

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2020**

(ORIGINALLY ISSUED IN TURKISH)

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2020**

CONTENTS	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS.....	3
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	5
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS.....	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-55

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020**

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

	Notes	31 March 2020	Audited 31 December 2019
ASSETS			
Current asset		362.973.667	375.900.470
Cash and cash equivalents	5	171.266.214	152.183.722
Trade receivables		176.414.434	211.156.878
- <i>Trade receivables from third parties</i>	9	176.414.434	211.156.878
Other receivables		703.548	1.095.167
- <i>Other receivables from third parties</i>	10	703.548	909.141
- <i>Other receivables from related parties</i>	29	-	186.026
Inventories	11	558.425	538.114
Prepaid expenses	18	6.628.789	6.496.405
Other current assets	10	7.402.257	4.430.184
Non-current assets		423.964.951	399.831.802
Other receivables		3.768.835	3.192.800
- <i>Other receivables from related parties</i>	29	3.768.835	3.192.800
Financial investments	6	14.486.748	12.730.813
Right of use asset	14	14.082.883	14.391.618
Property, plant and equipment	12	20.587.235	20.049.599
Intangible assets		365.889.201	342.178.523
- <i>Goodwill</i>	15	156.553.476	146.362.128
- <i>Other intangible assets</i>	13	209.335.725	195.816.395
Prepaid expenses	18	1.690.697	1.307.947
Deferred tax assets	27	1.727.677	5.160.460
Other non-current assets		1.731.675	820.042
Total assets		786.938.618	775.732.272

These condensed consolidated financial statements have been approved by Board of Directors on 6 May 2020 and signed on its behalf by Buğra Koyuncu, Logo Group Chief Executive Officer and Gülnur Anlaş, Logo Group Chief Financial Officer.

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020**

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

	Notes	31 March 2020	31 December 2019
LIABILITIES			
Short-term liabilities		239.350.516	242.046.963
Short-term borrowings	8	27.818.335	21.309.333
Short-term parts of long-term borrowings	8	11.769.324	10.924.218
Trade payables		27.473.039	46.713.633
- <i>Trade payables to third parties</i>	9	27.473.039	46.713.633
Employee benefit obligations	17	22.804.816	11.838.284
Other payables		32.149.108	17.960.544
- <i>Other payables to third parties</i>	10	32.149.108	17.960.544
Contract liabilities arising from sales of goods and services	18	107.648.155	99.935.854
Short-term provisions		5.930.274	28.145.390
- <i>Short term provisions for employee benefits</i>	17	5.930.274	28.145.390
Current income tax liabilities	27	3.407.881	4.977.704
Other current liabilities		349.584	242.003
Long-term liabilities		131.634.735	139.084.303
Long-term borrowings	8	112.284.431	103.979.589
Other payables		615.244	18.773.309
- <i>Other payables to third parties</i>	10	615.244	18.773.309
Long-term provisions		15.891.235	13.595.065
- <i>Long term provisions for employee benefits</i>	17	15.891.235	13.595.065
Deferred tax liabilities	27	2.843.825	2.736.340
EQUITY			
Equity attributable to equity holders of the parent		387.693.824	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		17.250.489	17.250.489
- <i>Legal reserves</i>	19	7.196.456	7.196.456
- <i>Reserves for treasury shares</i>	19	10.054.033	10.054.033
Put option revaluation fund			
related with non-controlling interests	4	(23.780.109)	(18.158.065)
Treasury shares (-)	19	(10.054.033)	(10.054.033)
Other comprehensive income and expense			
that will not be reclassified to profit or loss		(5.460.765)	(4.090.046)
- <i>Actuarial loss on employment termination benefits</i>		(6.047.378)	(4.676.659)
- <i>Changes in the fair value of equity investments</i>	6	586.613	586.613
Other comprehensive income and expense			
that will be reclassified to profit or loss		46.264.755	41.264.159
- <i>Currency translation differences</i>		47.848.912	41.264.159
- <i>Cash flow hedge fund</i>		(1.584.157)	-
Retained earnings		314.759.107	228.448.354
Net income for the year		20.723.044	86.310.753
Non-controlling interests		28.259.543	25.638.059
Total equity		415.953.367	394.601.006
Total liabilities and equity		786.938.618	775.732.272

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 AND 2019

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

PROFIT OR LOSS	Notes	1 January - 31 March 2020	1 January - 31 March 2019
Revenue	21	101.725.971	81.359.489
Cost of sales (-)	21	(20.247.839)	(17.595.667)
Gross profit		81.478.132	63.763.822
General administrative expenses (-)	22	(14.892.331)	(12.888.518)
Marketing, sales and distribution expenses (-)	22	(17.630.062)	(12.615.271)
Research and development expenses (-)	22	(26.939.227)	(22.193.340)
Other operating income	23	4.115.649	3.842.275
Other operating expenses (-)	23	(816.587)	(1.301.546)
Operating profit		25.315.574	18.607.422
Income from investing activities	24	354.156	581.477
Operating profit before financial income/(expenses)		25.669.730	19.188.899
Financial income	25	2.370.669	1.537.833
Financial expenses (-)	26	(2.217.920)	(3.887.337)
Profit before tax		25.822.479	16.839.395
Tax expense from continuing operations			
Current income tax expense	27	(2.269.555)	(380.854)
Deferred tax expense	27	(3.472.475)	(1.788.299)
Net profit for the period		20.080.449	14.670.242
Net income attributable to:			
Non-controlling interests		(642.595)	(136.756)
Equity holders of the parent		20.723.044	14.806.998
		20.080.449	14.670.242
Earnings per share	28	8,29	5,92

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 AND 2019

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

OTHER COMPREHENSIVE INCOME	Notes	1 January - 31 March 2020	1 January - 31 March 2019
Net profit for the period		20.080.449	14.670.242
Other comprehensive income and expense that will be reclassified to profit or loss		9.848.832	2.532.451
Currency translation differences, before tax		9.848.832	2.532.451
Other comprehensive income and expense that will not be reclassified to profit or loss		(1.521.132)	(89.720)
Defined benefit plans re-measurement losses, before tax	17	(1.521.132)	(89.720)
Total other comprehensive income, before tax		8.327.700	2.442.731
Total taxes on other comprehensive income		150.413	10.489
Total taxes on other comprehensive income that will not be reclassified to profit or loss		150.413	10.489
Deferred tax income	27	150.413	10.489
Total other comprehensive income		8.478.113	2.453.220
Total comprehensive income		28.558.562	17.123.462
Other comprehensive income attributable to:			
Non-controlling interest		2.621.484	228.798
Equity holders of the parent		25.937.078	16.894.664
		28.558.562	17.123.462

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 AND 2019

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

	Paid in share capital	Adjustments to share capital	Treasury shares	Reserves for treasury shares	Legal reserves	Actuarial loss on employment termination benefits (*)	Changes in the fair value of equity investments (*)	Currency translation differences (**)	Cash flow hedge funds	Retained earnings	Net profit for the period	Put option revaluation fund related with non-controlling interests (***)	Equity attributable to equity holders of the parents	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	-	-	-	-	-	-	-	-	-	-	-	(5.218.621)	(5.218.621)	-	(5.218.621)
Profit for the year	-	-	-	-	-	-	-	-	-	-	14.806.998	-	14.806.998	(136.756)	14.670.242
Other comprehensive income	-	-	-	-	-	(79.231)	-	2.166.897	-	-	-	-	2.087.666	365.554	2.453.220
Balances at 31 March 2019	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(3.875.298)	-	37.549.123	-	228.448.354	14.806.998	(6.236.739)	305.880.230	24.598.174	330.478.404
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	-	-	-	-	-	-	-	-	(1.584.157)	86.310.753	(86.310.753)	-	(1.584.157)	-	(1.584.157)
Decline from share rate changes in subsidiaries that do not result loss of control	-	-	-	-	-	-	-	-	-	-	-	(5.622.044)	(5.622.044)	-	(5.622.044)
Profit for the year	-	-	-	-	-	-	-	-	-	-	20.723.044	-	20.723.044	(642.595)	20.080.449
Other comprehensive income	-	-	-	-	-	(1.370.719)	-	6.584.753	-	-	-	-	5.214.034	3.264.079	8.478.113
Balances at 31 March 2020	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(6.047.378)	586.613	47.848.912	(1.584.157)	314.759.107	20.723.044	(23.780.109)	387.693.824	28.259.543	415.953.367

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

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

(***) Note 4.

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

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

	Notes	1 January - 31 March 2020	1 January - 31 March 2019
A. Cash flow generated from operating activities		36.304.287	19.485.012
Net profit for the period		20.080.449	14.670.242
Adjustments to reconcile profit for the period		5.516.781	1.257.159
Depreciation and amortization	12, 13,14	14.435.536	11.527.124
Adjustments for provisions	17	(20.888.147)	(13.101.461)
Adjustments for interest income/(expense)	25,26	1.156.011	565.985
Adjustments for impairment/(cancellation) of receivables	9	(1.021.508)	528.891
Other adjustments to reconcile the profit or loss		6.092.859	(432.533)
Adjustments for tax expense	27	5.742.030	2.169.153
Changes in net working capital		15.329.605	4.671.460
Adjustments regarding changes on inventories		(20.311)	138.211
Adjustments regarding changes on trade receivables		34.427.119	13.421.407
Adjustments regarding changes on trade payables		(19.240.594)	139.572
Adjustments regarding changes on other current and non-current liabilities		4.746.647	(4.249.233)
Adjustments regarding changes on other current and non-current assets		(4.583.256)	(4.778.497)
Net cash flow generated from operating activities		40.926.835	20.598.861
Taxes paid		(3.839.378)	(696.193)
Employment termination benefits paid	17	(783.170)	(417.656)
B. Cash flows generated from investing activities		(20.707.534)	(15.380.216)
Cash outflows from purchase of tangible and intangible assets	12, 13	(19.250.741)	(15.138.411)
Cash outflows for the acquisition of debt instruments or shares of other entities or funds	6	(1.755.935)	(810.576)
Cash inflows from sale of tangible and intangible assets		39.943	14.487
Interests received		259.199	554.284
C. Cash flows from financing activities		1.606.269	1.778.834
Repayments of borrowings	32	(198.244)	(1.887.418)
Proceeds from borrowings	32	4.912.755	6.272.656
Interests paid		(1.415.210)	(1.212.501)
Lease payments	32	(1.693.032)	(1.393.903)
Net increase in cash and cash equivalent before the effects currency translation differences (A+B+C)		17.203.022	5.883.630
D. Effects of currency translation differences on cash and cash equivalents.		1.879.470	266.708
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		19.082.492	6.150.338
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	171.266.214	87.070.115

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020 the Group has 1.193 employees (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 March 2020, main shareholder and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş. The partnership structure of the Company is explained in 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
Joint Venture	Country of incorporation	Nature of business
Logo Infosoft Business Technology Private Limited (“Logo Infosoft”)	India	Development and marketing of software

(*) Note 4.

Upon share transfer agreement signed on 2 September 2016, The Company has purchased 100% of Romania based software company Total Soft’s shares. On 19 July 2018 Total Soft has purchased 100 % of ABS and ABS FS shares. ABS provides retail consultancy, technology and outsourcing services and ABS FS provides financial services. (Note 4).

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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/IFRS”). TAS/IFRS 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/IFRS 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. Foreign currency differences arising from the translation 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 2019 include the accounts for Logo Yazılım and its subsidiaries.

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 31 March 2020 and 31 December 2019:

Subsidiaries	31 March 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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

2.1.3 Basis of consolidation (Continued)

Joint Venture	31 March 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 Total Soft and Logo Investment 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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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.

2.3 Amendments to TFRS

a. Standards, amendments and interpretations applicable as at 31 March 2020:

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

- a) title of TAS/TFRS,
- b) the accounting policy change, if any, was made in accordance with the relevant transitional provisions,
- c) explanation of change in accounting policy,
- d) a description of the transitional provisions if any,
- e) the effects of transitional provisions on future periods if any,
- f) as far as possible, the amount of adjustments for each current and current period,
 - i. presented for each affected financial statement item and,
 - ii. if “TAS 33, Earnings Per Share” standard is valid for the company, ordinary shares and diluted earnings per share should be recalculated,
- g) correction amounts for periods before periods not submitted, if possible and,
- h) if retrospective application is not possible for any period or periods, the events that lead to this situation and from what date and how the change in accounting policy was applied should be explained.

- **Amendment to TFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

- **Amendment to TAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

a) Standards, amendments and interpretations applicable as at 31 March 2020 (continued):

- **IFRS 16, ‘Leases’**; effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.
- **IFRIC 23, ‘Uncertainty over income tax treatments’**; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **Annual improvements 2015-2017**; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - IFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - TAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

a) Standards, amendments and interpretations applicable as at 31 March 2020 (continued):

- TAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to TAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- **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:
 - i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
 - ii) clarify the explanation of the definition of material; and
 - iii) incorporate some of the guidance in TAS 1 about immaterial information.
- **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 IASB, 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.

The effects of related changes on the financial position and performance of the Group will be evaluated.

The company made operational lease payments in the amount of USD 141.119 and EUR 195.000 as hedged items, in its fair value hedge accounting, which was applied between 1 January 2020 and 31 March 2020.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

a) Standards, amendments and interpretations applicable as at 31 March 2020 (continued):

As a result of this accounting, the Company has represented the foreign exchange loss arising from deposits amounting to TL 87.541 under operational expenses. Since the amount of hedged item and hedging instrument are the same and are subject to valuation rates on the same date, the ineffective portion has not occurred and not recognized.

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2020:

- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2022. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from annual periods beginning on or after 1 January 2022. These narrow-scope amendments to IAS 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 IAS 1 means when it refers to the ‘settlement’ of a liability.

2.4 Changes in Accounting Policies

Accounting policy changes arising from the initial application of a new IAS/IFRS are applied retrospectively or prospectively in accordance with the transitional provisions of the IAS/IFRS. 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.

The Group aims to eliminate the exchange rate fluctuations, in operational lease payments committed with foreign currency contracts, which is not recognized in its balance sheet in accordance with IFRS 16. Therefore, the Group maintains foreign currency deposits for these future payments. In accordance with this policy, the Group has applied fair value hedge accounting to its operational expense payments in foreign currency starting from January 1, 2020 and until March 31, 2020, in accordance with IFRS 9. In this application, 'definitive commitments' in foreign currency other than the balance sheet are determined as hedged items and foreign currency deposited at the bank as of January 1, 2020 which corresponds to these payments are subject to 'fair value hedge' accounting. Exchange differences arising from hedged items (definitive commitments) accounted under operational expenses when they realise and foreign exchange differences arising from deposits as hedging instruments are accounted under operational expenses.

The Company applies cash flow hedge accounting starting from 6 February 2020 to its EUR denominated future revenues with EUR denominated borrowings. Future EUR denominated revenues are designated as hedged item and the EUR denominated borrowing principal payments are designated as hedging instruments.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

2.4 Changes in Accounting Policies (Continued)

The nominal of highly probable forecast transaction (sales) subjected to hedge accounting is EUR 15.576.468 and the timing of cash flows match with the principal payments of the EUR denominated borrowings.

The hedge ratio is 54% and prospective hedge effectiveness ratio is %100. The effective portion of the fx gain loss resulting from the designated borrowings are TRY 1.584.157 before tax as of 31 March 2020. The effective amount will be recognised and accumulated under OCI with its tax effect until the designated sales are realised. When the designated portion of sales are realised the related accumulated fx gain/loss under OCI will be recycled to PL under fx gain/loss.

If changes in accounting estimates are related to only one period, they are applied both in the current period when the amendment is made and for the future periods, both in the current period and in the future. The Group has applied the accounting policy changes for “IFRS 16 Leases” resulting from new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transitional provisions of the relevant standards

The impact of the first-time adoption of this standard and the impact of first-time adoption of relevant standard is as follows:

IFRS 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:

IFRS 16, “Leases” (Continued)

- 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.
 - 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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

2.4 Changes in Accounting Policies (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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

2.4 Changes in Accounting Policies (Continued)

TFRS 16, “Leases” (Continued)

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.

2.5 Summary of significant accounting policies

The interim condensed consolidated financial statements for the three months period ended 31 March 2020 have been prepared in accordance with TAS 34. The significant accounting policies used in preparing the condensed interim consolidated financial statements for the three months period ended 31 March 2020 are consistent with the accounting policies disclosed in the consolidated financial statements as of 31 December 2019. Accordingly, the condensed consolidated interim financial statements should be evaluated with the consolidated financial statements for the year ended 31 December 2019. The Group has disclosed its accounting policies for the first time in Note 2.4.

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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

2.6 Significant accounting estimates and assumptions (Continued)

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 licence 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 (“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 values to the products throughout the year. Since the free of charge LEM products given in 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.

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 condensed consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The condensed consolidated balance sheet of the Group at 31 March 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 March 2020 have been provided with the comparative financial information, for the period ended 31 March 2019.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	562.530.202	224.573.583	(165.167)	786.938.618
Reportable segment liabilities	170.372.731	200.777.687	(165.167)	370.985.251
Goodwill	124.277.530	32.275.946	-	156.553.476
Tangible and intangible assets	136.523.624	107.482.219	-	244.005.843

31 March 2020	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	63.297.824	38.428.147	-	101.725.971
Cost of sales	(931.992)	(19.315.847)	-	(20.247.839)
Operating expense	(43.886.976)	(15.574.644)	-	(59.461.620)
Other operating income	3.147.851	967.798	-	4.115.649
Other operating expenses	(769.280)	(47.307)	-	(816.587)
Income from investing activities	354.156	-	-	354.156
Financial income	1.811.809	558.860	-	2.370.669
Financial expense	(1.270.547)	(947.373)	-	(2.217.920)
Depreciation and amortization	(9.703.877)	(4.731.659)	-	(14.435.536)
Tax expense	(4.885.373)	(856.657)	-	(5.742.030)
Net profit for the year	16.867.472	3.212.977	-	20.080.449
Adjusted EBITDA	28.182.733	8.269.315	-	36.452.048
Purchase of property and equipment and intangible assets	13.468.326	5.782.415	-	19.250.741

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

31 March 2020	Consolidated
Adjusted EBITDA	36.452.048
Depreciation and amortization	(14.435.536)
Income from investing activities	354.156
Other operating income	4.115.649
Other operating expenses	(816.587)
Financial income	2.370.669
Financial expense	(2.217.920)
Profit before tax	25.822.479

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 3 - SEGMENT REPORTING (Continued)

31 March 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
Tangible and intangible assets	131.108.431	99.149.181	-	230.257.612

31 March 2019	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	48.289.632	33.069.857	-	81.359.489
Cost of sales	(833.438)	(16.762.229)	-	(17.595.667)
Operating expense	(33.655.967)	(14.041.162)	-	(47.697.129)
Other operating income	3.542.552	299.723	-	3.842.275
Other operating expenses	(654.355)	(647.191)	-	(1.301.546)
Financial income	1.404.087	133.746	-	1.537.833
Financial expense	(1.061.194)	(2.826.143)	-	(3.887.337)
Depreciation and amortization	(7.619.529)	(3.907.595)	-	(11.527.124)
Tax expense	(2.258.768)	89.615	-	(2.169.153)
Net profit for the year	15.354.026	(683.784)	-	14.670.242
Adjusted EBITDA	21.419.756	6.174.061	-	27.593.817
Purchase of property and equipment and intangible assets	21.332.939	11.489.179	-	32.822.118

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

31 March 2019	Consolidated
Adjusted EBITDA	27.593.817
Depreciation and amortization	(11.527.124)
Income from investing activities	581.477
Other operating income	3.842.275
Other operating expenses	(1.301.546)
Financial income	1.537.833
Financial expense	(3.887.337)
Profit before tax	16.839.395

NOTE 4 - BUSINESS COMBINATION

Acquisition of ABS and ABS FS

The Group acquired ABS and ABS FS shares which are hold by ABS through Share Purchase Agreement signed on 19 July 2018. The purchase consideration of ABS and ABS FS was determined as 20% shares of Total Soft which has been transferred to ex-shareholders of ABS and ABS FS. After completion of the provisions described in Share Purchase Agreement, the acquisition process was completed on 30 October 2018. The nominal value of 20% of Total Soft shares of RON 22.239.700 (TRY 28.709.229) was determined to be within a fair value range at that date.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 4 - BUSINESS COMBINATION (Continued)

Acquisition of ABS and ABS FS (Continued)

The Group with respect to aforementioned acquisition process accounted for ABS and ABS FS in accordance with TFRS 3, “Business Combination”. The fair values of identifiable assets acquired and liabilities were determined based on the valuation report performed as a part of purchase price allocation study.

As of the acquisition date, TRY equivalents of RON denominated identifiable assets acquired and liabilities assumed were booked over their following values:

Total assets	663.174
Intangible assets - Customer relationships	24.060.016
Total liabilities	(24.072.823)

Fair value of net assets	650.367
Less: Purchase consideration	28.709.229

Goodwill **28.058.862**

The identifiable assets determined as a result of the purchase price allocation for ABS and ABS FS acquisition are amortized over 15 years for customer relationship.

The goodwill amount calculated is recognized in the financial statements of Total Soft. The goodwill arising from foreign economic unit acquisition is recognized based on the functional currency of Total Soft which is RON within the concept of TMS 21, “The effects of changes in foreign exchange rates”; The goodwill amount calculated as of the date of acquisition is RON21.739.035.

As a result of these acquisitions, there is a sales option given to Avramos Holding Ltd. by Logo Yazılım for the 20% Total Soft shares transferred to Avramos Holding Ltd. between 1 January 2021 and 31 December 2024. As of 31 March, 2020, the Company has accounted for the liability for a put option amounting to TRY 23.780.109 in the long-term liabilities account as a result of the sales option given in the consolidated financial statements.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 5 - CASH AND CASH EQUIVALENTS

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

	31 March 2020	31 December 2019
Cash	55.422	85.283
Banks		
- Demand deposits - TRY	6.607.361	1.251.573
- Demand deposits - foreign currency	26.120.590	11.055.256
- Time deposits – TRY	15.152.982	6.224.745
- Time deposits – foreign currency	12.360.318	19.084.419
Credit card slip receivables	58.812.491	57.802.741
Liquid funds(*)	51.859.953	56.603.131
Checks received	297.097	76.574
	171.266.214	152.183.722

(*) Liquid funds consist of investment instruments that can be converted to cash.

As of 31 March 2020, the weighted average effective annual interest rates of TRY denominated time deposits are around CPI +5,25%. (31 December 2019: 10,75% and 23,50%). As of 31 March 2020, the weighted average effective annual interest rates of USD denominated time deposits are between 1,25% and 1,75% and EURO denominated time deposits are between 0,35% and 0,50%.

NOTE 6 - FINANCIAL INVESTMENTS

Financial assets accounted on their fair value

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

	31 March 2020		31 December 2019	
	Share (%)	TL	Share (%)	TL
Logo Ventures Girişim				
Sermayesi Yatırım Fonu (“Logo Ventures”) (*)	20,00	2.036.613	20,00	2.036.613
İnterpro Yayıncılık Araştırma ve				
Organizasyon Hizmetleri A.Ş. (“İnterpro”)	2,00	80.653	2,00	80.653
Dokuz Eylül Teknoloji				
Geliştirme Bölgesi A.Ş. (“Dokuz Eylül”)	0,67	50.000	0,67	50.000
		2.167.266		2.167.266

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

Long term other financial investment:

	31 March 2020	31 December 2019
Long term other financial investment (*)	12.319.482	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..

NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Movements of investments accounted for using the equity method for the year is as follows:

Summary balance sheet

Logo Infosoft	31 March 2020	31 December 2019
Cash and cash equivalents	548.414	383.839
Other current assets	2.572.422	2.663.927
Other non-current assets	1.297.755	1.379.164
Total assets	4.418.591	4.426.930
Other short term liabilities	5.947.607	5.575.211
Other long term liabilities	15.549.760	13.113.500
Total liabilities	21.497.367	18.688.711
Net (Liabilities)/ Assets	(17.078.776)	(14.261.781)

Summary of income statements

Logo Infosoft	31 March 2020	31 March 2019
Income	301.208	140.680
Expenses (-)	(2.421.086)	(2.259.867)
Net loss for the period	(2.119.878)	(2.119.187)
Interest ratio of the Group	%50,00	%50,00
Group's share	(1.059.939)	(1.059.594)
Unrecognised losses (*)	1.059.939	1.059.594

(*) Group's shares of loss for the period of Logo Infosoft amounting to TRY1.059.939 has not been recognised. since the carrying value of Logo Infosoft declined to zero.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 8 - BORROWINGS

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

Short-term borrowings:	31 March 2020	31 December 2019
Short-term bank borrowings	20.603.620	13.755.155
Credit card payables	136.026	185.159
Lease liabilities	7.078.689	7.369.019
	27.818.335	21.309.333
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	10.961.484	10.114.413
Lease liabilities	807.840	809.805
	11.769.324	10.924.218
Total short-term borrowings	39.587.659	32.233.551
Long-term borrowings:	31 March 2020	31 December 2019
Long-term bank borrowings	103.667.006	95.657.231
Lease liabilities	8.617.425	8.322.358
Total long-term borrowings	112.284.431	103.979.589

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 8 - BORROWINGS (Continued)

		31 March 2020		
		Weighted average annual interest rate (%)	Original amount	TRY equivalent
Short-term borrowings:				
Bank borrowings - TRY - unsecured			2.361.656	2.361.656
Bank borrowings - RON - unsecured	Robor+1%-1.65%		12.286.633	18.241.964
Credit card payables - TRY			136.026	136.026
Lease liabilities- EUR	4.5%		617.874	4.457.964
Lease liabilities- TRY	12%-25%		2.620.725	2.620.725
			27.818.335	
Short-term portion of long-term borrowings:				
Bank borrowings – EUR -secured	Euribor+2.45%- 2.50%		1.519.263	10.961.484
Financial leases – EUR	4.5%		111.967	807.840
			11.769.324	
Long-term borrowings:				
Bank borrowings - EUR - secured	Euribor+2.45%-2.50%		14.368.261	103.667.006
Financial leases- TRY	12%-25%		5.236.713	5.236.713
Financial leases- EUR	4.5%		468.567	3.380.712
			112.284.431	
Total borrowings			151.872.090	

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
To be paid within 1-2 years	19.990.073	18.646.974
To be paid within 2-5 years	42.078.226	38.914.011
To be paid in more than 5 years	50.216.132	46.418.604
	112.284.431	103.979.589

	Net book value		Fair value	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Bank borrowings	135.232.110	119.526.799	150.631.440	133.736.289
	135.232.110	119.526.799	150.631.440	133.736.289

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020 and 31 December 2019 are as follows:

Short-term trade receivables:	31 March 2020	31 December 2019
Trade receivables	115.709.797	150.603.977
Credit card receivables	87.701.745	89.151.849
Cheques and notes receivables	2.994.494	3.268.483
Less: provision for doubtful receivables	(24.635.473)	(24.320.148)
Less: unearned finance income	(5.356.129)	(7.547.283)
	176.414.434	211.156.878

As of 31 March 2020, the average turnover of the trade receivables is 125 days (31 December 2019: 124 days), excluding the credit card receivables, the turnover day is 76 days (31 December 2019: 80 days). The discount rate applied to the undue receivables is 9,07% (31 December 2019: 10,57%).

As of 31 March 2020, TRY23.117.729 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 March 2020	31 December 2019
Up to 1 month	10.283.615	7.015.955
1-3 months	7.116.364	3.214.898
More than 3 months	5.717.750	5.657.474
	23.117.729	15.888.327

As of 31 March 2020, TRY15.240.421 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 March 2020 and 31 December 2019 are as follows:

	2020	2019
As of 1 January	24.320.148	26.134.062
Provisions for the year	123.209	690.607
Releases	(1.144.717)	(161.716)
Foreign currency translation difference	1.336.833	570.069
As of 31 March	24.635.473	27.233.022

Trade payables to third parties:

	31 March 2020	31 December 2019
Trade payables	27.473.039	46.713.633

As of 31 March 2020, the average debt payment period is 106 days (31 December 2019: 110 days)

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020 and 31 December 2019:

31 March 2020	Trade receivables		Other receivables		Cash at bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure as of reporting date	-	176.414.434	3.768.835	703.548	170.913.695
- <i>Amount of risk covered by guarantees</i>	-	303.324	-	-	-
Net carrying value of not past due and not impaired financial assets	-	153.296.705	3.768.835	703.548	170.913.695
Net carrying value of past due but not impaired financial assets	-	23.117.729	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-
Net carrying value of impaired assets					
- <i>Past due (gross carrying value)</i>	-	24.635.473	-	-	-
- <i>Provision for impairment (-)</i>	-	(24.635.473)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

31 December 2019	Trade receivables		Other receivables		Cash at bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure as of reporting date	-	211.156.878	3.378.826	909.141	152.021.865
- <i>Amount of risk covered by guarantees</i>	-	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	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- <i>Past due (gross carrying value)</i>	-	24.320.148	-	-	-
- <i>Provision for impairment (-)</i>	-	(24.320.148)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020	31 December 2019
Income accruals	674.585	881.805
Deposits and guarantees given	7.915	7.915
Other	21.048	19.421
	703.548	909.141

Short-term other payables to third parties:

	31 March 2020	31 December 2019
Put option liability (Note 4)	23.780.109	-
Taxes payable	8.368.999	17.960.544
	32.149.108	17.960.544

Long-term other payables to third parties:

	31 March 2020	31 December 2019
Put option liability (Note 4)	-	18.158.065
Other	615.244	615.244
	615.244	18.773.309

Other current assets:

	31 March 2020	31 December 2019
Personel advances	3.293.856	803.448
Prepaid taxes	1.603.329	1.442.516
Deferred VAT	722.508	657.042
Business advances	453.551	453.073
Other	1.329.013	1.074.105
	7.402.257	4.430.184

NOTE 11 - INVENTORIES

	31 March 2020	31 December 2019
Trade goods	531.131	497.443
Raw materials and equipment	19.311	19.311
Other	7.983	21.360
	558.425	538.114

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2020	Additions	Disposals	Currency translation differences	31 March 2020
Cost:					
Machinery, plant equipment	12.547.429	1.240.976	(57.578)	461.187	14.192.014
Motor vehicles	3.263.580	-	-	222.941	3.486.521
Furniture and fixtures	6.378.765	184.960	-	61.636	6.625.361
Leasehold improvements	25.522.419	89.284	-	24.231	25.635.934
	47.712.193	1.515.220	(57.578)	769.995	49.939.830
Accumulated Depreciation:					
Machinery, plant equipment	9.305.674	547.507	(17.635)	359.291	10.194.837
Motor vehicles	2.874.962	101.265	-	205.107	3.181.334
Furniture and fixtures	4.797.727	86.351	-	39.184	4.923.262
Leasehold improvements	10.684.231	350.350	-	18.581	11.053.162
	27.662.594	1.085.473	(17.635)	622.163	29.352.595
Net book value	20.049.599				20.587.235
	1 January 2019	Additions	Disposals	Currency translation differences	31 March 2019
Cost:					
Machinery, plant equipment	12.943.767	238.321	(2.794.992)	53.574	10.440.670
Motor vehicles	3.404.357	-	(46.358)	79.768	3.437.767
Furniture and fixtures	5.915.932	116.331	(22.194)	19.701	6.029.770
Leasehold improvements	24.194.629	183.377	-	25.555	24.403.561
	46.458.685	538.029	(2.863.544)	178.598	44.311.768
Accumulated Depreciation:					
Machinery, plant equipment	9.971.579	531.929	(2.794.992)	92.822	7.801.338
Motor vehicles	2.086.528	285.717	(31.871)	63.257	2.403.631
Furniture and fixtures	4.433.912	101.034	(22.194)	11.777	4.524.529
Leasehold improvements	9.258.316	347.560	-	29.162	9.635.038
	25.750.335	1.266.240	(2.849.057)	197.018	24.364.536
Net book value	20.708.350				19.947.232

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 13 - INTANGIBLE ASSETS OTHER THAN GOODWILL

	1 January 2020	Additions	Currency translation differences	31 March 2020
Costs:				
Development costs	285.430.764	17.504.144	5.843.416	308.778.324
Advanced technology	16.783.543	-	269.378	17.052.921
Customer relations	48.608.718	-	2.690.639	51.299.357
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible Assets	12.292.123	231.377	263.560	12.787.060
	365.862.926	17.735.521	9.066.993	392.665.440
Accumulated Depreciation:				
Development costs	133.454.118	9.236.457	1.458.383	144.148.958
Advanced technology	10.695.531	458.066	219.969	11.373.566
Customer relations	13.953.562	1.034.697	433.459	15.421.718
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible Assets	9.195.542	237.696	204.457	9.637.695
	170.046.531	10.966.916	2.316.268	183.329.715
Net book value	195.816.395			209.335.725

All additions to development costs for the interim period 31 March 2020 (all additions as of 31 March 2019) consists of capitalised personnel costs.

TRY11.777.874 (31 March 2019: TRY9.240.185) of the current year's depreciation and amortization expenses has been allocated to research and development expenses, TRY681.420 (31 March 2019: TRY440.849) has been allocated to marketing expenses, TRY1.863.830 (31 March 2019: TRY1.686.879) has been allocated to general administrative expenses, TRY112.412 (31 March 2019: TRY159.211) has been allocated to cost of sales.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 13 - INTANGIBLE ASSETS OTHER THAN GOODWILL (Continued)

	1 January 2019	Additions	Currency translation differences	31 March 2019
Costs:				
Development costs	218.928.412	13.744.541	1.434.596	234.107.549
Advanced technology	16.508.818	-	86.054	16.594.872
Customer relations	46.047.973	-	864.186	46.912.159
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible assets	10.804.144	855.841	69.193	11.729.178
	295.037.125	14.600.382	2.454.029	312.091.536
Accumulated depreciation:				
Development costs	101.458.113	6.871.910	290.446	108.620.469
Advanced technology	8.732.316	440.614	52.454	9.225.384
Customer relations	9.660.770	977.146	79.217	10.717.133
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible assets	8.094.461	219.716	59.130	8.373.307
	130.693.438	8.509.386	481.247	139.684.071
Net book value	164.343.687			172.407.465

NOTE 14 - RIGHT OF USE ASSETS

	1 January 2020	Additions	Disposals	Currency translation differences	31 March 2020
Cost:					
Vehicles	9.575.676	1.692.500	-	84.204	11.352.380
Office	12.469.973	3.304	(54.148)	710.708	13.129.837
	22.045.649	1.695.804	(54.148)	794.912	24.482.217
Accumulated Depreciation:					
Vehicles	3.142.590	956.914	-	29.362	4.128.866
Office	4.511.441	1.426.233	-	332.794	6.270.468
	7.654.031	2.383.147	-	362.156	10.399.334
Net book value	14.391.618				14.082.883

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 14 - RIGHT OF USE ASSETS (Continued)

	1 January 2019	Additions	Disposals	Currency translation differences	31 March 2019
Cost:					
Vehicles	8.511.862	-	-	48.034	8.559.896
Office	9.300.845	-	(56.063)	117.899	9.362.681
	17.812.707	-	(56.063)	165.933	17.922.577
Accumulated Depreciation:					
Vehicles	-	775.242	-	-	775.242
Office	-	976.256	-	-	976.256
	-	1.751.498	-	-	1.751.498
Net book value	17.812.707				16.171.079

NOTE 15 - GOODWILL

	31 March 2020	31 December 2019
Total Soft	116.798.878	108.814.042
Total Soft (ABS)	32.275.946	30.069.434
Netsis	5.892.252	5.892.252
Sempa	903.000	903.000
Vardar	346.338	346.338
Intermat	337.062	337.062
	156.553.476	146.362.128

Movement table of goodwill for the periods ended 31 March 2020 and 2019 are as follows;

	2020	2019
As of 1 January	146.362.128	136.752.195
Currency translation difference	10.191.348	3.183.861
As of 31 March	156.553.476	139.936.056

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”).

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 15 - GOODWILL(Continued)

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 March 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. 10,6% 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 2.5% which is the expected inflation rate announced by the Central Bank of Romania.

Weighted average cost of capital rate of 14.6% 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 2.5%. 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 14.6%. Has the rate been assumed to be as 15.1%, 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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	31 March 2020		31 December 2019	
		Original amount	TRY equivalent	Original amount	TRY equivalent
Guarantee notes	TRY	243.324	243.324	243.324	243.324
Mortgages	TRY	60.000	60.000	60.000	60.000
			303.324		303.324

As of 31 March 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 March 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	-	291.037	-	671.885	-	265.319	-	671.885
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	128.260.492	-	48.208	-	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	-	-	-	-	-	-	-	-
	128.260.492	291.037	48.208	671.885	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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 17 - EMPLOYEE BENEFITS

Short - term payables for employee benefits:

	31 March 2020	31 December 2019
Due to personnel	12.626.507	5.334.057
Taxes, funds and social security payables	10.178.309	6.504.227
	22.804.816	11.838.284

Short - term provisions for employment benefits:

	31 March 2020	31 December 2019
Bonus provision	5.930.274	28.145.390

Long - term provisions for employment benefits:

	31 March 2020	31 December 2019
Provision for employment termination benefits	8.315.512	7.120.017
Provision for unused vacation liability	7.575.723	6.475.048
	15.891.235	13.595.065

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

	2020	2019
As of 1 January	6.475.048	5.323.122
Increase for the period	869.436	927.803
Currency translation difference	231.239	75.543
As of 31 March	7.575.723	6.326.468

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 TRY6.730,15 for each year of service (31 December 2019 TRY6.017,60). 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”:

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 17 - EMPLOYEE BENEFITS (Continued)

	31 March 2020	31 December 2019
Discount rate (%)	4,19	4,19
Turnover rate to estimate the probability of retirement (%)	94,66	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 TRY6.730,15 which is effective from 1 January 2020 (1 January 2019: TRY6.017,60) has been taken into consideration in the calculations.

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

	2020	2019
As of 1 January	7.120.017	6.009.607
Interest cost	247.325	252.181
Service cost	210.208	272.548
Actuarial loss	1.521.132	89.720
Payments during the year	(783.170)	(417.656)
As of 31 March	8.315.512	6.206.400

NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES

Short - term prepaid expenses:	31 March 2020	31 December 2019
Prepaid expenses	6.628.789	6.496.405
	6.628.789	6.496.405

Long - term prepaid expenses:	31 March 2020	31 December 2019
Advances given	1.690.697	1.307.947
	1.690.697	1.307.947

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES (Continued)

Contract liabilities:

	31 March 2020	31 December 2019
Contract liabilities	104.117.039	97.698.400
Advances received	3.531.116	2.237.454
	107.648.155	99.935.854

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

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

	31 March 2020	31 December 2019
Pay as you go sales	44.902.186	36.918.671
LEM sales	42.679.042	49.805.494
Revenue from continuing projects	8.994.050	9.658.022
After-sales services revenue	7.541.761	1.316.213
	104.117.039	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 Kr 1 each. The shareholding structure of the Company as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 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	

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 19 - EQUITY (Continued)

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

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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 19 - EQUITY (Continued)

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

NOTE 20 - EXPENSES BY NATURE

As of 31 March 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

Revenue

	1 January - 31 March 2020	1 January - 31 March 2019
Revenue	69.101.630	52.591.104
Service revenue	32.923.421	28.461.438
Retail saas service revenue	2.126.039	1.581.352
Sales returns	(684.707)	(665.413)
Sales discounts	(1.740.412)	(608.992)

Net sales **101.725.971** **81.359.489**

Cost of sales (20.247.839) (17.595.667)

Gross profit **81.478.132** **63.763.822**

Cost of sales:

	1 January - 31 March 2020	1 January - 31 March 2019
Cost of services	19.337.383	16.762.229
Cost of transfer of financial rights	844.776	805.976
Cost of trade goods sold	65.680	27.462

Cost of sales **20.247.839** **17.595.667**

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020	1 January - 31 March 2019
Depreciation and amortization (Note 13)	11.777.874	9.240.185
Personnel expenses	11.305.772	9.486.566
Outsourced benefits and services	1.303.428	994.248
Consultancy expenses	472.969	433.122
Motor vehicle expenses	191.654	368.502
Travel expenses	143.117	197.404
Other	1.744.413	1.473.313
	26.939.227	22.193.340

Marketing, selling and distribution expenses:

	1 January - 31 March 2020	1 January - 31 March 2019
Advertising and selling expenses	7.559.693	3.380.716
Personnel expenses	7.336.348	6.466.144
Depreciation and amortization (Note 13)	681.420	440.849
Outsourced benefits and services	640.673	602.103
Consultancy expenses	411.164	600.817
Motor vehicle expenses	195.125	290.284
Travel expenses	110.958	273.295
Other	694.681	561.063
	17.630.062	12.615.271

General administrative expenses:

	1 January - 31 March 2020	1 January - 31 March 2019
Personnel expenses	9.514.579	8.516.022
Consultancy expenses	1.954.620	1.312.203
Depreciation and amortization (Note 13)	1.863.830	1.686.879
Motor vehicle expenses	190.462	178.627
Outsourced benefits and services	151.052	151.709
Travel expenses	146.541	146.196
Other	1.071.247	896.882
	14.892.331	12.888.518

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 March 2020	1 January - 31 March 2019
Rediscount income	2.271.854	2.494.481
Foreign exchange gains (*)	391.030	294.684
Overdue interest income	163.856	117.028
Other	1.288.909	936.082
	4.115.649	3.842.275

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

Other operating expenses

	1 January - 31 March 2020	1 January - 31 March 2019
Provision expense	123.209	598.644
Foreign exchange losses (*)	106.758	91.809
Rediscount expenses	80.701	412.958
Other	505.919	198.135
	816.587	1.301.546

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

NOTE 24 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 March 2020	1 January - 31 March 2019
Gain on sale of financial instruments	354.156	581.477
	354.156	581.477

NOTE 25 - FINANCIAL INCOME

	1 January - 31 March 2020	1 January - 31 March 2019
Foreign exchange gains	2.111.470	891.317
Interest income	259.199	646.516
	2.370.669	1.537.833

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 26 - FINANCIAL EXPENSES

	1 January - 31 March 2020	1 January - 31 March 2019
Interest expense	914.007	721.577
Interest expense from leases	501.203	490.924
Credit card commissions	326.338	272.207
Interest cost of employment termination benefits	247.325	252.181
Foreign exchange losses	183.741	2.127.170
Other financial expenses	45.306	23.278
	2.217.920	3.887.337

NOTE 27 - TAX ASSETS AND LIABILITIES

	31 March 2020	31 March 2019
Current period tax expense	(2.269.555)	(380.854)
Deferred tax (expense)	(3.472.475)	(1.788.299)
Current period tax expense	(5.742.030)	(2.169.153)

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 March 2020 and 31 December 2019 using the enacted tax rates, is as follows:

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Deferred income tax assets:				
Expense accruals	8.277.435	23.539.318	1.655.487	4.707.864
Rediscount of trade receivables and payables	5.278.707	7.461.550	1.055.741	1.492.310
Employee termination benefits	4.843.341	4.107.216	968.668	821.443
Deferred revenue	3.013.043	2.611.582	602.609	522.316
Vacation provision	1.871.073	1.937.224	374.215	387.445
Provision for doubtful receivables	634.054	544.244	126.811	108.849
	23.917.653	40.201.134	4.783.531	8.040.227
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property, equipment and intangible assets	(29.498.395)	(28.080.537)	(5.899.679)	(5.616.107)
	(29.498.395)	(28.080.537)	(5.899.679)	(5.616.107)
Deferred income tax assets/(liabilities) net			(1.116.148)	2.424.120

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

Deferred tax assets	1 January - 31 March 2020	1 January - 31 December 2019
To be recovered less than 12 months	3.440.648	6.831.339
To be recovered more than 12 months	1.342.883	1.208.888
	4.783.531	8.040.227
Deferred tax liabilities		
To be recovered more than 12 months	(5.899.679)	(5.616.107)
	(5.899.679)	(5.616.107)
Deferred income tax assets/(liabilities) net	(1.116.148)	2.424.120

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	(3.472.475)	(1.788.299)
Charged to other comprehensive income	150.413	10.489
Currency translation difference	(218.206)	(72.703)
As of 31 March	(1.116.148)	(1.549.727)

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

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% (31 December 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 (31 December 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.

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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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.

NOTE 28 - EARNINGS PER SHARE

The earnings per thousand shares with nominal value of Kr 1 amounted to TRY8,29 for the year ended 31 March 2020 (31 March 2019: TRY5,92).

	1 January - 31 March 2020	1 January - 31 March 2019
Net income attributable to equity holders of the parent	20.723.044	14.806.998
Average number of shares for the period	2.500.000.000	2.500.000.000
Earnings per share	8,29	5,92

NOTE 29 - RELATED PARTY DISCLOSURES

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

Other receivables from related parties:

	31 March 2020	31 December 2019
Logo Infosoft	3.768.835	3.192.800
Other	-	186.026
	3.768.835	3.378.826

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 29 - RELATED PARTY DISCLOSURES (Continued)

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

Services given to related parties

	31 March 2020	31 March 2019
Logo Infosoft	399.952	103.845
Logo Siber	244.107	173.983
Logo Teknoloji ve Yatırım A.Ş.	3.061	5.391
	647.120	283.219

c) Remuneration of the executive management:

	31 March 2020	31 March 2019
Remuneration of the executive management	2.952.845	2.314.992

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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

30.1 Financial Risk Management (Continued)

Liquidity Risk (Continued)

Non-derivative financial instruments	31 March 2020					
	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	151.872.090	167.271.420	30.362.780	12.478.694	71.312.601	53.117.345
Trade payables						
- Trade payables to third parties	27.473.039	27.473.039	27.473.039	-	-	-
Due to personnel	22.804.816	22.804.816	22.804.816	-	-	-
Other payables						
- Other payables to third parties	32.764.352	32.764.352	8.368.999	23.780.109	615.244	-
Total liabilities	234.914.297	250.313.627	89.009.634	36.258.803	71.927.845	53.117.345

Non-derivative financial instruments	31 December 2019					
	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	-	-	-
Due to personnel	11.838.284	11.838.284	11.838.284	-	-	-
Other payables						
- Other payables to third parties	36.733.853	36.733.853	17.960.544	-	18.773.309	-
Total liabilities	231.498.910	245.708.400	92.669.602	19.078.940	84.864.328	49.095.530

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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

30.1 Financial Risk Management (Continued)

Interest rate risk (Continued)

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

	31 March 2020	31 December 2019
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- Financial assets at fair value through profit or loss	27.513.300	25.309.164
Financial liabilities	37.243.600	30.441.496
<u>Financial instruments with float interest rate</u>		
Financial assets		
- Financial assets with fair value reflected to profit/loss	51.859.953	56.603.131
Financial liabilities	114.628.490	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 possessing liquid funds and 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 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
USD	6,5160	5,9402
EUR	7,2150	6,6506

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

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 2020			
		TRY equivalent	USD	EUR	Other
1.	Trade receivables	10.337.523	645.795	849.553	-
2a.	Monetary financial assets. (cash. and banks accounts included)	35.109.116	2.768.968	2.364.891	3.835
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	45.446.639	3.414.763	3.214.444	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)	45.446.639	3.414.763	3.214.444	3.835
10.	Trade payables	(594.240)	(48.280)	(38.759)	-
11.	Financial liabilities	(16.227.288)	-	(2.249.104)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(16.821.528)	(48.280)	(2.287.863)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(107.047.718)	-	(14.836.828)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(107.047.718)	-	(14.836.828)	-
18.	Total liabilities (13+17)	(123.869.246)	(48.280)	(17.124.691)	-
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)	(78.422.607)	3.366.483	(13.910.247)	3.835
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(78.422.607)	3.366.483	(13.910.247)	3.835
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(11.363.079)	-	-	-
24.	Import	-	-	-	-

(*) Includes exports from the countries in which the Group operates. As of 31 March 2020 the Group's total sales made outside Turkey during the period is TRY39.580.713 (31 March 2019: TRY33.856.789).

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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)	-	-	-
24.	Import	-	-	-	-

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

(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 March 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	2.194.930	(2.194.930)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	2.194.930	(2.194.930)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	61.178	(61.178)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	61.178	(61.178)	-	-
Change of USD against RON by 10%				
7- USD net assets/liabilities	(1.330)	1.330	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	(1.330)	1.330	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(10.097.421)	10.097.421	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(10.097.421)	10.097.421	-	-
	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	-	-

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

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.

	31 March 2020	31 December 2019
Total payables	179.345.129	182.926.773
Less: Cash and cash equivalents	(171.266.214)	(152.183.722)
Net debt	8.078.915	30.743.051
Total equity	387.693.824	368.962.947
Total capital	395.772.739	399.705.998
Debt/equity ratio	%2	%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.

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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

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

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

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	-	-	-

CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2020

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

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	4.912.755	-	4.912.755
Cash outflows	(198.244)	-	(198.244)
Currency translation differences	10.941.667	794.912	11.736.579
Increase in lease liabilities (TFRS 16)	-	900.892	900.892
Cash outflows from lease liabilities (TFRS 16)	-	(1.693.032)	(1.693.032)
31 March 2020	135.368.136	16.503.954	151.872.090
Cash and cash equivalents (-)			(171.266.214)
Net debt			(19.394.124)

NOTE 33 -EVENTS AFTER BALANCE SHEET DATE

On April 20, 2020 a share transfer agreement ("Agreement") has been signed between our Company and ELBA HR Human Resources Training and Consultancy (Peoplise), for the acquisition of 255,377 company shares, representing 86.70% of ELBA HR (peoplise) capital by Logo Yazılım, on an average of USD 6.46 per share. In case of the transfer of shares in accordance with the contract, in addition to the share transfer fee, in 2021 based on the performance a possible performance fee payment can be made by the Company. It is aimed to complete the share transfer transactions as soon as possible after the conditions set out in the Contract are met. Peoplise is an integrated and video-enabled digital human resources management platform designed for all recruitment needs of corporate companies.

.....