

FONET INFORMATION TECHNOLOGIES INC.

**Evaluation Report About The Assumptions Used In Public Offering Price
Determination**

**It Has Been Prepared According To Date Of 31/03/2019 Financial Statements
Were Not Audited By Independence Audit Firm.**

24 May 2019

1. Subject of The Report

As of the date of 31/03/2019 financial statement of Fonet Information Technology A.S. which were publicly disclosed and not audited after the beginning of trading in the stock exchange, according to article 29 paragraph 5 of share communiqué no VII-128-1 of Capital Markets Board, the decision which dated 24.05.2019 and numbered 2019/09 has been discussed and approved by the Board of Directors of our company, the assumptions that were based on the determination of the price of the public offering are whether realized, if not, it is the evaluation report that indicates why it did not happen.

2. Justification & Instructions

According to article 29 paragraph 5 of share communiqué no VII-128-1 of Capital Markets Board, company's shares which was the first time publicly offer, all the two years around after their shares started to traded on the stock exchange within ten business days after the public disclosure of the financial statements, it should prepare an evaluation report which includes the assumptions based on the determination of the price of the public offering are whether realized, if not, why it did not happen and it should public related report on their web side and in the public disclosure platform.

Our Company' shares started to trade on Borsa İstanbul on May 04, 2017. In the price determination report was published by Metro Investment which was intermediary for public offering, on public disclosure platform on 19/04/2017, our Company's value and offer price was determined to use "trading multiples" and "discounted cash flows analysis (dcf analysis)" methods

3. Assumptions and Assessments

Trading multiples Method

According to this method was used by the investment company, estimated statement of the company's data for the date of 31/12/2019 is as follows:

		ACCORDING TO 31.12.2018 & 31.12.2019 DATA'S				ACCORDING TO 31.03.2018 & 31.03.2019 DATA'S	
COMPANY DATA'S	31.12.2018 (TL)	2019 Year-End Forecast (TL)	2019 Year- End Forecast (% Change)	31.03.2018 (TL)	31.03.2019 (TL)	First Quarters (% Change)	
Net Profit	12.236.429,00	13.799.340,00	12,77%	614.002,00	3.449.835,00	461,86%	
Equity	52.597.045,00	66.396.385,00	26,24%	41.076.213,00	56.101.141,00	36,33%	
Revenue	35.714.280,00	43.902.944,00	22,93%	5.944.617,00	10.975.736,00	84,63%	
EBITDA	13.973.076,00	16.470.564,00	17,87%	1.524.995,00	4.117.641,00	170,01%	

In Financial Statement of 31/03/2019; when forecast Net Profit is examined, net profit amount is expected to increase by 12.77% compared to the end of 2018. When data in the first quarter of 2018 were compared with the data in the first quarter of 2019, it is understood that there is an increase by 461,86 %.

At the end of 2019, equity is expected to increase by 26,24 %. When data in the first quarter of 2018 were compared with the data in the first quarter of 2019, it is understood that there is an increase by 36,33 %.

When sales are examined, at the end of 2019, 22,93 % is expected to increase to the end of 2018. When the data in the first quarter of 2019 are compared, it is understood that there is an increase by 84,63 %.

When EBITDA is examined, at the end of 2019, it is expected to increase by 17.87% compared to the end of 2018. When the data in the first quarter of 2019 are compared, it is understood that there is an increase by 170.01%.

Discounted Cash Flows Analysis (DCF)

In determining the market value of the company, growth in sales, terminal growth, cost of sales, borrowing rate, after-tax cost of debt and cost of capital were analyzed and reached a conclusion with this method has been used by the investment company.

Statement of Income Analyze

STATEMENT OF INCOME		ACCORDING TO 31.12.2018 & 31.03.2019 DATA'S				ACCORDING TO 31.12.2018 & 31.03.2019 DATA'S	
PROFIT OR LOSS SECTION	01 January- 31.December 2018 (TL)	2019 YEAR-END FORECAST (TL)	2018-2019 YEAR-END ESTIMATED % CHANGE	01 January- 31 March 18 (TL)	01 January- 31 March 19 (TL)	FIRST QUARTER % CHANGE	
CONTINUING OPERATIONS							
Revenue	35.714.280	43.902.944	22,93%	5.944.617	10.975.736	84,63%	
Cost of Sales (-)	-20.129.581	-26.997.072	34,12%	-3.441.543	-6.749.268	96,11%	
Gross Profit (Loss) From Commercial Operations	15.584.699	16.905.872	8,48%	2.503.074	4.226.468	68,85%	
General Administrative Expenses (-)	-4.721.448	-4.297.352	-8,98%	-1.129.151	-1.074.338	-4,85%	
Marketing Expenses (-)	-882.094	-1.055.452	19,65%	-127.708	-263.863	106,61%	
Research and Development Expense (-)	-15.971	0	-100,00%	-583.957		-100,00%	
Other Income from Operating Activities	2.658.337	4.915.180	84,90%	303.085	1.228.795	305,43%	
Other Expenses from Operating Activities (-)	-826.229	-804.352	-2,65%	-81.702	-201.088	146,12%	
PROFIT (LOSS) FROM OPERATING ACTIVITIES (-)	11.797.294	15.663.896	32,78%	883.641	3.915.974	343,16%	
Investment Activity Income	196.580	1.610.804	719,41%	50.068	402.701	704,31%	
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	11.993.874	17.274.700	44,03%	933.709	4.318.675	362,53%	
Finance Costs	-649.478	-587.032	-9,61%	-154.555	-146.758	-5,04%	
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	11.344.396	16.687.668	47,10%	779.154	4.171.917	435,44%	
Tax (Expense) Income, Continuing Operations	892.033	-2.888.328	-423,79%	-165.152	-722.082	337,22%	
PROFIT (LOSS) FROM CONTINUING OPERATIONS	12.236.429	13.799.340	12,77%	614.002	3.449.835	461,86%	

As it can be seen from the above statement of income, revenue amount is expected to increase by 22,93 % by the end of 2019 compared to the end of 2018. When data in the first quarter of 2018 were compared with the data in the first quarter of 2019, it is understood that there is an increase by 84,63 %.

When operating profit is examined, at the end of 2019, 32,78 % is expected to increase to the end of 2018. When data in the first quarter of 2018 were compared with the data in the first quarter of 2019, it is understood that there is an increase by 343,16 %.

When net profit is examined, at the end of 2019, 12,77 % is expected to increase to the end of 2018. When data in the first quarter of 2018 were compared with the data in the first quarter of 2019, it is understood that there is an increase by 461,86 %.

4. Conclusion

As it can be understood from the two tables, The results of the first quarter of 2019 and the results of 2018 show parallelism with “Assumptions Based on Determination of Public Offering Price ”. It is thought that there will be an increase in data's are related to finalized within the year and forecast data is thought to be in the direction of an increase.

Considering the first quarter data, it was found that the 2019 year-end forecasts were almost directly proportional to the assumptions in the Price Determination Report. It has been approved by the Board of Directors that the “Price Determination Report” prepared by the Investment Company accurately reflects our financial position.