



3Q 2024 Interim Activity Report

01.01.2024 - 30.09.2024



TABLE OF CONTENTS

0 1	KRON AT A GLANCE 03 About Kron 05 Shareholder Structure
0 2	CORPORATE GOVERNANCE 07 Kron Board of Directors 09 Committees 10 Executive Committee 10 General Assembly 11 Members of Senior Management
0 3	KRON IN 2024 13 Interim Activities and Financial Results 14 Key Financial Indicators Summary



KRON
AT A GLANCE

01

ABOUT KRON

Kron Technologies stands out as a leading technology company in the cybersecurity sector, offering a broad suite of access and data security products. Reputable research institutions like Gartner and KuppingerCole have recognized Kron as one of the world's leading access and data security companies. Serving more than 1000 projects across 30 countries, the company has been listed on the Borsa Istanbul (BIST: KRONTE) since 2011 and operates globally through offices, distributors, and partners across 6 continents.

Kron Technologies, established in 2007 to provide software solutions to telecommunications operators, expanded its focus in 2012 to include operational efficiency and cybersecurity solutions for service providers, financial institutions, and large enterprises. Addressing infrastructure, operational, and security challenges in digital transformation—a top priority for all organizations—has been a core value of Kron's innovative approach.

Kron's competitive edge lies in its talented engineering team, which works within a non-hierarchical structure to foster a collaborative, creative environment. The company is driven by the values of speed, reliability and quality, while maintaining an emphasis on human needs and flexible work environments.

The growing demand for advanced technology, driven by heightened security needs, regulatory changes, and cyber-attacks, motivates Kron Technologies to innovate continuously. The company is committed to developing next-generation technology at its 3 R&D centers in Turkey while expanding its global footprint.

To broaden its reach, the company is increasing investment in partner channels as part of its 2024 strategy. With support from its main offices in Turkey and the United States, Kron Technologies continues to expand globally, remaining committed to core values such as customer proximity, a deep understanding of customer needs, and timely service delivery.

As of September 30, 2024, the total number of employees at Kron Technologies is 161. (31 December 2023: 130)



Corporate Information

Corporate Name

Kron Teknoloji Anonim Şirketi

Headquarter

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Ankara Branch

Bilkent Cyberpark, C-blok, K:3 No:321, Bilkent - Ankara

İzmir Branch

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Kron Technologies US

3 2nd Street Suite 201, Jersey City, NJ,07302, USA

Trade Registry Number

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Web Adress

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E-Mail Adress

yatirimci@krontech.com

Listing Venue

Borsa İstanbul

Listing Date

27 Mayıs 2011

Ticker

KRONT

Market

Bist Main

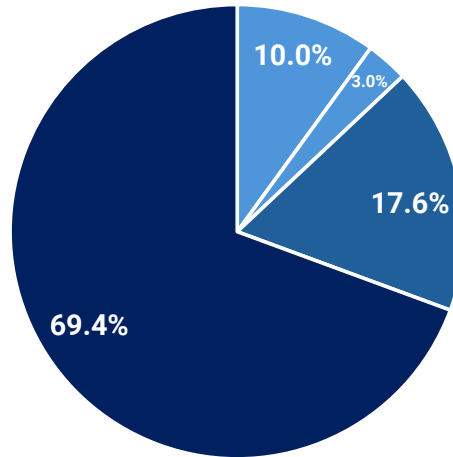
SHAREHOLDER STRUCTURE

Kron's paid-in capital is 85,611,078 TL and consists of 85,611,078 shares with a nominal value of 1 TL.

As of September 30, 2024, the company's shareholder and capital structure is as follows:

SHAREHOLDER	SHARE GROUP	NUMBER OF SHARES
ZEYNEP YENEL ONURSAL	A	● 8,561,112
ZEYNEP YENEL ONURSAL	B	● 2,568,332
LÜTFİ YENEL	B	● 15,082,168
FREE FLOAT	B	● 59,399,466
TOTAL		85,611,078

SHAREHOLDING



SUBSIDIARIES

COMPANY NAME	HEADQUARTER	EQUITY STAKE PERCENTAGE
KRON TECHNOLOGIES US	NEW JERSEY - USA	100%



CORPORATE GOVERNANCE

02

BOARD OF DIRECTORS

The Chairman and members of the Board of Directors are vested with the powers set forth in the relevant articles of the Turkish Commercial Code and Articles 10 and 11 of the Company's Articles of Association. Our Board of Directors consists of 6 members, and their term of office is 3 years. The members of the Audit Committee are vested with the powers set forth in Article 25 of the Communiqué (II-17.1) of the Capital Markets Board and Communiqué Series: X No: 22, and the provisions of the relevant legislation of the Capital Markets Board.



LÜTFİ YENEL

Chairman

Lütfi Yenel, founder of Kron, serves as the Chairman of the Board of Kron. Previously, Yenel was Alcatel-Lucent Turkey's Chairman and CEO and Alcatel-Lucent International's Vice President responsible for Turkey, CIS and Middle East regions. He joined Alcatel in 1995, and left Alcatel before Kron was founded.

Prior to Alcatel, he served as Chairman and CEO of Vestel and a member of the Board of Directors of Sansui / Japan. Lütfi Yenel has held a number of Board Membership positions in leading institutions including Sabancı Holding, Turkish Industry and Business Association (TUSİAD), International Investors Association (YASED), Turkey Quality Association (KALDER) (Vice Chair) and International Chamber of Commerce (ICC) Electronic Commerce and Telecom Committee. Lütfi Yenel holds a master's degree in Electronic Engineering and Business Administration.

Ayşe Yenel earned a Bachelor of Science Degree in Industrial Engineering from Lehigh University. She started her career at JP Morgan Chase in the United States back in 1999. After holding various positions in Credit Analytics and Strategy Management she left JP Morgan as Vice President of Credit Cards Business to move to Turkey.

In 2004, Ayşe joined HSBC Turkey to form the Retail Credit Analytics team. She worked under the Risk Function in a number of roles for 10 years including Chief Risk Officer for the Retail Bank. She moved to Retail Banking as Chief Operating Officer in 2014. Ayşe was appointed as Assistant General Manager of HSBC Turkey responsible from Wealth and Personal Banking in 2017. Additionally, Ayşe served as Vice Chairperson of HSBC Portföy Yönetimi A.Ş.

Ayşe joined Kron Technologies in 2023 and currently serves as Executive Committee Chair and Vice Chairperson of the Board.



AYŞE YENEL

Vice - Chairperson



ZEYNEP YENEL ONURSAL

Board Member

Zeynep Yenel Onursal graduated from the University of Pennsylvania, Wharton School with a Bachelors in Science Degree in Finance. Zeynep started her career in 2007 at Goldman Sachs in New York. Between 2010 and 2016, she held various leadership positions in the Leveraged Finance, M&A and Financial Sponsors Groups at Goldman Sachs in London. In 2016, Zeynep assumed Country Head responsibility for Goldman Sachs in Turkey as Managing Director. She held this role until 2023.

In addition to her career in finance, Zeynep serves on the board of the American Turkish Society (ATS) to help enhance business and cultural ties between the US and Turkey.

Zeynep joined Kron Technologies in 2023 and currently serves as Vice Chair of the Executive Committee and a Board member.

Emre Baran is an entrepreneur and a software executive with 20+ years of experience in both B2B and B2C product areas. He is currently the co-founder and CEO of Cerbos; a plug-and-play authorization service for software.

Emre was the co-founder and CTO of Yonja.com, Turkey's largest social network in the mid 2000s. After getting his MBA, he joined Google as a senior product manager.

After Google, Emre and his three former colleagues founded Qubit. During his 10 year tenure, as the CTO and a board director, Emre was responsible for the product development and technology of Qubit throughout different phases of the company's development.

Emre is an angel investor and advises various early-stage companies and entrepreneurs. He also is an Expert-in-Residence at Seedcamp; Europe's leading seed stage investor. He holds degrees in Economics and Computer Science from the University of Pennsylvania and an MBA from INSEAD.



EMRE BARAN

Board Member



ZEYNEP TOKMAN CESUR

Independent Board Member

Zeynep Tokman Cesur is a graduate of the Department of Sociology and International Relations at Middle East Technical University (ODTÜ). She completed her MBA at Purdue University.

Her career began in 2000 at Hewlett Packard, where she undertook various roles in the marketing and human resources departments. Cesur has also held high-level marketing positions at companies such as Sabancı Holding, Microsoft, Adobe, PayCore, and Dassault Systems.

She has also engaged in voluntary work for YenidenBiz, a social responsibility platform aimed at increasing women's participation in the workforce.

Yavuz Suat Bengür graduated from Middle East Technical University, Department of Electrical Engineering, Communication-Microwave group in 1981, and started to work as an R&D engineer at ASELSAN in the same year. Mr. Bengür completed his master's degree in Electrical and Electronics Engineering at Middle East Technical University in 1985. He took multiple roles at ASELSAN between 1992-2017 respectively as Communications Electronic Warfare System Engineering Manager, Defense Programs Business Development Manager, Naval Combat Systems Program Director, Naval Systems Program Director, founding President of Transportation, Security, Traffic/Automation and Energy (UGES) Sector Presidency, and Deputy General Manager. Mr. Bengür designed and managed numerous projects at ASELSAN.

During the period of October 2017-July 2018, Mr. Bengür assumed duties as ASELSAN's Board of Directors Consultant and Deputy Chairman of the Board of Directors of the "ASELSAN Middle East-AME" company in Jordan. He retired from ASELSAN in July 2018. Then he served on the Board of Directors of the Turkish Electronics Industrialists Association (TESID) in the 2016-2018 period. Mr. Bengür still works as the General Secretary of TESID and works as a part-time lecturer at the Faculty of Engineering at Çankaya University.



YAVUZ SUAT BENGÜR

Independent Board Member

COMMITTEES

Structure and Independence of Committees Established by the Board of Directors

In accordance with the applicable regulations of the Capital Markets Board (CMB), an Audit Committee, a Corporate Governance Committee, and a Committee for Early Detection of risk have been established in our company to ensure that the Board of Directors fulfills its duties and responsibilities properly. It was decided that the duties of a separate Nomination Committee and Remuneration Committee, as stipulated in the Corporate Governance Principles, will be carried out by the Corporate Governance Committee.

Audit Committee

NAME	ROLE	INDEPENDENCE
Yavuz Suat Bengür	Committee Chairperson	Independent
Zeynep Tokman Cesur	Member	Independent

The Audit Committee takes all necessary measures to ensure that all internal and independent external audits are conducted sufficiently and transparently, and fulfills the duties assigned by the Capital Markets Legislation. The working principles of the committee have been determined in accordance with the CMB Corporate Governance Principles and disclosed on the company's website. The committee consists of two independent board members. During the Third Quarter of 2024, one meeting was held.

Corporate Governance Committee

NAME	ROLE	INDEPENDENCE
Yavuz Suat Bengür	Committee Chairperson	Independent
Lütfi Yenel	Member	Not Independent
Onur Çelik	Member	Not Independent

The Corporate Governance Committee is responsible for monitoring compliance with the Corporate Governance Principles, investigating how well these principles are implemented within the company, identifying reasons for non-implementation, and determining any issues and conflicts of interest arising from partial implementation. The committee also fulfills the duties of the Nomination and Remuneration Committees. Its duties and working principles have been determined by the Board of Directors, documented, and disclosed to the public. During the Third Quarter of 2024, the committee fulfilled its stated duties. It consists of two non-executive board members and the head of the investor relations unit, with Yavuz Suat Bengür serving as the Chairperson, who holds independent status. The committee has met twice in 2024 and has reported to the Board of Directors twice.

Committee for Early Detection and Management of Risks

NAME	ROLE	INDEPENDENCE
Zeynep Tokman Cesur	Committee Chairperson	Independent
Lütfi Yenel	Member	Not Independent

The Committee for Early Detection of Risks advises the Board of Directors on matters that could impact the company's operations. These matters include identifying, a defining, prioritizing, monitoring, and reviewing risks and opportunities in strategic, financial, or operational areas; calculating their impact and probability; managing these risks and opportunities in line with the company's risk profile and appetite; and reporting and considering them in decision-making mechanisms.

The committee was established by the board and fulfilled its duties in the Third Quarter of 2024, reviewing the company's risk management system and presenting its report to the board. The committee chairperson is an independent board member and consists of two non-executive members. One meeting was held during the Third Quarter of 2024.

EXECUTIVE COMMITTEE

In accordance with the authority granted to our Board of Directors pursuant to the first paragraph of Article 367 of the Turkish Commercial Code and Article 11 of our Company's articles of association, a decision was made on 21/02/2024 to establish an Executive Committee. This committee will be responsible for and authorized to handle principal matters not requiring a decision directly from the Board of Directors or the General Assembly. The structure of the committee and the duties and responsibilities of the Executive Committee members have been regulated through internal guidelines, and our company's Executive Committee has been formed as follows:

- Executive Committee Chairperson: Ayşe Yenel, Vice-Chairperson of the Board
- Executive Committee Vice-Chairperson: Zeynep Yenel Onursal, Board Member
- Executive Committee Member: Mete Sansal, General Manager
- Executive Committee Member: Fuat Altıoğlu, Deputy General Manager, Finance

GENERAL ASSEMBLY

Our company held an Extraordinary General Assembly on April 16, 2024, and the 2023 Annual Ordinary General Assembly on June 5, 2024

The minutes of the General Assembly meeting were published on the Public Disclosure Platform (KAP) and our company's website the same day, informing investors.

MEMBERS OF SENIOR MANAGEMENT



METE SANSAL
CEO



FUAT ALTIOĐLU
CFO



SERDAL YILDIZ
CTO



MEHMET İLGAZ
CPO



KEVIN MARVIN
General Manager, North America



SERHAT ÜMİT ÇELİK
Türkiye Enterprise
Sales Director



LEVENT ARS
MEA & APAC
Sales Director



MANOJ PANCHAL
MEA
Region Director



ONUR SEMİH SEVİM
WEU & LATAM
Sales Director



MEHMET A. TANSAL
Turkcell Group
Sales Director



BERKAY MEKER
Turk Telekom Group
Sales Director



BORA DÖNMEZ
Türkiye Government & Finance
Sales Director



PINAR GÜNGÖR BİLGİN
Project Management Office
Director



CANEL GÜRGEN ARCAĞ
HR Director



AHMET CEMAL AKGÜN
Marketing & Channel
Management Director



JEN WALTZ
North America
Alternate Channel Director



ERHAN YILMAZ
PAM Product Management
Director



BARAN BARUT
Telco Solutions
Director



AKIN KÜÇÜK
Software
Development Director



SİNAN KESKİN
Software
Development Director



HAKAN OTAL
Operation & Delivery
Director



ERTÜRK VAROL
Cyber Security Operations & Delivery
Director



ALİ ORKUN DUMURCAKLI
Cyber Security Solutions
Director



EVĞİN DUYARLI
Cyber Security Solutions
Lead



KRON IN 2024

03

MID-TERM ACTIVITIES and DEVELOPMENTS

As Kron Technology, we continue to strengthen our pioneering role in the sector with our innovative solutions in data security and cybersecurity. We are committed to providing reliable and effective solutions that meet our clients' needs through our achievements and strategic projects both domestically and internationally.

- Our project, "DEVELOPMENT OF A SCALABLE AND INTEGRATED PLATFORM FOR PROCESSING TELEMETRY DATA," which we submitted to the Ministry of Industry and Technology under the 1501-Industrial R&D Support Program, has been approved for funding. This support will accelerate our R&D efforts, helping us to make a broader impact in the sector. This product aims to ensure that organizations manage security and infrastructure monitoring data (e.g., logs) in the most efficient and vendor-independent manner, integrating with other tools as needed. Additionally, it aims to enable clients to control their data infrastructure independently of the vendors.
- Kron's Database Access Management and Dynamic Masking product has been recognized in Gartner's Market Guide for Data Masking and Synthetic Data, making it the second Kron product to be featured by Gartner outside of PAM. This achievement is significant for increasing the market visibility of Kron's data security solutions. Regulatory frameworks such as GDPR, CCPA, and HIPAA make it mandatory for organizations to protect personal and sensitive data, and an increasing number of companies are opting for these solutions every day.
- Kron Technology received first place in the "Data Security Turkiye-Based Vendor" category at this year's 25th ICT 500 Awards. Winning this award for the fourth time as a Turkey-based producer fills us with pride and highlights our leading position in the data security software sector, which we consider highly important.
- Kevin Marvin has been appointed as the General Manager responsible for Kron Technology's North American operations. With his extensive knowledge and strategic growth skills, we aim to strengthen our presence in the North American market. Marvin has previously held leadership and sales positions at global companies like Dell-EMC, Check Point Software Technologies, and Netwrix Corporation.
- The Ministry of Transport and Infrastructure published its National Cybersecurity Strategy and Action Plan for 2024-2028 in the third quarter. This action plan serves as a roadmap for securing our country's digital future. Our cybersecurity products, especially PAM, play a critical role in achieving these strategic goals.



- During the Public Cybersecurity Day Event organized by the Turkish Cyber Security Cluster, we informed participants from various public institutions about our products.
- We participated as a Gold Sponsor in CYSEC GLOBAL UAE, one of the prominent events in the global cybersecurity ecosystem held in Abu Dhabi. At the event, our Executive Committee Chair Ayşe Yenel delivered a speech titled "Strengthening Digital Defenses: Addressing Enterprise Cybersecurity Challenges with PAM," emphasizing the importance of PAM solutions in cybersecurity. Additionally, our participation in CYSEC allowed us to establish close connections with numerous partners and potential customers in the region.
- We were a Silver Sponsor at ENBANTEC Cybersecurity Conference, one of the prestigious events in the EMEA region. At this event, our Corporate Business Unit Sales Director Ümit Çelik presented on "New Frontiers in Cybersecurity: PAM and Secure Remote Access."
- We also attended our Cloud Access Security Partner İşNet's 25th-anniversary event as a bronze sponsor.

KEY FINANCIAL INDICATORS SUMMARY

Prepared in accordance with IAS 29

SUMMARY INCOME STATEMENT	30.09.2024	30.09.2023
Net Revenue	218,382,922	248,001,474
Gross Profit	183,876,465	213,674,907
Operating Expenses	-176,750,586	-160,224,542
Other Income / Expenses from Operating Activities, Net	18,264,454	36,734,651
Operating Profit / Loss	7,125,879	53,450,365
Financial Income / Expenses, Net	3,601,773	-7,379,085
Net Monetary Positions Gains/Loss	-57,480,333	-48,655,352
Profit / Loss Before Taxes	-44,767,786	-286,281
Deferred Tax Income / Expense	7,864,086	-4,885,205
Profit / Loss from Continuing Operations	-36,903,700	-5,171,486
EBITDA	50,234,352	88,048,446

PROFITABILITY RATIO	30.09.2024	30.09.2023
Gross Margin	84%	86%
Operating Profit Margin	3%	22%
EBITDA Margin	23%	36%

Our consolidated revenues for the first nine months of 2024, after IAS 29 adjustments, decreased by 12% compared to last year, reaching 218 million TL. In this period, international sales constituted 38% of total revenue, with foreign currency-based sales accounting for 52% of total sales.

Our gross profit declined by 14%, from 213.7 million TL to 183.9 million TL, compared to the previous year. This decrease was primarily due to the fact that a significant portion of our sales are either foreign currency-based or indexed to foreign currency, and the currency appreciation rate remained below the inflation rate during the same period.

Additionally, our strategy of increasing subscription sales within our sales model, which is a core element of our strategy, has led to a short-term drop in revenues, but it represents a significant development for the predictability and sustainability of our revenues in the medium to long term.

Our operating profit fell from 53.5 million TL in the same period last year to 7.1 million TL. Financial Income/Expenses showed an improvement compared to last year due to the repayment of a large portion of our loans, shifting from a 7.4 million TL loss to a 3.6 million TL gain.

EBITDA decreased by 43%, from 88 million TL to 50.2 million TL.

In the first nine months of 2024, our subscription-based revenues accounted for 26.5% of our total invoiced revenues, significantly higher than last year's level of 9.6%. This demonstrates the strategic success of our transition to a recurring revenue model and our commitment to increasing customer loyalty. The rise in our subscription revenues also contributes to a more stable cash flow. In the third quarter of 2024, our balance sheet structure continued to strengthen.

Our net cash position, which stood at 37.1 million TL in December 2023, increased to 68.1 million TL during this period. We reduced our bank debt from 45.1 million TL to 21.9 million TL, significantly lowering our debt ratio.

KEY FINANCIAL INDICATORS SUMMARY

Prepared in accordance with IAS 29

BALANCE SHEET (TL)	30.09.2024	31.12.2023
Total Current Assets	232,804,467	363,839,784
Cash, Cash Equivalents and Financial Investments	91,581,776	84,047,518
Trade Receivables	131,613,970	267,601,701
Net Fixed Assets	10,250,684	7,593,604
Intangible Assets, Net	291,113,793	250,648,365
Total Assets	597,379,001	674,676,535
Short-Term Debt	21,930,359	45,778,935
Equity	374,872,246	424,804,874

LIQUIDITY RATIOS	30.09.2024	31.12.2023
Current Ratio	2.33	2.28
Liquidity Ratio	2.32	2.27

FINANCIAL STRUCTURE RATIOS	30.09.2024	31.12.2023
Equity / Total Liabilities	63%	63%
Short-Term Liabilities / Total Liabilities	17%	24%
Long-Term Liabilities / Total Liabilities	21%	13%



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