



2023 Annual Report



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CHAIRMAN'S MESSAGE



LÜTFİ YENEL

Chairman

To Our Esteemed Stakeholders,

We have left behind a challenging year that has encompassed all countries around the world. Climate change linked to global warming, increasing droughts, storms, and floods continued to show their strength more prominently. Moreover, the socio-economic repercussions of mass migrations resulting from conflicts and societal unrest have been keenly felt throughout 2023.

In such an environment of significant change, one constant remains; the unstoppable march of digitalization into every aspect of our lives, accompanied by the parallel rise of cyber threats. The increase in information-based applications in both personal and corporate spheres has led to the emergence of data as the most vital asset, expanding at an unprecedented rate.

Safeguarding this data during processing, transmission and storage has become an imperative of utmost importance as evidenced by projections estimating global cyber threat damages to soar to \$9.5 trillion in 2024 (*). In response, expenditures on cybersecurity reached \$190 billion in 2023 (**), underscoring the growing recognition of the need for enhanced protection measures.

Forecasts suggest a rapid increase in budget allocations for cybersecurity with global market for Kron Technologies' flagship product, Privileged Access Management (PAM), poised to grow by 21.5% per annum over the next four years, reaching a market size of \$7.7 billion by 2028 (***)

As the landscape of cybersecurity evolves, so does the competitive arena, marked by the rise in companies offering security solutions and services. This intensifying competition has spurred large-scale mergers and acquisitions amongst players aiming to lead in this sector.



Parallel to strengthening our company's sales channels, we anticipate substantial growth in turnover and profitability, capitalizing on flourishing demand across our markets. As Kron Technologies, we aim to seize market growth opportunities and accelerate our gross profit growth, which was 11% in 2023 according to IAS29 inflation-adjusted accounts. To this end, we are diligently restructuring our organization to align with the demands of this evolving landscape.

Our efforts are directed towards enhancing our presence in key markets such as Türkiye, North America, the Middle East, and the Asia-Pacific, leveraging strategic partnerships and expanding network of channel partners to drive growth. We are firmly confident in the competitive strength of our products, deriving inspiration from our remarkable young talent, our corporate culture that thrives for innovation and excellence and the ambitious goals that drive us forward. With an enduring dedication to research and development ingrained in our organizational ethos, we are committed to delivering new innovative products that will compete effectively in the global markets.

In order to deliver on our growth ambitions and fortify our pursuits, we have formed an Executive Committee composed of seasoned professionals, who will support our team and help write the next chapter of Kron Technologies.

In closing, I extend heartfelt gratitude to our investors who entrusted us by becoming partners in Kron technologies, our customers from many countries around the world, our employees who have fostered our progress with their innovative ideas and dedication, and all stakeholders who have contributed to Kron Technologies' growth.

With Warm Regards,
Lütfi Yenel

*Cybersecurity Ventures research company

**Markets and Markets research company

***Markets and Markets research company





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 250 customers across 30 countries, the company has been listed on the Borsa Istanbul (BIST: KRON) 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 2023 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.



Corporate Information

Corporate Name

Kron Teknoloji Anonim Şirketi

Headquarter

İ.T.Ü. Ayazağa Kampüsü, Teknokent ARI3 Binası, No:B401, Maslak, Sarıyer, İstanbul, Türkiye

T:+90 212 286 51 22

F:+90 212 286 53 43

Ankara Branch

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

İzmir Branch

Akdeniz Mah. 1353 Sk. Armesa İş Merkezi, No:2, Kat:1 Konak-İzmir

Kron Technologies US (Ironsphere Inc.)

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

Trade Registry Number

547587

Web Address

www.krontech.com

E-Mail Address

yatirimci@kron.com.tr

Listing Venue

Borsa İstanbul

Listing Date

27 Mayıs 2011

Ticker

KRONT

Market

Bist Main

VISION & MISSION

Vision

Empowering businesses worldwide with advanced cybersecurity and data management solutions for a secure digital future.

Mission

As a global technology firm, our mission is to empower our clients by delivering solutions that safeguard their digital assets and enable efficient data management.

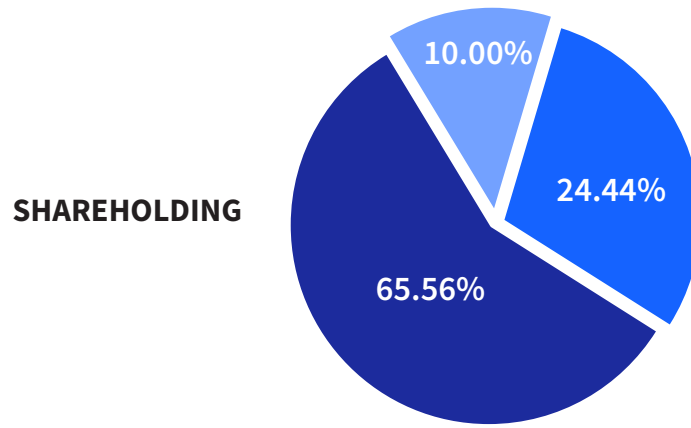


SHAREHOLDER STRUCTURE

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 December 31, 2023, the company's shareholder and capital structure is as follows:

SHAREHOLDER	SHARE GROUP	NUMBER OF SHARES
ZEYNEP YENEL ONURSAL	A	● 8,561,112
LÜTFİ YENEL	B	● 20,926,797
FREE FLOAT	B	● 56,123,169
TOTAL		85,611,078

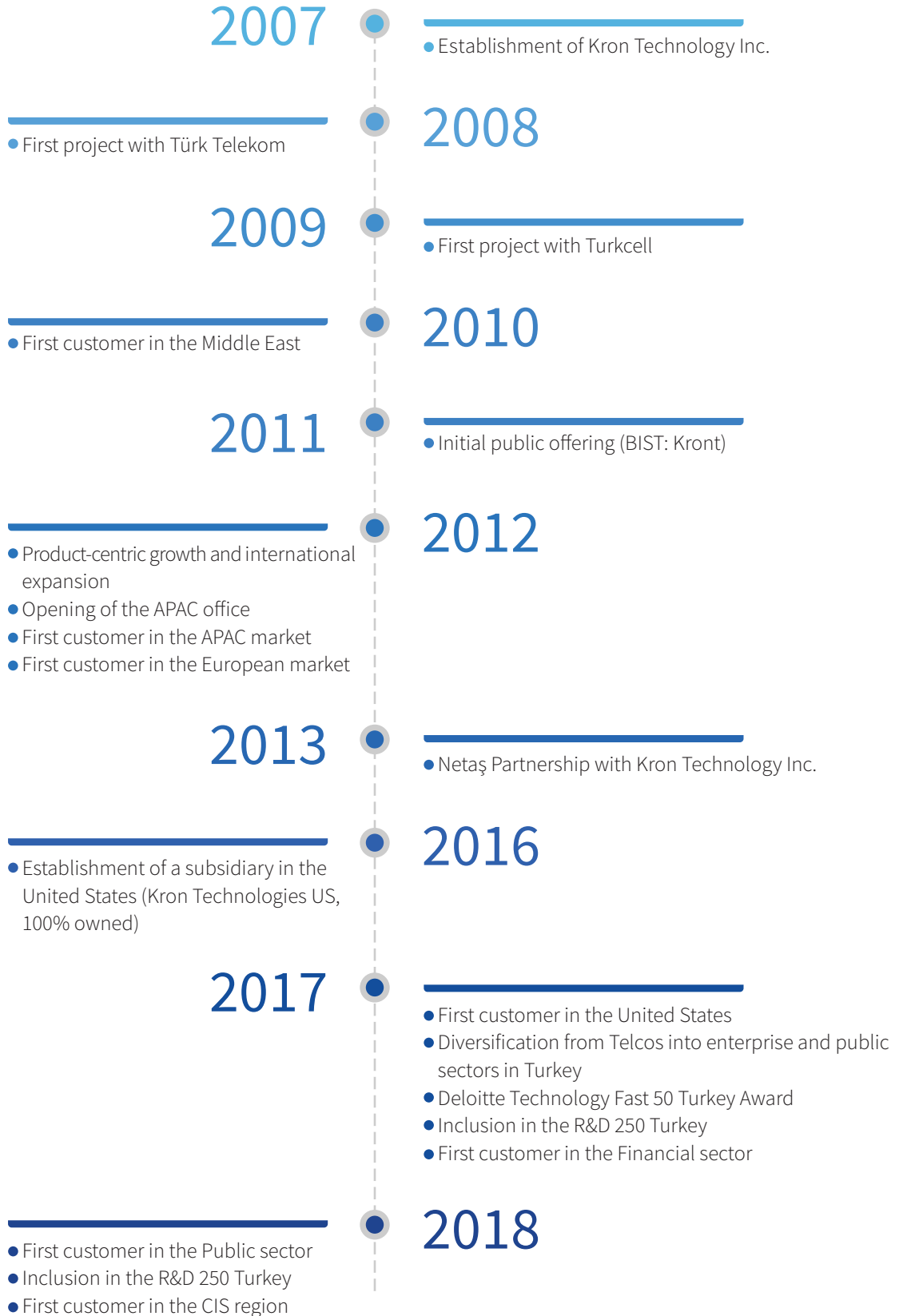


SUBSIDIARIES

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

Kron Technology's fully owned subsidiary in the United States, Ironsphere Inc., was renamed to 'Kron Technologies US' with the aim of enhancing the company's brand visibility in global markets and ensuring brand integrity.

KRON'S MILESTONES



2019

- Inclusion of PAM product in the Gartner Magic Quadrant report (First Turkish company to enter Magic Quadrant in the Cybersecurity field)
- Recognition of KronPAM product as a leader in international reports (Forrester, Kuppingercole)
- Ranked 1st in the IT 500 list – Turkey based technology vendor - Data Security Software Category
- Inclusion in the R&D 250 Turkey

- Ranked 1st in the IT 500 list – Turkey based technology vendor - Data Security Software Category
- Establishment of the Izmir R&D Center
- Deloitte Technology Fast 50 Turkey Award

2020

2021

- Inclusion of PAM product in the Gartner Magic Quadrant report
- Recognition of KronPAM product as a leader in international reports (Forrester, Kuppingercole)
- Ranked 1st in the IT 500 list – Turkey based technology vendor - Data Security Software Category
- Inclusion in the R&D 250 Turkey

2022

- Acquisition of Netaş shares by Zeynep Yenel Onursal
- First customer in the African market
- Recognition of Kron PAM product as a leader in international reports (Forrester, Kuppingercole)
- Inclusion in the R&D 250 Turkey

2023

- Customers in 30 countries globally
- Establishment of Channel/Partner Program
- Recognition of Kron PAM product as a leader in international reports (Forrester, Kuppingercole)
- “Exporter of the Year” Award

OUR PRODUCTS



Identity & Access Management

Privileged Access Management (Kron PAM)

Multi-Factor Authentication

TACACS+ / RADIUS Access Manager



Data Security & Data Management

IPDR Logging

Dynamic Data Masking

Telemetry Pipeline

Database Activity Monitoring



Infrastructure Management & Operations

Network Performance Monitoring

Quality Assurance

Network Configuration Management

Kron AAA & Subscriber Management

Identity & Access Management

Secure access to your critical data with Kron’s Identity and Access Management platform, Kron PAM, ensuring top-tier security.

- Privileged Access Management (Kron PAM)
- Multi-Factor Authentication
- TACACS+ / RADIUS Access Manager

Identity & Access Management

Privileged Access Management (Kron PAM)

Diverse Product Portfolio

Kron PAM is a privileged account management platform with comprehensive modules that protect organizations against internal and external cyber threats. It manages all authorized accesses in the information technology infrastructure of organizations and ensures data security.

Unique Features


Deploying Kron PAM is quick and easy thanks to its modular architecture. Once deployed, its advanced session management, threat detection, and reporting capabilities swiftly identify and record malicious activities in real-time, leveraging user behavior analysis for comprehensive security.

Regulatory Compliance

Kron PAM centrally provides essential security tools to ensure compliance in highly regulated sectors such as finance, energy, healthcare, and telecommunications, regarding privileged accounts and access management. It offers full compliance with regulations and standards such as ISO 27001, ISO 31000:2009, KVKK, PCI DSS, SOX, HIPAA, GDPR, and supports audit processes.




Kron PAM Product Family - Modules



PASSWORD VAULT

Ensures the centralized and secure storage of all privileged accounts and certificates used to access systems and applications.




PRIVILEGED SESSION MANAGER

Offers sophisticated session management capabilities, granting complete control over privileged sessions.




DATABASE ACCESS MANAGEMENT

Provides the session recording, policy enforcement, and dynamic data masking for database administrators accessing critical data.




PRIVILEGED TASK AUTOMATION

Scalable and flexible architecture automates routine tasks and eliminates service interruptions



ENDPOINT PRIVILEGE MANAGEMENT

Endpoint Privilege Management effortlessly enforces the least privilege principle on user computers and servers.



USER BEHAVIOR ANALYTICS

User Behavior Analytics, powered by artificial intelligence and advanced algorithms, enables the detection of malicious activities from insider threats.

Identity & Access Management

Multi-Factor Authentication

What is it?

Kron’s Multi-Factor Authentication (MFA) serves as an additional layer of security against various cyber threats such as identity theft and fraud when privileged users access critical systems.

How does it work?

Our Multi-Factor Authentication system offers customizable online and offline authentication options to suit various usage scenarios and security requirements. Through the implementation of robust authentication techniques, it effectively mitigates potential cyber threats stemming from employee or third-party access.

Use Cases

Multi-Factor Authentication secures access to your critical data with additional security layers such as one-time passwords, geographic location verification, and administrator approval, alongside users’ passwords.

Identity & Access Management

TACACS+ / RADIUS Access Manager

What is it?

TACACS+/RADIUS Access Management, supporting up to 250,000 devices on a single instance, enables organizations to securely manage users with AAA (Authentication, Authorization, and Accounting) and records all sessions indisputably.

How does it work?

TACACS+ / RADIUS Access Manager controls all access to network devices supporting TACACS+ and RADIUS protocols. It authenticates and authorizes users accessing the devices and centrally manages them.

Moreover, replacing discontinued Cisco ACS servers, it serves as a local TACACS+ / RADIUS server without the need for an additional platform.

Use Cases

TACACS+ / RADIUS Access Manager, allowing organizations to manage thousands of devices with high performance, provides full visibility by controlling all authorized users.



Data Security & Data Management

Minimize the risk of data breaches and leaks with our advanced solutions, which mask sensitive data and offer seamless logging of network traffic without any loss.

- IPDR Logging
- Dynamic Data Masking
- Telemetry Pipeline
- Database Activity Monitoring

Data Security & Data Management

IPDR Logging

What is it?

Kron IPDR Logging is a logging solution designed to manage large volumes of network traffic logs, processing millions of records per second without any loss, and storing them efficiently through data compression.

How does it work?

Kron IPDR combines and enriches data from various network sources in real-time. Its advanced compression

techniques enable cost-effective data storage while ensuring data immutability. Users can quickly query this data through the product interface.

Use Cases

Kron IPDR Logging provides logging and data enrichment capabilities that adhere to the logging regulations of telecom service providers and large enterprises. Moreover, it seamlessly integrates with common network equipment manufacturers through its ready-to-use adapters.

Data Security & Data Management

Dynamic Data Masking

What is it?

Dynamic Data Masking, which allows database administrators to record and mask sessions while accessing sensitive data, enhances your security and ensures compliance with regulations.

How does it work?

Dynamic Data Masking individually masks each piece of information as it is accessed by database administrators. By inspecting information at the granular level in

database queries, it controls which information authorized users can access, when, and how.

Use Cases

Dynamic Data Masking supports many databases and big data platforms, including Oracle, MSSQL, MySQL, and IBM DB2. By automatically discovering sensitive data and masking it at the cell level, it prevents the exposure of real data.

Data Security & Data Management

Telemetry Pipeline

What is it?

Kron Telemetry Pipeline enables the collection, processing and enrichment of logs, metrics, and traces generated by different sources in a format suitable for various destinations.

How does it work?

Kron Telemetry Pipeline operates as an intermediary between data sources and destinations, enabling functions like enrichment, reduction, and standardization

in real-time as data flows through it. It minimizes extraneous data using data transformation processes.

Use Cases

It helps control the cost of log storage by reducing unnecessary logs. With its enrichment feature, it makes logs more valuable and functional. By standardizing logs of different formats from different sources, it facilitates data governance. By decoupling log sources and destinations, it prevents vendor lock-in.

Data Security & Data Management

Database Activity Monitoring

What is it?

Database Activity Monitoring is a security product used by organizations to secure their databases and ensure that sensitive data is monitored. Database activity monitoring aims to detect unauthorized access and potential threats by recording every transaction on the database.

How does it work?

Database Activity Monitoring is a security solution that continuously monitors and records real-time actions on complex database systems. Interacting with the database server, the product collects data to monitor all transactions (SQL queries, data changes, user sessions, etc.). The collected data is analyzed in real time. Automatic alerts are generated based on a set of criteria and reports to security teams. These records are used to meet monitoring requirements and for security audits. The system provides a rapid response mechanism

to detected abnormal activities or security breaches. Security teams investigate the problem as soon as they receive alerts and respond as necessary. In this way, potential dangers are quickly eliminated and database security is protected.

Use Cases

Database Activity Monitoring increases database security by detecting unauthorized access attempts. It provides the monitoring and reporting required to meet regulatory compliance requirements. Identifies potential threats and provides the ability to respond quickly. Detailed logging of database activities is an important resource to meet the visibility requirements. Monitoring and protecting sensitive data reduces the risk of data breaches and protects the company's reputation.

Infrastructure Management & Operations

Support your organization's IT infrastructure with groundbreaking technologies and open the door to a successful digital transformation today.

- Network Performance Monitoring
- Quality Assurance
- Network Configuration Management
- Kron AAA & Subscriber Management

Infrastructure Management & Operations

Network Performance Monitoring

What is it?

Kron Network Performance Monitoring is a comprehensive network and IT monitoring product with discovery, performance, and fault management modules.

How does it work?

Kron Network Performance Monitoring discovers physical or virtual equipment hosted on different platforms, collects and monitors their performance and inventory data. This solution also monitors network traffic on an application basis and analyzes the collected data to display the necessary information for capacity planning and optimization on a single graphical interface.

Use Cases

The Network Performance Monitoring solution offers a personalized viewing experience with maps, topologies, customizable reports and dashboards. It can collect over 10,000 measurements per second per node. This enables the rapid detection of anomalies on the network and allows for quick intervention in any problem with the help of alarm mechanisms.

Infrastructure Management & Operations

Quality Assurance

What is it?

Kron QA (Quality Assurance) is a quality monitoring product that measures the quality of the network and services using active probes deployed in a distributed manner.

How does it work?

The Network and Service Quality Measurement solution consists of two main components: the Central Management System and Kron QA probes. Probes can be positioned at different points throughout the network, including endpoint and central locations. Network

and Service Quality Measurement is performed using the Two-Way Active Measurement Protocol (TWAMP) technology between probes and other network devices.

Use Cases

Network and Service Quality Measurement proactively monitors the network traffic in real-time through a distributed probe architecture, enabling immediate detection of issues through its early detection mechanism. It allows data access quality to be monitored from a single interface and platform, eliminating the need to gather information from different platforms.

Infrastructure Management & Operations

Network Configuration Management

What is it?

Kron NCM (Network Configuration Management) is a network device configuration management tool that provides functions such as configuration backup, simultaneous configuration of multiple devices, and software updates for network devices.

How does it work?

Kron's Network Configuration Management solution executes commands on network devices through SSH and Telnet protocols. It also enables the backup of configurations through file transfer protocols such as SFTP, TFTP, and SCP, as well as screen capture

technologies. The obtained backups are compared with previous backups to check for any changes. If changes are detected, the new configuration backup is encrypted and stored in the system. It reports the results of scheduled backups and communicates them to system administrators through different channels.

Use Cases

Network Configuration Management ensures high-level network reliability and security while automating the configuration management of all network devices. Through automated processes, it minimizes human errors and reduces the need for workload.

Infrastructure Management & Operations

Kron AAA & Subscriber Management

What is it?

KRON AAA is a network access management software that provides subscriber authentication, authorization, and accounting functions for accessing network resources. This software is offered to telecommunication operators along with subscriber management functions.

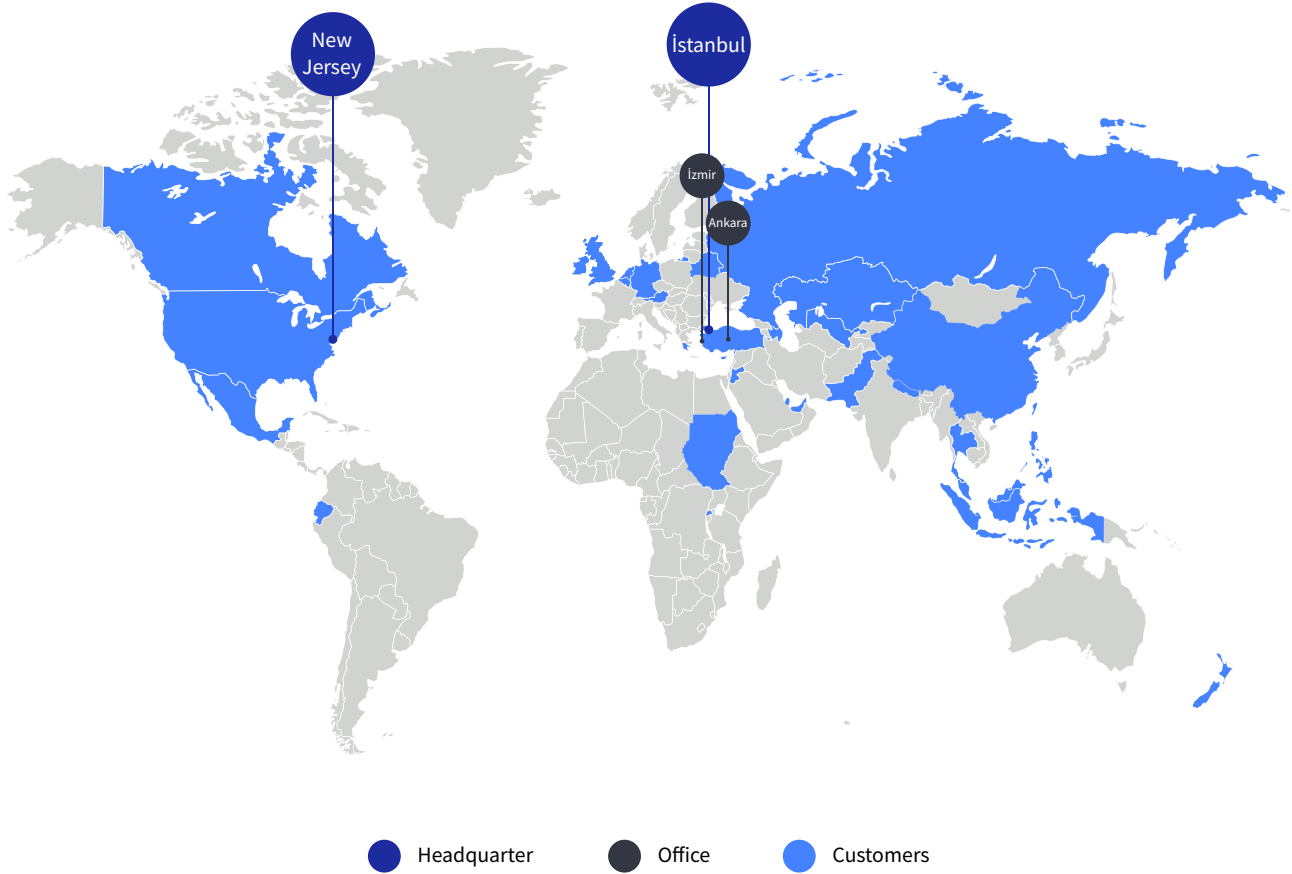
How does it work?

KRON AAA communicates with network devices via the Radius protocol to perform AAA functions (Authentication, Authorization, and Accounting).

Use Cases

Due to its vendor agnostic design, it is compatible with network devices from multiple vendors simultaneously. It can scale vertically and horizontally according to increasing traffic volume.

GLOBAL FOOTPRINT



6
Continents

30
Countries

170+
Partners

250+
Customers

SECTORAL ACHIEVEMENTS AND AWARDS

Kron Technologies, a leading software company specializing in cybersecurity, distinguishes itself in the global arena with its high-quality and innovative solutions. The company has garnered numerous achievements and awards, underscoring its technological excellence and customer-centric ethos.

Domestic Achievements

Exporter of the Year

At the Sector Summit organized by the Türkiye Cyber Security Cluster, Kron Technologies was named the “Exporter of the Year.” Our Chairman Lütfi Yenel, received the award from Secretary of Turkish Defence Industries President Prof. Dr. Haluk Görgün, solidifying Kron Technologies’ impact on the international stage.



IT 500 Research

Kron has consecutively ranked first in the Data Security Software category of the IT 500 Research conducted by the BThaber Companies Group, placing among Turkey’s top 15 most successful companies based on software export revenues.



Turkishtime R&D Report

In the R&D 250 research conducted by Turkishtime Magazine, Kron Technologies was among the top 10 companies with highest investment in R&D in the information technology sector.

Global Achievements

Gartner Magic Quadrant

Kron Technologies was selected into Gartner’s Magic Quadrant for Privileged Access Management (PAM) two years in a row, in 2020 and 2021. With this achievement, Kron

Gartner®

became the only Turkish company to be included in the Magic Quadrants in the cybersecurity domain. As evident by Gartner’s recognition, Kron is a leading global player in its field with its innovative solutions.

Omdia Universe

In the “Omdia Universe: Selecting a Privileged Access Management Solution” report published by Omdia in 2021-22, Kron Technologies was recognized among the leading PAM providers. The company stood out in terms of customer experience, solution capabilities, and market impact.

OMDIA

KuppingerCole

In 2023, Kron Technologies was featured in reports on Privileged Access Management and Data Security Platforms prepared by KuppingerCole, establishing its position among the foremost global companies in two distinct categories.

kuppingercole
ANALYSTS



MANAGEMENT

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 Chairman	Independent
Zeynep Tokman Cesur	Member	Independent

* Zeynep Tokman Cesur was elected to replace Osman Nezihi Alptürk, who resigned as an independent board member on November 2, 2023.

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. In 2023, it met 5 times and fulfilled its duties as specified in the regulations defining its tasks and working principles. It informed and reported to the board 5 times throughout the year.

Corporate Governance Committee

NAME	ROLE	INDEPENDENCE
Yavuz Suat Bengür	Committee Chairman	Independent
Ayşe 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. In 2023, the committee fulfilled its stated duties. It consists of 2 non-executive board members and the head of the investor relations unit, with Yavuz Suat Bengür serving as the chairman, who holds independent status. The committee met 3 times and provided 3 notifications to the board.



Committee for Early Detection and Management of Risks

NAME	ROLE	INDEPENDENCE
Zeynep Tokman Cesur	Committee Chairman	Independent
Ayşe Yenel	Member	Not Independent

* Zeynep Tokman Cesur was elected to replace Osman Nezihi Alptürk, who resigned as an independent board member on November 2, 2023.

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, 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 2023, reviewing the company's risk management system and presenting its report to the board. Six meetings were held, with one meeting every two months. The committee chairman is an independent board member and consists of two non-executive members.

MEMBERS OF SENIOR MANAGEMENT



METE SANSAL
CEO



FUAT ALTIOĞLU
CFO



MEHMET ILGAZ
CPO



SERDAL YILDIZ
CTO



SERHAT ÜMİT ÇELİK
Enterprise Business Unit Sales
Director



LEVENT ARS
APAC & MEA Sales
Director



ONUR SEMİH SEVİM
Europe & LATAM Sales
Director



MEHMET A. TANSAL
Sales Director
(Turkcell Group)



BERKAY MEKER
Sales Director
(Turk Telecom)



PINAR GÜNGÖR BİLGİN
Project Management Office
Director



CANEL GÜRGEN ARCAK
HR Director



AHMET CEMAL AKGÜN
Marketing and Channel
Management Director



JEN WALTZ
Alternate Channels
Director



ERHAN YILMAZ
PAM Product Management
Director



BARAN BARUT
Telco Solutions
Director



AKIN KÜÇÜK
Software Development
Director



SİNAN KESKİN
Software Development
Director



HAKAN OTAL
Operations & Delivery
Director



ERTÜRK VAROL
Cyber Security Operations &
Delivery Director



KRON IN 2023

03

CEO'S MESSAGE



METE SANSAL
CEO

Dear Shareholders, Customers, Business Partners, and Colleagues,

As we leave 2023 behind, we continue to ascend as a global technology leader and are proud to have increased our total revenues. In line with the strategic goals we set last year, we took significant steps to strengthen our sales channel structure and reach a wider audience with our products. Thanks to our strategic partnerships, we expanded our customer base by increasing the accessibility of our products globally. Currently, we have active customers in 30 different countries and many valuable business partners. We anticipate even more rapid growth in 2024.

The partnerships and strategic agreements initiated in 2023 turned into tangible projects this year, ensuring our company's strong and stable growth despite challenging economic conditions. Going forward, we aim to continue this trajectory with the same determination and resolve, enhancing our successes. To support our growth targets, we focused on increasing our sales through channels. Value-added distributors, managed service providers (MSP), system integrators, and marketplaces will comprise our partner network.

In 2023, we decided to include the Middle East in our focus markets and began our investments accordingly. We participated in major events such as Gitex, Gisec, and Blackhat to increase our visibility in the region.

We took significant steps to grow our partner ecosystem in all the geographies we are active in. By conducting market research, we identified potential business partners and achieved these targets. Particularly in the USA and the Middle East, we expanded our team to implement our channel strategy and signed agreements with new business partners. We created training and support programs for our partners and laid the groundwork for our Partner Portal.



By the end of 2023, we were accepted into the E-Turquality Program, a government-supported initiative aimed at increasing the competitiveness of Turkish companies in global markets. With the approval of our strategic business plan in 2024, we aim to accelerate our growth with significant support in our target markets.

We concentrated our efforts on the infrastructure that allows our cybersecurity products to be offered as a service over the cloud. This step will increase the accessibility and ease of use of our products, enhancing the satisfaction of customers who are either operating in the cloud or considering migrating to it. We plan to offer this service to all our customers by the end of 2024.

To meet the increasing needs for data security and management, we continue to develop new products. In this context, we aim to complete the productization process of our important and innovative solution, the Telemetry Pipeline, and offer it to our customers in 2024.

Our product development efforts conducted at our three R&D centers in Turkey, combined with our sales and marketing activities in global markets, continue to advance us to a leading position in the industry. As a result of our export-oriented approach, we are pleased to have received the “Exporter of the Year” award coordinated by the Defense Industry Presidency and the Presidency of Digital Transformation Office as part of the Turkey Cybersecurity Cluster. I would like to emphasize that each of our employees plays a critical role in our company’s rise and has made valuable contributions to this journey of success.

Finally, I would like to thank our valued shareholders, customers, business partners, and all our colleagues once again for their dedication to the future of our company. I wish you all a healthy and successful 2024.


Sincerely,
Metem Sansal



2023 OVERVIEW



Consolidated revenues grew by 9%




Profitability discipline was maintained, with EBITDA margin of 45%



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



19% revenue growth in Türkiye



Robust balance sheet and cash position for future growth



Sales in 7 new countries in 2023, growing our global footprint to 30 countries



Cyber-security exporter of the year award

KEY FINANCIAL INDICATORS

FINANCIAL RESULTS (TL)	31.12.2023	31.12.2022
Total Revenue	308,389,495	284,059,832
Gross Profit	269,602,251	243,570,448
Operating Expenses	-197,196,872	-197,115,188
Other Income from Operating Activities	45,835,719	65,751,372
Other Expenses from Operating Activities	-17,816,799	-15,428,792
Operating Profit / Loss	100,424,299	96,777,840
Financial Income	30,040,344	14,794,175
Financial Expense	-33,928,679	-23,135,173
Net Monetary Positions Gains/ Loss	-57,679,976	-82,832,002
Profit / Loss Before Taxes	38,855,988	5,604,840
Current Period Tax Income (Expense)	0	-813,539
Deferred Tax Income (Expense)	7,514,311	-14,984,455
Profit (Loss) from Continuing Operations	46,370,299	-10,193,154
Earnings per Share	0.542	-0.714
EBITDA	137,399,726	132,482,064

PROFITABILITY RATIO	31.12.2023	31.12.2022
Gross Margin	87%	86%
Operating Profit Margin	33%	34%
EBITDA Margin	45%	47%
Net Profit	15%	-4%

KEY FIGURES - BALANCE SHEET (TL)	31.12.2023	31.12.2022
Total Current Assets	267,804,929	235,827,137
Cash and Cash Equivalents	52,920,460	60,026,850
Trade Receivables	196,968,713	157,327,067
Net Fixed Assets	12,780,236	5,650,518
Intangible Assets (Net)	177,299,236	153,902,264
Total Assets	496,596,886	410,768,263
Short-Term Debt	33,695,668	58,319,073
Equity	312,678,396	227,946,663

LIQUIDITY RATIOS	31.12.2023	31.12.2022
Current Ratio	2.28	1.51
Liquidity Ratio	2.26	1.49

FINANCIAL STRUCTURE RATIOS	31.12.2023	31.12.2022
Equity / Total Liabilities	63%	55%
Short-Term Liabilities / Total Liabilities	24%	38%
Long-Term Liabilities / Total Liabilities	9%	6%

CAPITAL INCREASE AND GROWTH INVESTMENTS

On December 27, 2022, the Board of Directors agreed to increase its issued capital from 14,268,513 TL to 42,805,539 TL by equitizing its retained earnings. The required procedure was completed, and the new capital was registered in the Turkish Trade Registry Gazette on April 10, 2023.

Additionally, in order to accelerate the growth of our company and enhance its global competitiveness, an application was made to the CMB on July 17, 2023, for a paid capital increase. The capital increase was done with a rights issue to existing shareholders at 1 TL nominal price and raised a total of 42,805,539 TL of new cash equity. The process was completed and registered in the Turkish Trade Registry Gazette on December 18, 2023.

The use of proceeds from the capital raise were determined as follows:

Use of Proceeds	% of Total Funds Raised
1. R&D and Product Development Investments	%40
2. Investments to Strengthen Our Global Distribution Channels	%30
3. Increasing Working Capital Requirement	%30

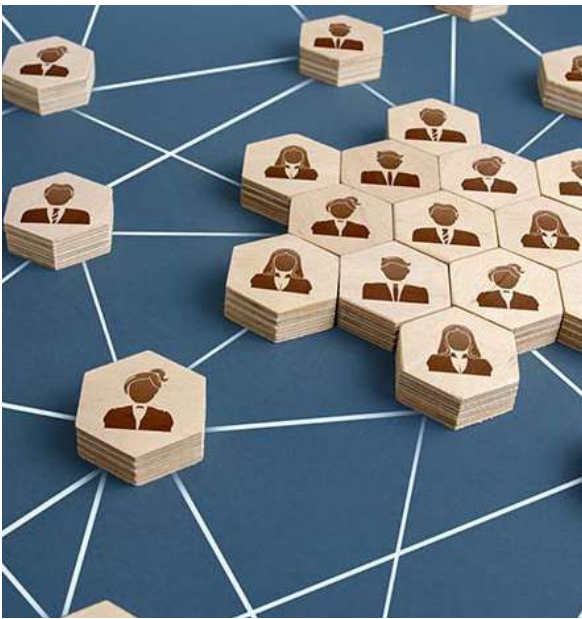
EXPANDING OUR PARTNER ECOSYSTEM

Growing Together with Valued Partners

Our partners are at the heart of our success and will play an even bigger role in expanding our customer reach and strengthening our position in the sector. With our partners' support, we strive to not only deliver exceptional service and satisfaction to our customers, but also solidify our competitive advantage.

We are deeply committed to continually enhancing the opportunities and benefits available to our partner network. We take pride in the mutual benefits that come with collaborating with our partners, and we remain committed to further investing in and promoting the entire ecosystem.





Our partner ecosystem consists of Distributors, Value-Added Resellers (VARs), System Integrators, Managed Service Providers (MSPs / MSSPs) and Marketplaces. We strongly believe that collaboration will help us reach our shared goals more rapidly and we provide our partners with comprehensive support, education and resources.

Our partners are able to reach these resources via the Kron Partner Portal, which is undergoing an enhancement process and is expected to go live in the first half of 2024. Our new and innovative portal will allow our partners to be onboarded and trained more effectively. It will also allow our partners to monitor their client dialogue for Kron products from start to finish more efficiently in one tool.

The expansion and efficacy of our partner network is a critical part of our sustainable growth ambitions, and we are committed to continuing our investments into the ecosystem.

Key pillars of our partner centric approach:

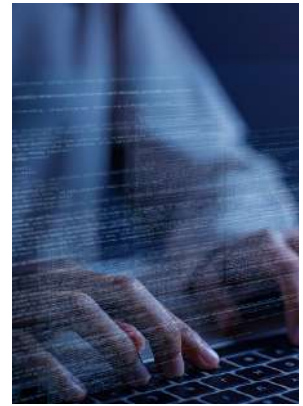
- 1. Strategic Goals:** We establish clear objectives like acquiring new partners, boosting sales for existing partners, and breaking into new markets, ensuring sustainable growth.
- 2. Effective Communication:** We prioritize regular and meaningful engagement through meetings and events, sharing opportunities while maintaining open communication with distributors and partners.
- 3. Training and Support:** Our partners receive training and resources to enhance their expertise and profitability. They stay informed about technological advances and acquire new skills that align with market needs.
- 4. Network Expansion:** While helping existing partners reach their full potential, we conduct market research to discover promising new partners and expand our network.
- 5. Feedback and Improvement:** We highly value partner feedback and use it to continuously refine and enhance the collaboration process.



CONTINUED R&D AND NEW PRODUCTS

The foundation of Kron's establishment and philosophy is rooted in research and development (R&D). In this context:

- Kron focuses on areas it knows best, creating intellectual property-owned, market-demanded, and repeatedly sellable products.
- Since its inception, Kron has successfully completed 6 TÜBİTAK projects. There is currently **1 ongoing SAYEM and 1 TEYDEB 1501 project**. Under intellectual and industrial property rights, there are **12 registered trademarks (10 in Turkish Patent, 1 in the USPTO in the USA, and 1 in WIPO), 2 patents (1 examined, 1 unexamined), along with 2 Technological Product Certificates (TÜR Certificates) and 7 Domestic Goods Certificates**.
- We conduct our R&D activities with 121 employees across our 3 offices in Turkey.
- **Our Izmir office gained on-site R&D status in 2023** and continues its research and development activities without interruption with 21 employees.
- Our product development efforts related to IPDR production in mobile networks have been completed and successfully implemented at a customer site. Additionally, developments related to the storage of logs as raw data in telecom networks have been completed.
- Research and development for long-term, petabyte-scale big data storage and querying infrastructure have begun.
- An artificial intelligence-based feature for identifying user identity from keystroke dynamics and adaptive multi-factor authentication has been added to our Kron PAM product.
- A productive AI-based chatbot feature that provides informative and statistical reports to system administrators has been added to the Kron PAM product.
- Technologies based on docker containers, which eliminate the need for additional servers for accessing web applications through Kron PAM, have been implemented.
- Features for reporting cloud infrastructure resources and security vulnerabilities have been added to the Kron PAM product.
- **The Agent-based Kron PAM AAPM application and SDK developments**, allowing numerous applications to seamlessly retrieve passwords from the password vault, have been completed.
- **Kubernetes-based Kron PAM plugin has been developed** to allow applications running on Kubernetes to retrieve passwords and sensitive data from the password vault within their permissions.
- The processes of adapting our products to cloud technologies and modernizing them with a microservices architecture are ongoing.





STRATEGY & OUTLOOK

04

SECTORAL OUTLOOK AND TRENDS

In recent years, the rapid pace of digital transformation has led to a surge in cybersecurity threats worldwide. The importance of access security and data security has grown significantly as a result. To safeguard their sensitive data and shield against cyber attacks, companies are allocating substantial resources to these critical areas.

According to Gartner research, **expenditure on end-user cybersecurity solutions is projected to climb to \$215 billion by 2024, marking a notable increase from \$188 billion in 2023.**¹

Increasing Cyber Threats

Cyber attacks and threats are increasing and becoming more sophisticated with each passing day. The human factor remains central to these breaches,



with 74% of all incidents involving human error, misuse of privileged access, compromised credentials, or instances of social engineering.



Looking ahead, both companies and governments will persist in implementing diverse security measures to counter these evolving threats more effectively. The significance of identity and access management solutions is poised to rise further.

Global Privileged Access Management (PAM) market is anticipated to **expand from \$2.9 billion in 2023 to \$7.7 billion in 2028, achieving a CAGR of 21.5%.**

Massive Growth in Data



Data continues to grow at a staggering pace. According to IDC research, businesses generated **82 zettabytes (ZB) of digital data in 2023**. Projections indicate that this figure will **nearly triple to reach 222 ZB** by 2027.⁴

This rapid expansion of data brings forth a host of security challenges. These include the proliferation of attack surfaces, complexities in data analysis, concerns regarding data privacy and shortages in data storage resources.

To address these challenges effectively, there is a growing demand for software solutions designed to assist businesses in collecting, analyzing, operating,



and managing telemetry data. In the years ahead, these software products will play a pivotal role in fulfilling organizations' data security requirements.

Demand for Cloud Security

The global cloud services market, valued at \$566 billion in 2023, is forecasted to soar to \$1.96 trillion by 2031, marking a remarkable compound annual growth rate (CAGR) of 17% over the next 8 years.⁵

As cloud computing technologies continue to gain widespread adoption, organizations are increasingly favoring cloud-based data storage and processing systems. This shift presents both new challenges and opportunities in the realm of information security.

To ensure safe and secure utilization of cloud-based services, as well as protecting sensitive data from emerging threats, companies are expected to intensify their investments in data security products.



Impact of Artificial Intelligence

The increasing accessibility and widespread adoption of Generative Artificial Intelligence (Gen AI) have begun to exert notable impacts on the cybersecurity domain. On one hand, malicious actors are leveraging AI to automate their attacks, boosting their efficiency and scale. Additionally, AI technologies streamline the development of malicious software, enabling attackers to circumvent conventional security measures and heighten the efficacy of their attacks.

On the other hand, security experts and companies developing security software have embraced AI to fortify their security barriers. By harnessing AI-driven solutions, they are bolstering protection measures, enhancing capabilities such as anomaly detection, user behavior analytics and malware identification. As a result, AI-powered security products are poised to further elevate their effectiveness in safeguarding digital environments against evolving threats.

¹ Gartner Security and Risk Management End User Spending, published September 2023

² 2023 Data Breach Investigations Report, Verizon

³ Markets and Markets Research Company, PAM Market Global Forecast, published November 2023

⁴ IDC Global DataSphere Forecast, published April 2024

⁵ Global Cloud Services Market Report, Skyquest, published March 2024

OUR STRATEGIC PRIORITIES



Deepening relationships with our existing customers

We aim to deepen our relationships with existing customers and increase revenue from the 258+ customers we serve with our leading solutions in Identity, Access and Data Security fields. Our strategy includes license expansions and cross-selling additional products. We firmly believe that by introducing our latest data security and management solutions to customers currently utilizing our flagship security product, Privileged Access Management (Kron PAM), 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 Turkey and in our export markets. To increase our market share, we are committed to growing our customer base, with a particular focus on finance, public and enterprise sectors. Additionally, we aim to enhance our presence in the 30 countries we currently operate and invest in new geographies, to further increase our export rate, which currently stands at 43%.





Investing in our partner ecosystem

The cornerstone of our growth strategy lies in the expansion of our sales channels. We are actively building a robust network of partners, including distributors, value-added resellers (VARs), managed service providers (MSSP/MSP), system integrators, and marketplaces.

Throughout 2023, we have taken significant strides to enhance our partner ecosystem across all regions where we operate. **Through a comprehensive market research, we have identified potential partners and successfully onboarded 18 new partners into our network.** Additionally, we have laid the groundwork for partner success by implementing tailored education and support programs. Furthermore, we have launched our PAM product in the Microsoft Azure marketplace in the US.

Looking ahead to 2024 and beyond, our focus remains on expanding both the quantity and effectiveness of our partnerships. As our partner ecosystem continues to grow, we plan to implement targeted sales and marketing strategies through our channels. With the anticipated launch of our Partner Portal in the first half of 2024, we aim to consistently evaluate performance and pipeline, driving the efficiency of our channel sales efforts.



Optimizing our sales cycle and customer satisfaction 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. **By increasing sales via the SaaS approach, our objective is to enhance the accessibility, ease of use and customer satisfaction of our Kron PAM product in the cloud environment.** We anticipate that the broader adoption of the SaaS model will play a pivotal role in driving the growth and scalability of our company.



Continuing to integrate Artificial Intelligence and Machine Learning technologies into our products

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 efforts 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. These forward-thinking approaches will broaden the capabilities of our products, enabling us to deliver more comprehensive and secure services to our customers.



Expanding our product offering in Data Security and Data Management

We continue our intensive R&D efforts to develop new products to address our customers' growing data security and management needs. 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.**



**PEOPLE AND
CULTURE**

05

WORKING AT KRON

Kron Technologies places the utmost importance on its employees. They are the cornerstone of our achievements. We cultivate a work culture that is vibrant and adaptable, encouraging constant growth, open communication, collaborative decision-making, and a strong sense of unity. We firmly believe that positivity and synergy are the natural outcomes of individuals working together towards a shared objective, supporting each other throughout the journey. **This collective spirit empowers our team of 132 employees** and drives the progress and development of Kron Technologies.

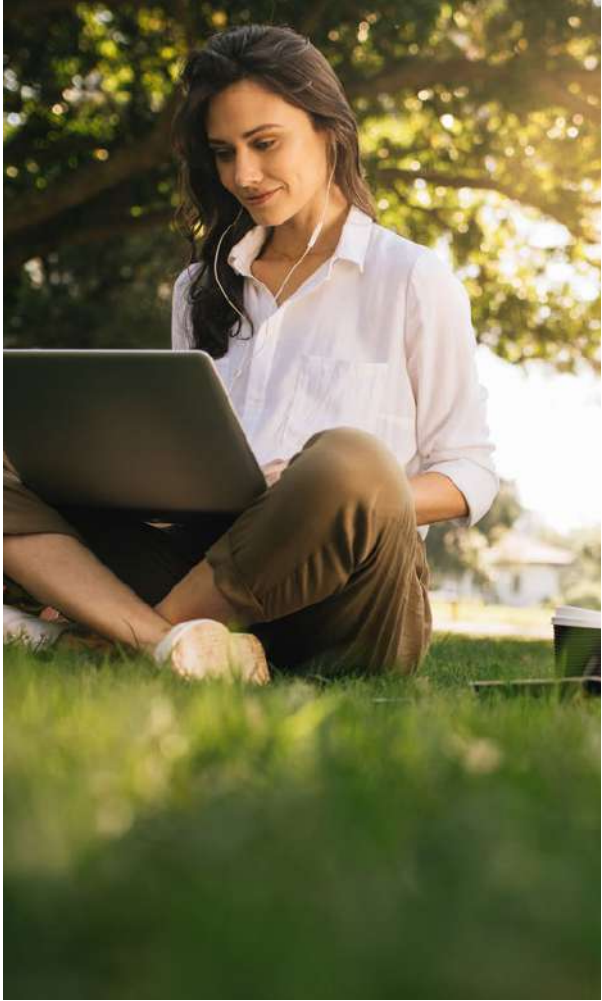
Equality holds immense importance to us; we believe that every individual should be treated with equal regard. We are a united team that embraces diversity and thrives through it. Our commitment to human rights is unwavering. We have meticulously incorporated various aspects of equal opportunities, such as maintaining a healthy work-life balance, promoting gender equality in employment, and implementing fair pay policies for all employees, into our organizational policies. We diligently monitor the execution of these policies to ensure their effectiveness. Empowering women and fostering their equal participation in the workforce is one of our top priorities. We strive to enhance female representation among our employees and managers.

With a Board of Directors comprising a 50% female ratio, we are determined to progressively increase our female employee ratio each year which stood at 22% by the end of 2023.

Our organization fosters a results-driven work culture and adopts a hybrid-working model that allows for flexible working hours. Our physical workspaces are designed to create a positive atmosphere, providing modern, warm and comfortable working environment for our employees. The open office layout promotes seamless communication among team members, while the inclusion of ergonomic furniture and lighting systems enhances overall work efficiency.

To ensure collaboration and effective communication, our teams regularly convene on various platforms. Through weekly, monthly, and yearly events, as well as internal communication tools, we facilitate effective communication among employees. At all levels, our management team embraces an open-door policy and maintains open and transparent communication with all colleagues.

Within our company, we cultivate a culture that values and encourages creative ideas while providing ample support for innovation. Our employees actively contribute to internal projects and decision-making processes through collaborative methods like brainstorming sessions, workshops, and surveys.



RECRUITMENT AND TALENT MANAGEMENT

Kron's corporate culture revolves around fostering a working environment that is built on shared values, where each employee is valued and appreciated. To achieve this, Kron follows sustainable human resources practices that are tailored to the organization, allowing employees to fully unleash their potential. Recognizing that every employee possesses unique talents, Kron adopts a talent management approach that focuses on identifying, nurturing, and retaining individuals who are well suited for their respective roles. In line with this approach, Kron seeks to recruit individuals who embrace the company's shared values and possess the necessary competencies, while also demonstrating a commitment to personal growth and continuous learning. Additionally, Kron is dedicated to supporting the development of its employees and helping them reach their maximum potential. In 2023, [29 new colleagues joined the Kron family to be a part of this thriving culture.](#)

Kron places significant emphasis on young talent in its workforce. As part of Kron's employer branding initiatives targeted towards young talent, Kron actively participates in career days at various universities, particularly in Computer Engineering field. This involvement includes guest speaking engagements, events, and active engagement with students. Each year, Kron welcomes university students who are interested in technology to join the company through short and long-term internships, as well as young talent project.

In an effort to support the development of young talent joining the workforce, Kron created The Unicorn Young Talent program, which has been running since 2017. It aims to provide university students with targeted education, skills development, and career opportunities in the technology field, all while aligning with Kron values. [Through the Unicorn Academy, participants gain valuable industry insights, are introduced to our company culture, and receive mentoring from skilled professionals.](#)

Kron
Unicorn
A C A D E M Y



Each year, we receive a high number of applications, ranging from 200 to 300, for the program. After a rigorous selection and placement process, we typically have 15 to 20 participants who successfully complete the program. Following the completion of the Unicorn Academy, the young individuals that are recruited to join Kron participate in an orientation program that offers a variety of training materials to support their integration into their new role and for their personal development.

Discrimination has no place at Kron. We prioritize cultural alignment and possessing the necessary technical expertise and competencies as the main criteria for individuals to join us as candidates and employees. We are proud to offer equal employment opportunities to all, regardless of race, language, religion, gender, sexual orientation, national origin, age, or marital status.

EDUCATION AND DEVELOPMENT



To cultivate a culture of continuous learning, Kron is dedicated to offering comprehensive training and development opportunities to all employees, encompassing both technical and personal development skills. **In 2023, we launched the Kron Academy platform to ensure that all teams can actively benefit from these learning resources.** This platform integrates a wide array of technical and non-technical training sessions from both internal and external sources, with the quantity of available trainings steadily increasing. We also offer in-person training sessions and certification programs, along with access to a digital library, all aimed at boosting employee job satisfaction and motivation.

As a technology company with a strong R&D focus, we are fully committed to fostering the academic growth of our employees. To this end, we provide a comprehensive range of benefits to support their educational endeavors. Notably, we offer substantial assistance for master’s and doctoral programs. Employees who choose to pursue advanced degrees and align their thesis research with our R&D initiatives will not only receive financial aid but also will have the opportunity to actively participate in diverse academic activities.

HUMAN RESOURCES POLICY

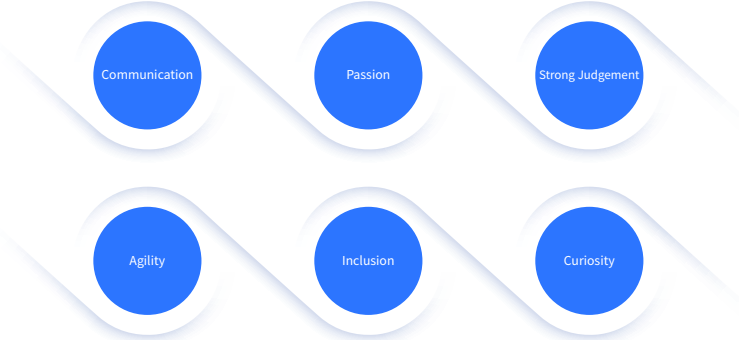
Our company has embraced an innovative approach to human resources, with an HR policy accessible on our corporate website. Kron recognizes the critical role of intellectual capital as a competitive factor in the technology sector. Our top priority is to sustain an effective and efficient Kron team consisting of creative, technically competent, continuously improving, and team-oriented individuals. We understand the significance of employee satisfaction in ensuring business continuity, which is why we uphold employees’ rights and provide a fair, safe, and supportive working environment with zero tolerance for discrimination. We adhere to the principle of equal opportunities in recruitment and career planning. Transparency and openness are the pillars of employee communication, negating the requirement for an employee representative. The company has not received any complaints related to discrimination.

The main objectives of our HR policies include:

- Recruiting individuals who are in harmony with the values of the company.
- Developing a culture within the organization that promotes openness and transparency.
- Fostering an inclusive atmosphere that encourages all employees to comfortably exchange feedback, while ensuring that it is in line with our core values, and providing the necessary support for their professional development.
- Adding employees and interns from diverse cultures.
- Improving communication with universities and young talent.
- Strive to achieve an utmost objective and evidence-based approach in the recruitment processes.

VALUES

At Kron, the key element of our work culture is the common values we embrace and promote. Employees provide feedback to each other through 360-degree evaluation method based on company values and core competencies. These values are actively integrated into the company’s recruitment process, with every candidate being assessed with the values lens.





CORPORATE GOVERNANCE & SUSTAINABILITY

06

INVESTOR RELATIONS DEPARTMENT

In accordance with Article 11 of the Corporate Governance Communiqué No. 11-17.1 of the Capital Markets Board, which was published in the Official Gazette on January 3, 2014, an Investor Relations Department has been established to operate under the Deputy General Manager of our company. The company's employees listed below have been appointed as the manager and officer of the Investor Relations Department.

Onur ÇELİK

Investor Relations Manager
(License No: 208664)

Contact Information:

Tel: (212) - 286 51 22

Fax: (212) - 286 53 43

E-Mail: onur.celik@krontech.com

Ebru BİNGÜL

Investor Relations Officer

Contact Information:

Tel: (212) - 286 51 22

Fax: (212) - 286 53 43

E-Mail: ebru.bingul@krontech.com

The primary duties of the unit are:

- Ensuring healthy, secure, and up-to-date maintenance of records related to correspondence and other information and documents between investors and our Company.
- Ensuring healthy, secure, and up-to-date maintenance of records related to shareholders.
- Responding to shareholders' information requests, within the framework of the Capital Markets Legislation, except for information that has not been disclosed to the public, confidential, or a trade secret.
- Taking measures to ensure that the General Assembly meetings are held in accordance with the procedure.
- Preparing documents to be presented to shareholders during the General Assembly meetings.
- Conducting necessary work to ensure that the meeting minutes are recorded in accordance with the procedure.
- Conducting the necessary secretariat work related to the Board of Directors and committee meetings.
- Supervising and monitoring that all matters related to public disclosure are conducted in accordance with the legislation.

Throughout the year, the relevant unit received information requests from shareholders via telephone and e-mail. These requests mostly relate to new projects and developments in the sector. Topics that are not considered trade secrets were answered promptly, within the framework of confidentiality rules, and to the extent allowed by legislation.

EXERCISE OF SHAREHOLDERS' RIGHTS TO INFORMATION

Our company treats shareholders equally in their exercise of the right to information. Information requests from shareholders may only be refused by the Company to protect trade secrets or maintain equal access to information among shareholders. During the period, questions from shareholders mostly related to the performance of our company's shares. The company's website is effectively used to inform investors.

The Investor Relations Department carefully responds to shareholders' information requests throughout the year. The Articles of Association do not specifically regulate the request for the appointment of a special auditor. However, depending on future developments, the regulation of the request for the appointment of a special auditor as an individual right in the Articles of Association will be considered. To date, there have been no requests to appoint a special auditor received by our Company.

GENERAL ASSEMBLY

[Our company held its annual Ordinary General Assembly on May 8, 2023.](#)

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.

VOTING AND MINORITY RIGHTS

As stated explicitly in the company's articles of association, each share carries one voting right. A group shares have the privilege of nominating candidates for the board. There is no reciprocal participation in the company's capital.

Although minority shares are not represented in management, the company takes great care in safeguarding minority rights. No requests or criticisms have been made by minority shareholders.

DIVIDEND DISTRIBUTION POLICY AND DIVIDEND DISTRIBUTION TIME

[There are no privileges regarding profit participation in our company.](#)

The dividend distribution policy established by our company's Board of Directors is as follows:

"In dividend distribution, a balanced and consistent policy is pursued between shareholders' interests and company interests in accordance with the Corporate Governance Principles. Considering general economic conditions, long-term investment, financing, and business plans, as well as profitability, our Board of Directors will distribute at least 20% of the calculated distributable net profit for the period to its shareholders, in compliance with the TCC and CMB regulations

and our articles of association. This distribution can be made either in cash or through a bonus issue, or through a combination of cash and bonus shares. If the calculated amount of distributable dividends is less than 5% of the paid-in capital, this amount can be retained within the partnership instead of being distributed. This dividend distribution policy is reviewed annually by the Board of Directors." Our company acts on the principle of making dividend payments within the periods stipulated in the Capital Markets Legislation and CMB regulations, within the timeframe set out in the relevant communiqué following the general assembly meeting.

TRANSFER OF SHARES

The Company's Articles of Association do not include any restrictive provisions regarding the transfer of shares.

COMPANY INFORMATION POLICY

There are no restrictive provisions in the Company's Articles of Association regarding the transfer of shares. The Company's information policy, which aims to enlighten the public, has been established and disclosed by our Board of Directors. Our information policy, based on principles of transparency and openness, aims to inform shareholders and stakeholders equally, fairly, and accurately. Preparations have been made to ensure that information to be disclosed to the public reaches shareholders, stakeholders, and all other relevant parties. Public disclosures are made in accordance with the regulations of the Capital Markets Law No. 6362 and the "Communiqué on

Material Events" No. 28891 (11-15.1), as well as other relevant communiqués.

The Board of Directors is responsible for establishing, reviewing, and developing the Information Policy. A list of people who have access to insider information has been created according to the information policy. The Investor Relations Department, under the Directorate of Finance and Accounting, is also responsible for implementing and monitoring our Information Policy.

COMPANY WEBSITE AND ITS CONTENT

The company's website, www.kron.com.tr, is actively used for public disclosure. The website is available in both Turkish and English.

The information specified in Article 2.1.1 of Part II of the CMB Corporate Governance Principles is available on our corporate website.

ANNUAL REPORT

The Kron Annual Report is prepared in sufficient detail to provide the public with accurate and comprehensive information about the company's activities, and in compliance with the regulatory requirements. Our company includes

the necessary items in its annual report in accordance with the "Public Disclosure and Transparency" section 2.3 of the CMB Communiqué No: IV-56.

INFORMATION FOR STAKEHOLDERS

Stakeholders are continuously informed through Special Situation Disclosures and the company website.

Stakeholders can request information in writing, or they can request information via the company's website using the email address yatirimci@kron.com.tr.

ETHICAL RULES AND SOCIAL RESPONSIBILITY

The ethical rules established for the company and its employees are communicated to new employees through orientation programs.

Additionally, the company's ethical rules are outlined in the contracts for new hires. No public disclosure has been made on this subject.

STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

The Kron Board of Directors consists of six members elected by the General Assembly. The names and qualifications of the Chairman and Members of the Board are listed below:

NAME	ROLE	EXECUTIVE / NON-EXECUTIVE	INDEPENDENCE	START DATE	END DATE
Lütfi Yenel	Chairman	Non-Executive	Not Independent	13.04.2021	13.04.2024
Ayşe Yenel	Vice-chairperson	Executive	Not Independent	29.04.2022	13.04.2024
Zeynep Yenel Onursal	Board Member	Executive	Not Independent	15.05.2023	13.04.2024
Emre Baran	Board Member	Non-Executive	Not Independent	29.04.2022	13.04.2024
Zeynep Tokman Cesur	Board Member	Non-Executive	Independent	02.11.2023	13.04.2024
Yavuz Suat Bengür	Board Member	Non-Executive	Independent	28.12.2021	13.04.2024

* Zeynep Tokman Cesur was elected to replace Osman Nezihi Alptürk, who resigned as an independent board member on November 2, 2023.

There are currently two independent members on our Board of Directors. Five members are non-executive. On March 6, 2012, the roles of Board Chairman and General Manager were separated within our company. There are no rules preventing Board members from taking on roles outside the company. It is believed that the members will fulfill their duties towards the company properly, so such a restriction

has not been deemed necessary. There are currently no women members on our Board of Directors. The board structure will be reviewed, and priority will be given to female candidates during the nomination process. In subsequent years, we will comply with the principles set by the CMB in this regard.

WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

Our Board Chairman sets the meeting agenda after evaluating the information provided by the General Manager and the Deputy General Managers, in consultation with other Board Members. The Kron Board of Directors held 21 meetings in 2023. The Board of Directors meets according to TCC provisions and when company business requires.

In principle, Board Members attend meetings in person, but in accordance with the company's Articles of Association, decisions can also be made without a meeting unless one of the members requests a discussion. All decisions made at the Board meetings are recorded in the decision book. A secretariat has been established and provides services to all members.

INDEPENDENCE DECLARATIONS OF OUR INDEPENDENT BOARD MEMBERS:

Zeynep Tokman Cesur and Yavuz Suat Bengür have submitted their declarations of independence, affirming their status as independent members of the Board of Directors.

To the Board of Directors of Kron Teknoloji A.Ş.,

I, as a candidate to serve as an “independent member” on the Company’s Board of Directors, within the framework of the criteria set forth in the relevant legislation, the Articles of Association, and the Corporate Governance Communiqué No. 11-17.1 of the Capital Markets Board, hereby declare the following:

- a) Neither I, nor my spouse, nor my relatives up to the second degree have held a significant managerial position, or had more than 5% ownership or voting rights or privileged shares, or had significant commercial relations with the Company, its subsidiaries, entities controlled by or significantly influenced by the Company, or its significant shareholders, in the last five years.
- b) In the last five years, I have not been a partner (with a 5% or greater shareholding), held a significant managerial position, or been a member of the board in companies from which the Company purchased or sold significant goods or services, particularly in the areas of audit (including tax and legal audit, internal audit), rating, or consultancy.
- c) I have the professional education, knowledge, and experience to fulfill my duties as an independent board member.
- d) I am considered a resident of Turkey for tax purposes under the Income Tax Law No. 193 dated 31/12/1960.
- e) I have strong ethical standards, professional reputation, and experience to contribute positively to the Company’s activities,
- f) I have sufficient time to devote to the Company’s activities and to fulfill my duties fully.
- g) I have not been a member of the Company’s Board of Directors for more than six years in the last ten years.
- h) I do not serve as an independent board member in more than three companies controlled by the Company or its significant shareholders, or more than five publicly traded companies in total.
- If a situation arises that affects my independence, I will immediately inform the board and resign.

This is my declaration.

OTHER ISSUES

Information on conflicts of interest between the company and institutions from which it receives services such as investment consultancy and rating, and measures taken to prevent them

Our company has not received services on these matters in 2023.

Assessment of the Board of Directors on the working principles and effectiveness of board committees

With the decision of the Kron Teknoloji A.Ş. Board of Directors dated 28.07.2020, in accordance with the Capital Markets Board (11-17.1) Corporate Governance Communiqué and other relevant legislation, an Audit Committee, Corporate Governance Committee, and Committee for Early Detection and Management of Risks have been established within our Board of Directors to fulfill the duties defined in the regulations and disclosed

to the public. In 2023, the committees established within the Board of Directors fulfilled all their duties and responsibilities, and operated effectively.

The Audit Committee met five times during the year, the Corporate Governance Committee met three times, and the Committee for Early Detection and Management of Risks met six times, reporting to the Board.

Risk management and internal control mechanism

The Board of Directors creates internal control systems covering risk management, information systems, and processes, considering the opinions of the relevant board committees, to minimize the impact of risks that could significantly affect the company, especially shareholders and stakeholders.

In this context, the Board of Directors has established a Committee for Early Detection of Risks, consisting of two independent members. The committee presents its suggestions and solutions related to risk management and internal control management to the Board of Directors as needed.

Legislation changes that may significantly affect company activities

No legislation changes were made in 2023 that could significantly affect our company's activities.

Information on reciprocal participation exceeding 5% direct participation in capital

Our company had no reciprocal participation in 2023.

Information on lawsuits filed against the company that could affect its financial status and activities and potential outcomes

There were no lawsuits in 2023 that could affect the financial status and activities of our company.

Explanations Regarding Administrative or Judicial Sanctions Imposed on Members of the Company's Governing Body Due to Violations of Legislative Provisions

In 2023, there were no administrative or judicial sanctions imposed on the members of the Company's governing body due to violations of legislative provisions.

Events After the End of the Fiscal Year

Increase in Registered Capital: Kron Teknoloji AŞ decided to increase its registered capital ceiling from 150,000,000 Turkish Lira to 500,000,000 Turkish Lira, effective until 2028. This was decided by an Extraordinary General Assembly resolution dated April 16, 2024, and was approved by the Capital Markets Board on February 13, 2024, and by the Turkish Ministry of Trade on March 1, 2024. The decision was registered with the Istanbul Trade Registry on April 24, 2024.

Formation of Executive Committee: On February 21, 2024, the Board of Directors decided to establish an Executive Committee to handle matters outside the jurisdiction of the Board of Directors or General Assembly. The committee's structure and the roles and responsibilities of its members have been regulated by an internal directive. The Executive Committee has been formed as follows:

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

Privileged Shares and Voting Rights

There are no privileged shares or special voting rights associated with any shares.

Donations and Social Responsibility Projects

The company provides information about its donations and expenditures on social responsibility projects during the fiscal year. If you need specific details about these, they can be found in the company's reports or through direct inquiry.



Amendments to the Articles of Association During the Period

Board Meeting on December 27, 2022:

The Board decided to increase the Company's issued capital of 14,268,513 TL by 28,537,026 TL, to reach a total of 42,805,539 TL.

This was done by issuing 2,853,704 Class (A) registered shares and 25,683,322 Class (B) bearer shares. These shares were distributed free of charge to the shareholders in compliance with the provisions of the Capital Markets Legislation regarding the book-entry system. The capital increase was registered with the Turkish Trade Registry Gazette on April 10, 2023.

Board Meeting on November 14, 2023:

The Board decided to further increase the issued capital of 42,805,539 TL by 42,805,539 TL, to reach a total of 85,611,078 TL. In this increase, 8,561,112 Class (A) registered shares and 77,049,966 Class (B) bearer shares were issued. These shares were distributed to shareholders for a fee in compliance with the provisions of the Capital Markets Legislation regarding the book-entry system.

The capital increase was registered with the Turkish Trade Registry Gazette on December 18, 2023.



STRATEGIC OBJECTIVES OF THE COMPANY

As the highest decision-making body, the Board of Directors reviews and approves the strategic objectives set by the management in line with the Company's mission and vision during board meetings.

In regularly scheduled meetings, the Board compares the established goals with the actual activities and reviews the current status.

This approach allows the Board to monitor periodic performance, and if necessary, new strategies are established.

FINANCIAL RIGHTS PROVIDED TO THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

All rights, benefits, and remuneration for Board Members are determined by the General Assembly. There is no performance-based remuneration for Board Members. A total of 9,385,618 TRY was paid to the Board of Directors and Key Managers in 2023.

Our company does not directly or indirectly lend or provide credit to any Board Member or manager.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Kron Teknoloji A.Ş. has adopted corporate governance principles based on transparency, equality, responsibility, and accountability in its management approach and continues to work towards achieving best practices.

Full compliance with the mandatory principles outlined in the Capital Markets Board's (11-17.1) Corporate Governance Communiqué has been achieved, while most voluntary principles have been complied with. Evaluations regarding the voluntary principles that have not been implemented are ongoing at our company.

There is no conflict of interest arising from non-compliance with voluntary principles. Although there is no provision or practice in our Articles of Association regarding voluntary principles, the company complies with the Turkish Commercial Code, Capital Markets Law, and relevant legislation in these matters.

VOLUNTARY PRINCIPLES WITH WHICH FULL COMPLIANCE HAS NOT BEEN ACHIEVED ARE AS FOLLOWS:

1.5.2. Our company ensures the utmost care in safeguarding minority rights. There is no provision in the articles of association regarding the recognition of minority rights to those who own less than 1/20 of the capital and extending their scope.

2.1.4. Information on the company's corporate website has been prepared in Turkish and partially in English.

3.2.1 Employees' participation in management has not been regulated by the articles of association or internal company regulations.

4.4.7. There are no restrictions on Board members taking on other roles outside the company. No such restriction

has been deemed necessary as members are believed to fulfill their duties towards the company properly.

4.5.5. Each board member serves on more than one committee. There are 3 committees within the board and 2 independent members.

4.6.1 The board of directors has not conducted a performance assessment to evaluate whether it has effectively fulfilled its responsibilities.

4.6.5. The remuneration of board members and managers with administrative responsibilities has not been disclosed individually in the annual report but has been disclosed collectively.

SUSTAINABILITY

Kron Teknoloji's sustainability strategy is gathered under three main headings: economic, social responsibility, and environmental awareness. Within these headings, the company emphasizes recycling of office equipment, reducing the use of paper, cardboard, and derivatives through incentives and training, and creating a sustainable footprint through the use of cloud-based technological products and software, while also highlighting their positive impact on customer sustainability. Efforts are made to spread our sustainability principles starting from all our domestic and international offices, with the aim of creating a global footprint of our sustainability expertise.

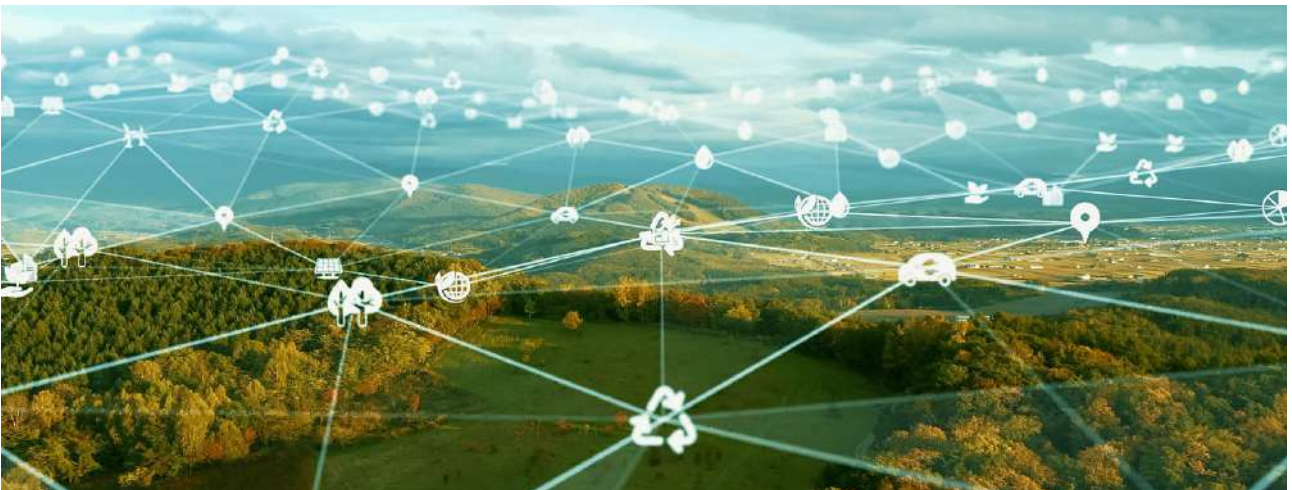
Social responsibility and environmental awareness are addressed separately in our annual report. Economic sustainability is emphasized in terms of Kron Teknoloji's impact on its workforce and the Kron Teknoloji ecosystem created through them. It is of vital importance for economic sustainability that our colleagues, and future young colleagues who will join us, and employees of our stakeholders are individuals with strong basic education, committed to lifelong learning, constantly improving, capable of working in multicultural environments, and having ethical values.

In addition to technological competencies, economic priorities highlight the importance of communication, sales and marketing, international business skills, and the ability to work in different environments and geographies. Our strategy includes activities to develop these competencies.

Work Environment, Kron Ecosystem, and Waste Management Approach

According to the 2023 Circularity Gap Report, humans consume 100 billion tons of material each year, and as of 2023, only 7.2% of these materials are returned to the economy after use. Traditional take-make-waste systems and current infrastructure fall short in effectively preserving, collecting, and redistributing materials for a global circular economy. Kron Teknoloji acknowledges the urgent need to reduce the carbon emissions associated with the lifecycle of these materials and recognizes the need to take action. We are making decisions to integrate a more circular approach into our business and the world with the products we use in our production processes. We support this effort with our policy of recycling bins in the office, battery waste collection points, and the recycling of end-of-life servers, computers, and other electronic devices.

Kron Teknoloji understands the importance of raising awareness not only among its employees but also in its ecosystem. Through the digital management platform (Partners Portal) we have prepared, Kron aims to reduce waste between our partners and customers to almost zero.



**KRON TEKNOLOJİ A.Ş.
SUSTAINABILITY COMPLIANCE REPORT
2023 - ANNUAL NOTIFICATION**



**Summary
Sustainability Compliance Report**



A. GENERAL PRINCIPLES

A1. Strategy, Policy and Goals

A1.1. The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.



The ESG (Environmental, Social, and Governance) working group at Kron Teknoloji A.Ş. has been established under the direct supervision of the General Manager, following the recommendation of the Corporate Governance Committee. This group continues its efforts to identify and effectively manage risks and opportunities, thereby creating value and raising awareness on sustainability issues.

A1.1. The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.



The ESG working group has initiated efforts to set short-term and long-term goals. Information regarding these goals has been shared in Section 4 of the Activity Report.

<https://kron.com.tr/bilgilendirme-politikasi>
<https://kron.com.tr/insan-kaynaklari-politikasi>
<https://kron.com.tr/bagis-ve-yardim-politikasi>
<https://kron.com.tr/ucret-politikasi>
<https://kron.com.tr/tazminat-politikasi>
<https://kron.com.tr/kar-dagitim-politikasi>
<https://kron.com.tr/menfaat-sahipleri-politikasi>

A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.



The ESG working group has started to set short-term and long-term goals. Information about these goals is shared in Section 4 of the Activity Report

Activity Report / 06 Corporate Governance / Sustainability

A2. Implementation/Monitoring

A2.1. The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.



Committees and/or units responsible for the implementation of ESG policies, as well as the highest-level officials in the partnership concerned with ESG issues and their responsibilities, have been identified but have not been disclosed to the public.

A2.1. The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.



A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.



The ESG working group has started to define short-term and long-term goals, but these have not been disclosed to the public.

A2.3. The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.



No public disclosure has been made.

A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.



No public disclosure has been made.



Yes



No



Partial



Not Applicable

A3. Reporting

A3.1. The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.



The Activity Report includes not only the Compliance Report on Sustainability Principles but also a general assessment regarding sustainability.
Activity Report / 06 Corporate Governance

A3.2. The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.



The Activity Report includes not only the Compliance Report on Sustainability Principles but also a general assessment regarding sustainability.
Activity Report / 06 Corporate Governance

A3.3. The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.



There are no lawsuits of significant nature or that would significantly impact the activities in terms of ESG policies

A4. Verification

A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.



Services have not been obtained from independent sustainability assurance providers

B. ENVIRONMENTAL PRINCIPLES

B1. The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.



The 'Code of Ethics and Principles of Conduct' of our company also references the policies and practices in the area of environmental management.
<https://kron.com.tr/etik-kurallar>

B2. The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.



No public disclosure has been made.

B4. The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).



No public disclosure has been made.

B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.



No public disclosure has been made.

B7. The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.





















No public disclosure has been made.





B8. Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.



No activities have been conducted with the mentioned institutions and organizations.














Yes
 No
 Partial
 Not Applicable

B9. In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.		No public disclosure has been made.
B10. Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.		No public disclosure has been made.
B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.		No public disclosure has been made.
B12. The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.		No public disclosure has been made.
B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.		No public disclosure has been made.
B14. The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.		It is partially included in the activity reports and notifications made to the customer.
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.		No public disclosure has been made.
B15. The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.		No public disclosure has been made.
B16. The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.		No public disclosure has been made.
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.		No public disclosure has been made.
B18. The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.		No public disclosure has been made.
B19. The renewable energy production and usage data has been publicly disclosed.		No public disclosure has been made.
B20. The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.		No public disclosure has been made.
B21. The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.		No public disclosure has been made.
B22. The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).		No public disclosure has been made.
B23. The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.		There are no accumulated or purchased carbon credits.
B24. If carbon pricing is applied within the Company, the details have been disclosed.		Carbon pricing is not implemented in our company.
B25. The platforms where the Company discloses its environmental information have been disclosed.		No public disclosure has been made.

 Yes
  No
  Partial
  Not Applicable

C. SOCIAL PRINCIPLES

C1. Human Rights and Employee Rights

C1.1 - The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	 Our Human Resources Policy is available on our official website, but the relevant roles and responsibilities have not been disclosed. https://kron.com.tr/insan-kaynaklari-politikasi
C1.2 - Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	 No public disclosure has been made.
C1.3 - The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	 Measures related to the issue are being taken, but no statement has been made
C1.4 - The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	 No public disclosure has been made.
C1.5 - Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	 The Remuneration Policy and Human Resources Policy, prepared in accordance with the Capital Markets Legislation as part of the ESG policies, have been prepared and disclosed to the public on our website. https://kron.com.tr/insan-kaynaklari-politikasi https://kron.com.tr/ucret-politikasi
C1.5 - The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	 Employee-generated complaints and disputes are resolved within the framework of Company policies and principles
C1.5 - The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	 Employee satisfaction is measured in annual performance evaluations, but no statement has been made regarding this matter.
C1.6 - The occupational health and safety policies have been established and disclosed.	 Occupational health and safety policies are in place, but no statement has been made regarding this matter.
C1.6 - The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	 Measures have been taken against workplace accidents, but no statement has been made regarding this matter.
C1.7 - The personal data protection and data security policies have been established and disclosed.	 Work related to the Personal Data Protection (KVKK) has been completed and compliance with the legislation has been achieved, but no statement has been made regarding this matter.
C1.8 - The ethics policy have been established and disclosed.	 Our company's Code of Ethics and Principles of Conduct has been disclosed on our official website, but it does not cover some of the elements mentioned in this article.
C1.9 - The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	 No public disclosure has been made.
C1.10 - The informative meetings and training programs related to ESG policies and practices have been organized for employees.	 Product- and customer-based notifications are made.



Yes



No



Partial



Not Applicable

C2. Stakeholders, International Standards and Initiatives

C2.1 - The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	●	Customer satisfaction is measured through survey studies, but a written policy has not yet been developed.
C2.2 - The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	●	In meetings with customers, progress made in sustainability activities is occasionally brought up.
C2.3 - The international reporting standards that adopted in reporting have been explained.	○	No international reporting standard has been adopted under ESG.
C2.4 - The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	○	There is no international organization/principle that has been signed or joined under ESG.
C2.5 - The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	●	The matter is being evaluated by our Board of Directors.

D. CORPORATE GOVERNANCE PRINCIPLES

D1 - The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	●
D2 - The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	●

● Yes
 ● No
 ● Partial
 Not Applicable

KRON TEKNOLOJİ A.Ş.
CORPORATE GOVERNANCE COMPLIANCE REPORT
2023 - ANNUAL NOTIFICATION



Summary
Corporate Governance Compliance Report



CORPORATE GOVERNANCE COMPLIANCE REPORT

1.1. Facilitating The Exercise of Shareholder Rights

1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.

To ensure the effective use of shareholder rights, current information and disclosures are made available to investors on the corporation's website at www.kron.com.tr

1.2. Right To Obtain and Review Information

1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.

The company takes utmost care in exercising shareholder rights. There are no practices that hinder the conduct of special audits.

1.3. General Assembly

1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.

The agenda of the general assembly is clearly stated, with each proposal presented under a separate heading.

1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.

Those who have privileged access to partnership information have not conducted any transactions on their own behalf during the relevant period.

1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.

Board members responsible for the preparation of financial statements, officials, and auditors attended the general assembly meeting.

1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.

The general assembly agenda includes a separate item on donations and contributions.

1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.

There is no restriction on stakeholders attending the general assembly meeting without the right to speak.

1.4 Voting Rights

1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.

Shareholders freely exercise their voting rights in the company.

1.4.2 - The company does not have shares that carry privileged voting rights.

There are no shares with privileged voting rights in the company. Privilege exists only in nominating candidates to the board of directors.

1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.

The company does not have any mutual participation relationships with other companies.

Yes
 No
 Partial
 Not Applicable

1.5 Minority Rights

1.5.1 - The company pays maximum diligence to the exercise of minority rights.



The company takes the necessary care in facilitating the exercise of minority rights.

1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.



The company takes utmost care in facilitating the exercise of minority rights, although there is no specific provision in the articles of association regarding this matter.

1.6. Dividend Right

1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.



The company's dividend distribution policy, approved by the general assembly, has been disclosed to the public on the corporate website.

1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.



The dividend distribution policy disclosed by the company contains minimum information that is clear enough to enable shareholders to anticipate the procedures and principles for the distribution of profits in future periods of the partnership.

1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.



The company has indicated in the agenda item that it will not distribute profits for the relevant period and will use the profits for investments.

1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.



As outlined in the dividend distribution policy, the company's board of directors always considers the balance between the interests of the shareholders and the interests of the company.

1.7. Transfer of Shares

1.7.1 - There are no restrictions preventing shares from being transferred.



There is no provision in the company's articles of association that restricts the transfer of shares.

2.1. Corporate Website

2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.



2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.



2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.



Some of the information disclosed on the website is only available in Turkish.

2.2. Annual Report

2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.



2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.



Yes



No



Partial



Not Applicable

3.1. Corporation’s Policy on Stakeholders

3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	●
3.1.3 - Policies or procedures addressing stakeholders’ rights are published on the company’s website.	●
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	●
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	●

3.2. Supporting The Participation of The Stakeholders in The Corporation’s Management

3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	●	The participatory approach is achieved through the adopted and implemented flat management philosophy in our company.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	●	

3.3. Human Resources Policy

3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	●	Human Resources Policy
3.3.2 - Recruitment criteria are documented.	●	
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	●	
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	●	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	●	There is no union in our company.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	●	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	●	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	●	
3.3.9 - A safe working environment for employees is maintained.	●	

Yes
 No
 Partial
 Not Applicable

3.4. Relations with Customers and Suppliers

3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	●
3.4.2 - Customers are notified of any delays in handling their requests.	●
3.4.3 - The company complied with the quality standards with respect to its products and services.	●
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	●

3.5. Ethical Rules and Social Responsibility

3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	●	The corporate website includes a section on 'Corporate Governance' where Ethic Rules are provided.
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	●	

4.1. Role of The Board of Directors

4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	●
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	●

4.2. Activities of The Board of Directors

4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	●
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	●
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	●
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	●
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	●
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	●

● Yes
 ● No
 ● Partial
 Not Applicable

4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital. ●

4.3. Structure of The Board of Directors

4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. ●

The ratio of our female board member composition is 50%.

4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance. ●

4.4. Board Meeting Procedures

4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system. ●

4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members. ●

4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members. ●

4.4.4 - Each member of the board has one vote. ●

4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board. ●

4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director’s dissenting opinions if any. ●

4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members’ external commitments at the General Shareholders’ Meeting. ●

There are no restrictions on board members taking on other roles outside the company. It is believed that board members will fulfill their duties to the company adequately, hence such limitation is deemed unnecessary.

● Yes ● No ● Partial ○ Not Applicable

4.5. Board Committees

4.5.5 - Board members serve in only one of the Board's committees.	●	Each board member serves on multiple committees. There are two independent members in our Board of Directors, and there are three committees within the Board.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	●	Such a need did not arise during the relevant period.
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.	○	No consultancy services were obtained during the relevant period.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	●	

4.6. Financial Rights

4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	●	The board of directors' performance evaluation is not conducted.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	●	
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.	●	A collective statement has been made in the annual activity report

● Yes
 ● No
 ● Partial
 ○ Not Applicable

KRON TEKNOLOJİ A.Ş.
CORPORATE GOVERNANCE INFORMATION FORM
2023 - ANNUAL NOTIFICATION



Summary
Corporate Governance Information Form



1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year

Two investor meetings were held to review year end results and interim year results.

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

There has been no request for a special auditor.

The number of special audit requests that were accepted at the General Shareholders' Meeting.

There has been no request for a special auditor.

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/1136792>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time.

The documents related to the general assembly have been presented only in Turkish.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

Within the scope of the mentioned item, no transaction has occurred in the company.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

Within the scope of the mentioned item, no transaction has occurred in the company.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

Within the scope of the mentioned item, no transaction has occurred in the company.

The name of the section on the corporate website that demonstrates the donation policy of the company.

Yatırımcı İlişkileri/Kurumsal Yönetim/Politikalar/Bağış ve Yardım Politikası

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/1024080>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting.

The articles of association do not contain any provisions regarding the participation of stakeholders in the general assembly. There are no restrictions applied in our company regarding this matter.

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

The general assembly has not received any requests for participation from shareholders other than the owners of shares.

1.4 Voting Rights

Whether the shares of the company have differential voting rights	Hayır (No)
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
The percentage of ownership of the largest shareholder	% 24,44

1.5 Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Hayır (No)
If yes, specify the relevant provision of the articles of association.	None

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Yatırımcı İlişkileri / Kurumsal Yönetim / Politikalar / Kar Dağıtım Politikası
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	<p>The proposal of the Board of Directors regarding the non-distribution of profit was determined to be open for examination by the shareholders at the Company headquarters, on the Public Disclosure Platform, on the Electronic General Assembly system of the Central Securities Depository, and on the Company website, excluding the announcement and meeting days, at least 3 weeks before the meeting date, as determined by the decision dated 10.04.2023 and numbered 2023-07; The decision dated 10.04.2023 and numbered 2022-07 regarding the non-distribution of profit by the Board of Directors was read as follows: Motion Regarding Profit Distribution Proposal: According to our financial statements for the period from 01.01.2022 to 31.12.2022 prepared within the framework of Capital Markets regulations and audited by Kavram Independent Audit and Consulting Joint Stock Company, when the total net profit for the 2022 fiscal year is calculated by deducting taxes and other legal obligations from the profits obtained from the activities of the 2022 fiscal year, it is understood to be 48,375,859.22 TL (this figure is 34,221,807.90 TL in the financial statements prepared in accordance with the Tax Procedure Law). It has been decided by the Board of Directors to inform the shareholders about the retention of the net profit for the year 2022 in the Company's accounts for use in Company investments, and to present this matter to the General Assembly for approval. The written decision of the Board of Directors regarding the non-distribution of profit was opened for discussion. As a result of the discussions, the proposal of the Board of Directors not to distribute the profit for the year 2022 was presented to the general assembly for approval. The proposal of the Board of Directors not to distribute the profit for the year 2022 was approved by the majority of votes cast by the participants, with 15,351,018.25 votes in favor against 36,567 votes against.</p>

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends.

<https://www.kap.org.tr/tr/Bildirim/1147946>

GENERAL ASSEMBLY MEETINGS

General Meeting Date	08/05/2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	%36
Percentage of shares directly present at the GSM	%25
Percentage of shares represented by proxy	%11
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Yatırımcılar İlişkileri / Genel Kurullar
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Yatırımcılar İlişkileri / Genel Kurullar
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to	This type of transaction has not been conducted
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1136792

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Yatırımcı İlişkileri / Kurumsal Yönetim
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Yatırımcı İlişkileri / Kurumsal Yönetim / Ortaklık Yapısı
List of languages for which the website is available	Turkish- English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	02 Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	02 Board of Directors / Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	06 Corporate Governance - Principles of Board of Directors' Activities
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	06 Corporate Governance - Legislation Changes That Could Significantly Impact Company Activities
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	06 Corporate Governance - Information on Lawsuits Filed Against the Company and Their Potential Impact on the Company's Financial Situation and Activities
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	06 Corporate Governance - Information regarding conflicts of interest between the company and institutions providing services such as investment consultancy and rating, and measures taken to prevent them.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	06 Corporate Governance - Information regarding mutual participations where the direct participation in capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	06 Corporate Governance - Ethics Rules and Social Responsibility.

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Yatırımcı İlişkileri / Kurumsal Yönetim / Politikalar / Tazminat Politikası
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Deputy General Manager - Finance.
The contact detail of the company alert mechanism	yatirimci@kron.com.tr https://www.kron.com.tr/iletisim

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	There is no internal regulation regarding employee participation in management.
Corporate bodies where employees are actually represented	There is no management body representing the employees.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions.	The board of directors takes all necessary measures to ensure the company's healthy continuity.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Yatırımcı İlişkileri / Kurumsal Yönetim / Politikalar / İnsan Kaynakları Politikası
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Yatırımcı İlişkileri / Kurumsal Yönetim / Politikalar / İnsan Kaynakları Politikası
The number of definitive convictions the company is subject to in relation to health and safety measures	None

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Yatırımcı İlişkileri/ Kurumsal Yönetim/Etik Kurallar
---	--

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

Our company prioritizes environmental awareness in all of its activities. By leveraging the technologies it develops to optimize performance, productivity is enhanced, leading to a natural reduction in energy consumption and contributing to the fight against global warming. Kron designs its technologies aiming for green energy. Additionally, support is provided for socialresponsibility projects to foster the development of more qualified young individuals in the field of technology.

Any measures combating any kind of corruption including embezzlement and bribery

All company employees adhere to our company's code of ethics.

4. BOARD OF DIRECTORS - I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted.	The performance evaluation has not been conducted.
Whether the board evaluation was externally facilitated	Hayır (No)
Whether all board members released from their duties at the GSM	Evet (Yes)
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Ayşe Yenel - Zeynep Yenel Onursal / Under Article 367 of the Turkish Commercial Code, they are responsible and authorized for matters outside of those requiring decisions by the Board of Directors or General Assembly, in accordance with the Law, Capital Markets legislation, Articles of Association, and the provisions of this Internal Directive, which are listed in Article 7.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	None
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	06 Corporate Governance - Risk Management and Internal Control Mechanism
Name of the Chairman	Lütfi Yenel
Name of the CEO	Ayşe Yenel / Mete Sansal
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The distinction between the chairman of the board and the general manager has been made.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	It is partially available.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None

The number and ratio of female directors within the Board of Directors 3 / %50

Composition of Board of Directors

Names of the Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director 'Has At Least 5 Years ,Experience On Audit Accounting And/Or Finance Or Not
Lütfi Yenel	Non-Executive	Not Independent Director	14/05/2007	-	Not Applicable	Not Applicable	No
Ayşe Yenel	Executive	Not Independent Director	29/04/2022	-	Not Applicable	Not Applicable	Yes
Zeynep Yenel Onursal	Executive	Not Independent Director	15/05/2023	-	Not Applicable	Not Applicable	Yes
Emre Yavuz Baran	Non-Executive	Not Independent Director	29/04/2022	-	Not Applicable	Not Applicable	Yes
Zeynep Tokman Cesur	Non-Executive	Independent Director	02/11/2023	https://www.kap.org.tr/tr/Bildirim/1214442	Considered	No	No
Yavuz Suat Bengür	Non-Executive	Independent Director	28/11/2021	https://www.kap.org.tr/tr/Bildirim/986781	Considered	No	Yes

4. BOARD OF DIRECTORS - II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period 21

Director average attendance rate at board meetings %70

Whether the board uses an electronic portal to support its work or not Hayır(No)

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter 2 Days

The name of the section on the corporate website that demonstrates information about the board charter None

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors None

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

02 Board of Directors / Committees

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.org.tr/tr/Bildirim/1132020>

COMPOSITION OF BOARD COMMITTEES-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	Yavuz Suat Bengür	Yes	Board Member
Corporate Governance Committee	-	Lütfi Yenel	No	Board Member
Corporate Governance Committee	-	Onur Çelik	No	Not Board Member
Audit Committee	-	Yavuz Suat Bengür	Yes	Board Member
Audit Committee	-	Zeynep Tokman Cesur	No	Board Member
Committee of Early Detection of Risk	-	Zeynep Tokman Cesur	Yes	Board Member
Committee of Early Detection of Risk	-	Lütfi Yenel	No	Board Member

4. BOARD OF DIRECTORS - III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report website)

02 Board of Directors / Committees

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

02 Board of Directors / Committees

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is fulfilled by the Corporate Governance Committee.
02 Board of Directors / Committees.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

02 Board of Directors / Committees

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is fulfilled by the Corporate Governance Committee.
02 Board of Directors / Committees.

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

06 Corporate Governance / Company's Strategic Objectives

Specify the section of website where remuneration policy for executive and non-executive directors are presented.

<https://kron.com.tr/ucret-politikasi>

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

06 Corporate Governance / Financial Rights Provided to the Board of Directors and Senior Management

COMPOSITION OF BOARD COMMITTEES-II

Names Of The Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	%100	%100	5	5
Corporate Governance Committee	-	%100	%33	3	3
Committee of Early Detection of Risk	-	%100	%50	6	6



2023
**FINANSAL
STATEMENTS**

07

INDEPENDENT AUDITOR'S REPORT



KAVRAM BAĞIMSIZ DENETİM ve DANIŞMANLIK A.Ş.
Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the Board of Directors

Kron Teknoloji Anonim Şirketi

Opinion

We have audited the annual report of Kron Teknoloji Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1 January 2023 - 31 December 2023.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set of consolidated financial statements and the information we obtained during the audit.

Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated May 2, 2024 on the full set consolidated financial statements of the Group for the period of 1 January - 31 December 2023.

The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué 11-14.1 on the Principles of Financial Reporting in Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.



www.crowe.com/tr/kavram

The Responsibility of the Board of Directors on the Annual Report (continued)

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion. The independent audit we have performed is conducted in accordance with the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are presented according to fair value and consistent with the information gathered during audit.

The responsible auditor who conducted and concluded this independent audit is Bünyamin KALYONCU.

Partner
Istanbul, May 2 2024



KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
AUDIT REPORT
FOR CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES AS OF
JANUARY 1, 2023-DECEMBER 31, 2023

Original reporting language is Turkish.
In case of translation errors, original report should be referred as correct.

INDEPENDENT AUDITOR'S REPORT	-
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	1-2
CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	3-4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONSOLIDATED CASH FLOW STATEMENT	6-7
CONSOLIDATED FOOTNOTES REGARDING FINANCIAL STATEMENTS	8-42

INDEPENDENT AUDITOR REPORT

To the General Assembly of Kron Teknoloji Anonim Şirketi

A. Independent Audit of Consolidated Financial Tables

1. Opinion

Kron Teknoloji Anonim Şirketi (the Company) and its subsidiary (the Group) for the fiscal period ending on the same date as the consolidated financial statement dated 31 December 2023; we have audited the financial statements that consist of the footnotes of the financial statements including consolidated profit or loss and other comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement and summary of significant accounting policies.

In our opinion, the Group's consolidated financial statements as of December 31, 2023, offer a fair manner with appropriate as all important aspects in accordance with Turkish Financial Reporting Standards(TFRS) of the consolidated financial condition and the same date as the end of the fiscal year of consolidated financial performance and its consolidated cash flows.

2. The Base of Opinion

In our independent audit we did the Independent Auditing Standards published by the Capital Markets Board and the standards issued by the Public Oversight, Accounting and Auditing Standards Authority was carried out in accordance with the Independent Auditing Standards which are a part of Turkey Auditing Standards. Our responsibilities under these Standards are explained in detail in the section entitled "Independent Auditor's Responsibilities for Independent Audit of Consolidated Financial Statements". We declare that we are independent from the Community in accordance with the Code of Ethics for Independent Auditors published by the Public Oversight Board (Code of Ethics) and the ethical provisions contained in the relevant legislation with independent auditing of the consolidated financial statements. Ethical Rules and other ethical responsibilities under the legislation have also been fulfilled by us. We believe that the independent audit evidence we obtain during the independent audit is sufficient and appropriate basis for the establishment of our opinion.

3. Matters To Draw Attention

In the scope of announcement made in November 23,2023 by Public Oversight Accounting and Auditing Standards Authority which is 'Adjustment Of Financial Statements of Independently Audited Companies According To Inflation' the consolidated financial statements as of December 31,2023 are adjusted according to inflation accounting in the scope of IAS 29 'Financial Reporting in Hyperinflationary Economies'. In the scope of this standard, we want to take your attention to note 2 which includes explanations related to transition to inflation accounting. This matter does not effect the opinion presented by us.

4. Key Audit Matters

The key audit matters, according to our professional judgment, are those that are most important in the independent audit of the financial statements in the current period. The key audit issues are discussed in the context of the independent audit of the financial statements as a whole and in the formation of our view of the financial statements, and we do not give a separate opinion on these matters.

Key Audit Matter	How the matter is addressed in the Audit
Testing of Internally Generated Intangible Assets / Capitalized Development Costs The Group has development costs in the amount of 148.704.754 TL capitalized in the consolidated financial statements as of December 31,2023. In the capitalization of costs related to the Group's development operations, TMS 38 'Intangible Assets' Standard and the explanations explained in Note 2.9.16 are taken into consideration.	 The following procedures are implemented related to audit of development costs. The bases are examined about the criteria related to TMS 38 'Intangible Assets' related to communications with management. The movement table of intangible assets are controlled with the detail of expenditures of capitalized costs

<p>The costs are capitalized related to costs of personnel related to software projects for the projects the Group has completed feasibility studies and projects the Group provides cash flow in the scope of development operations. Capitalization is calculated according to rates and timing of development costs of personnel determined according to forecasts and assumptions of project managers and management level.</p> <p>The calculation of capitalization costs are determined as key audit matter since they are significant related to financial statements and it includes the forecasts of management related to this matter.</p>	<p>For the tests of personnel costs associated with projects, the details of personnel and capitalized costs are received and the verification is made with personnel pay rolls and time sheets.</p> <p>The meetings are made related to capitalization with personnel chosen by sampling method and the activities are examined with the details of projects in the scope.</p>
<p>TMS 29 "Yüksek Enflasyonlu Ekonomilerde Finansal Raporlama" Uygulaması</p> <p>TMS 29, "Financial Reporting in High-Inflation Economies" ("TMS 29") standard has been applied in the Group's consolidated financial statements for the year ending 31 December 2023.</p> <p>According to TMS 29, statement of financial position items and non-monetary items that are not expressed in terms of the current measurement unit as of the end of the reporting period are adjusted using a general price index. For this reason, the transactions in 2023, non-monetary balances at the end of the period and the consolidated financial statements of previous years have been rearranged to reflect the current price index as of the balance sheet date of December 31, 2023. The application of TAS 29 has a widespread and significant impact on consolidated financial statements. Considering these reasons, the risk that the data used in the application of TMS 29 may not be accurate and complete, and the additional audit effort spent, the implementation of TMS 29 has been determined by us as a key audit matter. Explanations regarding the application of TAS 29 are included in Note 2.1.</p>	<p>During our audit, the following audit procedures were applied regarding the application of TMS 29 "Financial Reporting in High Inflation Economies" standard:</p> <ul style="list-style-type: none"> -The Group's TMS 29 implementation process was analyzed and the design and implementation of controls related to this process were evaluated. -It has been checked whether the distinction between monetary and non-monetary items made by the Group is made in accordance with TAS 29. -The assumptions used by the Group were evaluated and checked whether they were used consistently in each period. -The general price index rates used in the calculations have been checked with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute. - Within the scope of TMS 29 application, detailed studies were provided regarding non-monetary items and their acquisition dates and amounts were tested by sampling method. -The mathematical accuracy of the non-monetary items and financial statements rearranged with the application of TMS 29 was tested. -The adequacy of the disclosures in the consolidated financial statements and footnotes has been evaluated within the scope of TFRS.

5.Responsibilities of the Administrative and Supervisory Officers on Consolidated Financial Statements

The group management; is responsible for the internal control it deems necessary to prepare it so that it does not contain significant error caused by error or fraud, the preparation of consolidated financial statements in accordance with Turkey Accounting Standards and from its presentation in a reasonable way.

Management when preparing consolidated financial statements is in the responsibility of the Group to use the continuity principle as long as there is no obligation, from the assessment of the ability of the Group to maintain its continuity, for clarifying the points of continuity if necessary, for liquidation of the community or for intention to terminate commercial activity.

Those responsible for top management are responsible for overseeing the Group's financial reporting process.

In an independent audit, the responsibilities of independent auditors like ours are:

Our aim is to obtain reasonable assurance as to whether the financial statements as a whole contain significant errors caused by errors or fraud, and to prepare an independent auditor's report that includes our observations. Reasonable assurance as a result of an independent audit carried out in accordance with the Independent Auditing Standards (IAS); is a high level of assurance, but does not always guarantee that an important mistake that exists will always be detected. Errors can be due to errors or tricks. These inaccuracies are considered significant if the mistakes are reasonably expected to affect the economic decisions that financial statement users will receive in the context of a table, alone or collectively.

By force of an independent audit carried out in accordance with the Independent Auditing Standards(IAS) published by the Capital Markets Board, we use our professional judgment during the independent audit and we continue our professional skepticism.

We also:

Risks of "major mistakes" originating from errors or fraud in the consolidated financial statements are identified and evaluated; audit procedures that respond to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to provide a basis for the audit.(Since trick has fraud, intentional negligence, untrue declaration or internal control violation, the risk of not detecting an important fallacy of falsity is higher than the risk of not detecting an important mistake.)

-Internal control is not evaluated with the aim to give an opinion on the effectiveness of the Group's internal control, but it is evaluated on the audit to design appropriate audit procedures.

- It is evaluated whether the accounting estimates made by the appropriateness of the accounting policies used by the management and the related disclosures are reasonable or not.

-Based on the audit evidence obtained, it is concluded that there is a significant uncertainty regarding the event or circumstances that could cause serious doubt as to the ability of the Group to maintain its continuity and the appropriateness of the management using the continuity of the management. If we reach a conclusion that there is a significant ambiguity, we should draw attention to the relevant disclosures in the Consolidated Financial Statements, or we should give any opinion other than a positive opinion if these disclosures are inadequate. The results we have are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or circumstances may end the continuity of the Group.

-The Consolidated Financial Statements reflect the general presentation, structure and content of the financial statements, including the disclosures, and whether these statements reflect the underlying transactions and events in a manner that will provide a sound presentation.

-Adequate and appropriate audit evidence is obtained about the financial information about the entities in the community or business segments in order to give an opinion on the consolidated financial statements. We are responsible in the guidance, observation and execution of the Group audit. We are responsible alone by the audit opinion mentioned.

Among other things, we report to the top management the planned coverage and timing of the independent audit, as well as any significant audit findings, including any significant internal control deficiencies we identified during the audit.

We have informed top management that we have complied with the ethical provisions regarding independence. We have informed top management all relations and other matters that may be considered to have an effect on independence and, if any, relevant measures.

Among the issues that are reported to top management, we have identified key issues that are most important in the independent audit of the consolidated financial statements. Where the legislation does not allow public disclosure of the matter, or in exceptional circumstances where it is reasonably expected that the negative consequences of public disclosure will exceed public interest, we may decide that the relevant matter should not be mentioned in our independent audit report.

B. Other liabilities arising from the legislation

1. The report dated May 2 2024, which we prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code with number 6102, on the early detection system of the Group's risk appetite and its applications, was presented to the Board of Directors of the Company.

2. In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code with number 6102, no significant issue was found in the accounting period of the Group for the period between 1 January 2023 and 31 December 2023 as to the bookkeeping method and the fact that the financial statements do not conform to the provisions of the law and the financial statements of the main contract.

3. In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, The Board of Directors has made the required explanations within the scope of the audit and given the documents we requested.

BÜNYAMİN KALYONCU is the auditor responsible for carrying out this independent audit.

İstanbul, May 2 2024

Bünyamin KALYONCU

Responsible Auditor

KAVRAM BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.

Member Crowe Global

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

Statement of Financial Position (Balance Sheet)	Footnote Refer.	CURRENT PERIOD December 31, 2023	PREVIOUS PERIOD December 31, 2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	52.920.460	60.026.850
Financial Investments	5	7.630.080	5.773.893
Financial Assets Fair Value Reflected To Profit/Loss		7.630.080	5.773.893
-Financial Assets Held With The Aim Of Purchase and Sale		7.630.080	5.773.893
Trade Receivables	7	196.968.713	157.327.067
-Trade Receivables from Related Parties	33	-	-
-Trade Receivables from Unrelated Parties		196.968.713	157.327.067
Other Receivables	8	3.020	4.976
-Other Receivables from Related Parties	33	-	-
-Other Receivables from Unrelated Parties		3.020	4.976
Inventories	11	1.857.531	2.491.879
Prepaid Expense	12	7.961.772	7.705.894
- Prepaid Expenses to Unrelated Parties		7.961.772	7.705.894
Current Tax Assets	17-18	93.443	2.291.378
Other Current Assets	10	369.910	205.200
-Other Current Assets from Unrelated Parties		369.910	205.200
SUB TOTAL		267.804.929	235.827.137
TOTAL CURRENT ASSETS			
		267.804.929	235.827.137
NON-CURRENT ASSETS			
Financial Investments	5	1.312.788	-
Financial Assets Fair Value Reflected To Profit/Loss		1.312.788	-
-Financial Assets Held With The Aim Of Purchase and Sale		1.312.788	-
Investments in Affiliates, Joint Ventures and Subsidiaries		-	-
Other Receivables	8	1.829.890	1.911.311
-Other Receivables From Unrelated Parties		1.829.890	1.911.311
Tangible Fixed Assets	14	12.780.236	5.650.518
-Furniture and fixtures		5.459.458	5.465.891
-Special Cost		129.829	184.627
-Investment in progress		7.190.949	-
Right-Of-Use Assets	15	30.110.592	10.958.263
Intangible Fixed Assets	16	177.299.236	153.902.264
- Capitalized Development Costs		148.704.754	118.734.307
- Other Intangible Fixed Assets		28.594.482	35.167.957
Prepaid Expenses	12	3.773.124	2.518.770
- Prepaid Expenses to Unrelated Parties		3.773.124	2.518.770
Deferred Tax Asset	30	1.686.091	-
Total Non-Current Assets		228.791.957	174.941.126
TOTAL ASSETS		496.596.886	410.768.263

Enclosed footnotes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

Statement of Financial Position (Balance Sheet)	Footnote Refer.	CURRENT PERIOD December 31, 2023	PREVIOUS PERIOD December 31, 2022
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings			
- Short-Term Borrowings From Unrelated Parties	6	33.695.668	58.319.073
- Bank credits		33.225.712	57.392.482
- Other Short Term Liabilities		469.956	926.591
Short-term Portion of Long-term Borrowings			
Short-Term Por of Long Term Loans From UnRel Parties	6	3.929.220	4.040.160
- Debts from Leasing Transactions		3.929.220	4.040.160
Trade Payables			
Trade Payables to Unrelated Parties	7	4.047.938	14.972.423
Payables in Scope of Employee Benefits			
Other Payables	19	25.019.311	23.706.272
Other Payables to Unrelated Parties	8	10.402.596	7.256.271
Liabilities from Customer Contracts			
Contractual Liabilities From Sales Goods and Services	9	24.651.067	35.830.725
Short-Term Provisions			
- Short-Term Provisions for Employee Benefits	22	6.657.455	6.287.945
Other Short-Term Liabilities			
- Other Short-Term Liabilities to Unrelated Parties	20	8.910.155	6.239.444
SUB-TOTAL		117.313.410	156.652.313
TOTAL SHORT-TERM LIABILITIES		117.313.410	156.652.313
LONG TERM LIABILITIES			
Long Term Provisions			
Long Term Loans From UnRelated Parties	6	24.553.629	5.611.740
Loans From Lease Transactions		24.553.629	5.611.740
Liabilities from Customer Contracts			
- Contractual Liabilities From Sales Goods and Services	9	39.193.513	11.613.931
Long-Term Provisions			
- Long-Term Provisions For Employee Benefits	22	2.857.938	2.630.253
Deferred Tax Liability			
		-	6.313.363
TOTAL LONG-TERM LIABILITIES		66.605.080	26.169.287
TOTAL LIABILITIES		183.918.490	182.821.600
EQUITY			
Equity Attributable To Owners of Parent Company			
Paid In Capital			
Capital Adjustment Differences	23	312.678.396	227.946.663
Share Premium (Discount)		85.611.078	14.268.513
Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss		137.348.313	125.070.603
Revaluation measurement gains/losses		1.187.282	-
- Actuarial Gain/Loss Fund from defined benefit plan		(2.104.768)	(649.337)
Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss		(2.104.768)	(649.337)
Foreign currency conversion differences		(54.630.460)	(52.742.684)
Restrained Reserves From Profit			
Legal Reserves		15.023.292	15.023.292
Venture Capital Fund		1.490.328	920.328
Previous Years' Profits/(Losses)			
Net Profit (Loss) For The Period	31	82.383.032	136.249.102
TOTAL EQUITY		312.678.396	227.946.663
TOTAL LIABILITIES		496.596.886	410.768.263

Enclosed footnotes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT (CONSOLIDATED)
FOR THE PERIOD JANUARY 1, 2023 -DECEMBER 31, 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	Footnote Refer.	CURRENT PERIOD		PREVIOUS PERIOD
		January 1, 2023 December 31, 2023	January 1, 2022 December 31, 2022	January 1, 2022 December 31, 2022
Revenue	24	308.389.495		284.059.832
Cost of Sales (-)	24	(38.787.244)		(40.489.384)
GROSS PROFIT (LOSS) FROM TRADE OPERATIONS		269.602.251		243.570.448
GROSS PROFIT/LOSS		269.602.251		243.570.448
General Administrative Expenses	25	(35.309.109)		(27.510.957)
Marketing Expenses	25	(89.389.568)		(93.047.181)
Research and Development Expenses	25	(72.498.195)		(76.557.050)
Other Operating Income	27	45.835.719		65.751.372
Other Operating Expenses	27	(17.816.799)		(15.428.792)
OPERATING LOSS/PROFIT		100.424.299		96.777.840
Income From Investment Operations	28	2.614.052		54.224
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME (EXPENSE)		103.038.351		96.832.064
Financial Income	29	27.426.292		14.739.951
Financial Expense (-)	29	(33.928.679)		(23.135.173)
Net Monetary Position Gains (Losses)	29	(57.679.976)		(82.832.002)
PRE-TAX PROFIT/LOSS MARGIN FROM CONTINUING OPERATIONS		38.855.988		5.604.840
Continuing Operations Tax Expense/Income		7.514.311		(15.797.994)
Current Tax Expense/Income		-		(813.539)
Deferred Tax Expense/Income	30	7.514.311		(14.984.455)
CURRENT PROFIT / LOSS FROM CONTINUING OPERATIONS		46.370.299		(10.193.154)
PERIOD PROFIT/LOSS		46.370.299		(10.193.154)
Period Loss/Profit Distribution		46.370.299		(10.193.154)
Shares of Main Partnership		46.370.299		(10.193.154)
Earnings per Share from Continuing Operations	31	0,542		(0,714)

Enclosed footnotes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY
2023 – 31 DECEMBER 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

	Footnote Refer.	CURRENT PERIOD January 1, 2023 December 31, 2023	PREVIOUS PERIOD January 1, 2022 December 31, 2022
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be Reclassified in Profit or Loss		(1.455.431)	(649.337)
Remeasurement Profit of Defined Benefit Plans	22-23	(1.940.574)	(811.671)
Income (Loss) that will not be Reclassified in Profit or Loss		485.143	162.334
Deferred Tax Income/ Expense	30	485.143	162.334
To be Reclassified in Profit or Loss		(1.887.776)	475.429
Other Comprehensive Income Related to Foreign Currency Conversion Differences Arising from Businesses Abroad, After Tax		(1.887.776)	475.429
-Gains (Losses) from Foreign Currency Conversion Differences Arising from Businesses Abroad, After Tax	23	(1.887.776)	475.429
OTHER COMPREHENSIVE INCOME (LOSS)		(3.343.207)	(173.908)
TOTAL COMPREHENSIVE INCOME (LOSS)		43.027.092	(10.367.062)
Division Of Total Comprehensive Income		43.027.092	(10.367.062)
-Share of Main Partnership		43.027.092	(10.367.062)

Enclosed footnotes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF JANUARY 1, 2023 -DECEMBER 31, 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

		Equity Related To Main Partnership					Accumulated Losses			
					Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss Revaluation and Measurement Gains/Losses	Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss				
Statement of Changes in Equity		Paid-in Capital	Capital Adjustment Differences	Share Issue Premium / Discounts	Actuarial Gains/Losses Due to Remeasurement of Defined Benefit Plan	Foreign currency conversion differences	Restricted Reserves on Retained Earnings	Previous Period Profit / Loss	Net Profit or Loss	Paid-in Capital
PREVIOUS PERIOD	Balances as of 1 January 2022	14.268.513	125.070.603	-	-	(53.218.113)	15.023.292	137.169.430		238.313.725
	Adjustments for Changes in Accounting Policies									
	Transfers	-			-	-	920.328	(920.328)		-
	Total comprehensive income (Expense)	-	-	-	(649.337)	475.429	-	-	(10.193.154)	(10.367.062)
	Period Profit (Loss)								(10.193.154)	(10.193.154)
	Other Comprehensive Income (Expense)				(649.337)	475.429				(173.908)
	Capital Increase			-						-
	Increase (Decrease) By Other Changes						-	-		-
	Balances as of December 31, 2022	14.268.513	125.070.603	-	(649.337)	(52.742.684)	15.943.620	136.249.102	(10.193.154)	227.946.663
CURRENT PERIOD	Balances as of 1 January 2023	14.268.513	125.070.603	-	(649.337)	(52.742.684)	15.943.620	136.249.102	(10.193.154)	227.946.663
	Adjustments for Changes in Accounting Policies									
	Transfers						570.000	(10.763.154)	10.193.154	-
	Total comprehensive income (Expense)	-	-	-	(1.455.431)	(1.887.776)		-	46.370.299	43.027.092
	Period Profit (Loss)								46.370.299	46.370.299
	Other Comprehensive Income (Expense)				(1.455.431)	(1.887.776)				(3.343.207)
	Capital Increase	71.342.565	12.277.710					(40.815.081)		42.805.194
	Increase (Decrease) Due To Share Based Transactions			1.187.282						1.187.282
	Increase (Decrease) By Other Changes							(2.287.835)		(2.287.835)
	Balances as of December 31, 2023	85.611.078	137.348.313	1.187.282	(2.104.768)	(54.630.460)	16.513.620	82.383.032	46.370.299	312.678.396

Enclosed footnotes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

TFRS- CASH FLOW STATEMENT

	Note Ref	Current Period January 1- December 31, 2023	Previous Period January 1- December 31, 2022
CASH FLOWS OBTAINED FROM OPERATIONS		48.193.529	36.723.752
Period Profit / Loss		46.370.299	(10.193.154)
Period Profit / (Loss) from Continuing Operations	31	46.370.299	(10.193.154)
Adjustments Related To Confirmation Of Period Profit (Loss)		31.573.491	41.944.848
Adjustments Related to Depreciation and Amortization Expenses	14-15-16	36.975.427	35.704.224
Adjustments Related To Impairment (Cancellation)		240.089	40.527.783
Adjustments Related To Impairment (Cancellation) of Receivables	7	240.089	40.527.783
Adjustments Related to Provisions		8.313.925	(1.561.880)
Adjustments Related to Provisions (Cancellations) for Employee Benefits	19	3.228.476	5.545.378
Adjustments Related to General Provisions (Cancellations)		5.085.449	(7.107.258)
Adjustments Related To Interest (Income) and Expenses		7.804.013	9.457.036
Adjustments Related To Interest Income	29	(4.124.883)	(2.420.421)
Adjustments Related To Interest Expenses	29	11.928.896	11.877.457
Adjustments Related to Unrealized Foreign Currency Trans. Differences	23		1.719.655
Adjustments Related to Tax Expense / Income	30		(7.999.454)
Other Adjustments Related to Nonmonetary Items			(989.520)
Adjustments for Losses (Gains) from Disposal of Fixed Assets			(80.547)
Adjustments for Losses (Gains) from Disposal of Tangible Fixed Assets		(80.547)	-
Adjustments for Losses (Gains) Due to Disposals of Subsidiaries, Joint Ventures and Financial Investments or Changes in Shares			-
Adjustments for Monetary Position Gains (Losses) (+/-)			(14.410.097)
Other Corrections Regarding Profit (Loss) Reconciliation			-
Changes That Occur in Operational Capital		(29.727.215)	4.972.058
Adjustments in (Increase)/Decrease in Trade Receivables		(40.838.995)	(6.128.190)
(Increase)/Decrease in Trade Receivables from Related Parties	33	-	11.595.177
(Increase)/Decrease in Trade Receivables from Unrelated Parties	7	(40.838.995)	(17.723.367)
Adjust. Related to (Incr.)/Decr. in Other Recei. related to Operations			83.377
Adjustments Related to (Increase)/Decrease in Other Receivables related to Operations from Related Parties	33	-	72.156
Adjustments Related to (Increase)/Decrease in Other Receivables related to Operations from Unrelated Parties	8	83.377	1.194.878
Adjustments Related to (Increase)/Decrease in Inventories	11		634.348
Adjustments Related to (Increase)/Decrease in Prepaid Expenses	12		(1.510.232)
Adjustments Related to Increase/(Decrease) in Trade Debts			(10.988.226)
Adjust. Related to Incr./(Decr.) in Trade Debts to Unrelated Part.		(10.988.226)	4.825.921
Adjust. Related to Incr./(Decr.) in Liabilities Under Empl. Benefits	19		1.313.039
Increase (Decrease) In Other Liabilities About Costumer Contracts			16.399.924
Increase (Decrease) In Other Liabilities About Costumer Contracts	9	16.399.924	(2.555.420)
Adjust. Related to Incr./(Decr.) in Other Debts related to Operations			3.146.325
Increase (Decrease) In Other Liabilities Related To Operations Between Unrelated Parties		3.146.325	(1.501.384)
Adjustments Related to Other Increase/(Decrease) in Operational Capital			2.033.225
Decrease/(Increase) in Other Assets Related to Operations		2.033.225	(1.877.255)
Decrease/(Increase) in Other Liabilities Related to Operations		-	809.625

Enclosed footnotes are integral parts of these statements

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2023**

(The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.)

TFRS- CASH FLOW STATEMENT	Note Ref	Current Period January 1- December 31, 2023	Previous Period January 1- December 31, 2022
			-
Cash Flows Obtained From Operations		48.216.575	36.723.752
Other Cash Inflows (Outflows)		(23.046)	-
CASH FLOWS DUE TO INVESTING ACTIVITIES		(66.413.775)	(49.636.216)
Cash Inflows Due to Sales of Tangible and Intangible Fixed Assets		103.593	87.926
Cash Inflows from Sale of Tangible Fixed Assets	14-15-16	103.593	87.926
Cash outflows due to purchase of tangible and intangible assets		(65.771.067)	(44.910.633)
Cash Outflows Due to Purchase of Tangible Fixed Assets	14	(9.754.782)	-
Cash Outflows Due to Purchase of Intangible Fixed Assets	16	(56.016.285)	(41.980.496)
Cash Outflows Due To Derivatives		(3.168.975)	(5.773.893)
Interest Received	29	2.422.674	960.384
CASH FLOWS DUE TO FINANCING ACTIVITIES		11.113.856	(12.936.692)
Cash Inflows from Issuance of Shares and Other Equity Instruments		42.805.194	-
Cash Inflows from Issuance of Other Equity Instruments		42.805.194	-
Cash Inflows Related to Borrowings	6	76.657.897	87.894.136
Cash Inflows From Credits	6	76.657.897	87.894.136
Cash Outflows Related To Debt Payments	6	(76.221.865)	(86.605.193)
Cash Outflows Due To Credit Repayment	6	(76.221.865)	(86.605.193)
Cash Outflows Related To Liability Payments of Rent Contracts	6	(23.922.645)	(4.620.373)
Interest Paid	29	(8.205.802)	(9.905.207)
Interest Received		1.077	299.945
CASH AND CASH EQIV. NET INCREASE (DECREASE) BEFORE FOREIGN CURRENCY CONVERSION EFFECT		(7.106.390)	(25.849.156)
Affect of Foreign Cur. Trans. Differ. On Cash and Cash Equi.		-	368.180
NET INCREASE/DECREASE AT CASH AND CASH EQUIVALENTS	4	(7.106.390)	(25.480.976)
BEGINNING CASH AND CASH EQUIVALENTS		60.026.850	85.507.826
ENDING CASH AND CASH EQUIVALENTS	4	52.920.460	60.026.850

Enclosed footnotes are integral parts of these statements

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NOTE 1 - ORGANIZATION AND SUBJECT OF ACTIVITY

1.1 Field of Activity;

Kron Teknoloji A.Ş. ('The Company') uses this title after the change in title that was before Kron Telekomünikasyon Hizmetleri A.Ş. after registration in November 29,2022. The company continues its activities at the Istanbul Trade Registry Office with registration number 547587.

Kron is a technology company operating especially in the cyber security sector and produces software solutions for the needs of telecommunication operators and service providers, financial institutions and corporate companies. In this context, company activity; Providing all kinds of internet-related services, including internet service provider, internet content provider and internet access provider, all kinds of services, software, design, hardware, training, consultancy, seminars, etc. for all kinds of electronic and all other communication channels to provide services and engage in all kinds of commercial activities over the internet.

The Company is a publicly held company, the shares are publicly traded in Borsa İstanbul'da (BİST) since May 27,2011. The sector the Company is operating is BIST Anapazar / Technology-data processing sector.

The Company's main address is: İ.T.Ü. Ayazağa Yerleşkesi, Koru Yolu ARI 3 Binası, Teknokent No:B401, 34469, Maslak İstanbul –Türkiye. The Company has other addresses of other companies which are, Teknopark Branch in Bilkent Cyberpark C Blok Kat:3 No:321 Bilkent-Ankara Türkiye, ArGe Branch in Teknopark Şubesi, Akdeniz Mah. 1353 Sk. Armesa İş Merkezi No:2, Konak – İzmir, and Kron Technologies US in 3 2nd Street, Suite 201 Jersey City, NJ 07302 ABD.

The average number of employees working at the Group (The Company and its affiliate Kron Technologies US) as of 31.12.2023 is 130. (31 December 2022: 144)

1.3 Capital Structure;

Partners with a share of 10% or more of the Group's capital are listed below.

Name	December 31, 2023		December 31, 2022	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Lütfi Yenel	24,44	20.926.797	24,44	3.487.800
Zeynep Yenel Onursal	10,00	8.561.112	10,00	1.426.852
Other	65,56	56.123.169	65,56	9.353.861
Paid-in Capital	100,00	85.611.078	100,00	14.268.513
Capital Adjustment Differences		137.348.313		125.070.603
Total		222.959.391		139.339.116

At the Board of Directors meeting dated December 27, 2022, the Company;

The issued capital of 14,268,513 TL was increased by 28,537,026 TL to 42,805,539 TL, all of which was covered by internal resources, and within this scope, 2,853,704 Group (A) registered shares and 25,683,322 Group (B) bearer shares were increased. It has taken a decision to issue shares and distribute them to shareholders free of charge, in accordance with the regulations of the Capital Markets Legislation regarding the registered system. The capital was registered in the Turkish Trade Registry Gazette on April 10, 2023.

At the Board of Directors meeting dated November 14, 2023, the Company;

The issued capital of 42,805,539 TL was increased by 42,275,089 TL to 85,611,078 TL, and within this scope, 8,561,112 (A) group registered shares and 77,049,966 (B) group bearer shares were issued to the shareholders. It has taken a decision to distribute the shares for a fee in accordance with the regulations of the Capital Markets Legislation regarding the registered system. The capital was registered in the Turkish Trade Registry Gazette on December 18, 2023

1.3 Approval of Financial Statements;

The financial statements of the group prepared as of 31 December 2023 were approved by the board of directors on May 2,2024. The General Assembly has the authority to amend the financial statements after its circulation.

The main accounting policies applied in the preparation of Group's consolidated financial statements are as follows.

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NOTE 2- CONSOLIDATED GUIDELINES ON SUBMISSION OF FINANCIAL STATEMENTS

2.1. Basic Guidelines on Submission of Financial Statements and Declaration of Conformity to the Turkish Accounting Standard

The Group keeps and prepares its statutory books and financial statements in accordance with the Turkish Trade Law and Uniform Account Plan and principles issued by Ministry of Finance of Turkey.

The accompanying financial statements are prepared in accordance with the Taxonomy of TAS in 2016 and the provision "Notice on Guidelines for Financial Reporting In Capital Market" ("Notice"), Seri II, No.14.1 of the Capital Market Board ("CMB") as published in the copy dated 13.06.2013 and numbered 28676 of the Official Gazette and based on the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS"/TFRS"), which are put into force by the Public Oversight Accounting and Auditing Standards Authority ("POA") pursuant to article 5 of the Notice, and its relevant appendices and comments.

The Group's financial statements and notes are presented in accordance with the formats announced by the CMB with the announcement dated 7 June 2013 and including the mandatory information thereof.

2.2. Preparation Of Consolidated Financial Statements

The Group's financial statements are presented in compliance with TMS taxonomy published in April 15, 2018 with the changes in the name of 2019 TFRS, of TFRS 15- Revenue From Customer Contracts and TFRS 16- Leasing standard.

The affiliates in foreign companies are prepared in conformity with laws and regulations of foreign countries the affiliates operate.

2.3 The Bases of Consolidation

The affiliates of the Group are as follows:

Title	Operation Field	Centre	Functional Money Unit	Rate of Affiliation	Capital (USD)
Kron Technologies US	Software	New Jersey-ABD	ABD Doları	100%	2.266.305

It has been decided to cooperate a Company in USA, New York, with a capital of %100. This situation is announced in June 8, 2016. The Company is cooperated with title of "Krontech Inc." in 50 W 47 TH Street, Suite:2016 New York, NY 10036 in June 24, 2016. The aim of cooperation is marketing of software products including advance technology in North and South America.

Kron Technologies US has been started to be consolidated by Company management as of June 30, 2017. The title has been altered to Ironsphere Inc. In August 21, 2019. The title was finally altered to Kron Technologies US in the year 2023.

Kron Teknoloji A.Ş. Board of Managers has made a meeting in August 18, 2022 and it has decided to contribute to capital increase of 2.146.305 USD to strengthen the capital of Ironsphere Inc. The capital commitment of the Company, is offset/setoff with the receivables arising from investment value sent to Ironsphere Inc. After this increase, the capital of Ironsphere Inc. has been 2.266.305 USD.

The principles for preparing consolidated financial statements is as follows;

- The consolidated financial statements include the financial statements of the Company and its subsidiaries.
- Subsidiaries represent the entities in which the parent company has more than 50% of the shares, voting rights or the majority of the management or the right to elect the majority of the management through capital and management relations, either directly or through other subsidiaries or participations. The controlling power is defined as the parent company's power to manage the financial and operating policies of its subsidiaries and to provide benefits from the activities.
- Subsidiaries are included in the scope of consolidation as of the date control over their activities is transferred to the Group, and will be excluded from consolidation at the date when control is abolished. Accounting policies applied by the subsidiaries have been aligned with the accounting policies applied by the Group in order to ensure consistency.
- The financial statements of the subsidiaries are consolidated using the full consolidated method. In this context, the carrying value of the subsidiaries and the shareholders' equity is netted off, the carrying amount of the shares held by the Company and the dividends arising from them are netted from related equity and income statement accounts.

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- The receivables and payables of each of the subsidiaries within the scope of consolidation and the sales of goods and services to each other and the revenue and expense items arising from transactions with each other are mutually offset.

- Amounts corresponding to minority interests excluding the interests of parent company and subsidiaries are deducted from all equity accounts group items, including the paid-in capital/issued capital, of the subsidiaries within the scope of consolidation, and shown under the name "Non-controlling interests" in the equity account group of financial statement.

(i) Subsidiaries;

- Subsidiaries represent the entities in which the parent the group has more than 50% of the shares, voting rights or the majority of the management or the right to elect the majority of the management through capital and management relations, either directly or through other subsidiaries or participations. The controlling power is defined as the parent the group's power to manage the financial and operating policies of its subsidiaries and to provide benefits from the activities. The subsidiary, Kron Technologies US is subject to full consolidation.

2.4 Assumption on Going Concern

The financial statements are prepared on the going concern basis by assuming that the Group shall get benefit from assets and perform its obligations within next year and in the ordinary course of its business activities.

2.5 Functional and reporting currency and Adjustment of Financial Statements during High Inflation Periods

Operational and reporting currency

Financial statements are presented in TL, which is the functional and reporting currency of the parent company. The financial statements of the subsidiary Kron Technologies US operating in the United States are prepared in US Dollars and are included in the attached consolidated financial statements by converting them into TL, which is the presentation currency. Differences arising from the conversion to TL are shown in the "Foreign Currency Conversion Differences" account.

Adjustment of financial statements in high inflation periods

According to the standard TMS 29, if the functional money unit is high inflation economy money unit, the companies report according to money purchasing power in the end of reporting period. TMS 29 defines the qualifications that reveals the economy is high inflation economy. At the same time, all the Companies that make reporting in money unit in high inflationary economy should implement the standart beginning from the same date. For this reason, to provide consistency in application process in the country as stated in TMS 29, all the companies will start to implement the standard TMS 29 at the same time with the explanation that will be made by Public Oversight Accounting and Auditing Standards Authority.

Public Oversight Accounting and Auditing Standards Authority has made an explanation in the scope of TMS 29 and its application is in November 23,2023. The financial statements of companies applying Turkish Financial Reporting Standards as of December 31,2023 and afterwards should be adjusted and presented according to accounting standards in the scope of TMS 29.

In this scope, inflation adjustment has been made according to TMS 29 in the scope of TMS 29 in December 31,2023, December 31,2022 and December 31,2021.

The financial statements are adjusted according to changes in purchasing power of functional unit and as a result the financial statements are presented according to TMS 29 standard in terms of unit available in the end of the period.

TMS 29 is applied to financial statements of every company in the economy of high inflation. In an economy, if there is high inflation the financial statements are adjusted according to TMS 29, if the functional unit is related to valid monetary unit, the financial statements should be presented in valid measurement unit in the end of reporting period. As of reporting date, as the Consumer Price Index ("TÜFE"), the change in the last 3 years purchasing power the cumulative change is above %100, the companies operating in Turkey should apply the standard TMS 29 'Adjustment Of Financial Statements of Independently Audited Companies According To Inflation' as of December 31,2023 and the periods ending after that date.

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In the following table, the inflation rates by taking into consideration Consumer Price Index ("TÜFE") published by Turkish Statistical Institute:

Date	Index	Adjustment Coefficient	Three Years Cumulative Inflation Rate
December 31,2023	1.859,38	1,000	268%
December 31,2022	1.128,45	1,647	156%
December 31,2021	686,95	2,706	74%

The indexation process are as follows according to TMS 29:

- As of the balance sheet date, all units other than the units with current purchasing power are indexed according to price index coefficients. The amounts related to prior periods are indexed accordingly.
- The monetary asset and liability items are not indexed since they are presented with current purchasing power. The monetary units are cash and receivable and payable amounts to be received and paid in cash.
- The tangibles, affiliates and similar assets are indexed over their purchased amounts not to be over their market value. The depreciation is adjusted similarly. The amounts in the equity item, are adjusted with general price indexes in the periods of their contribution to the Company or establishment in the Company.
- Other than the non monetary items in the balance sheet that have effect on the income statement, are indexed with coefficients calculated over the periods that have income and expenses that have reflected firstly in the financial statements.
- The gain or loss as a result of inflation over the net monetary position, is the difference of adjustments over non monetary assets, equity items and income statement accounts. The gain or loss over the net monetary position is included in the net profit.

The compared amounts

The related amounts belonging to prior periods, are readjusted by using the general price index accurate in the end of reporting period by presenting the valid measurement value of the financial statements. The information related to prior periods are disclosed by measurement value valid in the end of reporting period.

2.6 Offsetting – Deduction

The financial assets and liabilities are shown as net values, where any necessary legal rights are available, and it is intended to assess such assets and liabilities as net values, or the assets and liabilities are obtained and fulfilled simultaneously.

2.7 Comparative Information and Amendment of the Financial Statements for the Previous Period

In order to make financial condition and performance trends eligible to determine, the financial statements of the the group are prepared comparatively with the previous period. Comparative information are reclassified, if deemed necessary, in order to ensure compliance with the presentation of financial statements of current period.

2.8 Changes in Accounting Policies

The Group applied its accounting policies consistently with the previous year. When there are significant changes in accounting policies, they are applied retrospectively and the financial statements of the previous period are rearranged.

The Group started to implement TFRS 16 Leases Standard on January 1, 2019. For leases previously classified as operating leases in accordance with TAS 17, the right-of-use asset was reflected in the financial statements at an amount equal to the lease liability adjusted for the amount of all prepaid or accrued lease payments as of January 1, 2019.

2.9.1. Cash Flow Statement

Cash and cash equivalents are integral part of the cash management of the enterprise. Any financial instruments to be included in the scope of cash equivalents consist of cheques (current type), liquid funds, short-term bonds and drafts, receivables from reverse-repo transactions, deposit accounts with a term shorter than 3 months (any deposit account longer than 3 months is shown among financial investments), and government bonds and treasury bonds with remaining due date shorter than 3 months on acquisition date, or any other liquid debt instruments, and any receivables from money market.

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2.9.2. Financial Assets

Classification and Measuring

TAS 32 Financial Instruments: of the financial assets defined in the Submission Standard and TAS 39 (in TFRS 9 for early applicators), any financial assets held for investment purpose, and cash and cash equivalents, any receivables from activities in the finance sector, trade and other receivables, and ones remaining out of investments assessed by the equity method are shown in this item.

Any financial assets classified in the "current assets includes ones held for purposes of evaluating any inactive funds, obtaining direct interests, dividend incomes, trading profits, etc., or protecting against any damage other than performing any obligations.

Of the financial assets, any ones with remaining due dates shorter than 12 months since the reporting day, and although their due date is longer, ones intended to be sold within 12 months are shown in the item "Financial Investments." Any ones with remaining due date longer than 12 months and any ones intended to be held for a period longer than 12 months are shown in the item "Financial Investments" in the non-current assets.

Financial assets recognized at amortized cost

Financial assets that have fixed or determinate payments, are not traded in an active market and are not derivative instruments, where the management has adopted the business model of collecting contractual cash flows and the contractual terms include only payments of principal and interest arising from the principal balance on certain dates.

Impairment

The Group calculates expected credit loss provision for its trade receivables, which are accounted for at amortized cost in the consolidated financial statements. In the calculation of expected credit losses, the Group's future estimates are taken into account along with past credit loss experiences.

2.9.3. Derivative Financial Instruments

Any derivative financial instruments, which are appropriate the definition "financial asset or financial obligation" in TAS 32, are calculated in accordance with the provisions of the TAS 39 (TFRS 9), and submitted furthermore in the financial statement.

2.9.4. Receivables from Financial Sector Activities

Any receivables other than cash and cash equivalents resulting from the financial sector are shown here.

2.9.5. Trade Receivables

Trade receivables arising from providing products or services to a buyer by the company are shown net of the deferred financial income. Short-term receivables with no determined interest rates are shown over the original invoice values if the interest accrual effect is not very large.

If there is objective evidence that the collection is not available, the group calculates provisions for doubtful receivables. Objective evidence occurs when the receivable is in the litigation or execution phase or preparation, the buyer falls into significant financial difficulty, the buyer is in default, or it is likely that there will be a significant and unforeseen delay. The amount of this provision is the difference between the registered value of the receivable and the amount that can be collected. The collectible amount is the value of all cash flows, including the amounts that can be collected from guarantees and security, discounted based on the original effective interest rate of the trade receivable. In addition, the group uses the provision matrix by selecting the facilitated application for the impairment calculations of trade receivables accounted for at amortized cost in the financial statements. With this application, the group measures the expected loan loss provision at an amount equal to the lifetime expected loan losses in cases where the trade receivables are not impaired for certain reasons.

In the calculation of expected credit losses, along with past credit loss experiences, the Company's future projections are also taken into account.

Subsequent the allocation of the provision for the doubtful receivable, in case all or part of the doubtful receivable is collected, the collected amount is recorded as income in the profit or loss statement by deducting the provision for the doubtful receivable.

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2.9.6. Other Receivables

They include any receivables other than the trade receivables and financial investments. Their examples are the given deposits and guarantees, other receivables from the related parties, any receivables from public authorities other than any assets related to tax of the current period, and other miscellaneous receivables.

Part of these receivables from the related parties is shown in a separate sub-item in accordance with the sample format.

2.9.7. Inventories

It is an item, in which any assets that are available as substances and materials held to sell, manufactured to sell, and to be used during manufacturing process or service delivery in the regular course of business of the enterprise, are shown.

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the amount obtained by deducting the estimated completion cost from the estimated sale price and the estimated sales cost required to realize the sale. The cost of the stocks includes all the purchase costs, conversion costs and other costs incurred to bring the stocks to their current state and position.

The advances given for purchase orders have not a nature of inventories, and are shown in the "Prepaid Expenses," until the inventory accounting is conducted.

2.9.8. Alive Assets

If the current assets included in the TAS 41, and any agricultural products collected during harvest relate to the agricultural activities, they are shown in this item. This item is used by the enterprises, which deal with agricultural activities only.

The Group does not have any biological assets as of the date of financial statement.

2.9.9. Prepaid Expenses

All amounts paid usually to the suppliers and to be transferred to the expense and cost accounts in a subsequent period (or period) are shown in this item. If the item is negligible, such amounts are submitted in the other current/non-current assets.

2.9.10. Assets Related To the Current Period

Pursuant to the Income Tax Standard TAS 12, any assets such as various taxes and funds related to the current period tax payable over revenue prepaid and possibly subject to discount are shown in this item.

2.9.11. Other Current/Non-Current Assets

The current/non-current assets such as transferred VAT, VAT discount, other VAT, counting and acceptance points are shown in this item.

2.9.12. Non-current Assets Classified For Sales Purpose

Pursuant to the Standard on Non-Current Assets and Discounted Operations TFRS 5, any non-current assets classified for sales purpose, because their book value shall be recovered by means of the sales procedure rather than use, and all assets to be sold are shown in this item.

Furthermore, pursuant to the TFRS 5, any non-current assets classified for purpose of distributing them to the shareholders and all other assets to be sold are also shown in this item since it is committed to distribute them to the shareholders. In this case, this item is called so as to state these assets.

The Group does not have any non-current assets classified as held for sale as of the date of financial statement.

2.9.13. Investments Assessed By Equity Method

Pursuant to the Standard on Investments in Subsidiaries and Business Associates TAS 28, any subsidiaries and business associates assessed by equity method are shown in this item.

The Group has no affiliates and business associates assessed by equity method as of the financial statement period.

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2.9.14. Investment Property

Pursuant to the Investment Property Standard TAS 40, any real properties (lands, buildings part of a building) acquired (by their landlord or tenant according to the financial leasing agreements for purposes of obtaining a rental income or capital gains income or both of them) are shown in this item. If the real property is subject to the financial leasing, the details specified in three Standards on Leasing Operations TAS 17 are added.

If it is included in the definition of investment property and the tenant uses the fair value method, it is possible that a right for a real property held by the tenant under the operating lease is shown as an investment property in this item.

The Group does not have any investment property.

2.9.15. Tangible Assets:

Tangible assets are stated at cost value by deducting accumulated depreciation and accrued depreciation, if any. Land is not subject to depreciation and presented as cost value minus accumulated value of impairment.

Cost amounts of property, plant and equipment are depreciated over their expected useful lives using the straight-line depreciation. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

	<u>Useful Life</u>
Furniture and Fixtures	3-15 year
Special Costs	3-15 year

The gain or loss arising on the sale or retirement of a tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

The advances given for the purchases of tangible assets are shown under "Prepaid Expenses" item rather than this item until the relevant asset is capitalized.

2.9.16 Intangible Assets:

a.Intangible assets acquired

Intangible assets acquired are stated at cost value by deducting accumulated depreciation and accrued depreciation, if any. Expected useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimations and they are accounted for prospectively if there is a change in the estimates.

Licenses

Purchased licenses are shown at their historical cost. Licenses have limited useful lives and are stated at cost less accumulated depreciation. Purchased licenses are amortized using straight-line depreciation based on their expected useful lives.

Computer Software

Purchased computer software is capitalized based on the costs incurred during its purchase and the period from purchase until it is ready for use. These costs are amortized according to their useful lives.

Internally generated intangible assets-research and development expenses

Research activities expenses are recognized in profit or loss in the period in which they are incurred.

- It is technically possible to complete the intangible asset to be ready for use or ready for sale,
- The intention to complete, use or sell the intangible asset,
- The intangible asset can be used or sold,
- It is known that the asset has a kind of possible economic benefit for the future.
- Having appropriate technical, financial and other resources to complete the development of the intangible asset, use or sell the asset in question, and
- The cost of developing the asset can be measured reliably during the development process.

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The amount of intangible assets created internally is the total amount of expenses incurred from the moment the intangible asset meets the above-mentioned accounting conditions. When intangible assets created internally cannot meet the conditions stated above, development expenditures are recorded as an expense in the period they occur. After initial recognition, internally created intangible assets are shown over the amount after the accumulated amortization and accumulated impairment losses are deducted from their cost values, just like intangible fixed assets purchased separately.

The rates determined by taking into account the useful lives of Intangible Fixed Assets are as follows:

	<u>Useful Life</u>
Capitalized Development Costs	5 year
Other Intangible Assets	3-10 year

2.9.17. Financial Liabilities

A financial liability is measured at fair value upon initial recognition. During the initial recognition of financial liabilities whose fair value difference is not reflected in profit or loss, transaction costs that can be directly associated with the underwriting of the relevant financial liability are also added to the fair value in question. Financial liabilities are recognized at amortized cost using the effective interest method, with interest expense calculated based on the effective interest rate in subsequent periods.

2.9.18. Borrowing Costs

Of the financial obligations defined in the TAS 32, any borrowings from financial markets such as amortized bank loans, issued bonds, bills and debentures, which have a nature of borrowing, and in other words, which are calculated by the efficient interest method after first accounting, and capital instalments and interests of their long-term type, debts from financial leasing transactions, etc.

Of the financial borrowings, ones, which have the characteristics listed above for short-term obligations, are classified as short-term obligations, and others are classified as long-term obligations.

2.9.19. Vergilendirme

Part of any taxes collected on any incomes under the TAS 12 as expected to pay to the tax office is shown in this item. Any prepaid taxes of the period profit are deducted from such amount and shown in the item "Assets for the Current Period Taxes."

Period current and deferred tax

The deferred tax for the current tax period except ones associated with the items calculated directly as receivables and payables in equity (in this case, the deferred tax for the related items is also calculated in equity) or arisen from first entry of mergers is calculated as income or expense in the income statement.

The current period tax obligation includes any tax obligation entries calculated on part of the taxable profit at tax rates, which are valid and legitimated as of the financial statement date, under the current tax legislation.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference related to the transaction that does not affect commercial or financial profit / loss is due to the first time the goodwill or other assets and liabilities are included in the financial statements (other than business combinations).

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are deducted, if there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with income tax collected by the same tax authority or if the Company intends to pay by netting the current tax assets and liabilities.

Recording of Revenue / Proceeds

Revenue are reflected in the financial statements over an amount which reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers within scope "TAS 15 Revenue from Customer Contracts" standards.

For this purpose, a 5-step process is applied in the recognition of revenue in accordance with TFRS 15 provisions.

- Identification of contracts with customers
- Determination of separate performance criteria and obligations in the contract
- Determination of contract price
- Distribution of Sales Price to Liabilities
- Record revenue as contractual obligations are met

Presentation of service

The Group generates revenue from services related to software, design and hardware, as well as internet service, content and access provision.

For each performance obligation, the Group determines at the beginning of the contract whether it fulfills its performance obligation over time or whether it fulfills its performance obligation at a certain moment in time.

Revenue from a service delivery contract is recognized according to the completion stage of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognized based on the stage of completion of the installation.
- Service fees included in the prices of goods sold are accounted for according to the total cost of the services provided in relation to the goods sold, taking into account the number of services provided in previous sales of goods, and
- Revenue from contracts based on time spent is recognized through working hours and contract fees as direct expenses are incurred.

2.9.21. Impairment of assets

At each balance sheet date, the Group evaluates whether there is any indication of impairment of an asset. If such an indicator is available, the recoverable amount of that asset is estimated. If the registered value of the asset in question or any cash-generating unit of that asset is higher than the amount to be recovered through use or sale, impairment has occurred. The recoverable amount is determined by choosing the higher of the asset's net sales price and value in use. Value in use is the estimated present value of the cash flows expected to be generated from the continued use of an asset and its disposal at the end of its useful life. Impairment losses are recognized in the consolidated income statement.

An impairment loss on a receivable is reversed if the subsequent increase in the recoverable amount of that asset can be attributed to an event that occurred in the periods subsequent to the recognition of the impairment loss. Impairment losses on other assets are reversed if there is a change in the estimates used to determine the recoverable amount. The increase in the registered value of the asset due to the reversal of the impairment loss should not exceed the registered value (net amount remaining after depreciation) that would have been determined if no impairment loss had been included in the consolidated financial statements in previous years.

2.9.22. Earnings per Share

Net earnings per share are calculated by dividing the main shareholder's earnings or loss (numerator) the ordinary shareholders into the weighted average of number of ordinary shares (denominator) of the relevant period. In order to calculate the diluted earnings per share, the group adjusts the main shareholder's earnings or loss of the ordinary shareholders and number of weighted average shares based on the impacts of the dilutive potential ordinary shares.

2.9.23 Post-balance-sheet Events

Even if the post-balance sheet events emerge after the disclosure of any announcement regarding profit or disclosure of other selected financial information, they cover all events between the date of the balance sheet and the authorization date for the publishing of the balance sheet. In the event that certain events require correction following the balance sheet date, the Group shall correct the amounts stated in the financial statements in accordance with the then current situation.

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2.9.24 Provisions, contingent liabilities and contingent assets

Provisions: Provisions are recorded only if the group has a past (still or ongoing) obligation (legal or structural), if there is a possibility of disposing of the resources that provide economic benefits to the business due to this obligation and the amount of the obligation can be determined reliably. When the depreciation of money gains importance over time, provisions are reflected by the reduced value of the expenses that are likely to occur in the future. When the reduced value is used, the increases in the provisions due to the progress of time are recorded as interest expenses.

Contingent assets and liabilities: Liabilities and assets that may be confirmed by the occurrence of one or more uncertain events arising from past events and whose existence is not in full control of the business are not included in the financial statements and are evaluated as contingent liabilities and assets.

Contingent liabilities are disclosed in the footnotes of the financial statements, except where the sources with economic benefits are far from likely to be disposed of by the business. If the situation requiring resource transfer is likely, contingent liabilities are reflected in the financial statements. Contingent assets, on the other hand, are not reflected in the financial statements, but are disclosed in the notes if they are likely to generate economic returns.

2.9.25 Payables In Scope Of Employee Benefits / Employee Termination Benefit

Provision for severance pay

In case of severance pay, pension or dismiss, they are paid in accordance with the legislation in force in Turkey and the provisions of the collective labour agreement. Pursuant to the updated Employee Benefit Standard UMS 19 ("UMS 19"), such payments are defined as the identified pension benefit plans.

Leave provisions

Accumulated paid leaves; These are the permissions that are carried forward and can be used in the future period if the rights related to the current period are not fully used and are reflected in the financial statements because they create a liability for the business.

2.9.26 Significant Accounting Assessments, Estimates and Assumptions

Preparation of financial statements require stating the amounts of the reported assets and liabilities as of the date of financial statement, disclosure of contingent assets and liabilities and using of estimates and assumptions that may affect the amounts of income and expenses reported throughout the financial year. Despite these estimates and assumptions are based on the best knowledge of the group management regarding the current events and transactions, actual results may differ from assumptions. The important assumptions and evaluations are as follows:

- According to the laws in force, the group is obliged to pay severance pay to employees whose employment is terminated due to retirement or for reasons other than the resignation and behavior specified in the Labor Law. The provision for severance pay has been calculated according to the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and reflected in the financial statements.

Actuarial loss / gain is accounted under other comprehensive expense account

- If there is objective evidence that the collection is not available, the group calculates provisions for doubtful receivables. Objective evidence occurs when the receivable is in the litigation or execution phase or preparation, the buyer falls into significant financial difficulty, the buyer is in default, or it is likely that there will be a significant and unforeseen delay. The amount of this provision is the difference between the registered value of the receivable and the amount that can be collected. The collectible amount is the value of all cash flows, including the amounts that can be collected from guarantees and security, discounted based on the original effective interest rate of the trade receivable. In addition, the group uses the provision matrix by selecting the facilitated application for the impairment calculations of trade receivables accounted for at amortized cost in the financial statements. With this application, the group measures the expected loan loss provision at an amount equal to the lifetime expected loan losses in cases where the trade receivables are not impaired for certain reasons.

In the calculation of expected credit losses, along with past credit loss experiences, the Group's future projections are also taken into account.

Subsequent the allocation of the provision for the doubtful receivable, in case all or part of the doubtful receivable is collected, the collected amount is recorded as income in the profit or loss statement by deducting the provision for the doubtful receivable.

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2.10 Changes In Significant Accounting Policies

Public Oversight Accounting and Auditing Standards Authority , has published the Standard of TFRS 16 'Leases' Standard in April 2018. The new standard,has disposed the differentiation of operating lease and financial lease and necessities the the rent is to be taken into balance sheet under one model for the Companies in the situation of lessee. For the Companies as lessors, the accounting of leasing operations has not changed significantly and the differentiation of operation lease and financial lease still endures. TFRS 16 substitutes TMS 17 and the comments about TMS 17 and it's valid for the accounting periods of January 1,2019 and the periods beginning after this period.

The Transition To TFRS 16;

For the contracts agreed before January 1,2019 the Company, determined the contract as lease or not or it includes renting operation or not by determining the following factors;

- a) The realization of a contract is dependant on the usage of a special asset or the usage of the asset or
- b) The realization of the transfer of the right of usage is determined by whether the contract transfers the right-of-usage of the related asset.

The Group has not reevaluated the contract whether as qualification of lease or whether it includes lease transacitons as of January 1,2019 which is the first implementation of TFRS 16 standart. Instead, the Company applies TMS 17 and TFRS Comment 4 to the contracts defined as lease and it applies TFRS 16 Leasing Standart. Before, TMS 17 and TFRS Comment 4 is applied and TFRS 16 leasing standart has not been applied to the contracts that do not involve leasing operations.

For this reason, there is no necessity in rearranging the financial statements of the prior years, the related financial statements are presented suitably to TMS 17 and TFRS Comment 4.

The Group as the lessee, classifies the transactions that risks and profits of the asset related to lease transaction belong to the Group as financial lease.The otherwise lease operations are classified as operational lease. The lease payments are discounted by using the interest rate in the lease operation when the interest rate is determined easily, if not, by using the alternative borrowing interest rate . The Group has measured the right of use assets equal to renting liability by adjusting the prepaied or prerecognized rent payments.

The Group evaluates whether the contract has leasing qualification or includes leasing operation in the beginning of the Contract.If the contract transfers the control right of an asset for a value for a definite time, this contract is qualified as lease or it includes lease operation. By valuation of whether the transfer is realized or not, the following circumstances are considered.

- a) The contract may involve definite asset is defined by the contract; an asset usually is defined by clearly or implicitly.
- b) The asset's functional division may be physically separate and represents nearly the whole part of the asset's capacity. The supplier's may have a right to substitute the asset and may have an economic benefit, in that case the asset is not defined.
- c)May have a right to obsess the economic benefit provided from the usage of defined asset
- d) May have a right to manage the usage of defined asset. The Group if the decisions are pre defined about how and the purpose of the usage, the asset is valued to have usage right. The Group has the management of the asset in the following cases;
 - i) The Group may possess the operational right for the usage period and the supplier does not have a right to change the instructions.
 - ii) The Group may design the asset how and with what purpose for the usage period.

The Group right of use assets as a lessee.

The Group, presents right of use assets and rent liability in the financial statements in actual beginning of rent process. The right of use assets initially is accounted with cost method and it includes the following:

- a) The initial measurement amount of rent liability,
- b) The amount that is calculated after the deduction of incentives of the actual start of rent and the rent payments made before.
- c) The initial direct costs endured by the Group and,
- d) By the dissembling and transfer of the asset, the estimated costs about the restoration of the field of the asset or about the provisions of the required situation of the asset. the restoration and the conditions

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The Group, bears the liability of the costs about the usage of asset in the beginning date or a definite period of time after the usage.

By implementing the cost method, the right of use asset is measured by;

- a) Deducting accumulated depreciation and accumulated impairment and
- b) Measuring the revalued adjusted cost of rent liability.

The Group implements depreciation provisions of TMS 16 in calculating depreciatin of right of use assets.In case the supplier transfers the possession of the asset to the Group or the cost of right of use asset presents the usage of purchase option, The Group calculates depreciation of right of use asset form the date of actual start of rent until the date of useful life.

In other cases, the Group calculates depreciation in the useful life or renting period which one is shorter. The Group implements TMS 36 in determining whether the asset is impaired and accounting of impairment loss.

Lease Liability

In the actual beginning of rent transactions, The Group measures the present value of the rent payments – not paid in that date- of the lease liability.The rent payments, in case the rate is determined easily, are discounted by implicit interest rate. In case, the rate is not determined easily, the Group implements the alternative borrowing interest rate.

In the actual beginning of leasing, the measurement of lease payments involved on lease liability, includes the payments of the asset of lease period for the lease right and the payments not made in the actual beginning of lease and it follows the following payments:

- a) The amount by deducting the rent incentive receivables from fixed payments.
- b) The variable rent payments by using an index or a rate, the measurement is made in the date of actual beginning of lease by using an index or rate.
- c) The usage price of the option when the Group is having the fairly certainty about using the purchase option
- d) In case, the lease period presents the ending of lease to use an option the penalty payments of ending of lease transactions

After the actual beginning of lease transactions, the Group measures the lease liability in the following ways:

- a) The book value is increased to present the interest in the lease liability.
- b) The book value is decreased to present the lease payments made.
- c) The book value is re-measured to present re-evaluatons and re-structuring or revised fixed lease payments.

The interest of the lease liability of the periods, is the amount calculated by implementing a fixed period interest rate to the residual balance of lease liability. The periodical interest rate, in case it's determined easily, is the implicit interest rate in leasing. In case, the rate is not determined easily, the Group uses its own alternative borrowing interest rate.

After the date of actual beginning of lease, the Group re-measures the lease liability to reflect the changes in the lease payments.

The Group, reflects the re-measurement of lease liability as an adjustment of right-of-use assets to the financial statements

2.11 New and Revised Turkey Financial Reporting Standards

As of December 31,2023 the accounting policies adopted during the preparation of consolidated financial statements are applied consistently with the previous year's accounting policies except for new and changed Turkish Accounting Standards (TAS)/IFRS and TAS/IFRS Comments valid as of January 1,2021. The effects of these standards and comments on the Company's financial situation end performance are explained in the related paragraphs.

New standards effective as of December 31, 2023, and changes and comments on existing previous standards:

Amendments to IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2; Effective for annual reporting periods beginning on or after 1 January 2021. These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. This amendment has no impact on the Group's financial position and performance.

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Amendments to TFRS 16 "Leases - COVID 19 - Related Rent Concessions" amendments related to extending the facilitating application; As of March 2021, this amendment has been extended until June 2022 and is effective from April 1, 2021. Due to the COVID-19 outbreak, some concessions have been provided to tenants in rent payments. These concessions can take various forms, including suspending or deferring rental payments. With the amendment published in IFRS 16 Leases standard on May 28, 2020, IASB introduced an optional facilitating practice for the lessees to evaluate whether the privileges granted due to COVID-19 in the lease payments are a change in the lease. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.

Narrow scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements to TFRS 1, TFRS 9, TAS 41 and TFRS 16; Effective for annual reporting periods beginning on or after 1 January 2022.

- Amendments to TFRS 3 "Business combinations"; this amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.

- Amendments to TAS 16 "Tangible fixed assets"; prohibits a company from deducting revenue from the sale of manufactured products from the amount of tangible assets until the asset is ready for use. Instead, the company will recognize such sales proceeds and the associated cost in profit or loss.

- Amendments to TAS 37, "Provisions, Contingent Liabilities and Contingent Assets", this amendment specifies what costs the company will include when deciding whether to incur a loss from a contract.

Annual improvements make minor changes to the illustrative examples of TFRS 1 "International Financial Reporting Standards", TFRS 9 "Financial Instruments", TAS 41 "Agricultural Activities" and TFRS 16.

Narrow scope changes in TAS 1, Practice Statement 2 and TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023. These amendments are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, Amendment to Deferred Tax related to Assets and Liabilities arising from a Single Transaction is valid for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

TFRS 16, Sale and leaseback transactions; It is valid for annual reporting periods beginning on or after January 1, 2024. These changes include the sale and leaseback provisions in TFRS 16, which explain how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

TMS 1, amendment of the "Presentation of financial statements" standard regarding the classification of liabilities; The effective date is valid for annual reporting periods beginning on or after January 1, 2024. These changes clarify how the requirements that an entity must comply with within twelve months after the reporting period affect the classification of a liability. These changes are not expected to have a significant impact on the financial position and performance of the Company.

NOTE 3-SEGMENT REPORTING

The main activity of the Group is to produce software solutions for the needs of telecommunication operators, service providers, financial institutions and corporate companies. Group management monitors Group activities on the basis of main product groups and domestic and international activities. On the other hand, due to the nature and economic characteristics of the products in each main product group, their classification according to sales channels, customer needs and customers' risks, and the legislation affecting the Group's activities being the same, financial information is not reported on a product-by-section basis.

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December 31, 2023	USA	Turkey	Elimination	Consolidated
Net Sales	23.006.137	285.383.358	-	308.389.495
Cost of Sales	-	(38.787.244)	-	(38.787.244)
Gross operating profit	23.006.137	246.596.114	-	269.602.251
Marketing Expenses (-)	(44.699.939)	(44.689.629)	-	(89.389.568)
General Administrative Expenses (-)	-	(35.309.109)	-	(35.309.109)
Research and Development Expenses (-)	-	(72.498.195)	-	(72.498.195)
Other Operating Income	-	45.874.126	(38.407)	45.835.719
Other Operating Expenses (-)	-	(17.816.799)	-	(17.816.799)
Operating Loss/Profit	(21.693.802)	122.156.508	(38.407)	100.424.299
Income from Investment Activities	-	2.614.052	-	2.614.052
Expense from Investment Activities (-)	-	-	-	-
Operating Profit/Loss Before Financial Income (Expense)	(21.693.802)	124.770.560	(38.407)	103.038.351
Financial Income	351	27.425.941	-	27.426.292
Financial Expense (-)	(460.242)	(33.506.294)	37.857	(33.928.679)
Net Monetary Position Gains (Losses)	-	(57.679.976)	-	(57.679.976)
Pre-Tax Profit/Loss Margin From Continuing Operations	(22.153.693)	61.010.231	(550)	38.855.988
Current Tax Expense/Income	-	7.514.311	-	7.514.311
Period Profit/Loss	(22.153.693)	68.524.542	(550)	46.370.299

December 31, 2023	USA	Turkey	Elimination	Consolidated
Tangible and Intangible Assets and Right of Use Assets Entries	-	91.718.275	-	91.718.275
Depreciaton Expenses	(5.809.656)	(31.165.771)	-	(36.975.427)
Assets	102.814.672	478.884.428	(85.102.214)	496.596.886
Liabilities	111.889.629	118.256.092	(46.227.231)	183.918.490

December 31, 2022	USA	Turkey	Elimination	Consolidated
Net Sales	49.664.410	234.395.422	-	284.059.832
Cost of Sales	-	(40.489.384)	-	(40.489.384)
Gross operating profit	49.664.410	193.906.038	-	243.570.448
Marketing Expenses (-)	(45.599.717)	(47.447.464)	-	(93.047.181)
General Administrative Expenses (-)	-	(27.510.957)	-	(27.510.957)
Research and Development Expenses (-)	(4.547.315)	(72.009.735)	-	(76.557.050)
Other Operating Income	-	66.345.227	(593.855)	65.751.372
Other Operating Expenses (-)	-	(15.428.792)	-	(15.428.792)
Operating Loss/Profit	(482.622)	97.854.317	(593.855)	96.777.840
Income from Investment Activities	-	54.224	-	54.224
Expense from Investment Activities (-)	-	-	-	-
Operating Profit/Loss Before Financial Income (Expense)	(482.622)	97.908.538	(593.855)	96.832.064
Financial Income	1.219	14.738.732	-	14.739.951
Financial Expense (-)	(801.833)	(22.868.178)	534.838	(23.135.173)
Net Monetary Position Gains (Losses)	-	(82.832.002)	-	(82.832.002)
Pre-Tax Profit/Loss Margin From Continuing Operations	(1.283.236)	6.947.090	(59.017)	5.604.840
Current Tax Expense/Income	-	(15.797.994)	-	(15.797.994)
Period Profit/Loss	(1.283.236)	(8.850.904)	(59.017)	(10.193.154)

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December 31, 2022	USA	Turkey	Elimination	Consolidated
Tangible and Intangible Assets and Right of Use Assets Entries	-	49.146.966	-	49.146.966
Depreciaton Expenses	(9.652.922)	(26.051.302)	-	(35.704.224)
Assets	97.238.675	424.090.068	(110.560.480)	410.768.263
Liabilities	78.640.506	150.686.098	(46.505.004)	182.821.600

NOTE 4- CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash	318.865	206.784
Cash at the bank	52.601.595	59.820.066
Demand deposits	37.794.881	59.482.600
Term deposits with a maturity of less than three months	14.806.714	337.466
	52.920.460	60.026.850

As of 31 December 2023 and December 31, 2022, the Group has no blocked deposits.

NOTE 5 – FINANCIAL INVESTMENTS

a- Short Term Financial Investments

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
- Financial Assets Held for Purchase or Sale Purposes	7.630.080	5.773.893
	7.630.080	5.773.893

b- Long Term Financial Investments

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
- Financial Assets Held for Purchase or Sale Purposes	1.312.788	-
	1.312.788	-

DİPNOT 6- FINANCIAL LIABILITIES

a- Short Term Financial Liabilities

	December 31, 2023	December 31, 2022
Bank Credits	31.773.886	54.734.509
Loan Interests	1.451.826	2.657.973
Other financial debts **	469.956	926.591
	33.695.668	58.319.073

b) Short-term Portions of Long-term Loans

	December 31, 2023	December 31, 2022
Liabilities Of Rental Transactions *	3.929.220	4.040.160
	3.929.220	4.040.160

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c) Long Term Financial Liabilities

	December 31, 2023	December 31, 2022
Liabilities Of Rental Transactions *	24.553.629	5.611.740
	<u>24.553.629</u>	<u>5.611.740</u>

* The Group has recorded 3.929.220 TL in the short term portion of long term liabilities, and 24.553.629 TL in the long term liabilities in the scope of TFRS 16. (December 31,2022; The Group has recorded 4.040.160 TL in the short term portion of long term liabilities, and 5.611.740 TL in the long term liabilities in the scope of TFRS 16.)

** These are credit card debts.

d) Liabilities Of Credits Including Interest and Maturity Of Credits

	December 31,2023			Total
	Bank credits	Leases	Other Debt	
Payable within 1 year	33.695.668	3.929.220	-	37.624.888
Payable within 2-3 years	-	24.553.629	-	24.553.629
	<u>33.695.668</u>	<u>28.482.849</u>	-	<u>62.178.517</u>

	December 31,2022			Total
	Bank credits	Leases	Other Debt	
Payable within 1 year	58.319.073	4.040.160	-	62.359.233
Payable within 2-3 years	-	5.611.740	-	5.611.740
	<u>58.319.073</u>	<u>9.651.900</u>	-	<u>67.970.973</u>

e) Interest Rates of Credits

December 31,2023

Type of Money	Weighted Mean effective interest rate (%)	Short Term	Long Term	Short Term TL Amount (Excluding Interest)	Long Term TL Amount (Excluding Interest)
USD	6-9	1.079.342	-	31.773.886	-
Total			-	<u>31.773.886</u>	<u>-</u>

The interest rates related to USD credits are 6% and 9%. The maturity dates are between March 2024 and June 2024.

December 31,2022

Type of Money	Weighted Mean effective interest rate (%)	Short Term	Long Term	Short Term TL Amount (Excluding Interest)	Long Term TL Amount (Excluding Interest)
TL	16-32	20.843.784	-	20.843.784	-
USD	8,75-9	1.100.000	-	33.890.725	-
Total			-	<u>54.734.509</u>	<u>-</u>

The interest rates related to USD credits are 8,75% and 9%, related to TL credits are 16% and 32%. The maturity dates are between June 2023 and December 2023.

f- Other Financial Liabilities

As of 31 December 2023, the group has no other financial liabilities. (31 December 2022 - None.)

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NOTE 7- TRADE RECEIVABLES AND PAYABLES

A-Trade Receivables

The Group's trade receivables as of the balance sheet date are as follows.

a) Trade Receivables (Short term)

	December 31,2023	December 31,2022
Trade Receivables	200.454.361	159.739.701
Trade receivables deferred maturity difference (-)	(2.804.629)	(1.607.280)
Provision for doubtful trade receivables (-)	(681.019)	(805.354)
	196.968.713	157.327.067

As of December 31, 2023, the Group has allocated provision for doubtful receivables for the portion of trade receivables amounting to TL 681.019 (2022: TL 805.354). According to the expected credit loss model within the scope of TFRS 9, the Group allocates provision for doubtful receivables for the receivables it filed for commercial receivables and overdue receivables and other undue due receivables. The Group management believes that there is no need for a provision more than the provision for doubtful receivables in the financial statements.

The Group's movement chart regarding doubtful trade receivables are as follows:

	December 31,2023	December 31,2022
Opening balance	(805.354)	(56.758.465)
Period expense	(245.810)	(309.777)
Collections/Provisions No Longer Required	-	56.758.465
Monetary Gains /(Losses)	370.145	(495.577)
Closing balance	(681.019)	(805.354)

b) Trade receivables (Long term)

As of the balance sheet date, the Group has no long-term trade receivables. (31 December 2022 - None.)

The maturity of Group receivables mainly varies between 30-90 days. The effective weighted average interest rate used for rediscount calculated for foreign currency trade receivables is the Group credit cost rates, DİBS (Government Domestic Borrowing interest rate) and LIBOR rates.

B-Trade Payables

The Group's detail of trade payables as of the balance sheet date are as follows:

a) Trade Payables (Short Term)

	December 31,2023	December 31,2022
Trade payables	4.121.343	15.109.569
Trade payables deferred maturity difference (-)	(73.405)	(137.146)
	4.047.938	14.972.423

b) Trade Payables (LongTerm)

As of the date of balance sheet, the Group has no long-term trade payables. (31 December 2022-None.)

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NOTE 8-OTHER RECEIVABLES AND PAYABLES

A- Other Receivables

a) Other Receivables (Short term)

	December 31,2023	December 31,2022
Miscellaneous other receivables	3.020	4.976
	3.020	4.976

b) Other Receivables (Long term)

	December 31,2023	December 31,2022
Deposits and Guarantees Given	1.829.890	1.911.311
	1.829.890	1.911.311

B- Other Payables

a) Other Payables (Short Term)

	December 31,2023	December 31,2022
Income and stamp tax payable	891.967	1.009.767
VAT payable	9.479.790	6.214.194
Other liabilities payable	30.839	32.310
	10.402.596	7.256.271

b) Other Payables (Long Term)

The Group does not have any long term other payables as of the balance sheet date. (31 December 2022 - None.)

NOTE 9- RECEIVABLES AND OBLIGATIONS ARISING FROM CONTRACTS WITH CUSTOMERS

a-Receivables Arising from Contracts with Customers (Short Term)

The Group does not have any receivables from short term customer contracts. (31 December 2022 - None.)

b-Receivables Arising from Contracts with Customers (Long Term)

The Group does not have any receivables from long term customer contracts. (31 December 2022 - None.)

c-Liabilities Arising from Contracts with Customers (Short-Term)

	December 31,2023	December 31,2022
Advances received	65.704	196.685
Maintenance, License etc. Income*	24.399.015	35.322.724
Other income	186.348	311.316
	24.651.067	35.830.725

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d) Liabilities Arising from Contracts with Customers (Long-Term)

	December 31, 2023	December 31, 2022
Maintenance, License etc. Income*	39.193.513	11.306.880
Other income	-	307.051
	39.193.513	11.613.931

* It consists of the income that the Group will obtain from transactions that have been invoiced to the customer within the scope of customer contracts, but where the service will be carried out in subsequent periods.

DİPNOT 10- OTHER CURRENT ASSETS/ OTHER FIXED ASSETS

a) Other Current Assets

	December 31, 2023	December 31, 2022
Job advances	48.080	28.282
Personnel Advances	321.830	121.365
Prepaid Taxes and Funds	-	55.553
	369.910	205.200

b) Other Fixed Assets

The Group does not have other fixed assets. (31 December 2022 – None)

DİPNOT 11- INVENTORIES

	31 Aralık 2023	31 Aralık 2022
Trade goods	1.917.507	2.590.703
Provision for impairment of inventory (-)	(59.976)	(98.824)
	1.857.531	2.491.879

The impairment of inventory is as follows as of 31 December 2023 and 31 December 2022.

	January 1, 2023 December 31, 2023	January 1, 2022 December 31, 2022
Opening balance	(98.824)	(162.339)
Monetary gains / Losses	38.848	63.515
Closing balance	(59.976)	(98.824)

As of December 31, 2023, the group has no inventory which was given as pledge against the loans used. (December 31, 2022-None.)

NOTE 12- PREPAID EXPENSES AND DEFERRED INCOME

PREPAID EXPENSES

a. Prepaid Expenses (Short-Term)

	December 31, 2023	December 31, 2022
Advances Given	704.585	1.346.441
Insurance, repair, maintenance and seminar expenses for the incoming months	7.257.187	6.359.453
	7.961.772	7.705.894

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b. Prepaid Expenses (Long-Term)

	December 31, 2023	December 31, 2022
Insurance, repair, maintenance and seminar expenses for the incoming years	3.773.124	2.518.770
	3.773.124	2.518.770

DİPNOT 13- GOVERNMENT INCENTIVES AND GRANTS

The Group benefits from insurance premium incentives in accordance with laws no. 5510, 5746, 6111 and 17103, and from income tax incentives in accordance with laws no. 5746 and 4691. In this context, in the period of December 31, 2023, 11.669.029 TL benefited from SSI premium incentives and 34.943.297 TL income tax incentives. (December 31, 2022: 9.509.062 TL SSI incentive, 31.207.855 TL income tax incentive).

The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.

DİPNOT 14- TANGIBLE FIXED ASSETS

Movements occurred in tangible fixed assets and respective accumulated depreciation concerning the period ended as of December 31, 2023 and December 31, 2022 are as follows:

December 31, 2023	Fixtures	Özel maliyetler	Investment in progress	Total
Cost Value				
Opening balance as of January 1, 2023	19.533.872	3.125.472	-	22.659.344
Assets acquired through Purchase	2.563.833	-	7.190.949	9.754.782
Outflows	(339.157)	-	-	(339.157)
Foreign currency conversion and index differences	(69.154)	-	-	(69.154)
Closing balance as of December 31, 2023	21.689.399	3.125.472	7.190.949	32.005.815
Accumulated Depreciation				
Opening balance as of January 1, 2023	(14.067.981)	(2.940.845)	-	(17.008.826)
Period Expense	(2.482.466)	(54.798)	-	(2.537.264)
Outflows	316.111	-	-	316.111
Foreign currency conversion and index differences	4.400	-	-	4.400
Closing balance as of December 31, 2023	(16.229.936)	(2.995.643)	-	(19.225.579)
Net book value as of December 31, 2023	5.459.458	129.829	7.190.949	12.780.236

December 31, 2022	Fixtures	Özel maliyetler	Investment in progress	Total
Cost Value				
Opening balance as of January 1, 2022	17.448.841	3.024.163	-	20.473.004
Assets acquired through Purchase	2.828.830	101.309	-	2.930.139
Outflows	(478.175)	-	-	(478.175)
Foreign currency conversion and index differences	(265.624)	-	-	(265.624)
Closing balance as of December 31, 2022	19.533.872	3.125.472	-	22.659.344
Accumulated Depreciation				
Opening balance as of January 1, 2022	(12.162.069)	(2.850.375)	-	(15.012.444)
Period Expense	(2.385.013)	(90.470)	-	(2.475.483)
Outflows	390.248	-	-	390.248
Foreign currency conversion and index differences	88.853	-	-	88.853
Closing balance as of December 31, 2022	(14.067.981)	(2.940.845)	-	(17.008.826)
Net book value as of December 31, 2022	5.465.891	184.627	-	5.650.518

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Pledges and Mortgages on Assets

There are no pledges and mortgages on the tangible assets detailed above as of December 31, 2023 and 2022.

DİPNOT 15- RIGHT OF USE ASSETS

The balance of the right of use assets as of December 31, 2023 and December 31, 2022 the depreciation and amortization expenses for the relevant period are as follows;

Cost Value	December 31, 2023	December 31, 2022
	Right Of Use Assets	
Opening balance as of January 1,	32.770.053	32.048.451
Assets acquired through leasing	25.947.208	4.236.331
Transfers/ Adjustments	(19.705.030)	(9.173.116)
Foreign currency conversion and index differences		5.658.387
Closing balance as of 31 December	39.012.231	32.770.053
Accumulated Amortization		
Opening balance as of January 1,	(21.811.790)	(22.678.619)
Period expense	(5.361.527)	(7.263.963)
Transfers/ Adjustments	18.271.678	12.048.137
Foreign currency conversion and index differences		(3.917.345)
Closing balance as of 31 December	(8.901.639)	(21.811.790)
Net book value as of 31 December	30.110.592	10.958.263

DİPNOT 16- INTANGIBLE FIXED ASSETS

Movements occurred in intangible fixed asses and respective accumulated depreciation concerning the period ended as of December 31, 2023 and December 31, 2022 are as follows:

Cost Value	December 31, 2023			Total
	Development Expenses Capitalized	Development Expenses In Progress	Other Intangible Assets	
Opening balance as of January 1, 2023	311.101.591	35.071.328	2.447.197	348.620.156
Assets acquired through purchase	6.732.050	49.284.235	-	56.016.285
Transfers/ Adjustments	55.799.597	(55.799.597)	-	-
Foreign currency conversion and index differences	(3.581.135)	-	-	(3.581.135)
Closing balance as of 31 December 2023	370.052.103	28.555.966	2.447.197	401.055.266
Accumulated Amortization				
Opening balance as of January 1, 2023	(192.367.284)	-	(2.350.568)	(194.717.852)
Period expense	(29.018.523)	-	(58.113)	(29.076.636)
Foreign currency conversion and index differences	38.458	-	-	38.458
Closing balance as of 31 December 2023	(221.347.349)	-	(2.408.681)	(223.756.030)
Net book value as of 31 December 2023	148.704.754	28.555.966	38.516	177.299.236

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December 31, 2022

Cost Value	Development Expenses Capitalized	Development Expenses In Progress	Other Intangible Assets	Total
Opening balance as of January 1, 2022	309.869.113	8.124.675	2.401.061	320.394.849
Assets acquired through purchase	14.987.707	26.946.653	46.136	41.980.496
Foreign currency conversion and index differences	(13.755.229)	-	-	(13.755.229)
Closing balance as of 31 December 2022	311.101.591	35.071.328	2.447.197	348.620.116
Accumulated Amortization				
Opening balance as of January 1, 2022	(168.487.950)	-	(2.288.526)	(170.776.476)
Period expense	(25.902.736)	-	(62.042)	(25.964.778)
Foreign currency conversion and index differences	2.023.402	-	-	2.023.402
Closing balance as of 31 December 2022	(192.367.284)	-	(2.350.568)	(194.717.852)
Net book value as of 31 December 2022	118.734.307	35.071.328	96.629	153.902.264

DİPNOT 17- PERIOD INCOME TAX LIABILITY

	December 31, 2023	December 31, 2022
Prepaid provisional tax	-	2.971.543
Prepaid bank withholdings	93.443	6.935
	93.443	2.978.478

The prepaid taxes belong to the temporary tax paid and the interest income from the group's time deposits and the income tax amounts deducted by the relevant financial institutions.

DİPNOT 18- PERIOD PROFIT TAX LIABILITY

	December 31, 2023	December 31, 2022
Prepaid Taxes (-)	93.443	2.978.478
Current Period Tax Provision (-)	-	(687.100)
Ending balance	93.443	2.291.378

DİPNOT 19- LIABILITIES UNDER EMPLOYEE BENEFITS

a) Liabilities Under Employee Benefits (Short-Term)

	December 31, 2023	December 31, 2022
Wages payable to personnel	19.957.282	19.204.857
Social security premium payable	5.062.029	4.501.415
	25.019.311	23.706.272

The social security premiums to be paid, 5.062.029 TL, and the wages to be paid to the personnel, 19.957.282 TL, belong to December 2023 and were paid in January 2024.

(December 31, 2022: Social security premiums to be paid, 4.501.415 TL, and wages to be paid to the personnel, 19.204.857 TL, were paid in January 2023.)

b) Liabilities Under Employee Benefits (Long-Term)

As of December 31, 2023, the Group does not have any debts within the Scope of Benefits for Long-Term Employees. (31 December 2022 - None.)

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DİPNOT 20- OTHER LIABILITIES

a) Other Liabilities (Short Term)

	December 31, 2023	December 31, 2022
Other expense provisions	8.029.269	4.496.836
Other expense accruals	880.886	1.742.608
	8.910.155	6.239.444

b) Other Liabilities (Long Term)

As of 31 December 2023, there is no other long-term liability amount. (31 December 2022 - None)

DİPNOT 21- COMMITMENTS

a.Collaterals, pledges and mortgages acquired by the Group

The tables regarding the collateral / pledge / mortgage ("TRI") position given by the group as of 31 December 2023 and 31 December 2022 are as follows.

	December 31, 2023		December 31, 2022	
	Currency Amount	TL Equivalent	Currency Amount	TL Equivalent*
A. CPM Given On Behalf of Its Own Legal Entity				
a) Guarantee Letters				
-TL	2.504.866	2.504.866	3.561.997	3.561.997
-USD	824.063	24.258.931	316.323	9.745.832
Total		26.763.797		13.307.829

* Amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of December 31, 2023.

b.Collaterals, pledges and mortgages received by the Group

There are no letters of guarantee, pledges and mortgages received by the Group. (31 December 2022- None)

DİPNOT 22- SHORT/LONG-TERM PROVISIONS

a) Short-Term Provisions for Employee Benefits

	December 31, 2023	December 31, 2022
Leave Provisions (Personnel)	6.657.455	6.287.945
	6.657.455	6.287.945

The movements of unused leave fees are as follows:

	January 1 ,2023	January 1 ,2022
	December 31, 2023	December 31, 2022
Opening Balance January 1	(6.287.945)	(3.613.912)
Provisions Calculated In The Period	(5.362.545)	(6.698.965)
Provisions No Longer Required	972.692	654.913
Monetary Gains/Losses	4.020.343	3.370.019
Ending Provision	(6.657.455)	(6.287.945)

Seniority Incentive Bonus

As of 31 December 2023, there is no liability amount related to seniority incentive bonus. (31 December 2022 - None).

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Other

The Group does not have any provision for social aid payments and tax risks. (December 31, 2022 - None).

b) Long-Term Provisions for Employee Benefits

- Provision for Severance Pay

As per the rules of the Labour Law in effect, it is obliged to pay the legally deserved severance payments to the employees whose labor contracts have expired provided that they have become entitled to acquire severance payment. In addition, according to the current Social Security Law's No.506/dated March 6, 1981, No.2422/dated August 25, 1999, No.4447, as well as its amended Article No.60, the legal severance payments have to be paid to the employees who became entitled to acquire severance payment in case they leave. Some transitional provisions regarding pre-retirement service conditions were removed from the Law with the amendment of the relevant law on 23 May 2002.

As of December 31, 2023, the severance pay to be paid is subject to a monthly ceiling of 23,490 TL (2022: 15,371 TL). Severance payment liability is calculated based on the estimation for the present value of the future potential obligations of the Company arising from the retirements of its employees. IAS 19 "Employee Benefits" (amended) sets forth actuarial valuation methods for the calculation of Company's liabilities within the scope of defined benefit plans. Accordingly, actuarial assumptions used in the calculation of total liabilities are indicated below.

Accordingly, the actuarial assumptions used in calculating total liabilities are stated below:

Main assumption is an increase in maximum liability for each service year in parallel to inflation rate. Therefore, the discount rate being applied implies the anticipated real interest rate after the adjustment of inflation effects in future. The liabilities in the attached financial statements as of the dates December 31, 2023 and December 31, 2022 are calculated through the estimation of the present value for the potential liabilities in future arising from the retirements of the employees. The severance pay ceiling is revised every six months, and the ceiling amount of 35.059 TL (2022: 19.983 TL), effective as of January 1, 2024, was taken into account in calculating the Company's severance pay provision.

Actuarial valuation methods must be used to estimate the Group's liability due to existing retirement plans. Severance pay provision is calculated based on the present net value of future liability amounts due to the retirement of all employees and is reflected in the attached financial statements.

Long-term Provisions Related to Employee Benefits

	December 31, 2023	December 31, 2022
Provision for severance pay	2.857.938	2.630.253
	2.857.938	2.630.253

Severance Pay Movements

	January 1, 2023 December 31, 2023	January 1, 2022 December 31, 2022
Provision as of January 1	(2.630.253)	(3.240.192)
Interest Cost	(328.462)	(341.098)
Current Service Costs	(813.756)	(268.438)
Payments In The Period	1.537.905	650.571
Actuarial earnings and loss	(1.940.574)	(811.671)
Monetary Gains/Losses	1.317.202	1.380.575
Provision as of December 31	(2.857.938)	(2.630.253)

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The following assumptions were used in the liability calculation;

	December 31, 2023	December 31, 2022
Inflation Rate	17,95%	17,95%
Discount Rate	0,92%	0,92%
The rate used for the probability of retirement	80,83%	77,49%

DİPNOT 23- CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid Capital and Capital Adjustment Differences

As of December 31, 2023, the capital of the Group is 85,611,078 TL, (December 31, 2022: 14,268,513 TL) and the registered capital ceiling is (*) 150,000,000 TL. (31 December 2022: 150,000,000 TL)

* With the decision of the Extraordinary General Assembly dated 16 April 2024, it was decided to increase the registered capital ceiling to 500.000.000 (five hundred million) Turkish Liras and this situation was registered with the İstanbul Trade Registry on 24 April 2024.

Name	December 31, 2023		December 31, 2022	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Lütfi Yenel	24,44	20.926.797	24,44	3.487.800
Zeynep Yenel Onursal	10,00	8.561.112	10,00	1.426.852
Other	65,56	56.123.169	65,56	9.353.861
Paid-in Capital	100,00	85.611.078	100,00	14.268.513
Capital Adjustment Differences		137.348.313		125.070.603
Total		222.959.391		139.339.116

Additional Information Related To Capital, Reserves and Other Equity Items

The comparison of the relevant equity items presented as inflation-adjusted in the consolidated financial statements of the Group as of December 31, 2023, with the inflation-adjusted amounts in the financial statements prepared in accordance with Law No. 6762 and other legislation is as follows:

	Adjusted for inflation in financial statements prepared in accordance with Law No. 6762 and other legislation	Adjusted for inflation in financial statements prepared in accordance with TAS/IFRS	Difference in previous year's profits
December 31, 2023			
Capital Adjustment Differences	214.096.696	137.348.313	76.748.383
Restrained Reserves From Profit	24.816.339	16.513.620	8.302.719

As of January 1, 2022, the amount of prior years profit without inflation adjustment is 81.930.566 TL, and the amount of prior years profit as of January 1, 2022, as brought to the purchasing power of December 31, 2023, after inflation adjustment within the scope of TMS 29, is 137.169.430 TL.

b) Share Premiums (Discounts)

	December 31, 2023	December 31, 2022
Share Premiums (Discounts)	1.187.282	-
	1.187.282	-

c) Defined Benefit Plans Remeasurement Gains / Losses

The group calculates the actuarial gains/losses in the defined benefit plans regarding its employees and presents them in the financial statements

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Actuarial Gain / (Loss)

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Opening Balance	(649.337)	-
Actuarial Gain / (Loss)	(1.940.574)	(811.671)
Deferred Tax Asset	485.143	162.334
Current Year Transactions Net	(1.455.431)	(649.337)
Net Actuarial Gains / Losses	(2.104.768)	(649.337)

d) Foreign currency conversion difference

	December 31, 2023	December 31, 2022
Foreign currency conversion difference	(54.630.460)	(52.742.684)

e) Restrained Reserves from Profit

	December 31, 2023	December 31, 2022
Legal Reserves	15.023.292	15.023.292
Venture Capital Fund	1.490.328	920.328
	16.513.620	15.943.620

f) Previous Year Profits / Losses

	December 31, 2023	December 31, 2022
Previous Year Profits / Losses	82.383.032	136.249.102

DİPNOT 24- REVENUE AND COST OF SALES

a) Revenue

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Domestic Sales	181.865.984	149.150.671
Overseas Sales	133.619.720	136.995.388
Sales Returns (-)	(6.870.712)	(2.086.227)
Sales Discounts (-)	(225.497)	-
Net Sales	308.389.495	284.059.832

b) Cost of Sales (-)

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Cost of services sold (-)	(38.787.244)	(40.489.384)
	(38.787.244)	(40.489.384)

DİPNOT 25- GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES and RESEARCH AND DEVELOPMENT EXPENSES

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
a)General Administrative Expenses (-)	(35.309.109)	(27.510.957)
b)Marketing Expenses (-)	(89.389.568)	(93.047.181)
c)Research and Development Expenses	(72.498.195)	(76.557.050)
Total	(197.196.872)	(197.115.188)

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	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
a)General Administrative Expenses (-)		
Personnel Wages	(24.559.838)	(18.112.197)
Depreciation Costs	(499.050)	(1.005.967)
Taxes, Duties and Charges	(318.803)	(327.155)
Communication Expenses	(75.684)	(70.953)
Travel Expenses	(1.727.879)	(1.413.057)
Vehicle Expenses	(260.817)	(274.464)
Outsourced Benefits and Services	(2.583.175)	(1.577.608)
Miscellaneous Expenses	(5.270.905)	(4.719.796)
Bank and Commission Expenses	(12.958)	(9.760)
Total	(35.309.109)	(27.510.957)

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
b) Details of Marketing Expenses		
Personnel Wages	(45.440.814)	(42.944.365)
Depreciation Costs	(5.929.635)	(5.364.584)
Taxes, Duties and Charges	(751.108)	(652.114)
Communication Expenses	(302.954)	(310.207)
Travel Expenses	(3.681.160)	(1.637.115)
Vehicle Expenses	(429.310)	(490.000)
Marketing Expenses	(16.990.190)	(23.044.341)
Outsourced Benefits and Services	(2.574.979)	(5.353.229)
Miscellaneous Expenses	(10.585.691)	(6.898.998)
Sales Commissions	(2.686.220)	(6.352.228)
Total	(89.389.568)	(93.047.181)

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
c) Research And Development Expenses		
Personnel Wages	(34.522.161)	(37.705.427)
Depreciation Costs	(29.581.935)	(28.217.602)
Communication Expenses	(101.447)	(109.230)
Travel Expenses	(649.972)	(738.051)
Vehicle Expenses	(87.621)	(71.769)
Outsourced Benefits and Services	(4.769.744)	(6.423.230)
Miscellaneous Expenses	(2.785.315)	(3.291.741)
Total	(72.498.195)	(76.557.050)

DİPNOT 26- EXPENSES CLASSIFIED ACCORDING TO ASSORTMENT

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
a) Depreciation and Amortization Expenses (-)		
Service Cost	(964.807)	(1.116.071)
Research And Development Expenses	(29.581.935)	(28.217.602)
Marketing Expenses	(5.929.635)	(5.364.584)
General Administrative Expenses	(499.050)	(1.005.967)
Total	(36.975.427)	(35.704.224)

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	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
b) Personnel Expenses (-)		
Research And Development Expenses	(34.522.161)	(37.705.427)
Wages & Salaries	(34.522.161)	(37.705.427)
General Administrative Expenses	(24.559.838)	(18.112.197)
Wages & Salaries	(24.559.838)	(18.112.197)
Marketing and Sales Costs	(45.440.814)	(42.944.365)
Wages & Salaries	(45.440.814)	(42.944.365)
Total	(104.522.813)	(98.761.989)

DİPNOT 27- OPERATING INCOME / EXPENSES

Details of operating income related to the years to end after December 31, 2023 and December 31, 2022 are as follows:

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
a) Other Operating Income		
Exchange Rate Difference Income from Operations	38.560.846	58.581.916
Cancellation Of Provision Of Employee Termination Benefit	87.655	369.031
Maturity Difference Income Accrued	1.701.132	1.160.093
Interest Income	1.077	299.945
Provisions No Longer Required	804.970	2.332.820
Other ordinary income and profits	1.106.336	1.820.938
Incentive Income	3.573.703	1.186.629
	45.835.719	65.751.372

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
b) Other Operating Expenses		
Exchange Rate Difference Expense from Operations	(4.233.195)	(9.908.539)
Maturity Difference Expense Accrued	(3.723.094)	(1.972.250)
Provisions for Doubtful Receivables	(245.810)	(309.777)
Other ordinary income and profits	(2.503.615)	(1.334.366)
Tax deduction	(3.431.384)	(1.903.860)
Additional Tax expense	(3.679.701)	-
	(17.816.799)	(15.428.792)

DİPNOT 28- INCOME FROM INVESTING ACTIVITIES

a) Revenues from Investment Activities

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Income on Sales of Fixed assets	80.547	21.065
Exchange Rate Protected Deposit Income	982.718	-
Securities Sales Income	1.550.787	33.159
	2.614.052	54.224

b) Expenses Due To Investing Activities (-)

As of December 31, 2023, there is no expense due to investment activities. (December 31, 2022 – None)

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DİPNOT 29- FINANCING INCOME/ EXPENSES

a) Financing Income

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Interest income	2.422.674	960.384
Exchange rate difference income	25.003.618	13.779.567
	<u>27.426.292</u>	<u>14.739.951</u>

b) Financing Expenses

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Bank interest expenses	(8.205.802)	(9.905.207)
Exchange rate difference expense	(24.438.570)	(12.962.971)
Interest Expense of Right-Of-Use Assets	(1.284.307)	(266.995)
	<u>(33.928.679)</u>	<u>(23.135.173)</u>

c) Net Monetary Position Gains (Losses)

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Net Monetary Position Gains (Losses)	(57.679.976)	(82.832.002)
	<u>(57.679.976)</u>	<u>(82.832.002)</u>

NOTE 30- TAX PROVISIONS AND LIABILITIES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

a) Period Income Tax Liability

Turkish tax legislation does not allow the parent company to file tax returns based on the financial statements in which it consolidates its subsidiaries and affiliates. For this reason, the tax provisions reflected in these consolidated financial statements have been calculated separately for the subsidiaries included in the scope of full consolidation.

The corporate tax rate in Turkey is 25% for 2023. (23% for 2022)

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductions in accordance with the tax laws to the commercial profits of the institutions and deducting the exemptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid and all or part of the profit is paid as dividend;

- To real persons
- Natural and legal persons who are exempt or exempt from Income and Corporate Tax,
- Limited taxpayer real and legal persons,

In case of distribution, 10% Income Tax Withholding is calculated. If the period profit is added to the capital, it is not considered as profit distribution and withholding tax is not applied.

Corporations calculate provisional tax based on their quarterly financial profits and declare and pay it by the 17th day of the second month following that period. The provisional tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

Within the scope of the Temporary Article added to the Technology Development Zones Law No. 4691 with Article 44 of Law No. 5035, income and corporate taxpayers operating in technology development zones will be able to keep their earnings exclusively from software and R&D activities in this zone until December 31, 2023. It is exempt from income and corporate tax.

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According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However financial losses can not be offsetted from last year's profits.

In Turkey, there is no practice of reaching an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office by the evening of the last day of the fourth month following the month in which the accounting period closes. However, the authorities authorized for tax inspection may examine the accounting records within 5 years and if incorrect transactions are detected, the tax amounts to be paid may change.

b) Deferred tax

The group calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences that arise as a result of different evaluations between the balance sheet items and the legal financial statements. These temporary differences generally result from the recognition of income and expenses in different reporting periods in accordance with the communiqué and tax laws.

In the deferred tax calculations in the financial statements dated 31 December 2023, 25% is used as the tax rate by taking into consideration of tax differences in the following years.

As of 31 December 2023, the group does not have any unused previous year losses and R&D deductions in accordance with the tax legislation. (31 December 2022: None.)

Items which are the basis for deferred tax and corporate tax are mentioned below:

Deferred Tax (Assets)/Liabilities:	December 31, 2023	December 31, 2022
Trade Receivables	858.881	466.000
Inventories	(15.808)	(32.029)
Prepaid Expenses	(46.133)	(29.878)
Tangible and Intangible Assets	(28.459.412)	(35.950.900)
Right of Use Assets	(2.737.942)	(1.804.579)
Credits and Leases	-	(1.443)
Trade payables	(18.351)	(27.430)
Provision for Severance Pay	714.485	526.051
Leave Provisions	1.664.364	1.257.589
Deferred Income	214.645	484.075
Depreciation Differences	29.511.362	28.799.181
Total	1.686.091	(6.313.363)

Movement of deferred tax (asset)/ liabilities within current period and the previous period are listed below:

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Opening balance as of January 1	(6.313.363)	8.508.758
Deferred tax income/expense for the period	7.514.311	(14.984.455)
Reflected to Comprehensive Income and Equity	485.143	162.334
Current Period / Previous Period	1.686.091	(6.313.363)

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The reconciliation study between tax income/expense and the accounting profit within scope of IAS 12 is specified below.

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Period Profit/Loss Of Continuing Operations	38.855.988	5.604.840
Calculated Tax Over %25-20 Local Tax Rate	(9.713.997)	(1.120.968)
Tax Effect of Expenses Not Allowed By Law	1.403.407	230.966
Tax Effect of Deductions and Allowances	(22.959.905)	(9.974.118)
Effect of Temporary Timing Differences	38.784.806	(4.120.335)
Tax Income	7.514.311	(14.984.455)

As of each balance sheet date, deferred tax assets that are not reflected in the records are reviewed. If it is probable that the financial profit to be obtained in the future will allow the deferred tax asset to be earned, the deferred tax asset that was not reflected in the records in previous periods is reflected in the records.

DİPNOT 31- EARNINGS PER SHARE

As of the current and previous period, group's number of shares and profit/loss calculations per unit share are as follows.

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Net period profit / loss	46.370.299	(10.193.154)
Number of Shares	85.611.078	14.268.513
Profit / loss per share	0,542	(0,714)

DİPNOT 32- DIVIDEND PAID

There are no dividends paid as of December 31, 2023. (December 31, 2022 – None)

DİPNOT 33- RELATED PARTY DISCLOSURES

a) Related Parties End of Period Balance Sheet Balances

None. (December 31, 2022: None)

b) Purchases/Sales of Goods and Services Made with Related Parties During the Period

None. (December 31, 2022: None)

c) Remuneration and Similar Benefits to the Chairman of board, Members of the board, General Manager and Deputy managers

	January 1 ,2023 December 31, 2023	January 1 ,2022 December 31, 2022
Wages and other short-term benefits (Net)	9.385.618	8.453.636
	9.385.618	8.453.636

DİPNOT 34- FEATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments

The Group is focused on managing various financial risks due to its activities, including the effects of changes in debt and capital market prices, exchange rates and interest rates. The Group aims to minimize the potential negative effects of market fluctuations with its risk management program.

The Group has determined the policies summarized below for the management of risks arising from financial instruments.

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Loan Risk

The credit risk of the Group is the total of financial assets shown at the balance sheet date. Credit risk includes the risk that a company's receivables will not be collected. The Group constantly monitors customers who do not pay their debts and their guarantors separately or as a Group, and includes this information in credit risk controls. If the cost is reasonable, credit ratings are made to external evaluation institutions for customers and their guarantors. The Group's policy is to only do business with organizations with sufficient credibility.

Although there is no significant credit risk between trade receivables and other receivables for an organization or group, there is a concentration risk since most of the trade receivables are from 4 customers. The credit risk regarding the money and liquid values equivalent to money in banks and other short-term receivables is negligible, because the banks where the money and liquid values are held are banks with high quality and credit ratings.

Credit risks exposed due to type of financial instruments

	Receivables				Deposits at Banks	Cash and Cash Equivalents
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
December 31, 2023						
Maximum credit risk exposed as of the reporting date (*)	-	199.773.342	-	1.832.910	52.601.595	318.865
- Part of the maximum risk secured by means of guarantee, etc. (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	-	199.773.342	-	1.832.910	52.601.595	318.865
B. Net book value of assets overdue but not undergone impairment	-	-	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	681.019	-	-	-	-
- Impairment (-)	-	(681.019)	-	-	-	-
- Part of the net value secured by means of guarantee, etc.	-	-	-	-	-	-
D. Items involving credit risk which are not included in the statement of financial position	-	-	-	-	-	-

Credit risks exposed due to type of financial instruments

	Receivables				Deposits at Banks	Cash and Cash Equivalents
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
December 31, 2022						
Maximum credit risk exposed as of the reporting date (*)	-	158.934.347	-	1.916.287	59.820.066	206.784
- Part of the maximum risk secured by means of guarantee, etc. (**)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	-	158.934.347	-	1.916.287	59.820.066	206.784
B. Net book value of assets overdue but not undergone impairment	-	-	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	805.354	-	-	-	-
- Impairment (-)	-	(805.354)	-	-	-	-
- Part of the net value secured by means of guarantee, etc.	-	-	-	-	-	-
D. Items involving credit risk which are not included in the statement of financial position	-	-	-	-	-	-

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Exchange rate risk

The Group is mainly exposed to foreign exchange risk arising from exchange rate changes due to the conversion of amounts owed or credited in US Dollars into Turkish Lira. These risks are monitored and limited by analyzing the foreign exchange position.

The Group manages foreign currency exchange rate risk by organizing foreign currency assets and liabilities in a balanced manner and by matching the maturities and foreign currency positions of liabilities and assets.

The group's foreign asset and liability amounts and foreign currency position statements according to original amounts and Turkish Lira currency amounts as of December 31, 2023 and December 31, 2022 as follows:

Foreign exchange position table	Total TL Equivalent	December 31, 2023			
		US Dollar	Avro	GBP	Other
Cash and Cash Equivalents	39.289.243	1.219.885	68.654	-	3.500.952
Short-term Trade Receivables	105.340.441	3.475.213	29.000	-	6.414.346
Long Term Trade Receivables	1.097.162	37.270	-	-	-
Short and Long Term Financial Liabilities	(56.529.528)	(1.920.278)	-	-	-
Short-term Trade Payables	(3.129.589)	(95.561)	(6.843)	(20)	(284.545)
Net Foreign Currency Position	86.067.729	2.716.529	90.811	(20)	9.630.753
Monetary Items Net Foreign Exchange Asset (Liability) Position	86.067.729	2.716.529	90.811	(20)	9.630.753
Export	106.340.338	3.364.462	223.915	-	8.733

Foreign exchange position table *	Total TL Equivalent	December 31, 2022			
		US Dollar	Avro	GBP	Other
Cash and Cash Equivalents	53.426.230	1.731.765	2.161	-	-
Short-term Trade Receivables	111.828.960	3.574.828	51.432	-	-
Short-term Other Assets	1.801.647	30.934	25.834	-	-
Long Term Trade Receivables	1.148.279	37.270	-	-	-
Short and Long Term Financial Liabilities	(36.813.831)	(1.194.876)	-	-	-
Short-term Trade Payables	(13.992.815)	(425.857)	(20.003)	(5.610)	(17.160)
Other Payables	(1.905.429)	(61.845)	-	-	-
Net Foreign Currency Position	115.493.041	3.692.219	59.424	(5.610)	(17.160)
Monetary Items Net Foreign Exchange Asset (Liability) Position	113.691.394	3.661.285	33.590	(5.610)	(17.160)
Export	128.856.725	4.273.963	246.186	-	12.273

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of December 31, 2023.

Foreign Exchange Sensitiveness Analysis

The table below demonstrates the group's sensitivity to the 10% increase and decrease in USD and Euro currencies. Whereas the 10% rate is the rate used during the reporting of the exchange risk to senior executives, and the said rate states the potential change the management expects to see in the exchange rate. Sensitivity analysis only covers the foreign currency monetary items at the end of year and shows the influences of 10% exchange rate change of the said items. Positive value states increase in profit/ loss. As can be seen in the following Exchange Rate Sensitivity Analysis Statement, gross profit would be 8.606.771 TL more/less. (31 December 2022-11.549.304 TL)

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Foreign Currency Position Table	December 31, 2023			
	Profit/Loss		Equity	
	Increase of Foreign Currency	Decrease of Foreign Currency	Increase of Foreign Currency	Decrease of Foreign Currency
In case US Dollar changes 10% against TL:				
1- US Dollar net asset/liability	7.996.971	(7.996.971)	7.996.971	(7.996.971)
2- The part secured against US Dollar risk (-)	-	-	-	-
3- US Dollar Net Effect(1+2)	7.996.971	(7.996.971)	7.996.971	(7.996.971)
In case EURO changes 10% against TL:				
4- EURO net asset/liability	295.807	(295.807)	295.807	(295.807)
5- The part secured against EURO risk (-)	-	-	-	-
6- Euro Net Effect(4+5)	295.807	(295.807)	295.807	(295.807)
In case Other Currencies change 10% against TL:				
7-Other exchange net asset / liability	313.993	(313.993)	313.993	(313.993)
9- Other exchange net effect (7+8)	313.993	(313.993)	313.993	(313.993)
TOTAL (3+6+9)	8.606.771	(8.606.771)	8.606.771	(8.606.771)

Foreign Currency Position Table *	December 31, 2022			
	Profit/Loss		Equity	
	Increase of Foreign Currency	Decrease of Foreign Currency	Increase of Foreign Currency	Decrease of Foreign Currency
In case US Dollar changes 10% against TL:				
1- US Dollar net asset/liability	11.375.628	(11.375.628)	11.375.628	(11.375.628)
2- The part secured against US Dollar risk (-)				
3- US Dollar Net Effect(1+2)	11.375.628	(11.375.628)	11.375.628	(11.375.628)
In case EURO changes 10% against TL:				
4- EURO net asset/liability	195.192	(195.192)	195.192	(195.192)
5- The part secured against EURO risk (-)				
6- Euro Net Effect(4+5)	195.192	(195.192)	195.192	(195.192)
In case Other Currencies change 10% against TL:				
7-Other exchange net asset / liability	(21.516)	21.516	(21.516)	21.516
9- Other exchange net effect (7+8)	(21.516)	21.516	(21.516)	21.516
TOTAL (3+6+9)	11.549.304	(11.549.304)	11.549.304	(11.549.304)

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of December 31, 2023.

Interest Rate Risk Management and Interest Rate Sensitivity

Since some of the group loans are taken with fixed interest and some without interest to be used in tax payments, the loan is not exposed to interest rate risk.

Therefore, the Group did not calculate credit interest risk in this period.

Capital Management

During the management of capital, the targets of the Group are providing return for partners, to benefit for other shareholders and decrease the cost of capital and sustain the probable capital structure in order to sustain the operations of the Group Risks associated with each capital group as well as the capital cost of the company are assessed by top management. It is aimed to keep the balance through new share issue as well as re-borrowing or refunding the current debt in order to preserve and reorganize the capital structure according to the assessments of top management. Besides, in capital management while securing the sustainability of the activities is sought on one hand, boosting the profitability by means of optimizing the balance of debt and equity is intended on the other hand.

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	December 31, 2023	December 31, 2022
Total Debts	183.918.490	182.821.600
Cash and Cash Equivalents	52.920.460	60.026.850
Net Debt	130.998.030	122.794.750
Equities	312.678.396	227.946.663
Equity / Net Debt Rate	2,39	1,86

DİPNOT 35- POST-BALANCE SHEET EVENTS

December 31, 2023

- Financial statements were approved by the board of directors on March 2, 2024. Board members have the authority to change the financial statements.

- Severance pay ceiling amount has become 35.059 TL as of January 1, 2024.

-Kron Teknoloji AŞ, with the decision of the Extraordinary General Assembly dated April 16, 2024, decided to increase the registered capital ceiling of 150.000.000 (one hundred and fifty million) Turkish Liras to 500.000.000 (five hundred million) Turkish Liras, with a validity period of 2028. This situation was approved by the Capital Markets Board on February 13, 2024, numbered E-29833736-110.03.03-49643 and it was registered at the Istanbul Trade Registry on 24 April 2024, approved by the letter of the T.C. Ministry of Commerce dated 1 March 2024 and numbered E-50035491-431.02-00094542553.

December 31, 2022

- Severance pay ceiling amount has become 19.983 TL as of January 1, 2023.

DİPNOT 36- INDEPENDENT AUDIT FEES FOR THE REPORTING PERIOD

Fees For Services Rendered By Independent Audit Authority

In accordance with the decision of the Public Oversight Authority dated March 30, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below.

	December 31, 2023	December 31, 2022
(Amounts Excluding VAT)		
Independent Audit Fee	936.613	403.498
	936.613	403.498

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of December 31, 2023.

DİPNOT 37- OTHER MATTERS

a) Financial Statement Disclosures:

- As of December 31, 2023, total insurance amount of asset values is 431.680 USD.

b) Classifications of Previous Period Financial Statements and Their Qualifications

In order for compliance with the presentation of the current period financial statements, comparative information is reclassified when deemed necessary.

c) Significant Accounting Policies

Significant accounting policies of the group regarding financial instruments are explained under the note Financial Instruments included in Note 2.



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