

**LOGO**

**Ak Investment - Turkey Industrials  
Virtual Conference 2021 Presentation**

**Glnur Anlař**  
CFO

**Canan řenkut**  
IR Director

March 17<sup>th</sup>-18<sup>th</sup>, 2021



**LOGO**

**Investor presentation**

# Disclaimer

This presentation contains information and analysis on financial statements as well as forward-looking statements that reflect Logo management's current views with respect to certain future events. Although it is believed that the information and analysis are correct and expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially. Neither Logo nor any of its managers or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.

# Logo at a glance



Enterprise  
Application  
Software (EAS)  
Company



Local leader  
in Turkey and  
Romania



Active in  
India  
through a JV



39%  
IFRS revenue  
CAGR  
in 2010-2020



545 mn TL  
2020  
revenues



62%  
Recurring  
revenue base



Growing SaaS  
business



Dedicated  
R&D spending



1.200+  
employees



44%  
women  
employees

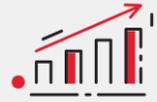


5.000+  
people in  
ecosystem



110.000+  
Customers\*

# Key investment highlights



Solid growth



Leading provider of EAS solutions



High profitability



Extensive product suit



Latest technology



Largest business partner network in Turkey / 800+

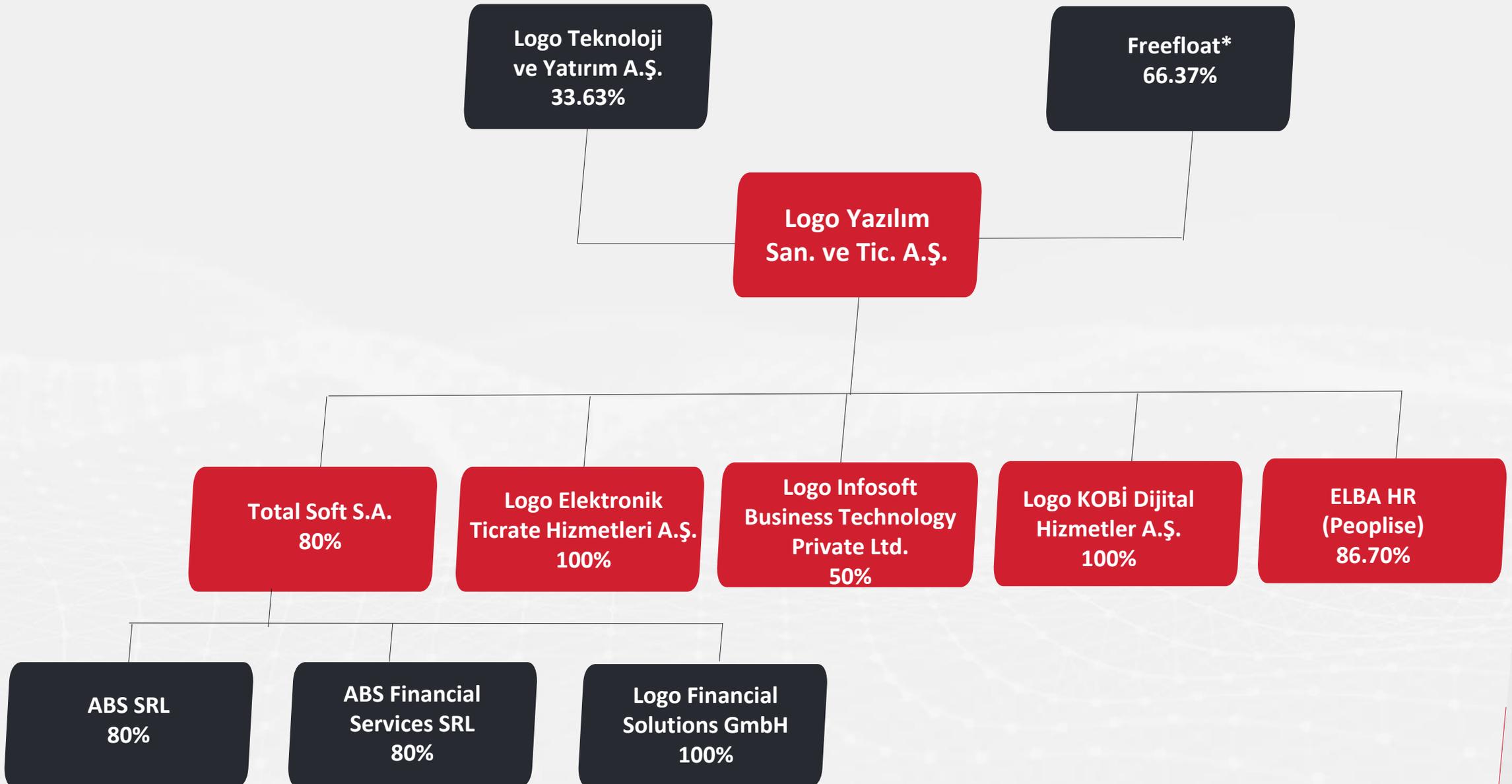
International expansion in emerging markets



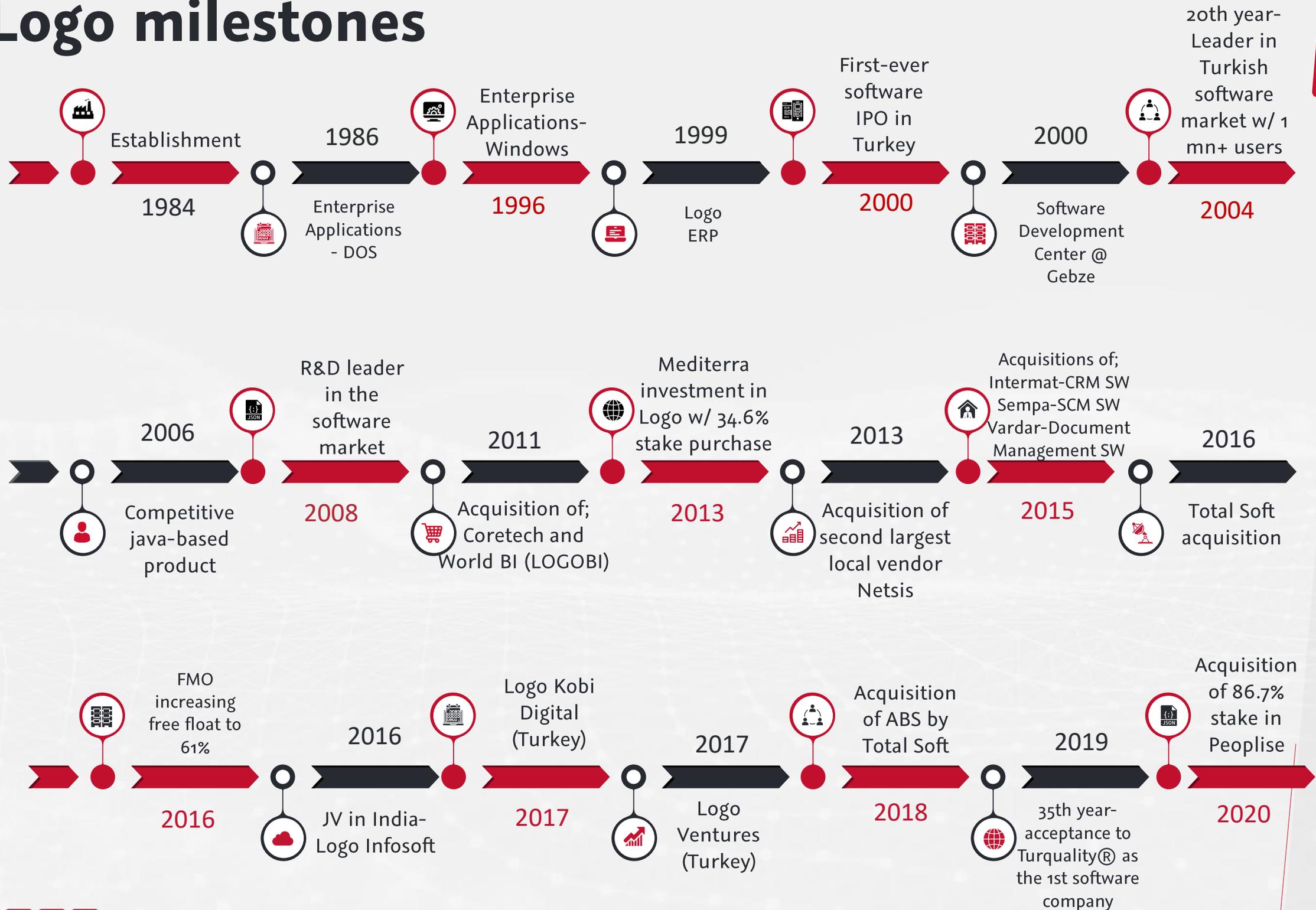
Most valuable IT brand\*



# Shareholder structure

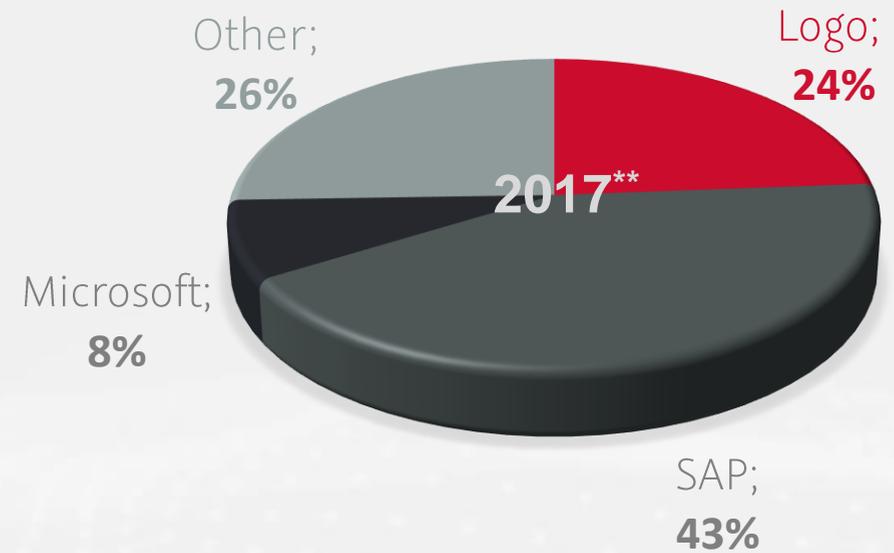
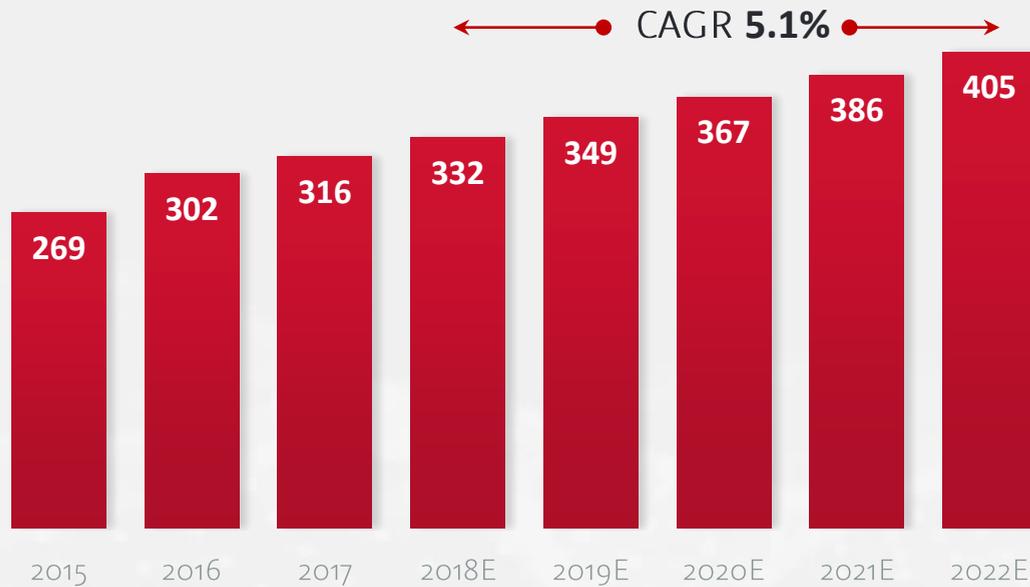


# Logo milestones



# Turkish EAS market and Logo market share

Turkish EAS market is expected to have robust growth\* (\$mn)



SMEs lead software market growth



Government push for digitalisation



Lower ERP penetration compared to EU



Enterprise cloud adoption will be on the rise and big data will be one of the fastest growing fields



Potential pricing upside



Digitalization becoming more of an obligation than choice post Covid

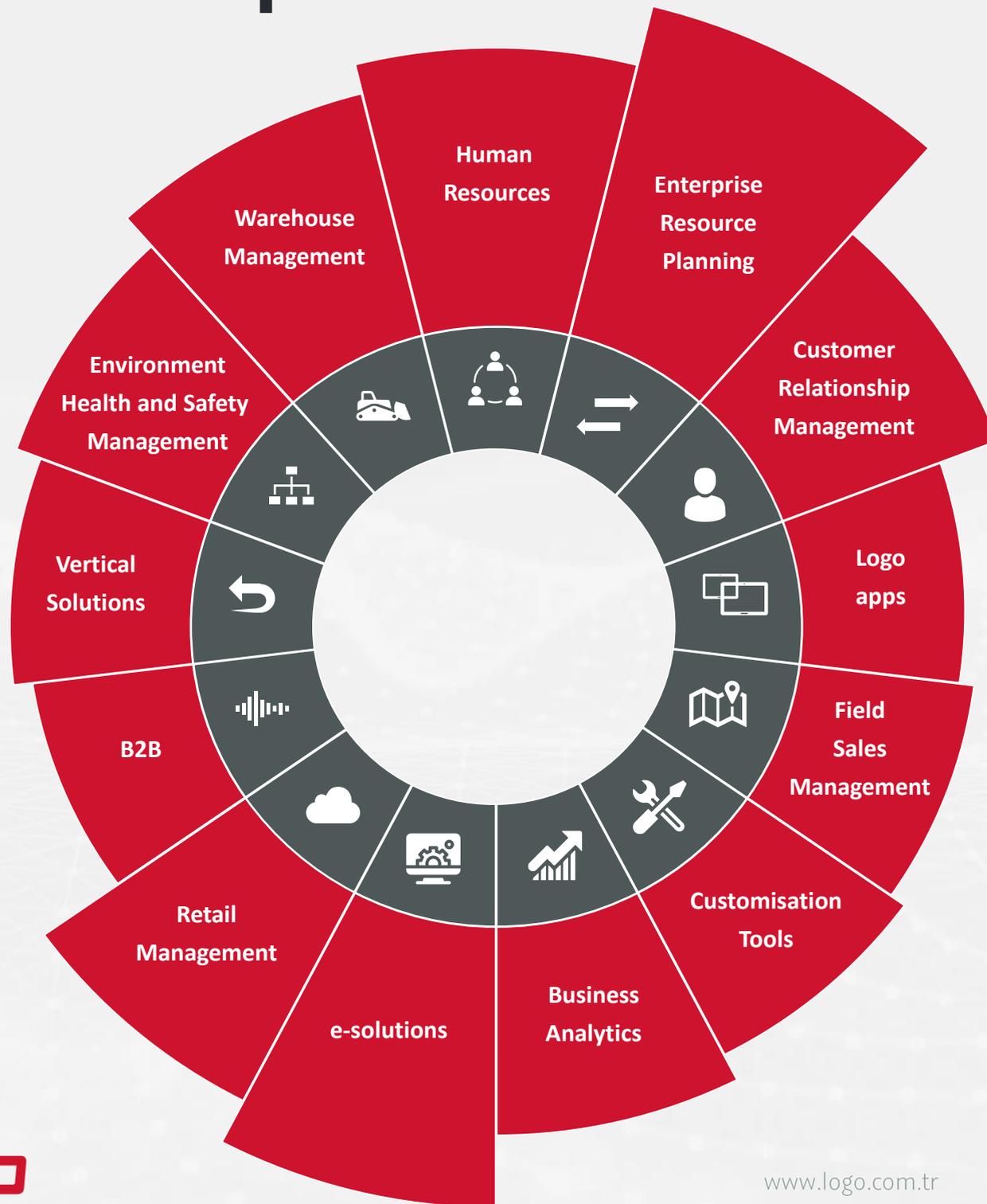


\*Based on IDC.

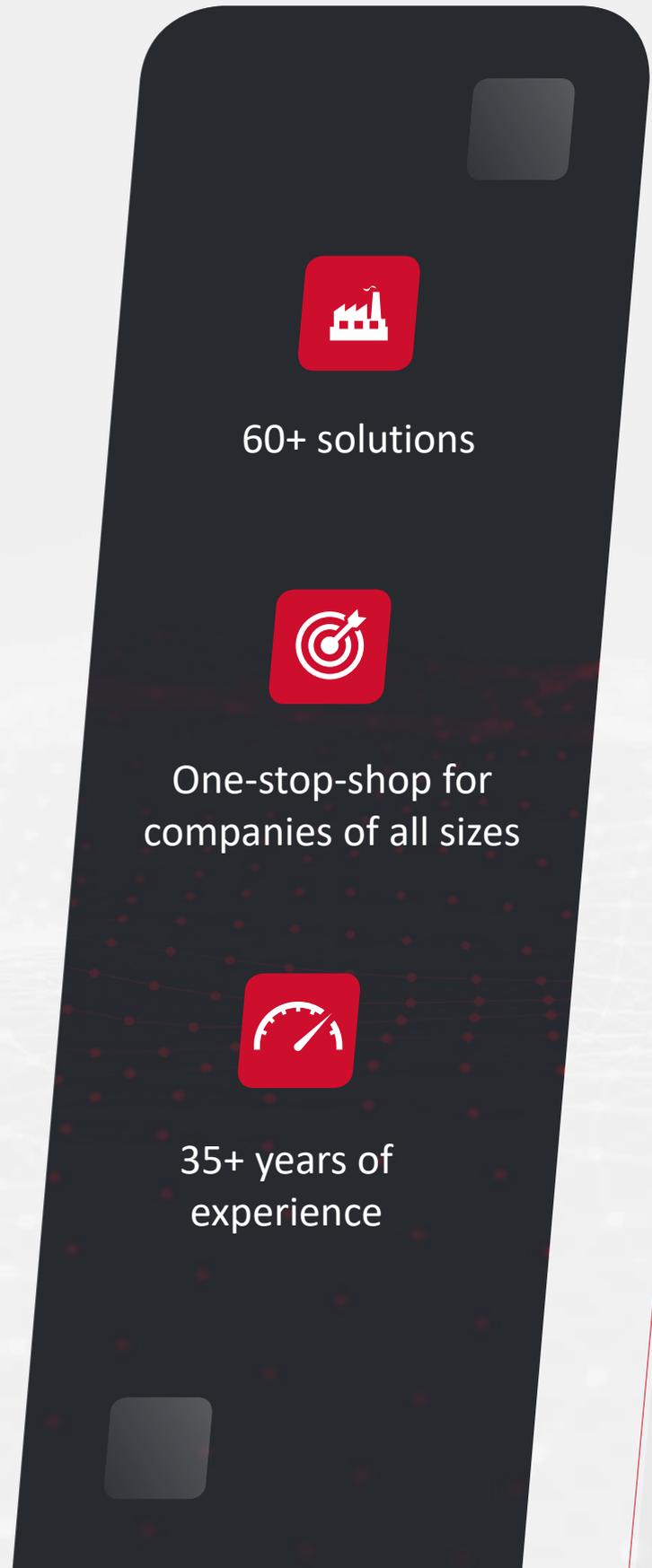
\*\*Based on IDC and Logo management estimations. Market share excluding cloud EAS and e-government revenues.

[www.logo.com.tr](http://www.logo.com.tr)

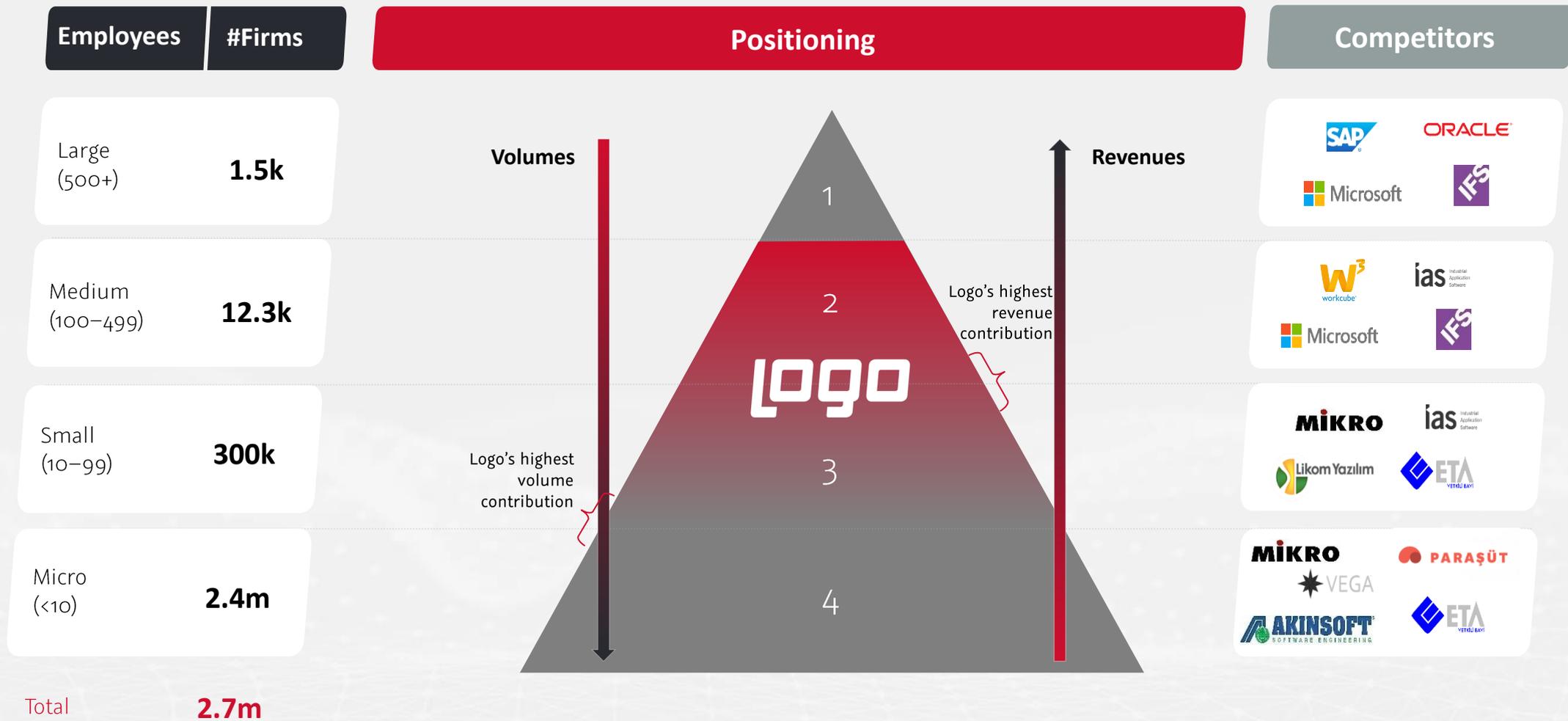
# Extensive product suite



[www.logo.com.tr](http://www.logo.com.tr)



# Logo Turkey's product portfolio from micro to large corporates

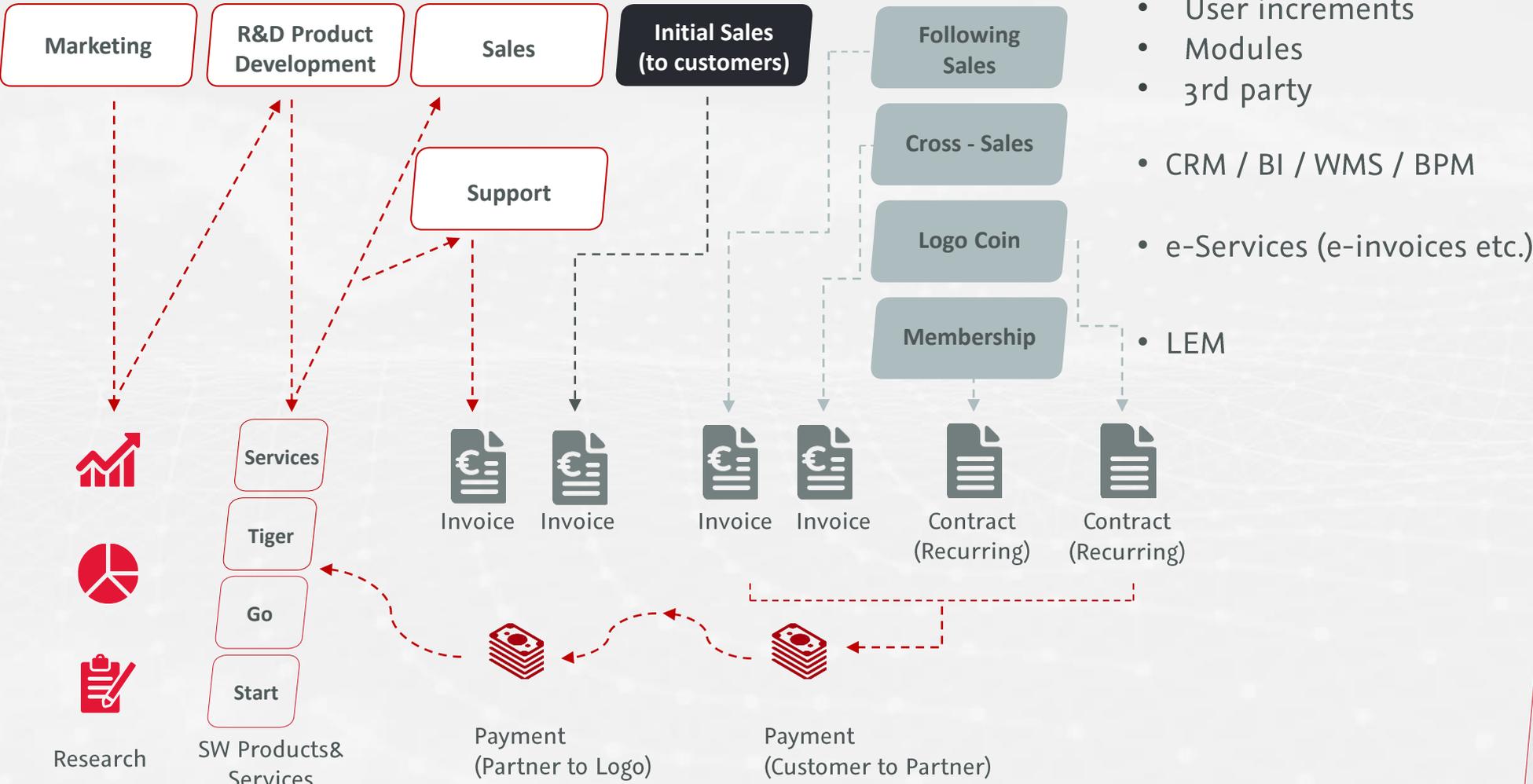
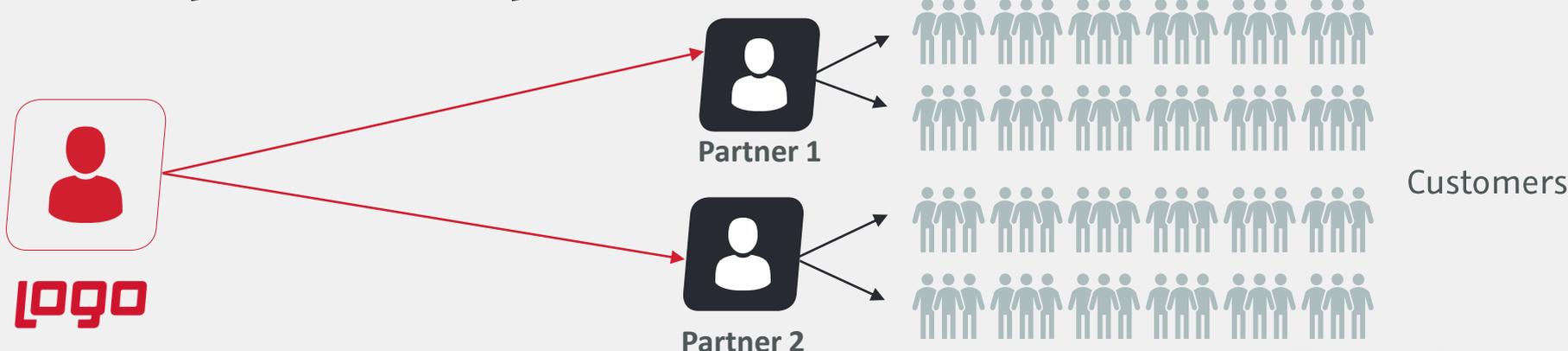


- 1**
- Higher presence of large incumbents that do not have SME tailored products
  - Low volume, high penetration region

- 2-3**
- Market leadership with highest number of customers in Turkey
  - Tailored SME products with local know-how

- 4**
- High growth potential area
  - Next largest competitor is a local Turkish player with c. 1/5th of Logo's market share by revenue

# Logo Turkey sales cycle



- User increments
- Modules
- 3rd party
- CRM / BI / WMS / BPM
- e-Services (e-invoices etc.)
- LEM



# Competitive advantages of Logo Turkey

1

## Robust product suite

- Best suited to local market legislations and business practices
- Lower total cost of ownership
- Attractive price point, simple maintenance and easy implementation
- Best-in-class technology and adaptive to trends

2

## Extensive distribution network

- Large network of 800+ BPs and c. 5,000 sales and implementation team members
- All BPs exclusively sell Logo software products creating high barriers of entry
- 50% of BPs have tenure longer than 10 years
- No BP with over 1-2% of sales

3

## Strong brand

- Trusted brand with > 35yrs of presence
- Positive perception of Logo products across the board
- Upsell opportunities to large passive customer base of c. 100k
- Strong advocates of Logo products

## Appeals to customer base

Rapid growth in total & recurring revenues

Increased opportunity to cross-sell

Low churn

Economies of scale

# Major recurring revenue streams of Logo Turkey

LEM – Logo Enterprise Membership

Pay as you go – Logo coins



License  
maintenance



3,896  
new features  
added in 2019

28%

Revenue  
CAGR in  
2015-2020



Version  
releases



New features



Regulatory  
changes

32%

share in  
recurring  
revenues in  
2020



7 version  
releases in  
2020

Market  
leader in

e-government  
solutions



56,000  
customers



e-invoice  
e-archive  
e-ledger  
e-dispatch

59%

Logo coin  
revenue  
CAGR in  
2016-2020

35%

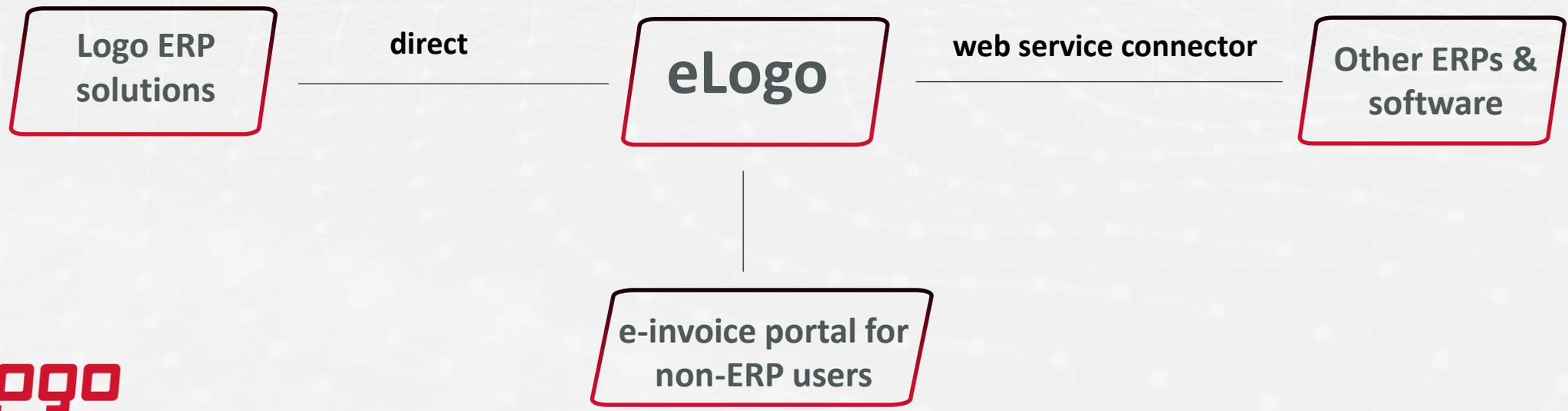
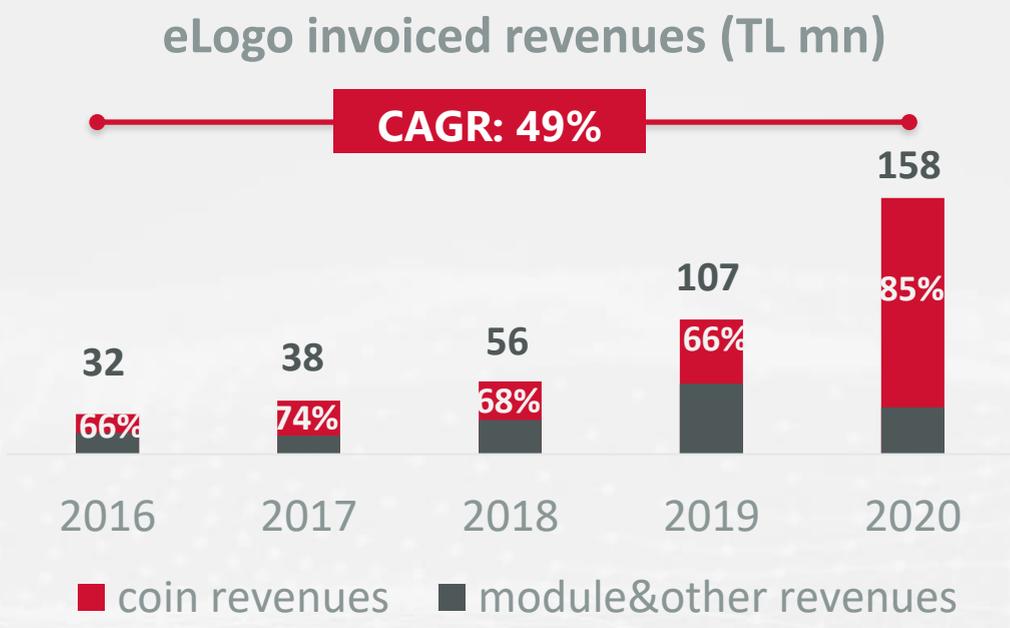
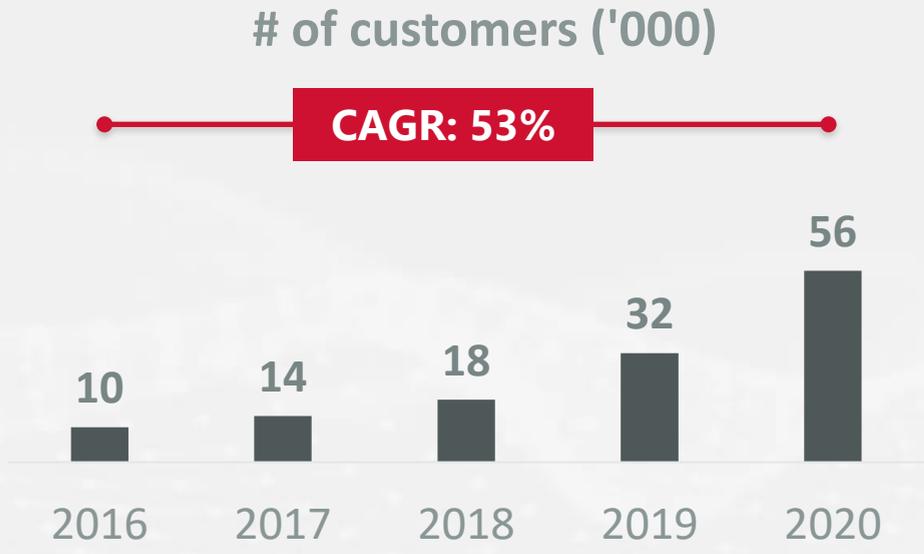
share in  
recurring  
revenues in  
2020

86%

increase in  
coin sales in  
2020

# eLogo: e-services platform and leader in digital transformation

Market leader in e-government solutions; e-invoice, e-archive, e-ledger, e-dispatch with 56K customers



# Logo Total Soft - Romania



25 years of experience



Over 800 clients



Expertise in business application software development & implementation across various industries

# Competitive advantages of Logo Total Soft

## 1 Robust product suite & superior service quality

- Charisma Business Suite; core being ERP and Human Capital Management (HCM)
- Focus on 8 verticals at the second layer; Financial Services, Healthcare and Agriculture standing out
- Innovation and technology present in all product and services

## 2 Strong brand

- Trusted brand with >25 yrs of presence
- 1st place in Romanian ERP providers
- Human Capital and Healthcare solutions expanded through CEE
- One of Top 10 Global Leasing and Credit solutions
- Member Firm of Global Retail Consulting, Ebeltoft

## 3 Project management know-how

- Development of best of breed solutions together w/ vertical leaders
- Project implementation experience in 35 countries
- Know-how, innovation and project management capabilities strengthened with ABS acquisition in 2018
- High-quality developers dedicated to project development

Appeals to medium and large sized local and international client base

Well-positioned to increase international sales

Client centric organization and business model

Competitive positioning in home market

Sustainable competitive advantages in multiple verticals



# Research and Development

Meeting new user generation's expectations & Customer centric design

Evolving from content richness approach to usability and accessibility approach

Mobile and web usage

Compliance with e-gov't processes



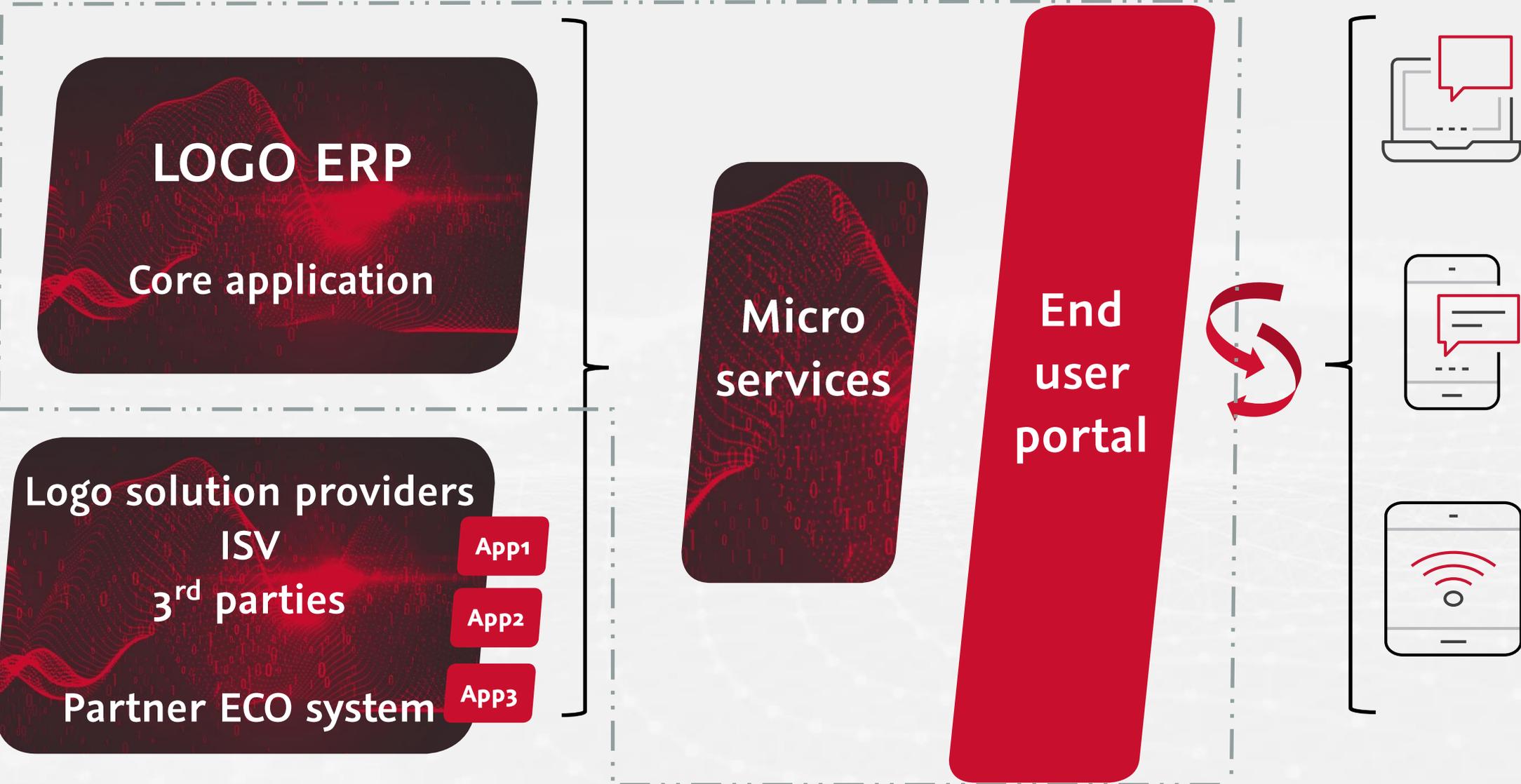
Machine Learning enabled documentation and i18n

aPaas for ERP Services

All products with the same design approach, and on one platform

# Logo Cloud Portal

Software ecosystem on cloud infrastructure; enabling all Logo business partners and solutions partners to develop products that work in sync with core ERP



Micro services include data, menu, management, notification, reporting, monitoring, measurement, log, billing services etc.

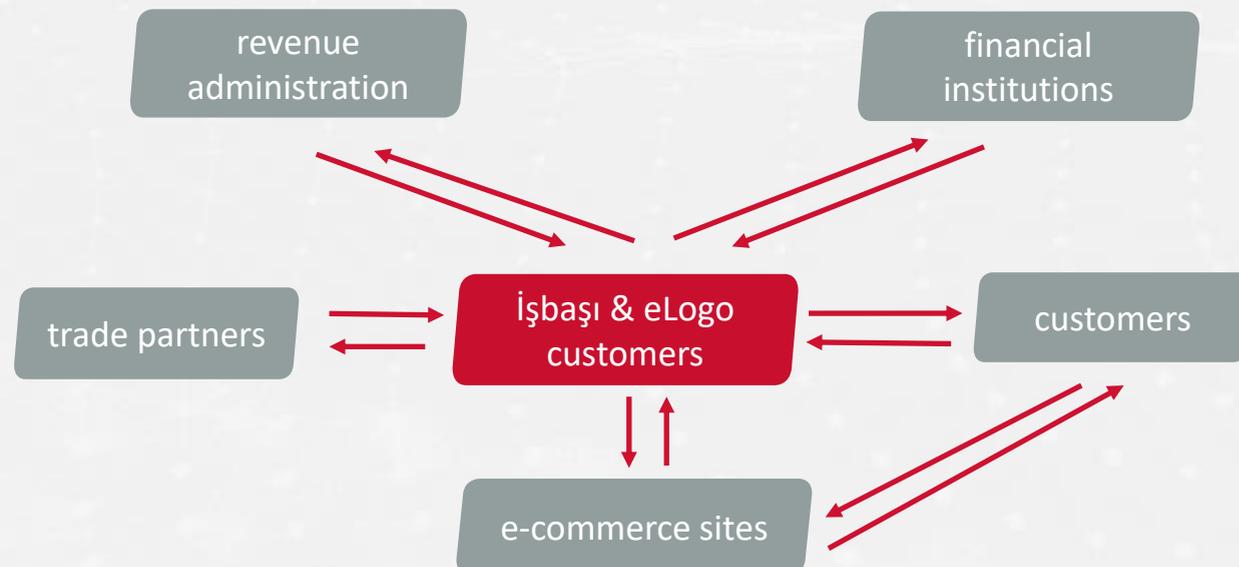


# MicroSME digitalization

## Turkey

- ✓ SaaS solution **Logo İşbaşı**'s paying users reached **10K** from a non-existent base at end-2019 in a very competitive MicroSME segment
- ✓ Logo as the leading e-invoice provider, differentiates itself with high service quality
- ✓ Quick and easy upgradability to a larger ERP solution
- ✓ Value creation on digital platform: connecting revenue administration, financial institutions, customers, trade partners and e-commerce sites

### value creation on digital platform



## India

**Logo CaptainBiz is GSTN approved**

Only 8 solutions are approved by the Goods and Services Tax Network (GSTN) of India

**1K users at end-2020**

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**Logo CaptainBiz is a mobile solution**

Only 4 solutions are mobile among the 8-GSTN-approved solutions

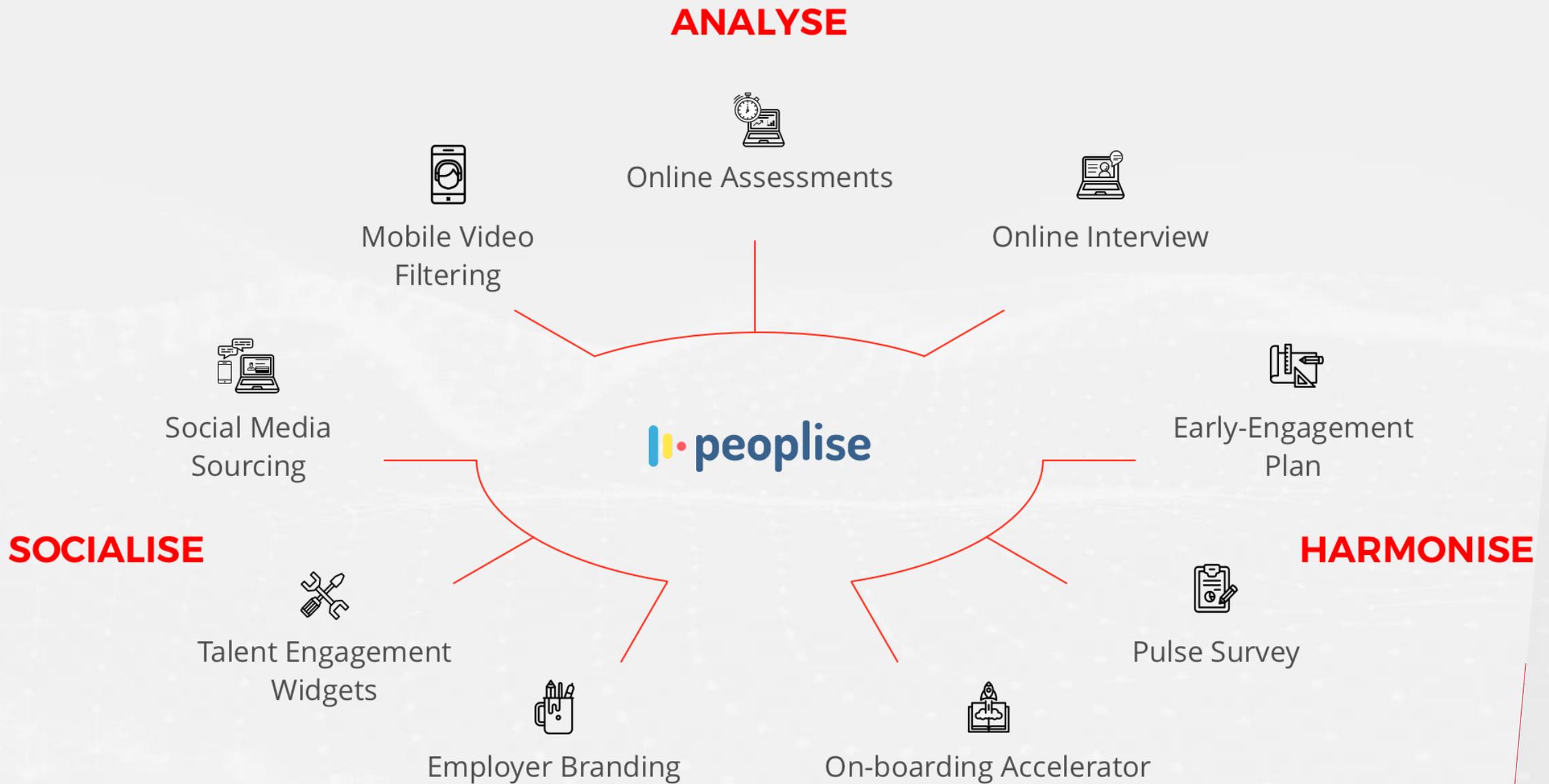
**Same source-code with Logo İşbaşı**

Aligned R&D effort

- ✓ SaaS solution **Logo CaptainBiz** (formerly Vyapari): final product with enhanced features rebranded and launched
- ✓ Total **investment** by Logo is **\$4 million** since JV's foundation at end-2016;
  - \$1 mn equity
  - \$3 mn long-term equity convertible

# Peoplise: next generation talent acquisition

Logo's new asset complementing its HR solutions



# ERP case study: Pegasus Airlines

Turkey's digital airline is using Logo's solutions since 2008

## eLogo

allows Pegasus process e-invoices within its vast supply chain network and with General Revenue Administration (GIB)

## Logo Connect

ensures seamless connection between the core ERP and e-gov't solutions



## Logo Flow

document flow among various business applications

## Logo Treasury Wizard

invoice cross-check with Logo ERP, and integration with banks via two-way automated flow

# Case studies for various solutions

## Unilever / Consumer Goods

- **Logo j-Platform (ERP)**

### Customer's need:

- Managing distributors' sales and distribution activities
- Centralized management
- Cost saving

### Logo solutions' benefits:

- Cost saving on server investment, maintenance and support
- Centralized data management
- Sales team of 1,600 people connected and integrated via tablet application

## Barilla / Pasta

- **Logo Ocean (warehouse automation)**
- Logo Tiger 3 Enterprise (ERP)
- e-gov't solutions (eLogo)

### Customer's need:

- Increasing efficiency in warehouse management
- Quicker response time for customer requests
- Faster and easier inventory counting
- Reducing aged product inventory

### Logo solutions' benefits:

- 20% reduction in order preparation duration
- 30% reduction in shipment error rates
- Up to 50% improvement in aged product inventory
- Shortening the inventory counting time

## Yaktas / Flooring

- **Logo CRM**
- Logo Netsis 3 Standard (ERP)

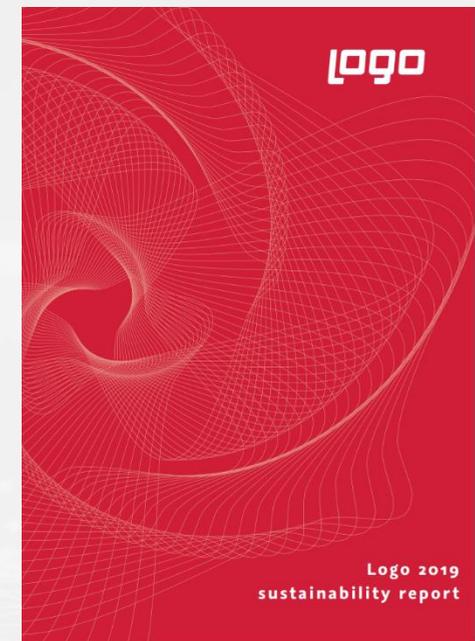
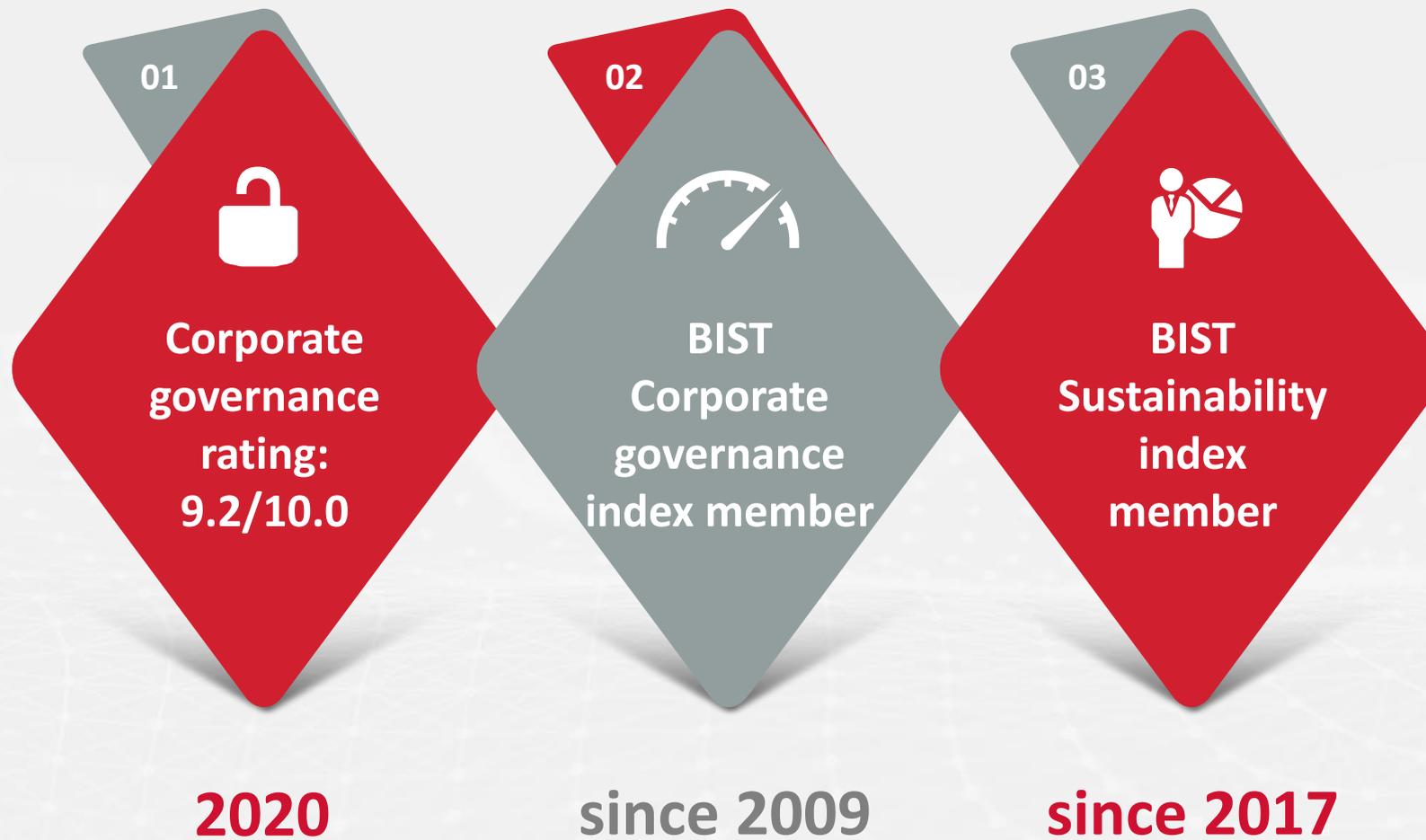
### Customer's need:

- Meeting customers' changing needs
- Effective management, follow-up and reporting of sales and marketing operations
- Recording all field activities

### Logo solutions' benefits:

- Increase in customer satisfaction
- Enhanced performance by sales teams thanks to mobile applications
- More effective communication with prospective clients

# Sustainability



# Sustainability

*We embed ESG into our business practices to remain a sustainable growth company*

## Environmental

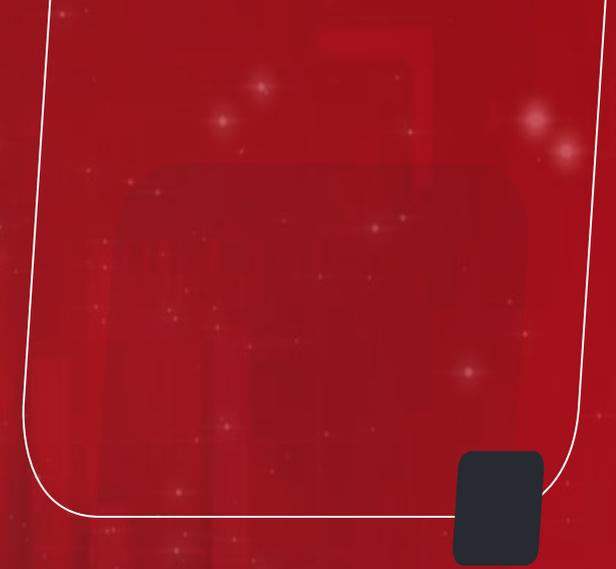
- **Our solutions reduce our customers' environmental impact** incl. carbon footprint and natural resource consumption
- 20 kW-capacity **solar panels** located on our Gebze (Turkey) campus make up some portion of our energy consumption
- Our customers using eLogo solutions produced ~700 million of **e-documents** in 2020 and save thousands of trees
- Most of our waste is nonhazardous and we **recycle** all of our **e-waste** (hazardous) in Turkey operations
- **ISO 14001** Environmental Management System is in place for both Turkey and Romania operations

## Social

- **Talent management** is a **high priority** issue for Logo and its stakeholders.
- **44%** women employees
- **45%** women in executive management
- **52%** of employees works in **R&D**, and **78%** together with **project implementation teams** works in **software development**
- **4<sup>th</sup> place** in Turkishtime's **Women in Tech-R&D 250 (2019)** with women workforce in R&D
- **73%** of workforce has a **bachelor's** degree
- **Average age** of workforce is **35**
- **CSR projects** focus on **education**: "**Future Coders Lab**" reached **2,000 children** with **robotic coding** workshops

## Governance

- **Corporate governance** and **work ethics** are integral part of our business processes.
- **50% of Board of Directors** is **independent**
- **Chairman** of the BoD and **CEO** functions are **separate**
- Corporate Governance **rating** is **9.22/10** in 2020 (*Saha Rating*)
- **BIST Corporate Governance** index member **since 2009**
- **BIST Sustainability** index member **since 2017**



**LOGO**

**FY2020 results**

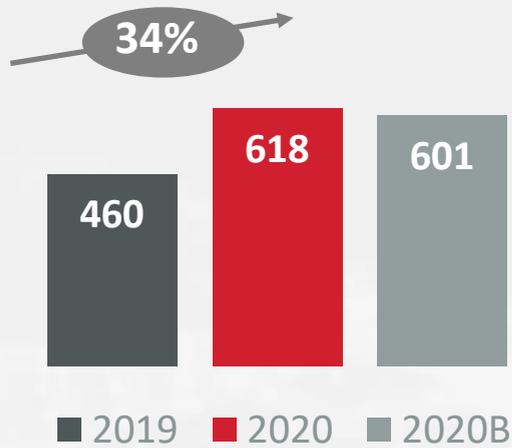
# 2020 at a glance

- Concluded a year like no other with a **strong final quarter**
- Achieved high **double-digit top-line growth** in all business units
- Successfully became a **key player** in the accelerated **digital transformation** of companies
  - higher demand from customers prioritizing their digital transformation
  - market growth driven by the new communique
- **New customer acquisitions** remained strong ensuring future resilience and growth
- **Recurring revenue** grows in all categories reaching **62%** of invoiced sales
- Continued investments:
  - **Logo İşbaşı:** successful performance following product launch to micro-SMEs
  - **Strategic acquisition:** cloud-based talent acquisition platform **Peoplise**
  - **Logo Infosoft (India):** final product with enhanced features rebranded and launched
  - Acquired **Nexia CRG in Romania-** offering accounting, taxation, payroll and personnel administration services to small customer segment-an addition to Total Soft's traditional mid to large size customer base

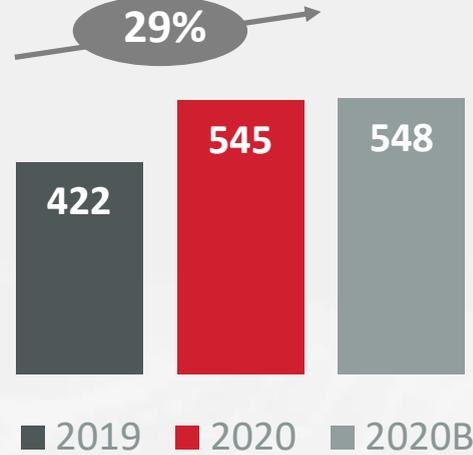
# High budget realization amid Covid-19

Consolidated

Invoiced Revenues (TL mn)

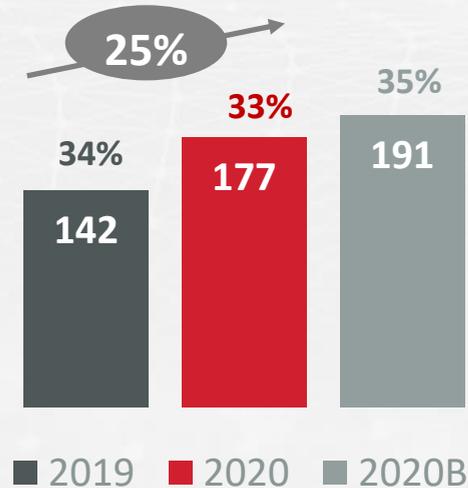


Revenues (TL mn)

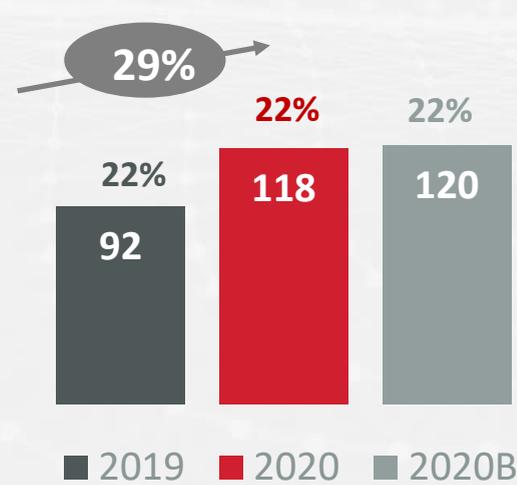


- **Strong top-bottom line growth** across the board
- Further **growth in recurring revenue**, bringing share in total to **62%** - supporting Logo's sustainable growth and profitability

EBITDA (TL mn)



EBT (TL mn)



2020B = 2020 Budget

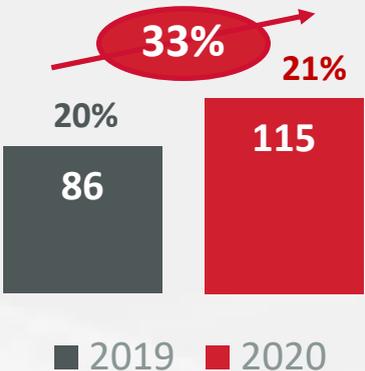
IFRS 16 impact: EBITDA +11.1 TL mn (2019: 8.87 mn TL) / EBIT +1.97 TL mn (2019: 1,36 mn TL) / EBT -115 TL thou (2019: -260 TL thou)

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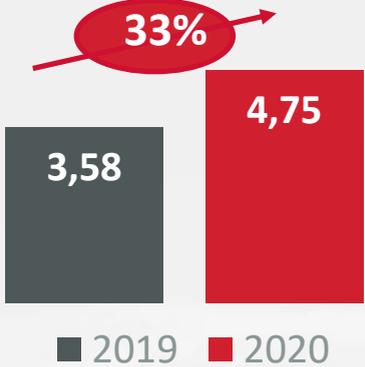
# Effective financial management

Consolidated

### Net Income (TL mn)

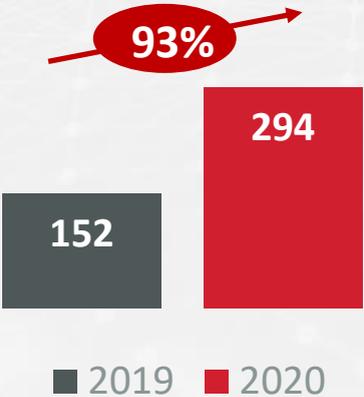


### EPS\* growth

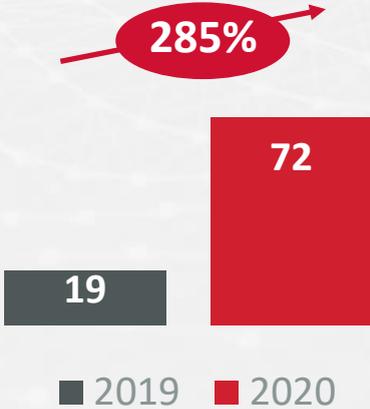


*\*Adjusted by 3.48% treasury shares*

### Cash & Financial Investments (TL mn)



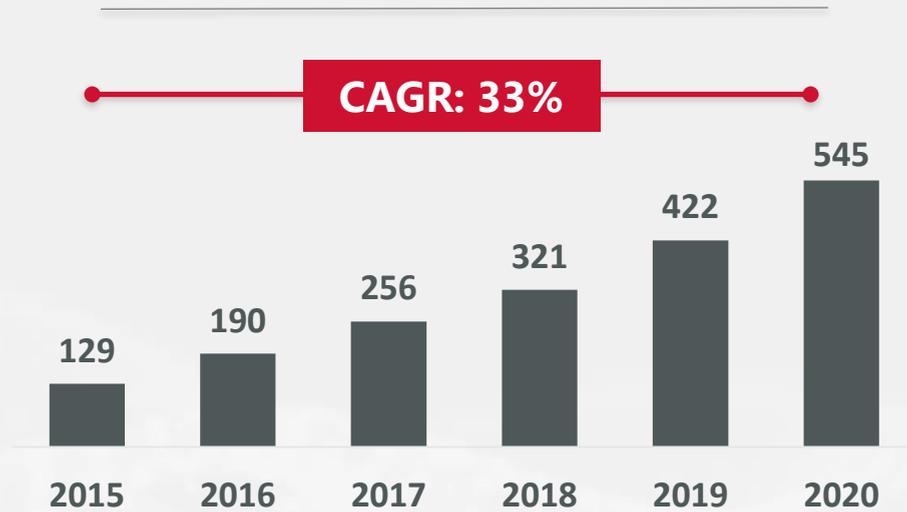
### Strong FCF (TL mn)



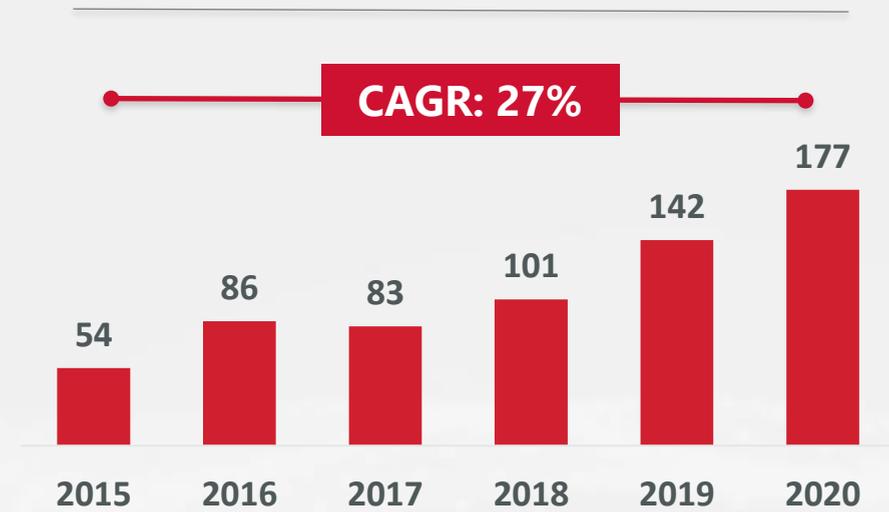
# Sustainable growth

Consolidated

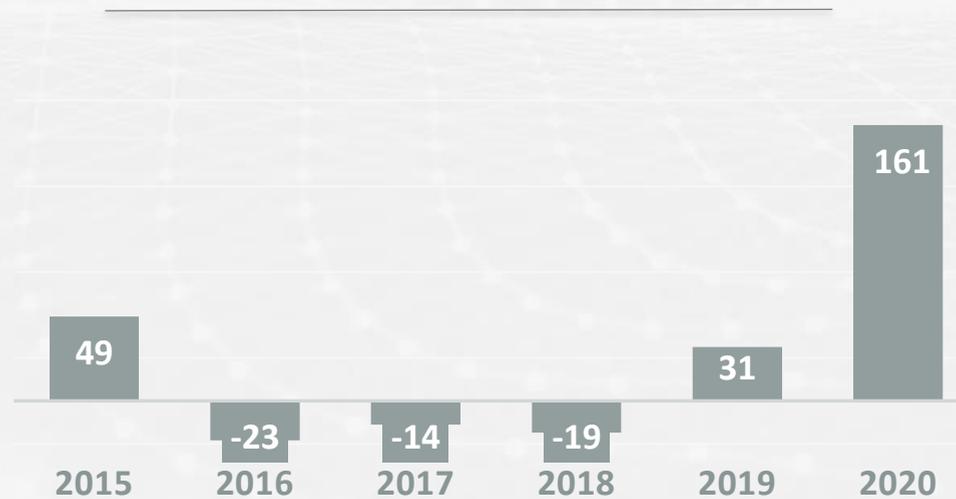
Revenues (TL mn)



EBITDA (TL mn)



Net Cash\* (TL mn)



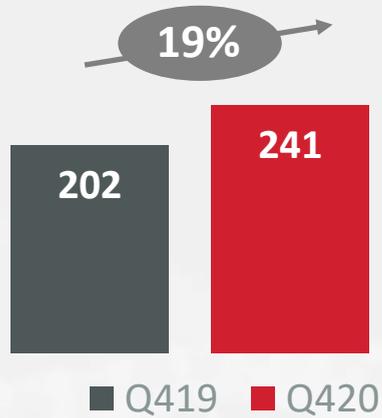
\*Net cash for 2020 excludes IFRS 16 impact of 19.2 TL mn (2019: 15.4 TL mn)

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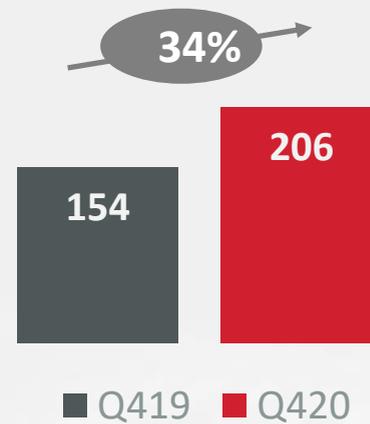
# Strong performance in Q420

Consolidated

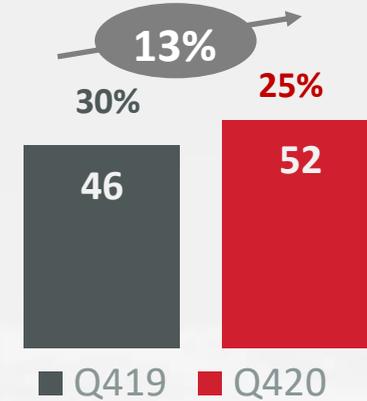
### Invoiced Revenues (TL mn)



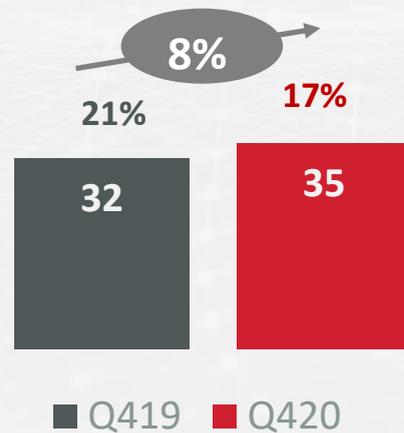
### Revenues (TL mn)



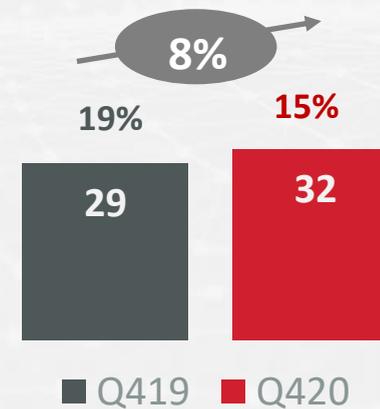
### EBITDA (TL mn)



### EBIT (TL mn)

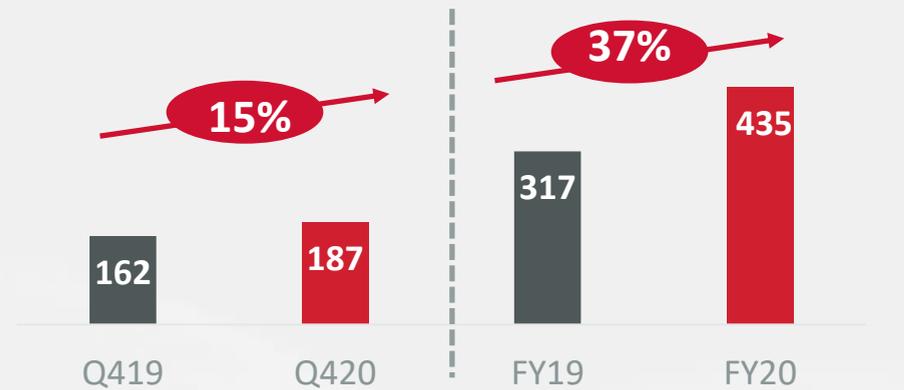


### Net Income (TL mn)

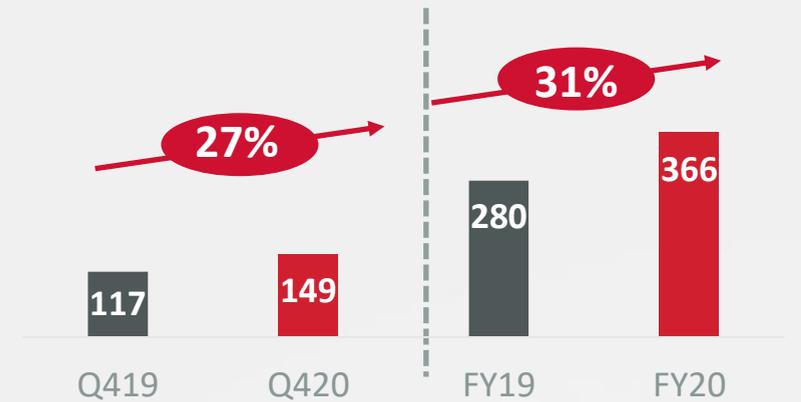


# Strong results in Turkey

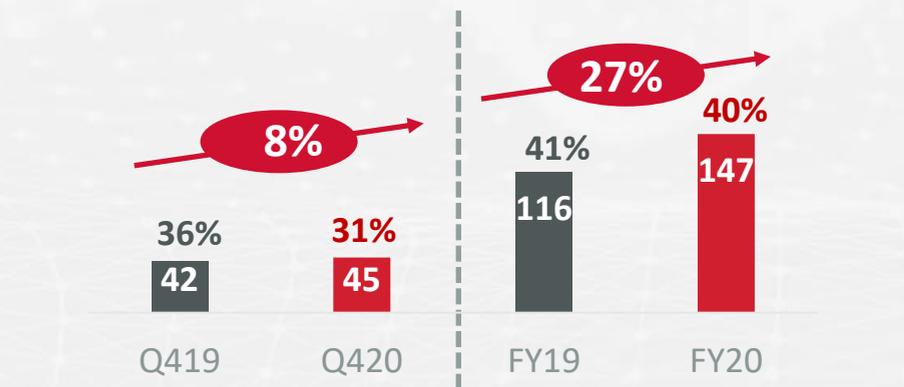
Logo Turkey – Invoiced Revenues (TL mn)



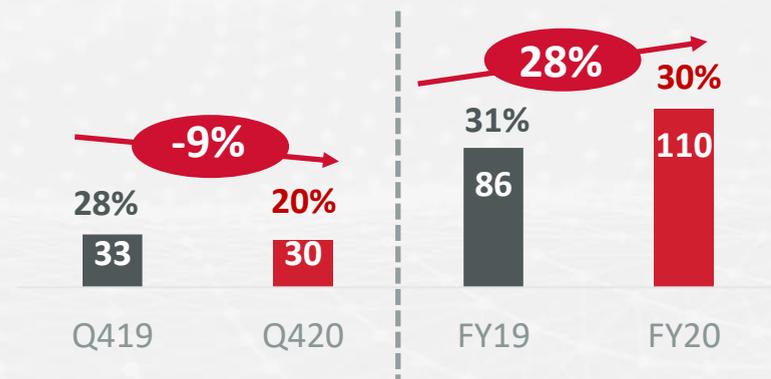
Logo Turkey – Revenues (TL mn)



Logo Turkey – EBITDA (TL mn)



Logo Turkey - Net Income (TL mn)



- Strong top and bottom line **growth**
- Profitability impacted temporarily due to;
  - High base effect of Q419 where e-services module sales surged after Oct.19's regulation change
  - Sales expenses related to deferred revenue remain in 2020
  - Marketing and people investments postponed from Q220 and Q320 concentrated in Q420,



\*IFRS 16 impact on FY20: EBITDA +6.8 TL mn (FY19: +5.03 TL mn) / EBIT +1.55 TL mn (FY19: +1.48 TL mn) / EBT -115 TL thou (FY19: -403 TL thou)

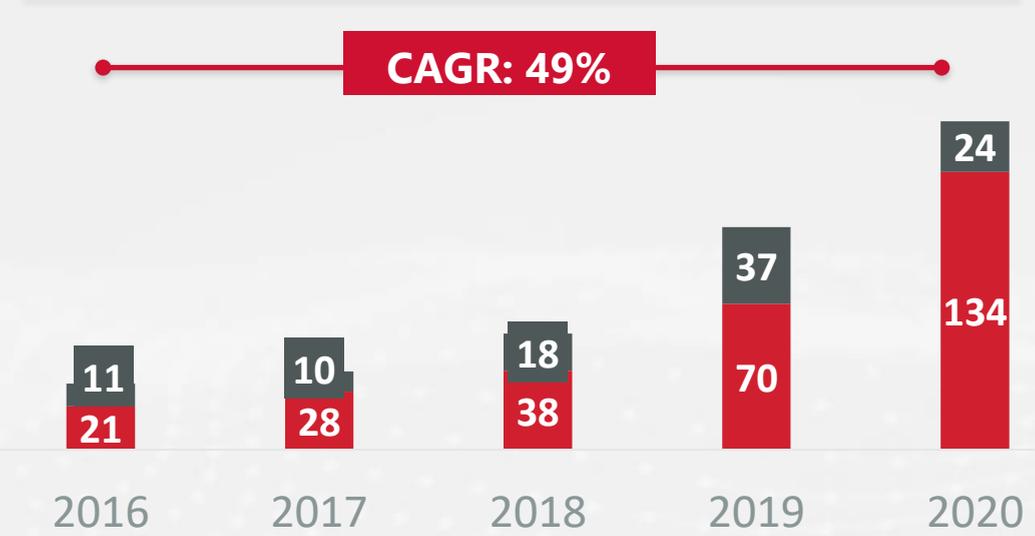
# eLogo: e-services platform and leader in digital transformation

*Market leader in e-government solutions; e-invoice, e-archive, e-ledger, e-dispatch with 56K customers*

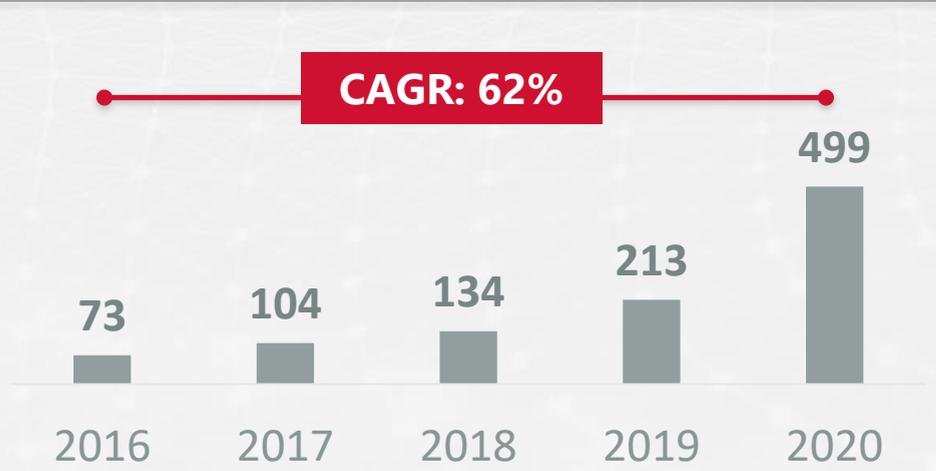
# of customers ('000)



eLogo invoiced revenues (TL mn)



coin usage (mn)



■ coin revenues ■ module&other revenues

- ✓ As the leader of the market, eLogo capitalized on the market growth driven by the new communique announced in October 2019.
- ✓ eLogo invoiced revenues (modules and coins) recorded significant growth rate since 2016.
- ✓ Coin revenues comprises 85% of eLogo's invoiced revenues in 2020 signaling strong recurring revenue growth potential going forward

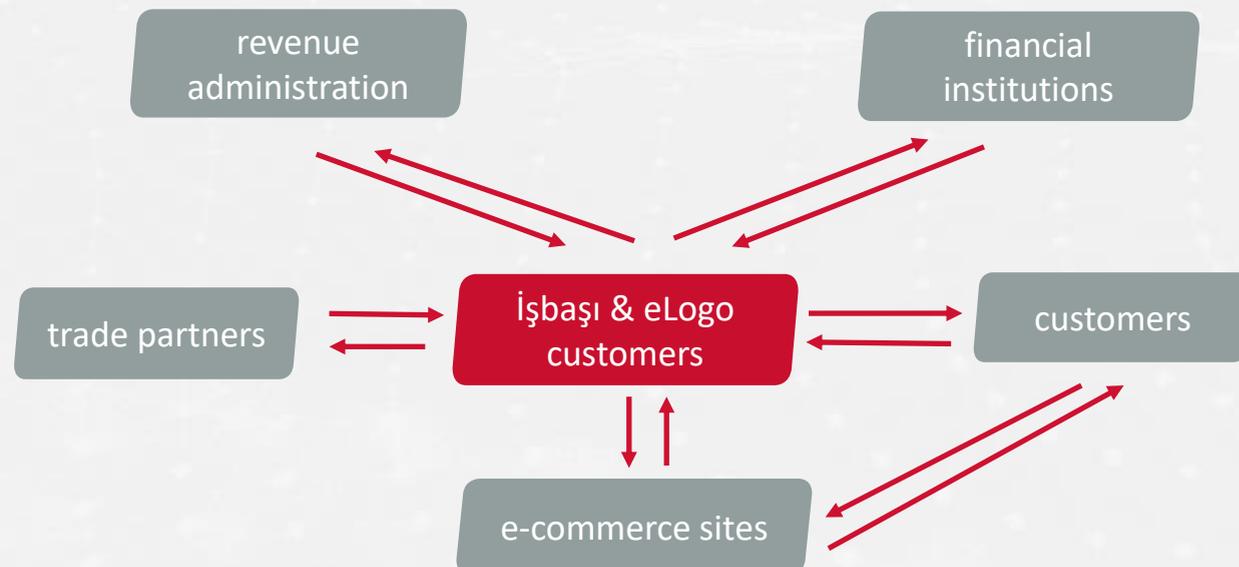


# MicroSME digitalization

## Turkey

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### value creation on digital platform



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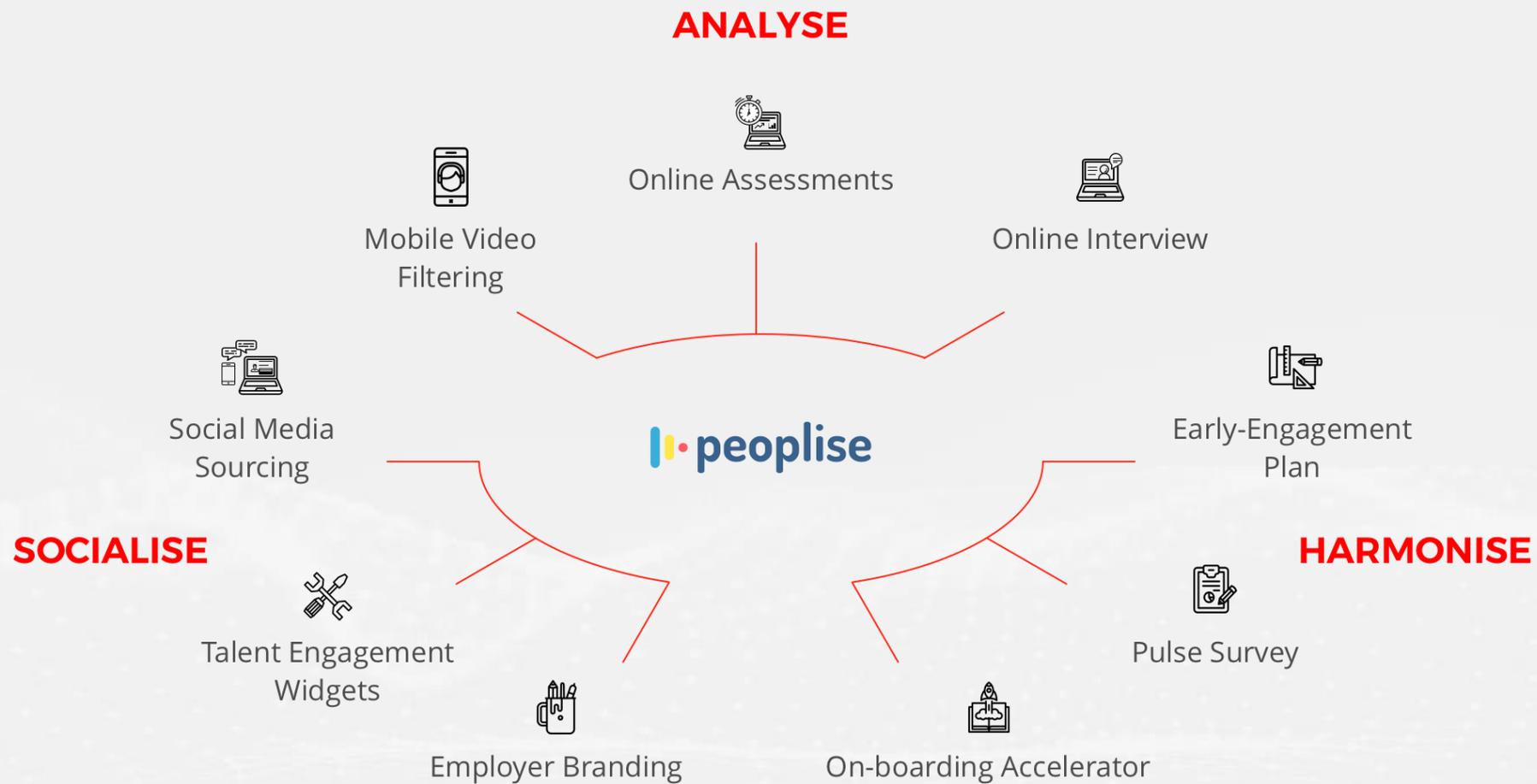
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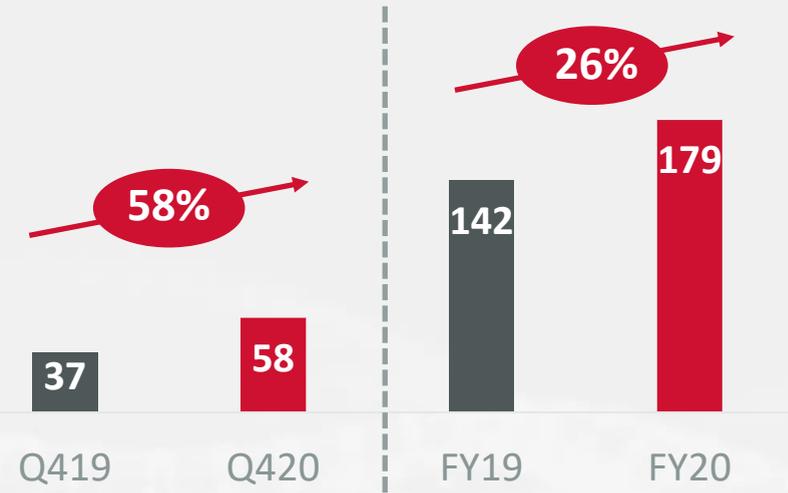
# Peoplise: Next Generation Talent Acquisition



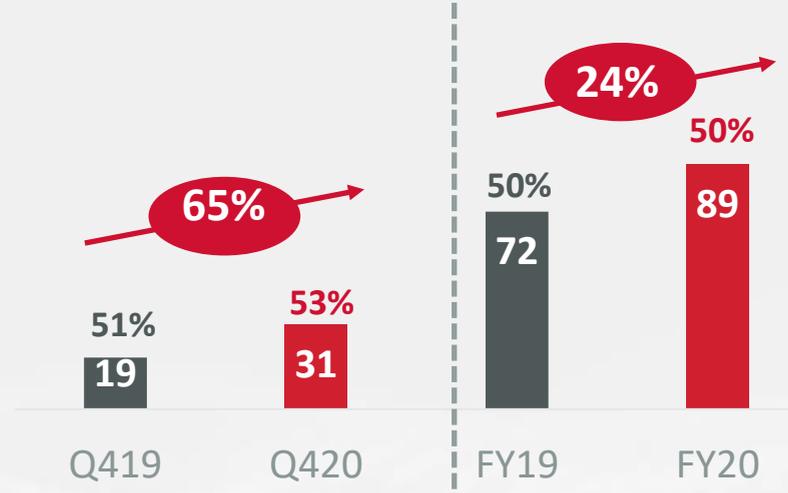
- ✓ **Remote onboarding** and **chat bot** assisted recruitment were the fastest growing modules of the platform
- ✓ **Reached 100+ customers, ranking #1 in Turkey**
- ✓ **Solid recurring revenue growth provider**
- ✓ Peoplise capitalized on the post-Covid remote working environment; **achieving revenue and customer growth** even though recruitment market overall was shrinking worldwide.
- ✓ Serving clients in **8** different countries in **14** languages

# Total Soft proved its resilience

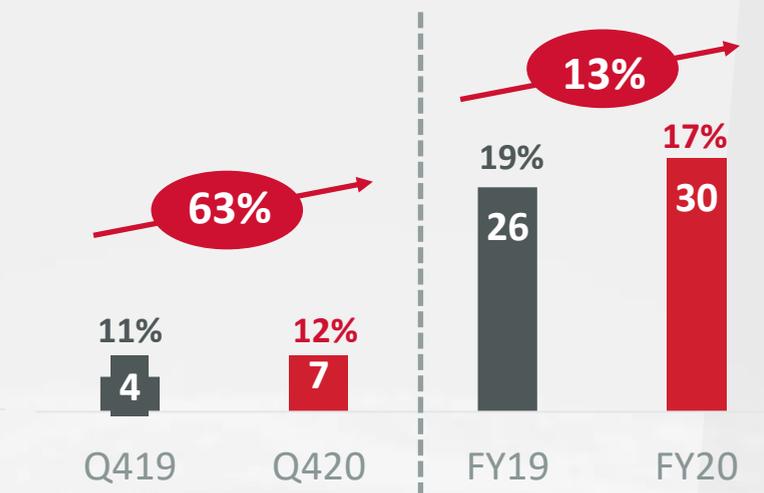
Total Soft – Revenues (TL mn)



Total Soft – Gross Profit (TL mn)



Total Soft – EBITDA (TL mn)



Total Soft - Net Income (TL mn)



- Logo Total Soft proved **resilient** in COVID related challenging market conditions
- **New project additions** were **stronger in Q4**. Team concentrated on project delivery to compensate for slower new project additions in Q2 and Q3.
- **Euro revenue** remained flat in **FY20** at 22.3 mn due to slower than expected new project additions in COVID environment
- **Maintenance revenues (recurring)** share reached 52% of Total Soft's invoiced revenues due to wider scope and better pricing
- **EBITDA margin** was softer in FY due to flat revenues



\*IFRS 16 impact on FY20: EBITDA +4.4 TL mn (FY19: +3.8 TL mn) / EBIT 425 TL thou (FY19: -115 TL thou) / EBT 0 TL (FY19: +143 TL thou)

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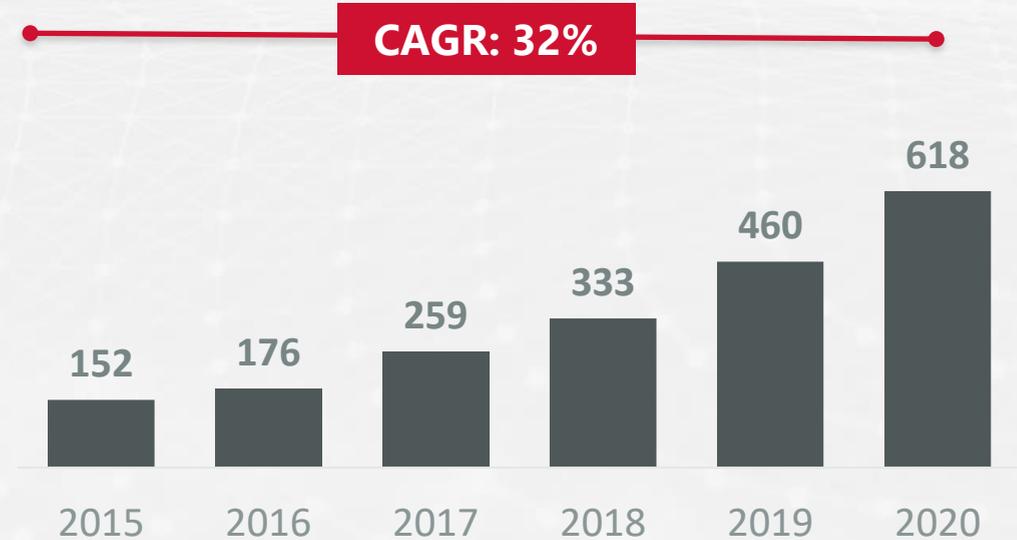
# Invoiced revenues vs IFRS revenues (Consolidated)

Fourth Quarter Invoices & IFRS Revenues (TL mn)



- 4Q sales invoice growth was 19% y/y
- IFRS Revenue growth was 34% y/y in 4Q

Invoiced Revenues (TL mn)

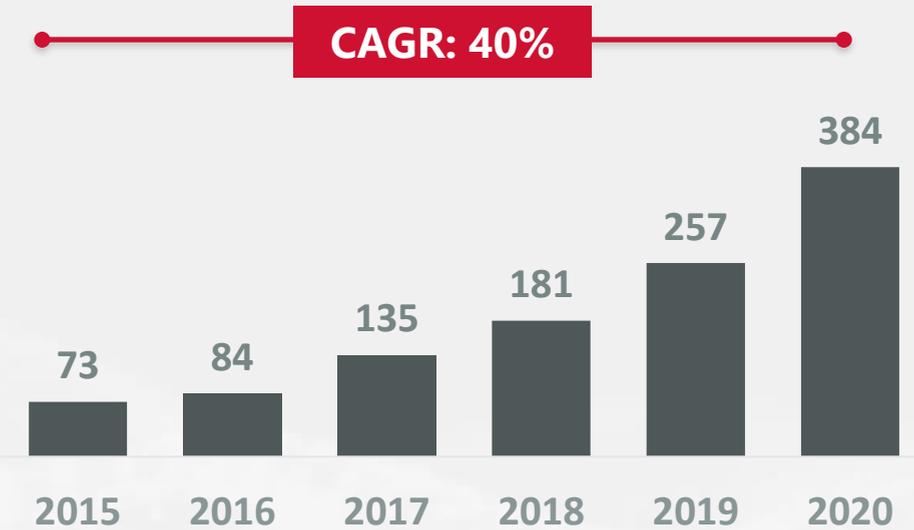


- In Turkey, invoiced revenue was 435 TL mn with 37% increase
- Total Soft's invoiced revenue increased by 27% and reached 183 TL mn
- Recurring revenues make up 62% of invoices



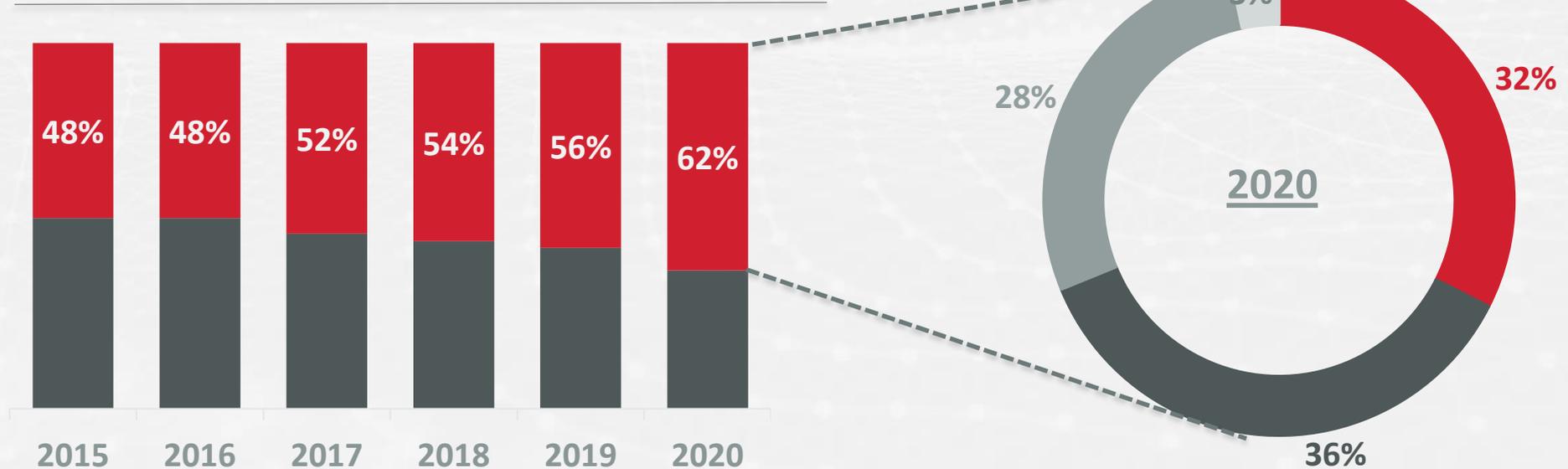
# Recurring revenue growth ensuring predictability

Consolidated Recurring Invoices (TL mn)



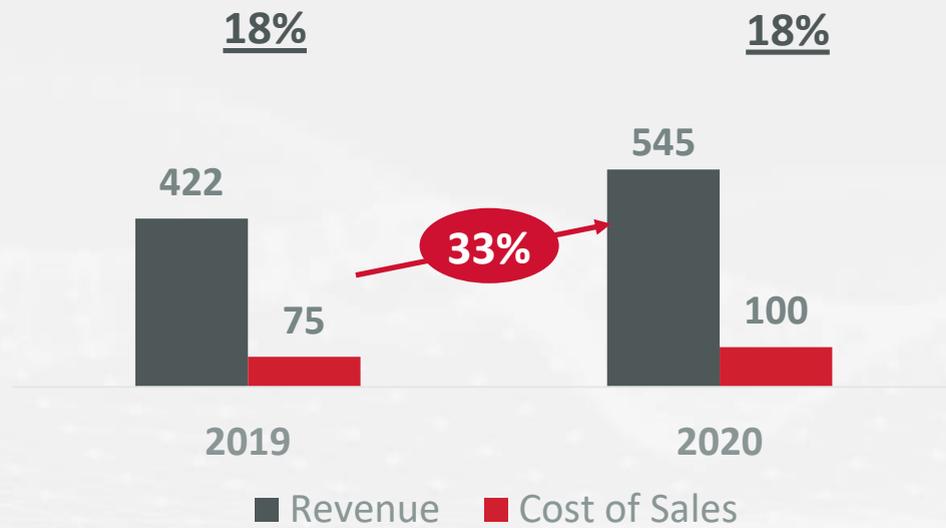
- **LEM** revenues increased by 29% y/y in FY20
- **Pay as you go** revenues increased by 92% y/y with very strong coin sales.
- **Maintenance** revenues increased by 39% y/y with significant contribution from Romania operations
- **Retail SaaS** revenues increased by 25%

Recurring Invoices/Total Invoices (%)

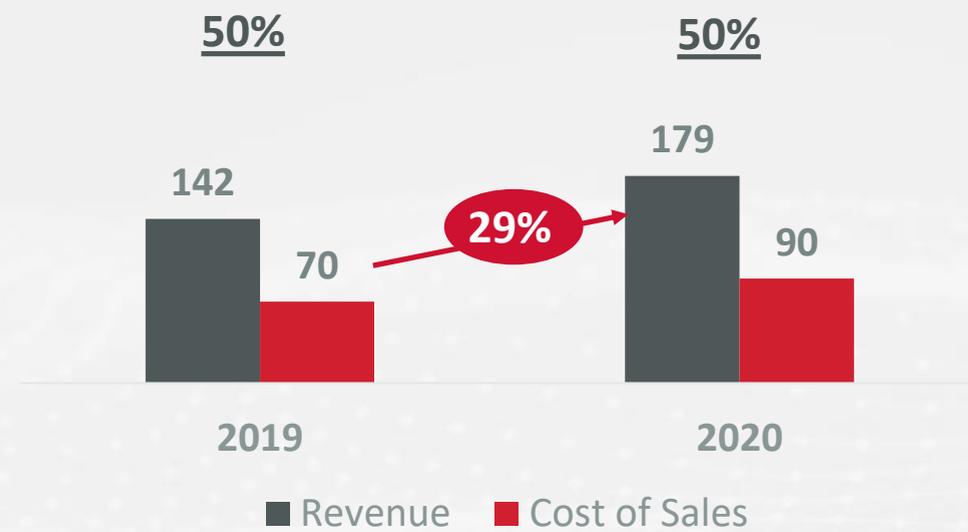


# Cost of sales

Consolidated (TL mn) – As % of IFRS Revenue

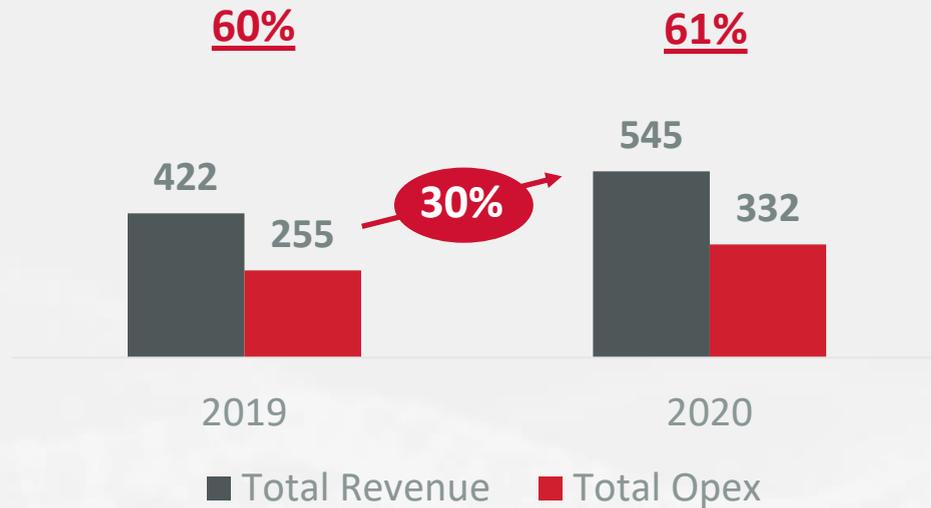


Total Soft (TL mn) – As % of IFRS Revenue

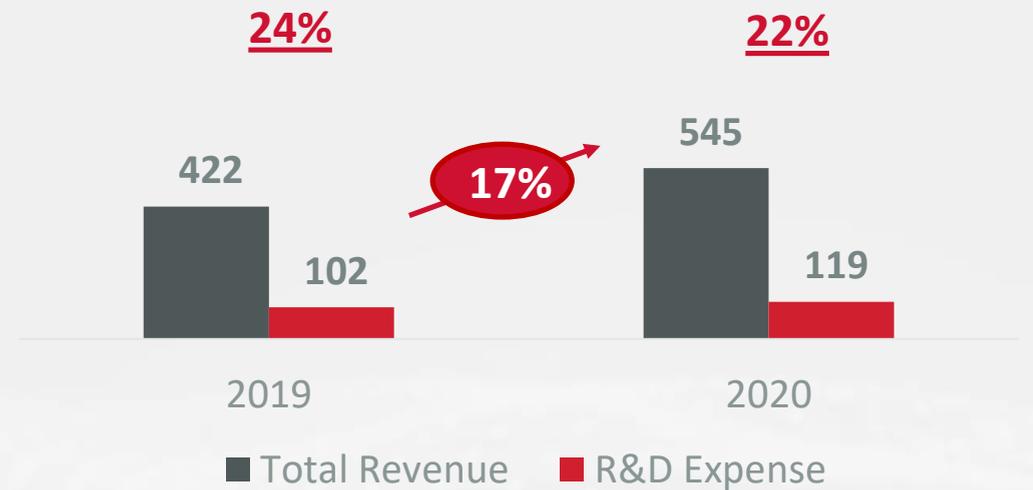


# Operating expenses

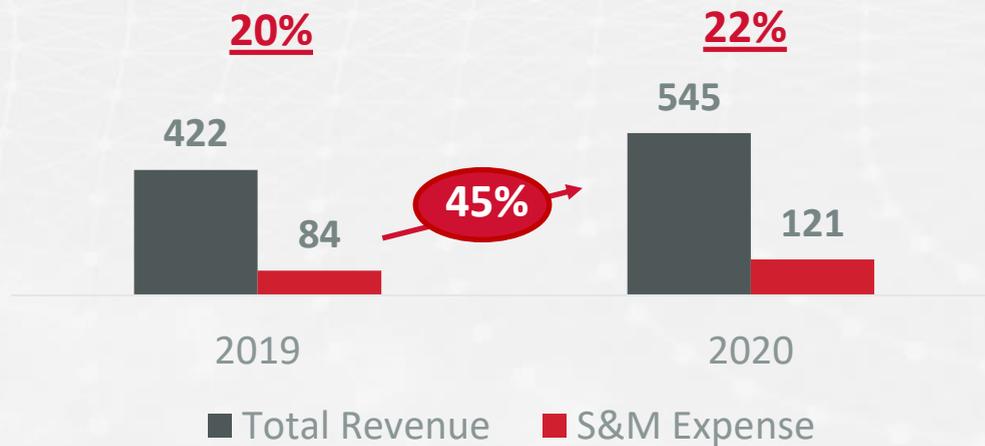
OpEx (TL mn) – As % of IFRS Revenue



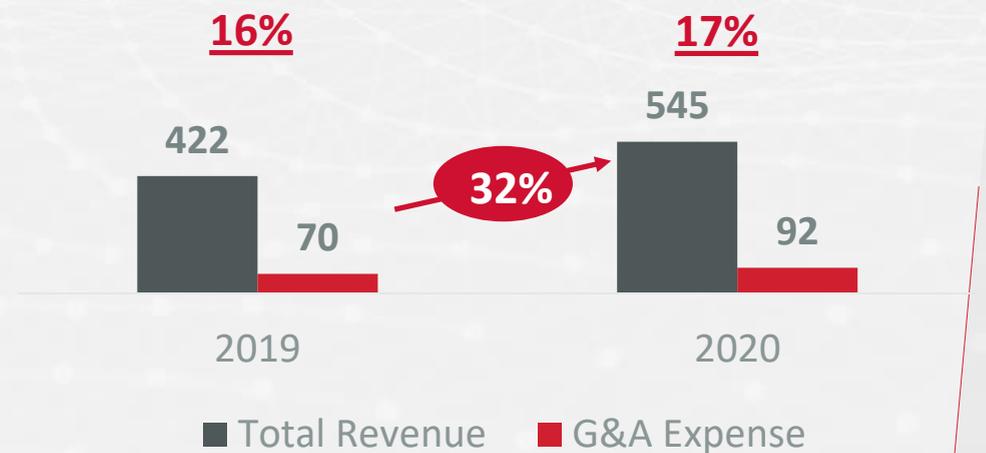
R&D Expenses (TL mn) – As % of IFRS Revenue



S&M (TL mn) – As % of IFRS Revenue

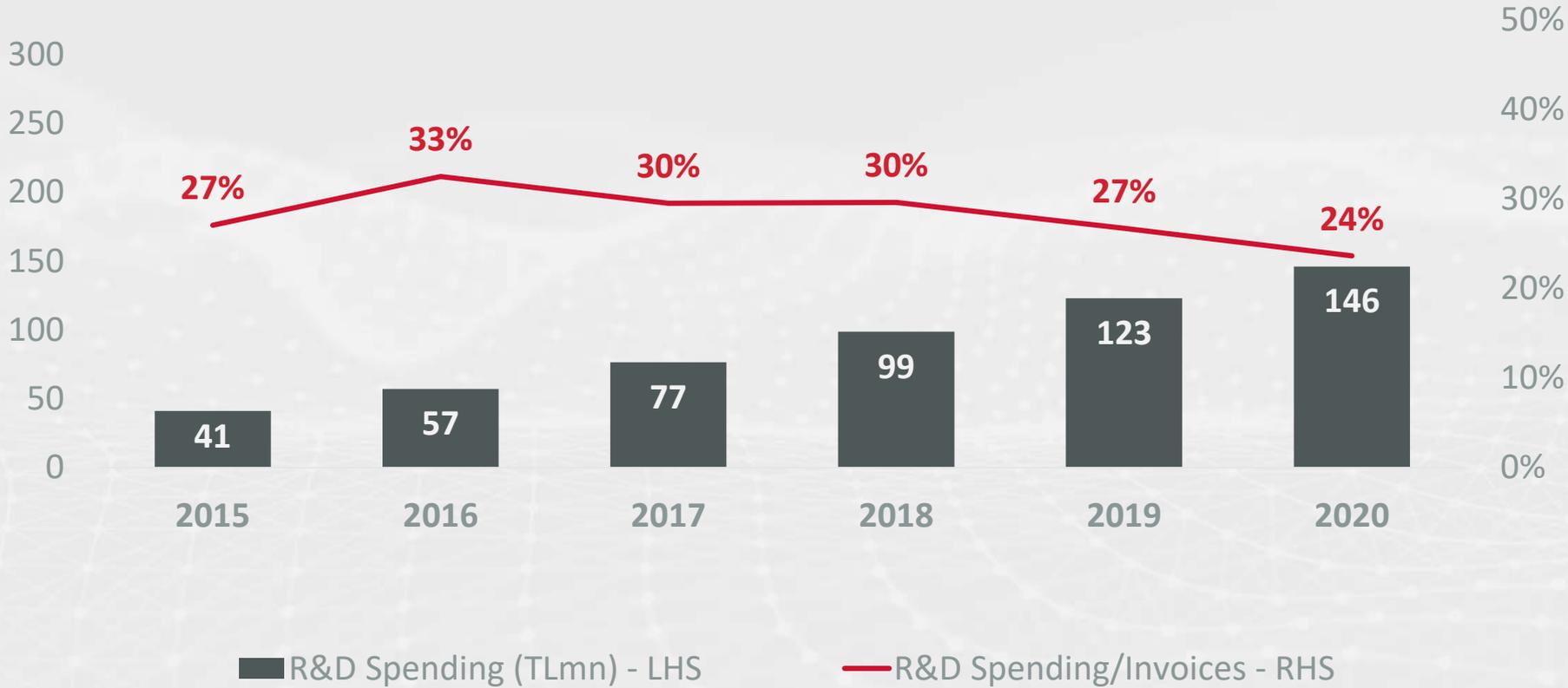


G&A (TL mn) – As % of IFRS Revenue



# Dedicated investment in technology

R&D Spending (TL mn) – As % of Invoices



# Strong balance sheet

## Balance Sheet Highlights (TL mn)

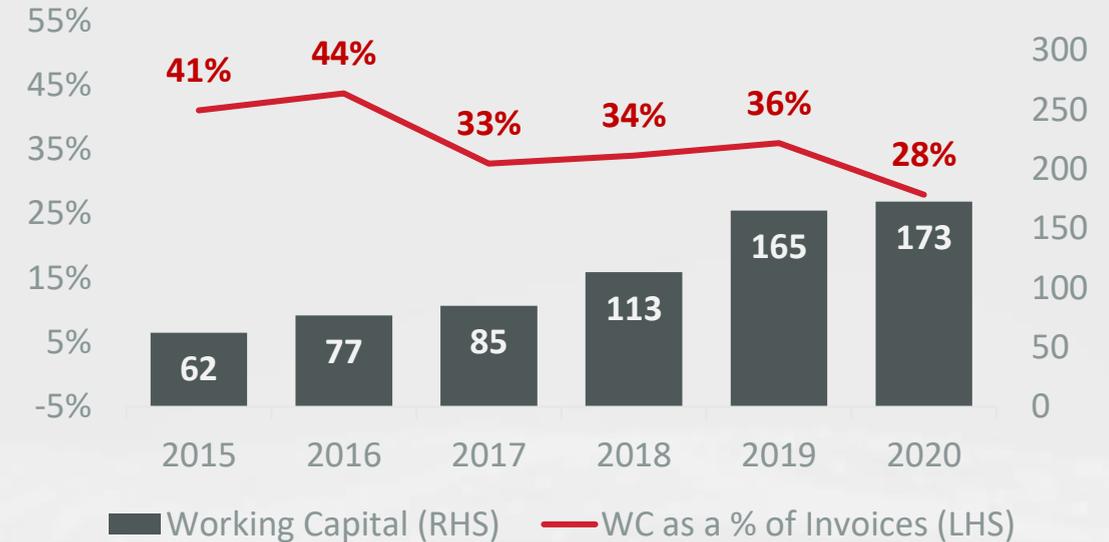
	2019	2020	Δ
Cash & Cash Eq.	152,2	293,7	93%
Trade Receivables	211,2	235,7	12%
Tangible Assets	20,0	19,3	-4%
Intangible Assets*	342,2	470,2	37%
Other Assets	50,2	78,6	57%
<b>Total Assets</b>	<b>775,7</b>	<b>1.097,5</b>	<b>41%</b>
Total Liabilities	381,1	559,8	47%
Total Shareholders' Equity	394,6	537,8	36%
<b>Total Liabilities and Equity</b>	<b>775,7</b>	<b>1.097,5</b>	<b>41%</b>
Shareholders Equity Ratio	0,51	0,49	-4%
Current Ratio	1,55	1,34	-14%
EPS**	3,58	4,75	33%

\* Includes goodwill

\*\* Adjusted by 3.48% treasury shares

- Net cash of 160.1 TL mn at end-2020 (excluding 19.2 TL mn IFRS 16 impact) vs net cash of 31 TL mn at end-2019. Net cash of 269.8 TL mn together with 3.48% treasury shares @Mcap at end-2020.
- Working capital/Invoices ratio improved from 36% to 28%.

## Working Capital (TL mn)

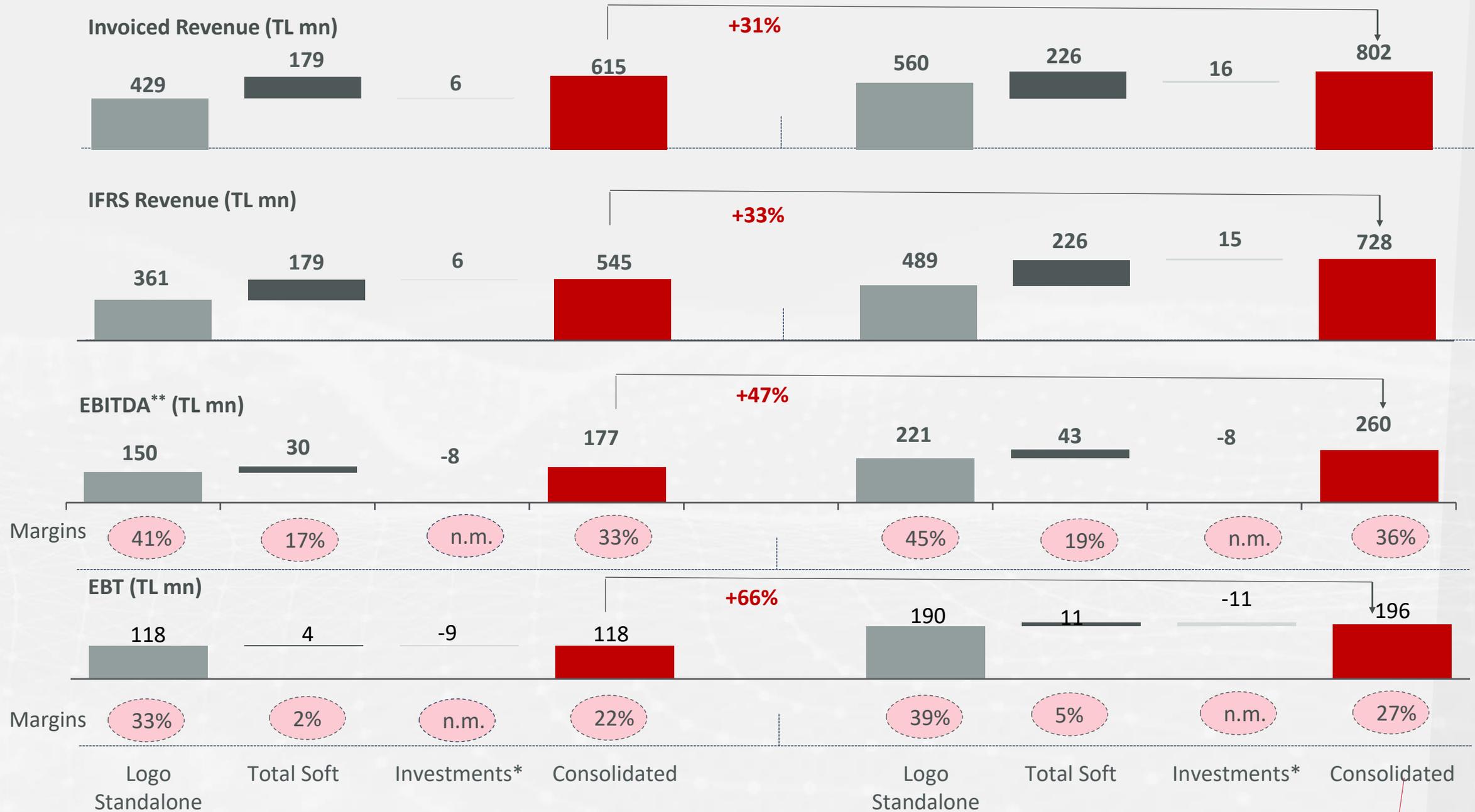


Working capital: Trade receivables +Inventories – Trade payables  
WC/Invoices figures are based on 12-mth trailing invoices

# Guidance

2020

2021 guidance



\*Investments = Logo Infosoft (India), Logo Kobi Digital (Turkey) and ELBA HR (Peoplise). Logo Infosoft (India) is recognized with equity method and does not have expense impact on consolidated figures.

\*\* IFRS 16 impact on consolidated EBITDA: +11.1 TL mn for 2020 and 9 TL mn for 2021 guidance.



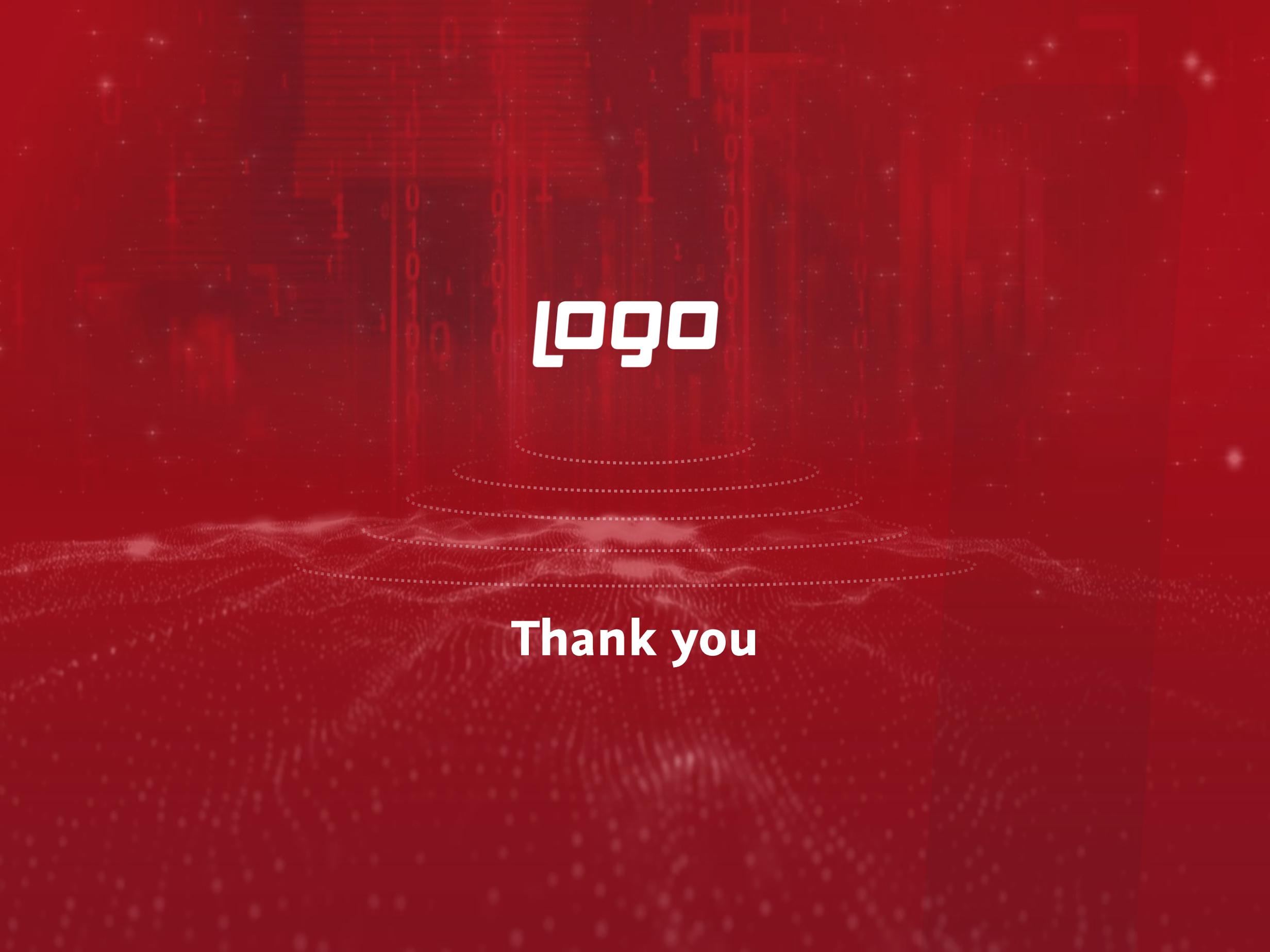
# Appendix

# eLogo: e-services platform and leader in digital transformation

*New communique's details (October 19<sup>th</sup>, 2019)*

	<u>BEFORE</u>	<u>AFTER (eff. as of July 1<sup>st</sup>, 2020)</u>
 e-invoice	Companies w/sales 10mio₺+	Companies w/sales 5mio₺+, specific sectors
 e-archive	Companies w/sales 5mio₺+ and online sales	All e-invoice issuers and invoices above 5K and 30K
 e-ledger	Required to safekeep on in-house server	Required to safekeep on in-house server, e-invoice integrator, GIB
 e-dispatch	Not mandatory	Companies w/sales 25mio₺+, specific sectors
 e-selfemp. invoice	Not mandatory	All self-employed professionals (doctors, lawyers, etc.)





**L990**

**Thank you**