



FONET INFORMATION TECHNOLOGIES INC.

**INTERIM PERIOD ACTIVITY REPORT
OF THE BOARD OF DIRECTORS**

1 January 2021 – 31 March 2021

“Strong Accumulation Innovative Technology”

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I. ABOUT US

Fonet Information Technology A.Ş (the company) is subject to the laws of the Republic of Turkey, Capital Market Law, and the provisions of the Turkish Commercial Code relating to the establishment of joint stock companies. Therefore, it operates in accordance with the provisions contained in the Turkish Commercial Code and Capital Market Law especially the provisions contained in the articles of Association of the company and on condition that it stays within the scope of business.

Accordingly, the main business issue of the company is “IT sector” and its activity is defined in detail in Article 3 titled purpose and subject of the articles of association.

| | |
|--|---|
| Trade Name | Fonet Bilgi Teknolojileri A.Ş |
| Establishment Date | 10.01.2001 |
| Area of Activity | Software/Informatics |
| Capital Receipts | 40.000.000 TL |
| Upper Limit of Registered Capital | 100.000.000 TL |
| Address | Kızılırmak Mahallesi 1445. Sokak No: 2B/1 The Paragon Tower Çankaya / ANKARA |
| Phone | +90 312 438 59 19 |
| Fax | +90 312 440 36 52 |
| Trade Registry No | 350735 |
| E-Mail Address | fonet@fonetyazilim.com |
| Website | www.fonetyazilim.com |

FONET; has been founded in 1997 to service in healthcare IT area. It is the It company that turned in to limited liability Corporation in 2001 and then turned in to joint-stock company in 2011. It gives services turnkey projects in Healthcare IT field which are related to Information Management System, System Integration and Consultancy services. Despite of healthcare information technology is the main activity subject of Fonet, it can be also in different information technology projects with field expertise.

Within the scope of the transformation in the health sector in our country in the late 90s and early 2000s, we focused on the health sector in line with the works of using information technologies in health sector and having Health Institutions serving at international standards and started to produce solutions in this context. It follows improving technology and regarding regulations closely and it keeps itself update. Fonet's aim is reaching all international standards all hospitals which has been given service by Fonet in the healthcare informatics system field.

Mission

Developing advanced technology and also develop. In this way we contribute Turkey's economy and we intended to strengthen Turkey's position in global marketplace.

Vision

To be a leader company in its sector that providing development and change with advanced technology in information sector, continuously increase value created for its customers, give a quality service with knowledge of technology, professional team, entrepreneur and customer oriented approach.

II. CAPITAL STRUCTURE

The company, which has adopted the registered capital system, has set its registered capital ceiling (upper limit) to 100.000.000 Turkish Liras until the year of 2023 along with the permission of the Capital Markets Board.

The company's issued capital is 40.000.000,00 Turkish Liras that has been paid in full within the upper limit of registered capital.

The company started trading in Istanbul on May 04, 2017. Details of the shares that form the capital of the company, which has started trading in the BIST MAIN / BIST TECHNOLOGY / BIST INITIAL PUBLIC OFFERING / BIST ALL SHARES / BIST ALL SHARES-100 / BIST ANKARA markets, are as shown in the table below;

| SHAREHOLDER | SHARE IN CAPITAL (TL) | RATIO IN CAPITAL (%) | VOTING RIGHT RATIO (%) |
|--------------------|------------------------------|-----------------------------|-------------------------------|
| ABDÜLKERİM GAZEN | 19.333.333,10 | 48,33 | 70,94 |
| DİĞER | 20.666.666,90 | 51,67 | 29,06 |
| TOPLAM | 40.000.000,00 | 100 | 100 |

III. INFORMATION ON PRIVILEGED SHARES

Privileged Share Amount (Number): 2.222.222 A Group Equity

Privileged Share Amount (TL): 2.222.222 TL

Explanations on Voting Rights of Privileged Shares

Each share in the General Assembly has 15 Voting Rights. If the company's Board of Directors consists of five members, two board members; consists of six or seven members, three board members; consists of eight or nine members, four board members of the Board of Directors (A) are elected by the General Assembly among the candidates to be determined by the shareholders.

If the shareholders of group (A) does not nominate to the Board of directors, the election shall be held by the General Assembly within the framework of the Capital Markets legislation and the provisions of the Turkish commercial code.

Articles of Association Article 6:

Group (A) shares have privileged about determination Members of the Board of Directors and use of voting rights.

Group (B) shares have no privileges.

Articles of Association Article 10:

At Ordinary and Extraordinary General Assembly Meetings (A) group shareholders have 15 voting rights for each share, (B) group shareholders have 1 voting rights for each one share.

IV. COMPANY MANAGEMENT AND EMPLOYEE INFORMATION

The management and representation of the Company belongs to the Board of Directors. The company's activity and management are carried out by 6 members of the board of Directors elected by the General Assembly in accordance with the provisions of the Turkish commercial code. Members of the Board of Directors can be elected for a maximum of 3 years. The Board of Director Members whose term of office expire can be elected again.

The chairman of the Board of Directors is elected by the members of the Board of Directors that the (A) group of shareholders offer. The Members of The Board of Directors can also be The Members of The Board of Directors of the other companies.

The Members of The Board of Directors do not have activities within the scope of Prohibition of competing with the company through transactions on behalf of the company, itself or others.

Board of Directors

| NAME and SURNAME | ROLE | DUTY TERM |
|-----------------------------|--------------------------|-------------------------|
| Abdülkerim GAZEN | Chairman of the Board | 05.04.2019 - 03.04.2022 |
| Yasemin ŞAH | Vice Chairman | 05.04.2019 - 03.04.2022 |
| Dr. Emre SEZGİN | Board Member | 05.04.2019 - 03.04.2022 |
| Daniel Anders Henrik WERNER | Board Member | 05.04.2019 - 03.04.2022 |
| Mahmut İBİŞ | Board Member | 05.04.2019 - 03.04.2022 |
| Nisabeyim GAZEN | Board Member | 05.04.2019 - 03.04.2022 |
| İlker SALTOĞLU | Independent Board Member | 12.05.2020 – 12.05.2023 |
| Yusuf Serdar GÜRBÜZ | Independent Board Member | 12.05.2020 – 12.05.2023 |

Members of Executive Board

| NAME and SURNAME | ROLE | TITLE |
|----------------------|---------------------------|--------------------------------------|
| Mehmet GAZEN | Chairman of the Board | General Manager |
| Muhammed Fatih AKTAÇ | Member of Executive Board | Deputy General Manager |
| Ömer GAZEN | Member of Executive Board | Deputy General Manager |
| Mehmet ARSLAN | Member of Executive Board | Director of Corporate Relations |
| Yusuf ARSLANTÜRK | Member of Executive Board | Director of Information Technologies |
| Mehmet Yaşar KEŞKÜŞ | Member of Executive Board | Director of Business Development |
| Cansu ERAY | Member of Executive Board | Director of Corporate Strategy |

COMMITTEES

In order for the Board of Directors to perform its duties and responsibilities in a sound manner, Pursuant to Article 4.5 of the corporate governance communiqué no: II-17.1 of the Capital Markets Board, the Board of Directors has decided to create that “Audit Committee”, “Early Detection of Risk Committee” and “Corporate Governance Committee” and determine job definitions; The board of Directors has decided not to establish a different “Nomination Committee” and “Compensation Committee”, in place of this regarding committee’s duties has been undertaken by the “Corporate Governance Committee”.

Audit Committee

The audit committee; it supervises the company's accounting system, public disclosure of financial information, independent audit and the functioning and effectiveness of the company's internal control and internal audit system.

| NAME SURNAME | ROLE | TITLE |
|---------------------|---------------------------------|--------------------------|
| Yusuf Serdar GÜRBÜZ | Chairman of the Audit Committee | Independent Board Member |
| İlker SALTOĞLU | Member of the Audit Committee | Independent Board Member |

Early Detection of Risk Committee

Early Detection of Risk Committee; it is responsible for early identification of risks that may endanger the existence, development and continuation of the company, taking necessary measures regarding the identified risks, and carrying out activities to manage the risk and it reviews risk management systems at least once a year.

| NAME SURNAME | ROLE | TITLE |
|---------------------|--|--------------------------|
| Yusuf Serdar GÜRBÜZ | Early Detection of Risk Committee Chairman | Independent Board Member |
| Dr. Emre SEZGİN | Early Detection of Risk Committee Member | Board Member |

Corporate Governance Committee

Corporate governance committee determines whether corporate governance principles are applied in the company, if not, its rationale and conflicts of interest that arise from not fully complying with these principles and advises the board of directors to improve corporate governance practices and it supervises the work of the investor relations department.

| NAME SURNAME | ROLE | TITLE |
|-----------------|---|----------------------------|
| İlker SALTOĞLU | Corporate Governance Committee Chairman | Independent Board Member |
| Dr. Emre SEZGİN | Corporate Governance Committee Member | Board Member |
| Deniz ÖZLÜK | Corporate Governance Committee Member | Investor Relations Manager |

As of 31st March, 2021, the number of personnel is 434 and distribution is as follows;

| EMPLOYEE DISTRIBUTION | NUMBER | |
|-----------------------------------|---------------|------------|
| Administrative Staff | 17 | |
| Technical Staff | 100 | |
| Company Headquarters Total | | 117 |
| Field Staff* | 317 | |
| Total | | 434 |

**Personnel working in hospitals related to certain fixed term service contract within the scope of the contracts.*

V. CORPORATE ACTIVITIES

In the relevant accounting period, there is no legal action taken for the benefit of the company, its parent company and its subsidiary, or its subsidiary with the guidance of the parent company, or any measures taken or avoided for the benefit of the parent partner or its subsidiary.

In the relevant accounting period, all of the commercial activities performed between both its controlling shareholder and its subsidiary were realized with accordance with market conditions. The company has no share in its acquisition. There are no administrative or judicial sanctions imposed on company and its managers due to practices contrary to the provisions of the law. Detailed information on other activities that are conducted is summarized under "XIII other issues".

VI. FINANCIAL CONDITION OF THE COMPANY

Budget objective has been attained.

- The net profit of our company for the period of 1st January 2021 – 31st March 2021 is 6.458.307 Turkish Lira; the size of assets is 115.399.093 Turkish Lira and the total equity is 101.335.603 Turkish Lira.
- The financial statements of the company for the period of 1st January 2021 – 31st March 2021 are presented below.

Statement of Income

| | 31 March 2021 | 31 March 2020 |
|---|------------------|------------------|
| CONTINUING OPERATIONS | | |
| Revenue | 17.458.254 | 13.885.406 |
| Cost of Sales (-) | -9.669.927 | -7.826.013 |
| Gross Profit (Loss) From Commercial Operations | 7.788.327 | 6.059.393 |
| General Administrative Expenses (-) | -1.522.495 | -1.397.770 |
| Marketing Expenses (-) | -116.853 | -109.613 |
| Research and Development Expense (-) | -4.749 | -4.000 |
| Other Income from Operating Activities | 757.692 | 540.997 |
| Other Expenses from Operating Activities (-) | -822.810 | -611.664 |
| PROFIT (LOSS) FROM OPER. ACTIVITY (-) | 6.079.112 | 4.477.343 |
| Investment Activity Income | 329.615 | 16.936 |
| Investment Activity Costs | - | - |
| PROFIT (LOSS) BEF. FIN. INCOME (EXPENSE) | 6.408.727 | 4.494.279 |
| Finance Incomes | 3.825 | 4.752 |
| Finance Costs (-) | -125.842 | -240.366 |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX | 6.286.710 | 4.258.665 |
| Tax (Expense) Income, Continuing Ops. (-) | -171.597 | -785.785 |
| Current Income Tax Expense | - | - |
| Deferred Tax (Expense) Income (-) | -171.597 | -785.785 |
| PROFIT (LOSS) FROM CONTINUING OPS. | 6.458.307 | 3.472.880 |
| PROFIT (LOSS) | 6.458.307 | 3.472.880 |

Balance-Sheet

| ASSETS | 31 March 2021 | 31 December 2020 |
|--------------------------|----------------------|-------------------------|
| Current Assets | 31.223.906 | 27.622.292 |
| Nun-Current Assets | 84.175.187 | 81.108.700 |
| TOTAL ASSETS | 115.399.093 | 108.730.992 |
| LIABILITIES | 31 March 2021 | 31 December 2020 |
| Current Liabilities | 9.777.714 | 9.355.333 |
| Non-Current Liabilities | 4.285.776 | 4.503.984 |
| Equity | 101.335.603 | 94.871.675 |
| TOTAL LIABILITIES | 115.399.093 | 108.730.992 |

Ratios

| LIQUIDITY RATIOS | 31 March 2021 | 31 December 2020 |
|------------------|---------------|------------------|
| Current Ratio | 3,19 | 2,95 |
| Liquid Ratio | 3,06 | 2,81 |
| Cash Ratio | 0,97 | 0,92 |

| FINANCIAL STRUCTURE RATIOS | 31 March 2021 | 31 December 2020 |
|----------------------------|---------------|------------------|
| Leverage Ratio | 0,12 | 0,13 |
| Financing Ratio | 7,21 | 6,85 |
| Debt Equity Ratio | 0,14 | 0,15 |

| PROFITABILITY RATIOS | 31 March 2021 | 31 December 2020 |
|----------------------|---------------|------------------|
| Asset Profitability | 0,06 | 0,26 |
| Equity Profitability | 0,06 | 0,29 |

VII. STOCK INFORMATION

Public Offering Date: 27-28 Nisan 2017

Total Equity: 40.000.000,00 TL

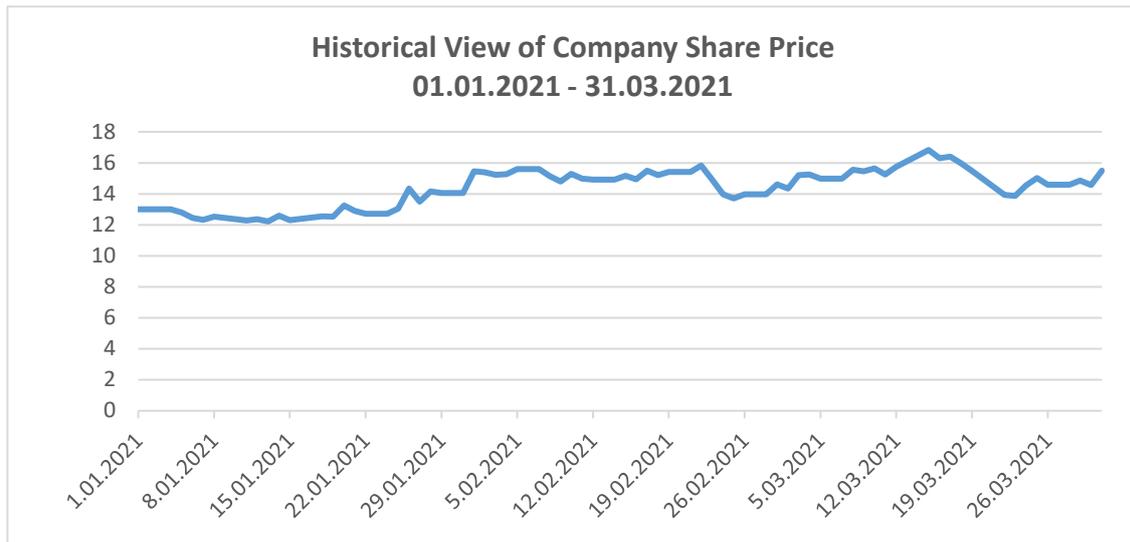
Free Float Rate: %41,67

Stock Market Code: FONET

ISIN Code: TREFONT00028

Involving Group in Stock Market: BIST MAIN

Involving Index: BIST MAIN / BIST TECHNOLOGY / BIST INITIAL PUBLIC OFFERING / BIST ALL SHARES / BIST ALL SHARES-100 / BIST ANKARA



The public offering date of the company's shares is 27-28 April 2017. The shares are started to be traded on Borsa Istanbul on 04 May 2017. The market price of the company's shares is 15,50 TL as of March 31, 2021. Between 01.01.2021 and 31.03.2021, it is seen that there is a 18,96% increase in the market price of the company's shares. In this period, the Borsa Istanbul BIST 100 Index decreased by 5,76%.

VIII. SOURCES OF FINANCE

Finance sources of the company is own equity and bank loans.

IX. CHANGES IN THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association did not change during the period.

X. BENEFITING FROM THE GOVERNMENT PROMOTIONS

Being R&D Center

As a result of the evaluation made by the Ministry of Science, Industry and Technology Evaluation and Audit Commission, it was deemed appropriate to give the company R & D center certificate. Thus, the company has been entitled to benefit from promotions and exemptions provided to R & D centers within the scope of Law No. 5746.

Gaining R & D center status, in addition to the fact that the company creates cost advantages in production activities, will increase cooperation with universities and other R & D institutions, this will clear the way for the company to focus its R & D efforts for the use of innovative and advanced technology and we believe that it will contribute positively to turnover and profitability by creating an important competitive advantage in the markets.

XI. RESEARCH AND DEVELOPMENT ACTIVITIES

R & D activities are continuing within the scope of the new HIMS project that works in Java-based cloud architecture.

XII. SUBSIDIARIES AND BRANCHES OF THE COMPANY

Subsidiaries

Pidata has been founded as wholly-owned subsidiary of Fonet in 2018 to develop projects except HIMS and to achieve another information technology investment targets.

Activity Areas of Pidata:

- To make R&D researches,
- To research and develop value added products which are needed in the market,
- To develop products except HIMS (expert system, hardware components, etc.) able to value added in Healthcare IT sector,
- To develop informatics solutions for the private sector,
- To develop e-state projects.

Branches

We have two branches in Istanbul and Şanlıurfa, and a liaison office at Stockholm, Sweden.

İstanbul Branch:

Büyükdere Cad. Emlak Kredi BloklarıNo:33/4 Levent, İSTANBUL

Phone: +90.212 284 18 61

Fax: +90 212 284 18 63

Şanlıurfa Branch:

İpekyol Cad. No:12/1 ŞANLIURFA

Phone: +90.414 312 72 52

Fax: +90.414 315 76 04

Liaison Office:

Klarabergsviadukten 70 D4, 111 64 Stockholm Sweden

Phone: +46-8-506 36 194

XIII. OTHER ISSUES

After the operating period comes to an end, in the company, there is no special occasion or issue which may affect the rights of shareholders, creditors, other related persons and organizations.

The company has announced the following developments to the public between 01th January 2021 and 31st March 2021 through the "Public Disclosure Platform" (KAP):

- **17.02.2021:** The Independent Auditor's Report for the Fourth Term of 2020 was announced to the public.
- **17.02.2021:** Fourth Term Activity Report of 2020 was announced to the public.
- **17.02.2021:** Fourth Term Declaration of Independence 2020 was announced to the public.
- **17.02.2021:** The 2020 Corporate Governance Compliance Report has been announced to the public.
- **17.02.2021:** The 2020 Corporate Governance Information Form has been announced to the public.
- **25.02.2021:** The investor presentation, which includes information about our company's activities, and a summary of our financial results for 2020, is presented to the public in Turkish and English in the attached files. The related presentations can be accessed on our corporate website www.fonetyazilim.com
- **01.03.2021:** In accordance with the principles determined by Turkish Commercial Code No. 6102 and the Capital Market Law No. 6362, our Board of Directors, taking the opinion of the Audit Committee, it was decided to choose Eren Bağımsız Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi (Grant Thornton) to carry other activities under the relevant regulations in these laws and Auditing of the financial reports of our company in the 2021 accounting period, and it was decided to submit this election to the approval of the General Assembly.
- **09.03.2021:** Our Company participated in a tender of "KKTC Health Information System Project Service Procurement" that was made by Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. on the date of 09.03.2021. There were 7 (seven) companies participated in regarding tender that the best offer has been given by our company with the amount of 3.090.000,00 USD.
- **17.03.2021:** Our Company's Ordinary General Assembly Meeting for 2020 will be held on Thursday, April 08, 2021, at 14:00, at Kızılırmak Mahallesi 1445. Sokak No: 2B / 18 The Paragon Tower Çankaya / ANKARA.
- **17.03.2021:** In the meeting held by our Company's Board of Directors on 17 March 2021; it has been unanimously resolved that the remaining part of the profit for the activities in 2020 after the general legal reserve has been allocated, to be left in the company as the "Previous Year Profits" and this will be submitted to the approval of the General Assembly.