FONET BİLGİ TEKNOLOJİLERİ A.Ş.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2024

(CONVENIENCE TRANSLATION INTO ENGLISH ORIGINALLY ISSUED IN TURKISH)

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ

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(Convenience translation of independent auditor's review report
originally issued in Turkish)

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REVIEW REPORT OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD 1 JANUARY – 30 JUNE 2024

To the Shareholders and the Board of Directors of
Fonet Bilgi Teknolojileri Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Fonet Bilgi Teknolojileri Anonim Şirketi ("the Company") and its subsidiary (referred to as the "Group") as of 30 June 2024, and the interim condensed consolidated statements of profit or loss, other comprehensive income, the consolidated changes in equity and cash flows for the six-month period then ended and notes to the interim financial information. Management is responsible for the preparation and presentation of these interim financial information in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34"). Our responsibility is to express a conclusion on these the accompanying interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not give a true view of the financial position of Fonet Bilgi Teknolojileri Anonim Şirketi and its subsidiary as of 30 June 2024 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34").

EREN Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International

Nazım Hikmet
Partner

İstanbul, 2 September 2024

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

	Notes	**Reviewed** **30 June 2024**	**Audited** **31 December 2023**
ASSETS			
Current assets			
Cash and cash equivalents	5	8.026.945	12.706.839
Financial Investments	7	2.949.443	1.810.317
Trade receivables			
-Trade receivables from third parties	8	*89.566.256*	*30.627.317*
Other receivables			
- Other receivables from third parties	9	*595.219*	*2.832.897*
Inventories	10	--	2.735.363
Prepaid expenses	11	556.888	1.625.300
Current income tax assets	26	--	20.145
Other current assets	18	2.132	418.266
Total current assets		**101.696.883**	**52.776.444**
Non-current assets			
Trade receivables	8	--	--
Other receivables			
- Other receivables from third parties	9	*115.500*	*144.068*
Property, plant and equipment	12	26.987.784	27.699.738
Intangible assets	13	775.593.869	743.891.469
Right of use assets	14	8.231.783	9.747.196
Deferred Tax Assets	26	69.640.539	80.200.836
Total non-current assets		**880.569.475**	**861.683.307**
Total assets		**982.266.358**	**914.459.751**

The accompanying notes form an integral part of these consolidated financial statements.

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

	Notes	Reviewed 30 June 2024	Audited 31 December 2023
LIABILITIES			
Current liabilities			
Short-term borrowings	*6*	--	18.719.476
Current portion of non- current borrowings	*6*	347.255	--
- Lease liabilities	*6*	2.453.907	1.230.711
- Other financial liabilities	*6*	2.181.050	3.302.744
Trade payables			
- Trade payables to third parties	*8*	*8.786.651*	*3.119.122*
Employee benefit obligations	17	33.782.704	26.121.929
Other payables			
- Other payables to related parties	*25*	*4.606.267*	*1.766.574*
- Other payables to third parties	*9*	*4.319.228*	*2.092.518*
Deferred income	11	--	28.400
Short term provisions			
- Short term provisions for employee benefits	*17*	*2.062.145*	*2.035.126*
- Other short-term provisions	*16*	*438.673*	*1.762.138*
Other current liabilities	18	251.189	3.830.740
Total current liabilities		**59.229.069**	**64.009.478**
Non-current liabilities			
Long-term borrowings	6	333.333	--
- Lease liabilities	*6*	2.565.549	5.412.199
Long-term provisions			
- Long term provisions for employee benefits	*17*	*3.870.422*	*3.764.686*
Deferred tax liabilities	26	5.839.710	1.207.422
Total non-current liabilities		**12.609.014**	**10.384.307**
Equity			
Paid- in capital	19	144.000.000	144.000.000
Capital adjustment differences	19	287.595.826	287.595.826
Share premiums		(13.481.747)	(13.481.747)
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
--Gain/loss arising from defined benefit plans	*19*	*1.733.406*	*1.793.426*
Restricted reserves			
- Legal reserves	*19*	*37.253.853*	*36.144.104*
Net profit for the prior period		382.904.608	198.524.335
Net profit for the period		70.422.329	185.490.022
Non-controlling interest			
Total equity		**910.428.275**	**840.065.966**
Total liabilities and equity		**982.266.358**	**914.459.751**

The accompanying notes form an integral part of these consolidated financial statements.

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 1 JANUARY – 30 JUNE 2024
(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)
(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

	Notes	Reviewed 1 January- 30 June 2024	Reviewed 1 January – 30 June 2023	Not Reviewed 1 April – 30 June 2024	Not Reviewed 1 April – 30 June 2023
Net Sales	20	236.580.580	168.556.676	127.390.744	91.897.296
Cost of sales (-)	20	(154.040.926)	(115.120.372)	(79.178.762)	(55.652.578)
Gross profit		**82.539.654**	**53.436.304**	**48.211.982**	**36.244.718**
General administrative expenses (-)	21	(24.592.291)	(29.458.832)	(12.045.533)	(14.117.639)
Marketing expenses (-)	21	(2.354.011)	(2.068.720)	(1.327.862)	(1.069.066)
Research and development expenses (-)	21	(1.615.217)	(724.916)	(1.570.308)	(657.700)
Other operating income	22	44.122.812	12.258.796	39.764.964	6.288.981
Other operating expense (-)	22	(11.318.082)	(1.980.724)	(9.205.013)	(1.060.873)
Operating profit		**86.782.865**	**31.461.908**	**63.828.230**	**25.628.421**
Income from investing activities	23	3.615.262	--	(19.717.525)	--
Expense from investing activities (-)	23	--	(444.552)	--	(392.197)
Operating income before financial income / (expense)		**90.398.127**	**31.017.356**	**44.110.705**	**25.236.224**
Financial income	24	863.383	1.355.082	458.833	887.242
Financial expenses (-)	24	(3.053.115)	(747.216)	(447.419)	(573.964)
Monetary Gain / Loss		(2.605.490)	(7.469.485)	(3.790.793)	(1.175.238)
Profit before tax from continuing operations		**85.602.905**	**24.155.737**	**40.331.326**	**24.374.264**
Tax income / (expense) from continuing operations					
- Deferred tax (expense) / income	*26*	*(15.180.576)*	*(17.030.004)*	*22.529.357*	*(764.359)*
Profit for the period		**70.422.329**	**7.125.733**	**62.860.683**	**23.609.905**
Distribution of income for the period attributable to:					
Equity holders of the parent	27	70.422.329	7.125.733	62.860.683	23.609.905
Earnings per share (kr)	**27**	**0,49**	**0,18**	**0,44**	**0,59**
Other comprehensive Income:					
Items not to be reclassified to profit or loss					
- Gain/loss arising from defined benefit plans		(60.023)	6.825.548	(127.444)	2.971.630
- Tax effect of gain/ loss arising from defined benefit plans		12.009	(1.365.110)	24.615	(644.458)
Other comprehensive income/ (loss)		**(48.014)**	**5.460.438**	**(102.829)**	**2.327.172**
Total comprehensive income		**70.374.315**	**12.586.171**	**62.757.854**	**25.937.077**
Distribution of total comprehensive income attributable to:					
Non-controlling interests		--	--	--	--
Equity holders of the parent		70.374.315	12.586.171	62.757.854	25.937.077
EBITDA	**28**	**93.057.061**	**49.795.628**	**51.094.896**	**33.857.918**
EBITDA Margin	**28**	**39,33**	**29,54**	**40,11**	**36,84**

The accompanying notes form an integral part of these consolidated financial statements.

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS PERIOD ENDED 1 JANUARY – 30 JUNE 2024
(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)
(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

					Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss		Accumulated profit				
	Note	Paid-in Capital	Inflation adjustment on capital	Share Premium	Gain/ Loss Arising from Defined Benefit Plans	Restricted Reserves	Retained Earnings	Net Profit	Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total
Balance at 1 January 2023	**27**	**40.000.000**	**253.693.599**	**--**	**(3.121.237)**	**29.328.328**	**313.355.512**	**29.886.822**	**663.143.024**	**–**	**663.143.024**
Transfers		--	--	--	--	6.815.780	23.071.042	(29.886.822)	--	--	--
Other comprehensive income		--	--	--	6.825.548	--	--	--	6.825.548	--	6.825.548
Repurchased shares		--	--	(9.854.404)	--	--	--	--	(9.854.404)	--	(9.854.404)
Net profit		--	--	--	--	--	--	7.125.733	7.125.733	--	7.125.733
Balance as of 30 June 2023	**27**	**40.000.000**	**253.693.599**	**(9.854.404)**	**3.704.311**	**36.144.108**	**336.426.554**	**7.125.733**	**667.239.901**	**--**	**667.239.901**
Balance at 1 January 2024	**27**	**144.000.000**	**287.595.826**	**(13.481.747)**	**1.793.426**	**36.144.104**	**198.524.335**	**185.490.022**	**840.065.966**	**--**	**840.065.966**
Transfers		--	--	--	--	--	185.490.022	(185.490.022)	--	--	--
Other comprehensive income		--	--	--	(60.020)	--	--	--	(60.020)	--	(60.020)
Ar-Ge Discount		--	--	--	--	1.109.749	(1.109.749)	--	--	--	--
Net profit		--	--	--	--	--	--	70.422.329	70.422.329	--	70.422.329
Balance as of 30 June 2024	**27**	**144.000.000**	**287.595.826**	**(13.481.747)**	**1.733.406**	**37.253.853**	**382.904.608**	**70.422.329**	**910.428.275**	**--**	**910.428.275**

The accompanying notes form an integral part of these consolidated financial statements.

FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE SIX MONTHS PERIOD ENDED 1 JANUARY – 30 JUNE 2024

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

	Notes	1 January - 30 June 2024	1 January – 30 June 2023
A. Cash flows from operating activities:			
Profit from continuing operations:		***70.422.329***	***7.125.733***
Adjustments to reconcile profit / (loss)			
Adjustments for depreciation and amortization expense	12	41.684.416	36.081.277
Adjustments for provisions related to employee benefits	17	909.997	1.369.256
Adjustment for provision of doubtful receivables		(1.749.244)	1.710.363
Adjustments for discount interest/income expense	22	2.423.258	(1.117.950)
Adjustments for unused vacation provision	17	430.580	390.881
Adjustments for warranty provision	16	(1.214.961)	400.000
Adjustments for interest expense	24	2.169.225	68.898
Adjustments for tax (income)/ expense	26	15.180.576	17.030.004
Adjustments for monetary (gain) loss		751.437	564.801
Adjustments for Working Capital			
Adjustments for decrease (increase) in trade receivables	8	(59.230.762)	(14.373.282)
Adjustments for decrease (increase) in other receivables	9	2.266.246	(345.176)
Adjustments for decrease (increase) in inventories	10	2.735.363	(1.174.096)
Adjustments for increase (decrease) in prepaid expenses		1.068.412	9.943.408
Adjustments for increase (decrease) in other current assets		416.134	(500.945)
Adjustments for increase (decrease) in trade payables	8	5.718.006	2.999.509
Adjustments for decrease (increase) in other payables	9	12.727.178	5.601.344
Adjustments for decrease (increase) in deferred income	11	(28.400)	10.679.841
Tax return / paid	26	20.145	(27.713)
Change in short-term liabilities		(3.579.551)	(12.004)
Severence Paid	17	(105.750)	(192.400)
Cash Flows Generated from Operating Activities		**93.014.634**	**76.221.749**
B. Cash Flows from Investing Activities			
Cash flows from investment activities	7	(1.139.126)	2.126.495
Cash flows from purchase of property, plant, equipment	12	(1.865.445)	(827.333)
Cash flows from purchase of intangible assets	13	(69.294.004)	(95.215.992)
Changes in right of use assets	14	--	(5.999.227)
Net Cash Used in Investing Activities		**(72.298.575)**	**(99.916.057)**
C. Cash Flows from Financing Activities			
Cash flows related to repurchase shares	27	--	(9.854.404)
Interest paid	24	(2.169.225)	(68.898)
Repayments of / proceeds from short term borrowings	6	(19.493.915)	(1.248.828)
Repayments of / proceeds from long term borrowings	6	333.333	--
Cash flows from lease contracts	6	(1.623.454)	4.511.548
Cash Used in Financing Activities		**(22.953.261)**	**(6.660.582)**
Inflationary Effect on Cash and Cash Equivalents		**(2.442.692)**	**(2.777.280)**
Net Increase / (Decrease) in Cash and Cash Equivalents		**(4.679.894)**	**(33.132.170)**
D. Cash and Cash Equivalents at 1 January	5	**12.706.839**	**45.851.238**
Cash and Cash Equivalents at the End of the Period		**8.026.945**	**12.719.068**

The accompanying notes form an integral part of these consolidated financial statements.

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Fonet Bilgi Teknolojileri Anonim Şirketi ("The Company" or "Fonet") was established in 1997 to provide computer software and technical support to both Public and Private Institutions. The Company has operated as a Limited Company until 31 May 2011. As of 1 September 2011, the Company changed its type and became an incorporated company.

The Company's headquarter is located at Kızılırmak Mahallesi 1445. Sokak No: 2B/1 The Paragon Tower Çukurambar, Çankaya / ANKARA.

The Company has two branches, one located at Büyükdere Cad. A2 Blok No:33/4 Levent, ISTANBUL and the other branch in İpekyol Cad. No: 12/1 ŞANLIURFA. The Company has liaison office abroad located in Klarabergsviadukten 70 D4, 111 64 Stockholm, SWEDEN.

The Company provides information management systems, system integration, consultancy and turnkey project services in the field of health informatics. Although the main operations of the Company are in the field of health informatics, the Company also participates in different IT projects related to field expertise.

The software products which are completely owned by Fonet are as follows:

S. No	Module Name	S. No	Module Name
1	Consultation Management System	32	Home Health Care Services Management System
2	Appointment Procedure Management System	33	Interoperability System
3	Patient Record / Admission Management Sys	34	Decision Support Management System
4	Emergency Management System	35	Material Resource and Inventory Management System
5	Polyclinic Management System	36	Fixture and Asset Management System
6	Clinic Management System	37	Financial Information Man. S. (Invoice, Cash Desk, etc.)
7	Laboratory Information System	38	Purchasing Information System
8	Radiology Information System	39	Human Resources / Pay-Roll Information System
9	PACS (Picture Archiving and Communication S.)	40	Personnel Attendance Control Management System
10	Nursing Management System	41	Document Management System
11	Operating Room Information System	42	Medical Record Archive Management System
12	Pharmacy Information System	43	Device Tracking Management System
13	Cancer Management System	44	Medical Device Calibration and Quality Control M. Sys.
14	Mouth and Dental Health Information System	45	Quality Management System
15	Physical Treatment and Rehabilitation Man. S	46	Quality Indicator Management System
16	Intensive Care Management System	47	Laundry Management System
17	Haemodialysis Management System	48	Occupational Health and Safety Management System
18	Pathology Management System	49	LCD / Display Information and Qmatic Man. Sys
19	Psychology Management System	50	Kiosk Management System
20	Oncology Management System	51	SMS Management System
21	Diet Management System	52	Technical Service Management System
22	Blood Centre Information System	53	Central Computer Management System
23	Sterilization Information System	54	Process Management System
24	Healthcare Commission Management System	55	Medical Waste Management System
25	Organ and Tissue Donation Management S	56	Dynamic Medical / Administrative Module Des. Sys.
26	Clinic Engineering Information System	57	Subscription Counter Tracking Module
27	Information System, Statistic & Reporting Sys	58	Mobile Doctor Examination Man. System
28	Medical Research Management System	59	Online Examination Module (Videocall)
29	Pregnant Education Management System	60	Mobile Patient Management System
30	Diabetes Education Management System	61	ICU Management System
31	Social Services Management System	62	Remote Health Information System

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

The Company's main product is Fonet HIS ("Hospital Information Management System"). Fonet HIS ensures that all medical, administrative and financial business processes of health institutions are managed within the automation system. Fonet HIS consists of 60 separate software modules. Fonet HIS has been developed completely by their own engineers and actively operates in over 230 health institutions including hospitals in Somalia, Niger, Azerbaijan, Northern Cyprus and the Republic of Moldova.

Fonet offers not only its core product Fonet HBYS and additional systems but also turnkey project solutions. At the forefront of these solutions are the company's ongoing operations as the contractor for two major projects in the Turkish Republic of Northern Cyprus: the "TRNC e-Insurance Information System" and the "TRNC Health Information System.

In addition to this service, the company signed a contract on 26 December 2023, to serve as the main contractor for the "Turkish Republic of Northern Cyprus Revenue and Tax Office Full Automation Development Projects and the Traffic Office Vehicle Registration Office Full Automation Project," a joint project of the TRNC Ministry of Finance and the TRNC Ministry of Transportation, for the year 2024.

In line with its strategy to expand its product range and enter new markets in the healthcare field, the company has completed the development of two products for which it began R&D efforts, successfully completed the Ministry of Health's accreditation tests, and initiated field sales and installation activities. The Intensive Care Management System allows hospitals to integrate their intensive care unit devices into the system, enabling all patient processes to be monitored and reported through the system. The other product is the Remote Health Information System, developed in accordance with regulations designed to maximize healthcare accessibility, especially during the pandemic when access issues arose.

The average number of personnel employed within the Group as of 30 June 2024 is 498 (31 December 2023: 437).

Detailed information about the personnel is as follows:

	30 June 2024	**31 December 2023**
Permanent indefinite-term contracted personnel of the Group	139	136
Fixed term contracted personnel employed by the Group within the scope of contracts with hospitals	359	301
Total number of personnel	**498**	**437**

The shareholders of the Company and shares are as follows:

	30 June 2024		**31 December 2023**	
Shareholders	**Share Amount**	**Rate %**	**Share Amount**	**Rate %**
Abdülkerim GAZEN	55.218.000	38,35	55.218.000	38,35
Other (public part)	88.782.000	61,65	88.782.000	61,65
Paid capital	**144.000.000**	**100**	**144.000.000**	**100**
Capital adjustment differences	287.595.826		287.595.826	
Capital	**431.595.826**		**431.595.826**	

1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

The Company’s issued capital consists of 144.000.000 shares, all with a par value of 1 Turkish Liras each as at 30 June 2024 (31 December 2023: 144.000.000 shares).

As of 30 June 2024, 8.000.000 shares of 144.000.000 shares consist of Group A shares and 136.000.000 shares consist of Group B shares. Group A shares has a privilege in determining the members of the board of directors and in exercising voting rights in the general assembly.

At the ordinary and extraordinary general assembly meetings to be held by the Company, group (A) shareholders have 15 voting rights for each share, and Group (B) shareholders have 1 voting right for each share.

The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and has been involved to the registered capital system with the permission of the Capital Markets Board dated 27 February 2015 and numbered 5/253. The Company’s registered capital ceiling amount is TL 400.000.000, all with a par value of 1 Turkish Liras and total shares are 400.000.000. The permission of the registered capital ceiling valid date is between 2022- 2026.

Subsidiaries fully consolidated included in the accompanying consolidated financial statements:

Pidata Bilişim Teknolojileri Anonim Şirketi (“Pidata”)

The Company was established on 16 July 2018 and registered in Ankara. The establishment of the Company was announced in the Turkish Trade Registry Gazette dated 19 July 2018, numbered 9624. The shares of Pidata is owned completely by Fonet Bilgi Teknolojileri Anonim Şirketi.

Company Title	Share Rate %	Main operating activity	Type of activity	Country	Year of establishment
Pidata Bilişim Teknolojileri A.Ş.	100	Information Technologies	Services	Turkey/Ankara	2018

From here on after, Fonet Bilgi Teknolojileri Anonim Şirketi and the aforementioned subsidiary will be referred as “Group” or “Community.”

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial Reporting Standards

Fonet Bilişim Teknolojileri A.Ş. keeps its accounting records and legal books in Turkish Lira (“TL”) based on the commercial and financial legislation in force in Turkey and prepares its financial statements in TL accordingly.

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" (“Communiqué”) numbered II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board (“CMB”).

Groups that make financial reporting in accordance with the CMB legislation are obliged to implement the Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight Accounting and Auditing Standards Authority (“POA”), according to Article 5 of the Communiqué. It consists of Turkish Financial Reporting Standards, Turkish Accounting Standards (“TAS”) / TFRS and related annexes and comments.

The Group prepared its condensed consolidated interim financial statements for the six months period ended 30 June 2024 in accordance with TAS 34 “Interim Reporting” standard. Interim condensed consolidated financial statements do not include all the information required for the annual financial statements and therefore they should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)

Presentation and Functional Currency

The condensed consolidated financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the condensed consolidated financial statements, the functional and presentation currency of the Group is accepted as Turkish Lira "TL."

Financial reporting in hyperinflationary economy

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

The accompanying financial statements are prepared on a historical cost basis, except for financial investments measured at fair value and investment properties measured at revalued amounts.

Financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish lira and, as a result, are expressed in terms of purchasing power of Turkish lira as of 30 June 2024 as per TAS 29.

On the application of TAS 29, the entity used the conversion coefficient derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since 1 January 2005, were as follows:

Date	Index	Adjustment Factor	Three Year Cumulative Inflation Rates
30 June-2024	2.319,29	1,00000	%324
31 December 2023	1.859,38	1,24735	%268
30 June 2023	1.351,59	1,71597	%190

The main elements of the adjustments made by the Group for financial reporting purposes in highly inflationary economies are as follows:

- Assets and liabilities were separated into those that were monetary and non–monetary, with non–monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of 30 June 2024.

- Non-monetary items which are not expressed in terms of measuring unit as of 30 June 2024 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors. Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e before 1 January 2005, were restated by applying the change in the CPI from 1 January 2005 to 30 June 2024.

- The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)

Financial reporting in hyperinflationary economy (continued)

- In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

Going concern

The accompanying financial statements have been prepared on the basis of the going concern principle.

2.2 Changes in Accounting Policies

Accounting policies are amended if the Group's financial position, performance or cash flows and the effects of events are likely to result in a more appropriate and reliable presentation of the consolidated financial statements. If the amendments to the accounting policies affect previous periods, the policy is applied retroactively in the consolidated financial statements as if the policy has always been exercised. Accounting policy changes arising from the application of a new standard shall be applied retroactively or in accordance with the transition provisions of the standard, if any. Changes that are not covered by any transitional provision are applied retrospectively.

2.3 Comparative information and restatement of prior period financial statements

The Group's financial statements are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when deemed necessary and important differences are disclosed.

2.4 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the Company / the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2024 are as follows:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

The change has not had a significant impact on the Group's financial position or performance.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as of January 1, 2024 are as follows: (continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The change has not had a significant impact on the Group's financial position or performance.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

The change has not had a significant impact on the Group's financial position or performance.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company / the Group will make the necessary changes if not indicated otherwise, which will affect the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will assess the impact of the changes once the mentioned standards are finalized.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

TFRS 17 - The new Standard for insurance contracts (continued)

The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

The Group will assess the impact of the changes once the mentioned standards are finalized.

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The changes are not applicable to the Group and have no impact on its financial position or performance.

iii) The amendments which are effective immediately upon issuance

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

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

The change has not had a significant impact on the Group's financial position or performance.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 The new standards, amendments and interpretations (continued)

iv) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IFRS 9 and IFRS 7 as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company / the Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the 'settlement date'. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment.

The changes are not applicable to the Group and have no impact on its financial position or performance.

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

The changes are not applicable to the Group and have no impact on its financial position or performance.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19.

The Standard is not applicable to the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.5 Summary of Significant Accounting Policies

Basis of consolidation

The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS applying uniform accounting policies and presentation.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Basis of consolidation (continued)

Subsidiaries

As of 30 June 2024, the Group has control over financial and operating policies consolidated financial statements including the financial statements of the subsidiaries.

As of 30 June 2024, the direct and indirect participation rates of the companies subject to consolidation are as follows:

Company Title	Share Rate %	Main operating activity	Type of activity	Country
Pidata Bilişim Teknolojileri A.Ş.	100	Information Technologies	Services	Turkey/Ankara

The parent company controls more than half of the voting rights in a partnership, directly or indirectly, and the entity has the authority to manage its financial and operational policies, control is considered to exist. In consolidation of financial statements, all profits and losses, including intercompany balances, transactions and unrealized profits and losses are offset. Consolidated financial statements are prepared by applying consistent accounting policies for similar transactions and accounts. The financial statements of the subsidiaries are prepared for the same accounting period as the parent company. Subsidiaries begin to be consolidated from the date the control passes to the Company, and the consolidation process ends when the control leaves the Group. Income and expenses of subsidiaries purchased or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of purchase to the date of disposal.

In case of a situation or event that may cause any change in at least one of the criteria listed above, the Company re-evaluates whether it has control power over its investment.

Non-controlling shares in the net assets of the subsidiaries included in consolidation are included as a separate item in the Group's equity. Equity of the consolidated subsidiaries and non-parent shares within the current period operations are shown separately in the consolidated financial statements as non-controlling interests. Non-controlling shares consist of the amounts belonging to non-controlling shares at the first purchase date and the amount of non-parent shares in changes in the shareholder's equity starting from the date of purchase.

Total comprehensive income is transferred to parent shareholders and non-controlling shares, even if non-controlling interests result in a negative balance.

In cases where the Group does not have majority voting right over the invested company / asset, it has control power over the invested company / asset if there is sufficient voting right to direct / manage the activities of the relevant investment. The Company takes into account all relevant events and conditions in the assessment of whether the majority of votes in the relevant investment is sufficient to provide control power, including the following factors.

- Comparing the voting right of the company with the voting right of other shareholders;
- Potential voting rights of the company and other shareholders;
- Rights arising from other contractual agreements, and
- Other events and conditions that may indicate whether the Company has current power in managing the relevant activities (including voting at previous general meetings) in cases where a decision is required.

Cash flows related to all intra-group assets and liabilities, equity, income and expenses and transactions between the Group companies are eliminated in consolidation.

Unrealized income and expenses arising from intra-group transactions, intra-group balances and intra-group transactions are mutually deleted during the preparation of consolidated financial statements. The profits and losses resulting from the transactions between the subsidiary and the parent and the subsidiaries subject to consolidation and jointly controlled partnerships are netted off in proportion to the parent's share in the subsidiary. Unrealized losses are deleted in the same way as unrealized gains unless there is evidence of impairment.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and other short-term highly liquid investments with maturities less than 3 months or 3 months from the date of purchase, which can be immediately converted to cash and without significant risk of value change.

Trade receivables

Trade receivables resulting from the provision of products or services to the buyer are shown as deducted unaccrued finance income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the effective interest method. Short-term receivables with no specified interest rate are shown at their original invoice value unless the effect of the original effective interest rate is significant.

When there is an objective finding that there is no collection opportunity, a provision for impairment is made for the related trade receivables. Objective evidence is when the claim is pending or in preparation for litigation or enforcement, the buyer is in significant financial difficulty, the buyer is in default, or it is probable that a significant and unpredictable delay will occur. The amount of the provision in question is the difference between the book value of the receivable and the recoverable amount. The recoverable amount is the discounted value of all cash flows, including the amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the trade receivable.

Following the provision for impairment, if all or part of the amount of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other operating income.

The "simplified approach" defined in IFRS 9 has been preferred within the scope of the impairment calculations of trade receivables (with a maturity of less than one year) that are accounted at amortized cost in the financial statements and that do not contain a significant financing component. With this approach, the Group measures the provision for losses on trade receivables at an amount equal to lifetime expected credit losses, unless the trade receivables are impaired for certain reasons (excluding realized impairment losses).

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property, Plant and Equipment

The property, plant and equipment of the Group, which are held for use in the production or supply of goods and services, to be rented to others (for non-real estate assets) or to be used for administrative purposes, are stated with their cost values within the framework of the cost model.

Cost value of the tangible asset; The purchase price, import taxes, and non-refundable taxes consist of charges to make the tangible fixed asset available. Expenditures such as repair and maintenance after the use of the tangible fixed asset are reported in the income statement in the period they occur. If the expenditures provide an economic increase in the future use of the related tangible fixed asset, these expenditures are added to the cost of the asset.

Private costs include the expenditures made for the rented real estate, and in cases where the useful life is longer than the term of the rental contract, it is depreciated over the useful lives during the rental period.

Depreciation is reserved from the date on which the tangible assets are ready for use. Depreciation is continued to be reserved in the period when the relevant assets are idle.

Economic life and depreciation method are regularly reviewed; accordingly, it is checked whether the method and the depreciation period are in line with the economic benefits to be obtained from the related asset and corrections are made when necessary.

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

Cost Method

Tangible assets are shown over the amount after deducting accumulated depreciation and accumulated impairment from cost values.

Assets that are under construction for leasing or administrative purposes or for other purposes that are not already determined are shown by deducting impairment loss, if any, from their cost value. Legal fees are also included in the cost. Such assets, like the depreciation method used for other fixed assets, are subject to depreciation when they are ready for use.

Except for land and ongoing investments, the cost amounts of tangible assets are depreciated using the straight-line method, according to their expected useful lives. The expected useful life, residual value, and depreciation method are reviewed annually for possible effects of changes in estimates, and if there is a change in estimates, they are recognized prospectively.

The gain or loss resulting from the disposal of the tangible assets or the removal of a tangible fixed asset is determined as the difference between the sales revenue and the book value of the asset and included in the income statement.

	30 June 2024	31 December 2023
Buildings	50 years	50 years
Motor vehicles	5 years	5 years
Fixtures and fittings	3-15 years	3-15 years
Leasehold improvements	3-15 years	3-15 years

Tangible fixed assets are capitalized when they are ready for use are then subject to depreciation..

Intangible Assets

Intangible assets purchased

Purchased intangible assets are shown with the amount after accumulated amortization and accumulated impairment losses are deducted from their cost values. These assets are amortized using the straight-line method based on their expected useful life. The expected useful life and depreciation method are reviewed annually in order to determine the possible effects of the changes that occur in the estimations and the changes in the estimations are accounted prospectively.

Computer software

Purchased computer software is activated over the costs incurred during the purchase and from the purchase until it is ready for use.

Evaluation of research costs and development costs under Articles 52 to 67 of TAS 38

Planned activities with the aim of obtaining new technological information or findings are defined as research and expense is recorded when the research expenses incurred at this stage are realized.

The application of research findings or other information to a plan prepared to produce new or significantly improved products, processes, systems or services is defined as development and is included in the financial statements as intangible assets resulting from development if all of the following conditions exist.

Intangible fixed assets created within the company resulting from development activities (or the development phase of an in-house project) are registered only when all of the following conditions are met:

- It is technically possible to complete the intangible asset so that it is ready for use or ready for sale,
- Intention to complete, use or sell the intangible asset,

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued))

Evaluation of research costs and development costs under Articles 52 to 67 of TAS 38; (continued))

- The intangible asset can be used or sold, it is clear how the asset will provide a possible future economic benefit,
- Appropriate technical, financial and other resources are available to complete the development of the intangible asset, to use or sell it; and
- The development cost of the asset can be reliably measured in the development process.

The amount of intangible assets created within the enterprise is the Total amount of the expenditures incurred from the moment the intangible asset meets the accounting requirements stated above. When intangible assets created within the business cannot be recorded, development expenses are recorded as expense in the period they occur. After initial accounting, intangible assets created within the business are also shown over the amount after deducting accumulated depreciation and accumulated impairments from cost values such as separately purchased intangible assets.

The Group purchases some of the intangible assets from outside, under paragraphs 27 to 32 of TAS 38. In this context, it activates the costs obtained separately and which are directly related to the asset. In particular, the costs incurred in accordance with the 28th paragraph of TAS 38 are activated.

Purchased intangible assets are shown with the amount after accumulated amortization and accumulated impairment losses are deducted from their cost values. These assets are amortized using the straight-line method based on their expected useful life. The expected useful life and depreciation method are reviewed annually in order to determine the possible effects of the changes that occur in the estimations and the changes in the estimations are accounted prospectively.

	30 June 2024	31 December 2023
Rights	10-15 years	10-15 years
Development costs	12 years	12 years
New HIS working in Java based cloud	15 years	15 years
Tales ERP	15 years	15 years
Web portals	5 years	5 years
Other intangible fixed assets	3-10 years	3-10 years

Derecognition of intangible assets

When an intangible asset is disposed of, or if no future economic benefits are expected from its use or sale, the statement of financial position (balance sheet) is excluded. Profit or loss arising from the exclusion of an intangible asset from the statement of financial position (balance sheet) is calculated as the difference between net collections and book values obtained from disposal of assets, if any. This difference is recognized in profit or loss when the related asset is taken out of the statement of financial position (balance sheet).

Impairment of Assets

Assets with an indefinite life, such as goodwill, are not amortized. Each year, an impairment test is applied for these assets. For assets that are subject to amortization, an impairment test is applied in case of situations or events where it is not possible to recover the book value. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. The recoverable amount is the higher of fair value less costs to sell or value in use. For assessment of impairment, assets are grouped at the lowest level with separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that are subject to impairment are reviewed for possible reversal of impairment at each reporting date.

Borrowing Costs and Funds

In the case of assets (featured assets) that require considerable time to be ready for use and sale, borrowing costs directly associated with the purchase, construction or production are included in the cost of the asset until the related asset is made ready for use or sale.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Borrowing Costs and Funds (continued)

All other borrowing costs are recorded in the income statement in the period they occur.

Right-of-use Assets and Lease Liabilities

Right-of-use asset

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. If there is a remeasurement of lease liabilities, this amount is also adjusted accordingly.

The cost of a right-of-use asset includes:

(a) The initial measurement amount of the lease liability
(b) The amount obtained by deducting any lease incentives received from all lease payments made on or before the commencement date
(c) All initial direct costs incurred by the Group

Until the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset using the straight-line method from the commencement date of the lease to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment assessment.

Lease Liabilities

The Group measures the lease liability at the present value of unpaid lease payments as of the commencement date of the lease.

At the commencement date of the lease, the lease liability includes the following lease payments that are to be made for the right to use the underlying asset over the lease term and are unpaid as of the commencement date:

(a) Fixed payments
(b) Variable lease payments that are measured at the commencement date of the lease using an index or rate
(c) Amounts expected to be paid by the Group under residual value guarantees
(d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option
(e) Penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease

Variable lease payments not dependent on an index or rate are recognized as expenses in the period in which the triggering event or condition occurs.

The Group determines the revised discount rate for the remaining lease term as the implicit rate in the lease if it can be readily determined; otherwise, as the Group's incremental borrowing rate at the date of the reassessment.

Subsequent to the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and by decreasing the carrying amount to reflect lease payments made.

Additionally, a change in the lease term, a change in fixed lease payments, or a change in the assessment of the purchase option of the underlying asset results in a remeasurement of lease liabilities.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Right of use Assets and Lease Liabilities (continued)

Short term leases and leases of low-value assets

The Group evaluates whether a contract is a lease or contains lease terms at the inception of the contract. The Group recognizes the right-of-use asset and the related lease liability for all leases of which it is a lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets.

Financial liabilities

Financial liabilities are recorded with their values after the transaction expenses are deducted from the financial debt amount received on the date of receipt. Financial liabilities are followed in the financial statements with their discounted values calculated with an effective interest rate on the following dates.

The difference between the amount of the financial debt received (excluding transaction expenses) and the repayment value is recognized on an accrual basis during the financial debt period in the statement of profit or loss.

Financial debts are classified as short-term liabilities if the company does not have unconditional right such as postponing the liability for 12 months from the balance sheet date.

Trade payables

Trade payables are recorded at their fair values and are subsequently accounted for at their discounted values using the effective interest rate.

Financial Instruments

Financial instruments are accounted for in accordance with the provisions of TFRS 9 "Financial Instruments".

Non-derivative financial assets

Financial assets other than trade receivables, other receivables, and cash and cash equivalents that do not have a significant financing component are measured at fair value at initial recognition. In case the trade receivables do not have a significant financing component (or the facilitating application is chosen), these receivables are measured at the transaction price at the time of initial recognition.

In the initial measurement of financial assets other than those at fair value through profit or loss, transaction costs directly attributable to their acquisition or issuance are added to or deducted from fair value. Financial assets bought and sold in the normal way are recorded on the transaction date.

Classification of financial assets

Financial assets are recognized at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss, based on (a) the business model the entity uses to manage the financial asset, and (b) the contractual cash flows of the financial asset. classified as reflected. If the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified. Reclassification of financial assets. It is applied prospectively from the date of reclassification. In such cases, no adjustments are made for gains, losses (including impairment gains or losses) or interest previously recognized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (continued)

Financial assets at fair value through other comprehensive income

A financial asset is measured at amortized cost if both of the following conditions are met.

(a) holding the financial asset under a business model that seeks to collect contractual cash flows; and

(b) the contractual terms of the financial asset result in cash flows at specified dates that include only payments of principal and interest on the principal outstanding balance.

Interest income on financial assets shown at amortized cost is calculated using the effective interest method. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except:

(a) redit-impaired financial assets at purchase or origination: For such financial assets, a credit-adjusted effective interest rate is applied to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that were not credit-impaired financial assets when purchased or created but subsequently became credit-impaired financial assets: For such financial assets, the effective interest rate is applied to the amortized cost of the asset in subsequent reporting periods.

If the contractual cash flows of a financial asset have been changed or otherwise restructured and such modification or restructuring does not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated and the restructuring gain or loss is recognized in profit or loss.

In the absence of reasonable expectations of a partial or total recovery of a financial asset's value, it is derecognized, directly reducing the gross carrying amount of the financial asset.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) holding the financial asset under a business model aimed at collecting the contractual cash flows and selling the financial asset; and

(b) the contractual terms of the financial asset result in cash flows at specified dates that include only payments of principal and interest on the principal outstanding balance.

Gains or losses on a financial asset measured at fair value through other comprehensive income, other than impairment gains or losses and foreign exchange gains or losses, are recognized in other comprehensive income until the financial asset is derecognized or reclassified. When a financial asset is reclassified, the total gain or loss previously recognized in other comprehensive income is subtracted from equity as a reclassification adjustment and recognized in profit or loss at the reclassification date.

If a financial asset measured at fair value through other comprehensive income is reclassified, the total gain or loss previously recognized in other comprehensive income is recognized. Interest calculated using the effective interest method is recognized as profit or loss.

At initial recognition, an irrevocable choice may be made to present subsequent changes in the fair value of an investment in a non-trading equity instrument in other comprehensive income.

Financial assets at fair value through profit or loss

Unless a financial asset is measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss (continued)

These financial assets, which constitute derivative products that have not been determined as an effective hedging instrument against financial risk, are also classified as financial assets at fair value through profit or loss. Related financial assets are shown with their fair values and gains and losses resulting from the valuation are recognized in the profit or loss statement.

Impairment of financial assets

Financial assets or groups of financial assets, other than financial assets whose fair value difference is reflected in profit or loss, are assessed at each balance sheet on whether there are indicators of impairment. Impairment loss occurs when one or more events occur after the initial recognition of the financial asset and the adverse impact of that event on the future cash flows that can be reliably predicted by the relevant financial asset or group of assets is impaired. The depreciation amount for the financial assets shown from their amortized value is the difference between the present value calculated by discounting the expected cash flows over the effective interest rate of the financial asset and the book value.

Except for trade receivables, where the carrying amount is reduced through the use of a reserve account, the impairment is directly deducted from the book value of the relevant financial asset. If the trade receivable is not collected, the amount in question is deleted by deducting from the reserve account. Changes in reserve account are accounted for in the income statement.

Except for the equity instruments available for sale, if the impairment loss decreases in the following period and the decrease can be associated with an event that occurred after the impairment loss is recognized, the impairment loss previously recognized will not exceed the amortized cost at the date when the impairment was not recognized. is cancelled in the income statement. The increase in the fair value of equity instruments available for sale after the impairment is directly accounted for in equity.

Non-derivative financial liabilities

Financial liabilities are measured at fair value on initial recognition. In the initial measurement of liabilities other than those at fair value through profit or loss, transaction costs directly attributable to their acquisition or issuance are added to the fair value.

All financial liabilities are classified as measured at amortized cost at subsequent recognition, except for

(a) Financial liabilities at fair value through profit or loss: These liabilities are measured at fair value at subsequent recognition, including derivatives.

(b) Financial liabilities arising when the transfer of a financial asset does not qualify for derecognition or if the continuing relationship approach is applied: An asset continues to be presented to the extent of the continuing relationship. A corresponding liability is also reflected in the financial statements. The transferred asset and the associated liability. Rights and obligations that continue to be retained are measured to reflect. Liability associated with the transferred asset. measured in the same manner as the net book value of the transferred asset.

(c) Contingent consideration recognized by the acquirer in a business combination to which IFRS 3 applies: After initial recognition, the fair value changes in such contingent consideration are measured through profit or loss.

Derivative financial instruments

Derivative financial instruments are valued with their acquisition cost, which is equal to their fair value when they are first recorded, and their fair value in the following periods. Differences between fair value and acquisition cost are reflected in profit or loss.

Financial assets and liabilities are recorded only if they become a party to the contract of financial instruments. The asset is derecognized when the contractual rights to the cash flows of the financial asset expire or the related financial asset and all the risks and rewards of ownership of that asset are transferred to another party. In cases where all the risks and rewards of ownership of the asset are not transferred to another party and control of the asset is retained, the remaining interest in the asset and the liabilities arising from and due to this asset continue to be recognized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (continued)

Derivative financial instruments (continued)

In the event that all the risks and rewards of ownership of a transferred asset are retained, the financial asset continues to be accounted for, and a collateralized liability amount is also recognized for the income earned against the transferred financial asset. A financial liability is derecognized, only if the obligation defined in the contract ceases to exist, is cancelled or expires.

Recognition of Revenue

The Group earns its revenue by selling the software programs it has produced. Revenue is recognized when control of products is transferred to the customer. Group revenue mainly consists of sales revenue of software products mentioned in the first footnote.

Revenues; within the scope of "TAS 15 Revenue from Customer Contracts" standard, it is reflected in the financial statements at an amount reflecting the price that the Group expects to be entitled to in return for the transfer of the goods or services it has committed to its customers.

For this purpose, a 5-step process is applied in the recognition of revenue within the framework of IFRS 15 provisions.

- Identification of contracts with the customer
- Determination of separate performance criteria and obligations in the contract
- Determination of the contract price
- Distribution of the sales price to the liabilities
- Recognition of revenue as contractual obligations are fulfilled.

In accordance with IFRS 15, when the Group fulfils the performance obligations promised in the customer contracts, in other words, when the control of the goods and services is transferred to the customer, the revenue is recognized in the financial statements. The Group records performance obligations over time or at a specific moment.

If the timing of the payments agreed by the parties to the contract provides a significant financial benefit, the promised price is adjusted for the effect of the time value of money when determining the transaction price.

If the Group, at the beginning of the contract, predicts that the period between the transfer date of the promised good or service to the customer and the date the customer pays for such good or service will be one year or less, it chooses the facilitating application and does not adjust the promised price for the effect of a significant financing component.

Additional explanations for some important income groups are given below.

Revenue from product sales

The Group generates revenue by selling the software programs it has produced. Revenue is recognized when control of products is transferred to the customer.

Group revenue mainly consists of sales revenues of software products mentioned in the first footnote.

Software development services

Software development services that constitute the Group's field of activity; It consists of the services provided by providing human resources to the customer or projected software development services by being understood over the man hour. The control of software development services passes to the customer as the service is provided, and the customer receives and consumes the benefit from this act at the same time.

The completion phase of the contract is determined by the time spent, and the revenue, working hours and direct expenses from the contracts are recognized over the contract fees as they occur. Revenues from such services are recorded as income on an accrual basis over the hours of service provided on the basis of the contract, in accordance with the periodicity principle.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Recognition of Revenue (continued)

Software development services (continued)

In the short-term and one-time services, the Group takes the income into the financial statements "at a certain moment of time" when the control is passed to the customer.

Cost and expenses

Expenses are accounted for on an accrual basis. Operating expenses are recorded as soon as the related expenses are incurred. The cost of goods and services is recognized as an expense when the relevant revenue is recognized.

Employee benefits and retirement benefits

Severance pay

In accordance with the current labour law in Turkey, businesses operating in Turkey are obligated to make a certain payment to employees who have completed one year of service and leave the job due to retirement, military service, or death, or whose employment is terminated without any valid reason.

The amount of the payment is calculated based on one month's salary/wage for each year of service, and the lesser of the severance pay ceiling in effect at the date of the financial position statement. The provision for severance pay has been calculated based on the present value of future obligations due to employees' retirements and is reflected in the accompanying consolidated financial statements.

Provision for unused vacation

In accordance with the current labour law in Turkey, businesses operating in Turkey are obligated to make a payment for unused leave days if an employee earns the right to leave and then leaves the job. The provision for unused leave is the total undiscounted obligation for leave days earned but not yet taken by employees.

Financial income and financial expenses

Financial income mainly consists of interest income and foreign exchange income. Financial income is recognized in the statement of comprehensive income on an accrual basis.

Financial expenses mainly consist of foreign exchange difference expenses and interest expenses related to loans. Assets that necessarily require a long period of time to be ready for their intended use or sale are defined as qualifying assets. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that began to be capitalized on or after 1 January 2009 are capitalized as part of the asset. Other borrowing costs are recorded in the statement of comprehensive income.

Effects of exchange rate differences

The financial statements of the Group are presented in the currency (functional currency unit) valid in the basic economic environment in which they operate. The Group's financial status and operating results are expressed in TL, which is the current currency and the presentation unit for the financial statements.

During the preparation of the Group's financial statements, transactions in foreign currency (currencies other than TL) are recorded based on the exchange rates at the date of the transaction. Foreign currency indexed monetary assets and liabilities in the balance sheet are converted into Turkish Lira by using the exchange rates valid on the balance sheet date. Of the non-monetary items that are monitored with their fair value, those recorded in foreign currency are converted into TL based on the exchange rates on the date the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Onerous Contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Company. Present obligations arising under onerous contracts are measured and recognized as a provision.

Taxes Calculated on Corporate Income and Deferred Tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the consolidated financial statements.

Current tax

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit differs from profit reported in the statement of profit or loss in that it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's current tax liability has been calculated using the tax rate that has been enacted or substantially enacted as of the reporting period.

Deferred Tax

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Taxes Calculated on Corporate Income and Deferred Tax (continued)

Deferred Tax (continued)

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the disappearance of temporary differences and it is unlikely that the difference will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future. Carrying amount of deferred tax asset is reviewed at each reporting period. The carrying amount of the deferred tax asset is reduced to the extent that it is not likely to generate a financial profit sufficient to allow some or all of the benefits to be obtained. Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized, or the liabilities will be fulfilled, and which have been enacted or substantially enacted as of the reporting date.

During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the book value of its assets or fulfil its liabilities as of the reporting period are taken into account. Deferred tax assets and liabilities, when there is a legal right to set off current tax assets and current tax liabilities, or if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Group intends to settle its current tax assets and liabilities on a net basis. is deducted.

Earnings / (Loss) Per Share

Earnings per share stated in the income statement are determined by dividing the net income per share of the parent group by the weighted average number of shares in the related year.

Companies in Turkey can increase their capital by distributing shares ("bonus shares") to existing shareholders from retained earnings and equity inflation adjustment differences. When earnings per share are calculated, these bonus shares are considered as issued shares. Therefore, the weighted average share weight used in calculating the

Capital and dividends

Dividends receivables are recognized as income in the period when they are declared. Dividends payables are recognized as an appropriation of profit in the period in which they are declared.

Related Parties

For the purpose of these financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Company are defined and referred to as related parties.

i-) A person or a close member of that person's family is related to a reporting entity if that person:
 -has control or joint control over the reporting entity;
 -has significant influence over the reporting entity;
 -is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
ii-) The entity and the reporting entity are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
iii-) Both entities are joint ventures of the same third party.
iv-) The party is a member of the key management personnel of the Group or its parent;
v-) The party is a close family member of any individual mentioned in (i) or (iv) articles;
vi-) The entity is a; business that is controlled, jointly controlled, under significant influence or an individual abovementioned in (iv) or (v) has direct or indirect significant voting rights; or
vii-) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Government Grants and Incentives

A government incentive is not recognized in the financial statements without reasonable assurance that the entity will meet the conditions for obtaining the grant and that the incentive will be received.

Government incentives are systematically recognized in profit or loss during the periods in which the costs intended to be covered by these incentives are recognized as an expense. Government grants as a financing instrument are not recognized in profit or loss to offset the item of expenditure they finance. It should be associated with the statement of financial position (balance sheet) as unearned income and systematically reflected in profit or loss over the economic life of the related assets.

Government incentives given to cover previously incurred expenses or losses or to provide emergency financing support to the business without incurring any future costs are recognized in profit or loss in the period they become collectible.

The benefit of a loan from the government at a rate lower than the market rate is considered a government incentive. The benefit generated by the lower interest rate is measured as the difference between the initial carrying amount of the loan and the earnings earned.

Events after the reporting date

Events after the reporting period include all events between the reporting date and the date the financial statements are authorized for issue, even if they occur after any profit announcement or other selected financial information has been made public. In the event that events requiring adjustment occur after the reporting period, the Group adjusts the amounts recognized in the financial statements in accordance with this new situation. Significant non-adjusting events are disclosed in the footnotes.

Reporting of cash flows

The Group organizes the cash flow statements in order to inform the users of the financial statements about the changes in the net assets, the financial structure and the ability to direct the amount and timing of the cash flows according to the changing conditions. In the cash flow statement, cash flows for the period are classified and reported based on operating, investment and financing activities.

Cash flows arising from operating activities show cash flows arising from the main activities of the Group. Cash flows related to investment activities show the cash flows used and obtained by the Group in its investment activities (fixed asset investments and financial investments). Cash flows related to financial activities show the resources used by the Group in financial activities and repayments of these resources.

Cash and cash equivalents include cash and demand bank deposits, and short-term investments with high liquidity that can be easily converted to a certain amount of cash, with a maturity of 3 months or less.

Significant accounting judgments, estimates and assumptions

Provision for doubtful receivables

The provision for doubtful receivables reflects the amounts that the management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While assessing whether the receivables are impaired or not, the past performance of the debtors, their credibility in the market, their performance from the date of the statement of financial position until the date of approval of the financial statements and the renegotiated conditions are also taken into account. In addition, the "simplified approach" defined in TFRS 9 has been preferred within the scope of the impairment calculations of trade receivables that are accounted at amortized cost in the financial statements and that do not contain a significant financing component (with a maturity of less than one year).

With this approach, the Group measures the loss allowance for trade receivables at an amount equal to "lifetime expected credit losses", unless the trade receivables are impaired for certain reasons (excluding realized impairment losses).

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

Severance pay provision

Severance pay provision, discount rates. It is determined by actuarial calculations based on certain assumptions including future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions involve significant uncertainties.

Provision for litigation

The probability of loss of the ongoing lawsuits and the consequences to be incurred in case of loss are evaluated in line with the opinions of the Group's legal advisors, and the Group management makes its best estimates using the data at hand and estimates the provision it deems necessary.

Research and development expenses

The application of research findings or other information to a plan to produce new, unique and significantly improved products, processes, systems and products is defined as development and the costs incurred for these activities are capitalized by the Group. When capitalizing on the remuneration of staff directly involved in the creation of the asset, management considers how much time each staff member spends in research and development. Expenses related to research activities are recorded as direct expense.

Deferred tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the fact that the tax base amounts of some income and expense items take place in different periods in the legal financial statements and the financial statements prepared in accordance with TFRS.

3. BUSINESS COMBINATION

None (31 December 2023: None).

4. SEGMENT REPORTING

Fonet Bilgi Teknolojileri Anonim Şirketi. and its subsidiary Pidata Bilişim Teknolojileri A.Ş. operates in the same sector and in the same geographical regions.

5. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Cash on hands	717	891
Banks (*)		
- Demand deposits	1.074.303	2.125.738
- Time deposits	6.938.026	10.573.110
Interest Accruals	13.899	7.100
Total	**8.026.945**	**12.706.839**

As of the balance sheet date, all time deposits are composed of TL assets with a maturity range of 2-10 days, and interest rates are considered to be between 20%-38%.

(*) TL 60.904 of the Company's demand deposits are held in participation banks, TL 7.595.520 in other banks, and TL 355.905 of its time deposits are held in participation banks.

6. FINANCIAL BORROWINGS

Current liabilities	**30 June 2024**	**31 December 2023**
Liabilities from leasing transactions	2.453.907	1.230.711
Credit card debts	2.181.050	3.302.744
Short-term principal instalments and interest of long-term loans	346.547	--
Accrued interest	708	9.287
Bank loans	--	18.710.189
Total	**4.982.212**	**23.252.931**

Non-current borrowings	**30 June 2024**	**31 December 2023**
Lease liabilities	2.565.549	5.412.199
Long-term loans	333.333	--
Total	**2.898.882**	**5.412.199**

Repayment terms of bank loans	**30 June 2024**	**31 December 2023**
0-3 Months	4.982.212	23.252.931
Total	**4.982.212**	**23.252.931**

All loans are in Turkish Lira, and the details of the collateral, pledges, and mortgages provided against the loans are included in Note 16.

Details of lease liabilities	**30 June 2024**	**31 December 2023**
1-2 years	2.453.907	1.230.711
2-3 years	1.111.173	1.300.850
3-4 years	1.261.833	1.328.430
4-5 years	192.543	2.782.919
Total	**5.019.456**	**6.642.910**

7. FINANCIAL ASSETS

As of 30 June 2024, the details of the Group's short-term financial investments are as follows:

	30 June 2024	**31 December 2023**
Stocks traded on the stock exchange	2.949.443	1.810.317
	2.949.443	**1.810.317**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

8. TRADE RECEIVABLES AND TRADE PAYABLES

Short-term trade receivables	**30 June 2024**	**31 December 2023**
Trade receivables from Related Parties (Not 25)	--	--
Trade receivables		
- Current accounts	93.217.190	32.095.691
- Doubtful trade receivables	--	1.749.244
- Provision for doubtful trade receivables (-)	--	(1.749.244)
Deferred financing income (-)	(3.650.934)	(1.468.374)
Total	**89.566.256**	**30.627.317**

The movement of provision for doubtful trade receivables is as follows:

	30 June 2024	**31 December 2023**	**30 June 2023**
Beginning of the period	**2.181.912**	**64.065**	**64.065**
Provision Reversed during the period (Note 22)	(1.749.244)	--	--
Provision during the period (Note 22)	--	1.710.363	148.111
Monetary Gain / Loss	(432.668)	(25.184)	(10.577)
Provision for the end of the period	**--**	**1.749.244**	**201.599**

Short-term trade payables	**30 June 2024**	**31 December 2023**
Trade payables from related parties (Note 25)	--	--
Trade payables	8.856.890	3.143.772
Deferred financing income (-)	(70.239)	(24.650)
Total	**8.786.651**	**3.119.122**

9. OTHER RECEIVABLES and OTHER LIABILITIES

Other short-term receivables	**30 June 2024**	**31 December 2023**
Deposits and guarantees given	412.719	534.067
Due from personnel	182.500	18.710
VAT receivables	--	2.280.120
Total	**595.219**	**2.832.897**

Other Non-Current Receivables	**30 June 2024**	**31 December 2023**
Deposits and guarantees given	115.500	144.068
Total	**115.500**	**144.068**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

9. OTHER RECEIVABLES and OTHER LIABILITIES (CONTINUED)

Other Current Liabilities	30 June 2024	31 December 2023
Other payables to related parties (Note 25)	4.606.267	1.766.574
Taxes and funds payables	4.319.228	2.092.518
Total	**8.925.495**	**3.859.092**

10. INVENTORIES

	30 June 2024	31 December 2023
Merchandises	--	2.735.363
Total	**--**	**2.735.363**

11. PREPAID EXPENSES AND DEFERRED INCOME

Current Prepaid Expenses	30 June 2024	31 December 2023
Prepaid expenses (*)	301.999	1.222.152
Advances given for purchases (**)	213.625	347.306
Advances given for business purposes	41.264	55.842
Total	**556.888**	**1.625.300**

(*) Prepaid expenses are comprised of vehicle and building insurances and software licenses acquired in accordance with the contracts made within the scope of the tenders that the Group has participated in and are closed by monthly invoicing to the customers during the period.

(**) Advances given for purchases consist of software advances given to the company from which the Group receives software development services.

Current Deferred Income	30 June 2024	31 December 2023
Advances received	--	28.400
Total	**--**	**28.400**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

12. PROPERTY, PLANT AND EQUIPMENT

	31 December 2023	Addition	Disposal	30 June 2024
Cost				
Buildings	18.439.259	--	--	18.439.259
Motor vehicles	13.603.789	1.700.626	--	15.304.415
Fixtures and fittings	41.208.549	164.819	--	41.373.368
Leasehold improvements	9.556.417	--	--	9.556.417
Total	**82.808.014**	**1.865.445**	**--**	**84.673.459**
Accumulated depreciation (-)				
Buildings	4.579.081	184.393	--	4.763.474
Motor vehicles	11.161.012	643.735	--	11.804.747
Fixtures and fittings	33.030.912	1.400.182	--	34.431.094
Leasehold improvements	6.337.271	349.089	--	6.686.360
Total	**55.108.276**	**2.577.399**	**--**	**57.685.675**
Net book value	**27.699.738**			**26.987.784**

	31 December 2022	Addition	Disposal	31 December 2023
Cost				
Buildings	18.439.259	--	--	18.439.259
Motor vehicles	13.603.789	--	--	13.603.789
Fixtures and fittings	37.327.303	3.881.246	--	41.208.549
Leasehold improvements	6.199.002	3.357.415	--	9.556.417
Total	**75.569.353**	**7.238.661**	**--**	**82.808.014**
Accumulated depreciation (-)				
Buildings	4.210.296	368.785	--	4.579.081
Motor vehicles	9.157.791	2.003.221	--	11.161.012
Fixtures and fittings	30.286.714	2.744.198	--	33.030.912
Leasehold improvements	6.062.078	275.193	--	6.337.271
Total	**49.716.879**	**5.391.397**	**--**	**55.108.276**
Net book value	**25.852.474**			**27.699.738**

The net book value of the intangible fixed assets are as follows:

	30 June 2024	31 December 2023
Buildings	13.675.785	13.860.178
Motor vehicles	3.499.668	2.442.777
Fixtures and fittings	6.942.274	8.177.637
Leasehold improvements	2.870.057	3.219.146
Total	**26.987.784**	**27.699.738**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As of 30 June 2024, there is an insurance coverage of TL 2.250.000 on total assets.

There are no restrictive elements on the real estate.

The distribution of depreciation expenses is as follows:

	1 January- 30 June 2024	**01 January- 31 December 2023**	**1 January – 30 June 2023**
Tangible fixed assets-(Note:12)	2.577.399	5.391.397	2.678.820
Intangible fixed assets (Note 13)	37.591.604	67.417.922	32.346.059
Depreciation of right-of-use assets (Note 14)	1.515.413	2.518.791	1.056.398
Total	**41.684.416**	**75.328.110**	**36.081.277**

As of 30 June 2024, depreciation expense in the amount of TL 36.889.114 is included in cost of sales (30 June 2023: TL 27.981.866), and TL 4.795.297 is included in general and administrative expenses (3o June 2023: TL 8.099.411).

13. INTANGIBLE ASSETS

	31 December 2023	**Addition**	**Transfers**	**30 June 2024**
Cost				
Rights	386.354.020	--	--	386.354.020
Development costs ".net based HIS"	54.345.677	--	--	54.345.677
Development costs —Java based cloud system	662.763.874	69.294.004	--	732.057.878
Tales ERP	10.857.777	--	--	10.857.777
Total	**1.114.321.348**	**69.294.004**	**--**	**1.183.615.352**
Accumulated amortization (-)				
Rights	129.128.673	11.365.656	--	140.494.329
Development costs ".net based HIS"	52.438.270	1.040.405	--	53.478.675
Development costs —Java based cloud system	186.429.635	24.823.617	--	211.253.252
Tales ERP	2.433.301	361.926	--	2.795.227
Total	**370.429.879**	**37.591.604**	**--**	**408.021.483**
Net book value	**743.891.469**			**775.593.869**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

13. INTANGIBLE ASSETS (CONTINUED)

	31 December 2022	Addition	Transfers	31 December 2023
Cost				
Rights	341.355.261	44.998.759	--	386.354.020
Development costs ".net based HIS"	54.345.677	--	--	54.345.677
Development costs —Java based cloud system	532.228.919	130.534.955	--	662.763.874
Tales ERP	10.857.777	--	--	10.857.777
Total	**938.787.634**	**175.533.714**	**--**	**1.114.321.348**
Accumulated amortization (-)				
Rights	107.281.057	21.847.616	--	129.128.673
Development costs ".net based HIS"	49.709.831	2.728.439	--	52.438.270
Development costs — Java based cloud system	144.311.620	42.118.015	--	186.429.635
Tales ERP	1.709.449	723.852	--	2.433.301
Total	**303.011.957**	**67.417.922**	**--**	**370.429.879**
Net book value	**635.775.677**			**743.891.469**

The net book value of the intangible fixed assets are as follows:

	30 June 2024	31 December 2023
Rights	245.859.691	257.225.347
Development costs ".net based HIS"	867.002	1.907.407
Development costs — Java based cloud system	520.804.626	476.334.239
Tales ERP	8.062.550	8.424.476
Total	**775.593.869**	**743.891.469**

The Group capitalizes the cost of the new HIS program running on Java-based cloud architecture. These costs consist of outsourced services and personnel costs in software development, project implementation and system support departments.

The details of the program costs capitalized during the period are as follows:

	30 June 2024	31 December 2023
Personnel costs (the personnel work on software development, project implementation and information technologies departments**)**	69.294.004	130.534.955
Total	**69.294.004**	**130.534.955**

Development costs incurred in prior periods are comprised of development costs related to the Java-based HIS of which sales are ongoing.

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14. RIGHT OF USE ASSETS

	31 December 2023	Additions	Disposals	30 June 2024
Cost				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	20.224.409	--	--	20.224.409
Total	**20.224.409**	**--**	**--**	**20.224.409**
Accumulated amortization (-)				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	10.477.213	1.515.413	--	11.992.626
Total	**10.477.213**	**1.515.413**	**--**	**11.992.626**
Net book value	**9.747.196**			**8.231.783**

	31 December 2022	Additions	Disposals	31 December 2023
Cost				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	12.634.700	7.589.709	--	20.224.409
Total	**12.634.700**	**7.589.709**	**--**	**20.224.409**
Accumulated amortization (-)				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	7.958.422	2.518.791	--	10.477.213
Total	**7.958.422**	**2.518.791**	**--**	**10.477.213**
Net book value	**4.676.278**			**9.747.196**

Group in the case of tenant

The Group has five lease agreements that is subject to operating leases.

The Group has five workplace rentals, Floor 1 and Floor 12 at The Paragon Business Centre in Çankaya, Ankara, Emlak Kredi Blokları 33/4 in Levent, Istanbul, Klarabergsviadukten 70, D4 11 68 in Stockholm, Sweden and Technology Development Zone in Hacettepe University Teknokent in Ankara, Turkey The beginning date of the contracts are 15 August 2017, 01 July 2021 18 May 2023, 18 May 2023, 1 August 2019, 02 January 2020 and 26 January 2021 respectively and the contract terms are valid for 5 years.

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15. GOVERNMENT INCENTIVES

The Group has investment incentive certificates that are deemed appropriate to be issued by the Official Departments regarding investment expenditures. The rights owned by the Group due to these incentives are as follows:

a) Incentives within the scope of Technology Development Zones Law (100% Corporate Tax Exemption),
b) Incentives within the scope of research and development law (Social Security Institution incentives etc.)

In accordance with the article; 'Within the scope of the temporary second article of the Law No. 4691 on Technology Development Zones, amended by the 8th article of the Corporate Tax General Communiqué No 6, the earnings obtained by the management companies within this law and the income and corporate taxpayers operating in the region are exempt from income and corporate tax until 31 December 2028, exclusively from the software and R&D activities in this region. The Group 's revenues to be obtained as a result of research and development activities are within the scope of exemption from corporate tax.

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other Current Provisions	**30 June 2024**	**31 December 2023**
Provisions for lawsuits	438.673	1.762.138
Total	**438.673**	**1.762.138**

The movement table of the litigation provision is as follows:

	01.01-30.06.2024	**01.01-30.06.2023**
Opening balance	**1.762.138**	**2.356.028**
Additional provision made during the period (Note 22)	--	400.000
Provision no longer required (Note 22)	(1.214.961)	--
Monetary Loss / Gain	(108.504)	(388.967)
Closing Balance	**438.673**	**2.367.061**

As of the date of this report, summary information about the Group related to litigation and execution are as follows:

		30 June 2024		**31 December 2023**
	Amount	**Total**	**Amount**	**Total**
Ongoing lawsuits on behalf of the Group	26	512.685	40	669.841
Ongoing execution proceedings	5	196.515	2	245.122
Ongoing lawsuits against the Group	28	444.747	46	1.314.437
Ongoing enforcement proceedings	7	435.157	9	498.464

The Group management has provided a provision in the amount of TL 438.673 in the financial statements with regards to lawsuits filed against the Group (31 December 2023 TL 1.762.138).

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Contingent Liabilities

As of 30 June 2024, collaterals, pledges and mortgages (CPM's) given by the Group are as follows:

	30 June 2024	31 December 2023
CPM given by the Group		
A. CPM's given for Group's own legal personality		
CPM given by the company	79.850.148	81.668.916
CPM's given on behalf of third parties for ordinary course of business	--	--
B. Total amount of other CPM's		
Total amount of CPM's given on behalf of the majority shareholder	--	--
C. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C		
i. iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
ii. CPM's given on behalf of third parties for ordinary course of business	--	--
Total	**79.850.148**	**81.668.916**

Details of CPM's given for the Group's own legal personality is as follows:

	30 June 2024	31 December 2023
Letters of guarantee	79.850.148	81.668.916
Total	**79.850.148**	**81.668.916**

17. LIABILITIES FROM EMPLOYEE BENEFITS

Liabilities from Employee Benefits	30 June 2024	31 December 2023
Payables due to personnel	18.168.014	14.494.915
Social security withholdings payables	15.614.690	11.627.014
	33.782.704	**26.121.929**

Current Provisions for Employee Benefits	30 June 2024	31 December 2023
Provisions for unused vacations	2.062.145	2.035.126
Total	**2.062.145**	**2.035.126**

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17. LIABILITIES FROM EMPLOYEE BENEFITS (CONTINUED)

Movements of the provisions for unused vacations are as follows:

	30 June 2024	30 June 2023
Beginning of the period	**2.035.126**	**1.338.428**
Provision amount for the current period	430.580	390.881
Monetary loss / gain	(403.561)	(220.967)
Balance at 30 June 2024	**2.062.145**	**1.508.342**

	30 June 2024	31 December 2023
Provision for employee termination benefits	3.870.422	3.764.686
	3.870.422	**3.764.686**

Provision for severance pay

According to the Turkish Labor Law, the company is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life, whose employment relationship is terminated, who is called for military service or who dies.

As of 30 June 2024, the maximum severance pay cap payable per year of service is TL 41.828,42 per month (as of 31 December 2023: TL 35.058,58 TL). Effective 1 July 2024, the severance pay cap has been increased to TL 41.828,42 per month.

Severance pay liability is not legally subject to any funding.

Severance pay liability is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires the Company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans.

The actuarial assumptions used in calculating the present value of liabilities are as follows:

	30 June 2024	31 December 2023
Interest Rate %	25,05	25,05
Inflation Rate %	21,41	21,41
Annual discount rate (%)	1,92	1,92

The actuarial assumptions used in calculating the Termination Benefits are as follows:

	30 June 2024	30 June 2023
Beginning of the period	**3.764.686**	**9.554.266**
Service cost	531.973	515.727
Interest Expense (Note 22)	378.024	853.529
Actuarial profit /(loss)	48.014	(5.460.438)
Payments (-)	(105.750)	(192.400)
Monetary Loss / Gain	(746.525)	(1.577.356)
Closing balance	**3.870.422**	**3.693.328**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

18. OTHER ASSETS AND LIABILITIES

Other current assets	30 June 2024	31 December 2023
VAT carried forward	2.132	418.266
Total	**2.132**	**418.266**

Other current liabilities	30 June 2024	31 December 2023
Executive and BES Deductions	251.189	318.768
VAT	--	3.493.806
Other	--	18.166
Total	**251.189**	**3.830.740**

19. EQUITY, RESERVES AND OTHER EQUITY COMPONENTS

The Shareholders structure of the Company is as follows:

	30 June 2024		31 December 2023	
Capital Shares	**Share Amount**	**Rate %**	**Share Amount**	**Rate %**
Abdülkerim GAZEN	55.218.000	38,35	55.218.000	38,35
Other (public part)	88.782.000	61,65	88.782.000	61,65
Capital Paid	**144.000.000**	**100**	**144.000.000**	**100**
Capital Adjustment Differences	287.595.826		287.595.826	
Capital Paid	**431.595.826**		**431.595.826**	

The Company's issued capital consists of 144.000.000 shares, all with a par value of 1 Turkish Liras each as at 30 June 2024 (31 December 2023: 144.000.000 shares).

Capital inflation adjustment differences represent the difference between the total amounts adjusted for inflation with cash and cash equivalents added to paid-in capital and the amounts before inflation adjustment.

Other comprehensive income/loss not to be reclassified to profit or loss

	30 June 2024	31 December 2023
Actuarial gain/loss	1.733.406	1.793.426
	1.733.406	**1.793.426**

Restricted reserves

	30 June 2024	31 December 2023
Legal reserves	31.642.188	31.642.188
Special funds	5.611.665	4.501.916
	37.253.853	**36.144.104**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

19. EQUITY, RESERVES AND OTHER EQUITY COMPONENTS (CONTINUED))

Restricted reserves allocated from profit (continued)

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

Accumulated profits other than net period profit are shown in previous years' profits / (losses). Extraordinary reserves, which are essentially accumulated profits and thus not restricted, are also considered as accumulated profits and shown in this item.

20. REVENUE AND COST OF SALES (-)

Sales revenue, net	**01.01.-30.06.2024**	**01.01.-30.06.2023**	**01.04.-30.06.2024**	**01.04.-30.06.2023**
Domestic sales (*)	231.095.757	163.858.370	129.837.882	89.115.041
Exports	4.918.965	4.206.129	2.926.695	2.397.850
Other sales	800.201	492.177	(5.360.574)	384.405
Revenue, net	**236.814.923**	**168.556.676**	**127.404.003**	**91.897.296**
Returns and discounts from sales (-)	(234.343)	--	(13.259)	--
Cost of sales (-)	**236.580.580**	**168.556.676**	**127.390.744**	**91.897.296**
Cost of merchandise sold	(2.669.955)	(528.678)	(110.662)	(212.623)
Cost of services sold	(151.370.971)	(114.591.694)	(79.068.100)	(55.439.955)
Cost of sales	**(154.040.926)**	**(115.120.372)**	**(79.178.762)**	**(55.652.578)**
Gross profit	**82.539.654**	**53.436.304**	**48.211.982**	**36.244.718**

(*) As of January 1 to June 30, 2024, all service sales contracts made by the Group in Turkey consist of sales to public hospitals.

21. GENERAL ADMİNİSTRATİVE EXPENSES, RESEARCH EXPENSES (-)

The details of the operating expenses for the Group as of the reporting period are as follows:

	01.01.-30.06.2024	**01.01.-30.06.2023**	**01.04.-30.06.2024**	**01.04.-30.06.2023**
General administrative expenses (-)	24.592.291	29.458.832	12.045.533	14.117.639
Marketing, selling and distribution expenses (-)	2.354.011	2.068.720	1.327.862	1.069.066
Research and development expenses (-)	1.615.217	724.916	1.570.308	657.700
Total	**28.561.519**	**32.252.468**	**14.943.703**	**15.844.405**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

22. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (-)

Other income from operating activities	**01.01.- 30.06.2024**	**01.01.- 30.06.2023**	**01.04.- 30.06.2024**	**01.04.- 30.06.2023**
Foreign currency income	28.035.058	1.051.187	27.098.663	972.376
Incentive income (*)	12.563.513	9.798.156	11.835.187	5.195.355
Reversal of provisions for receivables (Note 8)	1.749.244	--	--	(56.158)
Reversals of litigation (Note 16)	1.214.961	--	1.052.869	--
Discount Income	50.477	1.126.091	(608.914)	(1.447)
Other	509.559	283.362	387.159	178.855
Total	**44.122.812**	**12.258.796**	**39.764.964**	**6.288.981**

(*) The Company's incentive income consists primarily of exemptions from customs duties, various funds, stamp tax, and fees for papers issued and transactions conducted under the scope of projects carried out in accordance with Law No. 5746 on Supporting Research, Development, and Design Activities, for the use of imported goods in research related to R&D, innovation, and design projects.

Other expense from operating activities (-)	**01.01.- 30.06.2024**	**01.01.- 30.06.2023**	**01.04.- 30.06.2024**	**01.04.- 30.06.2023**
Foreign currency expense	7.686.920	17.276	5.879.070	9.089
Discount income	2.473.735	8.141	2.446.144	(4.689)
Stock market expense	740.959	352.277	649.409	114.751
Severance pay interest expenses (Note 17)	378.024	853.529	202.654	407.749
Provision for litigation (Note 16)	--	400.000	--	378.976
Doubtful trade receivables expense (Note 8)	--	148.111	--	148.111
Donation and grants	--	171.597	--	(11.060)
Other	38.444	29.793	27.736	17.946
Total	**11.318.082**	**1.980.724**	**9.205.013**	**1.060.873**

23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES (-)

Income from investing activities	**01.01.- 30.06.2024**	**01.01.- 30.06.2023**	**01.04.- 30.06.2024**	**01.04.- 30.06.2023**
Profit on sales of securities	3.615.262	--	(19.717.525)	--
Total	**3.615.262**	**--**	**(19.717.525)**	**--**

Expense from investing activities	**01.01.- 30.06.2024**	**01.01.- 30.06.2023**	**01.04.- 30.06.2024**	**01.04.- 30.06.2023**
Loss on sales of securities	--	444.552	--	392.197
Total	**--**	**444.552**	**--**	**392.197**

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24. FINANCIAL INCOME AND EXPENSES (-)

Financial income	01.01.-30.06.2024	01.01.-30.06.2023	01.04.-30.06.2024	01.04.-30.06.2023
Interest income	863.383	1.355.082	458.833	887.242
Total	**863.383**	**1.355.082**	**458.833**	**887.242**

Financial expenses (-)	01.01.-30.06.2024	01.01.-30.06.2023	01.04.-30.06.2024	01.04.-30.06.2023
Interest expense	1.985.078	52.354	(15.131)	52.354
Letters of guarantee commission expenses	648.195	507.173	296.858	432.484
Bank commission expenses	244.374	140.682	143.778	66.967
Operating lease interest expenses	156.686	41.376	5.575	18.540
Other	18.782	5.631	16.339	3.619
Total	**3.053.115**	**747.216**	**447.419**	**573.964**

25. RELATED PARTIES

For the purpose of these financial statements, shareholders, key executives, board members, their families and companies are regarded as related parties and affiliates.

As of 30 June 2024, there is no receivables or payables from related parties. (31 December 2023: None)

Related Parties other payables.

	01.01.-30.06.2024	01.01.-31.12.2023
Abdülkerim Gazen	4.606.267	1.766.574
	4.606.267	**1.766.574**

The amount of benefits provided to senior executives in the current period is TL 5.208.000 (31 December 2023: TL 5.551.000).

26. TAXES ON INCOME (INCLUDING-DEFERRED TAX-ASSETS AND LIABILITIES)

Current tax

	30.06.2024	31.12.2023
Prepaid taxes and funds (-)	--	(20.145)
VAT assets/liabilities	**--**	**(20.145)**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

26. TAXES ON INCOME (INCLUDING-DEFERRED TAX-ASSETS AND LIABILITIES) (CONTINUED)

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 a deduction in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions 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 dividends;

- To real people
- - 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. The addition of the period profit to the capital is not considered as profit distribution and no withholding tax is applied.

Corporations calculate a 23% temporary tax on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year.
.
75% of the profits arising from the sale of participation shares, which are in the assets of the corporations for at least two full years, and 50% of the gains from the sale of the immovables that are in the assets for the same period of time, are exempt from tax, provided that they are added to the capital as stipulated in the Corporate Tax Law.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses cannot be offsite from last year's profits. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

With Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law No. With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2023 taxation period.

Tax liability details as of the balance sheet dates are as follows:

Tax provision in the income statement	**30 June 2024**	**30 June 2023**
Deferred tax provision	(15.180.576)	(17.030.004)
Total	**(15.180.576)**	**(17.030.004)**

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

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26. TAXES ON INCOME (INCLUDING-DEFERRED TAX-ASSETS AND LIABILITIES) (CONTINUED)

The distribution of deferred tax assets calculated using the effective tax rates as of the balance sheet date are summarized below:

	30 June 2024		31 December 2023	
	Cumulative temporary differences	**Deferred Tax**	**Cumulative temporary differences**	**Deferred Tax**
Deferred tax assets				
Difference between the recorded value of tangible assets and taxable base	247.221.161	61.805.290	302.857.943	75.714.483
Valuation of securities	20.718.109	5.179.527	7.165.834	1.791.459
Severance pay provision	3.870.422	967.606	3.764.686	941.172
Deferred finance expense	3.650.934	912.734	1.468.374	367.094
Unused vacation provision	2.062.145	515.536	2.035.126	508.782
Adjustments related to subsidiaries	594.544	148.636	--	--
Provision for litigation	438.673	109.668	1.762.138	440.535
Accrued loan interest	708	177	--	--
Provision for doubtful receivables	--	--	1.749.244	437.311
Other	5.460	1.365	--	--
Total	**278.562.156**	**69.640.539**	**320.803.345**	**80.200.836**

	30 June 2024		31 December 2023	
	Cumulative temporary differences	**Deferred Tax**	**Cumulative temporary differences**	**Deferred Tax**
Deferred Tax Liabilities				
Prepaid expenses value variance"	(19.993.185)	(4.998.297)	(368.147)	(92.037)
Rights of use assets	(3.212.327)	(803.082)	(3.104.286)	(776.072)
Deferred finance costs	(70.239)	(17.560)	(24.650)	(6.163)
Adjustments for term deposits	(13.899)	(3.475)	--	--
Other	(69.189)	(17.296)	(1.332.618)	(333.150)
Total	**(23.358.839)**	**(5.839.710)**	**(4.829.701)**	**(1.207.422)**
Deferred Tax Assets / (Liabilities), net		**63.800.829**		**78.993.414**

Movements of deferred tax assets / (liabilities) are as follows:

	30 June 2024	31 December 2023	30 June 2023
Opening balance	78.993.414	(83.040.363)	(83.040.363)
Deferred tax expense / (income)	(15.180.576)	161.050.839	(17.030.004)
Tax effect of actuarial gains and losses	(12.009)	982.938	1.365.110
Deferred tax asset / liability in the current period	**63.800.829**	**78.993.414**	**(98.705.257)**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

27. EARNINGS PER SHARE

	01.01.-30.06.2024	**01.01.-30.06.2023**	**01.04.-30.06.2024**	**01.04.-30.06.2023**
Net profit / (loss) for the period from continued operations:				
Net profit / (loss) of parent company from continued operations	70.422.329	7.125.733	62.860.683	23.609.905
Weighted average number of shares	144.000.000	40.000.000	144.000.000	40.000.000
Earnings / (loss) per share from continued operations (TL)	**0,49**	**0,18**	**0,44**	**0,59**
Earnings / (loss) per share				
Net profit / (loss) of parent company for the period	70.422.329	7.125.733	62.860.683	23.609.905
Weighted average number of shares	144.000.000	40.000.000	144.000.000	40.000.000
Earnings / (loss) per share (TL)	**0,49**	**0,18**	**0,44**	**0,59**

	01.01.-30.06.2024	**01.01.-30.06.2023**	**01.04.-30.06.2024**	**01.04.-30.06.2023**
Number of weighted shares at the beginning of the period	144.000.000	40.000.000	144.000.000	40.000.000
Number of shares issued within the period	--	--	--	--
number of shares transferred during the period	--	--	--	--
Number of shares at the end of period	144.000.000	40.000.000	144.000.000	40.000.000

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The most important risks arising from the financial instruments of the Group is interest rate risk, liquidity risk and credit risk.

Capital Risk Management

The risks associated with each capital class, together with the Group's cost of capital, are evaluated by senior management.

The primary purpose of the Group's capital management is to maximize equity values and to ensure the continuity of a healthy capital structure. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions.

Based on the evaluations of the top management, the Group may acquire new debt or repay the existing debt; Within the framework of the dividend policy, it aims to keep the capital structure in balance through the distribution of dividends in cash and/or bonus shares or the issuance of new shares. While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profitability by using the debt and equity balance in the most efficient way.

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Capital Risk Management (continued)

The Group monitors capital using the net financial debt to capital employed ratio. This ratio is found by dividing the financial debt used by the capital. Net financial debt is calculated by deducting cash and cash equivalents from the total debt amount. Capital employed is calculated as equity plus net financial debt as shown in the balance sheet

	30.06.2024	**31.12.2023**
Total liabilities	71.838.083	74.393.791
Less: cash and cash equivalents	(8.026.945)	(12.706.839)
Net (Cash)/Liabilities	**63.811.138**	**61.686.952**
Total equity	910.428.275	840.065.966
Capital	144.000.000	144.000.000
Net (Cash) Liabilities / Total Equity Ratio	**0,07**	**0,07**

The current ratio from liquidity ratios has been realized as follows in terms of periods.

	30.06.2024	**31.12.2023**
Current assets	101.696.883	52.776.444
Current liabilities (-)	59.229.069	64.009.481
Net working capital excess / (deficit)	**42.467.814**	**(11.233.037)**
Current Ratio	**1,72**	**0,82**

Earnings Before Interest Tax Depreciation and Amortization (EBITDA)	**01.01.-30.06.2024**	**01.01.-30.06.2023**	**01.04.-30.06.2024**	**01.04.-30.06.2023**
Net income / (loss) for the period	70.422.329	7.125.733	62.860.683	23.609.905
Income / expenses from operating activities, net	(32.804.730)	(10.278.072)	(30.559.951)	(5.228.108)
Income / expenses from investment activities, net	(3.615.262)	444.552	19.717.525	392.197
Depreciation expenses	41.684.416	36.081.277	21.617.410	14.632.843
Financing (income) / expense, net	2.189.732	(607.866)	(11.414)	(313.278)
Tax (income) / loss, net	15.180.576	17.030.004	(22.529.357)	764.359
EBITDA	**93.057.061**	**49.795.628**	**51.094.896**	**33.857.918**
EBITDA margin	**39,33**	**29,54**	**40,11**	**36,84**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group management meets these risks by limiting the average risk for the counterparty in each agreement. The Group's collection risks mainly arise from its trade receivables. The Group manages this risk by limitation on the extension of the credit to customers. Credit limits are monitored regularly by the Company and the customer's financial position, taking into account the customers' credit quality and other factors considered. The Group does not have any derivative financial instruments. (31 December 2023: None)

As of 30 June 2024 and 31 December 2023, the credit risk exposure by types of financial instruments is as follows:

The imposed credit risk by financial instrument type is as follows:

	RECEIVABLES					
	Trade Receivables		Other Receivables			
30 June 2024	Related Parties	Other Parties	Related Parties	Related Parties	Bank Deposits	Cash and Other
Maximum credit risk exposures as of report date (A+B+C+D+E)	**--**	**89.566.256**	**--**	**710.719**	**8.026.228**	**717**
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	--	89.566.256	--	710.719	8.026.228	717
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
D. Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	--	--	--	--	--
- Impairment asset (-)	--	--	--	--	--	--
- Net, secured part via collateral etc.	--	--	--	--	--	--
E. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2023	RECEIVABLES					
	Trade Receivables		Other Receivables			
	Related Parties	Other Parties	Related Parties	Related Parties	Bank Deposits	Cash and Other
Maximum credit risk exposures as of report date (A+B+C+D+E)	--	**30.627.317**	--	**2.976.965**	**12.705.948**	**891**
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	--	30.627.317	--	2.976.965	12.705.948	891
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
D. Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	1.749.244	--	--	--	--
- Impairment asset (-)	--	(1.749.244)	--	--	--	--
- Net, secured part via collateral etc.	--	--	--	--	--	--
E. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group management minimizes its liquidity risk by financing its assets with equity as in the previous period. The Group conducts its liquidity management not according to the expected terms, but it conducts with the terms determined in accordance with the contract. The Group has no derivative financial liabilities.

Maturities accordance with the contract as of 30 June 2024	Book value	Total contractual cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1 – 5 years III)
Bank loans	680.588	680.588	680.588	--	--
Other financial liabilities	2.181.050	2.181.050	2.181.050	--	--
Trade payables	8.786.651	8.786.651	8.786.651	--	--
Finance lease obligations	5.019.456	5.019.456	2.453.907	1.111.173	1.454.376
Total	**16.667.745**	**16.667.745**	**14.102.196**	**1.111.173**	**1.454.376**
Liabilities from employee benefits	33.782.704	33.782.704	33.782.704	--	--
Total	**33.782.704**	**33.782.704**	**33.782.704**	**--**	**--**

(Currency –Turkish Liras "TL" in terms of purchasing power of the "TL" at 30 June 2024 unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED))

Maturities accordance with the contract as of 31 December 2023	**Book value**	**Total contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1 – 5 years III)**
Bank loans	18.719.476	18.719.476	18.719.476	--	--
Other financial liabilities	3.302.744	3.302.744	3.302.744	--	--
Trade payables	3.119.122	3.119.122	3.119.122	--	--
Finance lease obligations	6.642.910	6.642.910	1.230.711	1.300.850	4.111.349
Total	**31.784.252**	**31.784.252**	**26.372.053**	**1.300.850**	**4.111.349**
Liabilities from employee benefits	26.121.929	26.121.929	26.121.929	--	--
	26.121.929	**26.121.929**	**26.121.929**	**--**	**--**

Market Risk

Market risk is the risk of fluctuations in the fair value of a financial instrument or in future cash flows that will adversely affect a business due to changes in market prices. These are foreign currency risk, interest rate risk and financial instruments or commodity price change risk.

Interest Rate Risk

Interest rate risk arises from the possibility of interest rate changes that affect the financial statements. The Group is exposed to interest rate risk because of timing differences of its assets and liabilities which is expired in a current period. There is no risk management pattern and implementation which is defined in the Group Company. The Group administration manages the interest rate risk by making decision and with its implementations although there is not any risk management model defined in the Group.

The Group's interest position table is as follows:

	30 June 2024	**31 December 2023**
Financial instruments with fixed interest		
Financial Liabilities (Note 6)	7.881.094	28.665.130
Cash and Cash Equivalents (Note 5)	(8.026.945)	(12.706.839)

29. EVENTS AFTER THE REPORTING DATE

The registered capital ceiling of Fonet Bilgi Teknolojileri A.Ş. has been increased from TL 400.000.000 to TL 2.500.000.000 for the period of 2024-2028 with the approval of the General Assembly dated 24 July 2024. This decision has been announced in the Turkish Trade Registry Gazette No. 1130 dated 26 July 2024.