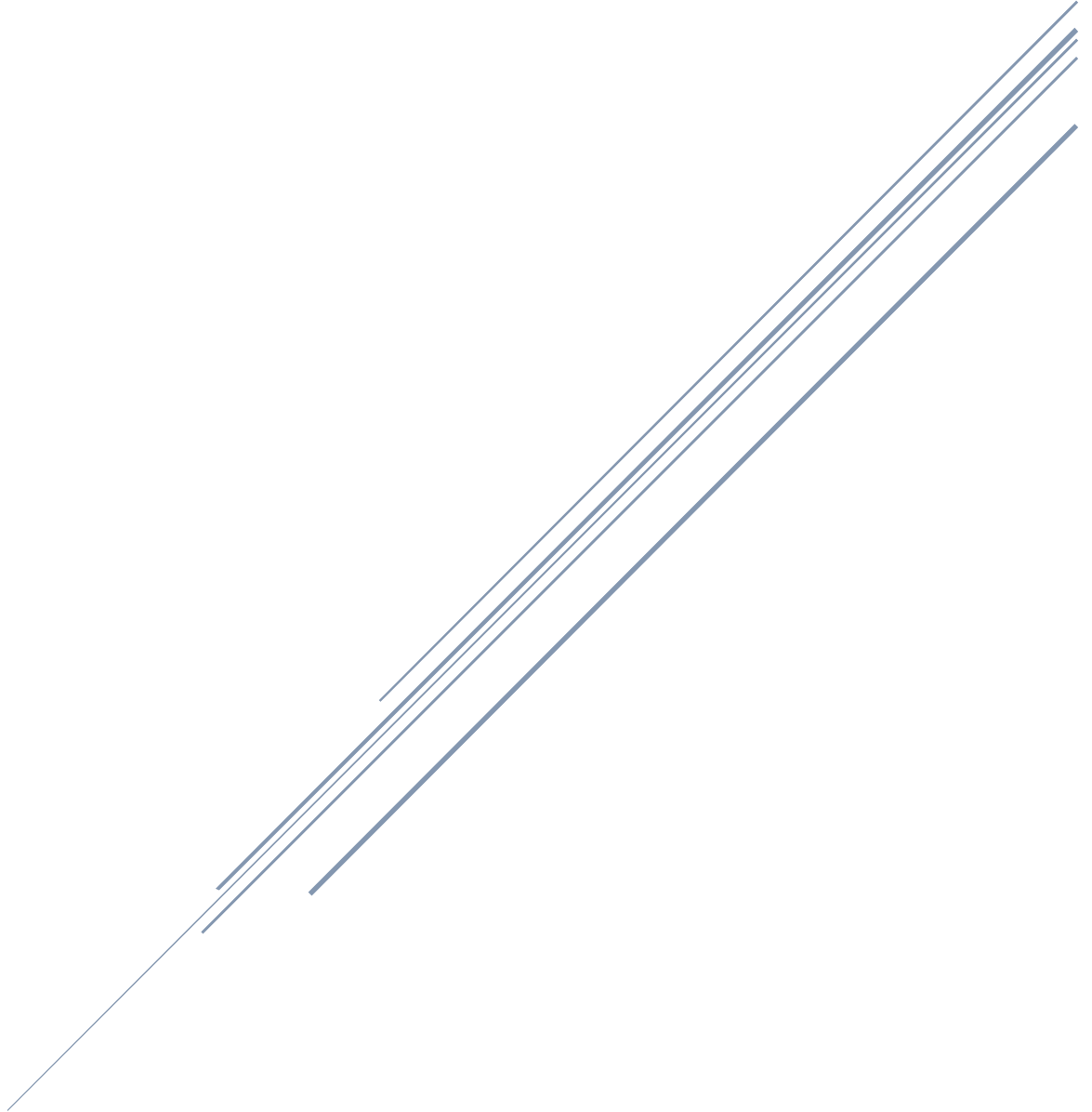


KAFEİN YAZILIM HİZMETLERİ TİCARET A.Ş.

ACTIVITY REPORT 30.09.2022



Index

I. GENERAL INFORMATION	2
a) About Kafein	2
b) Reporting Period	2
c) Registry Information	3
d) Area of Activity	3
e) Capital and Partnership Structure	10
f) Preferred Shares and Explanations for the Voting Rights of Such Shares	10
II. INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT ...	12
a) Board of Directors, Senior Management and Personnel Information	12
b) Organization Chart	15
III. INFORMATION ABOUT THE OPERATIONS	16
a) Information about the Share Buy-Back	16
b) Information about Private and Public Audits	17
c) Donations and Grants	17
d) Information about the Group Involving the Company	17
e) Information about the Affiliates, Subsidiaries and Financial Investments	17
f) Amendments to the Articles of Association within the Period	18
IV. RESEARCH AND DEVELOPMENT ACTIVITIES	19
V. FINANCIAL INFORMATION	24
a) Information about the Financial Condition and Operations	24
b) Financial Information Summary	24
c) Information about Dividends	25
VI. RISKS AND EVALUATION BY THE BOARD OF DIRECTORS	26
VII. DEVELOPMENTS WITHIN AND FOLLOWING THE PERIOD	28
VIII. OTHER ISSUES	30

I. GENERAL INFORMATION

a) About Kafein

Kafein Yazılım Hizmetleri Ticaret A.Ş. (Kafein; the Company) was founded in 2005 to develop software solutions. Having always focused on customer satisfaction, Kafein offers Telecommunication BSS (Business Support System), application development, test / test automation, project management, turnkey software solution, consultancy, outsourcing and managed services as well as data analysis, data mining and data archiving services. Kafein has always maintained its growth since establishment and improved competencies each and every year. Kafein continues operations in strict conformance with quality standards and methodologies. Among the institutions that benefit from the services by Kafein, there are the biggest telecommunication companies, insurance companies, banks, international retail and manufacturing companies of Turkey.

MISSION

To contribute to the development of the industry by offering high quality services and turnkey solutions and products to corporate firms based on Service Level Agreements (SLAs).

VISION

To serve as the pioneering service and product provider company in all the telecommunication, energy and financial industries and be the most preferred company among the leaders of such industries.

TARGET

To grow with clients by adding value to them.

b) Reporting Period

This report covers the information of the period between 01.01.2022 and 30.09.2022.

c) Registry Information

Trade Name	Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi
Date of Establishment	26.08.2005 - Istanbul, TURKEY
Paid Capital	TRY 19.750.000
Authorized Capital	TRY 200.000.000 (Two Hundred Million Turkish Lira)
Trade Registration No.	ISTANBUL - 563336
Tax Office and Number	ESENLER - 487 051 8539
Address	Head Office: Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No:151/1B İç Kapı No: B01 Esenler İstanbul Ankara Branch: Aşağı Öveçler, 1309. Sk. No:5 D:6 06460 Çankaya/Ankara
Telephone / Fax	0212 924 20 30 / 0212 483 70 27
Website	www.kafein.com.tr
Area of Activity	Software Development
NACE Code	62.01.01 (Computer Programming Activities)

d) Area of Activity

Kafein Yazılım Hizmetleri Ticaret A.S. is engaged in software services. The fields of activity of the Company can be analysed under the following six items:

1. Managed Services
2. Turnkey Solutions
3. Outsourcing Services
4. Technology & Software Development
5. Software Product (License) Sales
6. Innovative Products and Services

Kafein carries out all the operational processes according to the ISO 9001 quality management system and offers services in compliance with these processes. The Company provides turnkey solutions in insurance, transportation, banking, tertiary and, in particular, telecommunication industries.

1. Managed Services

Managed service is the management of a part of the IT system of a company on behalf of a client and rendering it as a service. All or a part of software development, analysis, test and operation services can be considered as managed services. Managed services also include personnel supply, employment, and management. The difference between personnel supply under managed services and standard employment is as follows:

Outsourcing	Managed Services
Personnel selection is made by the client.	Personnel selection is made by the supplier company.
Performance review is made by the client.	Performance review is made by the supplier company.
The number of personnel is defined by the client.	The number of personnel is defined mutually; the goal is to render services.
A mixed team is established for the same purpose and goal.	The team consists of a single company.
Fund of knowledge is transmitted in a limited way.	Fund of knowledge is created within the company.
Payment is made according to the days of work by personnel.	Payment is made according to the rendered service.

Kafein offers managed services and assigns a team for software development, analysis, test, and operation in accordance with a Service Level Agreement (SLA) to be concluded with the client. The quality of these services is measured with the comparison of key performance indicators mutually defined by the parties.

This approach attributes the cost of work and personnel to Kafein. Therefore, it serves not only as an approach to reduce management costs but also as a competitive element that improves performance and efficiency.

Thanks to the knowledge and experience acquired with managed services, Kafein has become one of the key suppliers according to the clients. This ensures longer terms of business and agreements for Kafein.

2. Turn-Key Solutions

Kafein offers turnkey solutions tailored for the needs of clients. These solutions are implemented by a project team specially established for the purpose. With turnkey solutions, software development and integration requests are completed and offered for use within a particular time as defined by clients. These activities are performed with a certain discipline and method by a special team. With these projects, Kafein offers the softwares developed by the Company or business partners to the clients of telecommunication, service, insurance and transportation industries, in particular.

In this sense, Kafein implements the project management methodologies that are accepted as the industrial standards. These methodologies are identified with the consideration of the complexity and size of projects, the profile and structure of clients, and the parameters to be regarded for the project team. Similarly, project managers use various management tools throughout the projects.

In general, a project management process consists of the following stages:

- Identification and analysis of client needs - Scope Analysis
- System analysis and design
- Solution development, adaptation, or integration
- Tests
- Commissioning
- Formation and maintenance of operation and maintenance processes
- Project closing, lessons learned and process evaluation
- Observation process

3. Outsourcing Services

Kafein employs and assigns personnel according to the knowledge and experience levels required by clients. The personnel assigned to render services are selected by clients from among the proposed candidates. In this service, client is the party responsible for the management of a dedicated Kafein team and also undertakes the risk for the quality and completion of works.

4. Technology & Software Development

Kafein evaluates client needs and technological developments and continues R&D activities in technology and product development areas. In this regard, the Company evaluates the support and incentives by TUBITAK, KOSGEB and similar other institutions, and aims to

contribute to the national software vision of Turkey. The developed products and technologies do not only meet the demands of the national market but are also intended for export. Kafein attaches great importance to the following four areas.

- Internet of things
- Big data analysis
- Mobile Applications
- Security

5. Software Product (License) Sales

Kafein has been engaged in license sales in Turkey as the business partner of many international software and technology companies. Having initiated license sales in Turkey by collaborating with the leading companies of the relevant industries, the Company expands its operations to abroad.

6. Innovative Products and Solutions

Robotic Process Automation

Robotic Process Automation is the repeatable handling of the systematic processes and operations carried out by the employees through the software robot and the automatic realization of the learning method. Various technical inquiries or calculations, records and transactions are repeated by simulating an employee's behaviour. Robotic Process Automation improves service quality by eliminating errors in operations and saves considerable time and cost for manual and repetitive tasks.

End to End Solution to Protection of Personal Data

It enables organizations to discover sensitive data, to configure them correctly, to process them effectively and to store them in compliance with the provisions of the Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR) and in accordance with legal requirements.

Cyber Security and Kafein All-in Cyber Brand

Cyber Security can be defined as aggregated methods, Technologies and processes that help to protect the privacy, integrity and availability of digital assets, networks and data against cyber-attacks or unauthorized access. The main purpose of cyber security is to protect all corporate assets from both external and internal threats and disruptions caused by natural disasters.

All-in Cyber, the brand of Kafein Technology for cyber security solutions, is cyber security consulting firm that offers an end-to-end solution partnership in risk-operation and cost management of institutions, which integrates human, process and technology concepts against cyber-attacks by increasing the information security levels of institutions with its cyber security solutions. The long-term goals of the department are to provide cyber security services in the Turkic Republics, especially in Azerbaijan, to produce domestic and national cyber security products, to establish an academy and train talented young people in this field to position them in customer locations, and to be one of the competent Cyber Security Integrators in Turkey. The All-in Cyber brand can be accessed by the following link: www.allincyber.com The services provided are as follows:

- Advanced Persistent Threat (APT) and Malware Analysis
- Managed Endpoint Monitoring and Forensic Analysis
- E-Mail Security and Management
- Security Verification
- Protection, Detection and Response in the Entire Chain of Attack
- Cyber Threat Intelligence Integration

Smart Sentiment Analysis

Smart Sentiment Analysis enables the recognition, comprehension, and classification of visitor sentiments with the immediate analysis of real-time images. Smart Sentiment Analysis makes it possible for institutions to understand their customers and offer the correct service.

In addition, with the artificial intelligence supported profile analysis (Profile Photo Analyse) developed by Kafein Technology, photographs can be evaluated in terms of face, composition, and image quality. The relevant application can be accessed at www.analyzephoto.com

Insurance Management System

With the Insurance Management System, which enables effective follow-up of the insurance inventories and policies of the institutions, the unnecessary document burden is eliminated, and it becomes much easier to access the relevant institution or person information. At the same time, while the premium management can be done through this system, it provides follow-up and analysis supported by monthly reports.

K-BI

K-BI is a business intelligence platform that can automatically prepare performance-based analysis and reporting of companies according to anticipated needs. Instant up-to-date data can be obtained through K-BI, comprehensive graphics can be prepared with 3D visualizations and detailed comparisons can be made.

K-Award

K-Reward is a system based on evaluating the work performance of the employees of the institution and all kinds of behavioural activities within the company by scoring. The K-Reward system, which is based on gamification principles, is carried out in integration with the human resources unit.

Foramind

Foramind is an "Online Mind Mapping Platform". It is the first domestic product of Mind Maps, which is one of the rising and gaining development tools in the world. Mind mapping is an effective technique that helps you visualize your thoughts and communicate them to others. It can be used for problem solving, planning, review, and presentations.

Corporate Directory Application

The Corporate Directory application is a guide application that organizations can easily use regardless of its size and that allows all employees to access each other easily. Compatible with many operating systems, the application easily integrates with corporate directories and list. With the application, even if the number is not stored in the phone memory, employees can access other people in the organization and see who the number belongs to when the call is received.

Test Data Management (TDM)

The TDM product developed by Kafein is used in corporate companies to generate test data. Digitization and increasing application need lead to an increase in test data production needs. It is possible to produce test data independent of real data and fully compliant with regulations, with the Test Data Management (TDM) product, which imitates real data of institutions and creates data sets. The product developed by our company was included in the product catalogue of the global software provider Micro Focus LLC on 19.04.2021 to be sold all over the world.

Microreporter

It is an integrated reporting product capable of dynamic reporting. With Micro Reporter, reports specific to the company and its needs can be created quickly and accurately. With the application, the reports can be exported to Excel, each user can view the reports within their authorization, reports can be customized with the filtering feature, as many reports as desired can be generated on a report. In addition, any data can be watched on screens with the SQL queries created.

Face Recognition System

Today, it is obvious how important target audience behaviours and habits are in determining service policies and sales strategies. Face Recognition System is one of the methods of accurately analysing these behaviours and habits. This system, which makes instant evaluations, enables demographic analysis, and provides an infrastructure for evaluating which season and how often people tend to visit and their periodic conversion rates, while also enabling security elements to be activated.

Parkinson Care

The purpose of this project is to offer an analytical solution to support the remote follow-up of the treatment processes of Parkinson's disease which is a chronic disease. Supported with data mining, image processing and artificial intelligence, the target is to develop a mobile platform which can be used by patients, relatives, and physicians. In particular, the invention relates to a system and method that evaluates the disease level with the help of artificial intelligence and enables patients to perform and evaluate UPDRS (Unified Parkinson's Disease Rating Scale) tests independently of time and place.

Dataskope – Database Activity Monitoring and Prevention

Dataskope is a database activity monitoring and prevention product. The product detects, classifies, generates alarms, and reports events occurring in database systems without turning on the audit feature. By providing access to information about who has accessed sensitive data and what actions are taken at what intervals, it ensures that the authorities are informed about the events with predefined alarm rules.

Corporate Portal

The goal of Corporate Portal is to facilitate intra-corporate processes and lighten the load of the teams in charge of these processes. With Corporate portal you can track the recent updates in your firm closely, reach all sorts of screens about your company and quickly complete all your tasks. It has the flexible dynamic workflow construct which is crafted based on the corporate organizations structure and can be updated by the human resources department.

IntraPrise

Intraprise is a platform that has been created to work in integration with other systems and is compatible with in-house resource management programs. Personal news and announcements, links and procedures, graphic analyses can be accessed via the platform; operations such as calendar organization and job tracking can be done.

e) Capital and Partnership Structure

The issued capital of Kafein Yazilim Hizmetleri Ticaret A.S. consists of 19.750.000 shares with TRY 1.00 as the nominal value of each share.

By 30.09.2022, the distribution of the issued capital of Kafein among the partners is as follows:

Shareholder	Group A	Group B	Group C	Total Capital Amount (TRY)	Capital Share (%)	Voting Right (%)
Ali Cem Kalyoncu	183.333	183.333	4.573.716	4.940.382	25,01	40,48
Publicly Held / Other			14.809.618	14.809.618	74,99	59,52
TOTAL	183.333	183.333	19.383.334	19.750.000	100,00	100,00

f) Preferred Shares and Explanations for the Voting Rights of Such Shares

As specified under article 7 of the Articles of Association, the shares of the Company are classified under three groups as Group (A), (B) and (C) shares. Group (A) and (B) shares are registered shares and represent the special rights and privileges defined in the Articles of Association. Group (C) shares are bearer shares and are not furnished with special rights and privileges.

According to article 9 of the Articles of Association, 2 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 6 or 7 members. Similarly, 3 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 8 members.

One among the Group A shareholders or a person assigned by them takes office as the Chairman of the Board while one among the Group B shareholders or a person assigned by them serves as the Vice Chairman of the Board.

As specified in article 15 of the Articles of Association, each and every Group A and B shareholder has 15 (fifteen) voting rights except for board member elections while each and every Group C shareholder has 1 (one) voting right in the ordinary and extraordinary general assembly meetings.

II. INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Board of Directors, Senior Management and Personnel Information

BOARD OF DIRECTORS		
Full Name	Role	Current External Assignments
Ali Cem Kalyoncu	Board Chairman	· Netsite İletişim ve Elektronik Sistemleri San. ve Tic. A.Ş. Managing Partner and Vice Chairman · Intranet Yazılım A.Ş. Board Chairman · Karmasis Bilisim Cozumleri Tic. A.Ş. Board Chairman
Neval Onen	Vice Chairwoman	· Intranet Yazılım A.Ş. Board Member · Karmasis Bilisim Cozumleri Tic. A.Ş. Board Member
Hatice Sevim Oral	Board Member	-
Kenan Subekci	Board Member	· Birlik Insaat Otomotiv ve Bilisim Hizm. , Controlling Shareholder
Ibrahim Semih Arslanoglu	Independent Board Member	-
Murat Ethem Sümer	Independent Board Member	· Escar Filo Kiralama Hizmetleri A.Ş. Financial Affairs Director

Ali Cem Kalyoncu (Board Chairman - Director General)

Ali Cem Kalyoncu was born in 1960 and is an alumnus of the Electronics Engineering department, Istanbul Technical University. Later, he got his master's degree from the Autocontrol and Computers department Istanbul Technical University Institute of Science. As part of his professional career, he took office in Nixdorf A.Ş. as a Service Engineer, Digital Equipment Türkiye A.Ş. as Service Manager, and Datapro A.Ş. as a Director General and Managing Partner. Ali Cem Kalyoncu holds office as the Board Chairman and Director

General of Kafein Yazilim Hizmetleri Ticaret A.S.

Neval Onen (Vice Chairwoman of the Board - HR & Administrative Affairs Manager)

In 1989, Neval Onen started her professional career as a part-time sales representative in Danisman Bilgisayar. Later, she also served as an Administrative Affairs Officer under the same company. In 1994, she was employed by 4K Bilgi Islem as a Sales Representative where, in 1997, she held office in the Oem Department as the Sales Manager. In 2000, she started to serve as the IT Sales Manager in Genpa. Subsequently, she started to work under the project sales department of Datapro A.S. in 2002. In 2003, she was assigned by Datapro as the Sales and Customer Services Manager responsible for the relations with IBM, Fujitsu Siemens, Kodak, Oki, Epso and HP companies. She holds office under Kafein Yazilim Hizmetleri Ticaret A.S. since 2008, and currently serves as the Vice Chairwoman and HR & Administrative Affairs Manager of the Company.

Hatice Sevim Oral (Board Member - Accounting Manager)

Hatice Sevim Oral was born on 22.12.1964, in Malatya. She graduated from Malatya Trade Vocational School in 1981, School of Economics and Administrative Sciences of Inonu University in 1982 and Business Administration Department (Open Education Faculty) of Anadolu University in 2019. She served as a Chief Accountant under Onur air - TK Air between 1992 and 1994; Financial Affairs Manager under Akdeniz Airlines between 1995 and 1996; Internal Auditor under Cenajans Grey Reklamcilik A.S. between 1997 and 1999; Specialist Accountant under the Banks Association of Turkey between 1999 and 2002; and Assistant Accounting Manager under Datapro A.S. Between 2005 and 2008. Since 2008, she has held office as the Accounting Manager of Kafein Yazilim Hizmetleri Ticaret A.S.

Kenan Subekci (Board Member - IT, Administrative Affairs and Purchasing Manager)

Kenan Subekci was born in 1979. Subekci graduated from the Department of Electronics of Abant Izzet Baysal University and the Department of Labour Economics and Industrial Relations of Anadolu University. He took office in Datapro A.S. as a Broad Service Officer, and in Probil A.S. as a Team Leader and Project Officer. Kenan Subekci currently holds office as the Board Member and IT, Administrative Affairs and Purchasing Manager of Kafein Yazilim Hizmetleri Ticaret A.S

Murat Ethem Sümer (Independent Board Member)

He was born in 1964 in Ankara. He graduated from Galatasaray High School in 1984 and from Marmara University, Business Administration Department in 1989. After graduating from university, he worked in the tourism sector and Cankurtaran Holding for a while. In

1992, He started to work as a Financial Analyst in the Digital Equipment Turkey A.S. and participated in the International Education Program, equivalent to an MBA, at the Digital Management Institute between 1995-1998 during his tenure. After working at the head office in England for one year, he worked as the Turkey Country Finance and Administrative Affairs Manager of the same company. He continued his career as CFO at Vestel Companies Group Information Technologies department, Universal Music Group Turkey and T-Systems Turkey, respectively. After working as Business Operation Lead in Microsoft Turkey C&O unit, he has been working as CFO at Escar Filo Kiralama Hizmetleri A.S. He is fluent in English and French.

Ibrahim Semih Arslanoglu (Independent Board Member)

Ibrahim Semih Arslanoglu was born in Adapazari in 1948. He previously acted as a manager in Intel, TeleMedia Grup, Digital Equipment Corporation USA, AT&T Capital Corporation and SeaChange International. Arslanoglu gave lectures on International Business ve Marketing and Computer Sciences for seven years in Boston University's Metropolitan College and got his master's degree from California State University after graduating from the department of "International Marketing and Computer Sciences"

a. Senior Management and Personnel

The senior management of the Company consists of the Chairman of the Board, Board members and other managers acting as directors general.

Senior Management	Title
Ali Cem Kalyoncu	Chairman of the Board; General Manager
Neval Onen	Vice Chairwoman of the Board; HR and Administrative Affairs Director
Kenan Subekci	Member of the Board; IT, Administrative Affairs and Purchase Manager
Hatice Sevim Oral	Member of the Board; Accounting Manager
Murat Ethem Sümer	Independent Board Member
Ibrahim Semih Arslanoglu	Independent Board Member
Ozlem Tibet	Sales Manager
Ilker Kinaci	Sales Manager

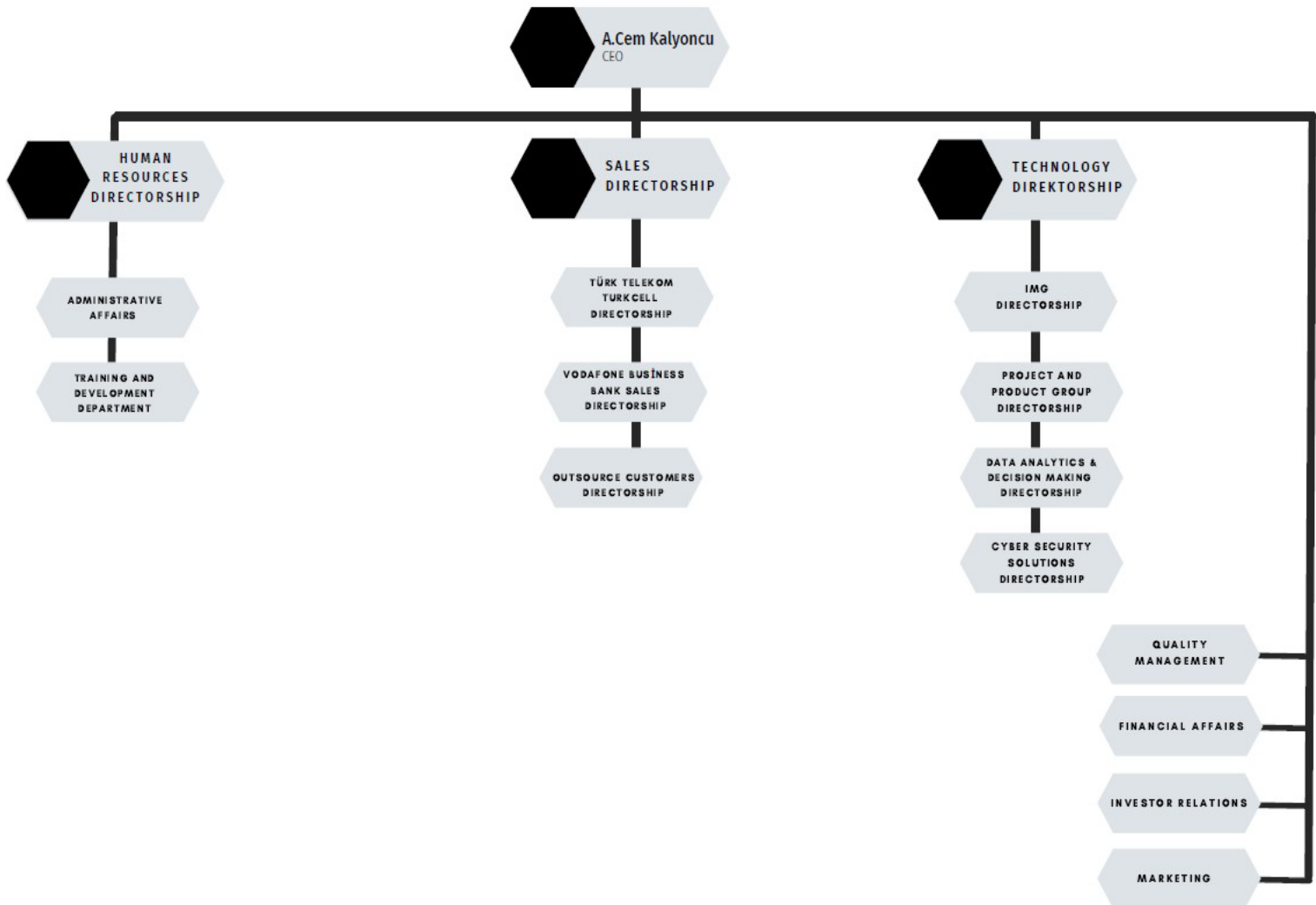
Tugrul Gokcen	Sales Manager
---------------	---------------

For the period ending on 30.09.2022, the total amount of the attendance fee and similar other benefits granted to the board chairman, board members and senior management is 4.256.638 TRY. (30.09.2021: 3.619.839 TL)

On 30.09.2022, the company's average number of employees working during the year is 656 (December 31, 2021: 622)

b) Organization Chart

ORGANIZATION CHART



III. INFORMATION ABOUT THE OPERATIONS

a) Information about the Share Buy-Back

Based on the resolution taken by the Board of Directors dated 25.02.2022 and numbered 2022/05, It has been decided to repurchase its shares on the Stock Exchange with respect to the announcements made by the Capital Markets Board of Turkey on 21.07.2016 and 25.07.2016 and within the framework of the "Communiqué on Buy-Backed Shares" numbered II- 22.1, initiate the buyback program regarding our Company's shares traded on BIST, since our share values in Borsa Istanbul (BIST) do not reflect the actual performance of our Company's operations, determine the maximum number of shares, which may be subject to the buyback as 500.000 and determine the maximum amount of funds to be allocated for the share buyback as TRY 10.000.000 and to finance respective share repurchases from the Company's internal resources.

In this context, the summary table regarding the buy-backed shares during the buy-back program is as follows. Within the scope of the share buyback program, a total of 119.000 shares (capital ratio 0,60%) were bought for a total of 2.159.250 TL, all of which were covered from internal resources.

Transaction Date	Nominal Value of Shares Subject to Transaction (TRY)	Transaction Type	Transaction Price (TRY / Unit)	Total Amount (TRY)	Ratio Of Shares Subject to Transaction to Capital (%)
25.02.2022	109.000	Buying	18,12 - 18,274	1.981.250	%0,55
28.02.2022	10.000	Buying	17,80	178.000	%0,05
Total	119.000	Buying	-	2.159.250	%0,60

Based on the resolution taken by the Board of Directors dated 21.10.2022 and numbered 2022-23, the share buyback program is terminated which was initiated on 25.02.2022 as a result of the price formed in our company's shares.

Disposal of Buy-Backed Shares summary table is as follows:

Transaction Date	Nominal Value of Shares Subject to Transaction (TRY)	Transaction Type	Ratio Of Shares Subject to Transaction to Capital (%)	Transaction Price (TRY / Unit)	Ratio Of Remaining Shares to Capital (%)
25.10.2022	500	Selling	%0,003	30,12	%0,60
25.10.2022	500	Selling	%0,003	30,14	%0,597
25.10.2022	1.000	Selling	%0,005	30,1	%0,592
Total	2.000	Selling	%0,010	30,12 (Av.)	%0,592

b) Information about Private and Public Audits

The internal control system and internal audit activities of the Company is regularly checked and carried out by Finans Denetim Yeminli Mali Musavirlik A.S.

In the Ordinary General Assembly Meeting held on 18.04.2022, Kavram Bagimsiz Denetim ve Danismanlik A.S. was assigned as the Independent Auditor to perform the audit and other relevant procedures in the financial year of 2022 in accordance with Turkish Code of Commerce, Capital Markets Regulation, and other relevant regulations.

c) Donations and Grants

There is no donation or aid made within the period.

d) Information about the Group Involving the Company

The Company is not a part of an association of companies.

e) Information about the Affiliates, Subsidiaries and Financial Investments

· **Intranet Yazilim A.S. (%51)**

On June 13, 2017, Intranet Yazilim A.S. was established by Kafein Yazilim Hizmetleri Ticaret A.S. The company was registered on the same date. The main fields of activity of Intranet Yazilim A.S. include research and consultancy services as regards to quality management, information technology and system integration; product and service design, development, manufacture, and assembly in any field of computer industry and information technologies; consultancy in information technologies and similar other subjects and projects; and project management and control. Kafein Yazilim Hizmetleri Ticaret A.Ş. has 51% majority share of Intranet Yazilim A.Ş. The subsidiary is consolidated according to the full consolidation method.

· **Karmasis Bilisim Cozumleri Ticaret A.S (%51)**

The main activity of Karmasis Bilişim Çözümleri Ticaret A.Ş., which was established in 2003, is to produce information processing software, to sell the usage rights as the owner of these software, to carry out training activities on information processing and software, and to provide consultancy services on these issues if necessary. On 12 November 2020, Kafein Technology purchased %51 of Karmasis for a price of 45.390.000 TRY and include it into the scope of consolidation with a full consolidation method starting by the financial

statements of the period ending as of 31 October 2020.

· **Papilon Savunma Teknoloji ve Ticaret A.Ş. (%11)**

On 24.11.2020, Kafein Technology, purchased non-trading shares of Papilon Savunma Teknoloji ve Ticaret A.S. with an amount of 71.465.625 TRY by 18,90 TRY per share. The acquiring transaction covers 3.781.250 shares which comprises %11 of capital that has a non-public offering situation. The said investment is valued at the best pending purchase price in BIST on the balance sheet date, and its fair value is recognized in income/expenses from investment activities.

f) [Amendments to the Articles of Association within the Period](#)

According to the Board of Directors Decision dated 24.01.2022 and numbered 2022/02; It is decided to move the company's head office address from "Yıldız Teknik Üniversitesi Teknoloji Geliştirme Bölgesi Davutpaşa Kampüsü C1 Blok K 2 No 403 Esenler İstanbul" to "Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok N151/1B İç Kapı N B01 Esenler İstanbul" and to amend the Article 3 of our Company's Articles of Association titled “Headquarters and Branches”.

The said amendment text is approved by the Capital Markets Board by the letter dated 08.02.2022 and numbered E-29833736-110.03.03-16927 and by the T.R Ministry of Commerce by the letter dated 21.02.2022 and numbered E-50035491-432.02.-00072114761, approved on general assembly meeting dated 18.04.2022, registered by the Istanbul Trade Registry Office on 22.04.2022 and published in the Turkish Trade Registry Gazette numbered 10568 and dated 27.04.2022.

IV. RESEARCH AND DEVELOPMENT ACTIVITIES

Lists of projects completed or under development within the period of 01.01.2022 - 30.09.2022 in Yıldız Technical University Technology Development Zone, where Kafein provides services within the scope of R&D, are listed below in chronological order:

#	Project Name	Date of Commencement	Date of Completion	Project Summary/ Purpose
1	<i>Smart Assistant</i>	<i>16.03.20</i>	<i>16.03.22</i>	<i>The project aims to use artificial intelligence in order to ensure the understanding of customer needs and appropriate response to such needs with a customer-based approach. The areas using smart assistant include reminder services, audible reading of messages, location services, voice calls and message writing processes.</i>
2	<i>Smart Warehouse and Field Counting Project</i>	<i>07.12.21</i>	<i>15.10.22</i>	<i>An Android-based Mobile application and web project is designed for the execution and reporting of the counting operations of the fields located throughout the country and for the inventory counting to be carried out in the warehouses of the institutions in need.</i>
3	<i>Telco Online Processing Centre, Phase IV</i>	<i>02.06.20</i>	<i>31.10.22</i>	<i>The project aims to carry out the authentication, session management, asset management and similar other processes of the web applications of the online processing centers of telecommunication companies from a single center by protecting and integrating Legacy systems with a secure system.</i>
4	<i>Collection Risk System Project</i>	<i>10.06.20</i>	<i>31.10.22</i>	<i>The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency. Furthermore, the project aims to re-develop former systems with new technologies.</i>

5	Interface Project	10.06.20	09.11.22	The project intends to improve monthly sales figures by renewing customers' cart and purchase screens on the website. Besides, the project ensures that customers are directed to desired subjects by using a webchat supported with artificial intelligence. This allows less labor and time for the call center.
6	Income Practices Control Project	29.11.20	29.11.22	The problems in customer IT systems regarding the applications which are working integrated with each other is one of the problems that are constantly experienced. It is aimed to develop a system that will ensure controls and keep statistics by following the revenue practices of our customers in IT systems, and to automate the actions to be taken in case of inconsistencies, preventing human error and minimizing errors that may cause income losses. For this, it is aimed to increase the success rate by using machine learning and Big Data analysis techniques in addition to the methods in existing software in the market. These techniques will be used to improve the sample subscriber list chosen for invoice control, aiming to prevent human error, detect incompatibilities between systems more effectively and minimize revenue loss.
7	Telco Script Project	29.11.20	29.11.22	In the project, it is aimed to attract more users by adding new modules to the application in order to create a social media platform together with the Telco customer. It is planned to include filtering and story modules on the pictures.
8	New Generation E-Commerce Platform Software Project Phase II	03.07.20	06.12.22	The project aims to develop the model which will ensure the best shopping experience according to the information collected from customers and products.

9	Digitalization Infrastructure Project for Telecommunication Companies Phase II	18.07.20	06.12.22	The project aims to ensure consistency among all the data on SMS, Online, IVR, mobile and similar other channels which are created by telecommunication companies in order to render better service, and to create a common infrastructure so as to ensure consistent client experience.
10	Telco Premium System Development Project Phase 2	01.07.20	31.12.22	With the project, a platform will be created where the customer can automate the premium processes and transparently present the outputs to the dealers. With the source system analysis, areas that may be subject to premium will be determined, related data will be taken considering the large data volume, a structure will be designed in which the calculation engine can work with performance, reporting layers will be created that dealers can access within their authority, and dealers will be able to see their current status.
11	Kafein Sentiment Analysis Project Phase II	13.07.20	31.12.22	The project aims to identify and categorize the sentiments expressed with facial mimics. For the algorithm to enable such categorization, we plan to use Convolutional neural network (CNN). Image processing parameters can comprehend and interpret data as designed beforehand. Using databases including various faces, the algorithm comprehends and analyses human sentiments by categorizing the shots received from video images.
12	Telco Siebel Sales Force Module Replacement	01.10.18	01.01.23	The project aims to automatize the communication between the sales team management system and team leaders/managers and their sales personnel and, thus, to create a more efficient and affordable solution.
13	New generation smart CRM Project	12.07.21	12.01.23	It is aimed to develop a simple and easy-to-use CRM platform that will enable institutions to manage their businesses quickly and securely from a single place. The SMART CRM Platform includes features such as revenue estimation,

				invoicing and reporting on the portal, and customer tracking.
14	Marketing Solutions Modules Project Phase II	14.09.20	25.01.23	It is aimed to improve the harmonized infrastructure within ICT and Marketing Solutions Portfolio of Telco customers, and to reduce the workload of the customer's teams by decreasing the received bug number within the customer and to make the modules more stable.
15	Telco Campaign Creator Module	01.02.21	01.02.23	It was developed for a telecommunications company. It is aimed to provide to end user an opportunity to create and use the packages they want by eliminating the necessity of choosing among the packages determined by the marketing teams.
16	Robotic Process Design	01.06.19	01.02.23	The project refers to the design and coding of all the procedures in Windows operated systems using RPA (Robotic Process Automation) technology. This project plans to minimize human errors in various procedures, finalize processes within a shorter time with robots and ensure continuous process standards.
17	Genesis ADM, Phase II	21.01.19	14.03.23	The project plans transition from on-premises systems to systems managed on cloud as part of the completion of new development requests and the transition to micro service infrastructure.
18	World Commodity Index (WCI) Development Project	18.03.21	18.03.23	It involves the development of a commodity exchange system for a Netherlands-based company. Instead of the existing Legacy system used by the company, it is aimed to develop a system suitable for the future and new usage patterns, thus increasing customer satisfaction and profitability of the company.
19	MSP Test Environments Management Project Phase I	01.07.21	01.07.23	It is aimed to create a new MSP test environment in order to present test applications related to the project and transformation processes of our Telco customer. With the shift left methodology to be made within the scope of the project,

				increasing efficiency in internal processes in all products and transformations, reducing response times, time saving, general process improvements and implementation of various accelerators and tools (such as artificial intelligence, machine learning, etc.) will be made.
20	Script Automation Project	13.07.21	13.07.23	The project intends to prepare automatic scripts by making Unix and DB optimizations so as to ensure stable and uninterrupted operation of test media. The alarm systems in the project will refer possible issues to relevant teams using an early warning system. The project will also ensure automatic case opening thanks to the integration of tools tested with the alarm system.
21	Personal Data Protection Law	04.12.19	26.08.23	The project covers all the technological procedures which are necessary for compliance with Personal Data Protection Law (KVKK), which is a version of GDPR (General Data Protection Law) of the EU harmonized according to the conditions in Turkey. Client ensures full compliance with the Personal Data Protection Law at the end of the project.
22	Microreporter Project	01.09.21	01.09.23	It is an integrated reporting product with dynamic reporting.
23	Weight and Balance Project	07.04.22	07.04.24	A software that can make more precise weight and balance calculations, save fuel, time and human resources, increase flight safety, and increase data reliability with source system integrations to be used in aircrafts.
24	Messaging Platform Meet Project	02.09.22	02.09.24	Meet application is an online video calling platform that can be used for both companies and individuals.
25	Reseller Management System Project	18.05.20	30.10.24	The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency.

V. FINANCIAL INFORMATION

a) Information about the Financial Condition and Operations

On 30.09.2022, the total assets of Kafein are equal to TRY 303.820.330 while total equities correspond to TRY 209.759.232. The Equity Attributable to Parent Company corresponds to TRY 192.621.702 while the same of the Non-Controlling Shares is equal to TRY 17.137.530.

The Company has TRY 33.431.295 period profit on 30.09.2022. Of this amount, TRY 28.586.956 belongs to the Share of Main Partnership while TRY 4.844.339 belongs to the Non-Controlling Shares.

As of 30.09.2022, the sales revenue is TRY 263.945.728 while the same was TRY 168.689.722 for 30.09.2021.

b) Financial Information Summary

Summary of Balance Sheet (TRY)	30.09.2022	30.09.2021
Current Assets	144.735.272	100.014.659
Cash and Cash Equivalents	14.926.689	13.500.626
Trade Receivables	73.909.284	46.992.958
Non - Current Assets	159.085.058	210.589.313
Total Assets	303.820.330	310.603.972
Short-Term Liabilities	65.666.407	74.290.409
Long-Term Liabilities	28.394.691	15.938.725
Equity Attributable to Parent Company	192.621.702	149.951.208
Equity Attributable to Non-Controlling Shares	17.137.530	70.423.630
Total Equities	209.759.232	220.374.838
Total Liabilities	303.820.330	310.603.972

Summary of Income Statement (TRY)	30.09.2022	30.09.2021
Sales Revenue	263.945.728	168.689.722
Gross Profit	67.676.296	48.448.361
General Administrative Expenses	(22.718.227)	(14.637.655)
Marketing Expenses	(8.336.005)	(141.322)
Research and Development Expenses	(5.075.046)	(12.007.472)
Other Operating Income	9.325.447	5.080.474
Other Operating Expense	(10.002.496)	(3.129.269)
Main Operation Profit	30.869.969	23.613.117
Income/Expense from Investment Activities	487.343	(37.296.178)
Operating Profit (or Loss) before Financial Income/Expense	31.357.312	(13.683.061)
Financial Income/(Expense)	4.136.042	96.734
Net Profit for the Period	28.586.956	(10.830.817)

c) Information about Dividends

During the Ordinary General Assembly Meeting held on 18.04.2022, it was agreed to distribute a total of TRY 1.000.000 of gross dividend among the partners according to the proportion of their shares after the allocation of the amounts to be assigned/paid from the profit of 2021 under the laws and the articles of association. It was also agreed to identify the starting date of dividend distribution as 25.04.2022.

VI. RISKS AND EVALUATION BY THE BOARD OF DIRECTORS

The risks with possible effects to the Company and the financial investments are as follows:

a) Industrial Risks

- There are certain legal regulations and restrictions which Kafein should comply with. Kafein is a company engaged in the software industry. The Turkish government grants certain privileges to the industry. However, these privileges may be removed in time, and the privileges granted to Kafein may decrease or completely disappear.
- The activities of Kafein may be subject to the effects of economic inconsistency. There may be political and/or economic inconsistencies in Turkey and the world. Kafein and the industry may be affected negatively and have retarded activities.

b) Operational Risks

- Kafein ensures sales revenue mainly from only a single industry. Although Kafein carries out sales transactions of electronic communication companies for more than 15 years, the Company is still subject to the risk of sectoral condensation. Certain issues which may arise in the electronic communication industry may affect Kafein negatively.
- The bidding stage of tenders and the commencement periods of undertaken projects may exceed prescribed times. In general, Kafein makes sales revenue by winning tenders and making project offers to clients. In case of extended bidding stage or longer project periods due to uncontrollable reasons may create a negative impact on the expected profitability of Kafein.
- There may be delays in tender and project preparation and implementation processes: Material errors during the preparation or price and specification evaluation processes of the tenders wherein Kafein ensures participation may lead to a failure in timely performance and/or decrease in profitability from a project.
- There may also be risks due to the location of the head office: The head and the R&D offices of Kafein are situated in the Technopark of Yildiz Technical University which takes place in Esenler, Istanbul. The activities of Kafein may be affected in case authorized bodies decide to move the Technopark or amend the relevant regulation.
- The operations of the softwares and business support systems developed by the Company fail. The operations of the softwares and business support systems developed by Kafein may fail. The Company's personnel may need to put effort for long periods so as to remove these failures.

c) **Other Risks**

Apart from the foregoing, the Company may be subject to various financial risks due to the activities. These are credit risk, liquidity risk and interest rate risk.

Credit Risk: Credit risk becomes a question when the other party cannot perform its contractual liabilities. For the current period, the Company's other short-term receivables from non-affiliated parties are TRY 1.178.458 while short-term trade receivables from non-affiliated parties are TRY 73.908.071

Liquidity Risk: Liquidity risk refers to the risk of failure to perform funding liabilities and arises from various reasons that lead to a decrease in fund sources such as undesired market conditions and/or decrease in credit score. For the current period, the Company's short- and long-term liabilities are TRY 65.666.407 and TRY 28.394.691 respectively, which corresponds to TRY 94.061.098 in total.

Exchange Risk: Exchange risk is the effect of the changes in exchange rates. For current period, Company is not under serious exchange risk since it has foreign asset position equals to TRY 11.179.518

Interest Rate Risk: Interest rate risk may occur when the changes in the interest rates of the market cause fluctuation in the price of financial instruments. Sensitivity to interest rate risk is associated with the inconsistency of the maturities of assets and liabilities to a great extent. The Company manages this risk with a natural measure which is ensured by balancing sensitive assets and liabilities. For the current period, the Company has TRY 14.926.689 cash and cash equivalents which are subject to interest risk.



d) **Risk Management**

The Company is under industrial condensation risk. Apart from that, the Company risk management plan focuses on the minimization of the negative effects of the uncertainties in financial markets on the Company's financial performance.

VII. DEVELOPMENTS WITHIN AND FOLLOWING THE PERIOD

- To be valid between 01.01.2022 - 31.12.2022, An Outsourcing Service Agreement was signed with a third-party insurance company with a total value of 2.950.000 TL.
- On 01.01.2022, a consultancy and service agreement were signed between the Company and “OTD Uluslararası Bilisim Teknolojileri Teknik Destek ve Danışmanlık Tic. Ltd”, as Aromsa Besin Aroma ve Katkı Maddeleri San. Tic A.S to be the end-user and to be valid until 31.12.2024.
- According to the Board of Directors Decision dated 24.01.2022 and numbered 2022/02, It is decided to move the company's head office address from "Yıldız Teknik Üniversitesi Teknoloji Geliştirme Bölgesi Davutpaşa Kampüsü C1 Blok K 2 No 403 Esenler İstanbul" to "Çifte Havuzlar Mah. Eski Londra Asfaltı Cad. Kuluçka Mrk. A2 Blok No: 151/1B İç Kapı No: B01 Esenler İstanbul".
- On 24.01.2022, a one-year Supplier Framework Agreement was signed with Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.
- On 01.02.2022, a one-year Software Service Framework Agreement was signed with Bewell Teknoloji San. ve Tic. A.S.
- On 11.02.2022, Within the scope of the Cyber Security Products Test and Certificates of the Turkish Cyber Security Cluster which is established under the T.R. Presidency of Defense Industries, the SIEM (Security Information and Event Management) Certification is received by our %51 subsidiary Karmasis Bilisim Cozumleri Tic. A.S.
- On 22.03.2022, the company signed a procurement agreement with overseas-based purchasing department of one of our corporate customers operating in Turkey, regarding the license sale and implementation of the "Dataskope" product of our 51% subsidiary Karmasis Bilişim Çözümleri Tic. A.Ş. for a total price of 870.000 USD + VAT. The contract covers the relevant license, installation, training and 3-year software update and maintenance support. Dataskope is a database activity monitoring and prevention product. The product detects, classifies, generates alarms, and reports events occurring in database systems without turning on the audit feature. By providing access to information about who has accessed sensitive data and what actions are taken at what intervals, it ensures that the authorities are informed about the events with predefined alarm rules.

- During the period, additional RPA (Robotic Process Automation) sales were made with a price of 800.000 TL to a third-party telecom customer.
- During the period, the number of our current 20 personnel working at a third-party telecom customer reached 50. The Kafein Academy program which covers the training of newly graduated young talents and ensures their participation in the sector, played a role in this growth.
- Two projects with a total price of 1.443.000 TL, one of which is 748.000 TL and the other is 695.000 TL, are signed in the field of Occupational Health and Safety of two third-party Telecom customers.
- On 29.04.2022 , our company has signed a partnership agreement with VAST Data, which is a company that provides real-time storage and access to application data.
- On 10.05.2022, a consultancy service contract was signed to remain in effect between 01.01.2022 and 31.12.2022 with Sampas Bilisim ve İletisim Sistemleri San. Tic. A.S.
- The company participated as a silver sponsor at the "Hacktrick Cyber Security Conference" held in Ankara on 27-29 May under the ownership of Information Technologies and Communications Authority.
- On 01.06.2022, "Data Virtualization Event" on Data Integration and Management was organized with Denodo Technologies, our company's American-based business partner.
- During the period, our company provided services in the field of Cyber Security to a total of 15 customers in various sectors such as banking, finance, automotive, retail, production, energy, and our total service fee in this field reached 819.000 USD + 1.959.500 TL. In addition, business partnerships have been established with a total of 12 partners in the field of Cyber Security.
- With a total R&D expenditure of 17.975.769 TL spend in 2021, our company has taken its place in the list of "R&D 250 companies with the highest R&D expenditures in Turkey" which is prepared by Turkishtime.
- An additional protocol was signed between our company and a third-party airline company on "Outsourcing Services in Testing and Analyst Roles" to remain in force until 31.03.2023.
- The company ranked 3rd in the Turkey-based Manufacturer - Service - Consultancy category in the "Top 500 IT Companies" Research for 2021 which is prepared by BT Haber.

- To remain in effect between 13.08.2022 and 13.02.2023, the company signed a software service agreement with Verisoft Bilgi İslm Tic. ve San. A.S. on code development, information transfer and information delivery.
- On 26.08.2022, the company received an "e-commerce platform development project" from a company operating in the international arena in the field of electronic components. The project contract was signed on 26.08.2022, the duration of the project is 3 years, and the total service cost is 15.000.000 TL.
- On 01.09.2022, the company won a project tender to provide loading and balance software for use in the service industry. The tender price is 2.189.250 USD excluding VAT, and the contract period covers a project period, two years of warranty service and three years of maintenance support service. In the services provided within the scope of the project, loading plans will be created with up-to-date technology and material and labor savings will be achieved by making more precise load and balance planning.
- On 28.09.2022, In accordance with the article 4.2.8 of Corporate Governance Communiqué, Executive Liability Insurance Policy is extended with a validity from 03/09/2022 to 03/09/2023 with the total liability amount of 3.000.000 USD.
- The company attend as the gold sponsor with its cyber security solution brand All in-Cyber at the "Public Information and Communication Technologies Conference" dated 06.10.2022, the platinum sponsor at the "Micro Focus Realize 22" event dated 04.10.2022 and promotion sponsor at the "Informatics Summit 22" event dated 24.11.2022.

VIII. OTHER ISSUES

On 18.01.2022, constituent changes of BIST Dividend indices were decided by Borsa İstanbul Management for the February 1, 2022 - January 31, 2023, period and Kafein Technology is placed within BIST Dividend Indices.

Within the scope of the notification of Borsa İstanbul A.S. dated 20.10.2022, Kafein Software has been included in the BIST Participation 100 index as of 21.10.2022 regarding the index period of 01/10/2022-30/04/2023.