December 2019	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	583.386.199	192.416.708	(70.635)	775.732.272
Reportable segment liabilities	209.088.268	172.113.633	(70.635)	381.131.266
Goodwill	116.292.694	30.069.434	-	146.362.128
Property and equipment and intangible asset	123.374.735	92.491.259	-	215.865.994
Right of use assets	7.733.696	6.657.922	-	14.391.618

2019	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	280.252.177	141.881.209	-	422.133.386
Cost of sales	(4.738.333)	(70.292.266)	-	(75.030.599)
Operating expense	(192.284.206)	(62.556.508)	-	(254.840.714)
Other operating income	4.085.725	1.939.573	-	6.025.298
Other operating expenses	(3.212.503)	(2.529.121)	-	(5.741.624)
Income from investing activities	5.447.222	-	-	5.447.222
Financial income	5.322.485	1.123.521	-	6.446.006
Financial expense	(5.598.911)	(7.332.474)	-	(12.931.385)
Depreciation and amortization	(32.610.943)	(17.391.399)	-	(50.002.342)
Share of profit or loss of investments accounted for using the equity method	-	-	-	-
Tax expense	(3.082.526)	(2.139.940)	-	(5.222.466)
Net profit for the year	86.191.130	93.994	-	86.285.124
Adjusted EBITDA	115.840.581	26.423.834	-	142.264.415
Purchase of property and equipment and intangible assets	48.530.526	18.684.395	-	67.214.921

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

2019	Consolidated
Adjusted EBITDA	142.264.415
Depreciation and amortization	(50.002.342)
Income from investing activities	5.447.222
Share of profit or loss of investments accounted for using the equity method	-
Other operating income	6.025.298
Other operating expenses	(5.741.624)
Financial income	6.446.006
Financial expense	(12.931.385)
Profit before tax	**91.507.590**

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

NOTE 4 - BUSINESS COMBINATION

Acquisition of Peoplise

The Group acquaired 86,70% of the shares of Peoplise on 11 May 2020.

Peoplise is an integrated and video-enabled digital human resources management platform designed for all recruitment needs of corporate companies. This merger is expected to contribute significantly to the Group's growth target by complementing the existing Human Resources solutions and supporting the Group's ongoing investments in the HR product portfolio, especially with the synergy it will create during the transition period to cloud-based solutions, it will support the increasing exposure to large enterprises and global markets.

The difference between the total acquisition amount and the net assets acquired for the purchase of Peoplise, was accounted in accordance with the TFRS 3, 'Business Combinations Standard'. The fair value of acquisition price, acquired assets and liabilities used within the scope of TFRS 3 is summarized in the table below:

	11 May 2020
Total assets	5.273.550
Intangible assets - Customer relationships	4.004.436
Intangible assets - Technology developed	1.425.116
Total liabilities	(1.519.988)
Fair value of net assets	9.183.114
Non-controlling interests (-)	(499.224)
Purchase consideration (*)	12.360.762
Goodwill (Note 15)	**3.676.872**

(*) TRY 7.017.187 of the total purchase price has been paid in cash. The portion amounting to TRY 5.343.575 has not been paid as of 31 December 2020 and has been accounted under other payables to non-related parties.

In the consolidated profit or loss statement, the share of Peoplise in the sales revenues obtained after the date of purchase was TRY 3.525.459, and its contribution to the net profit for the period was TRY 1.274.563. If Peoplise had been included in the consolidation as of January 1, 2020, its effect on sales revenue and net profit for the period in the consolidated statement of profit or loss would amount to TRY 5.064.592 and TRY 1.576.434, respectively.

The details of the cash outflow arising from the purchase are as follows:

Total purchase price (paid in cash)	5.771.960
Additional payments during the period	1.245.227
Minus: Cash and cash equivalents (acquired)	(466.391)
Cash outflow from purchasing (net)	**6.550.796**

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

NOTE 4 - BUSINESS COMBINATION (Continued)

Acquisition of Nexia

Nexia CRG Expert S.R.L. (“Nexia”) provides accounting, taxation, payroll and personnel management services to its clients operating in real estate, e-commerce, retail, energy and various other service areas in the Romanian region. Totalsoft, the subsidiary of the Group, has incorporated the accounting department of Nexia as a whole. This merger has been evaluated and accounted for in accordance with the provisions of TFRS 3, "Business Combinations Standard". This merger is expected to contribute to Totalsoft's growth target in the region.

The purchase price, the fair values of the acquired assets and liabilities used within the scope of TFRS 3 are summarized in the table below:

	1 October 2020
Total assets	219
Total liabilities	(33.749)
Fair value of net assets	(33.530)
Purchase consideration (*)	1.638.126
Goodwill (Note 15)	**1.671.656**

(*) TRY 852.593 of the total purchase price has been paid in cash. The portion amounting to TRY 852.593 has not been paid as of 31 December 2020 and it has been accounted under other payables to non-related parties.

NOTE 5 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	**31 December 2019**
Cash	69.082	85.283
Banks		
- Demand deposits - TRY	715.667	1.251.573
- Demand deposits - foreign currency	31.691.121	11.055.256
- Time deposits - foreign currency	39.980.828	19.084.419
- Time deposits - TRY	109.747.643	6.224.745
Credit card slip receivables	73.559.439	57.802.741
Liquid funds (*)	5.649.349	56.603.131
Checks received	182.580	76.574
	261.595.709	**152.183.722**

(*) Liquid funds consist of investment instruments with a maturity of less than 3 months that can be converted into cash at any time without significant loss.

As of 31 December 2020, the weighted average effective annual interest rates of TRY denominated time deposits are between 8,50% and 20,00% (31 December 2019: 10,75% and 23,50%). As of 31 December 2020, the weighted average effective annual interest rates of USD denominated time deposits are between 1% and 3% and EURO denominated time deposits are between 0,65% and 2,25%.

NOTE 6 - FINANCIAL INVESTMENTS

Short term financial investment:

	31 December 2020	31 December 2019
Private sector bonds (*)		
- Assets recorded at fair value through other scope	*32.081.501*	-

(*) Private sector bonds consist of financial investments that are easily convertible into cash, do not carry the risk of significant value changes and have high liquidity. Bills are in US Dollars and the annual weighted average interest rate range is 5,63% - 6,25%.

Long term financial investment:

Financial assets accounted for at fair value

The analysis of non-current financial assets at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
	Carrying amount	Carrying amount
Logo Ventures Girişim Sermayesi Yatırım Fonu ('Logo Ventures') (**)	2.784.356	2.036.613
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. ('Interpro')	80.653	80.653
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş. ('Dokuz Eylül')	50.000	50.000
	2.915.009	**2.167.266**

(**) As of 31 December 2020, Logo Ventures has been recognized as the asset fair value and difference is reflected to other comprehensive income and TRY 747.743 difference between its fair value and the cost value is accounted in other comprehensive income. İnterpro and Dokuz Eylül is reflected to consolidated financial statements with their cost value since their fair value is not significant as of 31 December 2020 and 31 December 2019.

	31 December 2020	31 December 2019
Private sector bonds (***)		
- Assets whose fair value difference recorded in other comprehensive income	*7.658.131*	-

(***) Private sector bonds consist of highly liquid financial investments that are easily convertible into cash, do not bear the risk of significant value changes. Bills are in USD and the annual weighted average interest rate range is 5,25%- 6,00%. The maturity of the bonds classified under long-term investments is 2025 and must pay fixed interest every six months.

Long term other financial investment:

	31 December 2020	31 December 2019
Long term other financial investment (****)	17.531.407	10.563.547
Total	**17.531.407**	**10.563.547**

(****) The Group's joint venture consists of the convertible debt instruments issued by Logo Infosoft, when the relevant amounts are included in equity the ownership ratio of the Group is 66,59%. The Group has not considered the related investment for trading purposes and has recognized the fair value changes in the other comprehensive income statement in accordance with the accounting policies explained in Note 2.5.

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

NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The financial information summary of investment accounted for using the equity method is as follows:

Summary of balance sheet

Logo Infosoft	**31 December 2020**	**31 December 2019**
Cash and cash equivalents	1.685.774	383.839
Other current assets	3.426.358	2.663.927
Other non-current assets	945.401	1.379.164
Total assets	**6.057.533**	**4.426.930**
Other short term liabilities	8.336.121	5.575.211
Other long term liabilities	24.224.647	13.113.500
Total liabilities	**32.560.768**	**18.688.711**
Net (Liabilities)/Assets	**(26.503.235)**	**(14.261.781)**

Summary of income statement

Logo Infosoft	**31 December 2020**	**31 December 2019**
Income	1.600.001	790.736
Expenses (-)	(10.078.514)	(9.560.714)
Net loss for the period	**(8.478.513)**	**(8.769.978)**
Interest ratio of the Group	50,00%	50,00%
Group's share	(4.239.257)	(4.384.989)
Unrecognised losses (*)	4.239.257	4.384.989
Share of losses of investment under equity method	**-**	**-**

(*) Group's shares of loss for the period of Logo Infosoft amounting to TRY 4.239.257 has not been recognised, since the carrying value of Logo Infosoft declined to zero. As of December 31, 2020, the total loss of the Group's share but not recorded is TRY 11.219.564.

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

NOTE 8 - BORROWINGS

Details of borrowings as of 31 December 2020 and 2019 is as follows:

Short-term borrowings:	**31 December 2020**	**31 December 2019**
Short-term bank borrowings	2.799.296	13.755.155
Credit card payables	231.815	185.159
Lease liabilities	6.489.553	7.369.019
	9.520.664	**21.309.333**
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	17.043.175	10.114.413
Lease liabilities	420.270	809.805
	17.463.445	**10.924.218**
Total short-term borrowings	**26.984.109**	**32.233.551**

Long-term borrowings:	**31 December 2020**	**31 December 2019**
Long-term bank borrowings	112.413.383	95.657.231
Lease liabilities	12.903.305	8.322.358
Total long-term borrowings	**125.316.688**	**103.979.589**

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

NOTE 8 - BORROWINGS (Continued)

	31 December 2020		
	Weighted average annual interest rate (%)	**Original amount**	**TRY equivalent**
Short-term borrowings:			
Bank borrowings - TRY - unsecured		2.540.901	2.540.901
Bank borrowings - RON - unsecured	Rabor+1%1,65%	140.639	258.395
Credit card payables - TRY		231.815	231.815
Lease liabilities - EUR	4,5%	356.732	3.213.405
Lease liabilities - TRY	12% - 25%	3.276.148	3.276.148
			9.520.664
Short-term portion of long-term borrowings:			
Bank borrowings - EUR-secured	Euribor+ 2,45%-2,50%	1.892.025	17.043.175
Financial leases - EUR		46.656	420.270
			17.463.445
Long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+ 2,45%-2,50%	12.479.422	112.413.383
Financial leases - TRY		4.123.938	4.123.938
Financial leases - EUR		974.630	8.779.367
			125.316.688
Total borrowings			**152.300.797**

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

NOTE 8 - BORROWINGS (Continued)

	31 December 2019		
	Weighted average annual interest rate (%)	**Original amount**	**TRY equivalent**
Short-term borrowings:			
Bank borrowings - TRY - unsecured		1.796.645	1.796.645
Bank borrowings - RON - unsecured	Robor+1%-1,65%	8.645.539	11.958.510
Credit card payables - TRY		185.159	185.159
Lease liabilities- EUR	4.5%	797.919	5.306.640
Lease liabilities- TRY	12% - 25%	2.062.379	2.062.379
			21.309.333
Short-term portion of long-term borrowings:			
Bank borrowings - EUR-secured	Euribor+2,50% - 2,95%	1.520.827	10.114.413
Financial leases - EUR	4.5%	121.764	809.805
			10.924.218
Long-term borrowings:			
Bank borrowings - EUR - secured	Euribor+2,50% - 2,95%	14.383.248	95.657.231
Financial leases - TRY	12% - 25%	4.851.390	4.851.390
Financial leases - EUR	4.5%	521.903	3.470.968
			103.979.589
Total borrowings			**136.213.140**

The redemption schedules of long-term borrowings at 31 December 2020 and 2019 are as follows:

	31 December 2020	**31 December 2019**
To be paid within 1 - 2 years	23.393.957	18.646.974
To be paid within 2 - 5 years	56.553.066	38.914.011
To be paid in more than 5 years	45.369.665	46.418.604
	125.316.688	**103.979.589**

	Net book value		**Fair value**	
	2020	**2019**	**2020**	**2019**
Bank borrowings	132.255.854	119.526.799	145.342.326	133.736.289
	132.255.854	**119.526.799**	**145.342.326**	**133.736.289**

Interest rate and currency risk of the Group are explained in Note 30.

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as of 31 December 2020 and 31 December 2019 are as follows:

Short-term trade receivables:	**31 December 2020**	**31 December 2019**
Trade receivables	161.563.717	150.603.977
Credit card receivables	117.856.712	89.151.849
Cheques and notes receivables	4.484.233	3.268.483
Less: Provision for doubtful receivables	(32.509.022)	(24.320.148)
Less: Unearned finance income arising from credit sales	(15.727.273)	(7.547.283)
	235.668.367	**211.156.878**

As of 31 December 2020, the average turnover of the trade receivables is 129 days (31 December 2019: 124 days), excluding the credit card receivables, the turnover day is 69 days (31 December 2019: 80 days). The discount rate applied to the undue receivables is 17,13% (31 December 2019: 10,57%).

As of 31 December 2020, TRY20.091.728 of trade receivables (31 December 2019: TRY15.888.327) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	31 December 2020	**31 December 2019**
Up to 1 month	5.832.128	7.015.955
1 - 3 months	2.875.373	3.214.898
More than 3 months	11.384.227	5.657.474
	20.091.728	**15.888.327**

As of 31 December 2020, TRY16.199.714 of overdue receivables consist of trade receivables of Total Soft (31 December 2019: TRY12.469.489). Group manages its receivables in accordance with credit risk management policies which is explained in Note 30.

The movement of provision for doubtful receivables for the periods ended 31 December 2020 and 2019 are as follows:

	2020	**2019**
As of 1 January	**24.320.148**	**26.134.062**
Provisions for the year	8.664.175	3.638.421
Releases	(6.862.370)	(6.996.125)
Foreign currency translation difference	6.387.069	1.543.790
As of 31 December	**32.509.022**	**24.320.148**

Trade payables to third parties:

	31 December 2020	**31 December 2019**
Trade payables	65.971.841	46.713.633
	65.971.841	**46.713.633**

As of 31 December 2020, the average debt payment period is 115 days (31 December 2019: 110 days)

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

The table below shows the maximum exposure of the Group to credit risk as of 31 December 2020 and 31 December 2019:

	Trade receivables		Other receivables		
31 December 2020	**Related party**	**Other**	**Related party**	**Other**	**Cash at bank**
The maximum of credit risk exposure as of reporting date	-	235.668.367	5.343.356	799.556	261.344.047
- Amount of risk covered by gurantees	-	*290.274*	-	-	-
Net carrying value of not past due and- not impaired financial assets	-	215.576.639	5.343.356	799.556	261.344.047
Net carrying value of past due but - not impaired financial assets	-	20.091.728	-	-	-
- *Amount of risk covered by guarantees*		-	-	-	-
Net carrying value of impaired assets	-	-	-	-	
- *Past due (gross carrying value)*	-	*32.509.022*	-	-	-
- *Provision for impairment (-)*	-	*(32.509.022)*	-	-	-
- *Amount of risk covered by guarantees*	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages and letter of guarantees.

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

	Trade receivables		Other receivables		
31 December 2019	**Related party**	**Other**	**Related party**	**Other**	**Cash at bank**
The maximum of credit risk exposure as of reporting date	-	211.156.878	3.378.826	909.141	152.021.865
- Amount of risk covered by gurantees	-	*303.324*	-	-	-
Net carrying value of not past due and not impaired financial assets	-	195.268.551	3.378.826	909.141	152.021.865
Net carrying value of past due but not impaired financial assets	-	15.888.327	-	-	-
- *Amount of risk covered by guarantees*	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- *Past due (gross carrying value)*	-	*24.320.148*	-	-	-
- *Provision for impairment (-)*	-	*(24.320.148)*	-	-	-
- *Amount of risk covered by guarantees*	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages and letter of guarantees.

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

NOTE 10 - OTHER RECEIVABLES, PAYABLES AND OTHER CURRENT ASSETS

Short-term other receivables from third parties:

	31 December 2020	31 December 2019
Income accruals	667.835	881.805
Deposits and guarantees given	131.721	7.915
Other	-	19.421
	799.556	**909.141**

Short-term other payables to third parties:	31 December 2020	31 December 2019
Put option liability – ABS (*)	25.343.707	-
Taxes payable	25.119.366	17.960.544
Other payables to third parties (**)	6.196.168	-
	56.659.241	**17.960.544**

Long-term other payables to third parties:	31 December 2020	31 December 2019
Put option liability - Peoplise (***)	3.980.553	-
Put option liability - ABS(*)	-	18.158.065
Other payables	615.244	615.244
	4.595.797	**18.773.309**

(*) With the share transfer agreement signed on 19 July 2018, the Group acquired ABS shares and ABS-FS shares which are fully owned by ABS. As a result of these acquisitions, there is a put option granted to Avramos Holding Ltd by Logo Yazılım for the 20% Total Soft shares transferred to Avramos Holding Ltd. Due to the put option given in the consolidated financial statements prepared as of December 31, 2020, put option liability amounting to TRY 25.343.707 has been accounted under "other short term other payables to non-related parties" account.

(**) Note 4.

(***) As a result of Peoplise's acquisitions, there is a put option granted to the shareholders by Logo Yazılım for 13.3% of the shares owned by the minority shareholders. As of December 31, 2020, put option liability amounting to TRY 3.980.553 was accounted under "other long-term payables to non-related parties" account due to put option given in consolidated financial statements.

Other current assets:

	31 December 2020	31 December 2019
Prepaid taxes	2.425.985	1.442.516
Deferred VAT	1.124.957	657.042
Personel advances	413.220	803.448
Business advances	225.531	453.073
Other	1.720.945	1.074.105
	5.910.638	**4.430.184**

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

NOTE 11 - INVENTORIES

	31 December 2020	31 December 2019
Trade goods	2.714.608	497.443
Raw materials and equipment	126.891	19.311
Other	5.212	21.360
	2.846.711	**538.114**

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2020	Additions	Disposals	Acquisition of subsidiary	Currency translation differences	31 December 2020
Cost:						
Machinery. plant equipment	12.547.429	2.235.859	(172.611)	39.325	2.084.910	16.734.912
Motor vehicles	3.263.580	103.846	(243.046)	-	996.384	4.120.764
Furniture and fixtures	6.378.765	296.577	-	16.148	275.994	6.967.484
Leasehold improvements	25.522.419	402.595	-	-	108.406	26.033.420
	47.712.193	**3.038.877**	**(415.657)**	**55.473**	**3.465.694**	**53.856.580**
Accumulated Depreciation: (-)						
Machinery. plant equipment	9.305.674	1.980.479	(33.137)	30.263	1.861.745	13.145.024
Motor vehicles	2.874.962	408.400	(243.046)	-	788.065	3.828.381
Furniture and fixtures	4.797.727	365.810	-	5.422	188.191	5.357.150
Leasehold improvements	10.684.231	1.411.049	-	-	84.423	12.179.703
	27.662.594	**4.165.738**	**(276.183)**	**35.685**	**2.922.424**	**34.510.258**
Net book value	**20.049.599**					**19.346.322**

	1 January 2019	Additions	Disposals	Currency translation differences	31 December 2019
Cost:					
Machinery. plant equipment	12.943.767	2.222.352	(2.953.389)	334.699	12.547.429
Motor vehicles	3.404.357	70.385	(324.331)	113.169	3.263.580
Furniture and fixtures	5.915.932	426.457	(22.194)	58.570	6.378.765
Leasehold improvements	24.194.629	1.304.730	-	23.060	25.522.419
	46.458.685	**4.023.924**	**(3.299.914)**	**529.498**	**47.712.193**
Accumulated Depreciation: (-)					
Machinery. plant equipment	9.971.579	2.067.337	(2.938.706)	205.464	9.305.674
Motor vehicles	2.086.528	931.328	(309.844)	166.950	2.874.962
Furniture and fixtures	4.433.912	361.233	(22.194)	24.776	4.797.727
Leasehold improvements	9.258.316	1.409.828	-	16.087	10.684.231
	25.750.335	**4.769.726**	**(3.270.744)**	**413.277**	**27.662.594**
Net book value	**20.708.350**				**20.049.599**

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

NOTE 13 - INTANGIBLE ASSETS

	1 January 2020	Additions	Acquisition of subsidiary	Currency translation differences	31 December 2020
Cost:					
Development costs	285.430.764	80.848.353	6.632.263	27.464.867	400.376.247
Advanced technology	16.783.543	-	1.425.116	1.205.168	19.413.827
Customer relations	48.608.718	-	4.004.436	12.037.626	64.650.780
Non-compete agreement	2.747.778	-	-	-	2.747.778
Other intangible assets	12.292.123	696.327	152.219	1.139.354	14.280.023
	365.862.926	**81.544.680**	**12.214.034**	**41.847.015**	**501.468.655**
Accumulated Depreciation: (-)					
Development costs	133.454.118	42.082.241	2.650.597	7.099.110	185.286.066
Advanced technology	10.695.531	2.318.461	-	1.038.344	14.052.336
Customer relations	13.953.562	4.629.988	-	2.118.066	20.701.616
Non-compete agreement	2.747.778	-	-	-	2.747.778
Other intangible assets	9.195.542	987.172	63.671	936.582	11.182.967
	170.046.531	**50.017.862**	**2.714.268**	**11.192.102**	**233.970.763**
Net book values	**195.816.395**				**267.497.892**

Additions amounting to TRY80.258.638 to development costs for the year ended 31 December 2020 (2019: TRY61.868.759) consists of capitalised personnel costs.

TRY52.785.343 (2019: TRY40.454.442) of the current year's depreciation and amortization expenses has been allocated to research and development expenses, TRY2.773.861 (2019: TRY1.972.328) has been allocated to marketing expenses, TRY7.218.121 (2019: TRY6.984.835) has been allocated to general administrative expenses, TRY555.450 (2019: TRY590.737) has been allocated to cost of sales.

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

NOTE 13 - INTANGIBLE ASSETS (Continued)

	1 January 2019	Additions	Currency translation differences	31 December 2019
Costs:				
Development costs	218.928.412	61.908.759	4.593.593	285.430.764
Advanced technology	16.508.818	-	274.725	16.783.543
Customer relations	46.047.973	-	2.560.745	48.608.718
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible assets	10.804.144	1.282.238	205.741	12.292.123
	295.037.125	**63.190.997**	**7.634.804**	**365.862.926**
Accumulated Depreciation: (-)				
Development costs	101.458.113	30.999.666	996.339	133.454.118
Advanced technology	8.732.316	1.793.572	169.643	10.695.531
Customer relations	9.660.770	4.011.197	281.595	13.953.562
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible Assets	8.094.461	920.479	180.602	9.195.542
	130.693.438	**37.724.914**	**1.628.179**	**170.046.531**
Net book value	**164.343.687**			**195.816.395**

DİPNOT 14 - RIGHT OF USE ASSETS

	1 January 2020	Additions	Disposals	Acquisition of subsidiary	Currency translation differences	31 December 2020
Cost:						
Vehicles	9.575.676	2.666.116	-	-	376.722	12.618.514
Office	12.469.973	10.558.712	(8.383.640)	-	2.876.776	17.521.821
	22.045.649	**13.224.828**	**(8.383.640)**	**-**	**3.253.498**	**30.140.335**
Accumulated Depreciation: (-)						
Vehicles	3.142.590	3.728.133	-	-	149.702	7.020.425
Office	4.511.441	5.421.042	(6.512.394)	-	1.989.422	5.409.511
	7.654.031	**9.149.175**	**(6.512.394)**	**-**	**2.139.124**	**12.429.936**
Net book value	**14.391.618**					**17.710.399**

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

DİPNOT 14 - RIGHT OF USE ASSETS (Continued)

	1 January 2019	Additions	Disposals	Currency translation differences	31 December 2019
Cost:					
Vehicles	8.511.862	962.686	-	101.128	9.575.676
Office	9.300.845	3.079.601	(531.327)	620.854	12.469.973
	17.812.707	**4.042.287**	**(531.327)**	**721.982**	**22.045.649**
Accumulated Depreciation: (-)					
Vehicles	-	3.130.781	-	11.809	3.142.590
Office	-	4.376.921	(17.118)	151.638	4.511.441
	-	**7.507.702**	**(17.118)**	**163.447**	**7.654.031**
Net book value	**17.812.707**				**14.391.618**

NOTE 15 - GOODWILL

	31 December 2020	31 December 2019
Total Soft	144.537.334	108.814.042
Total Soft (ABS)	45.375.903	30.069.434
Netsis	5.892.252	5.892.252
Peoplise	3.676.872	-
Nexia	1.671.656	-
Sempa	903.000	903.000
Vardar	346.338	346.338
Intermat	337.062	337.062
	202.740.417	**146.362.128**

Movement table of goodwill for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
As of 1 January	**146.362.128**	**136.752.195**
Currency translation difference	51.029.761	9.609.933
Acquisition of subsidiaries (*)	5.348.528	-
As of 31 December	**202.740.417**	**146.362.128**

(*) Note 4.

NOTE 15 - GOODWILL (Continued)

The Group applies impairment test for goodwill every year or in shorter periods in case any triggering event that shows any impairment indicator on goodwill. The recoverable amounts of cash generating units are determined based on fair value less cost of disposal ('FVLCD').

Goodwill impairment test - Total Soft and ABS

FVLCD is determined by discounting the expected future discounted cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the recoverable value of CGU as of 31 December 2020:

Goodwill impairment test has been performed by using the five years consolidated business projections of Total Soft and ABS prepared by the management between 1 January 2020 and 31 December 2024. 14,9% has been used as cumulative average growth rate the years between 2019 and 2024.

Cash flows for future periods (perpetuity) were extrapolated using a constant growth rate of 2,4% which is the expected inflation rate announced by the Central Bank of Romania.

Weighted average cost of capital rate of 18,2% has been used as after tax discount rate in order to calculate the recoverable amount of the unit.

After-tax rate was adjusted considering the tax cash outflows and other future tax related cash flows and differences between the cost of the assets and their tax bases.

No impairment has been recorded as a result of the impairment test made according to available analyzes.

Sensitivity to the changes in the estimates used in the impairment test of Total Soft's goodwill is as follows:

Long term growth rate

Originally, the long term growth rate is assumed to be 2,4%. Has the rate been assumed to be as 2%, the recoverable amount would have been 2% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Discount rate

Originally, the discount rate is assumed to be 18,2%. Has the rate been assumed to be as 18,7%, the recoverable amount would have been 4% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Goodwill impairment test - Netsis

The impairment test of goodwill related with Netsis acquisition has been performed using the cash flows for the year ended 31 December 2020 and current book value. As of 31 December 2020, it is noted that the current cash flows of the cash generating unit exceeds its book value by %508. Negative cash flows are not expected from Netsis in the foreseeable future.

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

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

		31 December 2020		31 December 2019	
	Original currency	**Original amount**	**TRY equivalent**	**Original amount**	**TRY equivalent**
Guarantee notes	TRY	243.324	243.324	243.324	243.324
Mortgages	TRY	46.950	46.950	60.000	60.000
		290.274	**290.274**	**303.324**	**303.324**

As of 31 December 2020 and 31 December 2019, guarantee/pledge/mortgage ('GPM') given by the Company on behalf of its legal entity are as follows:

GPM given by the Company:

	31 December 2020				31 December 2019			
	EUR	**USD**	**RON**	**TRY**	**EUR**	**USD**	**RON**	**TRY**
A. Total amount of Guarantees provided by the Company on behalf of itself	-	327.863	-	894.470	-	265.319	-	671.885
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	160.132.736	-	82.942	-	118.220.143	-	44.912	-
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Other Guarantees given-	-	-	-	-	-	-	-	-
(i) Total amount of Guarantees given - on behalf of the parent Company	-	-	-	-	-	-	-	-
(ii) Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-	-	-	-	-
(iii) Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	160.132.736	**327.863**	**82.942**	**894.470**	**118.220.143**	**265.319**	**44.912**	**671.885**

(*) Note 8.

The lawsuits filed against the Group are total TRY4.428.192. The Group's management does not expect any cash outflows regarding these lawsuits therefore, no provisions has been accounted in the consolidated financial statements.

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

NOTE 17 - EMPLOYEE BENEFITS

Short - term payables for employee benefits:	31 December 2020	31 December 2019
Bonus provision	41.297.483	28.145.390
Taxes, funds and social security payables	27.017.099	6.504.227
Due to personnel	7.280.516	5.334.057
	75.595.098	**39.983.674**

Long - term provisions for employment benefits:	31 December 2020	31 December 2019
Provision for employment termination benefits	10.000.811	7.120.017
Provision for unused vacation liability	6.718.424	6.475.048
	16.719.235	**13.595.065**

The movement of provision for unused vacation liability for the years ended 31 December 2020 and 2019 is as follow:

	2020	2019
As of 1 January	**6.475.048**	**5.323.122**
Increase for the period	(648.581)	944.718
Currency translation difference	891.957	207.208
As of 31 December	**6.718.424**	**6.475.048**

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TRY 7.638,96 for each year of service at 1 January 2021 (1 January 2020: TRY6.730,15). Provision for employment termination benefits is calculated based on the present value of the Group's obligation to pay in the event of retirement.

Employment termination benefit liability is not funded and there is no legal funding requirement.

TAS 19, 'Employee Benefits' requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial gain/(loss) is accounted under the 'Funds for actuarial gain/(loss) on employee termination benefits':

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

NOTE 17 - EMPLOYEE BENEFITS (Continued)

	31 December 2020	31 December 2019
Discount rate (%)	3,67	4,19
Turnover rate to estimate the probability of retirement (%)	94,88	94,10

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TRY7.638,96 which is effective from 1 January 2021 (1 January 2020: TRY6.730,15) has been taken into consideration in the calculations.

The movement in the provision for employment termination benefits during the years ended 31 December 2020 and 2019 were as follows:

	2020	2019
As of 1 January	**7.120.017**	**6.009.607**
Interest cost	1.300.105	655.978
Service cost	1.100.326	637.261
Actuarial loss	1.723.981	978.664
Payments during the year (-)	(1.243.618)	(1.161.493)
As of 31 December	**10.000.811**	**7.120.017**

NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES

Short - term prepaid expenses:	**31 December 2020**	**31 December 2019**
Prepaid expenses	4.917.554	6.496.405
	4.917.554	**6.496.405**

Long - term prepaid expenses:	**31 December 2020**	**31 December 2019**
Advances given	2.019.197	1.307.947
	2.019.197	**1.307.947**

Short - term contract liabilities:	**31 December 2020**	**31 December 2019**
Contract liabilities (*)	170.886.245	97.698.400
Advances received	4.983.620	2.237.454
	175.869.865	**99.935.854**

(*) Contract liabilities mainly relates to LEM sales revenue, pay as you go sales (integrator revenue), after-sales services, customized software sales and Tübitak incentives billed but not earned.

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

NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES (Continued)

The details of contract liabilities at 31 December 2020 and 31 December 2019 as follows:

	31 December 2020	31 December 2019
Pay as you go sales	85.221.466	36.918.671
LEM sales	67.207.340	49.805.494
Revenue from continuing projects	17.427.209	9.658.022
After-sales services revenue	1.030.230	1.316.213
	170.886.245	**97.698.400**

NOTE 19 - EQUITY

The Company's authorized and paid-in share capital consists of 2.500.000.000 (31 December 2019: 2.500.000.000) shares with a nominal value of Kr1 each. The shareholding structure of the Company as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	Share (%)	31 December 2019	Share (%)
Logo Teknoloji ve Yatırım A.Ş.	8.407.513	33,63	8.407.513	33,63
Publicly traded	16.592.487	66,37	16.592.487	66,37
	25.000.000	**100,00**	**25.000.000**	**100,00**
Adjustment to share capital	2.991.336		2.991.336	
Total paid-in share capital	**27.991.336**		**27.991.336**	

The shares representing capital are categorized as group A and B. The privileges granted to group A shares are as follows: half of the board members will be elected from among the candidates nominated by group A shareholders and the Chairman of the Board is elected from among the board members proposed by Group A shareholders. Adjustment to share capital represents the difference between the historical amounts and the amounts adjusted according to the inflation of cash contributions to share capital.

Treasury shares

As of 31 December 2020 the amount of treasury shares which is accounted in Group's equity is TRY10.054.033 (31 December 2019: TRY10.054.033)

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

NOTE 19 - EQUITY (Continued)

The amount and the number of shares related to the group shares that are bought back and the sales of these shares categorized by years are like below:

Year	Share	Purchase amount
2012	171.000	450.493
2013	1.711.495	8.163.509
2015	108.136	1.983.148
2018	177.042	5.421.470
Total purchases	**2.167.673**	**16.018.620**

Year	Share	Sales amount	Purchase amount
2013	1.297.500	6.487.500	5.964.587
Total sales	**1.297.500**	**6.487.500**	**5.964.587**

The difference between purchase amounts and sales amounts amounting to TRY522.913 is accounted under equity on the transaction dates.

Dividend distribution

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

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

Dividend advance payments can be made in accordance with Turkish Commercial Code and CMB regulations provided that General Assembly authorizes the Board of Directors to pay dividend advance, limited to the related year, to shareholders in accordance with the Articles of Association. The Group aims to complete the dividend payment before the last working day of the year in which dividend distribution decision is made in the General Assembly and starts the payment latest at the end of the accounting period when the General Assembly meeting is held. General Assembly or Board of Directors, if authorized by the General Assembly, can decide to distribute dividend in installments in line with CMB regulations.

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

NOTE 20 - EXPENSES BY NATURE

As of 31 December 2020 and 2019, expenses are disclosed by function and the details of the expenses are summarized in Note 22 and Note 23.

NOTE 21 - SALES AND COST OF SALES

Sales:

	1 January - 31 December 2020	1 January - 31 December 2019
Revenue	381.905.276	303.174.395
Service revenue	159.592.757	115.091.222
Retail saas service revenue	15.128.163	12.189.351
Sales returns	(4.541.206)	(5.308.617)
Sales discounts	(7.061.098)	(3.012.965)
Net sales	**545.023.892**	**422.133.386**
Cost of sales (-)	(99.573.299)	(75.030.599)
Gross profit	**445.450.593**	**347.102.787**

Cost of sales:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of services	91.808.022	70.304.720
Cost of transfer of financial rights	6.527.950	4.253.124
Cost of trade goods sold	1.237.327	472.755
Cost of sales (-)	**99.573.299**	**75.030.599**

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

NOTE 22 - RESEARCH AND DEVELOPMENT EXPENSES. MARKETING EXPENSES. AND GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Depreciation and amortization (Note 12,13,14)	52.785.343	40.454.442
Personnel expenses	48.097.206	44.026.700
Outsourced benefits and services	5.315.980	4.232.473
Consultancy expenses	2.444.516	2.427.932
Motor vehicle expenses	1.109.725	2.053.785
Travel expenses	165.243	1.223.379
Other	8.634.352	7.101.846
	118.552.365	**101.520.557**

Marketing, selling and distribution expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Advertising and selling expenses	66.031.545	39.678.693
Personnel expenses	41.656.109	30.824.590
Consultancy expenses	3.459.255	3.421.954
Outsourced benefits and services	3.227.712	2.482.163
Depreciation and amortization (Note 12,13,14)	2.773.861	1.972.328
Motor vehicle expenses	1.111.380	1.620.646
Travel expenses	137.286	1.080.229
Other	2.807.073	2.679.931
	121.204.221	**83.760.534**

General administrative expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	67.618.539	50.444.504
Consultancy expenses	10.119.360	6.895.526
Depreciation and amortization (Note 13)	7.218.121	6.984.835
Motor vehicle expenses	1.462.645	1.343.951
Outsourced benefits and services	515.739	622.897
Travel expenses	297.555	675.410
Other	4.619.879	2.592.500
	91.851.838	**69.559.623**

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

NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains (*)	2.123.409	1.003.612
Rediscount income	737.024	1.666.853
Overdue interest income	479.436	527.029
Other	2.722.308	2.827.804
	6.062.177	**6.025.298**

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

Other operating expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Rediscount expenses (-)	8.917.015	1.377.488
Provision expense (-)	2.820.710	2.629.423
Foreign exchange losses (*)	1.531.167	804.581
Other	1.141.658	930.132
	14.410.550	**5.741.624**

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

NOTE 24 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December 2020	1 January - 31 December 2019
Gain on sale of financial instruments	8.984.822	5.447.222
	8.984.822	**5.447.222**

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

NOTE 25 - FINANCIAL INCOME

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains	17.612.082	4.678.154
Interest income	6.569.571	1.767.852
	24.181.653	**6.446.006**

NOTE 26 - FINANCIAL EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange losses	12.322.771	5.678.968
Interest expense (-)	3.345.487	3.793.890
Interest expense from leases	2.085.954	1.622.674
Interest expense of employee termination benefits	1.300.105	655.978
Credit card commissions	1.292.877	1.060.630
Other financial expenses (-)	242.811	119.245
	20.590.005	**12.931.385**

NOTE 27 - TAX ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Current period tax expense	(11.151.400)	(7.461.566)
Deferred tax income/(expense)	6.889.097	2.239.100
Current period tax expense	**(4.262.303)**	**(5.222.466)**

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TFRS and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for TFRS and statutory tax purposes.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore. tax assets and liabilities, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2020 and 31 December 2019 using the enacted tax rates, is as follows:

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

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred income tax assets:				
Expense accruals	50.844.428	23.539.318	10.168.886	4.707.864
Rediscount of trade receivables and payables	15.603.114	7.461.550	3.120.623	1.492.310
Employee termination benefits	5.691.569	4.107.216	1.138.314	821.443
Contract liabilities	6.646.257	2.611.582	1.329.251	522.316
Vacation provision	2.037.821	1.937.224	407.564	387.445
Provision for doubtful receivables	808.966	544.244	161.793	108.849
	81.632.155	**40.201.134**	**16.326.431**	**8.040.227**
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property. equipment and intangible assets	(65.413.485)	(28.080.537)	(13.082.697)	(5.616.107)
	(65.413.485)	**(28.080.537)**	**(13.082.697)**	**(5.616.107)**
Deferred income tax assets/(liabilities) net			**3.243.734**	**2.424.120**

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

Deferred tax assets	**2020**	**2019**
To be recovered less than 12 months	14.780.553	6.831.339
To be recovered more than 12 months	1.545.878	1.208.888
	16.326.431	**8.040.227**
Deferred tax liabilities		
To be recovered more than 12 months	(13.082.697)	(5.616.107)
	(13.082.697)	**(5.616.107)**
Deferred income tax assets/(liabilities). net	**3.243.734**	**2.424.120**

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

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

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

	2020	**2019**
As of 1 January	**2.424.120**	**300.786**
Charged to statements of profit or loss	6.889.097	2.239.100
Currency translation difference	(6.237.516)	(213.838)
Charged to other comprehensive income	168.033	98.072
As of 31 December	**3.243.734**	**2.424.120**

Corporate tax

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. The corporate tax rate for 2020 is 22% (2019: 22%). The law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. The corporate tax rate is 16% in Romania (2019: 16%).

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 30th of the fourth month following the close of the financial year to which they relate.

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

In accordance with Tax Law No: 5035 item 44, that amends 'Technology Development Regions Law' No: 4691, corporate and income taxpayers operating in technology development regions are exempt from corporate and income tax until 31 December 2023.

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

a) In accordance with the investment certificates prepared for applications made before 24 April 2003 investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No: 4842 dated 9 April 2003 and

b) Investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law 193 repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

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

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

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
Current income tax expense	11.151.400	7.461.566
Prepaid taxes and funds (-)	(7.689.439)	(2.483.862)
Current income tax liabilities	**3.461.961**	**4.977.704**

Income tax reconciliation:	1 January - 31 December 2020	1 January - 31 December 2019
Profit before income tax	118.070.266	91.507.590
Tax calculated at enacted tax rate in Turkey (22%)	(25.975.458)	(20.131.670)
Non-deductible expenses	(5.228.253)	(4.654.912)
Income not subject to tax	26.829.749	19.428.031
Tax rate difference (*)	111.659	136.085
Income tax expense	**(4.262.303)**	**(5.522.466)**

(*) The applicable tax rate in Romania is 16% as of 31 December 2020 (2019: 16%).

NOTE 28 - EARNINGS PER SHARE

The earnings per thousand shares with nominal value of Kr1 amounted to TRY45,81 for the year ended 31 December 2020 (2019: TRY34,52).

	1 January - 31 December 2020	1 January - 31 December 2019
Net income attributable to equity holders of the parent	114.528.012	86.310.753
Average number of shares for the period	2.500.000.000	2.500.000.000
Earnings per share	**45,81**	**34,52**

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

NOTE 29 - RELATED PARTY DISCLOSURES

a) Due from related parties at 31 December 2020 and 2019:

Other receivables from related parties:

	31 December 2020	31 December 2019
Logo Infosoft	5.343.356	3.192.800
Other	-	186.026
	5.343.356	**3.378.826**

b) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 31 December 2020 and 2019:

Services given to related parties

	31 December 2020	31 December 2019
Logo Infosoft	1.529.080	1.026.851
Logo Siber	732.610	982.559
Logo Teknoloji ve Yatırım A.Ş.	21.519	31.093
	2.283.209	**2.040.503**

c) Services purchased from related parties and other transactions with related parties during the periods ended 31 December 2020 and 2019:

Services purchase from related parties

	31 December 2020	31 December 2019
Logo Siber	-	13.309
	-	**13.309**

d) Remuneration of the executive management:

	31 December 2020	31 December 2019
Remuneration of the management	27.558.747	25.348.413
	27.558.747	**25.348.413**

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

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

30.1 Financial Risk Management

Credit Risk

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

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management holds adequate cash and credit commitment that will meet the need cash for recent future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TRY100.000.000 that can be utilized whenever needed.

	31 December 2020					
Non-derivative financial instruments	**Carrying value**	**Contractual cash outflow (I+II+III+IV)**	**Up to 3 months (I)**	**Between 3 - 12 months (II)**	**Between 1 - 5 years (III)**	**More than 5 years (IV)**
Borrowings	152.300.797	165.387.269	4.870.541	25.235.891	88.194.694	47.086.143
Trade payables						
- *Trade payables to third parties*	*65.971.841*	*65.971.841*	*65.971.841*	-	-	-
Employee benefit payables	75.595.098	75.595.098	75.595.098	-	-	-
Other Payables						
- *Other payables to third parties*	*61.255.038*	*61.255.038*	*56.659.241*	-	*4.595.797*	-
Total liabilities	**355.122.774**	**368.209.246**	**203.096.721**	**25.235.891**	**92.790.491**	**47.086.143**

	31 December 2019					
Non-derivative financial instruments	**Carrying value**	**Contractual cash outflow (I+II+III+IV)**	**Up to 3 months (I)**	**Between 3 - 12 months (II)**	**Between 1 - 5 years (III)**	**More than 5 years (IV)**
Borrowings	136.213.140	150.422.630	16.157.141	19.078.940	66.091.019	49.095.530
Trade payables						
- *Trade payables to third parties*	*46.713.633*	*46.713.633*	*46.713.633*	-	-	-
Employee benefit payables	39.983.674	39.983.674	39.983.674	-	-	-
Other Payables						
- *Other payables to third parties*	*36.733.853*	*36.733.853*	*17.960.544*	-	*18.773.309*	-
Total liabilities	**259.644.300**	**273.853.790**	**120.814.992**	**19.078.940**	**84.864.328**	**49.095.530**

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

NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

The Company's interest rate sensitive financial instruments are as follows:

	31 December 2020	**31 December 2019**
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- Financial assets at fair value through profit or loss	149.728.471	25.309.164
Financial liabilities	22.844.239	30.441.496
<u>Financial instruments with float interest rate</u>		
Financial assets		
- Financial assets with fair value reflected to profit/loss	*5.649.349*	*56.603.131*
- Financial assets with fair value reflected to other comprehensive income	*39.739.632*	-
Financial liabilities	129.456.558	105.771.644

Financial assets designated as fair value through profit or loss consists of fixed and floating interest rate bank deposits denominated in TRY and foreign currencies which maturities less than three months and liquid funds. Since the interest expense of the floating rate loans during the year is not significant, sensitivity analysis of interest rate change has not been presented.

Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to compare every foreign currency type for the probable sales or purchases in the future.

Foreign exchange rates used to translate the Group's assets and liabilities denominated in foreign currencies into TRY at 31 December 2020 and 2019 are as follows:

	31 December 2020	**31 December 2019**
USD	7.3405	5,9402
EUR	9.0079	6.6506

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

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

NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		Foreign currency position as of 31 December 2020			
		TRY Equivalent	**USD**	**EUR**	**Other**
1.	Trade receivables	13.754.590	806.442	869.781	-
2a.	Monetary financial assets. (cash. and banks accounts included)	94.729.548	10.925.397	1.612.671	4.901
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets (1+2+3)**	**108.484.138**	**11.731.840**	**2.482.452**	**4.901**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
-					
8.	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**108.484.138**	**11.731.840**	**-**	**4.901**
10.	Trade payables	277.399	(160.045)	161.215	-
11.	Financial liabilities	(20.676.850)	-	(2.295.413)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	**Current liabilities (10+11+12)**	**(20.399.451)**	**(160.045)**	**(2.134.198)**	**-**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(121.192.750)	-	(13.454.051)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**(121.192.750)**	**-**	**(13.454.051)**	**-**
18.	**Total liabilities (13+17)**	**(141.592.201)**	**(160.045)**	**(15.588.249)**	**-**
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	**Net foreign assets/(liability) position (9-18+19)**	**(33.108.063)**	**11.571.795**	**(13.105.797)**	**4.901**
21.	**Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**(33.108.063)**	**11.571.795**	**(13.105.797)**	**4.901**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(61.233.479)	(873.228)	(6.086.163)	-
24.	Import	-	-	-	-

(*) Includes exports from the countries in which the Group operates. As of 2020 the Group's total sales made outside Turkey during the period is TRY185.969.938 (2019: TRY147.019.827).

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

NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		Foreign currency position as of 31 December 2019			
		TRY Equivalent	**USD**	**EUR**	**Other**
1.	Trade receivables	17.331.292	671.440	2.006.256	-
2a.	Monetary financial assets. (cash. and banks accounts included)	25.656.481	1.543.464	2.478.600	3.835
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets (1+2+3)**	**42.987.773**	**2.214.904**	**4.484.856**	**3.835**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**42.987.773**	**2.214.904**	**4.484.856**	**3.835**
10.	Trade payables	(1.876.326)	(273.792)	(37.583)	-
11.	Financial liabilities	(16.230.858)	-	(2.440.510)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	**Current liabilities (10+11+12)**	**(18.107.184)**	**(273.792)**	**(2.478.093)**	**-**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(99.128.199)	-	(14.905.151)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**(99.128.199)**	**-**	**(14.905.151)**	**-**
18.	**Total liabilities (13+17)**	**(117.235.383)**	**(273.792)**	**(17.383.244)**	**-**
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	**Net foreign assets/(liability) position (9-18+19)**	**(74.247.610)**	**1.941.112**	**(12.898.388)**	**3.835**
21.	**Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**(74.247.610)**	**1.941.112**	**(12.898.388)**	**3.835**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	(46.561.355)	(601.988)	(6.463.391)	-
24.	Import	-	-	-	-

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

NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The following table shows the TRY equivalents of Group's sensitivity to a 10% change in USD and EUR 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the period and presents effect of 10% change in foreign currency rates. The positive amount indicates increase in profit/loss before tax or equity.

Foreign currency sensitivity

	31 December 2020			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets/liabilities	8.492.873	(8.492.873)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	**8.492.873**	**(8.492.873)**	**-**	**-**
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	181.725	(181.725)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	**181.725**	**(181.725)**	**-**	**-**
Change of USD against RON by 10%				
7- USD net assets/liabilities	1.403	(1.403)	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	**1.403**	**(1.403)**	**-**	**-**
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(11.987.296)	11.987.296	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	**(11.987.296)**	**11.987.296**	**-**	**-**

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

NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2019			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets/liabilities	1.250.134	(1.250.134)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	**1.250.134**	**(1.250.134)**	**-**	**-**
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	1.050.393	(1.050.393)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	**1.050.393**	**(1.050.393)**	**-**	**-**
Change of USD against RON by 10%				
7- USD net assets/liabilities	(97.075)	97.075	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	**(97.075)**	**97.075**	**-**	**-**
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(9.628.595)	9.628.595	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	**(9.628.595)**	**9.628.595**	**-**	**-**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure. the Group may pay out dividends. return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, accounts payable and due to related parties, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

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

NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued

	31 December 2020	31 December 2019
Total payables	218.272.638	182.926.773
Less: Cash and cash equivalents	(261.595.709)	(152.183.722)
Net debt	(43.323.071)	30.743.051
Total equity	502.281.113	368.962.947
Total capital	458.958.042	399.705.998
Debt/equity ratio	**(9%)**	**8%**

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

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

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

NOTE 31 - FINANCIAL INSTRUMENTS

Monetary assets

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

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

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

Monetary liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted).

Level 2: Other valuation techniques includes direct or indirect observable inputs.
Level 3: Valuation techniques does not contain observable market inputs.

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

NOTE 31 - FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy table as at 31 December 2020 is as follows:

Financial assets held at fair value through profit or loss:	**Level 1**	**Level 2**	**Level 3**
Financial investments (*)	39.739.632	-	20.446.416

Fair value hierarchy table as at 31 December 2019 is as follows:

Financial assets held at fair value through profit or loss:	**Level 1**	**Level 2**	**Level 3**
Financial investments(*)	-	-	12.730.813

(*) Note 6

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

NOTE 32 - CASH FLOW INFORMATION

	Loans and Credit cards	**Financial leases**	**Total**
1 January 2020	**119.711.958**	**16.501.182**	**136.213.140**
Cash inflows	-	-	-
Cash outflows	(29.185.543)	-	(29.185.543)
Currency translation differences	41.961.255	-	41.961.255
Increase in lease liabilities (TFRS 16)	-	10.166.344	10.166.344
Cash outflows from lease liabilities (TFRS 16)	-	(6.854.398)	(6.854.398)
31 December 2020	**132.487.670**	**19.813.128**	**152.300.797**
Cash and cash equivalents (-)			(261.595.709)
Net debt			**(109.294.912)**

	Loans and Credit cards	**Financial leases**	**Total**
1 January 2019	**97.935.177**	**19.353.158**	**117.288.335**
Cash inflows	11.459.560	-	11.459.560
Cash outflows	(795.117)	-	(795.117)
Currency translation differences	11.112.338	-	11.112.338
Increase in lease liabilities (TFRS 16)	-	2.501.836	2.501.836
Cash outflows from lease liabilities (TFRS 16)	-	(5.353.812)	(5.353.812)
31 December 2019	**119.711.958**	**16.501.182**	**136.213.140**
Cash and cash equivalents (-)			(152.183.722)
Net debt			**(15.970.582)**