

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

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

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INDEPENDENT AUDITOR REPORT

To the General Assembly of Kron Teknoloji Anonim Şirketi

A. Independent Audit of Consolidated Financial Tables

1. Opinion

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

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

2. The Base of Opinion

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

3. Matters To Draw Attention

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

4. Key Audit Matters

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

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

The costs are capitalized related to costs of personnel related to software projects for the projects the Group has completed feasibility studies and projects the Group provides cash flow in the scope of development operations. Capitalization is calculated according to rates and timing of development costs of personnel determined according to forecasts and assumptions of project managers and management level. The calculation of capitalization costs are determined as key audit matter since they are significant related to financial statements and it includes the forecasts of management related to this matter.	For the tests of personnel costs associated with projects, the details of personnel and capitalized costs are received and the verification is made with personnel pay rolls and time sheets. The meetings are made related to capitalization with personnel chosen by sampling method and the activities are examined with the details of projects in the scope.
TMS 29 "Yüksek Enflasyonlu Ekonomilerde Finansal Raporlama" Uygulaması TMS 29, "Financial Reporting in High-Inflation Economies" ("TMS 29") standard has been applied in the Group's consolidated financial statements for the year ending 31 December 2023. According to TMS 29, statement of financial position items and non-monetary items that are not expressed in terms of the current measurement unit as of the end of the reporting period are adjusted using a general price index. For this reason, the transactions in 2023, non-monetary balances at the end of the period and the consolidated financial statements of previous years have been rearranged to reflect the current price index as of the balance sheet date of December 31, 2023. The application of TAS 29 has a widespread and significant impact on consolidated financial statements. Considering these reasons, the risk that the data used in the application of TMS 29 may not be accurate and complete, and the additional audit effort spent, the implementation of TMS 29 has been determined by us as a key audit matter. Explanations regarding the application of TAS 29 are included in Note 2.1.	During our audit, the following audit procedures were applied regarding the application of TMS 29 "Financial Reporting in High Inflation Economies" standard: -The Group's TMS 29 implementation process was analyzed and the design and implementation of controls related to this process were evaluated. -It has been checked whether the distinction between monetary and non-monetary items made by the Group is made in accordance with TAS 29. -The assumptions used by the Group were evaluated and checked whether they were used consistently in each period. -The general price index rates used in the calculations have been checked with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute. - Within the scope of TMS 29 application, detailed studies were provided regarding non-monetary items and their acquisition dates and amounts were tested by sampling method. -The mathematical accuracy of the non-monetary items and financial statements rearranged with the application of TMS 29 was tested. -The adequacy of the disclosures in the consolidated financial statements and footnotes has been evaluated within the scope of TFRS.

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

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

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

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

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

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

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

We also:

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

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

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

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

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

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

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

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

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

B. Other liabilities arising from the legislation

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

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

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

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

İstanbul, May 2 2024

Bünyamin KALYONCU

Responsible Auditor

KAVRAM BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.

Member Crowe Global

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

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

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

Enclosed footnotes are integral parts of these statements.

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

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

Statement of Financial Position (Balance Sheet)	Footnote Refer.	CURRENT PERIOD December 31, 2023	PREVIOUS PERIOD December 31, 2022
LIABILITIES			
Short-Term Liabilities			
Short-Term Borrowings	6	33.695.668	58.319.073
- Short-Term Borrowings From Unrelated Parties		33.695.668	58.319.073
- Bank credits		33.225.712	57.392.482
- Other Short Term Liabilities		469.956	926.591
Short-term Portion of Long-term Borrowings	6	3.929.220	4.040.160
Short-Term Portion of Long Term Loans From UnRel Parties		3.929.220	4.040.160
- Debts from Leasing Transactions		3.929.220	4.040.160
Trade Payables	7	4.047.938	14.972.423
Trade Payables to Unrelated Parties		4.047.938	14.972.423
Payables in Scope of Employee Benefits	19	25.019.311	23.706.272
Other Payables	8	10.402.596	7.256.271
Other Payables to Unrelated Parties		10.402.596	7.256.271
Liabilities from Customer Contracts	9	24.651.067	35.830.725
Contractual Liabilities From Sales Goods and Services		24.651.067	35.830.725
Short-Term Provisions	22	6.657.455	6.287.945
- Short-Term Provisions for Employee Benefits		6.657.455	6.287.945
Other Short-Term Liabilities	20	8.910.155	6.239.444
- Other Short-Term Liabilities to Unrelated Parties		8.910.155	6.239.444
SUB-TOTAL		117.313.410	156.652.313
TOTAL SHORT-TERM LIABILITIES		117.313.410	156.652.313
LONG TERM LIABILITIES			
Long Term Provisions	6	24.553.629	5.611.740
Long Term Loans From UnRelated Parties		24.553.629	5.611.740
Loans From Lease Transactions		24.553.629	5.611.740
Liabilities from Customer Contracts	9	39.193.513	11.613.931
- Contractual Liabilities From Sales Goods and Services		39.193.513	11.613.931
Long-Term Provisions	22	2.857.938	2.630.253
- Long-Term Provisions For Employee Benefits		2.857.938	2.630.253
Deferred Tax Liability		-	6.313.363
TOTAL LONG-TERM LIABILITIES		66.605.080	26.169.287
TOTAL LIABILITIES		183.918.490	182.821.600
EQUITY			
Equity Attributable To Owners of Parent Company	23	312.678.396	227.946.663
Paid In Capital		85.611.078	14.268.513
Capital Adjustment Differences		137.348.313	125.070.603
Share Premium (Discount)		1.187.282	-
Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss		(2.104.768)	(649.337)
Revaluation measurement gains/losses		(2.104.768)	(649.337)
- Actuarial Gain/Loss Fund from defined benefit plan		(2.104.768)	(649.337)
Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss		(54.630.460)	(52.742.684)
Foreign currency conversion differences		(54.630.460)	(52.742.684)
Restrained Reserves From Profit		16.513.620	15.943.620
Legal Reserves		15.023.292	15.023.292
Venture Capital Fund		1.490.328	920.328
Previous Years' Profits/(Losses)		82.383.032	136.249.102
Net Profit (Loss) For The Period	31	46.370.299	(10.193.154)
TOTAL EQUITY		312.678.396	227.946.663
TOTAL LIABILITIES		496.596.886	410.768.263

Enclosed footnotes are integral parts of these statements.

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

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

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

Enclosed footnotes are integral parts of these statements.

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

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

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

Enclosed footnotes are integral parts of these statements.

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

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

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

Enclosed footnotes are integral parts of these statements.

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

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

TFRS- CASH FLOW STATEMENT

	Note Ref	Current Period January 1- December 31, 2023	Previous Period January 1- December 31,2022
CASH FLOWS OBTAINED FROM OPERATIONS		48.193.529	36.723.752
Period Profit / Loss		46.370.299	(10.193.154)
Period Profit /(Loss) from Continuing Operations	31	46.370.299	(10.193.154)
Adjustments Related To Confirmation Of Period Profit (Loss)		31.573.491	41.944.848
Adjustments Related to Depreciation and Amortization Expenses	14-15-16	36.975.427	35.704.224
Adjustments Related To Impairment (Cancellation)		240.089	40.527.783
Adjustments Related To Impairment (Cancellation) of Receivables	7	240.089	40.527.783
Adjustments Related to Provisions		8.313.925	(1.561.880)
Adjustments Related to Provisions (Cancellations) for Employee Benefits	19	3.228.476	5.545.378
Adjustments Related to General Provisions (Cancellations)		5.085.449	(7.107.258)
Adjusments Related To Interest (Income) and Expenses		7.804.013	9.457.036
Adjusments Related To Interest Income	29	(4.124.883)	(2.420.421)
Adjusments Related To Interest Expenses	29	11.928.896	11.877.457
Adjustments Related to Unrealized Foreign Currency Trans. Differences	23	1.719.655	16.661.146
Adjustments Related to Tax Expense / Income	30	(7.999.454)	11.984.323
Other Adjustments Related to Nonmonetary Items		(989.520)	(10.356.909)
Adjustments fpr Losses (Gains) from Disposal of Fixed Assets		(80.547)	-
Adjustments for Losses (Gains) from Disposal of Tangible Fixed Assets		(80.547)	-
Adjustments for Losses (Gains) Due to Disposals of Subsidiaries, Joint Ventures and Financial Investments or Changes in Shares		-	36.079
Adjustments for Monetary Position Gains (Losses) (+/-)		(14.410.097)	(60.236.362)
Other Corrections Regarding Profit (Loss) Reconciliation		-	(270.592)
Changes That Occur in Operational Capital		(29.727.215)	4.972.058
Adjustments in (Increase)/Decrease in Trade Receivables		(40.838.995)	(6.128.190)
(Increase)/Decrease in Trade Receivables from Related Parties	33	-	11.595.177
(Increase)/Decrease in Trade Receivables from Unrelated Parties	7	(40.838.995)	(17.723.367)
Adjust. Related to (Incr.)/Decr. in Other Recei. related to Operations		83.377	1.267.034
Adjustments Related to (Increase)/Decrease in Other Receivables related to Operations from Related Parties	33	-	72.156
Adjustments Related to (Increase)/Decrease in Other Receivables related to Operations from Unrelated Parties	8	83.377	1.194.878
Adjustments Related to (Increase)/Decrease in Inventories	11	634.348	3.106.571
Adjustments Related to (Increase)/Decrease in Prepaid Expenses	12	(1.510.232)	(3.522.768)
Adjustments Related to Increase/(Decrease) in Trade Debts		(10.988.226)	4.825.921
Adjust. Related to Incr./(Decr.) in Trade Debts to Unrelated Part.		(10.988.226)	4.825.921
Adjust. Related to Incr./(Decr.) in Liabilities Under Empl. Benefits	19	1.313.039	10.547.924
Increase (Decrease) In Other Liabilities About Costumer Contracts		16.399.924	(2.555.420)
Increase (Decrease) In Other Liabilities About Costumer Contracts	9	16.399.924	(2.555.420)
Adjust. Related to Incr./(Decr.) in Other Debts related to Operations		3.146.325	(1.501.384)
Increase (Decrease) In Other Liabilities Related To Operations Between Unrelated Parties		3.146.325	(1.501.384)
Adjustments Related to Other Increase/(Decrease)in Operational Capital		2.033.225	(1.067.630)
Decrease/(Increase) in Other Assets Related to Operations		2.033.225	(1.877.255)
Decrease/(Increase) in Other Liabilities Related to Operations		-	809.625

Enclosed footnotes are integral parts of these statements

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TFRS- CASH FLOW STATEMENT	Note Ref	Current Period		Previous Period	
		January 1- December 31, 2023		January 1- December 31, 2022	
					-
Cash Flows Obtained From Operations		48.216.575		36.723.752	
Other Cash Inflows (Outflows)		(23.046)		-	
CASH FLOWS DUE TO INVESTING ACTIVITIES		(66.413.775)		(49.636.216)	
Cash Inflows Due to Sales of Tangible and Intangible Fixed Assets		103.593		87.926	
Cash Inflows from Sale of Tangible Fixed Assets	14-15-16	103.593	-	87.926	
Cash outflows due to purchase of tangible and intangible assets		(65.771.067)		(44.910.633)	
Cash Outflows Due to Purchase of Tangible Fixed Assets	14	(9.754.782)	-	(2.930.137)	-
Cash Outflows Due to Purchase of Intangible Fixed Assets	16	(56.016.285)	-	(41.980.496)	-
Cash Outflows Due To Derivatives		(3.168.975)		(5.773.893)	
Interest Received	29	2.422.674		960.384	
CASH FLOWS DUE TO FINANCING ACTIVITIES		11.113.856		(12.936.692)	
Cash Inflows from Issuance of Shares and Other Equity Instruments		42.805.194		-	
Cash Inflows from Issuance of Other Equity Instruments		42.805.194	-	-	-
Cash Inflows Related to Borrowings	6	76.657.897		87.894.136	
Cash Inflows From Credits	6	76.657.897		87.894.136	
Cash Outflows Related To Debt Payments	6	(76.221.865)		(86.605.193)	
Cash Outflows Due To Credit Repayment	6	(76.221.865)		(86.605.193)	-
Cash Outflows Related To Liability Payments of Rent Contracts	6	(23.922.645)		(4.620.373)	
Interest Paid	29	(8.205.802)		(9.905.207)	
Interest Received		1.077		299.945	
CASH AND CASH EQUIV. NET INCREASE (DECREASE) BEFORE FOREIGN CURRENCY CONVERSION EFFECT		(7.106.390)		(25.849.156)	
Affect of Foreign Cur. Trans. Differ. On Cash and Cash Equi.		-		368.180	
NET INCREASE/DECREASE AT CASH AND CASH EQUIVALENTS	4	(7.106.390)		(25.480.976)	
BEGINNING CASH AND CASH EQUIVALENTS	4	60.026.850		85.507.826	
ENDING CASH AND CASH EQUIVALENTS	4	52.920.460		60.026.850	

Enclosed footnotes are integral parts of these statements

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NOTE 1 - ORGANIZATION AND SUBJECT OF ACTIVITY

1.1 Field of Activity;

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

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

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

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

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

1.3 Capital Structure;

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

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

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

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

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

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

1.3 Approval of Financial Statements;

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

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

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NOTE 2- CONSOLIDATED GUIDELINES ON SUBMISSION OF FINANCIAL STATEMENTS

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

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

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

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

2.2. Preparation Of Consolidated Financial Statements

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

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

2.3 The Bases of Consolidation

The affiliates of the Group are as follows:

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

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

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

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

The principles for preparing consolidated financial statements is as follows;

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

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

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

(i) Subsidiaries;

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

2.4 Assumption on Going Concern

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

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

Operational and reporting currency

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

Adjustment of financial statements in high inflation periods

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

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

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

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

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

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

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

The indexation process are as follows according to TMS 29:

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

The compared amounts

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

2.6 Offsetting – Deduction

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

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

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

2.8 Changes in Accounting Policies

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

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

2.9.1. Cash Flow Statement

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

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2.9.2. Financial Assets

Classification and Measuring

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

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

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

Financial assets recognized at amortized cost

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

Impairment

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

2.9.3. Derivative Financial Instruments

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

2.9.4. Receivables from Financial Sector Activities

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

2.9.5. Trade Receivables

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

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

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

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

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2.9.6. Other Receivables

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

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

2.9.7. Inventories

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

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

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

2.9.8. Alive Assets

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

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

2.9.9. Prepaid Expenses

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

2.9.10. Assets Related To the Current Period

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

2.9.11. Other Current/Non-Current Assets

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

2.9.12. Non-current Assets Classified For Sales Purpose

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

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

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

2.9.13. Investments Assessed By Equity Method

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

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

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2.9.14. Investment Property

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

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

The Group does not have any investment property.

2.9.15. Tangible Assets:

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

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

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

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

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

2.9.16 Intangible Assets:

a.Intangible assets acquired

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

Licenses

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

Computer Software

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

Internally generated intangible assets-research and development expenses

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

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

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

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

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

2.9.17. Financial Liabilities

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

2.9.18. Borrowing Costs

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

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

2.9.19. Vergilendirme

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

Period current and deferred tax

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

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

Deferred tax

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

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

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

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

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

Recording of Revenue / Proceeds

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

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

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

Presentation of service

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

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

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

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

2.9.21. Impairment of assets

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

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

2.9.22. Earnings per Share

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

2.9.23 Post-balance-sheet Events

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

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2.9.24 Provisions, contingent liabilities and contingent assets

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

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

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

2.9.25 Payables In Scope Of Employee Benefits / Employee Termination Benefit

Provision for severance pay

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

Leave provisions

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

2.9.26 Significant Accounting Assessments, Estimates and Assumptions

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

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

Actuarial loss / gain is accounted under other comprehensive expense account

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

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

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

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2.10 Changes In Significant Accounting Policies

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

The Transition To TFRS 16;

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

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

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

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

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

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

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

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

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

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

Lease Liability

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

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

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

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

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

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

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

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

2.11 New and Revised Turkey Financial Reporting Standards

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 3-SEGMENT REPORTING

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

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

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

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

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

NOTE 4- CASH AND CASH EQUIVALENTS

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

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

NOTE 5 – FINANCIAL INVESTMENTS

a-Short Term Financial Investments

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

b- Long Term Financial Investments

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

DİPNOT 6- FINANCIAL LIABILITIES

a- Short Term Financial Liabilities

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

b) Short-term Portions of Long-term Loans

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

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c) Long Term Financial Liabilities

	December 31, 2023	December 31, 2022
Liabilities Of Rental Transactions *	24.553.629	5.611.740
	24.553.629	5.611.740

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

** These are credit card debts.

d) Liabilities Of Credits Including Interest and Maturity Of Credits

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

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

e) Interest Rates of Credits

December 31,2023

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

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

December 31,2022

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

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

f- Other Financial Liabilities

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

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NOTE 7- TRADE RECEIVABLES AND PAYABLES

A-Trade Receivables

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

a) Trade Receivables (Short term)

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

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

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

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

b) Trade receivables (Long term)

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

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

B-Trade Payables

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

a) Trade Payables (Short Term)

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

b) Trade Payables (LongTerm)

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

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NOTE 8-OTHER RECEIVABLES AND PAYABLES

A- Other Receivables

a) Other Receivables (Short term)

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

b) Other Receivables (Long term)

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

B- Other Payables

a) Other Payables (Short Term)

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

b) Other Payables (Long Term)

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

NOTE 9- RECEIVABLES AND OBLIGATIONS ARISING FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

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

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

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

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

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

DİPNOT 10- OTHER CURRENT ASSETS/ OTHER FIXED ASSETS

a) Other Current Assets

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

b) Other Fixed Assets

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

DİPNOT 11- INVENTORIES

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

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

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

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

NOTE 12- PREPAID EXPENSES AND DEFERRED INCOME

PREPAID EXPENSES

a. Prepaid Expenses (Short-Term)

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

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b. Prepaid Expenses (Long-Term)

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

DİPNOT 13- GOVERNMENT INCENTIVES AND GRANTS

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

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

DİPNOT 14- TANGIBLE FIXED ASSETS

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

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

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

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Pledges and Mortgages on Assets

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

DİPNOT 15- RIGHT OF USE ASSETS

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

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

DİPNOT 16- INTANGIBLE FIXED ASSETS

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

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

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December 31, 2022

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

DİPNOT 17- PERIOD INCOME TAX LIABILITY

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

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

DİPNOT 18- PERIOD PROFIT TAX LIABILITY

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

DİPNOT 19- LIABILITIES UNDER EMPLOYEE BENEFITS

a) Liabilities Under Employee Benefits (Short-Term)

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

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

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

b) Liabilities Under Employee Benefits (Long-Term)

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

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DİPNOT 20- OTHER LIABILITIES

a) Other Liabilities (Short Term)

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

b) Other Liabilities (Long Term)

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

DİPNOT 21- COMMITMENTS

a.Collaterals, pledges and mortgages acquired by the Group

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

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

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

b.Collaterals, pledges and mortgages received by the Group

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

DİPNOT 22- SHORT/LONG-TERM PROVISIONS

a) Short-Term Provisions for Employee Benefits

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

The movements of unused leave fees are as follows:

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

Seniority Incentive Bonus

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

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Other

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

b) Long-Term Provisions for Employee Benefits

- Provision for Severance Pay

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

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

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

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

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

Long-term Provisions Related to Employee Benefits

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

Severance Pay Movements

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

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The following assumptions were used in the liability calculation;

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

DİPNOT 23- CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid Capital and Capital Adjustment Differences

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

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

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

Additional Information Related To Capital, Reserves and Other Equity Items

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

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

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

b) Share Premiums (Discounts)

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

c) Defined Benefit Plans Remeasurement Gains / Losses

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

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Actuarial Gain / (Loss)

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

d) Foreign currency conversion difference

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

e) Restrained Reserves from Profit

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

f) Previous Year Profits / Losses

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

DİPNOT 24- REVENUE AND COST OF SALES

a) Revenue

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

b) Cost of Sales (-)

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

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

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

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

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

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

DİPNOT 26- EXPENSES CLASSIFIED ACCORDING TO ASSORTMENT

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

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

DİPNOT 27- OPERATING INCOME / EXPENSES

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

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

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

DİPNOT 28- INCOME FROM INVESTING ACTIVITIES

a) Revenues from Investment Activities

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

b) Expenses Due To Investing Activities (-)

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

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DİPNOT 29- FINANCING INCOME/ EXPENSES

a) Financing Income

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

b) Financing Expenses

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

c)Net Monetary Position Gains (Losses)

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

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

a) Period Income Tax Liability

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

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

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

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

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

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

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

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

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

b) Deferred tax

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

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

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

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

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

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

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

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

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

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

DİPNOT 31- EARNINGS PER SHARE

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

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

DİPNOT 32- DIVIDEND PAID

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

DİPNOT 33- RELATED PARTY DISCLOSURES

a) Related Parties End of Period Balance Sheet Balances

None. (December 31, 2022: None)

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

None. (December 31, 2022: None)

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

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

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

Financial Instruments

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

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

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Loan Risk

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

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

Credit risks exposed due to type of financial instruments

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

Credit risks exposed due to type of financial instruments

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

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Exchange rate risk

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

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

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

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

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

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

Foreign Exchange Sensitiveness Analysis

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

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

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

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

Interest Rate Risk Management and Interest Rate Sensitivity

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

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

Capital Management

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

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

DİPNOT 35- POST-BALANCE SHEET EVENTS

December 31, 2023

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

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

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

December 31, 2022

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

DİPNOT 36- INDEPENDENT AUDIT FEES FOR THE REPORTING PERIOD

Fees For Services Rendered By Independent Audit Authority

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

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

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

DİPNOT 37- OTHER MATTERS

a) Financial Statement Disclosures:

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

b) Classifications of Previous Period Financial Statements and Their Qualifications

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

c) Significant Accounting Policies

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