



2023 Year End Results Presentation

MAY 2024



Disclaimer

Capital Markets Board Bulletin No. 2023/81 dated December 28, 2023, announced that issuers and capital market institutions are required to prepare their annual financial statements for the fiscal periods ending on or after December 31, 2023, in accordance with the provisions of IAS 29 inflation accounting.

Accordingly, this presentation regarding the 2023 year-end financial results contain the Company's audited financial information prepared according to Turkish Accounting/Financial Reporting Standards by application of IAS29 inflation accounting provisions.

In addition to this information, given that the guidance information and the 2023 interim financial results announced so far were presented without the application of inflation accounting, in order to enable investors and analysts to conduct a full-fledged analysis, supplementary historical information for selected key performance indicators used in prior periods' investor

presentations were provided. Such supplementary information is made available for this period, and contains unaudited financial information prepared for management reporting purposes.

The information and opinions contained in this document have been prepared for the purpose of providing a consistent and comparable evaluation of our financial performance, under the responsibility of our Company's Board of Directors and managers responsible for financial reporting.

This presentation may contain forward-looking statements reflecting the current views, expectations, assumptions, and forecasts of the Company's management regarding certain future events, using words such as "may," "will," "expect," "believe," "plan," and "anticipate." While the Company believes that the expectations reflected in these forward-looking statements are reasonable under current circumstances, actual results may differ depending on developments and events affecting the

variables and assumptions underlying future expectations and estimated figures.

The Company, its shareholders, members of the board of directors, managers, employees, or any other person cannot be held responsible for any damages that may arise from the use of the contents of this presentation.



2023 Business Overview 1/2

Consolidated Results

- Consolidated **revenues grew by 9% (post IAS 29)**
- Despite 2023 being an investment year, profitability discipline was maintained, with **EBITDA margin of 45%**
- As a result of our investments into the channel ecosystem, we have added **47 new customers and 18 new partners in the year 2023**
- Our international sales constituted 43% of our revenues, with **sales in foreign currency accounting for 62%**



**Strong revenue
and profitability growth**



**47 new customers
and 18 new partners**



**Robust balance sheet
and cash position for
future growth**

Capital Raise

- To accelerate our expansion and enhance our global competitive positioning, **we completed a capital raise process on 18th of December**
- **42.8m TL of equity funding** was generated as a result of the capital raise
- As we enter 2024, **our balance sheet and cash position are robust**, providing substantial support for us to achieve our growth objectives

2023 Business Overview 2/2

Türkiye

- Our **revenues in Türkiye** exhibited **strong growth of 19% post IAS 29**
- Our growth in Türkiye is attributable to **increasing demand for cyber security products and our ability to add 24 new customers**
- Due to innovative new features developed for our infrastructure products, we have also **increased sales with our Telco clients**
- Our performance in Türkiye has been **consistently strong across all three customer segments**: telecom, enterprise, and public sector



19% revenue
growth in Türkiye
(post IAS 29)



Sales in
7 new countries



Cyber-security
exporter of the year
award

International

- Our **international sales, excluding the US**, have shown a **year-on-year growth of 28%** when compared in USD
- In this robust year of expansion, we achieved **sales in 7 new countries**, with particularly notable success in the APAC and CIS regions
- **In the US** in 2023, we strategically **invested in infrastructure and reorganized our sales team to transition to channel sales**. This transition resulted in a 42% decrease in sales in USD terms. The restructuring efforts continue into 2024, with anticipated results beginning to materialize from 2025 onwards
- We are proud to have been **named the "2023 Export Champion" by the Türkiye Cyber Security Cluster**, as a result of our growing international sales
- Our **acceptance into the E-Turquality Stars of Information Technology program** in December will facilitate faster growth in our export volume.



2023 Guidance vs. Results

Before IAS 29 Impact

2023 Guidance

(As announced in FY2022 Results Investor Presentation, dated 5-Mar-23)



Actual Results



55-60%

Revenue Growth

63%



40-45%

EBITDA margin

45%

53-58%

International Sales /
Total Sales

43%



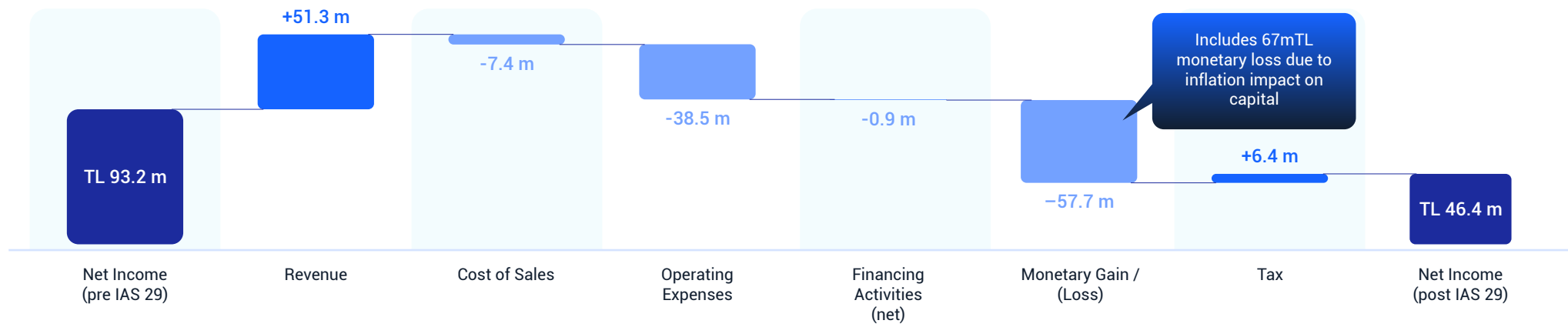
Impact of Inflation Accounting (IAS 29) on Kron's Financials

Operating revenues and expenses are escalated to the year-end value according to inflation index of the respective month

Value of non-monetary assets & liabilities and equity are indexed with inflation (CPI)

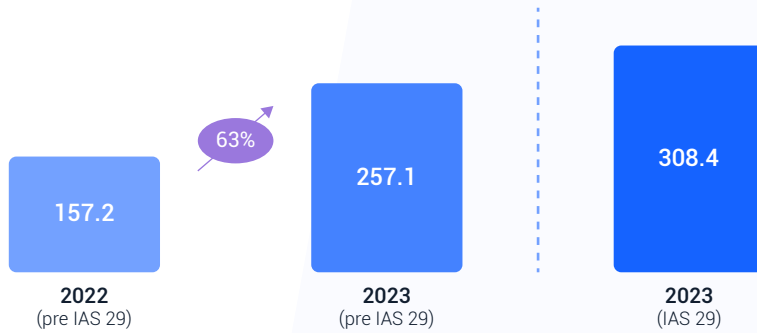
Value of monetary assets & liabilities remain the same

This form of accounting leads to a difference in the balance sheet, impacting net income

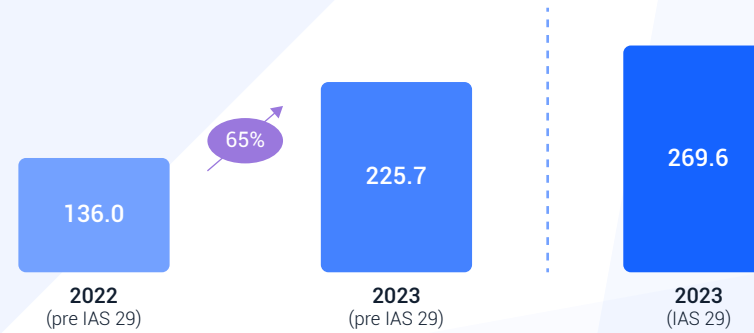


2023 Consolidated Results

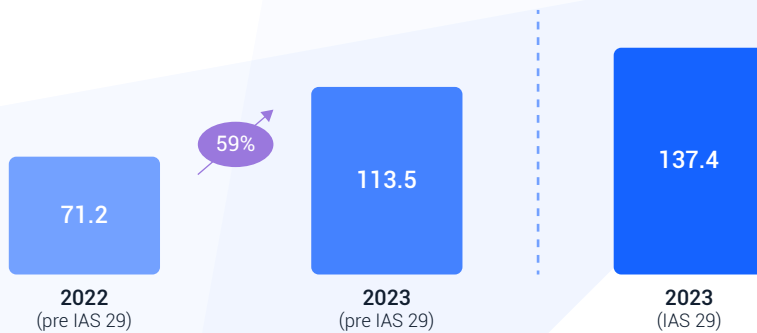
IFRS Revenue (TL m)



Gross Profit (TL m)



EBITDA (TL m)



Net Profit (TL m)



Strong Balance Sheet and Cash Position, Empowering Growth

Net Cash Position (TL m)

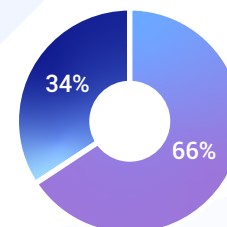


Net Cash Position	2022	2023
Cash and Cash Equivalents	+60.0	+52.9
Financial Investments	+5.8	+7.6
Bank Debt	-57.4	-33.2

Favourable Currency Exposure

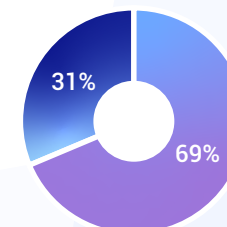
Debt and cash currency breakdown (31 December 2023)

Cash and Cash Equivalents



■ USD ■ TL

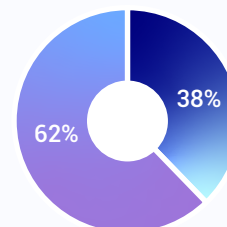
Bank Debt



■ USD ■ TL

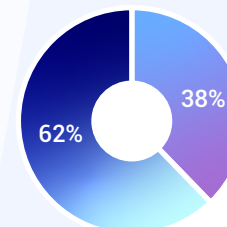
Revenue and cost breakdown by currency

Revenues



■ USD ■ TL

Costs



■ USD ■ TL

2023 Net Cash Position
+27.3m TL

2023 Gross Bank Debt/
EBITDA
0.3x

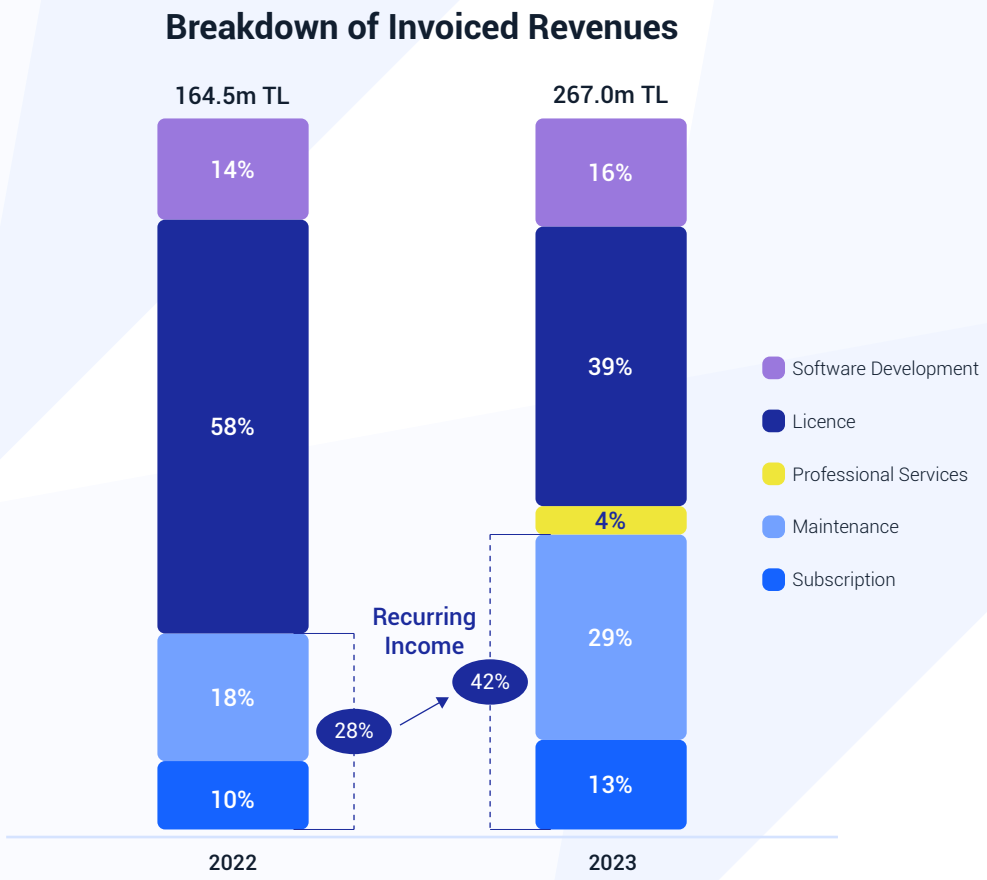
Average USD interest rate of
6-9%

2023 Invoiced Revenues

Invoiced Revenues^(*) (TL m)



Breakdown of Invoiced Revenues



- Software Development
- Licence
- Professional Services
- Maintenance
- Subscription

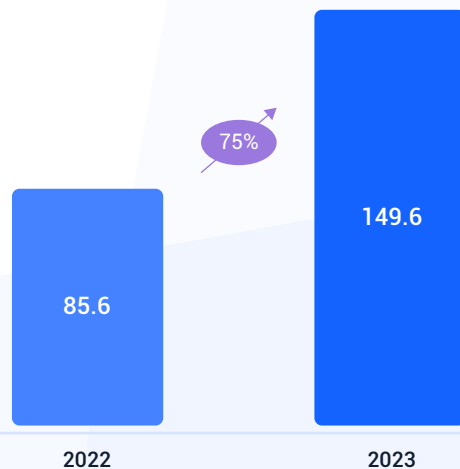
Our invoiced revenues^(*) demonstrated robust growth, with an increase of 62%. Additionally, our recurring revenues grew by 137% and increased to 42% of our total revenue in 2023.

^(*)Invoiced revenues are revenues that have been invoiced within the relevant year but are recognized in the income statement in the same year or in subsequent years, according to IFRS rules. Figures do not include the effect of IAS 29.

Strong Growth in Türkiye

We have achieved **75% growth** in our invoiced revenues in Türkiye and added **24 new customers** to our portfolio

Invoiced Revenues^(*) (TL m)



While solidifying our leadership position in the **TelCo** sector in Türkiye, we also achieved robust growth rates in **Finance and Public** sectors

Growth by Sector



Telco

78,2%



Finance

43,4%



Public

284,5%



Other

33,5%

^(*)Invoiced revenues are revenues that have been invoiced within the relevant year but are recognized in the income statement in the same year or in subsequent years, according to IFRS rules. Figures do not include the effect of IAS 29.

Export Leader in Cyber Security



To achieve sustainable and accelerated growth in the US market, we focused on infrastructure investments to transition our operations to channel-based sales. Despite a temporary 19% decline in sales during this transition phase, we anticipate significant revenue growth upon the completion of this restructuring in 2024



We increased our international revenues by **49%** in total and by **89%** excluding the USA



We generated revenues from **7 new countries**, taking our global footprint to over **30 countries**



We received the **Türkiye Export Champion Award** in the field of cyber security



We planted the first seeds of our growth strategy in the Middle East, by active presence in sector expo's and conferences in the UAE and KSA



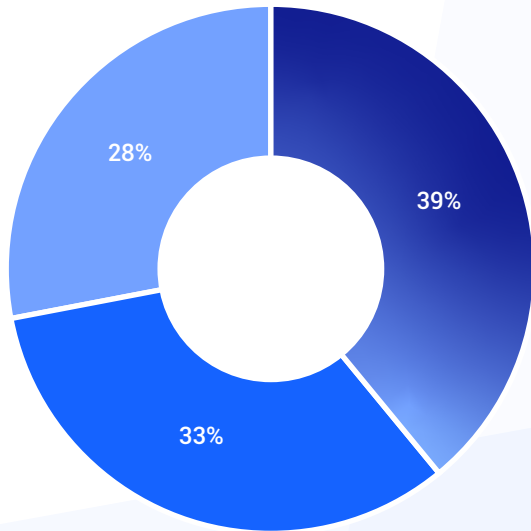
We added **23 new customers to our portfolio** (outside of Türkiye) through our international sales network

⁽¹⁾Invoiced revenues are revenues that have been invoiced within the relevant year but are recognized in the income statement in the same year or in subsequent years, according to IFRS rules. Figures do not include the effect of IAS 29.

2023 Invoiced Revenues

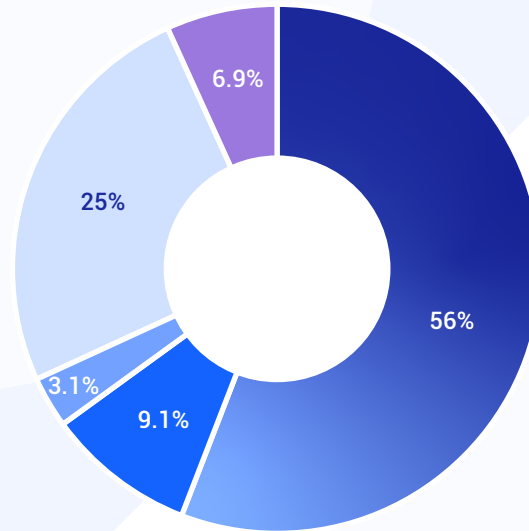
Through our innovative product portfolio, global sales network, and comprehensive solutions tailored to diverse industries, we are increasing our sales performance across all sectors in which we operate

Product Portfolio



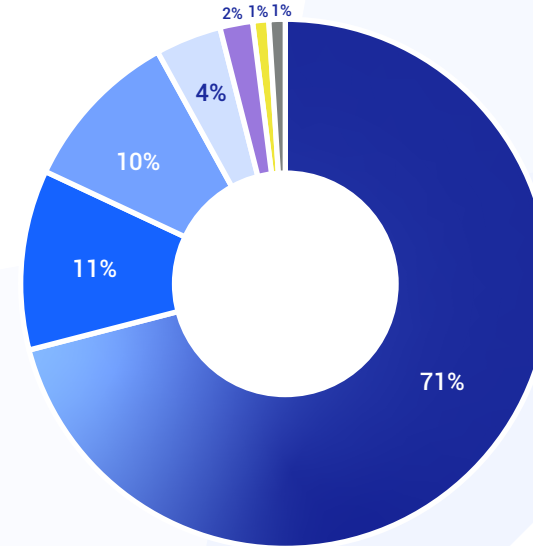
- Identity & Access Management
- Data Security & Management
- Infrastructure Management

Geographic Breakdown



- Türkiye
- Americas
- EMEA
- APAC
- CIS

Sector Breakdown



- Telco
- Financial Institutions
- IT Services
- Public Sector
- Retail
- Energy
- Other

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Our Partner Ecosystem

We are expanding our partner ecosystem globally



We have accelerated our investments to expand and empower our partner network. We have laid the foundations for our renewed **Partner Portal and Partner Program**, which will be launched in 2024

We activated **18 new partners** in 2023, and reached a total of **170+ channel partners** in our ecosystem

In 2023, we reached **96 clients** through our partners

We have launched our PAM product in the **Microsoft Azure** marketplace



Our Strategic Priorities 1/2



Deepening relationships with our existing customers

- We aim to deepen our relationships with our 250+ existing customers and increase revenue with focus on license expansions and cross-sell of adjacent products
- We firmly believe that by introducing our latest data security and management solutions to customers currently utilizing our Privileged Access Management (Kron PAM) product, we can significantly deepen our customer penetration



Expanding our global presence and adding new customers

- In 2023, we acquired 47 net new customers globally
- The Total Addressable Market (TAM) for our products is quite extensive, presenting significant potential both in Türkiye and in our international markets
- We are committed to growing our customer base, with a particular focus on finance, public and enterprise sectors
- We aim to enhance our presence in the 30 countries we currently operate and invest in new geographies, to further increase our international sales, which currently stands at 43%



Investing in our partner ecosystem

- The cornerstone of our growth strategy lies in the expansion of our sales channels
- Our partner ecosystem consists of distributors, value-added resellers (VARs), managed service providers (MSSP/MSP), system integrators, and marketplaces
- We aim to foster growth both in the quantity and effectiveness of our partners, which currently stand at 170
- As our partner ecosystem expands, we plan to implement targeted sales and marketing strategies through our channels
- We are developing comprehensive training and support programs for our partners, to enable successful onboarding and revenue generation
- With the anticipated launch of our new Partner Portal in the first half of 2024, we aim to consistently evaluate performance and pipeline, driving the efficiency of our channel sales efforts

Our Strategic Priorities 2/2



Increasing sales through our Service-as-a-Software (SaaS) solution

- We continue our efforts to offer our products more widely through the Service-as-a-Software (SaaS) model
- Increasing sales via the SaaS approach will enhance the accessibility, ease of use and customer satisfaction of our Kron PAM product in the cloud environment, and will play a pivotal role in driving the growth and scalability of our company



Artificial Intelligence and Machine Learning

- By integrating artificial intelligence and machine learning technologies into our products, we aim to offer smarter and more secure solutions
- In recent years, we have conducted extensive R&D to enhance our products through artificial intelligence and machine learning technologies. As a result, we have added AI based user behavior analysis and keyboard usage analysis features to our Privileged Access Management product, Kron PAM
- Our commitment to integrating artificial intelligence and machine learning technologies extends to our Telemetry Pipeline product in the field of data management
- We are focused on developing and integrating innovative solutions that will provide a competitive edge in data analytics



Expanding our product offering in Data Security and Data Management

- Data is growing at a staggering pace, which is driving new challenges in data security and management for our customers
- We continue our intensive R&D efforts to expand our offering in Data Security and Data Management field
- Specifically, we plan to increase sales and marketing activities of our newest and innovative data solution, Telemetry Pipeline, with the aim of making it available to all customers, especially financial institutions

2024 Guidance



Revenue Growth

(before IAS 29)

65-70%



EBITDA Margin

(before IAS 29)

40-45%

Appendix



2023 Audited Financial Statements

Income Statement

TL	2022 (IAS 29)	2023 (IAS 29)	Change %
Net Sales	284.059.832	308.389.495	9%
Cost of Sales	-40.489.384	-38.787.244	-4%
Gross Profit	243.570.448	269.602.251	11%
Gross Profit Margin	86%	87%	
Operating Expenses	-146.792.608	-169.177.952	15%
Operating Profit	96.777.840	100.424.299	4%
Amortisation	35.704.224	36.975.427	4%
EBITDA	132.482.064	137.399.726	4%
EBITDA Margin	47%	45%	
Financial Expenses, Net	-8.395.222	-6.502.387	-23%
Monetary Gain / (Loss)	-82.832.002	-57.679.976	-30%
Profit Before Taxes	5.604.840	38.855.988	593%
Tax Income / (Expense)	-15.797.994	7.514.311	-148%
Profit / (Loss)	-10.193.154	46.370.299	N/A
Profit Margin	N/A	15%	



2023 Audited Financial Statements

Balance Sheet

TL	2022 (IAS 29)	2023 (IAS 29)	Change %
Cash and Cash Equivalents	60.026.850	52.920.460	-12%
Financial Investments	5.773.893	7.630.080	32%
Trade Receivables	157.327.067	196.968.713	25%
Inventory	2.491.879	1.857.531	-25%
Net Fixed Assets	5.650.518	12.780.236	126%
Intangible Assets	153.902.264	177.299.236	15%
Deferred Tax Assets	0	1.686.091	100%
Total Assets	410.768.263	496.596.886	21%
Short-Term Financial Liabilities	58.319.073	33.695.668	-42%
Trade Payables	14.972.423	4.047.938	-73%
Total Liabilities	182.821.600	183.918.490	1%
Equity	227.946.663	312.678.396	37%
Total Equity + Liabilities	410.768.263	496.596.886	21%





Thank you.

MAY 2024