

**KRON TEKNOLOJİ A.Ş. AND ITS SUBSIDIARY'S
CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
AS OF JANUARY 1, 2025-MARCH 31, 2025
(Convenience Translation into English)**

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

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KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2025**

(Amounts are expressed in Turkish Lira (TL) based on purchasing power of TL as of March 31, 2025, unless otherwise stated.)

Statement of Financial Position (Balance Sheet)	Note Refer.	Current Period March 31, 2025	Previous Period December 31, 2024
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	47,518,165	89,834,965
Trade Receivables	7	242,011,941	178,384,446
-Trade Receivables from Related Parties		-	-
-Trade Receivables from Unrelated Parties		242,011,941	178,384,446
Other Receivables	8	134,661	148,212
-Other Receivables from Related Parties		-	-
-Other Receivables from Unrelated Parties		134,661	148,212
Assets of Customer Contracts	9	4,428,019	21,356,806
-Contract Assets from Sale of Goods and Services		4,428,019	21,356,806
Inventories	11	4,262,716	1,902,598
Prepaid Expense	12	23,158,599	13,717,769
- Prepaid Expenses to Unrelated Parties		23,158,599	13,717,769
Current Tax Assets	17	264,058	505,732
Other Current Assets	10	2,036,351	895,600
-Other Current Assets from Unrelated Parties		2,036,351	895,600
SUB TOTAL		323,814,510	306,746,128
TOTAL CURRENT ASSETS		323,814,510	306,746,128
NON-CURRENT ASSETS			
Financial Investments	5	5,003,690	5,077,747
Financial Assets Fair Value Reflected To Profit/Loss		5,003,690	5,077,747
-Financial Assets Held With The Aim Of Purchase and Sale		5,003,690	5,077,747
Investments in Affiliates, Joint Ventures and Subsidiaries		-	-
Other Receivables	8	2,319,261	2,356,398
-Other Receivables From Unrelated Parties		2,319,261	2,356,398
Tangible Fixed Assets	14	11,541,169	11,829,542
-Furniture and fixtures		10,108,648	10,299,635
-Special Cost		1,432,521	1,529,907
Right-Of-Use Assets	15	38,710,145	42,416,186
Intangible Fixed Assets	16	452,286,302	406,137,887
- Capitalized Development Costs		308,516,603	240,865,595
- Other Intangible Fixed Assets		143,769,699	165,272,292
Prepaid Expenses	12	4,438,711	6,661,551
- Prepaid Expenses to Unrelated Parties		4,438,711	6,661,551
Deferred Tax Asset	30	1,011,502	3,870,357
Total Non-Current Assets		515,310,780	478,349,668
TOTAL ASSETS		839,125,290	785,095,796

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2025**

(Amounts are expressed in Turkish Lira (TL) based on purchasing power of TL as of March 31, 2025, unless otherwise stated.)

Statement of Financial Position (Balance Sheet)	Note Refer.	Current Period March 31, 2025	Previous Period December 31, 2024
Liabilities			
Short-Term Liabilities			
Short-Term Borrowings	6	66,281,602	53,233,891
- Short-Term Borrowings From Unrelated Parties		66,281,602	53,233,891
-Bank credits		65,178,337	52,734,722
-Other Short Term Liabilities		1,103,265	499,169
Short-term Portion of Long-term Borrowings	6	11,266,346	11,569,225
Short-Term Por of Long Term Loans From UnRel Parties		11,266,346	11,569,225
- Debts from Leasing Transactions		11,266,346	11,569,225
Trade Payables	7	14,568,016	12,742,416
Trade Payables to related Parties		-	-
Trade Payables to Unrelated Parties		14,568,016	12,742,416
Payables in Scope of Employee Benefits	19	31,408,644	57,754,911
Other Payables	8	16,101,786	16,771,879
Other Payables to Unrelated Parties		16,101,786	16,771,879
Liabilities from Customer Contracts	9	152,962,689	92,557,139
Contractual Liabilities From Sales Goods and Services		152,962,689	92,557,139
Short-Term Provisions	22	16,026,651	14,230,451
Short-Term Provisions for Employee Benefits		16,026,651	14,230,451
Other Short-Term Liabilities	20	296,129	325,377
Other Short-Term Liabilities to Unrelated Parties		296,129	325,377
SUB-TOTAL		308,911,863	259,185,289
TOTAL SHORT-TERM LIABILITIES		308,911,863	259,185,289
LONG TERM Liabilities			
Long Term Provisions	6	26,355,021	29,727,283
Long Term Loans From UnRelated Parties		26,355,021	29,727,283
Loans From Lease Transactions		26,355,021	29,727,283
Other Payables	8	1,170,734	-
Other Payables to Related Parties		-	-
Other Payables to Unrelated Parties		1,170,734	-
Liabilities from Customer Contracts	9	67,377,305	72,331,076
Contractual Liabilities From Sales Goods and Services		67,377,305	72,331,076
Long-Term Provisions	22	5,058,763	4,403,371
- Long-Term Provisions For Employee Benefits		5,058,763	4,403,371
TOTAL LONG-TERM LIABILITIES		99,961,823	106,461,730
TOTAL LIABILITIES		408,873,686	365,647,019

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2025**

(Amounts are expressed in Turkish Lira (TL) based on purchasing power of TL as of March 31, 2025, unless otherwise stated.)

Statement of Financial Position (Balance Sheet)	Note Refer.	Current Period March 31, 2025	Previous Period December 31, 2024
EQUITY			
Equity Attributable To Owners of Parent Company		430,251,604	419,448,777
Paid In Capital	23	85,611,078	85,611,078
Capital Adjustment Differences	23	268,688,916	268,688,916
Share Premium (Discount)	23	1,886,685	1,886,685
Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss		(4,685,966)	(4,954,475)
<i>Revaluation measurement gains/losses</i>		<i>(4,685,966)</i>	<i>(4,954,475)</i>
<i>- Actuarial Gain/Loss Fund from defined benefit plan</i>	23	<i>(4,685,966)</i>	<i>(4,954,475)</i>
Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss		(120,715,119)	(115,595,808)
<i>Foreign currency conversion differences</i>	23	<i>(120,715,119)</i>	<i>(115,595,808)</i>
Restrained Reserves From Profit		37,561,308	37,561,308
<i>Legal Reserves</i>	23	<i>30,724,192</i>	<i>30,724,192</i>
<i>Venture Capital Fund</i>	23	<i>6,837,116</i>	<i>6,837,116</i>
Previous Years' Profits/(Losses)	23	146,251,073	193,279,305
Net Profit (Loss) For The Period	31	15,653,629	(47,028,232)
TOTAL EQUITY		430,251,604	419,448,777
TOTAL LIABILITIES		839,125,290	785,095,796

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S**CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT AS OF MARCH 31, 2025**

(Amounts are expressed in Turkish Lira (TL) based on purchasing power of TL as of March 31, 2025, unless otherwise stated.)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	Note Refer	Current Period January 1- March 31, 2025	Previous Period January 1- March 31, 2024
Revenue	24	93,169,163	91,772,539
Cost of Sales (-)	24	(6,911,101)	(16,376,303)
GROSS PROFIT (LOSS) FROM TRADE OPERATIONS		86,258,062	75,396,236
GROSS PROFIT/LOSS		86,258,062	75,396,236
General Administrative Expenses	25	(11,942,891)	(14,493,545)
Marketing Expenses	25	(35,153,062)	(31,974,040)
Research and Development Expenses	25	(22,043,048)	(35,174,531)
Other Operating Income	27	20,238,649	25,669,182
Other Operating Expenses	27	(3,718,895)	(8,429,353)
OPERATING LOSS/PROFIT		33,638,815	10,993,949
Income From Investment Operations	28	1,395,302	674,754
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME (EXPENSE)		35,034,117	11,668,703
Financial Income	29	4,266,046	8,934,118
Financial Expense (-)	29	(6,065,451)	(9,352,564)
Net Monetary Position Gains (Losses)	29	(14,811,731)	(31,600,928)
PRE-TAX PROFIT/LOSS MARGIN FROM CONTINUING OPERATIONS		18,422,981	(20,350,671)
Continuing Operations Tax Expense/Income		(2,769,352)	(8,093,129)
Deferred Tax Expense/Income	30	(2,769,352)	(8,093,129)
CURRENT PROFIT / LOSS FROM CONTINUING OPERATIONS		15,653,629	(28,443,800)
PERIOD PROFIT/LOSS		15,653,629	(28,443,800)
Period Loss/Profit Distribution		15,653,629	(28,443,800)
Shares of Main Partnership		15,653,629	(28,443,800)
Earnings per Share from Continuing Operations	31	0,183	(0,332)

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. AND SUBSIDIARY'S**CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT MARCH 31, 2025**

(Amounts are expressed in Turkish Lira (TL) based on purchasing power of TL as of March 31, 2025, unless otherwise stated.)

	Note Refer	Current Period January 1- March 31, 2025	Previous Period January 1- March 31, 2024
PERIOD PROFIT/LOSS		15,653,629	(28,443,800)
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be Reclassified in Profit or Loss		268,509	(570,490)
Remeasurement Profit of Defined Benefit Plans	22-23	358,012	(760,652)
Income (Loss) that will not be Reclassified in Profit or Loss		(89,503)	190,162
<i>Deferred Tax Income/ Expense</i>	30	(89,503)	190,162
To be Reclassified in Profit or Loss		(5,119,311)	(7,242,228)
Other Comprehensive Income Related to Foreign Currency Conversion Differences Arising from Businesses Abroad, After Tax		(5,119,311)	(7,242,228)
<i>-Gains (Losses) from Foreign Currency Conversion Differences Arising from Businesses Abroad, After Tax</i>	23	(5,119,311)	(7,242,228)
OTHER COMPREHENSIVE INCOME (LOSS)		(4,850,802)	(7,812,718)
TOTAL COMPREHENSIVE INCOME (LOSS)		10,802,827	(36,256,518)
Division Of Total Comprehensive Income		10,802,827	(36,256,518)
<i>-Share of Main Partnership</i>		10,802,827	(36,256,518)

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF JANUARY 1- 2025 –MARCH 31, 2025

(Amounts are expressed in Turkish Lira (TL) based on purchasing power of TL as of March 31, 2025, unless otherwise stated.)

					Equity Related To Main Partnership					
					Accum. Other comprehensive income/(expense) not to be reclassified in Profit/Loss	Accum. Other comprehensive income/(expense) to be reclassified in Profit/Loss				
					Revaluation and Measurement Gains/Losses			Accumulated 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 2024	85,611,078	268,689,202	1,886,685	(3,344,644)	(86,812,163)	26,241,466	130,913,308	73,686,018	496,870,950
	Other Corrections									-
	Transfers	-			-	-		73,686,018	(73,686,018)	-
	Total comprehensive income (Expense)	-	-	-	(570,490)	(7,242,228)	-	-	(28,443,800)	(36,256,518)
	Period Profit (Loss)								(28,443,800)	(28.443.800)
	Other Comprehensive Income (Expense)				(570,490)	(7,242,228)				(7.812.718)
	Balances as of March 31, 2024	85,611,078	268,689,202	1,886,685	(3,915,134)	(94,054,391)	26,241,466	204,599,326	(28,443,800)	460,614,432
Current Period	Balances as of 1 January 2025	85,611,078	268,688,916	1,886,685	(4,954,475)	(115,595,808)	37,561,308	193,279,305	(47,028,232)	419,448,777
	Other Corrections									-
	Transfers							(47,028,232)	47,028,232	-
	Total comprehensive income (Expense)	-	-	-	268,509	(5,119,311)		-	15,653,629	10,802,827
	Period Profit (Loss)								15,653,629	15.653.629
	Other Comprehensive Income (Expense)				268,509	(5,119,311)				(4.850.802)
	Balances as of March 31, 2025	85,611,078	268,688,916	1,886,685	(4,685,966)	(120,715,119)	37,561,308	146,251,073	15,653,629	430,251,604

Enclosed notes are integral parts of these statements

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1- 2025 – MARCH 31,2025
(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31,2025.)

	Note	Current Period	Previous Period
	Ref.	January 1, - March 31, 2025	January 1, - March 31, 2024
TFRS- CASH FLOW STATEMENT			
CASH FLOWS OBTAINED FROM OPERATIONS		(8,776,953)	60,353,323
Period Profit / Loss		15,653,629	(28,443,800)
Period Profit / (Loss) from Continuing Operations	31	15,653,629	(28,443,800)
Adjustments Related to Net Period Profit/ (Loss) Reconciliation		(13,846,474)	3,005,750
Adjustments Related to Depreciation/Amort. Exp	14-15-16	13,479,488	18,597,563
Adjustments Related To Impairment (Cancellation)		128,020	206,317
Adjust.Rel.To Impairment (Cancel.) of Receivables	7	256,211	168,849
Adjust.Rel.To Impairment (Cancel.) of Inventory	11	(128,191)	37,468
Adjustments Related to Provisions		4,250,633	(626,209)
Adjust.Rel. to Prov.(Cancel.) for Employee Benefits	22	4,279,881	7,352,143
Adjust.Rel. to General Provisions (Cancellations)		(29,248)	(7,978,352)
Adjustments Rel. To Interest (Income) and Exp.		(2,358,704)	1,800,490
Adjustments Related To Interest Income	29	(2,417,310)	3,657,231
Adjustments Related To Interest Expenses	29	58,606	(1,856,741)
Adjust.Rel.to Unrealized Foreign Curr.Conversion Diff.	23	(9,575,892)	(13,373,967)
Adjustments Related to Tax Expense / Income	30	2,769,352	8,093,129
Other Adjustments Related to Nonmonetary Items		630,156	5,651,365
Adjustments for Monetary Position Gains (Losses) (+/-)		(23,169,527)	(17,342,938)
Changes in Working Capital		(9,678,424)	86,659,420
Adjust.in (Increase)/Decr.in Trade Receivables (Increase)/Decrease in Trade Rec.from Unrelated Parties	7	(49,315,278)	71,760,596
Adjust. Related to (Incr.)/Decr. in Other Rec. related to Operations		2,240,838	501,349
Receivables related to Operations from Unrelated Parties	8	2,240,838	501,349
Adjustments related to the decrease (increase) in assets arising from customer contracts		16,928,787	-
Adjustments Related to (Incr.)/Decr. in Inventories	11	(2,234,951)	108,459
Adjustments Related to (Incr.)/Decr. in Prepaid Exp.	12	(7,021,586)	(8,343,669)
Adjustments Related to Incr./(Decr.) in Trade Debts		1,032,920	10,185,249
Adjust. Related to Incr./(Decr.) in Trade Debts to Unrelated Part.	7	1,032,920	10,185,249
Adjust. Related to Incr./(Decr.) in Liabilities Under Empl. Benefits	19	(26,346,267)	(17,164,156)
Incr. (Decr.) In Other Liab. About Costumer Contracts		55,451,779	30,799,016
Incr. (Decr.) in Contr.Liab.Arising from Sale of Goods-Serv.	9	55,451,779	30,799,016
Adjust. Related to Incr./(Decr.) in Other Debts related to Operations		500,641	(529,757)
Incr. (Decr.) In Other Liab.Rel.to Operations Between Unrelated Parties	8	500,641	(529,757)
Adjustments Related to Other Increase/(Decrease)in Operational Capital		(915,307)	(657,667)
Decr./Incr.) in Other Assets Related to Operations	10-17	(899,077)	(632,565)
Decr./Incr.) in Other Liabilities Related to Operations	20	(16,230)	(25,102)
Cash Flows From Operations		(7,871,269)	61,221,370
Interest Paid		(799,207)	(868,047)
Payments for Provisions About Employee Benefits		(106,477)	-

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1- 2025 – MARCH 31,2025
(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31,2025.)

	Note	Current Period	Previous Period
TFRS- CASH FLOW STATEMENT	Ref.	January 1,- March 31, 2025	January 1,- March 31, 2024
CASH FLOWS DUE TO INVESTING ACTIVITIES		(54,264,323)	(80,991,082)
Cash Outflows Related To Acquisiton of Other Companies or Funds Shares or Debt Instruments	5	74,057	(48,092,218)
Cash Outflows due to Purch.of Tang.-Intan.assets		(57,139,322)	(34,565,202)
<i>Cash Outflows due to Purchase of Tangible Fixed Assets</i>	14	<i>(955,904)</i>	<i>(8,188,917)</i>
<i>Cash Outflows due to Purchase of Intan.Fixed Assets</i>	16	<i>(56,183,418)</i>	<i>(26,376,285)</i>
Interest Received	29	2,800,942	1,666,338
CASH FLOWS DUE TO FINANCING ACTIVITIES		7,226,705	(2,599,588)
Cash Inflows Related to Borrowings	6	32,443,650	18,519,052
<i>Cash Inflows From Credits</i>	6	<i>32,443,650</i>	<i>18,519,052</i>
Cash Outflows Related to Debt Payments	6	(21,173,520)	(17,659,358)
<i>Cash Outflows Due to Credit Repayment</i>	6	<i>(21,173,520)</i>	<i>(17,659,358)</i>
Cash Outflows Rel.to Payments of Rent Contracts	6	(2,451,993)	(1,361,734)
Interest Paid	29	(1,591,432)	(2,116,597)
Interest Received		-	19,049
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES		(55,814,571)	(23,237,347)
Effect of Foreign Cur. Converion Differ. On Cash and Cash Equivalents		1,313,473	7,015,649
NET INCREASE/DECREASE AT CASH AND CASH EQUIVALENTS (+/-)		(54,501,098)	(16,221,698)
BEGINNING CASH AND CASH EQUIVALENTS	4	89,834,965	84,094,839
Inflation Effect on Cash and Cash Equiv. (+/-)		12,184,298	-
ENDING CASH AND CASH EQUIVALENTS	4	47,518,165	67,873,141

Enclosed notes are integral parts of these statements.

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

NOTE 1 - ORGANIZATION AND SUBJECT OF ACTIVITY**1.1 Field of Activity**

Kron Teknoloji A.Ş. ("the Company") assumed its current name on November 29, 2022, following a change from its former title, Kron Telekomünikasyon Hizmetleri A.Ş. The Company is registered with the Istanbul Trade Registry Office under registration number 547587.

Kron Teknoloji A.Ş. is a technology enterprise specializing in cybersecurity solutions, primarily serving the telecommunications, financial services, and corporate sectors. The Company provides a wide range of internet-related services, including internet service provision, content provision, and access provision. Additionally, its offerings extend across software development, design, hardware, training, consultancy, and seminar services, specifically tailored for electronic and other communication channels, as well as for various commercial activities conducted over the internet.

The Company is publicly held, with its shares traded on Borsa Istanbul (BIST) since May 27, 2011. The Company operates within the BIST Main Market, specifically categorized under the Technology - Data Processing sector.

The Company's headquarter is located at İstanbul Teknik Üniversitesi (İTÜ) Ayazağa Yerleşkesi, Kuru Yolu, ARI 3 Binası, Teknokent No:B401, 34469, Maslak, İstanbul - Türkiye. Additionally, the Company operates a Teknopark branch in Ankara Bilkent Cyberpark, an R&D Center in İzmir, and a subsidiary in New Jersey, USA, under the name "Kron Technologies US."

As of March 31, 2025 the Group — comprising Kron Teknoloji A.Ş. and its wholly-owned subsidiary, Kron Technologies US — had 162 employees (December 31, 2024: 160)

1.2 Capital Structure

The partnership structure of the group is as follows:

Name	March 31, 2025		December 31, 2024	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Lütfi Yenel	17.62	15,082,168	17.62	15,082,168
Zeynep Yenel Onursal	13.00	11,129,444	13.00	11,129,444
Other	69.38	59,399,466	69.38	59,399,466
Paid-in Capital	100,00	85,611,078	100,00	85,611,078
Capital Adjustment Differences		268,688,916		268,688,916
Total		354,299,994		354,299,994

1.3 Approval of Financial Statements

The financial statements of the group prepared were approved by the board of directors on May 12, 2025. The General Assembly has the authority to amend the financial statements after its circulation.

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

NOTE 2- CONSOLIDATED GUIDELINES ON SUBMISSION OF FINANCIAL STATEMENTS**2.1. Basic Guidelines on Submission of Financial Statements and Declaration of Conformity to the Turkish Accounting Standard**

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

The Group's consolidated condensed financial statements for the three-month interim period ended March 31, 2025, have been prepared in accordance with TAS 34 'Interim Financial Reporting'

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2.2. Preparation Of Consolidated Financial Statements

The Group's financial statements are presented in compliance with TAS 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	Center	Functional Money Unit	Rate of Affiliation	Capital (USD)
Kron Technologies US	Software	New Jersey-USA	US Dollar	100%	2,266,305

On June 8, 2016, Kron Teknoloji decided to establish a wholly-owned subsidiary in the United States of America, with 100% capital ownership. The entity was incorporated as "Krontech Inc." on June 24, 2016, with its registered address at 3 2nd Street, Suite 201, Jersey City, NJ 07302, USA. The subsidiary was established with the primary objective of marketing advanced technology software products throughout North and South America.

Effective June 30, 2017, Kron Technologies US was consolidated within the financial statements as a wholly-owned subsidiary. On August 21, 2019, the entity's name was changed from "Krontech Inc." to "Ironsphere Inc."; subsequently, in 2023, the name was changed again to "Kron Technologies US."

On August 18, 2022, the Board of Directors of Kron Teknoloji A.Ş. approved a capital contribution of USD 2,146,305 to strengthen the capital base of Kron Technologies US, in which Kron Teknoloji A.Ş. maintains 100% ownership. This capital contribution was effected through the offset of receivables associated with prior investments made in Kron Technologies US. Following this capital increase, Kron Technologies US's total capital stood at USD 2,266,305.

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

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

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

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

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

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

(i) Subsidiaries

- Subsidiaries represent the entities in which the parent the group has more than 50% of the shares, voting rights or the majority of the management or the right to elect the majority of the management through capital and 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.

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2.4. Assumption on Going Concern

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

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

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

Adjustment of financial statements in high inflation periods

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

Public Oversight Accounting and Auditing Standards Authority has made an explanation in the scope of 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 TAS 29.

In this scope, inflation adjustment has been made according to TAS 29 in the scope of TAS 29 in March 31, 2025, March 31, 2024 and December 31, 2024.

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

TAS 29 is applied to financial statements of every company in the economy of high inflation. In an economy, if there is high inflation the financial statements are adjusted according to TAS 29, if the functional unit is related to valid monetary unit, the financial statements should be presented in valid measurement unit in the end of reporting period. As of reporting date, as the Consumer Price Index ("TÜFE"), the change in the last 3 years purchasing power the cumulative change is above 100%, the companies operating in Turkish should apply the standard TAS 29 'Adjustment Of Financial Statements of Independently Audited Companies According To Inflation' as of December 31, 2024 and the periods ending after that date.

Restatements made in accordance with TAS 29 have been performed using the inflation adjustment coefficient derived from the Consumer Price Index ("CPI") published by the Turkish Statistical Institute (TUIK). As of March 31, 2025, the indices and adjustment coefficients used in the restatement of the financial statements are as follows:

Date	Index	Adjustment Coefficient
March 31, 2025	2,954.69	1,00000
December 31,2024	2,684.55	1,10063
March 31, 2024	2,139.47	1,38104

The main principles of indexation procedures under TAS 29 are outlined below:

- As of the balance sheet date, all units other than the units with current purchasing power are indexed according to price index coefficients. The amounts related to prior periods are indexed accordingly.
- The monetary asset and liability items are not indexed since they are presented with current purchasing power. The monetary units are cash and receivable and payable amounts to be received and paid in cash.
- The tangibles, affiliates and similar assets are indexed over their purchased amounts not to be over their market value. The depreciation is adjusted similarly. The amounts in the equity item, are adjusted with general price indexes in the periods of their contribution to the Company or establishment in the Company.

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- Other than the non monetary items in the balance sheet that have effect on the income statement, are indexed with coefficients calculated over the periods that have income and expenses that have reflected firstly in the financial statements.

- The gain or loss as a result of inflation over the net monetary position, is the difference of adjustments over non monetary assets, equity items and income statement accounts. The gain or loss over the net monetary position is included in the net profit.

The compared amounts

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

2.6. Offsetting – Deduction

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

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

In order to make financial condition and performance trends eligible to determine, the financial statements of the the group are prepared comparatively with the previous period. Comparative information are reclassified, if deemed necessary, in order to ensure compliance with the presentation of financial statements of current period. The Group has reclassified the following items of December 31, 2024 as below.

	Post-classification December 31, 2024	Pre-classification December 31, 2024
Trade Receivables	178,384,446	199,741,252
Assets from Customer Contracts	21,356,806	-
	<u>199,741,252</u>	<u>199,741,252</u>

2.8. Changes in Accounting Policies

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

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

2.9.1. Cash Flow Statement

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

2.9.2. Financial Assets**Classification and Measuring**

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

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

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

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

2.9.6. Other Receivables

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

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

2.9.7. Inventories

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

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the amount obtained by deducting the estimated completion cost from the estimated sale price and the estimated sales cost required to realize the sale. The cost of the stocks includes all the purchase costs, conversion costs and other costs incurred to bring the stocks to their current state and position. The advances given for purchase orders have not a nature of inventories, and are shown in the "Prepaid Expenses," until the inventory accounting is conducted.

2.9.8. Alive Assets

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

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

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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.

2.9.14. Investment Property

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

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

The Group does not have any investment property.

2.9.15. Tangible Assets:

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

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

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

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

	Useful Life
Furniture and Fixtures	3-15 years
Special Costs	3-15 years

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

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

2.9.16. Intangible Assets:**a.Intangible assets acquired**

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

Licenses

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

Computer Software

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

Internally generated intangible assets-research and development expenses

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

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

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

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

	Useful Life
Capitalized Development Costs	5-15 years
Other Intangible Assets	3-10 years

2.9.17. Financial Liabilities

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

2.9.18. Borrowing Costs

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

2.9.19. Taxation

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

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

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

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

2.9.20. Revenue

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

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

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

Presentation of service

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

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

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

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

2.9.21. Impairment of assets

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

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

2.9.22. Earnings per Share

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

2.9.23. Post-balance-sheet Events

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

2.9.24. Provisions, Contingent Liabilities and Contingent Assets

If there is a current obligation arising from past events, it is probable that the obligation will be fulfilled and the amount of the obligation can be estimated reliably, a provision is made in the financial statements. The amount set aside as a provision is calculated by estimating in the most reliable way the expense to be incurred to fulfill the obligation as of the balance sheet date, taking into account the risks and uncertainties regarding the obligation. If the provision is measured using the estimated cash flows required to meet the current obligation, the carrying amount of the provision is equal to the present value of the relevant cash flows.

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

2.9.25. Payables In Scope Of Employee Benefits / Employee Termination Benefit**Provision for severance pay**

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

The severance pay obligation recognized in the balance sheet is calculated according to the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and reflected in the financial statements. All calculated actuarial gains and losses are recognized under other comprehensive income.

Leave Provisions

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

2.9.26. Significant Accounting Assessments, Estimates and Assumptions

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

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

Actuarial loss / gain is accounted under other comprehensive expense account

- If there is objective evidence that the collection is not available, the group calculates provisions for doubtful receivables. Objective evidence occurs when the receivable is in the litigation or execution phase or preparation, the buyer falls into significant financial difficulty, the buyer is in default, or it is likely that there will be a significant and unforeseen delay. The amount of this provision is the difference between the registered value of the receivable and the amount that can be collected. The collectible amount is the value of all cash flows, including the amounts that can be collected from guarantees and security, discounted based on the original effective interest rate of the trade receivable.

In addition, the group uses the provision matrix by selecting the facilitated application for the impairment calculations of trade receivables accounted for at amortized cost in the financial statements. With this application, the group measures the expected loan loss provision at an amount equal to the lifetime expected loan losses in cases where the trade receivables are not impaired for certain reasons.

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

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

2.10. Changes In Significant Accounting Policies

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

The Transition to TFRS 16;

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

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

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

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

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

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

- a) The contract may involve definite asset is defined by the contract; an asset usually is defined by clearly or implicitly.
- b) The asset's functional division may be physically separate and represents nearly the whole part of the asset's capacity. The supplier's may have a right to substitute the asset and may have an economic benefit, in that case the asset is not defined.
- c) May have a right to obsess the economic benefit provided from the usage of defined asset

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d) May have a right to manage the usage of defined asset. The Group if the decisions are pre defined about how and the purpose of the usage, the asset is valued to have usage right. The Group has the management of the asset in the following cases;

i) The Group may possess the operational right for the usage period and the supplier does not have a right to change the instructions.

ii) The Group may design the asset how and with what purpose for the usage period.

The Group right of use assets as a lessee.

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

a) The initial measurement amount of rent liability,

b) The amount that is calculated after the deduction of incentives of the actual start of rent and the rent payments made before.

c) The initial direct costs endured by the Group and,

d) By the disassembling and transfer of the asset, the estimated costs about the restoration of the field of the asset or about the provisions of the required situation of the asset.
the restoration and the conditions

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

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

a) Deducting accumulated depreciation and accumulated impairment and

b) Measuring the revalued adjusted cost of rent liability.

The Group implements depreciation provisions of TAS 16 in calculating depreciatin of right of use assets. In case the supplier transfers the possession of the asset to the Group or the cost of right of use asset presents the usage of 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 TAS 36 in determining whether the asset is impaired and accounting of impairment loss.

Lease Liability

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

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

a) The amount by deducting the rent incentive receivables from fixed payments.

b) The variable rent payments by using an index or a rate, the measurement is made in the date of actual beginning of lease by using an index or rate.

c) The usage price of the option when the Group is having the fairly certainty about using the purchase option

d) In case, the lease period presents the ending of lease to use an option the penalty payments of ending of lease transactions

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

a) The book value is increased to present the interest in the lease liability.

b) The book value is decreased to present the lease payments made.

c) The book value is re-measured to present re-evaluatons and re-structuring or revised fixed lease payments.

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

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

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

2.11. New and Revised Türkiye Financial Reporting Standards

As of March 31, 2025 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 1-2024. The effects of these standards and comments on the Company's financial situation end performance are explained in the related paragraphs.

a) New standard, amendments and interpretations effective as of January 1- 2024

- Amendments to TAS 1: Classification of Liabilities as Current or Non-Current
- Amendments to TFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

These changes are not expected to have a significant impact on the financial position and performance of the Group.

b) Standards Issued but Not Yet Effective and Not Early Adopted

As of the approval date of the consolidated financial statements, the following new standards, interpretations, and amendments have been issued but are not yet effective for the current reporting period and have not been early adopted by the Group. Unless otherwise stated, the Group will make the necessary amendments to its consolidated financial statements and disclosures upon the effective date of these new standards and interpretations.

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
- Amendments to TAS 21 Lack of Exchangeability
- TFRS 17 – New Insurance Contracts Standard

c) Amendments Effective Upon Issuance

Amendments to TAS 12 – International Tax Reform – Pillar Two Model Rules

These changes are not expected to have a significant impact on the financial position and performance of the Group.

d) Amendments Issued by the IASB but Not Yet Published by POA

The following two amendments to TFRS 9 and TFRS 7, along with the Annual Improvements to TFRS Accounting Standards and TFRS 18 and TFRS 19 Standards, have been issued by the IASB but have not yet been adapted/published by the Public Oversight Authority (POA) under TFRS. Therefore, they do not currently form part of TFRS. The Group will make the necessary amendments to its consolidated financial statements and disclosures once these standards and amendments become effective under TFRS.

- Amendments to TFRS 9 and TFRS 7 – Classification and Measurement of Financial Instruments
- Amendments to TFRS 9 and TFRS 7 – Contracts for Electricity Generated from Natural Resources
- TFRS 18 – New Standard on Presentation and Disclosures in Financial Statements

The potential impact of these standards, amendments, and improvements on the Group's financial position and performance is being evaluated.

- TFRS 19 – New Standard on Disclosures for Non-Publicly Accountable Subsidiaries
- This standard is not applicable to the Group.

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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.

January 1- March 31, 2025	USA	Turkey	Elimination	Consolidated
Net Sales	3,432,669	89,736,494	-	93,169,163
Cost of Sales	-	(6,911,101)	-	(6,911,101)
Gross operating profit	3,432,669	82,825,393	-	86,258,062
Marketing Expenses (-)	(18,899,110)	(16,253,952)	-	(35,153,062)
General Administrative Expenses (-)	-	(11,942,891)	-	(11,942,891)
Research and Development Expenses (-)	-	(22,043,048)	-	(22,043,048)
Other Operating Income	-	20,382,437	(143,788)	20,238,649
Other Operating Expenses (-)	-	(3,718,895)	-	(3,718,895)
Operating Loss/Profit	(15,466,441)	49,249,044	(143,788)	33,638,815
Income from Investment Activities	-	1,395,302	-	1,395,302
Operating Profit/Loss Before Financial Income (Expense)	(15,466,441)	50,644,346	(143,788)	35,034,117
Financial Income	94	4,265,952	-	4,266,046
Financial Expense (-)	(499,216)	(5,707,093)	140,858	(6,065,451)
Net Monetary Position Gains (Losses)	-	(14,811,731)	-	(14,811,731)
Pre-Tax Profit/Loss Margin From Continuing Operations	(15,965,563)	34,391,474	(2,930)	18,422,981
Current Tax Expense/Income	-	(2,769,352)	-	(2,769,352)
Period Profit/Loss	(15,965,563)	31,622,122	(2,930)	15,653,629

March 31, 2025	USA	Turkey	Elimination	Consolidated
Tangible and Intangible Assets and Right of Use Assets Entries	-	58,033,602	-	58,033,602
Depreciaton Expenses	(2,986,052)	(10,493,436)	-	(13,479,488)
Assets	(11,382,532)	959,167,579	(108,659,757)	839,125,290
Liabilities	159,866,302	347,073,319	(98,065,935)	408,873,686

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January 1- March 31, 2024	USA	Turkey	Elimination	Consolidated
Net Sales	5,549,042	86,223,501	-	91,772,543
Cost of Sales	-	(16,376,303)	-	(16,376,303)
Gross operating profit	5,549,042	69,847,198	-	75,396,240
Marketing Expenses (-)	(16,468,130)	(15,505,910)	-	(31,974,040)
General Administrative Expenses (-)	-	(14,493,545)	-	(14,493,545)
Research and Development Expenses (-)	-	(35,174,531)	-	(35,174,531)
Other Operating Income	-	26,125,247	(456,065)	25,669,182
Other Operating Expenses (-)	-	(8,429,354)	-	(8,429,354)
Operating Loss/Profit	(10,919,088)	22,369,105	(456,065)	10,993,952
Income from Investment Activities	-	674,754	-	674,754
Operating Profit/Loss Before Financial Income (Expense)	(10,919,088)	23,043,859	(456,065)	11,668,706
Financial Income	110	8,934,007	-	8,934,117
Financial Expense (-)	(886,346)	(8,865,016)	398,796	(9,352,566)
Net Monetary Position Gains (Losses)	-	(31,600,928)	-	(31,600,928)
Pre-Tax Profit/Loss Margin From Continuing Operations	(11,805,324)	(8,488,078)	(57,269)	(20,350,671)
Current Tax Expense/Income	-	(8,093,129)	-	(8,093,129)
Period Profit/Loss	(11,805,324)	(16,581,207)	(57,269)	(28,443,800)

March 31, 2024	USA	Turkey	Elimination	Consolidated
Tangible and Intangible Assets and Right of Use Assets Entries	-	39,885,073	-	39,885,073
Depreciation Expenses	(3,003,750)	(15,593,813)	-	(18,597,563)
Assets	177,976,194	770,826,588	(162,497,658)	786,305,124
Liabilities	165,380,021	230,670,936	(70,360,262)	325,690,695

NOTE 4- CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024
Cash	424,335	432,421
Cash at the bank	34,356,436	57,322,702
<i>Demand deposits</i>	15,250,964	45,695,799
<i>Term deposits with a maturity of less than three months</i>	19,105,472	11,626,903
<i>(*) Liquid funds</i>	12,737,394	32,079,842
	47,518,165	89,834,965

Liquid funds consist of short-term investment instruments with a maturity of less than three months that can be easily converted into cash at any time and do not carry significant risk of value change.

As of March 31, 2025 and December 31, 2024, the Group has no blocked deposits.

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NOTE 5 – FINANCIAL INVESTMENTS**a) Short Term Financial Investments**

As of the balance sheet date, the Group has no short-term financial investments. (December 31, 2024: None.)

Long Term Financial Investments

	March 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss		
- Financial Assets Held for Purchase or Sale Purposes	5,003,690	5,077,747
	5,003,690	5,077,747

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

	March 31, 2025	December 31, 2024
Bank Credits	64,201,520	50,479,724
Loan Interests	976,817	2,254,998
Other Financial Debts **	1,103,265	499,169
	66,281,602	53,233,891

b) Short-term Portions of Long-term Loans

	March 31, 2025	December 31, 2024
Liabilities of Rental Transactions *	11,266,346	11,569,225
	11,266,346	11,569,225

c) Long Term Financial Liabilities

	March 31, 2025	December 31, 2024
Liabilities of Rental Transactions *	26,355,021	29,727,283
	26,355,021	29,727,283

* Group has recognized liabilities amounting to TL 11,266,346 under the current portion of long-term borrowings and TL 26,355,021 under long-term borrowings in accordance with TFRS 16. (As of December 31, 2024: Group had recognized liabilities amounting to TL 11,569,225 under the current portion of long-term borrowings and TL 29,727,283 under long-term borrowings in accordance with TFRS 16.)

** Credit card debts

d) Liabilities Of Credits Including Interest and Maturity Of Credits

	March 31, 2025			
	Bank Credits	Leases	Other Debt	Total
Payable within 1 year	65,178,337	11,266,346	1,103,265	77,547,948
Payable within 2-3 years	-	26,355,021	-	26,355,021
	65,178,337	37,621,367	1,103,265	103,902,969

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	December 31, 2024			
	Bank Credits	Leases	Other Debt	Total
Payable within 1 year	52,734,722	11,569,225	499,169	64,803,116
Payable within 2-3 years	-	29,727,283	-	29,727,283
	52,734,722	41,296,508	499,169	94,530,399

e) Interest Rates of Credits**March 31, 2025**

Type of Currency	Weighted Mean Effective Interest Rate (%)	Short Term	Long Term	Short Term TL Amount (Excluding Interest)	Long Term TL Amount (Excluding Interest)
US Dollar	8	500,000	-	18,882,800	-
US Dollar	8	500,000	-	18,882,800	-
US Dollar	8	700,000	-	26,435,920	-
Total			-	64,201,520	-

The interest rates related to US Dollar credits are 8.00%. The maturity dates range between December 2025 and March 2026.

December 31, 2024

Type of Currency	Weighted Mean Effective Interest Rate (%)	Short Term	Long Term	Short Term TL Amount (Excluding Interest)	Long Term TL Amount (Excluding Interest)
US Dollar	9	600,000	-	23,298,334	-
US Dollar	8	700,000	-	27,181,390	-
Total			-	50,479,724	-

The interest rates related to US Dollar credits are 8.00% and 9.00%. The maturity dates range between January 2025 and December 2025.

f) Other Financial Liabilities

As of March 31, 2025, the group has no other financial liabilities. (December 31, 2024 : None.)

NOTE 7- TRADE RECEIVABLES AND PAYABLES**A-Trade Receivables**

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

a) Trade Receivables (Short term)

	March 31, 2025	December 31, 2024
Trade receivables	242,986,619	181,920,165
Trade receivables deferred maturity difference (-)	-	(2,738,300)
Provision for doubtful trade receivables (-)	(974,678)	(797,419)
	242,011,941	178,384,446

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As of March 31, 2025, the Group has allocated provision for doubtful receivables for the portion of trade receivables amounting to TL 974,678 (2024: TL 797,419). 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:

	January 1- March 31, 2025	January 1- March 31, 2024
Opening balance	(797,419)	(1,082,193)
Period expense	(256,211)	(175,039)
Monetary gains/(losses)	78,952	147,869
Closing Balance	(974,678)	(1,109,363)

b) Trade Receivables (Long Term)

As of the balance sheet date, the Group has no long-term trade receivables. (December 31,2024: None.)

The maturity of Group receivables mainly varies between 30-90 days.

B-Trade Payables

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

a) Trade Payables (Short Term)

	March 31, 2025	December 31, 2024
Trade payables	14,568,016	13,126,048
Trade payables deferred maturity difference (-)	-	(383,632)
	14,568,016	12,742,416

b) Trade Payables (LongTerm)

As of the date of balance sheet, the Group has no long-term trade payables. (December 31,2024-None.)

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

	March 31, 2025	December 31, 2024
Miscellaneous other receivables	134,661	148,212
	134,661	148,212

b) Other Receivables (Long Term)

	March 31, 2025	December 31, 2024
Deposits and Guarantees Given	2,319,261	2,356,398
	2,319,261	2,356,398

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

	March 31, 2025	December 31, 2024
Income and stamp tax payable	645,387	4,122,352
VAT payable	15,338,565	12,554,879
Miscellaneous other payables	-	489
Other liabilities payable	117,834	94,159
	16,101,786	16,771,879

b) Other Payables (Long Term)

	March 31, 2025	December 31, 2024
Deposits and Guarantees Received	1,170,734	-
	1,170,734	-

NOTE 9- RECEIVABLES AND OBLIGATIONS ARISING FROM CONTRACTS WITH CUSTOMERS**a) Receivables Arising from Contracts with Customers (Short Term)**

	March 31, 2025	December 31, 2024
Maintenance, License assets etc. *	4,428,019	21,356,806
	4,428,019	21,356,806

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

The Group does not have any receivables from long term customer contracts. (December 31,2024: None.)

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

	March 31, 2025	December 31, 2024
Advances received	16,230	-
Maintenance, license etc. income*	149,172,236	92,557,139
Other income	3,774,223	-
	152,962,689	92,557,139

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

	March 31, 2025	December 31, 2024
Maintenance, license etc. income*	60,852,552	72,331,076
Other Income	6,524,753	-
	67,377,305	72,331,076

* Contract assets represent the consideration to which the Group is entitled in exchange for goods or services transferred to customers under ongoing customer contracts.

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

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NOTE 10- OTHER CURRENT ASSETS/ OTHER FIXED ASSETS**a) Other Current Assets**

	March 31, 2025	December 31, 2024
Job advances	73,160	46,484
Personnel advances	1,503,698	849,116
Prepaid Taxes and Funds	459,493	-
	2,036,351	895,600

b) Other Fixed Assets

The Group does not have other fixed assets. (December 31, 2024- None)

NOTE 11- INVENTORIES

	March 31, 2025	December 31, 2024
Trade goods	4,262,716	2,027,765
Provision for impairment of inventory (-)	-	(125,167)
	4,262,716	1,902,598

The impairment of inventory is as follows as of March 31, 2025 and December 31, 2024.

	January 1- March 31, 2025	January 1- March 31, 2024
Opening balance	(125,167)	(81,455)
Expense of the period	-	(38,842)
Reversed provision	125,167	-
Closing Balance	-	(120,297)

As of March 31, 2025, the group has no inventory which was given as pledge against the loans used. (December 31, 2024-None.)

NOTE 12- PREPAID EXPENSES AND DEFERRED INCOME**a) Prepaid Expenses (Short-Term)**

	March 31, 2025	December 31, 2024
Advances Given	5,351,275	4,468,962
Insurance, repair, maintenance and seminar expenses for the incoming months	17,807,324	9,248,807
	23,158,599	13,717,769

b) Prepaid Expenses (Long-Term)

	March 31, 2025	December 31, 2024
Insurance, repair, maintenance and seminar expenses for the incoming years	4,438,711	6,661,551
	4,438,711	6,661,551

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NOTE 13- GOVERNMENT INCENTIVES AND GRANTS

The Group benefits from social security premium incentives under Laws No. 5510, 5746, 6111, and 17103, and from income tax incentives under Laws No. 5746 and 4691. In this context, for the period ending March 31, 2025, the Group benefited from social security premium incentives amounting to TRY 6,506,278 and income tax incentives amounting to TRY 11,743,952. (December 31, 2024: TRY 23,377,385 in social security premium incentives, TRY 83,527,785* in income tax incentives).

* The amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of March 31, 2025.

NOTE 14- TANGIBLE FIXED ASSETS

Movements occurred in tangible fixed assets and respective accumulated depreciation concerning the period ended as of March 31, 2025 and March 31, 2024 are as follows:

March 31, 2025	Fixtures	Leasehold Improvements	Total
Cost Value			
Opening balance as of January 1- 2025	39,902,096	6,554,618	46,456,714
Assets acquired through Purchase	955,904	-	955,904
Outflows	-	-	-
Foreign currency conversion and index differences	(53,695)	-	(53,695)
Closing balance as of March 31, 2025	40,804,305	6,554,618	47,358,923
Accumulated Depreciation			
Opening balance as of January 1- 2025	(29,602,461)	(5,024,711)	(34,627,172)
Period Expense	(1,134,705)	(97,386)	(1,232,091)
Outflows	-	-	-
Foreign currency conversion and index differences	41,509	-	41,509
Closing balance as of March 31, 2025	(30,695,657)	(5,122,097)	(35,817,754)
Net book value as of March 31, 2025	10,108,648	1,432,521	11,541,169

March 31, 2024	Fixtures	Leasehold Improvements	Total
Cost Value			
Opening balance as of January 1- 2024	34,466,183	4,966,624	39,432,807
Assets acquired through Purchase	2,337,308	-	2,337,308
Outflows	(138,350)	-	(138,350)
Foreign currency conversion and index differences	(110,534)	-	(110,534)
Closing balance as of March 31, 2024	36,554,607	4,966,624	41,521,231
Accumulated Depreciation			
Opening balance as of January 1- 2024	(25,790,668)	(4,760,316)	(30,550,984)
Period Expense	(1,044,917)	(21,582)	(1,066,499)
Outflows	138,350	-	138,350
Foreign currency conversion and index differences	42,756	-	42,756
Closing balance as of March 31, 2024	(26,654,479)	(4,781,898)	(31,436,377)
Net book value as of March 31, 2024	9,900,128	184,726	10,084,854

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

Pledges and Mortgages on Assets

There are no pledges and mortgages on the tangible assets detailed above as of March 31, 2025 and March 31, 2024.

NOTE 15- RIGHT OF USE ASSETS

The balance of the right of use assets as of March 31, 2025 and March 31, 2024 the depreciation and amortization expenses for the relevant period are as follows;

	March 31, 2025	March 31, 2024
Cost Value		
Opening balance as of January 1	67,481,160	61,993,549
Assets acquired through leasing	894,280	5,319,881
Transfers/ Adjustments	(827,881)	(4,733,157)
Closing balance as of 31 December	67,547,559	62,580,273
Accumulated Amortization		
Opening balance as of January 1	(25,064,974)	(14,145,414)
Period expense	(3,970,163)	(3,175,074)
	197,723	3,002,730
Closing balance as of 31 March	(28,837,414)	(14,317,758)
Net book value as of 31 March	38,710,145	48,262,515

NOTE 16- INTANGIBLE FIXED ASSETS

Movements occurred in intangible fixed asses and respective accumulated depreciation concerning the period ended as of March 31, 2025 and March 31, 2024 are as follows:

	March 31, 2025			
Cost Value	Development Expenses Capitalized	Development Expenses In Progress	Other Intangible Assets	Total
Opening balance as of January 1- 2025	507,493,249	165,249,888	3,888,793	676,631,930
Assets acquired through purchase	-	56,183,418	-	56,183,418
Transfers/ Adjustments	77,679,901	(77,679,901)	-	-
Foreign currency conversion and index differences	(2,780,810)	-	-	(2,780,810)
Closing balance as of March 31, 2025	582,392,340	143,753,405	3,888,793	730,034,538
Accumulated Amortization				
Opening balance as of January 1- 2025	(266,627,654)	-	(3,866,389)	(270,494,043)
Period expense	(8,271,124)	-	(6,110)	(8,277,234)
Foreign currency conversion and index differences	1,023,041	-	-	1,023,041
Closing balance as of March 31, 2025	(273,875,737)	-	(3,872,499)	(277,748,236)
Net book value as of March 31, 2025	308,516,603	143,753,405	16,294	452,286,302

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

Cost Value	March 31, 2024			Total
	Development Expenses Capitalized	Development Expenses In Progress	Other Intangible Assets	
Opening balance as of January 1- 2024	588,042,346	56,804,703	3,888,793	648,735,842
Assets acquired through purchase	96,811	32,131,073	-	32,227,884
Foreign currency conversion and index differences	(5,723,919)	-	-	(5,723,919)
Closing balance as of March 31, 2024	582,415,238	88,935,776	3,888,793	675,239,807
Accumulated Amortization				
Opening balance as of January 1- 2024	(351,738,616)	-	(3,827,587)	(355,566,203)
Period expense	(14,335,516)	-	(20,474)	(14,355,990)
Foreign currency conversion and index differences	1,793,045	-	-	1,793,045
Closing balance as of March 31, 2024	(364,281,087)	-	(3,848,061)	(368,129,148)
Net book value as of March 31, 2024	218,134,151	88,935,776	40,732	307,110,659

In 2025, increased investments in new product development led to a greater portion of R&D expenses being capitalized. Consequently, tangible assets rose, while operating R&D expenses declined compared to the previous year.

NOTE 17- PERIOD INCOME TAX LIABILITY

	March 31, 2025	December 31, 2024
Prepaid bank withholdings	264,058	505,732
	264,058	505,732

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

NOTE 18- PERIOD PROFIT TAX LIABILITY

Group does not have period profit tax liability as of March 31, 2025 and December 31, 2024.

NOTE 19- LIABILITIES UNDER EMPLOYEE BENEFITS**a) Liabilities Under Employee Benefits (Short-Term)**

	March 31, 2025	December 31, 2024
Wages payable to personnel	20,459,721	51,516,596
Social security premium payable	10,948,923	6,238,315
	31,408,644	57,754,911

The social security premiums of TL 10,948,923 and personnel wages of TL 20,459,721, related to March 2025, were paid in April 2025.

(December 31, 2024: Social security premiums to be paid, 6,238,315, and wages to be paid to the personnel, TL 51,516,596, were paid in January 2025.)

b) Liabilities Under Employee Benefits (Long-Term)

As of March 31, 2025 the Group does not have any debts within the scope of benefits for long-term employees. (31 December 2024: None.)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

NOTE 20- OTHER LIABILITIES**a) Other Liabilities (Short Term)**

	March 31, 2025	December 31, 2024
Other expense accruals	296,129	325,377
	296,129	325,377

b) Other Liabilities (Long Term)

As of March 31, 2025 there is no other long-term liability amount. (31 December 2024: None)

NOTE 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 March 31, 2025 and December 31, 2024 are as follows.

	March 31, 2025		December 31, 2024	
	Currency	TL Equivalent*	Currency	TL Equivalent*
A. CPM Given On Behalf of Its Own Legal Entity				
a) Guarantee Letters				
-TL	3,981,650	3,981,650	3,335,367	3,335,367
-USD	162,232	6,126,789	288,017	11,183,860
Total		10,108,439		14,519,227

* Amounts are determined on the basis of the purchasing power of the Turkish Lira (TL) as of March 31, 2025.

b)Collaterals, pledges and mortgages received by the Group

There are no letters of guarantee, pledges and mortgages received by the Group. (December 31, 2024- None)

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

	March 31, 2025	December 31, 2024
Leave Provisions	16,026,651	14,230,451
	16,026,651	14,230,451

The movements of unused leave fees are as follows:

	January 1- March 31, 2025	January 1- March 31, 2024
Openning Balance January 1	(14,230,451)	(10,579,228)
Provisions Calculated In The Period	(3,450,370)	(7,480,012)
Provisions No Longer Required	278,257	399,413
Monetary Gains/Losses	1,375,913	1,635,411
Ending Provision	(16,026,651)	(16,024,416)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

Seniority Incentive Bonus

As of March 31, 2025, there is no liability amount related to seniority incentive bonus. (December 31, 2024: None).

Other

The Group does not have any provision for social aid payments and tax risks. (December 31, 2024 - 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 March 31, 2025, the severance pay to be paid is subject to a monthly ceiling of TL 46,655 (2024: TL 41,828) 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. TAS 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 March 31, 2025 calculated through the estimation of the present value for the potential liabilities in future arising from the retirements of the employees. The severance pay ceiling is revised every six months, and the ceiling amount of TL 46,655 (January 1- 2024: TL 35,059), effective as of January 1- 2025, 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

	March 31, 2025	December 31, 2024
Provision for severance pay	5,058,763	4,403,371
	5,058,763	4,403,371

Severance Pay Movements	January 1- March 31, 2025	January 1- March 31, 2024
Provision as of January 1	(4,403,371)	(4,541,492)
Interest Cost	(406,267)	(133,004)
Current Service Costs	(1,107,766)	(271,544)
Payments In The Period	106,477	-
Actuarial earnings and loss	358,012	(760,652)
Monetary Gains/Losses	394,152	621,465
Term End Provision	(5,058,763)	(5,085,227)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

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

As of March 31, 2025, the capital of the Group is TL 85,611,078, (December 31, 2024: TL 85,611,078) and the registered capital ceiling is TL 500,000,000 .* (31 December 2024: TL 150,000,000)

The partnership structure of the Group is as follows.

Name	March 31, 2025		December 31, 2024	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Lütfi Yenel	17.62	15,082,168	17.62	15,082,168
Zeynep Yenel Onursal	13.00	11,129,444	13.00	11,129,444
Other	69.38	59,399,466	69.38	59,399,466
Paid-in Capital	100,00	85,611,078	100,00	85,611,078
Capital Adjustment Differences		268,688,916		268,688,916
Total		354,299,994		354,299,994

Capital adjustment differences represent the variance between the total amounts of cash and cash-equivalent contributions to capital, adjusted for inflation accounting, and their amounts before the adjustment.

Additional Information on Capital, Reserves and Other Equity Items

The comparison of the relevant equity items in the Group's consolidated financial statements as of March 31, 2025, adjusted for inflation, with the inflation-adjusted amounts in the financial statements prepared in accordance with Turkish Commercial Code No. 6762 and applicable regulations is as follows:

	Inflation-adjusted amounts included in fin.statements prepared in acc. with Turkish Comm.Code No. 6762 and other regulations	Inflation-adjusted amounts included in the financial statements prepared in accordance with TAS/IFRS	Difference recognized in retained earnings
March 31, 2025			
Capital Adjustment Differences	299,586,390	268,688,916	30,897,474
Share Premium	1,499,513	1,886,685	(387,172)
Restrained Reserves From Profit	39,187,261	37,561,308	1,625,953

b) Share Premiums (Discounts)

	March 31, 2025	December 31, 2024
Share Premiums (Discounts)	1,886,685	1,886,685
	1,886,685	1,886,685

c) Defined Benefit Plans Remeasurement Gains / Losses

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

Actuarial Gain / (Loss)	January 1- March 31, 2025	January 1- March 31, 2024
Opening Balance	(4,954,475)	(3,344,644)
Actuarial Gain / (Loss)	358,012	(760,652)
Deferred Tax Asset	(89,503)	190,162
Current Year Transactions Net	268,509	(570,490)
Net Actuarial Gains / Losses	(4,685,966)	(3,915,134)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

d) Foreign currency conversion difference

	March 31, 2025	December 31, 2024
Foreign currency conversion difference	(120,715,119)	(115,595,808)
	(120,715,119)	(115,595,808)

e) Restrained Reserves from Profit

	March 31, 2025	December 31, 2024
Legal Reserves	30,724,192	30,724,192
Venture Capital Fund	6,837,116	6,837,116
	37,561,308	37,561,308

f) Previous Year Profits / Losses

	March 31, 2025	December 31, 2024
Previous Year Profits / Losses	146,251,073	193,279,305
	146,251,073	193,279,305

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

	January 1- March 31, 2025	January 1- March 31, 2024
Domestic Sales	60,050,850	64,515,477
Overseas Sales	33,118,313	28,060,355
Sales Returns (-)	-	(803,293)
Net Sales	93,169,163	91,772,539

b) Cost of Sales (-)

	January 1- March 31, 2025	January 1- March 31, 2024
Cost of services sold (-)	(6,911,101)	(16,376,303)
	(6,911,101)	(16,376,303)

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

	January 1- March 31, 2025	January 1- March 31, 2024
a)General Administrative Expenses (-)	(11,942,891)	(14,493,545)
b)Marketing Expenses (-)	(35,153,062)	(31,974,040)
c)Research and Development Expenses	(22,043,048)	(35,174,531)
Total	(69,139,001)	(81,642,116)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

a)General Administrative Expenses (-)	January 1- March 31, 2025	January 1- March 31, 2024
Personnel Wages	(6,518,099)	(10,982,443)
Depreciation Costs	(172,007)	(134,734)
Taxes, Duties and Charges	(36,297)	(81,976)
Communication Expenses	(42,399)	(29,912)
Travel Expenses	(239,248)	(1,578,179)
Vehicle Expenses	(304,286)	(89,235)
Outsourced Benefits and Services	(2,074,818)	(850,817)
Miscellaneous Expenses	(2,479)	(78,309)
Bank and Commission Expenses	(2,553,258)	(667,940)
Total	(11,942,891)	(14,493,545)

b) Details of Marketing Expenses	January 1- March 31, 2025	January 1- March 31, 2024
Personnel Wages	(21,343,876)	(18,889,599)
Depreciation Costs	(3,040,046)	(3,606,056)
Taxes, Duties and Charges	(144,430)	(52,409)
Communication Expenses	(159,015)	(118,178)
Travel Expenses	(1,949,866)	(953,960)
Vehicle Expenses	(1,046,326)	(133,306)
Marketing Expenses	(2,781,299)	(2,505,136)
Outsourced Benefits and Services	(1,572,958)	(674,048)
Exhibition, Fair and Seminar Expenses	(1,542,812)	(1,677,179)
Sales Commissions	(769,870)	(1,123,045)
Miscellaneous Expenses	(802,564)	(2,241,124)
Total	(35,153,062)	(31,974,040)

c) Research And Development Expenses	January 1- March 31, 2025	January 1- March 31, 2024
Personnel Wages	(8,401,685)	(17,988,509)
Depreciation Costs	(10,059,861)	(14,526,310)
Communication Expenses	(55,959)	(28,744)
Travel Expenses	(68,862)	(48,530)
Vehicle Expenses	(1,114,536)	(35,567)
Outsourced Benefits and Services	(1,648,279)	(1,275,965)
Miscellaneous Expenses	(693,866)	(1,270,906)
Total	(22,043,048)	(35,174,531)

In 2025, increased investments in new product development led to a greater portion of R&D expenses being capitalized. Consequently, intangible fixed assets rose, while operating R&D expenses declined compared to the previous year.

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

NOTE 26- EXPENSES CLASSIFIED ACCORDING TO ASSORTMENT

	January 1- March 31, 2025	January 1- March 31, 2024
a) Depreciation and Amortization Expenses (-)		
Service Cost	(207,574)	(330,463)
Research And Development Expenses	(10,059,861)	(14,526,310)
Marketing Expenses	(3,040,046)	(3,606,056)
General Administrative Expenses	(172,007)	(134,734)
Total	(13,479,488)	(18,597,563)
b) Personnel Expenses (-)		
Research And Development Expenses	(8,401,685)	(17,988,509)
Wages & Salaries	(8,401,685)	(17,988,509)
General Administrative Expenses	(6,518,099)	(10,982,443)
Wages & Salaries	(6,518,099)	(10,982,443)
Marketing and Sales Costs	(21,343,876)	(18,889,599)
Wages & Salaries	(21,343,876)	(18,889,599)
Total	(36,263,660)	(47,860,551)

NOTE 27- OPERATING INCOME / EXPENSES

Details of operating income related to the years to end after March 31, 2025 and March 31, 2024 are as follows:

a) Other Operating Income

	January 1- March 31, 2025	January 1- March 31, 2024
Exchange Rate Difference Income from Operations	15,575,304	17,743,312
Cancellation Of Provision Of Employee Termination Benefit	1,588	660,045
Reversal of inventory impairment provision	125,167	-
Accrued Income for Maturity Difference	2,738,300	4,974,389
Incentive Income	-	1,041,017
Provisions No Longer Required	278,257	399,413
Other ordinary income and profits	1,520,033	851,006
	20,238,649	25,669,182

b) Other Operating Expenses

	January 1- March 31, 2025	January 1- March 31, 2024
Exchange Rate Difference Expense from Operations	(838,503)	(1,190,441)
Maturity Difference Expense Accrued	(383,632)	(5,342,618)
Provisions for Inventory Impairment Expense	-	(38,842)
Provisions for Doubtful Receivables	(256,211)	(175,039)
Deduction of Tax	(1,483,329)	(785,776)
Other Ordinary Income and Profits	(757,220)	(896,637)
	(3,718,895)	(8,429,353)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

NOTE 28- INCOME FROM INVESTING ACTIVITIES**a) Revenues from Investment Activities**

	January 1- March 31, 2025	January 1- March 31, 2024
Securities Sales Income	1,395,302	674,754
	1,395,302	674,754

b) Expenses Due To Investing Activities (-)

As of March 31, 2025 there is no expense due to investment activities. (December 31, 2024 – None)

NOTE 29- INCOME and EXPENSES FROM FINANCING ACIVITIES and NET MONETARY POSITION GAINS (LOSSES)**a) Financing Income**

	January 1- March 31, 2025	January 1- March 31, 2024
Interest income	2,800,942	1,666,338
Exchange rate difference income	1,465,104	7,267,780
	4,266,046	8,934,118

b) Financing Expenses

	January 1- March 31, 2025	January 1- March 31, 2024
Bank interest expenses	(1,591,432)	(2,116,597)
Exchange rate difference expense	(3,674,812)	(6,367,920)
Interest Expense of Right-Of-Use Assets	(799,207)	(868,047)
	(6,065,451)	(9,352,564)

c) Net Monetary Position Gains (Losses)

	January 1- March 31, 2025	January 1- March 31, 2024
Net Monetary Position Gains (Losses)	(14,811,731)	(31,600,928)
	(14,811,731)	(31,600,928)

KRON TEKNOLOJİ A.Ş. and ITS SUBSIDIARY'S**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF MARCH 31, 2025**

(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

Net monetary position gains for the years ended March 31, 2025, and March 31, 2024, are as follows:

Non-monetary Items	March 31, 2025	March 31, 2024
Statement of Financial Position Items	(11,654,187)	(33,230,376)
Inventories	159,024	214,564
Prepaid expenses	858,053	921,324
Financial investments, subsidiaries	10,593,822	8,911,333
Tangible assets	1,060,001	88,931
Intangible assets	32,470,464	28,557,586
Deferred tax assets/liabilities	353,865	357,499
Right-of-use assets	1,777,497	1,493,276
Other liabilities	(11,187,987)	(5,618,536)
Paid-in capital	(32,393,455)	(46,384,442)
Share premiums	(172,499)	(247,002)
Other comprehensive income or expense not to be reclassified to profit or loss	444,539	458,051
Other comprehensive income or expense to be reclassified to profit or loss	1,188,360	1,701,622
Restricted reserves allocated from profit	(3,434,213)	(3,435,496)
Previous years' profits/losses	(13,371,658)	(20,249,086)
Statement of Profit or Loss Items	(3,157,544)	1,629,448
Revenue	(3,875,480)	(1,732,870)
Cost of sales	160,748	485,278
Research and development expenses	533,922	2,252,961
Marketing expenses	401,648	587,157
General administrative expenses	335,359	574,416
Other income/expenses from operating activities	(706,554)	(513,479)
Income/expenses from investing activities	(1,536)	(521)
Financing income/expenses	(5,651)	(23,494)
Net monetary position gains/(losses)	(14,811,731)	(31,600,928)

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 2025. (25% for 2024)

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.

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

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

In 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

Group calculates deferred tax assets and liabilities by considering the effects of temporary differences arising from different valuations of statutory balance sheet items and balance sheet items prepared for Capital Markets Board. These temporary differences generally result from the recognition of income and expenses in different reporting periods according to the communiqué and tax laws.

In the deferred tax calculations in the financial statements dated March 31, 2025 25% is used as the tax rate by taking into consideration of tax differences in the following years.

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

Deferred Tax (Assets)/Liabilities:	March 31, 2025	December 31, 2024
Cash and Equivalents	205	13,86
Trade Receivables	231,132	866,749
Other Receivables	-	(10,404)
Inventories	(42,617)	53,666
Prepaid Expenses	(214,513)	-31,18
Tangible and Intangible Fixed Assets and Depr. Diff.	(24,089,189)	(16,458,674)
Right of Use Assets	(1,451,041)	(1,489,881)
Loans and Leases	4,521	47,097
Trade Payables	-	(93,503)
Severance Pay Provision	1,264,691	1,100,842
Leave Provisions	4,006,663	3,557,613
Financial Investments	-	(10,047)
Deferred Income	5,371,741	1,071,910
Previous Year's Loss	2,262,364	2,490,026
R&D Discount	14,774,550	12,762,283
Total	1,011,502	3,870,357

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Previous Years' Losses

In accordance with the Tax Procedure Law, prior years' losses are recognized at their carrying value and can be carried forward for a maximum of five years. Accordingly, the last year in which unused tax losses can be recorded is 2029. The Group's management has assessed that it is probable that sufficient taxable profits will be available in the future, based on the expected improvement in operational performance in the coming years. As a result, a deferred tax asset arising from unused tax losses amounting to TL 2,262,364 has been recognized in the financial statements.

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

	January 1- March 31, 2025	January 1- March 31, 2024
Opening balance as of January 1	3,870,357	2,679,334
Deferred tax income/expense for the period	(2,769,352)	(8,093,129)
Reflected to Comprehensive Income and Equity	(89,503)	190,162
Current Period / Previous Period	1,011,502	(5,223,633)

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.

NOTE 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- March 31, 2025	January 1- March 31, 2024
Net period profit / loss	15,653,629	(28,443,800)
Number of Shares	85,611,078	85,611,078
Profit / loss per share	0,183	(0,332)

NOTE 32- RELATED PARTY DISCLOSURES**a) Related Parties End of Period Balance Sheet Balances**

None. (December 31, 2024: None)

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

None. (December 31, 2024: None)

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

	January 1- March 31, 2025	January 1- March 31, 2024
Salaries and Other Short-Term Benefits (Net) (Excluding Paid Compensation)	3,124,446	3,505,356
	3,124,446	3,505,356

NOTE 33- 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.

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(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

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

Loan Risk

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

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

Credit risks exposed due to type of financial instruments

	Receivables		Deposits at Banks	Cash and Cash Equivalents
	Trade Receivables	Other Receivables		
March 31, 2025	Other Party	Other Party		
Maximum credit risk exposed as of the reporting date (*)	242,011,941	2,453,922	34,356,436	13,161,729
- 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	242.011.941	2,453,922	34,356,436	13,161,729
B. Net book value of assets overdue but not undergone impairment	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-
- Overdue (Gross Book Value)	974,678	-	-	-
- Impairment (-)	(974,678)	-	-	-
- Part of the net value secured by means of guarantee, etc.	-	-	-	-
D. Items involving credit risk which are not included in the statement of financial position	-	-	-	-

Credit risks exposed due to type of financial instruments

	Receivables		Deposits at Banks	Cash and Cash Equivalents
	Trade Receivables	Other Receivables		
December 31, 2024	Other Party	Other Party		
Maximum credit risk exposed as of the reporting date (*)	181,122,746	2,504,610	57,322,702	32,512,263
- Part of the maximum risk secured by means of guarantee, etc. (**)	-	-	-	-
A. Net book value of fin.assets that are neither past due or impaired	181.122.746	2,504,610	57,322,702	32,512,263
B. Net book value of assets overdue but not undergone impairment	-	-	-	-
C. Net book value of assets undergone impairment	-	-	-	-
- Overdue (Gross Book Value)	797,419	-	-	-
- Impairment (-)	(797,419)	-	-	-
- 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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Liquidity Risk

Liquidity risk is the risk of a Group being unable to meet its funding needs. The Group has the right to utilize banks, suppliers, and shareholders as funding sources. Liquidity risk is mitigated by balancing cash inflows and outflows with the support of loans granted by reputable credit institutions. Additionally, the Group continuously assesses liquidity risk by identifying and monitoring changes in funding conditions to achieve its strategic objectives.

The breakdown of financial assets and liabilities by maturity has been presented considering the period from the balance sheet date to the maturity date.

Liquidity Risk Table

March 31, 2025					
Expected (or by contract) Due Dates	Book Value	Sum of Cash Outflow by Contract (I+II+III+IV)	<3 months (I)	3-12 months	1-5 years
Non-derivative					
Financial Liabilities					
Bank loans and interest	66,281,602	70,481,202	1,103,265	69,377,937	-
Lease Payables	37,621,367	37,621,367	2,735,109	8,531,237	26,355,021
Financial lease payables		-	-	-	-
Trade payables	14,568,016	14,568,016	14,568,016	-	-
Other payables	17,272,520	17,272,520	17,272,520	-	-
Total liabilities	135,743,505	139,943,105	35,678,910	77,909,174	26,355,021
December 31, 2024					
Expected (or by contract) Due Dates	Book Value	Sum of Cash Outflow by Contract (I+II+III+IV)	<3 months (I)	3-12 months	1-5 years
Non-derivative					
Financial Liabilities					
Bank loans and interest	53,233,891	55,303,537	25,923,475	29,380,062	-
Lease Payables	41,296,508	41,296,508	2,748,349	8,820,876	29,727,283
Financial lease payables		-	-	-	-
Trade payables	12,742,416	13,126,048	13,126,048	-	-
Other payables	16,771,879	16,771,879	16,771,879	-	-
Total liabilities	124,044,694	126,497,972	58,569,751	38,200,938	29,727,283

Exchange rate risk

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

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

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(Unless otherwise mentioned, the amounts are expressed on the purchasing power of the Turkish Lira (TL) as of March 31, 2025)

The group's foreign asset and liability amounts and foreign currency position statements according to original amounts and Turkish Lira currency amounts as follows:

Foreign exchange position table	March 31, 2025			
	Total TL Equivalent	US Dollar	Avro	Other
Cash and Cash Equiv. & Fin. Invest.	15,483,006	162,811	84,973	13,098,642
Short Term Trade Receivables	134,220,264	2,838,960	7,335	59,536,064
Short-term Other Assets	4,350,554	115,093	-	391
Long Term Trade Receivables	1,407,524	37,270	-	-
Short and Long Term Financial Liabilities	(89,946,669)	(2,381,709)	-	-
Other Monetary Liabilities	(7,629)	(202)	-	-
Short-term Trade Payables	(7,475,665)	(190,574)	(6,843)	-
Net Foreign Currency Position	58,031,385	581,649	85,465	72,635,097
Monetary Items Net Foreign Exchange Asset(Liability)	53,680,831	466,556	85,465	72,634,706
Export	36,480,814	847,504	-	10,384,427

Foreign exchange position table *	December 31, 2024			
	Total TL Equivalent	US Dollar	Avro	Other
Cash and Cash Equiv. & Fin. Invest.	62,584,890	1,318,435	187,205	10,612,462
Short Term Trade Receivables	151,366,729	3,605,321	-	31,587,054
Short-term Other Assets	3,884,997	100,050	-	-
Long Term Trade Receivables	1,447,215	37,270	-	-
Short and Long Term Financial Liabilities	(50,479,724)	(1,300,000)	-	-
Other Monetary Liabilities	(251,001)	(6,464)	-	-
Short-term Trade Payables	(7,527,115)	(172,496)	(20,479)	(20)
Net Foreign Currency Position	161,025,991	3,582,116	166,726	42,199,496
Monetary Items Net Foreign Exchange Asset(Liability)	157,140,994	3,482,066	166,726	10,612,442
Export	110,847,987	2,454,070	-	213,686

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of March 31, 2025.

Foreign Exchange Sensitiveness Analysis

The table below demonstrates the group's sensitivity to the 10% increase and decrease in USD and Euro currencies. Whereas the 10% rate is the rate used during the reporting of the exchange risk to senior executives, and the said rate states the potential change the management expects to see in the exchange rate. Sensitivity analysis only covers the foreign currency monetary items at the end of year and shows the influences of 10% exchange rate change of the said items. Positive value states increase in profit/ loss. As can be seen in the following Exchange Rate Sensitivity Analysis Statement, gross profit would be TL 5,803,138 more/less. (31 December 2024: TL 16,102,599)

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Foreign Currency Position Table	March 31 ,2025			
	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	2,196,631	(2,196,631)	2,196,631	(2,196,631)
2- The part secured against US Dollar risk (-)	-	-	-	-
3- US Dollar Net Effect(1+2)	2,196,631	(2,196,631)	2,196,631	(2,196,631)
In case EURO changes 10% against TL:				
4- EURO net asset/liability	347,859	(347,859)	347,859	(347,859)
5- The part secured against EURO risk (-)	-	-	-	-
6- Euro Net Effect(4+5)	347,859	(347,859)	347,859	(347,859)
In case Other Currencies change 10% against TL:				
7-Other exchange net asset / liability	3,258,648	(3,258,648)	3,258,648	(3,258,648)
9- Other exchange net effect (7+8)	3,258,648	(3,258,648)	3,258,648	(3,258,648)
TOTAL (3+6+9)	5,803,138	(5,803,138)	5,803,138	(5,803,138)

Foreign Currency Position Table *	December 31, 2024			
	Profit/Loss		Equity	
	Increase of Foreign Currency	Decrease of Foreign Currency	Increase of Foreign Currency	Decrease of Foreign Currency
In case US Dollar changes 10% against TL:				
1- US Dollar net asset/liability	13,909,555	(13,909,555)	13,909,555	(13,909,555)
2- The part secured against US Dollar risk (-)				
3- US Dollar Net Effect(1+2)	13,909,555	(13,909,555)	13,909,555	(13,909,555)
In case EURO changes 10% against TL:				
4- EURO net asset/liability	674,123	(674,123)	674,123	(674,123)
5- The part secured against EURO risk (-)				
6- Euro Net Effect(4+5)	674,123	(674,123)	674,123	(674,123)
In case Other Currencies change 10% against TL:				
7-Other exchange net asset / liability	1,518,921	(1,518,921)	1,518,921	(1,518,921)
9- Other exchange net effect (7+8)	1,518,921	(1,518,921)	1,518,921	(1,518,921)
TOTAL (3+6+9)	16,102,599	(16,102,599)	16,102,599	(16,102,599)

(*) Amounts are determined on the basis of the purchasing power of Turkish Lira (TL) as of March 31, 2025.

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.

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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.

	March 31, 2025	December 31, 2024
Total Debts	408,873,686	365,647,019
Cash and Cash Equivalents	47,518,165	89,834,965
Net Debt	361,355,521	275,812,054
Equities	430,251,604	419,448,777
Equity / Net Debt Rate	1,19	1,52

NOTE 34- POST-BALANCE SHEET EVENTS**March 31, 2025**

- Financial statements were approved by the board of directors on May 12, 2025.
- Company's Ordinary General Assembly meeting for the year 2025 was held on May 6, 2025.

December 31, 2024

- Financial statements were approved by the board of directors on March 11, 2025.
- Severance pay ceiling amount has become TL 46,655 as of January 1, 2025

NOTE 35- OTHER MATTERS**a) Financial Statement Disclosures:**

- As of March 31, 2025, total insurance amount of asset values is USD 550,480. (December 31, 2024: USD 550,480)

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.

NOTE 36- OTHER COMPLEMENTARY INFORMATION**EBITDA Reconciliation**

EBITDA is not a performance measure defined under IFRS. The reconciliation of EBITDA for the fiscal periods ended March 31, 2025 and March 31, 2024 is as follows:

	January 1- March 31, 2025	January 1- March 31, 2024
Operating Profit (Loss)	33,638,815	10,993,949
Depreciation and amortization of tangible and intangible fixed assets and right-of-use assets	13,479,488	18,597,563
EBITDA	47,118,303	29,591,512