

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS OF
INTERIM PERIOD JANUARY 1, 2024- JUNE 30, 2024
(Convenience Translation into English)**

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

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the General Assembly of Kron Teknoloji Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Kron Teknoloji Anonim Şirketi** ("the Company") and its subsidiary's (together will be referred as "the Group") as of 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month interim period then ended, as well as a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and fair presentation of this consolidated interim condensed financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34") published by the Public Oversight, Accounting and Auditing Standards Authority ("KGGK"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standards on Auditing on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim consolidated financial information of the Group's financial position, financial performance and cash flows for the six-month period ended 30 June 2024, is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Istanbul, September 5, 2024

KAVRAM BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.

Member Crowe Global

BÜNYAMİN KALYONCU

Responsible Auditor

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30,2024, unless otherwise stated)

Statement of Financial Position (Balance Sheet)	Note Refer.	Current Period June 30, 2024	Previous Period December 31, 2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	58,757,050	66,010,336
Financial Investments	5	56,756,973	9,517,380
Financial Assets Fair Value Reflected To Profit/Loss		56,756,973	9,517,380
-Financial Assets Held With The Aim Of Purchase and Sale		56,756,973	9,517,380
Trade Receivables	7	128,767,654	245,688,928
-Trade Receivables from Related Parties		-	-
-Trade Receivables from Unrelated Parties		128,767,654	245,688,928
Other Receivables	8	98,440	3,767
-Other Receivables from Related Parties		-	-
-Other Receivables from Unrelated Parties		98,440	3,767
Inventories	11	1,704,416	2,316,991
Prepaid Expense	12	11,221,973	9,931,116
-Prepaid Expenses to Unrelated Parties		11,221,973	9,931,116
Current Tax Assets	17	105,122	116,556
Other Current Assets	10	848,060	461,408
-Other Current Assets from Unrelated Parties		848,060	461,408
SUB-TOTAL		258,259,688	334,046,482
TOTAL CURRENT ASSETS		258,259,688	334,046,482
NON-CURRENT ASSETS			
Financial Investments	5	1,490,269	1,637,506
Financial Assets Fair Value Reflected To Profit/Loss		1,490,269	1,637,506
-Financial Assets Held With The Aim Of Purchase and Sale		1,490,269	1,637,506
Investments in Affiliates, Joint Ventures and Subsidiaries		-	-
Other Receivables	8	2,013,191	2,282,513
-Other Receivables From Unrelated Parties		2,013,191	2,282,513
Tangible Fixed Assets	14	27,386,699	15,941,427
-Furniture and fixtures		8,019,857	6,809,855
-Leasehold Improvements		1,353,783	161,942
Right-Of-Use Assets	15	34,585,050	37,558,447
Intangible Fixed Assets	16	230,301,385	221,154,202
- Capitalized Development Costs		156,262,622	185,486,875
- Other Intangible Fixed Assets		92,051,822	44,636,957
Prepaid Expenses	12	7,562,234	4,706,406
- Prepaid Expenses to Unrelated Parties		7,562,234	4,706,406
Deferred Tax Asset	28	1,937,726	2,103,146
Total Non-Current Assets		305,276,554	285,383,647
TOTAL ASSETS		563,536,242	619,430,129

Enclosed notes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30,2024, unless otherwise stated)

Statement of Financial Position (Balance Sheet)	Note Refer.	Current Period June 30, 2024	Previous Period December 31, 2023
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings	6	20,608,465	42,030,292
-Short-Term Borrowings From Unrelated Parties		20,608,465	42,030,292
-Bank credits		20,574,900	41,444,092
-Other Short Term Liabilities		33,565	586,200
Short-term Portion of Long-term Borrowings	6	7,829,506	4,901,113
Short-Term Portion of Long Term Loans From Unrelated Parties		7,829,506	4,901,113
-Debts from Leasing Transactions		7,829,506	4,901,113
Trade Payables	7	6,514,351	5,049,195
-Trade Payables to Related Parties		-	-
-Trade Payables to Unrelated Parties		6,514,351	5,049,195
Payables Under Employee Benefits	19	17,619,704	31,207,838
Other Payables	8	4,212,348	12,975,678
-Other Payables to Unrelated Parties		4,212,348	12,975,678
Liabilities from Customer Contracts	9	50,249,096	30,748,508
-Contractual Liabilities From Sales Goods and Services		50,249,096	30,748,508
Short-Term Provisions	22	11,419,634	8,304,176
-Short-Term Provisions for Employee Benefits		11,419,634	8,304,176
Other Short-Term Liabilities	20	2,402,020	11,114,082
-Other Short-Term Liabilities to Unrelated Parties		2,402,020	11,114,082
SUB-TOTAL		120,855,124	146,330,882
TOTAL SHORT-TERM LIABILITIES		120,855,124	146,330,882
LONG TERM LIABILITIES			
Long Term Provisions	6	26,175,675	30,626,969
-Long Term Loans From UnRelated Parties		26,175,675	30,626,969
-Loans From Lease Transactions		26,175,675	30,626,969
Liabilities from Customer Contracts	9	46,514,494	48,888,028
-Contractual Liabilities From Sales Goods and Services		46,514,494	48,888,028
Long-Term Provisions	22	5,439,845	3,564,849
-Long-Term Provisions For Employee Benefits		5,439,845	3,564,849
TOTAL LONG-TERM LIABILITIES		78,130,014	83,079,846
TOTAL LIABILITIES		198,985,138	229,410,728

Enclosed notes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30,2024, unless otherwise stated)

Statement of Financial Position (Balance Sheet)	Note Refer.	Current Period June 30, 2024	Previous Period December 31, 2023
EQUITY			
Equity Attributable to Owners of Parent Company	23	364,551,104	390,019,401
Paid In Capital		85,611,078	85,611,078
Capital Adjustment Differences		192,497,318	192,497,318
Share Premium (Discount)		1,480,956	1,480,956
		(3,833,656)	(2,625,382)
Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss			
-Revaluation measurement gains/losses		(3,833,656)	(2,625,382)
-Gains (Losses) on Remeasurement of Defined Benefit Plans		(3,833,656)	(2,625,382)
		(94,175,809)	(81,461,841)
Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss			
-Foreign currency conversion differences		(94,175,809)	(81,461,841)
Restrained Reserves From Profit		20,598,267	20,598,267
-Legal Reserves		18,739,306	18,739,306
-Venture Capital Fund		1,858,961	1,858,961
Previous Years' Profits/(Losses)		173,919,005	109,149,105
Net Profit (Loss) For The Period	29	(11,546,055)	64,769,900
TOTAL EQUITY		364,551,104	390,019,401
TOTAL LIABILITIES		563,536,242	619,430,129

Enclosed notes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1, 2024 –JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30,2024, unless otherwise stated)

PROFIT or LOSS and OTHER COMPREHENSIVE INCOME ST.	Note Refer.	Current Period January 1, - June 30, 2024	Previous Period January 1,- June 30, 2023	Current Period April 1,- June 30, 2024	Previous Period April 1,- June 30, 2023
Revenue	24	152,660,394	152,612,037	80,623,364	90,453,302
Cost of Sales (-)	24	(23,363,492)	(21,642,987)	(10,508,881)	(11,699,737)
GROSS PROFIT (LOSS) FROM TRADE OPERATIONS		129,296,902	130,969,050	70,114,483	78,753,565
GROSS PROFIT/LOSS		129,296,902	130,969,050	70,114,483	78,753,565
General Administrative Expenses	25	(23,954,770)	(19,740,042)	(12,578,034)	(8,799,039)
Marketing Expenses	25	(47,036,911)	(59,735,265)	(21,938,827)	(26,428,116)
Research and Development Expenses	25	(52,873,732)	(40,719,170)	(25,263,416)	(19,872,132)
Other Operating Income	26	24,951,233	40,156,802	4,802,160	29,364,402
Other Operating Expenses	26	(10,844,284)	(11,399,472)	(4,227,647)	(7,670,898)
OPERATING LOSS/PROFIT		19,538,438	39,531,903	10,908,719	45,347,782
Income From Investment Operations		1,350,410	1,317,275	820,761	905,219
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		20,888,848	40,849,178	11,729,480	46,253,001
Financial Income	27	10,688,792	23,351,678	3,675,939	22,399,003
Financial Expense (-)	27	(9,898,371)	(31,128,717)	(2,557,058)	(25,876,923)
Net Monetary Position Gains (Losses)	27	(32,657,145)	(22,024,338)	(12,763,913)	(10,077,914)
PRE-TAX PROFIT/LOSS MARGIN FROM CONTINUING OPERATIONS		(10,977,876)	11,047,801	84,448	32,697,167
Continuing Operations Tax Expense/Income		(568,179)	(1,838,760)	5,784,538	(999,983)
Deferred Tax Expense/Income	28	(568,179)	(1,838,760)	5,784,538	(999,983)
PERIOD PROFIT / LOSS FROM CONTINUING OPERATIONS		(11,546,055)	9,209,041	5,868,986	31,697,184
PERIOD PROFIT/LOSS		(11,546,055)	9,209,041	5,868,986	31,697,184
Distribution of Period Loss/Profit		(11,546,055)	9,209,041	5,868,986	31,697,184
Shares of Main Partnership		(11,546,055)	9,209,041	5,868,986	31,697,184
Earnings per Share from Continuing Oper.	29	(0,135)	0,215	0,069	0,740

Enclosed notes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1, 2024 –JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30,2024, unless otherwise stated)

	Note Refer.	Current Period January 1, - June 30, 2024	Previous Period January 1,- June 30, 2023	Current Period April 1,- June 30, 2024	Previous Period April 1,- June 30, 2023
OTHER COMPREHENSIVE INCOME (LOSS)					
Items Not to be Reclassified in Profit/Loss		(1,208,274)	(416,085)	(760,467)	(356,638)
Remeasurement Gains (Losses) of Defined Benefit Plans, Before Tax	22	(1,611,033)	(554,780)	(1,013,958)	(480,472)
Tax Effect of Other Comprehensive Income Not to be Classified in Profit / Loss		402,759	138,695	253,491	123,834
-Deferred Tax Income/ Expense	27	402,759	138,695	253,491	123,834
Items to be Reclassified in Profit or Loss		(12,713,968)	(5,967,023)	(9,047,106)	669,092
Other Comprehensive Income Related to Foreign Currency Conversion Differences Arising from Businesses Abroad, After Tax		(12,713,968)	(5,967,023)	(9,047,106)	669,092
-Gains (Losses) from Foreign Currency Conversion Differences Arising from Businesses Abroad, After Tax	22	(12,713,968)	(5,967,023)	(9,047,106)	669,092
OTHER COMPREHENSIVE INCOME (LOSS)		(13,922,242)	(6,383,108)	(9,807,573)	312,454
TOTAL COMPREHENSIVE INCOME (LOSS)		(25,468,297)	2,825,933	(3,938,587)	32,009,638
Distribution of Total Comprehensive Income		(25,468,297)	2,825,933	(3,938,587)	32,009,638
-Shares of Main Partnership		(25,468,297)	2,825,933	(3,938,587)	32,009,638

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD JANUARY 1, 2024 –JUNE 30, 2024

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

		Equity Related To Main Partnership								
					Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss	Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss				
					Revaluation and Measurement Gains / Losses		Restricted Reserves on Retained Earnings	Accumulated Gains/Losses		
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	Period Net Profit or Loss	Equity
Previous Period	Balances as of 1 January 2023	14,268,513	159,535,279	-	(809,946)	(72,176,862)	19,887,176	169,949,473	(6,325,769)	284,327,864
	Corrections of Errors									-
	Other Corrections									-
	Transfers	-				-	-	(6,325,769)	6,325,769	-
	Total comprehensive income (Expense)	-	-	-	(416,085)	(5,967,023)	-	-	9,209,041	2,825,933
	Period Profit (Loss)								9,209,041	9,209,041
	Other Comprehensive Income (Expense)				(416,085)	(5,967,023)				(6,383,108)
	Capital Increase	28,537,026	22,373,263	-				(48,968,681)		1,941,608
	Inc./Dec.) Due to Other Changes							-		-
	Balances as of June 30, 2023	42,805,539	181,908,542	-	(1,226,031)	(78,143,885)	19,887,176	114,655,023	9,209,041	289,095,405
Current Period	Balances as of 1 January 2024	85,611,078	192,497,318	1,480,956	(2,625,382)	(81,461,841)	20,598,267	109,149,105	64,769,900	390,019,401
	Corrections of Errors									-
	Other Corrections									-
	Transfers							64,769,900	(64,769,900)	-
	Total comprehensive income (Expense)	-	-	-	(1,208,274)	(12,713,968)		-	(11,546,055)	(25,468,297)
	Period Profit (Loss)								(11,546,055)	(11,546,055)
	Other Comprehensive Income (Expense)				(1,208,274)	(12,713,968)				(13,922,242)
	Capital Increase									-
	D Inc./Dec.) Due to Other Changes									-
	Balances as of June 30, 2024	85,611,078	192,497,318	1,480,956	(3,833,656)	(94,175,809)	20,598,267	173,919,005	(11,546,055)	364,551,104

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD JANUARY 1, 2024 – JUNE 30, 2024

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

TFRS- CASH FLOW STATEMENT	Note Refer.	Current Period January 1, - June 30, 2024	Previous Period January 1, - June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		109,595,922	57,182,830
Period Profit / Loss		(11,546,055)	9,209,041
Period Profit / (Loss) from Continuing Operations	29	(11,546,055)	9,209,041
Adjustments Related to Net Period Profit/ (Loss) Reconciliation		12,817,521	(9,715,552)
Adjustments Related to Depreciation/Amort. Exp.	13-14-15	29,362,249	22,401,910
Adjustments Rel.To Impairment (Cancellation)		(90,780)	(32,928)
Adjust.Rel.To Impairment (Cancel.) of Receivables	7	(117,910)	(56,958)
Adjust.Rel.To Impairment (Cancel.) of Inventory		27,130	24,030
Adjustments Related to Provisions		(712,869)	1,799,321
Adjust.Rel. to Prov.(Cancel.) for Employee Benefits	19	6,013,153	1,432,622
Adjust.Rel. to General Provisions (Cancellations)		(6,726,022)	366,699
Adjustments Rel. To Interest (Income) and Exp.		106,771	7,379,717
Adjustments Related To Interest Income	27	(68,389)	1,271,757
Adjustments Related To Interest Expenses	27	175,160	6,107,960
Adjust.Rel.to Unrealized Foreign Curr.Conversion Diff.	23	(913,545)	(14,726,556)
Adjustments Related To Fair Value Losses (Gains)		-	(1,143,013)
Other Adjust.Related To Fair Value Losses (Gains)		-	-
Adjustments Related to Tax Expense / (Income)	28	568,179	1,838,760
Other Adjustments Related to Nonmonetary Items		5,336,208	(9,149,089)
Adjust.for Loss (Gain) from Disposal of Fixed Assets		-	13,139
Adjust.for Loss (Gain) from Disposal of Tangible Fixed Assets		-	13,139
Adjustments for Monetary Position Gain (Loss) (+/-)		(20,838,692)	(18,096,813)
Changes in Working Capital		110,016,056	58,308,532
Adjust.in (Increase)/Decr.in Trade Receivables		117,427,898	71,337,784
(Inc.)/Decr.in Trade Receiv. from Unrelated Par.	7	117,427,898	71,337,784
Adjust. Rel.to (Inc.)/Decr. in Other Receivables Related to Operations		209,017	(58,252)
Adjust. Rel. to (Inc.)/Decr. in Other Receivables Related to Operations from Unrelated Parties	8	209,017	(58,252)
Adjust.Rel.to (Increase)/Decrease in Inventories	11	600,280	(2,451,062)
Adjust.Rel.to (Increase)/Decrease in Prepaid Exp.	12	(4,124,902)	(444,968)
Adjust.Rel.to Increase/(Decrease) in Trade Payables		1,506,843	(15,059,437)
Adjust. Rel. to Inc./ (Decr.) in Trade Payables to Unrelated Part.	7	1,506,843	(15,059,437)
Inc/(Decr.) In Liabilities Under Employee Benefits	19	(13,588,134)	(15,627,126)
Adjust.Rel.to Inc./ (Decr.) in Liabilities from Customer Contracts		17,127,054	22,319,893
Inc. (Decr.) in Contr. Liabilities Arising from Sales of Goods and Services	9	17,127,054	22,319,893
Adjust. Related to Incr./ (Decr.) in Other Payables Related to Operations		(8,763,330)	(4,140,327)
Adjust. Related to Incr./ (Decr.) in Other Payables Related to Operations to Unrelated Parties		(8,763,330)	(4,140,327)
Adjustments Related to Other Increase/(Decrease)in Working Capital		(378,670)	2,432,027
Dec./ (Inc.) in Other Assets Related to Operations		(375,218)	2,531,068
Dec./ (Inc.) in Other Liabilities Rel.to Operations		(3,452)	(99,041)

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD JANUARY 1, 2024 – JUNE 30, 2024

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

TFRS- CASH FLOW STATEMENT	Note Refer.	Current Period January 1, - June 30, 2024	Previous Period January 1, - June 30, 2023
Cash Flows From Operations		111,287,522	57,802,021
Interest Paid		(1,296,641)	(1,904,255)
Payments for Provisions About Employee Benefits		(394,959)	1,285,064
CASH FLOWS DUE TO INVESTING ACTIVITIES		(95,574,717)	(114,423,898)
Cash Outflows Related To Acquisiton Of Other Companies or Funds Shares or Debt Instruments		(47,092,356)	(78,442,989)
Cash Inflows Due to Sales of Tangible and Intangible Fixed Assets		48,143	3,180
-Cash Inflows from Sale of Tangible Fixed Assets	13-14-15	48,143	16,319
-Cash Inflows from Sale of Intangible Fixed Assets		-	(13,139)
Cash Outflows Due to Purchase of Tangible and Intangible Fixed Assets		(51,743,435)	(36,157,280)
-Cash Outflows from Purchase of Tangible Fix.As.	14	(13,275,135)	-
-Cash Outflows from Purchase of Intangible Fix.As.	16	(38,468,300)	-
Interest Received	27	3,212,931	173,191
CASH FLOWS DUE TO FINANCING ACTIVITIES		(21,889,426)	9,711,783
Cash Inflows Related to Issuance of Shares		-	1,941,608
-Cash Inflows Related to Issuance of Other Equity-based Instruments		-	1,941,608
Cash Inflows Related to Borrowings	6	19,051,647	56,516,491
-Cash Inflows From Credits	6	19,051,647	56,516,491
Cash Outflows Related to Debt Payments	6	(36,460,195)	(39,512,697)
-Cash Outflows Due to Credit Repayment	6	(36,460,195)	(39,512,697)
Cash Outflows Rel.to Payments of Rent Contracts	6	(2,204,052)	(2,943,206)
Interest Paid	27	(2,276,826)	(6,290,413)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES		(7,868,221)	(47,529,285)
Effect of Foreign Cur. Converion Differ. On Cash and Cash Equivalents		614,935	21,757,383
NET INCREASE/DECREASE AT CASH AND CASH EQUIVALENTS (+/-)		(7,253,286)	(25,771,902)
BEGINNING CASH AND CASH EQUIVALENTS	4	66,010,336	74,874,124
ENDING CASH AND CASH EQUIVALENTS	4	58,757,050	49,102,222

Enclosed notes are integral parts of these statements.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

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, Kuru 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 Group and its affiliate Kron Technologies US) as of June 30, 2024 is 134. (December 31, 2023: 130)

1.2 Capital Structure;

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

Name	June 30, 2024		December 31, 2023	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Lütfi Yenel	24,44	20,926,797	24,44	20,926,797
Zeynep Yenel Onursal	10,00	8,561,112	10,00	8,561,112
Others	65,56	56,123,169	65,56	56,123,169
Paid-in Capital	100,00	85,611,078	100,00	85,611,078
Capital Adjustment Differences		192,497,318		192,497,318
Total		278,108,396		278,108,396

1.3 Approval of Financial Statements;

The financial statements of the group prepared as were approved by the board of directors on September 5, 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.

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 Turkish.

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.

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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.

The consolidated summary financial statements of the Group for the six-month interim accounting period ending on June 30, 2024 have been prepared in accordance with TAS 34 "Interim Financial Reporting".

2.2. Preparation Of Consolidated Financial Statements

The financial statements of the Group are presented in accordance with the TAS taxonomy published under the name of the updated 2019 TFRS, which was published by the POA with the decision number 30 on 2 June 2016 and subsequently announced to the public on 15 April 2019, together with the changes in TFRS 15 Revenue from Customer Contracts and TFRS 16 Leases.

The financial statements of 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-USA	US Dollar	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 USD 2,146,305 to strengthen the capital of Ironsphere Inc. Which Kron Teknoloji A.Ş. possesses 100% of the Company's capital amount. 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 USD 2,266,305.

In cases where the Company does not have a majority voting right over the invested company/asset, it has control over the invested company/asset, provided that it has sufficient voting rights to direct/manage the activities of the relevant investment on its own. The Company takes into account all relevant events and conditions in assessing whether a majority vote in the relevant investment is sufficient to provide control power, including the following factors:

- Comparing the voting rights held by the Company with the voting rights held by other shareholders;
- Potential voting rights held by the Company and other shareholders;
- Rights arising from other contractual agreements; And
- Other events and conditions that may indicate whether the Company has the current power to manage the relevant activities in situations where decisions need to be made (including votes made at general assembly meetings in previous periods).

Including a subsidiary within the scope of consolidation begins when the Company has control over the subsidiary and ends when it loses control. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition until the date of disposal.

Each item of profit or loss and other comprehensive income belongs to the shareholders of the parent company and non-controlling interests. The total comprehensive income of the subsidiaries is transferred to the parent company shareholders and the non-controlling interests, even if the non-controlling interests result in a reverse balance.

If necessary, adjustments have been made to the accounting policies in the financial statements of subsidiaries to ensure that they are the same as the accounting policies followed by the Company.

All intra-Group assets and liabilities, equity, income and expenses and cash flows related to transactions between Group companies are eliminated in consolidation.

(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

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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 TAS 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. TAS 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 TAS 29, all the companies will start to implement the standard TAS 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 TAS 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 TAS 29.

In this scope, inflation adjustment has been made according to TAS 29 in the scope of TAS 29 in June 30, 2024, December 31, 2023, and June 30,2023.

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 TAS 29 standard in terms of unit available in the end of the period.

TAS 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 TAS 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 Turkish should apply the standard TAS 29 'Adjustment Of Financial Statements of Independently Audited Companies According To Inflation' as of June 30, 2024 and the periods ending after that date.

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

Date	Index	Adjustment Coefficient	Cumulative Inflation Rate for 3 Years
June 30, 2024	2,319.29	1.00000	324 %
December 31,2023	1,859.38	1.24735	268 %
June 30, 2023	1,351.59	1.71597	190 %

The indexation process are as follows according to TAS 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.

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- 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.

2.9.2. Financial Assets

Classification and measurement

The Group accounts for its financial assets in the category of financial assets recognized at amortized cost. Classification is made based on the business model and expected cash flows determined according to the purposes of utilizing financial assets. Management classifies financial assets on the date they are purchased.

They are classified as assets recognized at amortized cost. If their maturity is less than 12 months from the balance sheet date, they are classified as current assets, and if their maturity is longer than 12 months, they are classified as non-current assets. Assets recognized at amortized cost include "trade receivables" and "cash and cash equivalents" items in the statement of financial position.

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.

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2.9.3. Derivative Financial Instruments

Any derivative financial instruments, which are appropriate for the definition financial asset or financial obligation in TAS 32, are accounted in accordance with the provisions of the TFRS 9, and submitted furthermore in the statement of financial position. The Group does not have derivative instruments as of the balance sheet date.

2.9.4. Receivables from Financial Sector Activities

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

2.9.5. Trade Receivables

Trade receivables arise from the supply of goods or services directly to a debtor and are recorded at discounted cost based on the original effective interest rates of the invoice amounts.

If there is a situation that indicates that the Group will not be able to collect the amounts due, an impairment provision is created for trade receivables. The amount of this provision is the difference between the registered value of the receivable and the collectible amount. Collectible amount is the discounted value of the expected cash flows, including the amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the trade receivable. If the impairment amount decreases due to a situation that occurs after the write-off, the said amount is reflected in other income in the current period.

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.

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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.

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:

They are physical fixed assets that are held to be used in the production or supply of goods and services, to be rented to others or to be used for administrative purposes, and are expected to be used for more than one period. In accordance with TAS, tangible fixed assets are listed in the Statement of Financial Position or in the footnotes as land and plots, buildings, facilities, machinery and equipment, vehicles, fixtures, investments in progress, assets related to the exploration and evaluation of mineral resources, other tangible assets, etc. can be classified as.

Tangible assets are stated at their net value after deducting accumulated depreciation from their cost.

In the Group's depreciation practice, tangible assets are depreciated using the straight-line method based on their useful lives over their values.

Tangible assets are amortized within the following periods, taking into account their economic lives.

	<u>Useful Life</u>
Furniture and Fixtures	3-15 years
Leasehold Improvements	3-15 years

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.

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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.

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 years
Other Intangible Assets	3-10 years

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

In the case of assets that require significant time to be ready for use or sale (qualifying assets), borrowing costs directly associated with their purchase, construction or production are included in the cost of the asset until the relevant asset is made ready for use or sale. Borrowing costs other than this situation are recognized in the income statement. The amount of borrowing costs that can be capitalized for funds borrowed for the purpose of acquiring a qualifying asset in a period is the amount determined by deducting the income obtained from temporary investments of these funds from the total borrowing costs incurred for these assets in the relevant period.

2.9.19. Taxation

Tax expense (income) consists of current period tax expense (income) and deferred tax expense (income). Corporate Tax liability is calculated on the basis found after correcting the period result by taking into account legally unacceptable expenses and deductions.

The tax provision was calculated by taking into account the profit for the period and deferred tax was taken into account in the calculation.

Deferred tax assets and liabilities arise from significant timing differences (future taxable timing differences) as a result of different treatment of accounting and taxation and are calculated at the current tax rate using the "borrowing" method.

Deferred tax assets are recorded only when a taxable profit is expected to occur in the future, from which this asset can be amortized. Net deferred tax assets arising from timing differences are reduced in proportion to tax deductions in cases where it is not certain that they can be used in future years in the light of available data.

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2.9.20. Revenue

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.

2.9.24 Provisions, contingent liabilities and contingent assets

If there is a current obligation arising from past events, it is probable that the obligation will be fulfilled and the amount of the obligation can be estimated reliably, a provision is made in the financial statements. The amount set aside as a

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provision is calculated by estimating in the most reliable way the expense to be incurred to fulfill the obligation as of the balance sheet date, taking into account the risks and uncertainties regarding the obligation. If the provision is measured using the estimated cash flows required to meet the current obligation, the carrying amount of the provision is equal to the present value of the relevant cash flows.

In cases where some or all of the economic benefit required to pay the provision is expected to be borne by third parties, the amount to be collected is recognized as an asset if it is virtually certain that the relevant amount will be collected and can be measured reliably.

2.9.25 Payables In Scope Of Employee Benefits / Employee Termination Benefit

Provision for severance pay

In case of severance pay, pension or dismissal, they are paid in accordance with the legislation in force in Turkish 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.

The severance pay obligation recognized in the balance sheet is 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. All calculated actuarial gains and losses are recognized under other comprehensive income.

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.

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 TAS 17 and the comments about TAS 17 and it's valid for the accounting periods of January 1,2019 and the periods beginning after this period.

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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 TAS 17 and TFRS Comment 4 to the contracts defined as lease and it applies TFRS 16 Leasing Standart. Before, TAS 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 TAS 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 prepaid 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 merhod 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

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 TAS 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

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purchase option, The Group calculates depreciation of right of use asset from 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 TAS 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-evaluations 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 remeasures the lease liability to reflect the changes in the lease payments.

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

2.11 New and Revised Turkish Financial Reporting Standards

As of June 30, 2024 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 in force as of June 30, 2024, and amendments and interpretations to existing previous standards:

Amendments regarding the extension of the facilitating application of TFRS 16 "Leases - COVID 19 Lease privileges"; As of March 2021, this change has been extended until June 2022 and is in effect as of April 1, 2021.

Due to the COVID-19 pandemic, tenants have been provided with some privileges in rent payments. These concessions can take various forms, including suspension or postponement of rent payments. On 28 May 2020, with the amendment published in the IASB IFRS 16 Leases standard, it introduced an optional facilitating practice for tenants not to evaluate whether the privileges granted due to COVID-19 in their rent payments are a change in the lease. Lessees may elect to account for such lease privileges under the terms that would apply absent a modification of the lease. This ease of implementation often causes the lease concession to be accounted for as a variable lease payment in periods when an event or condition triggering a decrease 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.

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- 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 "Turkish 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.

TAS 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.

June 30, 2024	USA	Türkiye	Elimination	Consolidated
Revenues	8,826,531	143,833,863	-	152,660,394
Cost of Sales	-	(23,363,492)	-	(23,363,492)
Gross operating profit	8,826,531	120,470,371	-	129,296,902
Marketing Expenses (-)	(22,351,996)	(24,684,915)	-	(47,036,911)
General Administrative Expenses (-)	-	(23,954,770)	-	(23,954,770)
Research and Development Expenses (-)	-	(52,873,732)	-	(52,873,732)
Other Operating Income	-	25,796,127	(844,894)	24,951,233
Other Operating Expenses (-)	-	(10,844,284)	-	(10,844,284)
Operating Loss/Profit	(13,525,465)	33,908,797	(844,894)	19,538,438
Income from Investment Activities	-	1,350,410	-	1,350,410
Expense from Investment Activities (-)	-	-	-	-
Operating Profit/Loss Before Fin.Inc.(Exp.)	(13,525,465)	35,259,207	(844,894)	20,888,848
Financial Income	167	10,688,625	-	10,688,792
Financial Expense (-)	(1,527,455)	(9,182,164)	811,248	(9,898,371)
Net Monetary Position Gains (Losses)	-	(32,657,145)	-	(32,657,145)
Pre-Tax Profit/Loss Margin From Continuing Operations	(15,052,753)	4,108,523	(33,646)	(10,977,876)
Current Tax Expense/Income	-	(568,179)	-	(568,179)
Period Profit/Loss	(15,052,753)	3,540,344	(33,646)	(11,546,055)

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June 30, 2023	USA	Türkiye	Elimination	Consolidated
Revenues	15,451,862	137,160,175	-	152,612,037
Cost of Sales	-	(21,642,987)	-	(21,642,987)
Gross operating profit	15,451,862	115,517,188	-	130,969,050
Marketing Expenses (-)	(30,397,412)	(29,337,853)	-	(59,735,265)
General Administrative Expenses (-)	-	(19,740,042)	-	(19,740,042)
Research and Development Expenses (-)	-	(40,719,170)	-	(40,719,170)
Other Operating Income	-	40,156,802	-	40,156,802
Other Operating Expenses (-)	-	(11,399,472)	-	(11,399,472)
Operating Loss/Profit	(14,945,550)	54,477,453	-	39,531,903
Income from Investment Activities	-	1,317,275	-	1,317,275
Expense from Investment Activities (-)	-	-	-	-
Operating Profit/Loss Before Fin.Inc.(Exp.)	(14,945,550)	55,794,728	-	40,849,178
Financial Income	204	23,351,474	-	23,351,678
Financial Expense (-)	(1,122,986)	(30,005,731)	-	(31,128,717)
Net Monetary Position Gains (Losses)	-	(22,024,338)	-	(22,024,338)
Pre-Tax Profit/Loss Margin From Continuing Operations	(16,068,332)	27,116,133	-	11,047,801
Current Tax Expense/Income	-	(1,838,760)	-	(1,838,760)
Period Profit/Loss	(16,068,332)	25,277,373	-	9,209,041

NOTE 4- CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023
Cash	370,154	397,736
Cash at the bank	58,386,896	65,612,600
Demand deposits	22,695,149	47,143,445
Term deposits with a maturity of less than three months	35,691,747	18,469,155
	58,757,050	66,010,336

As of June 30, 2024 and December 31, 2023 the Group has no blocked deposits.

NOTE 5 – FINANCIAL INVESTMENTS

a-Short Term Financial Investments

	June 30, 2024	December 31, 2023
Financial assets at fair value through profit or loss		
- Financial Assets Held for Purchase or Sale Purposes	56,756,973	9,517,380
	56,756,973	9,517,380

b- Long Term Financial Investments

	June 30, 2024	December 31, 2023
Financial assets at fair value through profit or loss		
- Financial Assets Held for Purchase or Sale Purposes	1,490,269	1,637,506
	1,490,269	1,637,506

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NOTE 6- FINANCIAL LIABILITIES**a) Short Term Financial Liabilities**

	June 30, 2024	December 31, 2023
Bank Credits	19,695,720	39,633,157
Loan Interests	879,180	1,810,935
Other financial debts **	33,565	586,200
	20,608,465	42,030,292

b) Short-term Portions of Long-term Loans

	June 30, 2024	December 31, 2023
Liabilities Of Rental Transactions *	7,829,506	4,901,113
	7,829,506	4,901,113

c) Long Term Financial Liabilities

	June 30, 2024	December 31, 2023
Liabilities Of Rental Transactions *	26,175,675	30,626,969
	26,175,675	30,626,969

* The Group has recorded TL 7,829,506 in the short term portion of long term liabilities, and TL 26,175,675 in the long term liabilities in the scope of TFRS 16, (December 31,2023; The Group has recorded TL 4,901,113 in the short term portion of long term liabilities, and TL 30,626,969 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

	June 30, 2024			
	Bank Credits	Leases	Other Debt	Total
Payable within 1 year	20,574,900	7,829,506	33,565	28,437,971
Payable within 2-3 years	-	26,175,675	-	26,175,675
	20,574,900	34,005,181	33,565	54,613,646

	December 31, 2023			
	Bank Credits	Leases	Other Debt	Total
Payable within 1 year	41,444,092	4,901,113	586,200	46,931,405
Payable within 2-3 years	-	30,626,969	-	30,626,969
	41,444,092	35,528,082	586,200	77,558,374

e) Interest Rates of Credits**June 30, 2024**

Currency	Weighted Mean Effective Interest rate (%)	Short Term	Long Term	Short Term TL Amount (Excluding Interest)	Long Term TL Amount (Excluding Interest)
USD	9	600,000	-	19,695,720	-
Total			-	19,695,720	-

The interest rates related to USD credits are 9 %. The maturity of credits is January 2025.

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December 31, 2023

Currency	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	-	39,633,157	-
Total				39,633,157	-

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

f) Other Financial Liabilities

As of June 30, 2024, the group has no other financial liabilities. (December 31, 2023 - None.)

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)

	June 30, 2024	December 31, 2023
Trade Receivables	132,175,852	250,036,751
Trade receivables deferred maturity difference (-)	(2,845,089)	(3,498,354)
Provision for doubtful trade receivables (-)	(563,109)	(849,469)
	128,767,654	245,688,928

As of June 30, 2024 the Group has allocated provision for doubtful receivables for the portion of trade receivables amounting to TL 563,109 (2023: TL 849,469) 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:

	June 30, 2024	June 30, 2023
Opening balance	(849,469)	(1,004,558)
Period expense	-	
Collections/Provisions No Longer Required	126,526	60,330
Monetary Gains /(Losses)	159,834	162,478
Closing balance	(563,109)	(781,750)

b) Trade receivables (Long term)

As of the balance sheet date, the Group has no long-term trade receivables. (December 31, 2023 - 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)

	June 30, 2024	December 31, 2023
Trade payables	6,644,819	5,140,757
Trade payables deferred maturity difference (-)	(130,468)	(91,562)
	6,514,351	5,049,195

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b) Trade Payables (LongTerm)

As of the date of balance sheet, the Group has no long-term trade payables. (December 31, 2023-None.)

NOTE 8-OTHER RECEIVABLES AND PAYABLES**A- Other Receivables****a) Other Receivables (Short term)**

	June 30, 2024	December 31, 2023
Miscellaneous other receivables	98,440	3,767
	98,440	3,767

b) Other Receivables (Long term)

	June 30, 2024	December 31, 2023
Deposits and Guarantees Given	2,013,191	2,282,513
	2,013,191	2,282,513

B- Other Payables**a) Other Payables (Short Term)**

	June 30, 2024	December 31, 2023
Income and stamp tax payable	1,535,487	1,112,595
VAT payable	2,611,974	11,824,616
Other liabilities payable	64,887	38,467
	4,212,348	12,975,678

b) Other Payables (Long Term)

The Group does not have any long term other payables as of the balance sheet date. (December 31, 2023- 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. (December 31, 2023 - None.)

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

The Group does not have any receivables from long term customer contracts. (December 31, 2023- None.)

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

	June 30, 2024	December 31, 2023
Advances received	93,960	81,956
Maintenance, License etc. Income*	50,039,562	30,434,111
Other income	115,574	232,441
	50,249,096	30,748,508

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

	June 30, 2024	December 31, 2023
Maintenance, License etc. Income*	46,514,494	48,888,028
	46,514,494	48,888,028

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* 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.

NOTE 10- OTHER CURRENT ASSETS / OTHER FIXED ASSETS

a) Other Current Assets

	June 30, 2024	December 31, 2023
Business advances	153,852	59,973
Personnel advances	694,208	401,435
	848,060	461,408

b) Other Fixed Assets

The Group has no other fixed assets. (December 31, 2023 – None.)

NOTE 11- INVENTORIES

	June 30, 2024	December 31, 2023
Trade goods	1,791,522	2,391,802
Provision for impairment of inventory (-)	(87,106)	(74,811)
	1,704,416	2,316,991

The impairment of inventory is as follows as of June 30, 2024 and June 30, 2023.

	January 1, 2024 June 30, 2024	January 1, 2023 June 30, 2023
Opening balance	(74,811)	(123,268)
Period expense	(12,295)	(3,679)
Closing balance	(87,106)	(126,947)

As of June 30, 2024, the group has no inventory which was given as pledge against the loans used. (December 31, 2023-None.)

NOTE 12- PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid Expenses (Short-Term)

	June 30, 2024	December 31, 2023
Advances Given	5,191,973	878,864
Insurance, repair, maintenance, seminar exp.for following months	6,030,000	9,052,252
	11,221,973	9,931,116

b) Prepaid Expenses (Long-Term)

	June 30, 2024	December 31, 2023
Insurance, repair, maintenance, seminar exp.for following years	7,562,234	4,706,406
	7,562,234	4,706,406

NOTE 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 June 30, 2024, TL 8,727,990 benefited from Social Security Institution (SGK) premium incentives and TL 18,201,820 income tax incentives. (December 31, 2023: 14,555,363 TL SGK incentive, TL 43,586,522 income tax incentive).

The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of June 30, 2024.

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NOTE 14- TANGIBLE FIXED ASSETS

Movements occurred in tangible fixed assets and respective accumulated depreciation concerning the period ended as of June 30, 2024 and June 30, 2023 are as follows:

June 30, 2024	Fixtures	Leasehold Improvements	Total
Cost Value			
Opening balance as of January 1, 2024	27,054,269	3,898,557	30,952,826
Assets acquired through Purchase	2,985,210	1,246,496	4,231,706
Outflows	(211,248)	-	(211,248)
Foreign currency conversion and index differences	(196,317)	-	(196,317)
Closing balance as of June 30, 2024	29,631,914	5,145,053	34,776,967
Accumulated Depreciation			
Opening balance as of January 1, 2024	(20,244,414)	(3,736,615)	(23,981,029)
Period Expense	(1,659,103)	(54,655)	(1,713,758)
Outflows	163,105	-	163,105
Foreign currency conversion and index differences	128,355	-	128,355
Closing balance as of June 30, 2024	(21,612,057)	(3,791,270)	(25,403,327)
Net book value as of June 30, 2024	8,019,857	1,353,783	9,373,640

June 30, 2023	Fixtures	Leasehold Improvements	Total
Cost Value			
Opening balance as of January 1, 2023	24,365,575	3,898,557	28,264,132
Assets acquired through Purchase	1,904,849	-	1,904,849
Outflows	(159,657)	-	(159,657)
Foreign currency conversion and index differences	296,540	-	296,540
Closing balance as of June 30, 2023	26,407,307	3,898,557	30,305,864
Accumulated Depreciation			
Opening balance as of January 1, 2023	(17,524,764)	(3,668,246)	(21,193,010)
Period Expense	(1,560,972)	(34,491)	(1,595,463)
Outflows	143,338	-	143,338
Foreign currency conversion and index differences	(184,508)	-	(184,508)
Closing balance as of June 30, 2023	(19,126,906)	(3,702,737)	(22,829,643)
Net book value as of June 30, 2023	7,280,401	195,820	7,476,221

Pledges and Mortgages on Assets

There are no pledges and mortgages on the tangible assets detailed above as of June 30, 2024 and June 30, 2023.

NOTE 15- RIGHT OF USE ASSETS

The balance of the right of use assets as of June 30, 2024 and June 30, 2023 the depreciation and amortization expenses for the relevant period are as follows;

	June 30, 2024	June 30, 2023
Cost Value		
	Right Of Use Assets	
Opening balance as of January 1	48,661,906	40,875,524
Assets acquired through leasing	3,850,287	5,296,238
Transfers/ Adjustments	(4,129,324)	8,340,189
Closing balance as of 30 June	48,382,869	54,511,951
Accumulated Depreciation		
Opening balance as of January 1	(11,103,459)	(27,206,802)
Period expense	(5,363,570)	(6,516,365)
Transfers/ Adjustments	2,669,210	23,434,244
Closing balance as of 30 June	(13,797,819)	(10,288,923)
Net book value as of 30 June	34,585,050	44,223,028

NOTE 16- INTANGIBLE FIXED ASSETS

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

Movements occurred in intangible fixed assets and respective accumulated depreciation concerning the period ended as of June 30, 2024 and December 31, 2023 are as follows:

June 30, 2024

Cost Value	Development Expenses Capitalized	Development Expenses in Progress	Other Intangible Assets	Total
Opening balance as of January 1, 2024	461,584,491	44,588,914	3,052,511	509,225,916
Assets acquired through purchase	75,996	47,435,733		47,511,729
Foreign currency conversion and index dif.	(10,166,083)	-	-	(10,166,083)
Closing balance as of June 30, 2024	451,494,404	92,024,647	3,052,511	546,571,562
Accumulated Amortization				
Opening balance as of January 1, 2024	(276,097,616)	-	(3,004,468)	(279,102,084)
Period expense	(22,264,053)	-	(20,868)	(22,284,921)
Foreign currency conversion and index dif.	3,129,887	-	-	3,129,887
Closing balance as of June 30, 2024	(295,231,782)	-	(3,025,336)	(298,257,118)
Net book value as of June 30, 2024	156,262,622	92,024,647	27,175	248,314,444

June 30, 2023

Cost Value	Development Expenses Capitalized	Development Expenses in Progress	Other Intangible Assets	Total
Opening balance as of January 1, 2023	388,050,712	43,746,004	3,052,498	434,849,214
Assets acquired through purchase	8,397,327	25,855,103	-	34,252,430
Transfers/ Adjustments	69,601,107	(69,601,107)	-	-
Foreign currency conversion and index dif.	15,356,181	-	-	15,356,181
Closing balance as of June 30, 2023	481,405,327	-	3,052,498	484,457,825
Accumulated Amortization				
Opening balance as of January 1, 2023	(239,948,203)	-	(2,931,966)	(242,880,169)
Period expense	(14,253,464)	-	(36,618)	(14,290,082)
Foreign currency conversion and index dif.	(4,480,312)	-	-	(4,480,312)
Closing balance as of June 30, 2023	(258,681,979)	-	(2,968,584)	(261,650,563)
Net book value as of June 30, 2023	222,723,348	-	83,914	222,807,262

NOTE 17- ASSETS RELATED TO CURRENT PERIOD TAX

	June 30, 2024	December 31, 2023
Prepaid bank withholdings	105,122	116,556
	105,122	116,556

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.

NOTE 18- PERIOD PROFIT TAX LIABILITY

	June 30, 2024	December 31, 2023
Prepaid Taxes	105,122	116,556
Current Period Tax Provision (-)	-	-
Period End Asset/Liability	105,122	116,556

NOTE 19- PAYABLES UNDER EMPLOYEE BENEFITS

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

a) Payables Under Employee Benefits (Short-Term)

	June 30, 2024	December 31, 2023
Wages payable to personnel	10,570,455	24,893,716
Social security premium payable	7,049,249	6,314,122
	17,619,704	31,207,838

The social security premiums to be paid, TL 7,049,249 and the wages to be paid to the personnel TL, 10,570,455, belong to June 2024 and were paid in July 2024.

(December 31, 2023: Social security premiums to be paid, TL 6,314,122, and wages to be paid to the personnel, TL 24,893,716, were paid in January 2024.)

b) Liabilities Under Employee Benefits (Long-Term)

As of June 30, 2024, the Group does not have any debts within the Scope of Long-Term Benefits for Employees (December 31, 2023 - None.)

NOTE 20- OTHER LIABILITIES

a) Other Liabilities (Short Term)

	June 30, 2024	December 31, 2023
Other expense provisions	2,186,136	10,015,309
Other expense accruals	215,884	1,098,773
	2,402,020	11,114,082

b) Other Liabilities (Long Term)

As of June 30,2024, there is no other long-term liability amount. (December 31, 2023- None)

NOTE 21- COMMITMENTS

a) Collaterals, pledges and mortgages provided by the Group

The tables regarding the collateral / pledge / mortgage ("TRI") position given by the group as of June 30, 2024 and December 31, 2023 are as follows.

	June 30, 2024		December 31, 2023	
	Currency Amount	TL Equivalent	Currency Amount	TL Equivalent*
A. CPM Given On Behalf of Its Own Legal Entity				
a) Guarantee Letters				
-TL	4,088,812	4,088,812	3,124,445	3,124,445
-USD	126,678	4,158,357	824,063	30,259,378
B. Total Amount of CPM Given on Behalf of Subsidiaries Included in Full Consolidation	--	--	--	--
D. Total Amount of Other CPMs	--	--	--	--
i. Total amount of GPMs given in favor of the parent company				
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above				
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above				
Total		8,247,169		33,383,823

* Amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of June 30, 2024.

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

b) Collaterals, pledges and mortgages received by the Group

There are no letters of guarantee, pledges and mortgages received by the Group. (December 31, 2023- None)

NOTE 22- SHORT/LONG-TERM PROVISIONS**a) Short-Term Provisions for Employee Benefits**

	June 30, 2024	December 31, 2023
Leave Provisions	11,419,634	8,304,176
	11,419,634	8,304,176

The movements of unused leave fees are as follows:

	January 1, 2024 June 30, 2024	January 1, 2023 June 30, 2023
Opening Balance January 1	(8,304,176)	(7,843,238)
Provisions Calculated In The Period	(5,225,592)	(3,684,508)
Provisions No Longer Required	463,413	1,459,945
Monetary Gains/Losses	1,646,721	1,538,646
Period End Provision	(11,419,634)	(8,529,155)

Seniority Incentive Bonus

As of June 30, 2024, there is no liability amount related to seniority incentive bonus. (December 31, 2023 - None).

Other

The Group does not have any provision for social aid payments and tax risks. (December 31, 2023 - 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 June 30, 2024 the severance pay to be paid is subject to a monthly ceiling of TL 35,059 (2023: TL 23,490). 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 June 30, 2024 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 TL 41,828 (2023: TL 35,059), effective as of July 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

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

	June 30, 2024	December 31, 2023
Provision for severance pay	5,439,845	3,564,849
	5,439,845	3,564,849

NOTE 23- CAPITAL, RESERVES AND OTHER EQUITY ITEMS**a) Paid-in-Capital and Capital Adjustment Differences**

As of June 30, 2024, the capital of the Group is TL 85,611,078, (December 31, 2023: TL 85,611,078) and the registered capital ceiling is (*) TL 500,000,000. (December 31, 2023: TL 150,000,000)

* 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 it was registered with the İstanbul Trade Registry on 24 April 2024.

Name	June 30, 2024		December 31, 2023	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
Lütfi Yenel	24,44	20,926,797	24,44	20,926,797
Zeynep Yenel Onursal	10,00	8,561,112	10,00	8,561,112
Other	65,56	56,123,169	65,56	56,123,169
Paid-in Capital	100,00	85,611,078	100,00	85,611,078
Capital Adjustment Differences		192,497,318		192,497,318
Total		278,108,396		278,108,396

b) Share Premiums (Discounts)

	June 30, 2024	December 31, 2023
Share Premiums (Discounts)	1,480,956	1,480,956
	1,480,956	1,480,956

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

Actuarial Gain / (Loss)

	January 1, 2024	January 1, 2023
	June 30, 2024	June 30, 2023
Opening Balance	(2,625,382)	(809,946)
Actuarial Gain / (Loss)	(1,611,033)	(554,780)
Deferred Tax Asset	402,759	138,695
Current Year Total	(1,208,274)	(416,085)
Net Actuarial Gains / Losses	(3,833,656)	(1,226,031)

d) Foreign currency conversion difference

	June 30, 2024	December 31, 2023
Foreign currency conversion difference	(94.175.809)	(81.461.841)

e) Restrained Reserves from Profit

	June 30, 2024	December 31, 2023
Legal Reserves	18,739,306	18,739,306
Venture Capital Fund	1,858,961	1,858,961
	20,598,267	20,598,267

f) Previous Year Profits / Losses

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

	June 30, 2024	December 31, 2023
Previous Year Profits / Losses	173,919,005	109,149,105

NOTE 24- REVENUE AND COST OF SALES**a) Revenue**

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Domestic Sales	95,670,023	62,002,621	45,028,476	24,537,047
Sales Abroad	61,441,648	90,609,416	39,415,619	65,916,255
Sales Returns (-)	(4,451,277)	-	(3,820,731)	-
Net Sales	152,660,394	152,612,037	80,623,364	90,453,302

b) Cost of Sales (-)

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Cost of Service Sold (-)	(23,363,492)	(21,642,987)	(10,508,881)	(11,699,737)
	(23,363,492)	(21,642,987)	(10,508,881)	(11,699,737)

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

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
a)General Administrative Expenses (-)	(23,954,770)	(19,740,042)	(12,578,034)	(8,799,039)
b)Marketing Expenses (-)	(47,036,911)	(59,735,265)	(21,938,827)	(26,428,116)
c)Research and Development Expenses (-)	(52,873,732)	(40,719,170)	(25,263,416)	(19,872,132)
Total	(123,865,413)	(120,194,477)	(59,780,277)	(55,099,287)

a)General Administrative Expenses	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Personnel Wages	(14,879,013)	(14,734,933)	(6,258,323)	(6,126,979)
Depreciation Costs	(447,554)	(272,755)	(341,794)	(44,070)
Taxes, Duties and Charges	(234,311)	(222,210)	(169,964)	(188,813)
Communication Expenses	(43,360)	(52,886)	(19,881)	(26,933)
Travel Expenses	(2,681,330)	(540,687)	(1,442,535)	(189,043)
Vehicle Expenses	(155,399)	(112,816)	(85,354)	(55,495)
Outsourced Benefits and Services	(3,179,819)	(1,333,990)	(2,511,968)	(774,647)
Miscellaneous Expenses	(2,235,800)	(2,465,940)	(1,711,500)	(1,389,373)
Bank and Commission Expenses	(98,184)	(3,825)	(36,715)	(3,686)
Total	(23,954,770)	(19,740,042)	(12,578,034)	(8,799,039)

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

b) Marketing Expenses	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Personnel Wages	(29,294,722)	(28,223,231)	(14,467,295)	(13,686,512)
Depreciation Costs	(5,316,729)	(6,902,395)	(2,486,149)	(3,876,894)
Taxes, Duties and Charges	(473,105)	(380,985)	(431,966)	(210,449)
Communication Expenses	(155,526)	(199,725)	(62,762)	(96,752)
Travel Expenses	(1,327,386)	(1,279,583)	(578,573)	(682,596)
Vehicle Expenses	(258,063)	(236,251)	(153,424)	(134,151)
Marketing Expenses	(2,282,057)	(13,209,257)	(315,646)	(5,507,291)
Outsourced Benefits and Services	(1,245,108)	(1,861,464)	(716,012)	(872,817)
Miscellaneous Expenses	(5,149,481)	(5,948,415)	(2,073,802)	(666,511)
Sales Commissions	(1,534,734)	(1,493,959)	(653,198)	(694,143)
Total	(47,036,911)	(59,735,265)	(21,938,827)	(26,428,116)

c) Research and Development Exp.	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Personnel Wages	(25,338,332)	(20,379,349)	(11,218,218)	(8,943,203)
Depreciation Costs	(23,073,160)	(14,293,301)	(11,670,705)	(7,984,625)
Communication Expenses	(59,119)	(68,464)	(36,557)	(33,297)
Travel Expenses	(175,850)	(523,654)	(137,756)	(261,134)
Vehicle Expenses	(75,412)	(40,569)	(47,493)	(20,867)
Outsourced Benefits and Services	(2,432,904)	(3,614,104)	(1,431,333)	(1,655,776)
Miscellaneous Expenses	(1,718,955)	(1,799,729)	(721,354)	(973,230)
Total	(52,873,732)	(40,719,170)	(25,263,416)	(19,872,132)

NOTE-26 OTHER INCOME/EXPENSES FROM MAIN OPERATIONS

Details of operating income related to the years to end after June 30, 2024 and June 30, 2023 are as follows:

a) Other Income From Main Operations

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Exch.Rate Dif.Income from Operations	18,375,215	33,590,528	4,447,568	28,522,986
Collection/Cancel.of Provisions for Receivables In Prosecution	126,526	60,330	126,526	(85,993)
Reversal of Empl.Termin.Benefit Prov.	422,897	35,311	(95,206)	32,721
Maturity Difference Income Accrued	3,638,355	1,863,341	(266,301)	(437,039)
Provisions No Longer Required	717,645	1,376,918	404,125	250,637
Other ordinary income and profits	658,273	1,108,801	72,288	548,424
Other	111,628	402,918	29,614	278,195
Income from Incentives	900,694	1,718,655	83,546	254,471
	24,951,233	40,156,802	4,802,160	29,364,402

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
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(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

b) Other Expenses From Main Operations

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Exch.Rate Dif.Expen.from Operations	(3,694,169)	(4,223,260)	(2,759,730)	(2,405,916)
Maturity Difference Expense Accrued	(3,144,542)	(1,444,948)	1,049,156	(94,636)
Provision for Inventory Impairment	(29,112)	(24,030)	1,377	(24,030)
Provision for Doubtful Receivables	-	-	-	-
Other ordinary expense and losses	(3,976,461)	(5,707,234)	(2,518,450)	(5,146,316)
	(10,844,284)	(11,399,472)	(4,227,647)	(7,670,898)

NOTE 27- FINANCING INCOME/ EXPENSES AND NET MONETARY POSITION GAINS (LOSSES)

a) Financing Income

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Interest income	3,212,931	173,191	1,904,936	171,354
Exchange rate difference income	7,475,861	23,178,487	1,771,003	22,227,649
	10,688,792	23,351,678	3,675,939	22,399,003

b) Financing Expenses

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Bank interest expenses	(2,276,826)	(6,290,413)	(615,399)	(3,288,572)
Exchange rate difference expense	(6,324,904)	(22,934,049)	(1,326,393)	(21,555,769)
Interest Expense of Right-Of-Use Assets	(1,296,641)	(1,904,255)	(615,266)	(1,032,582)
	(9,898,371)	(31,128,717)	(2,557,058)	(25,876,923)

c) Net Monetary Position Gains (Losses)

	January 1- June 30, 2024	January 1- June 30, 2023	April 1- June 30, 2024	April 1- June 30, 2023
Net Monetary Position Gains (Losses)	(32,657,145)	(22,024,338)	(12,763,913)	(10,077,914)
	(32,657,145)	(22,024,338)	(12,763,913)	(10,077,914)

NOTE 28- 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 Turkish is 25 % for 2024. (25 % for 2023)

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.

**KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024**

(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

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 June 30, 2024. It is exempt from income and corporate tax.

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 Turkish, 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 June 30, 2024, 25% is used as the tax rate by taking into consideration of tax differences in the following years.

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

Deferred Tax (Assets)/Liabilities:	June 30, 2024	December 31, 2023
Cash and Equivalents	551	9
Trade Receivables	839,519	1,071,318
Inventories	136,276	(19,718)
Prepaid Expenses	(29,047)	(57,543)
Tangible, Intangible Fixed Assets and Depr.Diff.	(3,082,099)	1,312,147
Right of Use Assets	(3,650,099)	(3,415,172)
Credits and Leases	5,604	-
Trade payables	(32,617)	(22,890)
Provision for Severance Pay	1,359,961	891,213
Leave Provisions	2,854,909	2,076,045
Deferred Income	24,819	267,737
Previous Years' Losses	1,032,270	-
R&D Discount	2,477,679	-
Total	1,937,726	2,103,146

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

	January 1- June 30, 2024	January 1- June 30, 2023
Opening balance as of January 1	2,103,146	(7,874,936)
Deferred tax income/expense for the period	(568,179)	(1,838,760)
Reflected to Comprehensive Income	402,759	138,695
TFRS 9 Difference	-	-
Reflected to Equity	-	-
Current Period / Previous Period	1,937,726	(9,575,001)

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 presented in the records in previous periods is presented in the records of the current year.

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NOTE 29- 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- June 30, 2024	January 1- June 30, 2023
Net period profit / loss	(11,546,055)	9,209,041
Number of Shares	85,611,078	42,805,539
Profit / loss per share	(0,135)	0,215

NOTE 30- RELATED PARTY DISCLOSURES**a) Related Parties End-of-Period Balance Sheet Balances**

None. (December 31, 2023: None)

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

None. (December 31, 2023: None)

c) Remuneration and Similar Benefits to the Chairman of Board, Members of the Board, General Manager and Deputy Managers

	January 1- June 30, 2024	January 1- June 30, 2023
Wages and other short-term benefits (Net)	4,981,520	4,244,071
	<u>4,981,520</u>	<u>4,244,071</u>

NOTE 31- 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.

Credit 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2024

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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		
June 30, 2024						
Maximum credit risk exposed as of the reporting date (*)	-	131,612,743	-	2,111,631	58,386,896	370,154
- 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	-	131,612,743	-	2,111,631	58,386,896	370,154
B. Net book value of assets overdue but not undergone impairment	-	-	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	563,109	-	-	-	-
- Impairment (-)	-	(563,109)	-	-	-	-
- 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, 2023						
Maximum credit risk exposed as of the reporting date (*)	-	249,187,282	-	2,286,280	65,612,600	397,736
- 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	-	249,187,282	-	2,286,280	65,612,600	397,736
B. Net book value of assets overdue but not undergone impairment	-	-	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	849,469	-	-	-	-
- Impairment (-)	-	(849,469)	-	-	-	-
- 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	-	-	-	-	-	-

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.

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(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

As of the balance sheet dates, the Group's foreign currency assets and liabilities in original and Turkish Lira currency units are presented in the following foreign currency position tables:

Foreign exchange position table	June 30, 2024				
	Total TL Equivalent	US Dollar	Euro	GBP	Other
Cash and Cash Equivalents & Financial Investments	73,963,046	1,820,348	213,612	-	17,556,869
Short Term Trade Receivables	87,538,190	2,478,883	-	-	16,147,391
Short-term Other Assets	4,586,249	116,702	21,503	-	-
Long Term Trade Receivables	1,223,432	37,270	-	-	-
Short and Long Term Financial Liabilities	(19,695,720)	(600,000)	-	-	-
Other Monetary Liabilities	(186,814)	(5,691)	-	-	-
Short-term Trade Payables	(3,189,924)	(89,828)	(6,843)	(20)	-
Net Foreign Currency Position	144,238,459	3,757,684	228,272	(20)	33,704,260
Monetary Items Net Foreign Exchange Asset(Liability) Position	139,652,210	3,640,982	206,769	(20)	33,704,260
Export	124,890,039	3,804,488	-	-	8,262

Foreign exchange position table *	December 31, 2023				
	Total TL Equivalent	US Dollar	Euro	GBP	Other
Cash and Cash Equivalents & Financial Investments	49,007,275	1,219,885	68,654	-	3,500,952
Short Term Trade Receivables	131,395,966	3,475,213	29,000	-	6,414,346
Long Term Trade Receivables	1,368,540	37,270	-	-	-
Short and Long Term Financial Liabilities	(70,511,874)	(1,920,278)	-	-	-
Short-term Trade Payables	(3,903,684)	(95,561)	(6,843)	(20)	(284,545)
Net Foreign Currency Position	107,356,223	2,716,529	90,811	(20)	9,630,753
Monetary Items Net Foreign Exchange Asset(Liability) Position	107,356,223	2,716,529	90,811	(20)	9,630,753
Export	132,643,183	3,364,462	223,915	-	8,733

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of June 30, 2024.

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 TL 14,423,846 more/less. (December 31, 2023- TL 10,735,622)

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(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

Foreign Currency Position Table	June 30, 2024			
	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	12,335,049	(12,335,049)	12,335,049	(12,335,049)
2- The part secured against US Dollar risk (-)	-	-	-	-
3- US Dollar Net Effect(1+2)	12,335,049	(12,335,049)	12,335,049	(12,335,049)
In case EURO changes 10% against TL:				
4- EURO net asset/liability	801,883	(801,883)	801,883	(801,883)
5- The part secured against EURO risk (-)	-	-	-	-
6- Euro Net Effect(4+5)	801,883	(801,883)	801,883	(801,883)
In case Other Currencies change 10% against TL:				
7-Other exchange net asset / liability	1,286,914	(1,286,914)	1,286,914	(1,286,914)
8- The part secured against other curr. risk (-)	-	-	-	-
9- Other Curr. Net Effect (7+8)	1,286,914	(1,286,914)	1,286,914	(1,286,914)
TOTAL(3+6+9)	14,423,846	(14,423,846)	14,423,846	(14,423,846)

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	9,974,990	(9,974,990)	9,974,990	(9,974,990)
2- The part secured against US Dollar risk (-)				
3- US Dollar Net Effect(1+2)	9,974,990	(9,974,990)	9,974,990	(9,974,990)
In case EURO changes 10% against TL:				
4- EURO net asset/liability	368,974	(368,974)	368,974	(368,974)
5- The part secured against EURO risk (-)				
6- Euro Net Effect(4+5)	368,974	(368,974)	368,974	(368,974)
In case Other Currencies change 10% against TL:				
7-Other exchange net asset / liability	391,658	(391,658)	391,658	(391,658)
8- The part secured against other curr. risk (-)				
9- Other Curr. Net Effect (7+8)	391,658	(391,658)	391,658	(391,658)
TOTAL(3+6+9)	10,735,622	(10,735,622)	10,735,622	(10,735,622)

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of June 30, 2024.

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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(Amounts are expressed in TRL based on purchasing power of the Turkish Lira (TL) as of June 30, 2024, unless otherwise stated)

	June 30, 2024	December 31, 2023
Total Debts	198,985,138	229,410,728
Cash and Cash Equivalents	58,757,050	66,010,336
Net Debt	140,228,088	163,400,392
Equities	364,551,104	390,019,401
Equity / Net Debt Rate	2,60	2,39

NOTE 32- POST-BALANCE SHEET EVENTS**June 30, 2024**

- Severance pay ceiling amount has become TL 41,828 as of July 1, 2024

December 31, 2023

- Severance pay ceiling amount has become TL 35,059 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.

NOTE 33- OTHER MATTERS**a) Financial Statement Disclosures:**

- As of June 30, 2024 total insurance amount of asset values is USD 550,480. (December 31, 2023: 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.