

**LOGO**

**Virtual NDR Presentation**

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**Canan Őenkut**

**IR Director**

**June 22<sup>nd</sup>, 2021**

# 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

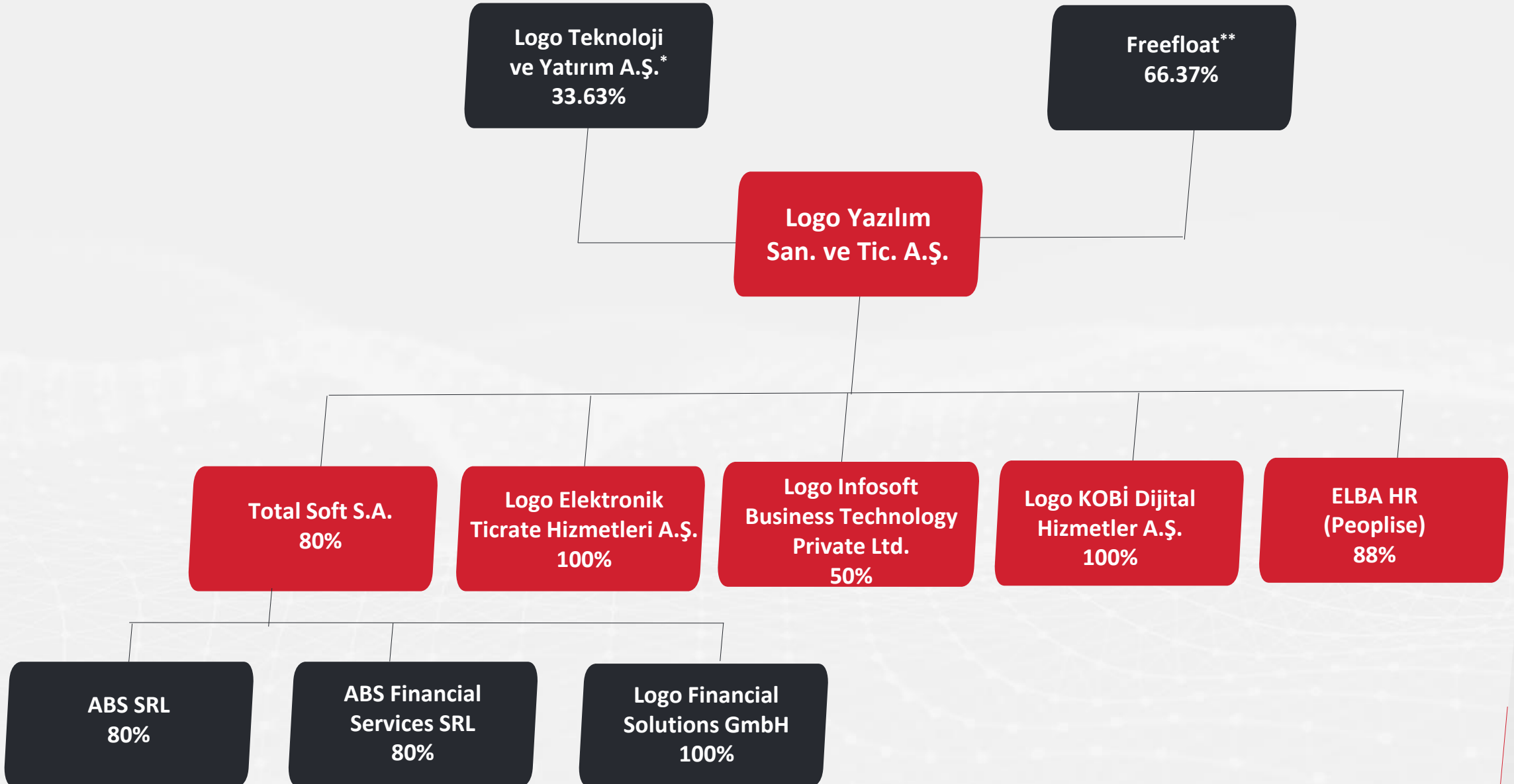


Most valuable IT brand\*





# Shareholder structure

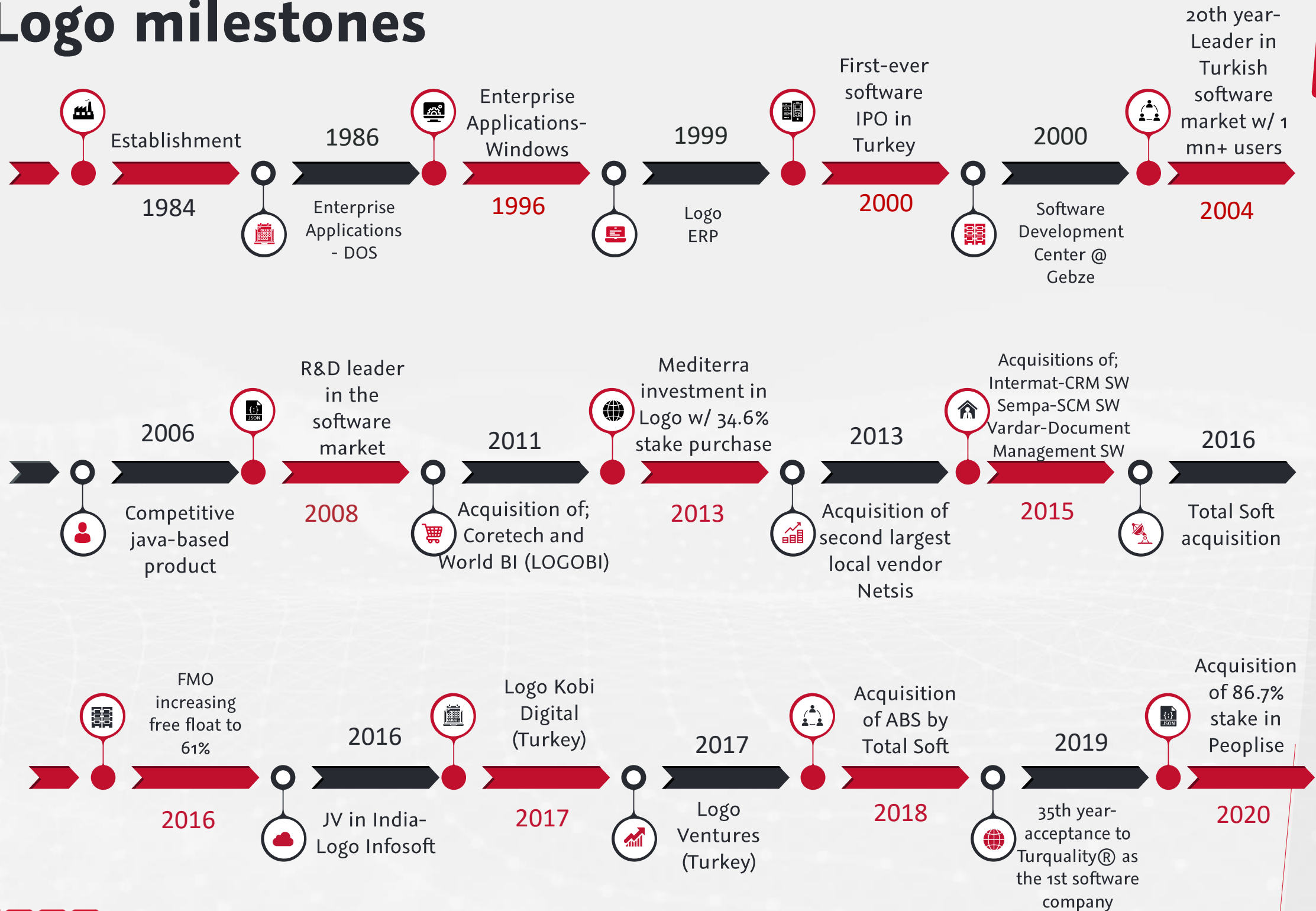


\* 32,32% belongs to M. Tuğrul Tekbulut. Other; 1,31%.

\*\* Includes the treasury shares of 3,22%.

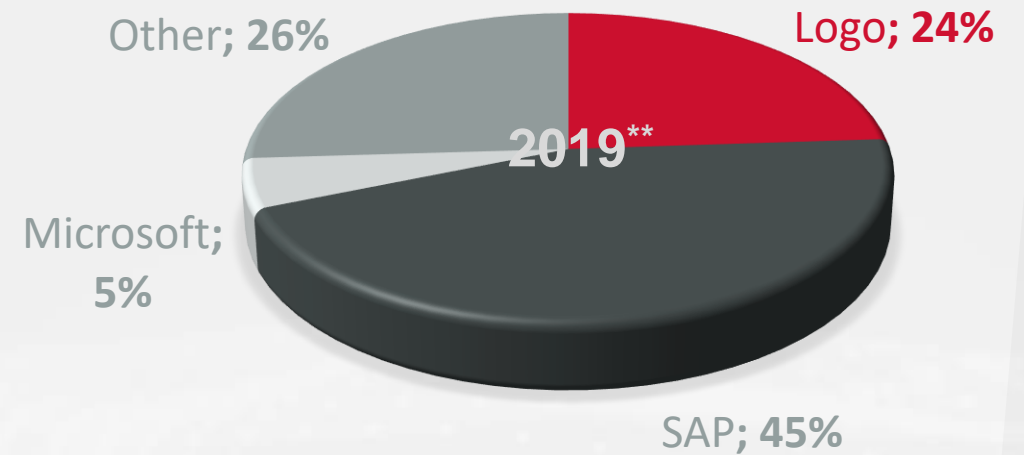
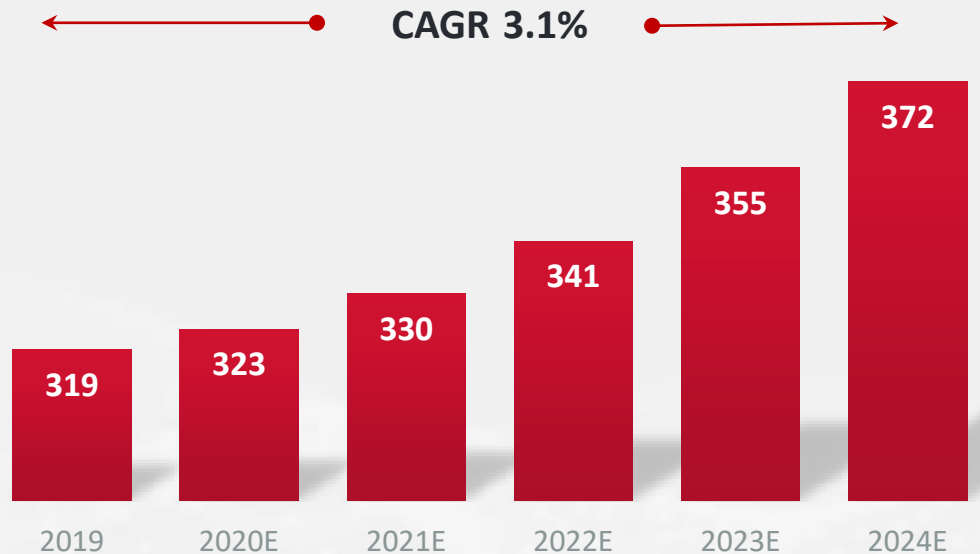
[www.logo.com.tr](http://www.logo.com.tr)

# Logo milestones



# Turkish EAS market and Logo market share

Turkish EAS market growth expectation\* (\$mn)



SMEs lead software market growth



Government push for digitalisation



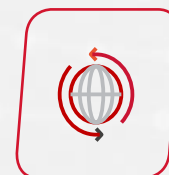
Lower ERP penetration compared to EU



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

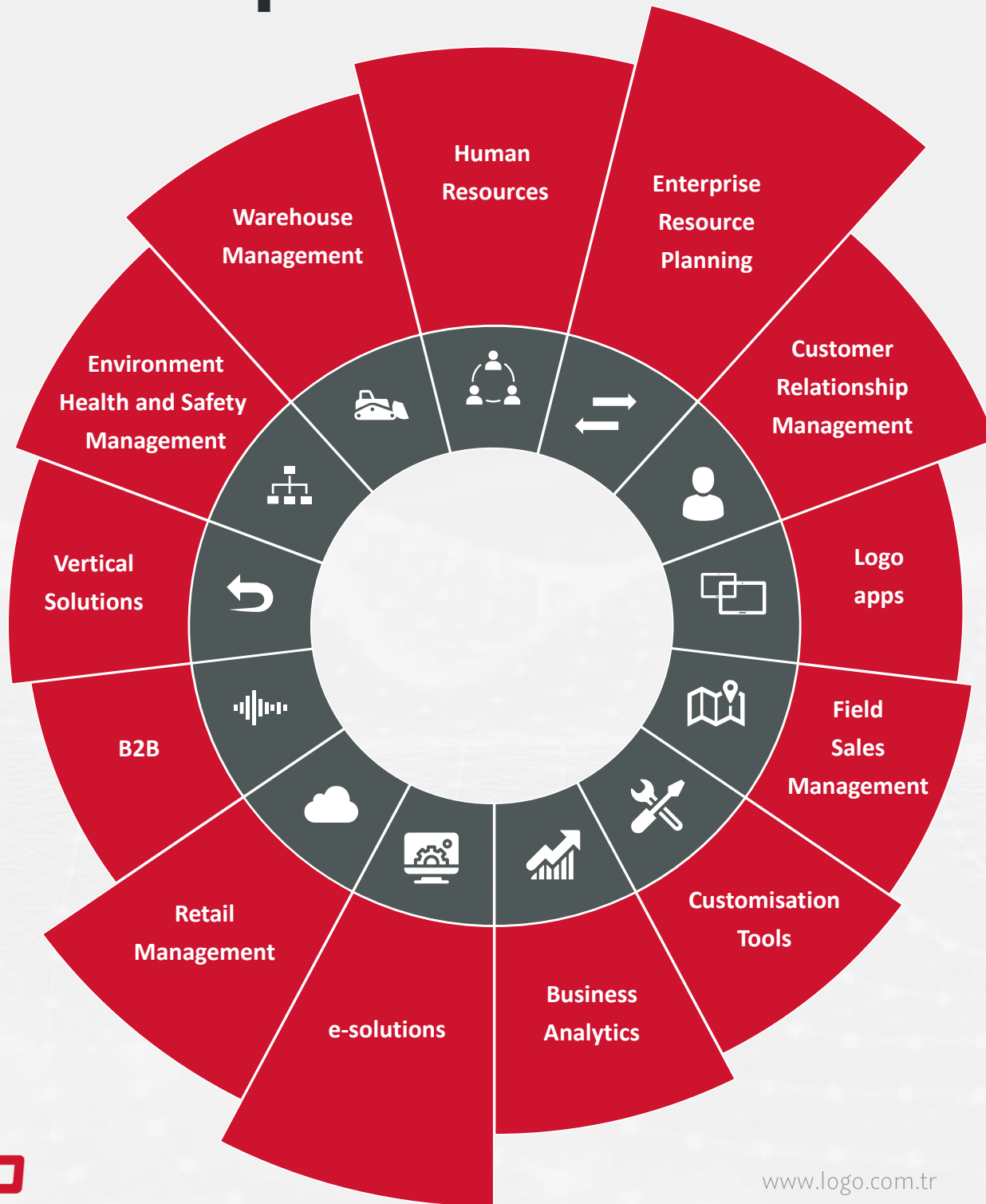


Potential pricing upside

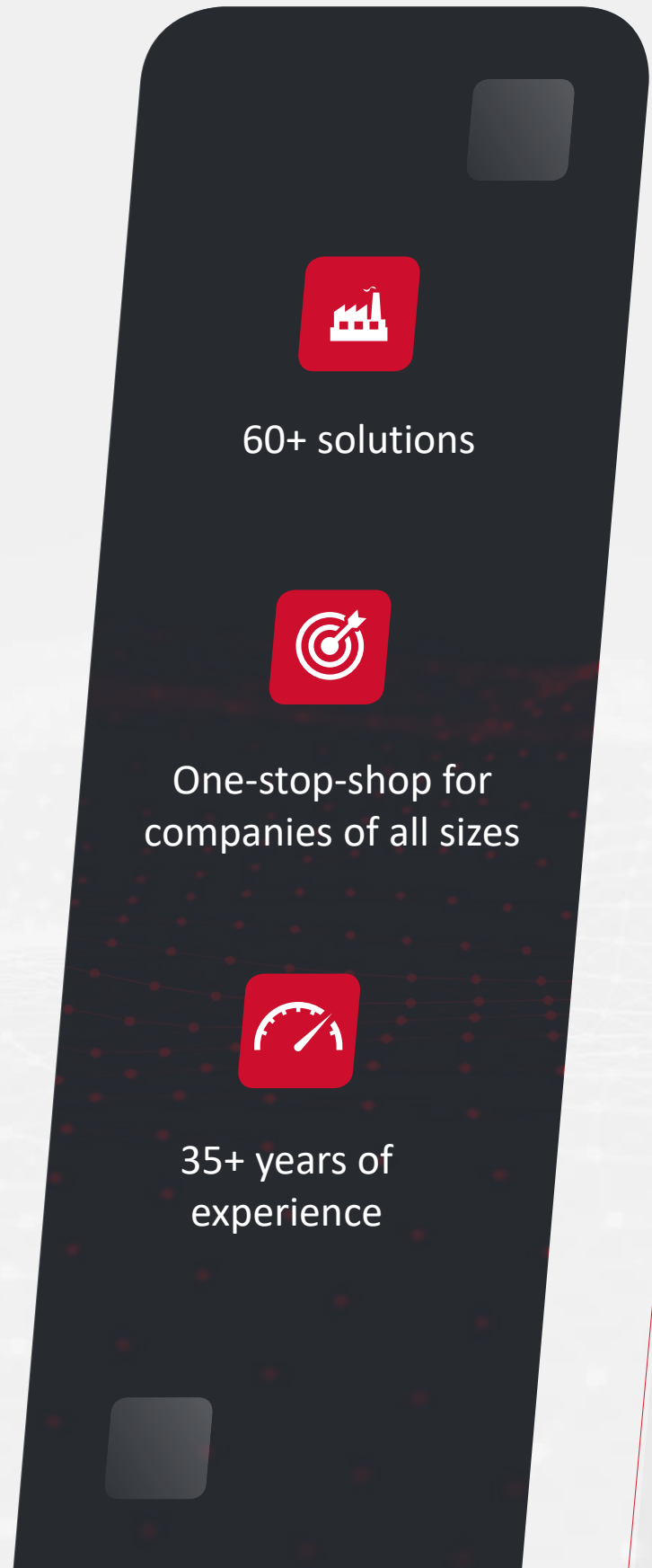


Digitalization becoming more of an obligation than choice post Covid

# Extensive product suite

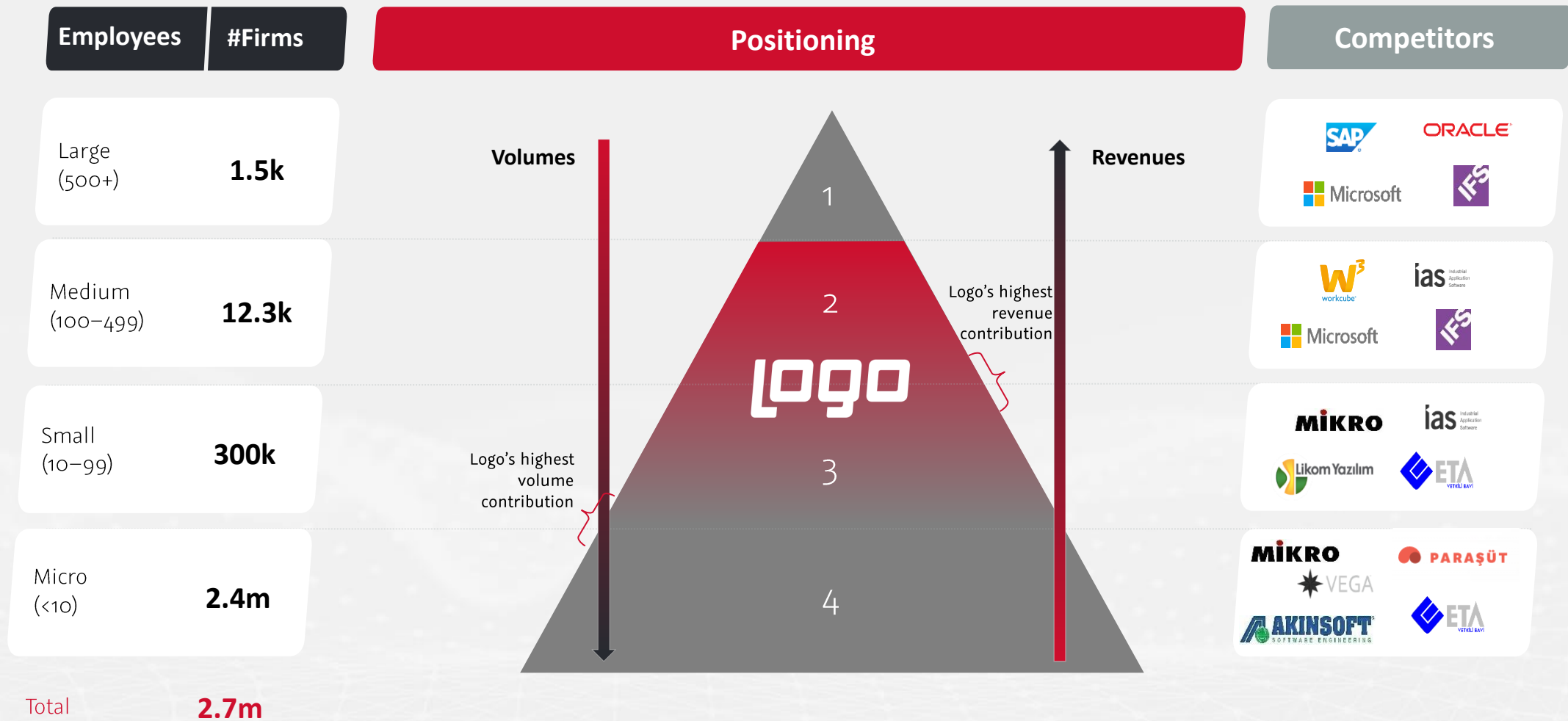


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# Logo Turkey's product portfolio from micro to large corporates

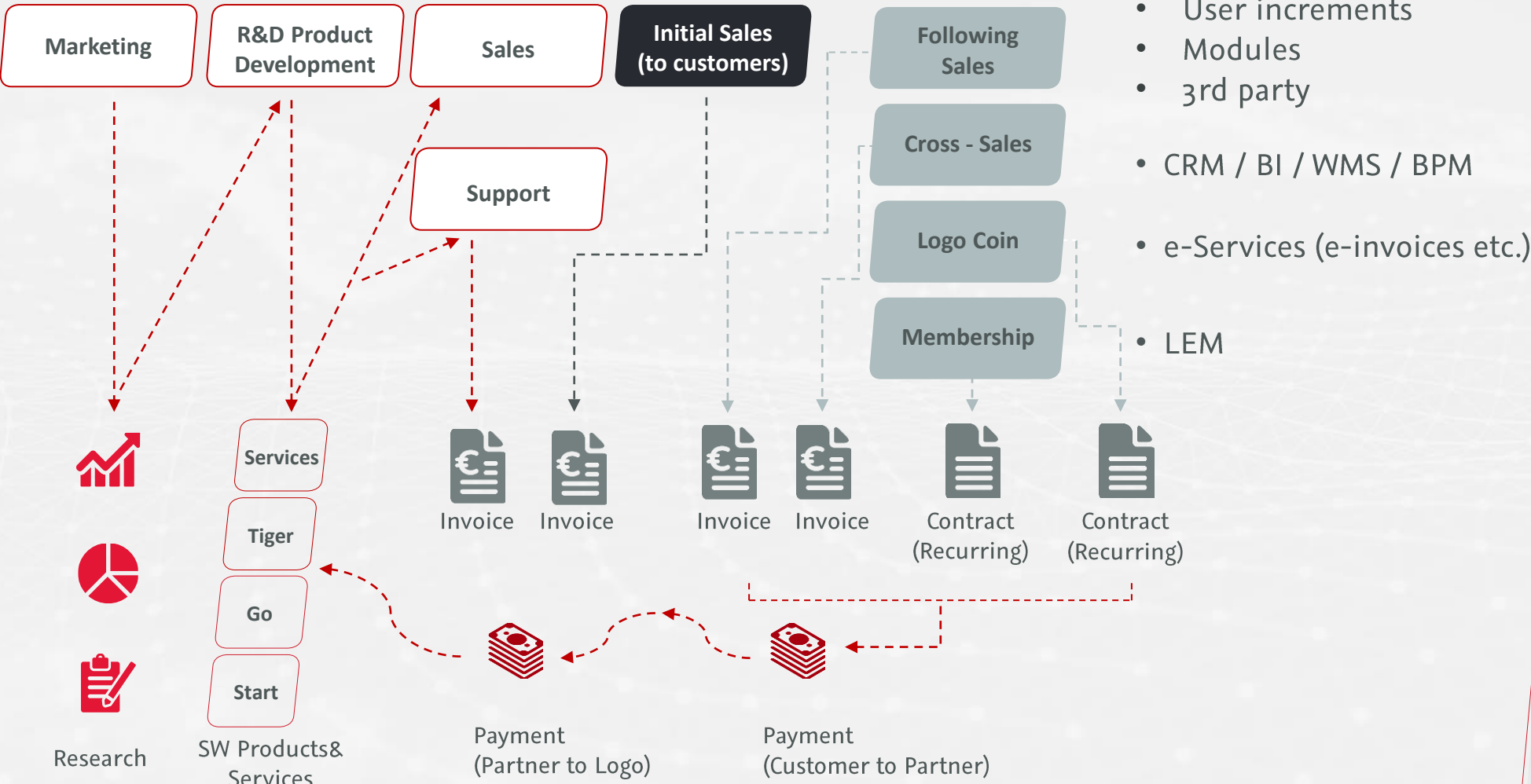
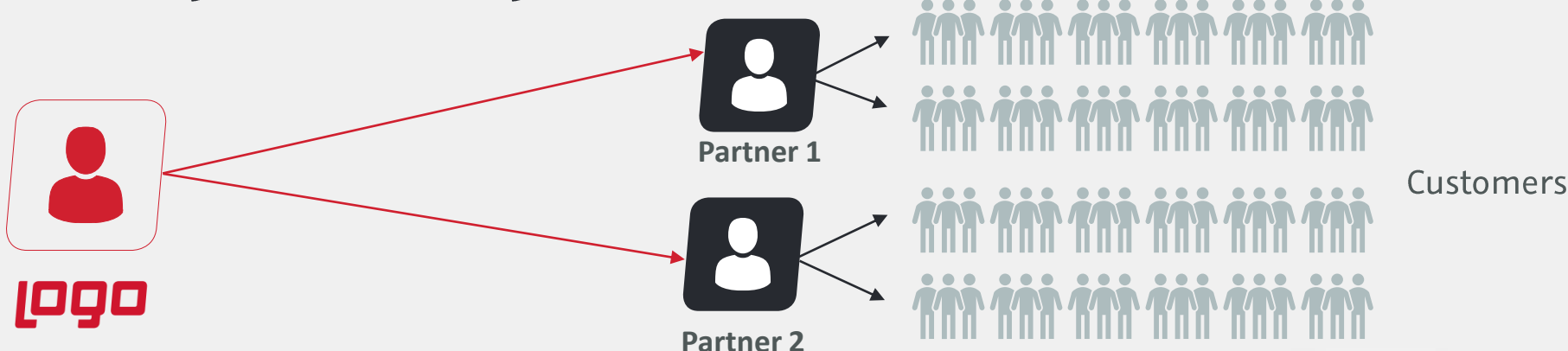


- 1**
- Higher presence of large incumbents that do not have SME tailored products
  - Low volume, high penetration region

- 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%

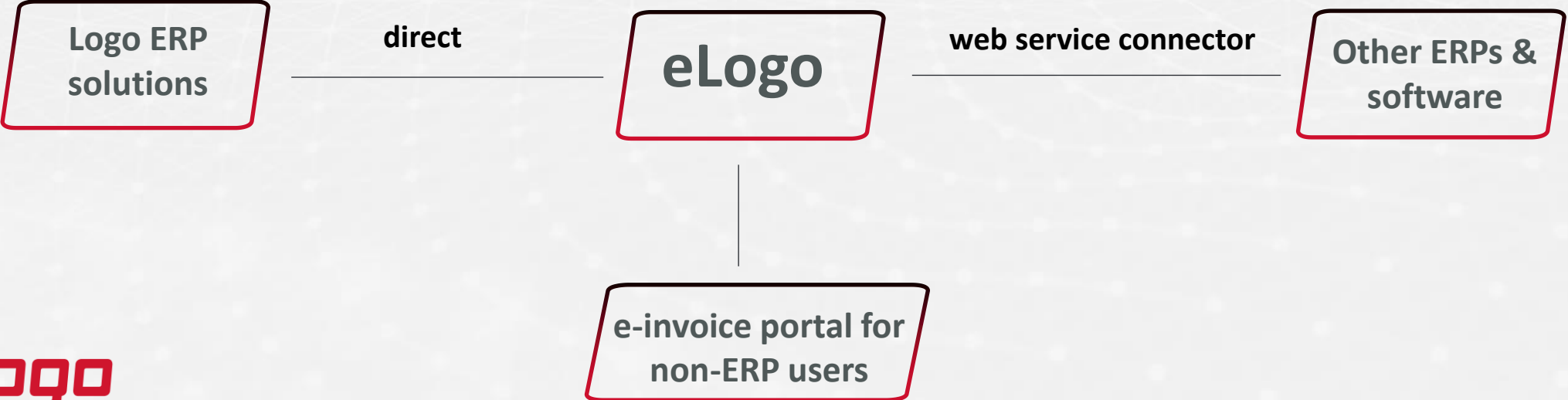
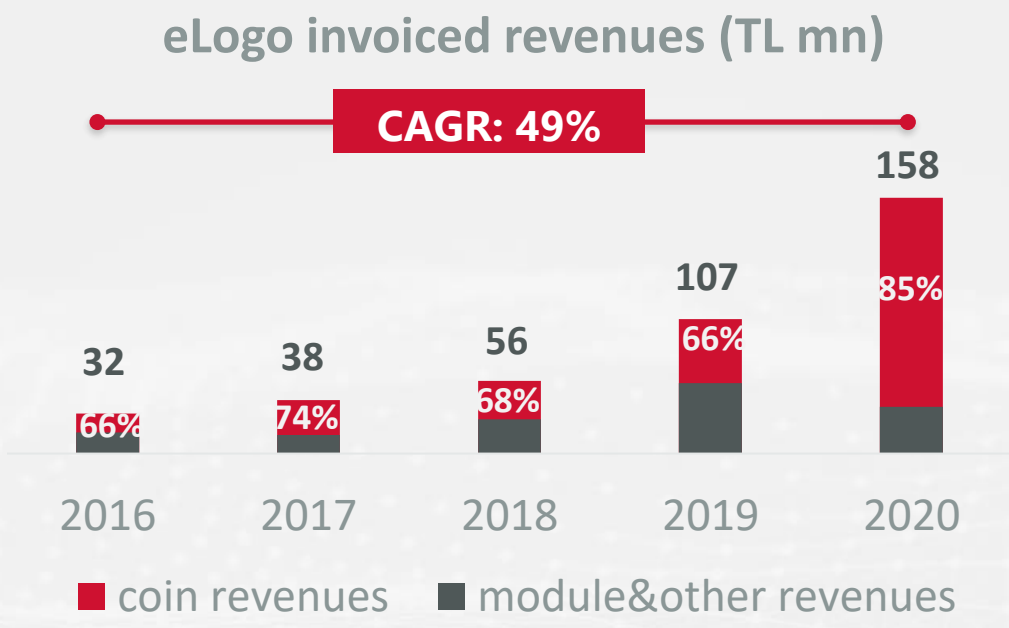
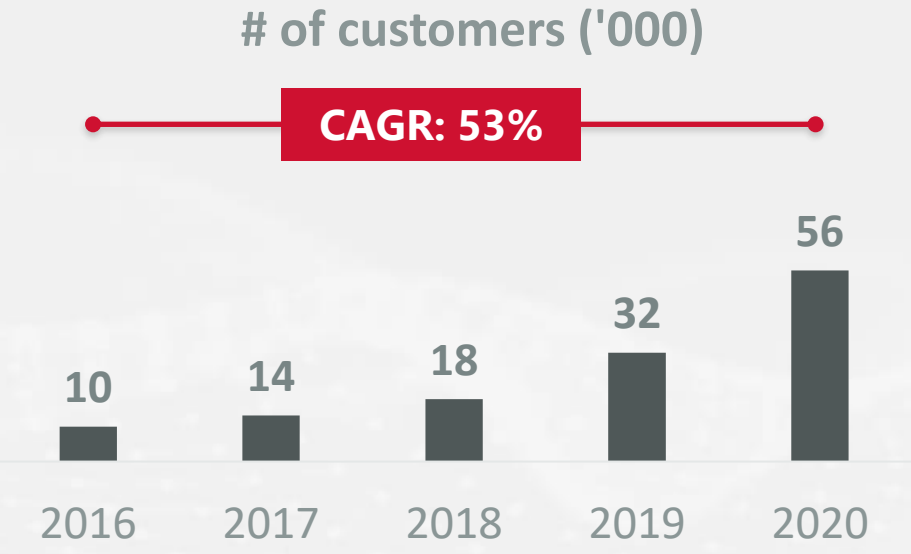
share in  
recurring  
revenues in  
2020

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



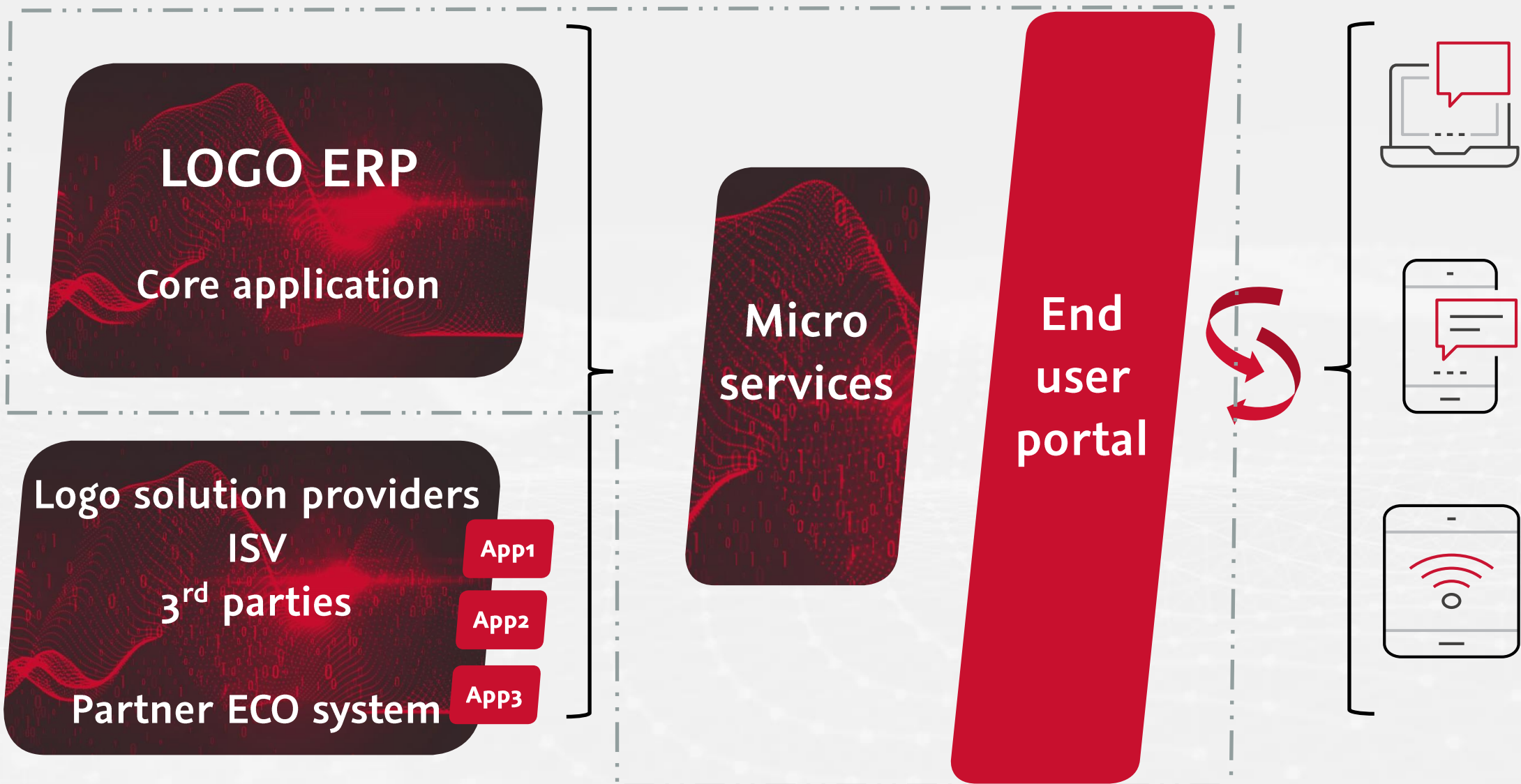
Machine Learning enabled documentation and i18n

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*



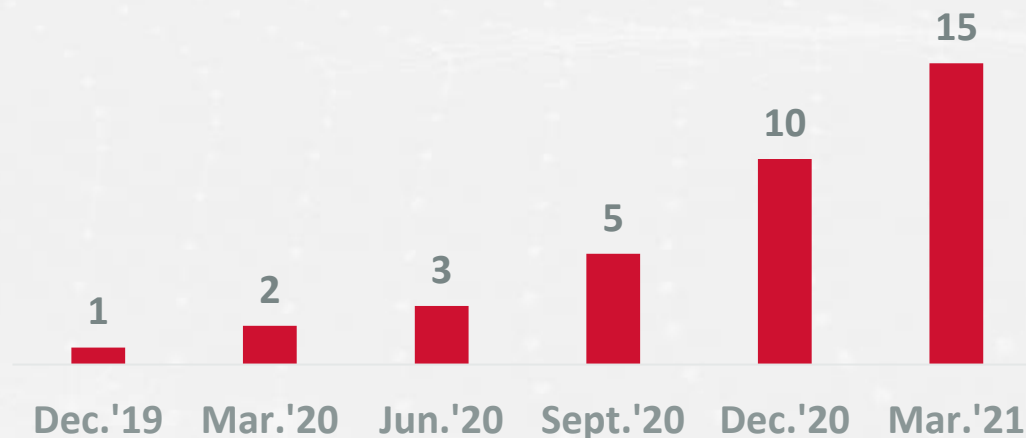
*Micro services include data, menu, management, notification, reporting, monitoring, measurement, log, billing services etc.*

# MicroSME digitalization

## Turkey

- ✓ SaaS solution **Logo İşbaşı**'s users reached **14.7 thousand** at end-Q121 with **670% growth y/y** 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

# of users ('000)



## 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-Q121**

Basic functionality is free for 1 user until March 2023 - when thru GSTN

**Logo CaptainBiz is a mobile solution**

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

**Same source-code with Logo İşbaşı**

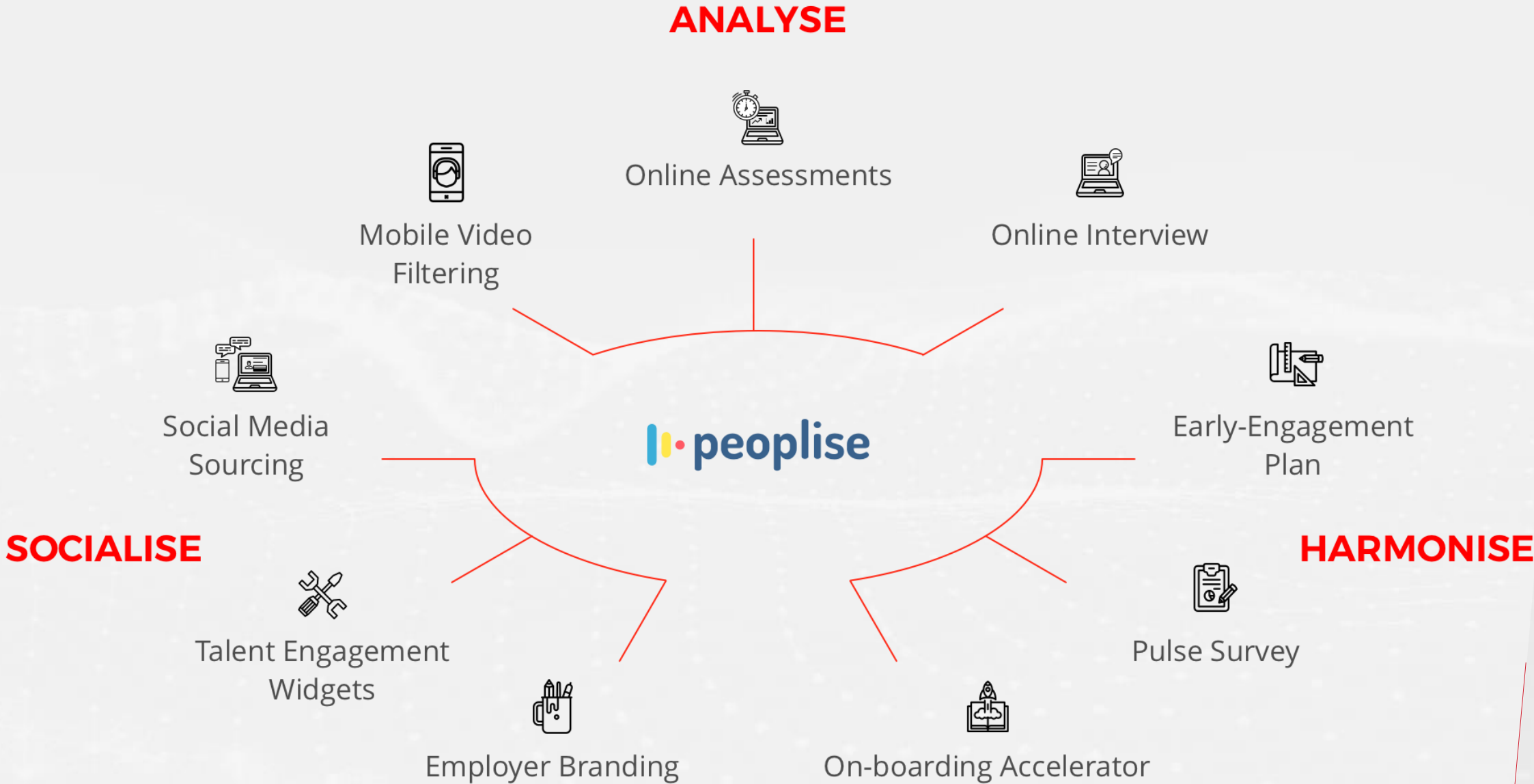
Aligned R&D effort

- ✓ SaaS solution **Logo CaptainBiz** (formerly Vyapari): final product with enhanced features rebranded and launched in 2020
- ✓ Total **investment** by Logo is **\$4.3 million** since JV's foundation at end-2016;
  - \$1.0 mn equity
  - \$3.3 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

# ESG in numbers



**1,233**

Employees



**44%**

Women employees



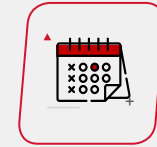
**45%**

Women in executive management



**79**

Employee engagement index score (TR)



**35**

Average age of employees



**78%**

of employees works in software development



**24%**

R&D spending/ invoiced revenues



**50%**

of Board is independent



**9,22/10**

Corporate Governance Rating



**100%**

of e-waste recycled in TR





**LOGO**

**Q1 2021 results**



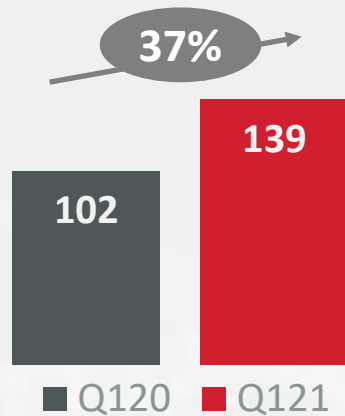
# Q121 at a glance

- Started the year with a continued **strong performance**
- **Recurring revenue** grew in all categories reaching **65%** of invoiced sales
- **Turkey;**
  - **Revenues** increased **by 44%** with healthy new customer acquisition, increased spending from existing customers and strong growth in e-government coin sales
  - MicroSME digitalization SaaS solution **İşbaşı's** paying users reached **14.7 thousand** with **670% growth y/y**
  - **Peoplise** reached **120+** customers, ranking **#1** in Turkey
- **Romania;**
  - Challenging market conditions continue due to COVID-19 where enterprise segment customers still inclined to postpone large projects. As a result, new project additions, especially from international markets was low.
  - Project additions from existing customers and maintenance revenues remained strong
- **India;** microSME digitalization SaaS solution **CaptainBiz** user number remained at 1 thousand with tough market dynamics due to COVID-19

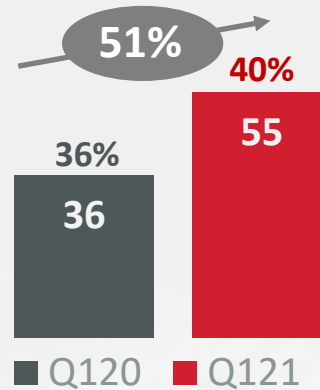
# Outstanding performance in Q121

Consolidated

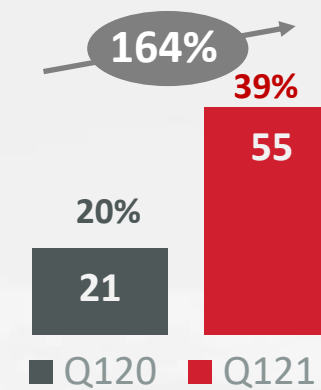
Revenues (TL mn)



EBITDA (TL mn)



Net Income (TL mn)

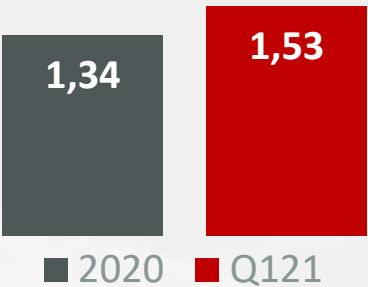


- **Revenues** grew by 37% reaching 139 TL mn, with Turkey and Romania operations contributing 65% and 35% respectively.
- **EBITDA** increased by 51%, yielding 40% margin.
- **Net income** grew by 164%, yielding 39% margin.

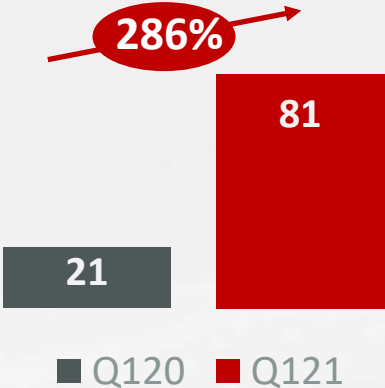
# Effective financial management

Consolidated

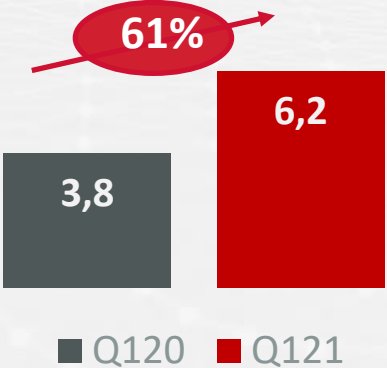
### Current Ratio



### Strong FCF – LTM (TL mn)



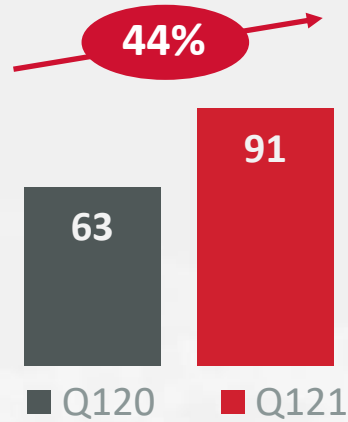
### EPS\* growth



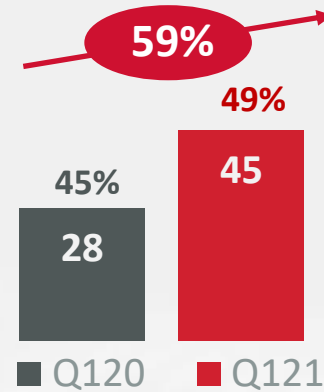
\*Adjusted by 3.48% treasury shares

# Very strong performance in Turkey

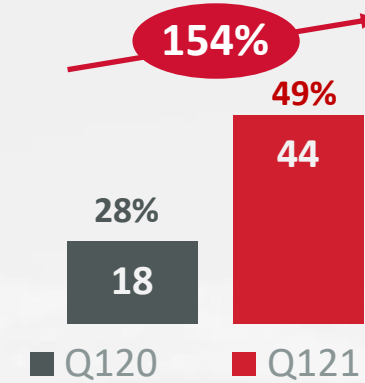
Logo Turkey-Revenues (TL mn)



Logo Turkey-EBITDA (TL mn)



Logo Turkey-Net Income (TL mn)

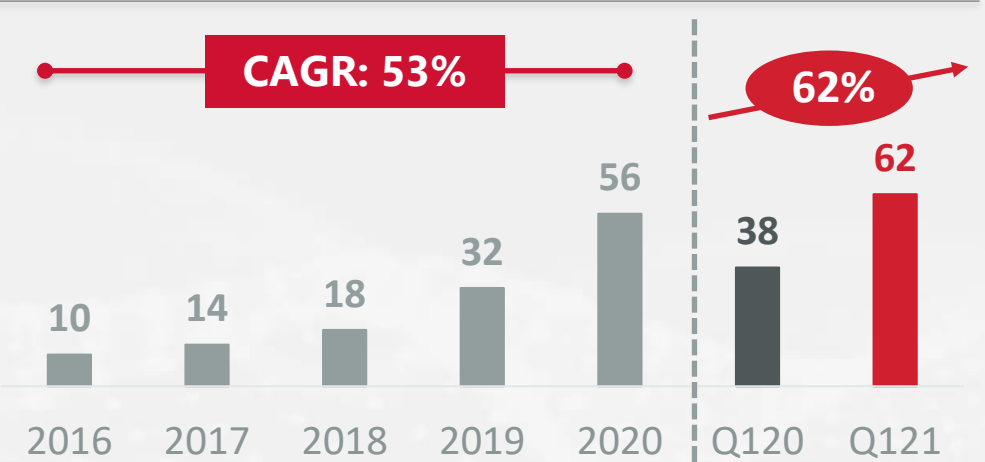


- **Revenues** increased by 44% with healthy new customer acquisitions, increased spending from existing customers, and strong growth in e-service coin sales
- **EBITDA** grew by 59% with margin reaching 49%
- **Net income** positively affected by net financial gains with margin reaching 49%

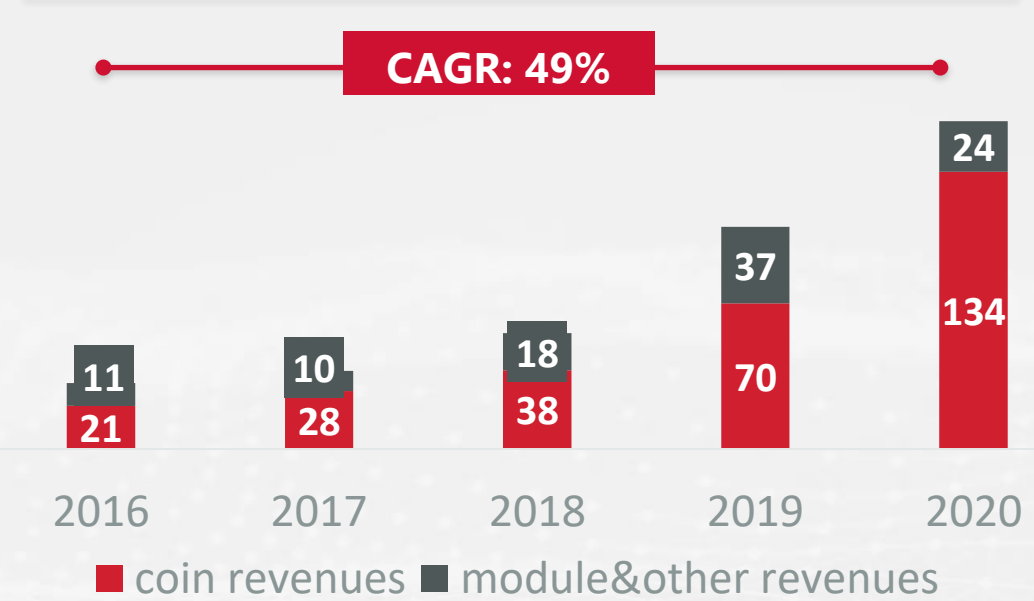
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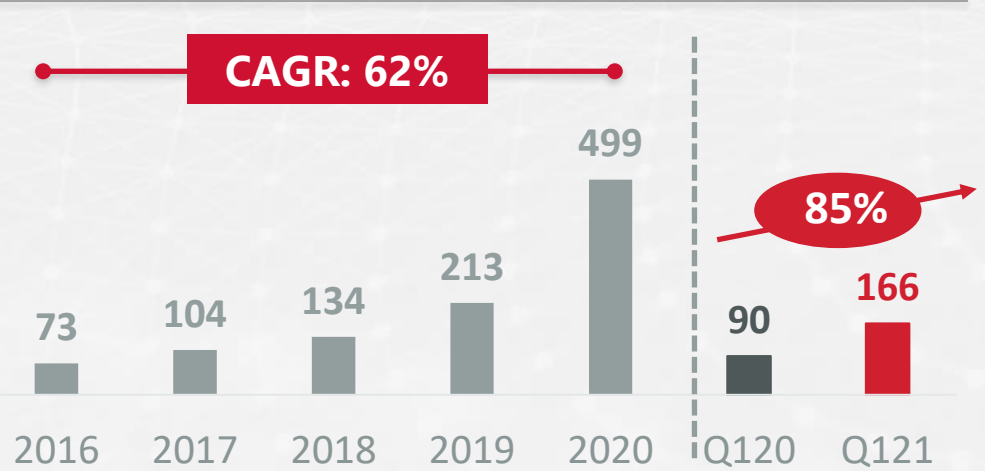
# of customers ('000)



eLogo invoiced revenues (TL mn)



coin usage (mn)



- ✓ 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



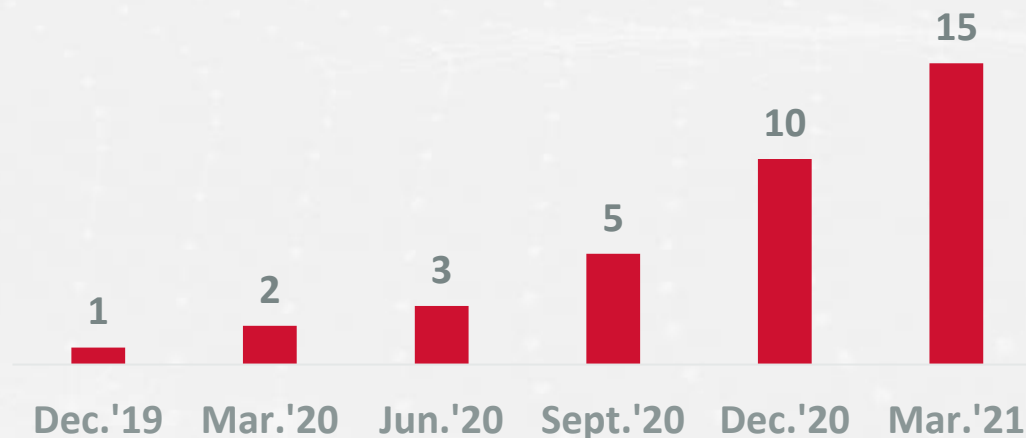


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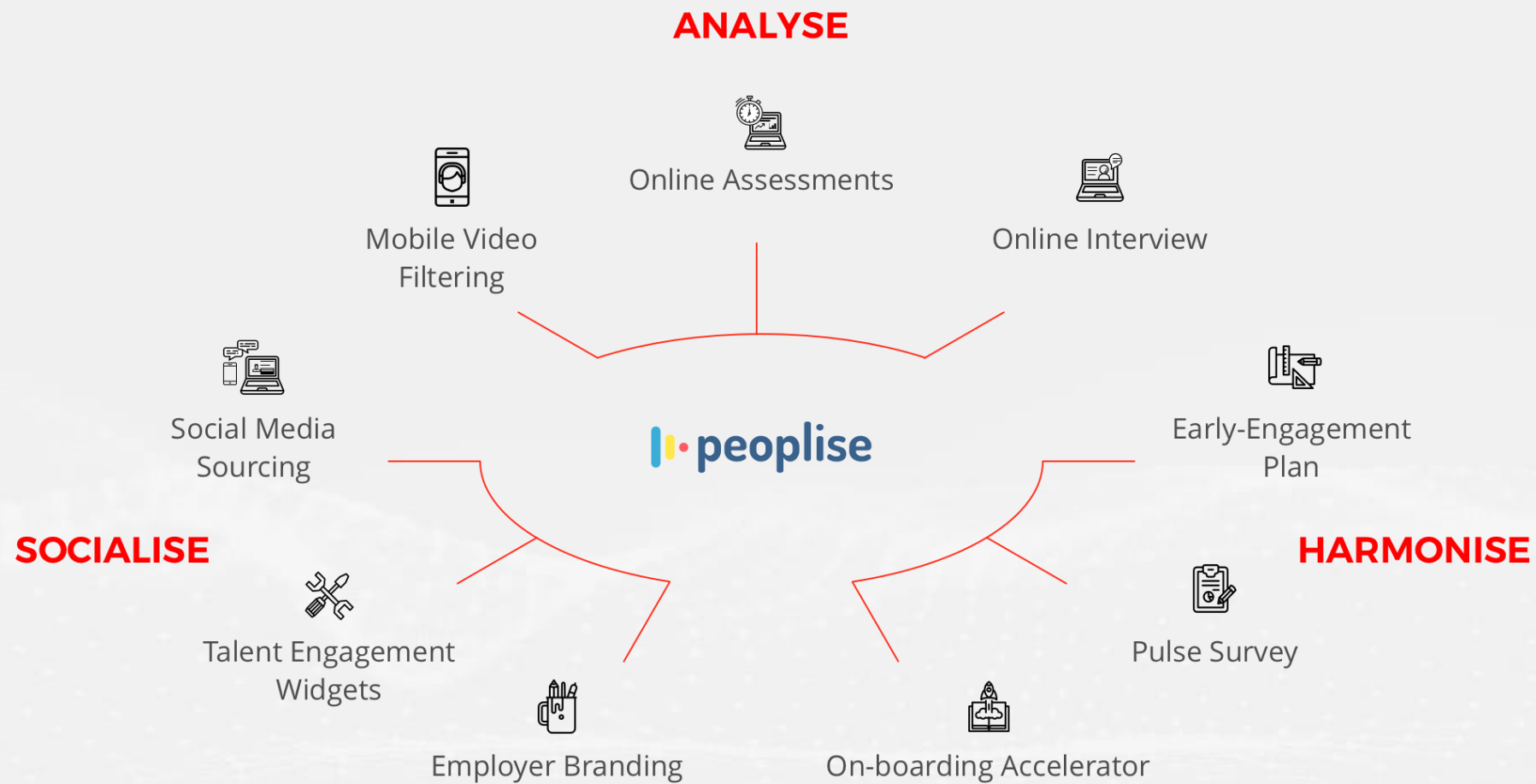
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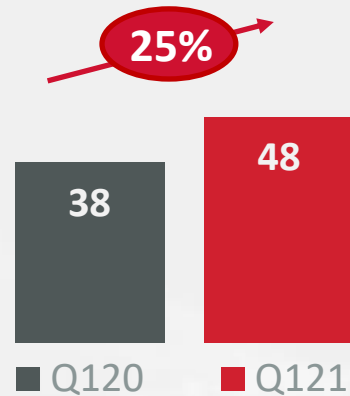
# Peoplise: Next Generation Talent Acquisition



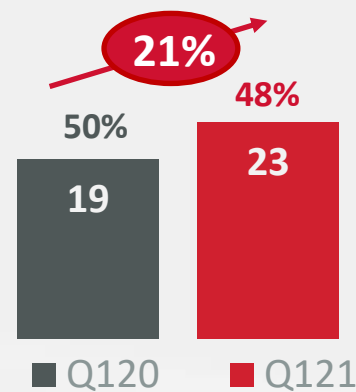
- ✓ Revenue and customer **growth** remained **strong** in Q121
- ✓ Reached **120+** customers, ranking **#1** in Turkey
- ✓ The new version of fully digital **applicant tracking system** was launched successfully in Q121 improving **talent analytics** and **customer experience**
- ✓ AI based chatbot supported **100% Digital assessment center application**, **Casebot**, became a client favorite for young talent programs of more than 12 companies including blue chip ones
- ✓ Serving clients in **8** different countries in **14** languages

# Solid performance at Total Soft

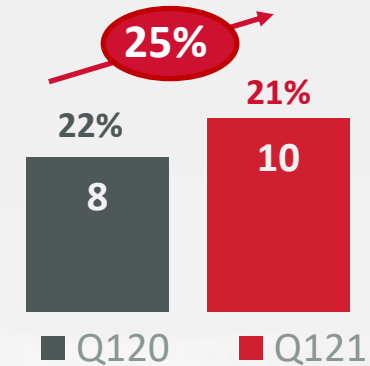
Total Soft-Revenues (TL mn)



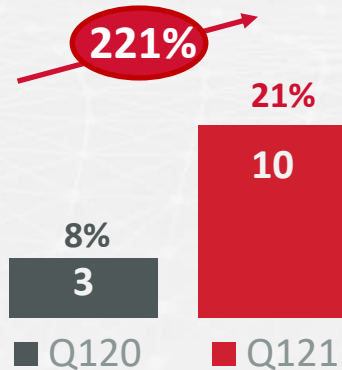
Total Soft-Gross profit (TL mn)



Total Soft-EBITDA (TL mn)



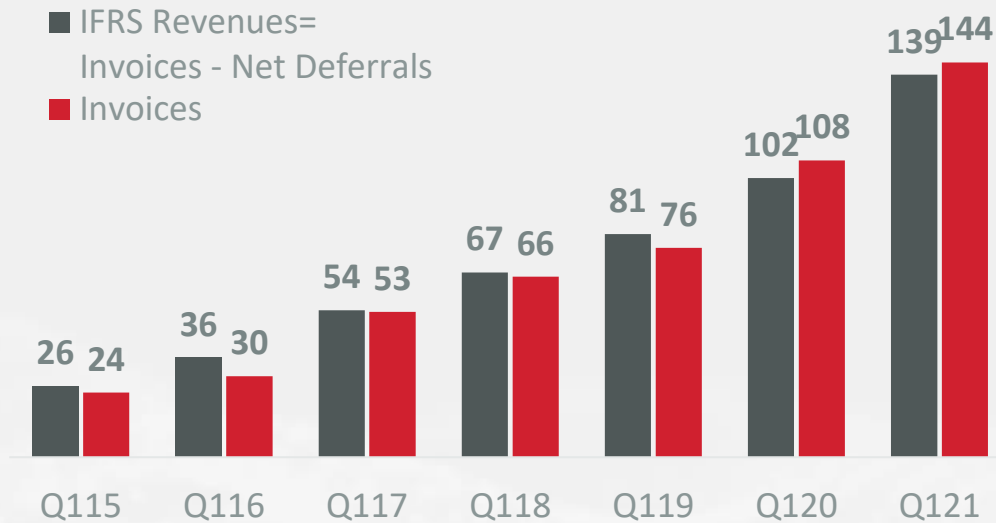
Total Soft-Net Income (TL mn)



- **Revenues** grew by 25% y/y and revenue growth in Euros was -5% y/y
- Gross profit is up by 21% yielding a 48% gross margin
- **EBITDA** went up by 25%, yielding 21% margin
- Q121 **net income margin** reached 21%, with 9,2 TL mn one-off income in relation to the payment received as per the share purchase agreement dated September 2<sup>nd</sup>, 2016.

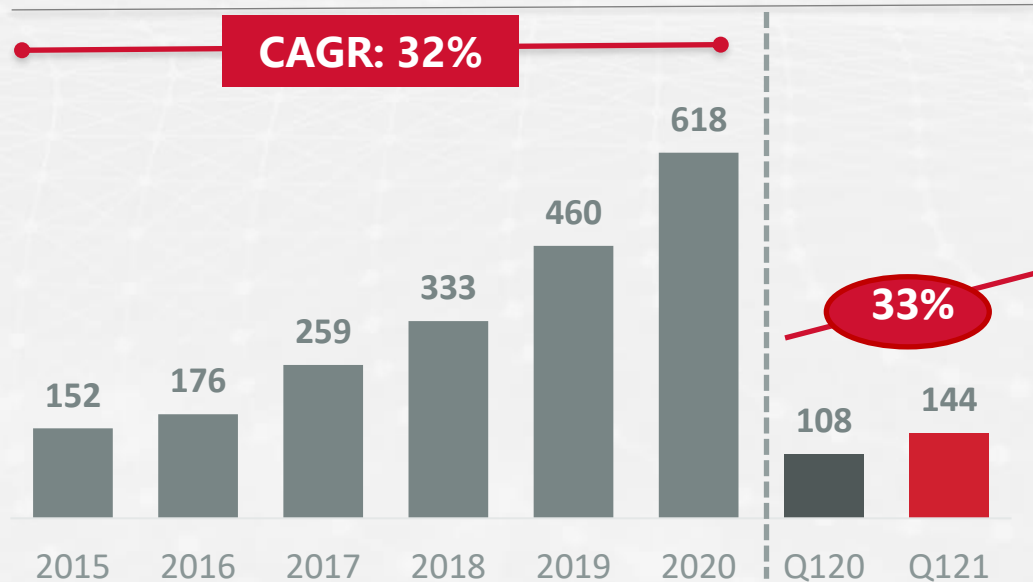
# Invoiced Revenue vs IFRS Revenue (Consolidated)

First Quarter Invoices & IFRS Revenues (TL mn)



- Q1 sales invoice **growth** was **33% y/y**
- **IFRS Revenue growth** was **37%y/y** in Q1

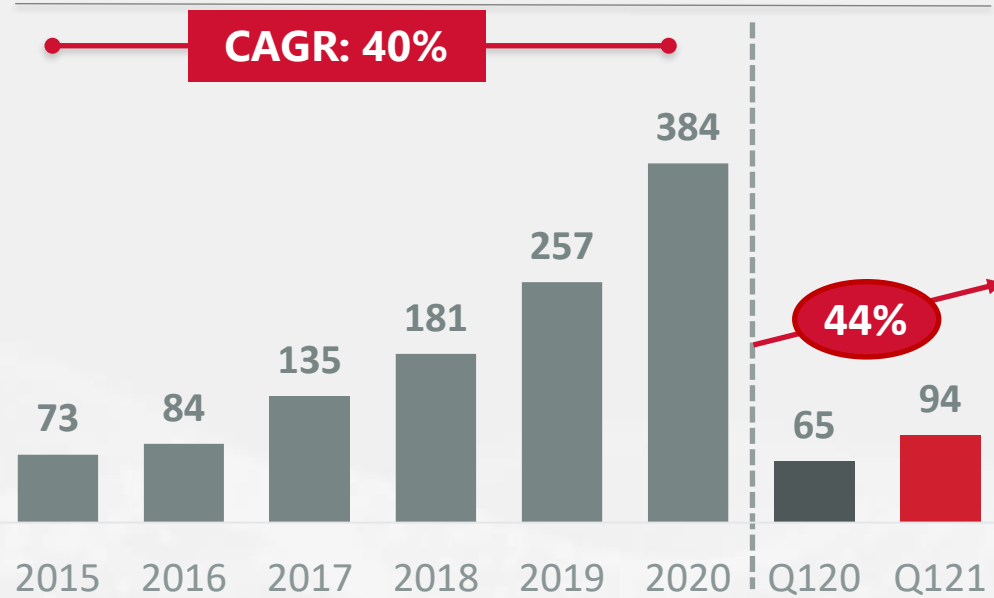
Invoiced Revenues (TL mn)



- In **Turkey**, invoiced revenue was **93,1 TL mn** with 41% increase
- **Total Soft's** invoiced revenue increased by 21% and reached **50,8 TL mn**
- **Recurring** revenues make up **65%** of invoices

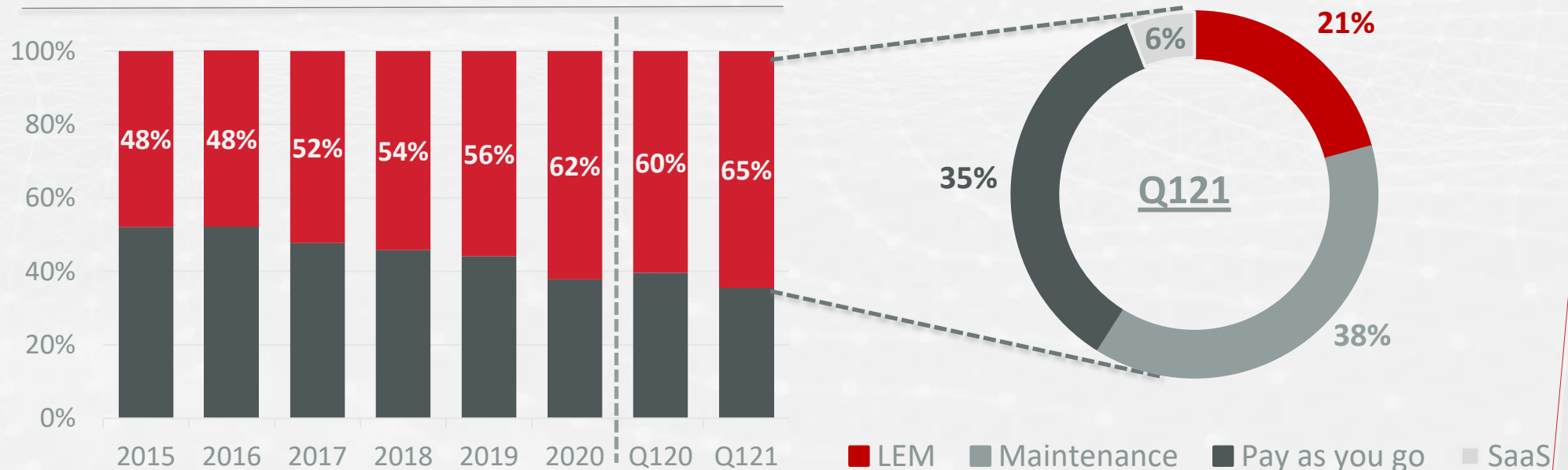
# Recurring Revenue Growth Ensuring Predictability

Consolidated Recurring Invoices (TL mn)



- **LEM** revenues increased by 19% y/y
- **Pay as you go** revenues increased by 63% y/y with strong coin sales.
- **Maintenance** revenues increased by 34% y/y with significant contribution from Total Soft
- **SaaS** revenues increased by 183%

Recurring Invoices/Total Invoices (%)



# Recurring Revenue Growth and Breakdown

	2016	2017	2018	2019	2020	4-yr-CAGR
<b>Invoice revenues (TL mn)</b>	<b>175,8</b>	<b>259,1</b>	<b>333,0</b>	<b>460,1</b>	<b>617,7</b>	<b>37%</b>
One-time	91,6	123,6	152,5	203,0	233,5	<b>26%</b>
<i>share in total</i>	52%	48%	46%	44%	38%	
Recurring	84,1	135,5	180,5	257,2	384,2	<b>46%</b>
<i>share in total</i>	48%	52%	54%	56%	62%	
<b>Recurring invoice revenues (TL mn)</b>						
LEM	46,2	61,4	75,7	97,0	124,7	<b>28%</b>
<i>share in recurring</i>	55%	45%	42%	38%	32%	
Pay-as-you-go	21,7	29,1	39,5	72,7	139,7	<b>59%</b>
<i>share in recurring</i>	26%	21%	22%	28%	36%	
Maintenance	11,3	38,5	57,4	77,1	106,9	<b>75%</b>
<i>share in recurring</i>	13%	28%	32%	30%	28%	
SaaS	5,0	6,5	7,9	10,3	12,8	<b>26%</b>
<i>share in recurring</i>	6%	5%	4%	4%	3%	

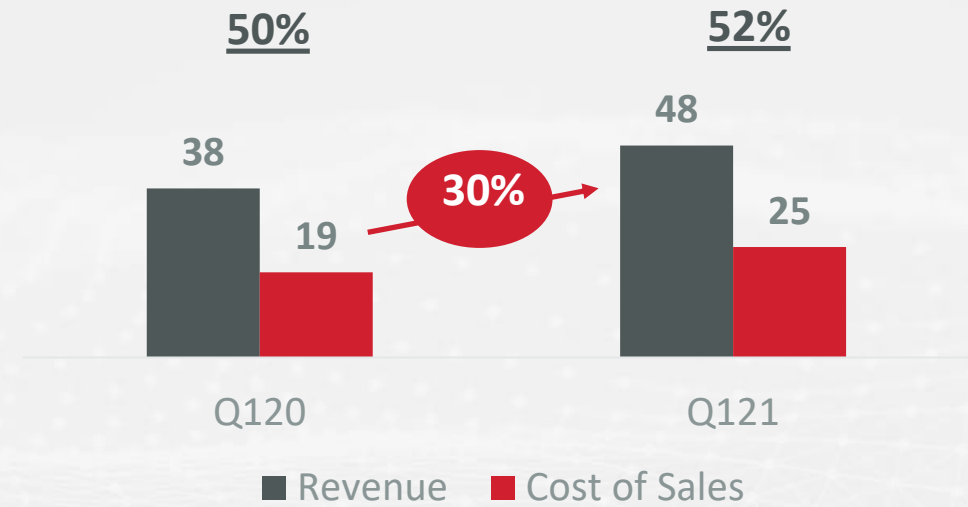
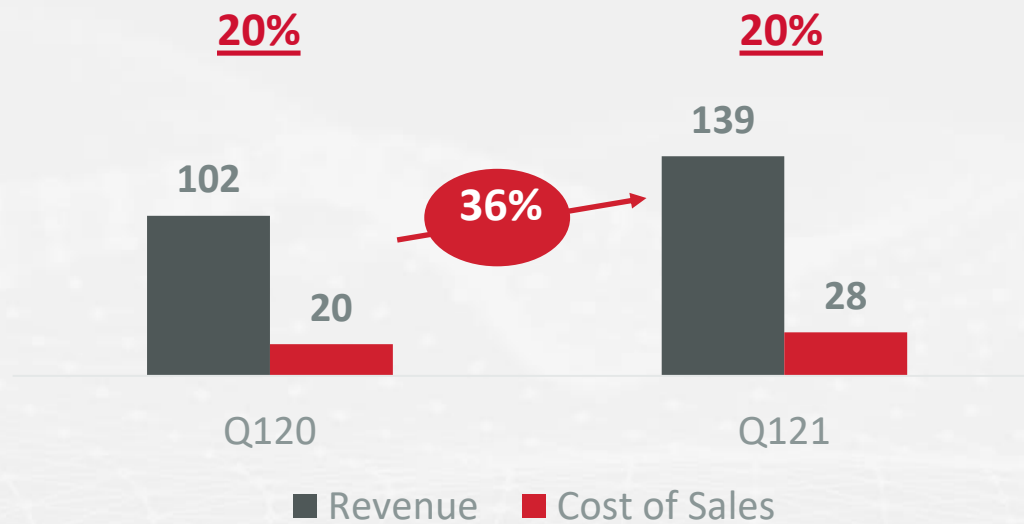
- All recurring revenue streams recorded substantial growth between 2016 and 2020, and recurring revenues' share reached 62% in 2020 ensuring predictability going forward
- E-services' coin sales is the main trigger for pay-as-you-go revenue growth
- Maintenance revenues' major contributor is Romania operations



# Cost of Sales

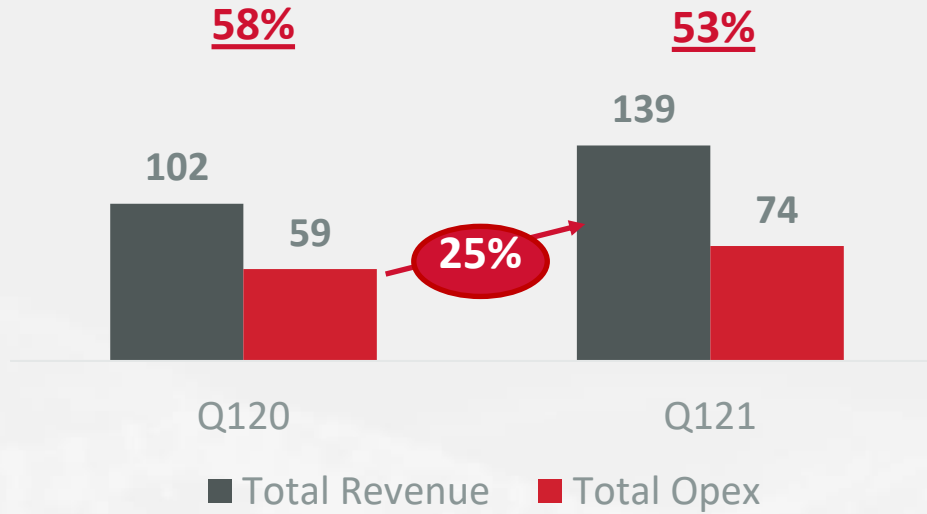
Consolidated (TL mn) – As % of IFRS Revenue

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

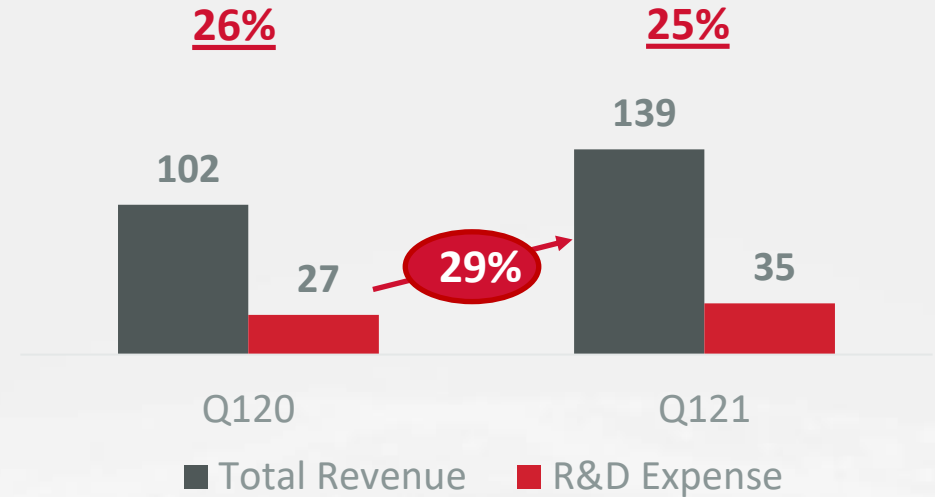


# Operating Expenses

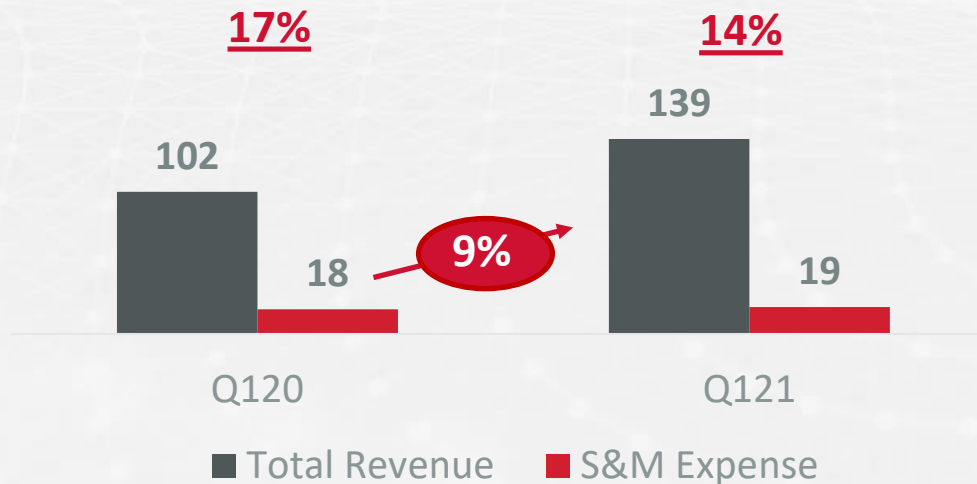
OpEx (TL mn) – As % of IFRS Revenue



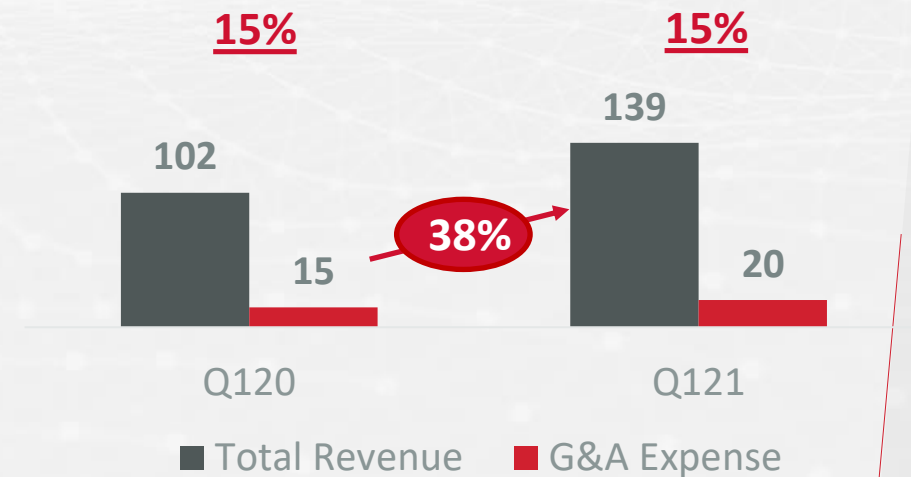
R&D Expenses (TL mn) – As % of IFRS Revenue



S&M (TL mn) – As % of IFRS Revenue

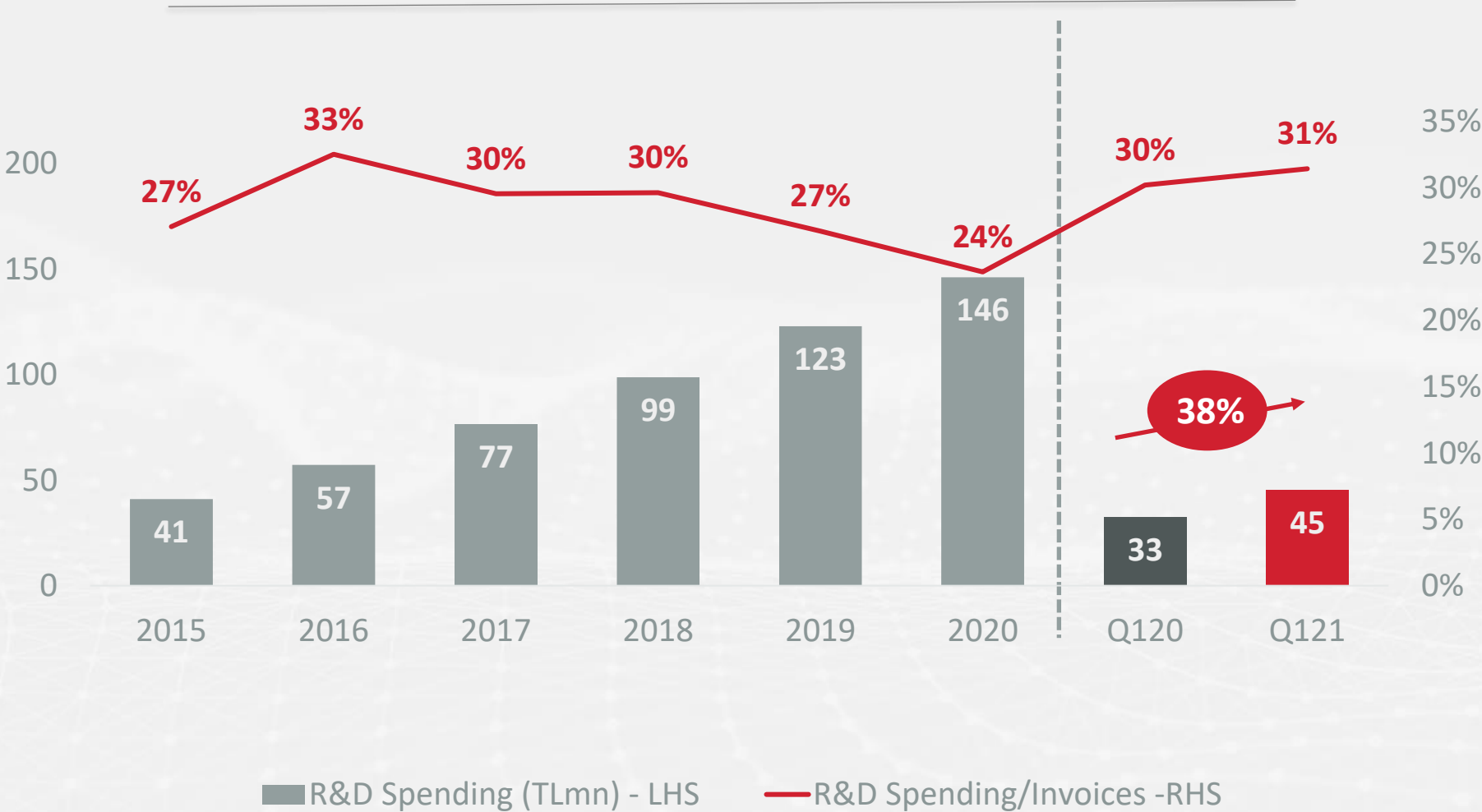


G&A (TL mn) – As % of IFRS Revenue



# Dedicated Investment in Technology

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



# Strong Balance Sheet

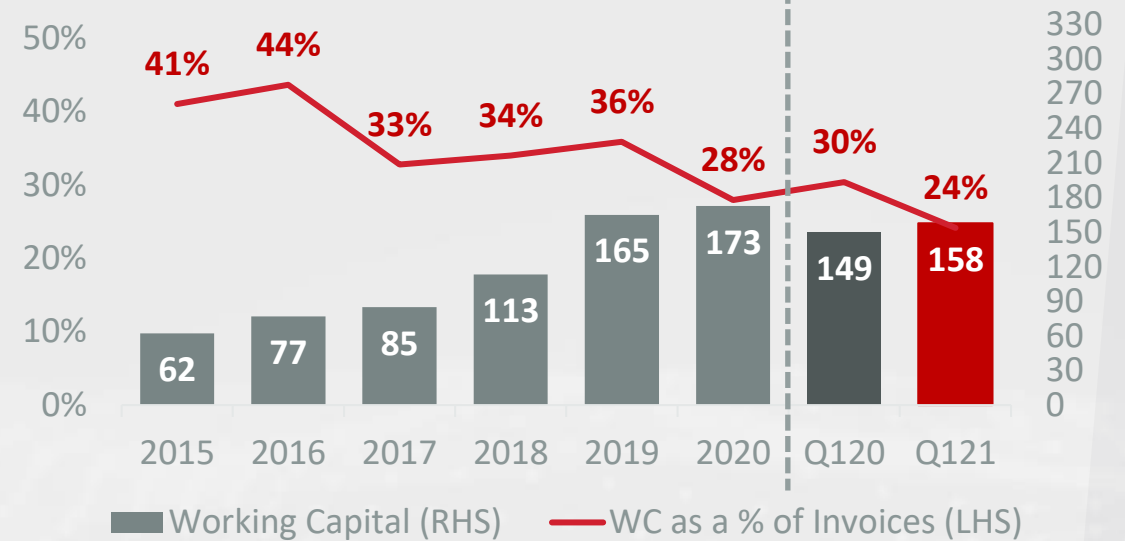
## Balance Sheet Highlights (TL mn)

	2020	1Q21	Δ
Cash & Cash Eq.	293,7	319,1	9%
Trade Receivables	235,7	203,0	-14%
Tangible Assets	19,3	18,9	-2%
Intangible Assets*	470,2	506,8	8%
Other Assets	78,6	85,2	8%
<b>Total Assets</b>	<b>1.097,5</b>	<b>1.133,0</b>	<b>3%</b>
Total Liabilities	559,8	528,7	-6%
Total Shareholders' Equity	537,8	604,3	12%
<b>Total Liabilities and Equity</b>	<b>1.097,5</b>	<b>1.133,0</b>	<b>3%</b>
Shareholders Equity Ratio	0,49	0,53	9%
Current Ratio	1,34	1,53	14%
EPS**	4,75	6,16	30%

\* Includes goodwill

\*\* Adjusted by 3.48% treasury shares

## Working Capital (TL mn)



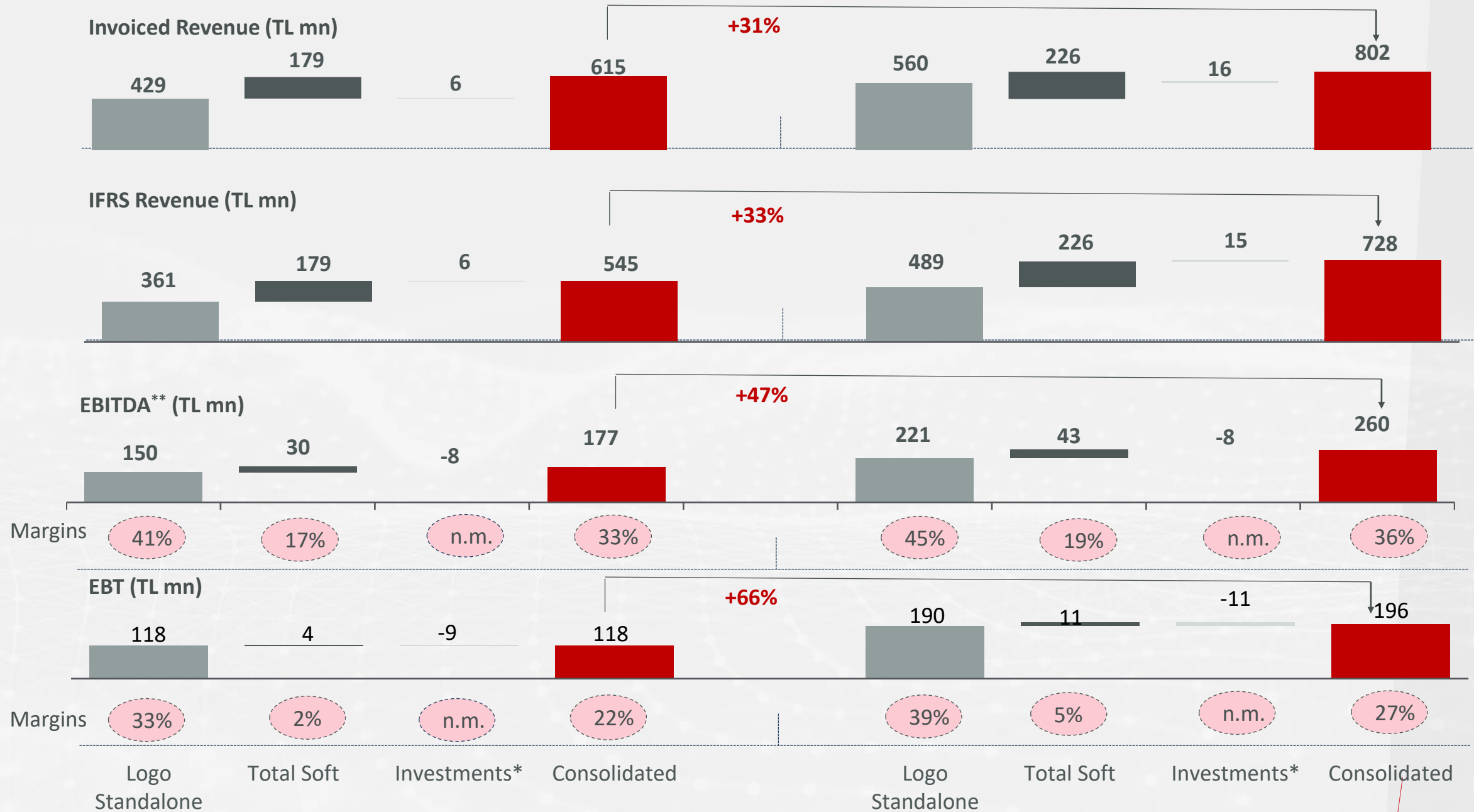
Working capital: Trade receivables + Inventories – Trade payables  
WC/Invoices figures are based on 12-mnth trailing invoices

- Net cash is 161.5 TL mn at end-Q121 (excluding 21.6 TL mn IFRS 16 impact) vs 160.6 TL mn at end-2020 (excluding 19.2 TL mn IFRS 16 impact). Net cash of 297.8 TL mn together with 3.48% treasury shares @Mcap at end-Q121.
- WC is 24% of invoiced revenues, improving from 28% at end-2020.

# 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.)





**LOGO**

**Thank you**