

**FONET BİLGİ  
TEKNOLOJİLERİ A.Ş.  
1 JANUARY- 31 DECEMBER 2023  
CONSOLIDATED FINANCIAL  
STATEMENTS TOGETHER WITH THE  
INDEPENDENT AUDITORS' REPORT**

*(Convenience Translation of the Independent  
Auditors' Report and Consolidated Financial  
Statements Originally Issued in Turkish)*

## FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ

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**Eren Bağımsız Denetim A.Ş.**  
Maslak,Eski Büyükdere Cad  
No.14 Kat :10  
34396 Sarıyer /İstanbul,Turkey

T + 90 212 373 00 00  
F + 90 212 291 77 97  
[www.grantthornton.com.tr](http://www.grantthornton.com.tr)

**FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ  
INDEPENDENT AUDITOR'S REVIEW REPORT OF  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR 1 JANUARY – 31 DECEMBER 2023**

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

**Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Fonet Bilgi Teknolojileri Anonim Şirketi (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**Basis for Opinion**

Our audit was conducted in accordance with the independent auditing standards published by the Capital Markets Board ("CMB") and Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to us, the issues described below are identified as key audit matters and are reported in our report:

<b>Key Audit Matters</b>	<b>How our audit addressed the Key Audit Matter</b>
<b>Revenue recognition</b>	
<p>When the Group fulfills (or brings) the obligation to perform by transferring a committed goods or service to its customer, the revenue is included in the financial statements.</p> <p>The majority of the group's revenue consists of sales of Fonet HBYS software and sales of services and hardware products related to the sale.</p> <p>Due to the nature of the operations of the Group, there is a risk of not separating the amounts corresponding to the periods by evaluating the services it sells and collects throughout the contract.</p> <p>Based on the above-mentioned explanations, in accordance with the periodicity principle of sales, it is determined as the key audit subject whether the revenue of contractual services in this case is recorded in the correct period.</p> <p>Explanations regarding the Group's revenue-related accounting policies and amounts are included in Note 2 and Note 20.</p>	<p>In our audit, the following procedures have been followed to record revenue accurately and accurately:</p> <ul style="list-style-type: none"> <li>- The revenue process of the Group and the design and implementation of the controls designed by the management in this process were examined. Assurance work was carried out for general controls of both operational and financial information systems applications in the process.</li> <li>- Contracts with customers were examined and the effects of contract items on revenue were evaluated. The terms of the contracts are determined.</li> <li>- Within the scope of the audit works, service sales data and records were tested on a sample basis. In addition, the procedures for the relevant account correlation and analysis were applied using the material verification procedures and data analytics tools on revenue.</li> <li>- In order to test the integrity and accuracy of the data used in these studies, the data obtained from accounting systems and collection information were compared.</li> </ul>

<b>Key Audit Matters</b>	<b>How our audit addressed the Key Audit Matter</b>
<b>Application of the hyperinflationary accounting</b>	
<p>As stated in 2.1. to the consolidated financial statement, the Group has started to apply "TAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of 31 December 2023.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous 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 the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included the following;</p> <p>We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed,</p> <p>We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations,</p> <p>We have audited the restatements of corresponding figures as required by TAS 29,</p> <p>We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.</p>

**Key Audit Matters (Continued)**

Key Audit Matters	How our audit addressed the Key Audit Matter
<b>Test of intangible assets capitalized within the enterprise</b>	
<p><i>Development Costs</i></p> <p>In the Group's consolidated financial statements as of 31 December 2023, the net book value of development costs is TL 390.161.323, constituting 53% of the total assets. There are capitalized development costs in the amount of TL 104.650.167 in 2023 (31 December 2022: TL 84.115.084). The Group takes into account the explanations in TAS 38 "Intangible Assets" standard and Note 2 in capitalizing the costs incurred in relation to development costs.</p> <p>For the projects that the Group has completed its feasibility studies and believes will provide cash flow in the future; it activates the costs related to the personnel of the employees related to the software development processes and the costs of consultancies received from this scope within the scope of the development activities.</p> <p>Activation is done by calculating according to the rates determined within the framework of the estimates and assumptions made by the management and project managers and the time when the personnel work on the development activities.</p> <p>Plan capitalization calculations as a key audit matter, as the financial statements are significant and include management's estimates about it.</p> <p>Explanations regarding the Group's intangible assets accounting policies and amounts are included in Note 2 and Note 13.</p>	<p>The following procedures have been applied for the control of development costs</p> <ul style="list-style-type: none"> <li>- It was understood how the criteria in TAS 38 Intangible Assets<sup>1</sup> were met by discussing with the group management. Details of the projects and details of the feasibility studies of the future economic benefits of the project were understood by interviewing the project managers.</li> <li>- Project-based costs related to capitalized costs were detailed and controlled by the movement table of intangible assets</li> <li>- For the testing of personnel costs associated with the projects, each project was broken down on the basis of staff and capitalized costs, verifying the staff with their payrolls.</li> <li>- The personnel subject to the activation were selected by sampling method and interviews were made and the development activities they realized within the scope of the projects they were involved in were understood.</li> <li>- Regarding external consultancy, the contents of the consultancy received were understood and detailed tests were carried out regarding their amounts.</li> </ul>

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We use our professional judgment and maintain our professional skepticism throughout the independent audit as a requirement of the independent audit conducted in accordance with the independent auditing standards published by the CMB and the SIA. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Responsibilities Arising from Regulatory Requirements**

No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

The name of the engagement partner who supervised and concluded this audit is Nazım Hikmet.

İstanbul, 3 May 2024

Eren Bağımsız Denetim A.Ş.  
A member firm of Grant Thornton International



Nazım Hikmet  
Partner

Park Plaza, Reşitpaşa Mahallesi  
Eski Büyükdere Caddesi No. 14, Kat 10  
Maslak, İstanbul

**FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEETS**  
**AT 31 DECEMBER 2023 AND 2022**

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)  
(Amounts expressed Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

	Notes	Current Period Audited Consolidated 31 December 2023	Prior Year Audited Consolidated 31 December 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	10.187.101	36.759.040
Financial Investments	7	1.451.335	2.693.116
Trade receivables			
- Trade receivables from third parties	8	24.553.989	145.483.049
Other receivables			
- Other receivables from third parties	9	2.271.140	402.576
Inventories	10	2.192.947	2.271.014
Prepaid expenses	11	1.303.007	10.690.744
Current income tax assets	26	16.150	--
Other current assets	18	335.325	63.782
<b>Total current assets</b>		<b>42.310.994</b>	<b>198.363.321</b>
<b>Non-current assets</b>			
Trade receivables			
- Trade receivables from third parties	8	--	20.583.982
Other receivables			
- Other receivables from third parties	9	115.500	58.494
Property, plant and equipment	12	22.206.942	20.725.986
Intangible assets	13	596.379.461	509.702.788
Right of use assets	14	7.814.349	3.748.983
Deferred tax assets	26	64.297.190	2.838.604
<b>Total non-current assets</b>		<b>690.813.442</b>	<b>557.658.837</b>
<b>Total assets</b>		<b>733.124.436</b>	<b>756.022.158</b>

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

**FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEETS**  
**AT 31 DECEMBER 2023 AND 2022**

(Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish)  
(Amounts expressed Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

	Notes	Current Period Audited	Prior Year Audited
		31 December 2023	31 December 2022
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings			
- Bank borrowings	6	15.007.446	--
- Lease liabilities	6	986.664	998.928
- Other financial liabilities	6	2.647.817	2.315.188
Trade payables			
- Trade payables to third parties	8	2.500.607	3.494.876
Employee benefit obligations	17	20.942.009	15.529.398
Other payables			
- Other payables to related parties	25	1.416.266	--
- Other payables to third parties	9	1.677.576	2.546.986
Deferred income	11	22.768	97.435.908
Short term provisions			
- Short term provisions for employee benefits	17	1.631.565	1.073.021
- Other short-term provisions	16	1.412.710	1.888.833
Other current liabilities	18	3.071.117	138.260
<b>Total current liabilities</b>		<b>51.316.545</b>	<b>125.421.398</b>
<b>Non-current liabilities</b>			
Long-term borrowings			
- Lease liabilities	6	4.338.972	1.301.601
Deferred income	11	--	20.583.982
Long-term provisions			
- Long term provisions for employee benefits	17	3.018.157	7.659.677
Deferred tax liabilities	26	967.995	69.412.250
<b>Total non-current liabilities</b>		<b>8.325.124</b>	<b>98.957.510</b>
<b>Equity</b>			
Paid- in capital	19	144.000.000	40.000.000
Capital adjustment differences	19	202.011.343	195.454.820
Share premiums		(10.808.347)	--
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
--Gain/loss arising from defined benefit plans	19	1.437.794	(2.502.303)
Restricted reserves			
- Legal reserves	19	28.976.809	23.512.586
Net profit for the prior period		159.157.401	251.217.817
Net profit for the period		148.707.767	23.960.330
Non-controlling interest			
<b>Total equity</b>		<b>673.482.767</b>	<b>531.643.250</b>
<b>Total liabilities and equity</b>		<b>733.124.436</b>	<b>756.022.158</b>

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

**FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF**  
**PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**AS OF 01 JANUARY - 31 DECEMBER 2023 AND 2022**

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

*(Amounts expressed Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)*

	Notes	Current Period Audited	Prior Year Audited
		1 January – 31 December 2023	1 January – 31 December 2022
Net Sales	20	249.814.426	237.106.076
Cost of sales (-)	20	(185.079.707)	(148.620.915)
<b>Gross profit</b>		<b>64.734.719</b>	<b>88.485.161</b>
General administrative expenses (-)	21	(43.131.589)	(30.301.957)
Marketing expenses (-)	21	(6.308.881)	(4.326.044)
Research and development expenses (-)	21	(2.414.478)	(365.175)
Other operating income	22	23.108.800	14.736.634
Other operating expense (-)	22	(11.011.528)	(2.466.122)
<b>Operating profit</b>		<b>24.977.043</b>	<b>65.762.497</b>
Income from investing activities	23	1.360.204	1.851.324
Expense from investing activities (-)	23	(1.244.627)	--
<b>Operating income before financial income / (expense)</b>		<b>25.092.620</b>	<b>67.613.821</b>
Financial income	24	942.893	5.165.792
Financial expenses (-)	24	(1.780.817)	(1.776.417)
Monetary Gain / Loss		(4.661.748)	(30.640.287)
<b>Profit before tax from continuing operations</b>		<b>19.592.948</b>	<b>40.362.909</b>
<b>Tax income / (expense) from continuing operations</b>			
- <i>Deferred tax (expense) / income</i>	26	129.114.819	(16.402.579)
<b>Profit for the period</b>		<b>148.707.767</b>	<b>23.960.330</b>
<b>Distribution of income for the period attributable to:</b>			
Equity holders of the parent	27	148.707.767	23.960.330
<b>Earnings per share (kr)</b>	<b>27</b>	<b>3,59</b>	<b>0,60</b>
<b>Other comprehensive Income:</b>			
Items not to be reclassified to profit or loss			
- <i>Gain/loss arising from defined benefit plans</i>		3.940.097	(2.502.303)
- <i>Tax effect of gain/ loss arising from defined benefit plans</i>		(788.022)	502.267
<b>Other comprehensive income/ (loss)</b>		<b>3.152.075</b>	<b>(2.000.036)</b>
<b>Total comprehensive income</b>		<b>151.859.842</b>	<b>21.960.294</b>
<b>Distribution of total comprehensive income attributable to:</b>			
Non-controlling interests		--	--
Equity holders of the parent		151.859.842	21.960.294
<b>EBITDA</b>	<b>28</b>	<b>68.608.739</b>	<b>72.386.090</b>
<b>EBITDA Margin</b>	<b>28</b>	<b>27,46</b>	<b>30,53</b>

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

**FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**AS OF 01 JANUARY – 31 DECEMBER 2023 AND 2022**

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

*(Amounts expressed Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)*

				Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss							
	Note	Paid-in Capital	Inflation adjustment on capital	Share Premium	Gain/ Loss Arising from Defined Benefit Plans	Restricted Reserves	Retained Earnings	Net Profit	Restricted Reserves	Non- Controlli ng Interests	Total
<b>Balance at 1 January 2022</b>	<b>19</b>	<b>40.000.000</b>	<b>195.454.820</b>	--	--	<b>16.335.558</b>	<b>101.697.483</b>	<b>156.697.362</b>	<b>510.185.223</b>	--	<b>510.185.223</b>
Transfers		--	--	--	--	5.222.839	151.474.523	(156.697.362)	--	--	--
Net profit		--	--	--	--	--	--	23.960.330	23.960.330	--	23.960.330
Other comprehensive income		--	--	--	(2.502.303)	--	--	--	(2.502.303)	--	(2.502.303)
R&D special funds		--	--	--	--	1.954.189	(1.954.189)	--	--	--	--
<b>Balance as of 31 December 2022</b>	<b>19</b>	<b>40.000.000</b>	<b>195.454.820</b>	--	<b>(2.502.303)</b>	<b>23.512.586</b>	<b>251.217.817</b>	<b>23.960.330</b>	<b>531.643.250</b>	--	<b>531.643.250</b>
<b>Balance at 1 January 2023</b>	<b>19</b>	<b>40.000.000</b>	<b>195.454.820</b>	--	<b>(2.502.303)</b>	<b>23.512.586</b>	<b>251.217.817</b>	<b>23.960.330</b>	<b>531.643.250</b>	--	<b>531.643.250</b>
Capital increase		104.000.000	6.556.523	--	--	--	(110.556.523)	--	--	--	--
Transfers		--	--	--	--	3.809.216	20.151.114	(23.960.330)	--	--	--
Shares repurchase		--	--	(10.808.347)	--	--	--	--	(10.808.347)	--	(10.808.347)
Net profit		--	--	--	--	--	--	148.707.767	148.707.767	--	148.707.767
Other comprehensive income		--	--	--	3.940.097	--	--	--	3.940.097	--	3.940.097
R&D special funds		--	--	--	--	1.655.007	(1.655.007)	--	--	--	--
<b>Balance as of 31 December 2023</b>	<b>19</b>	<b>144.000.000</b>	<b>202.011.343</b>	<b>(10.808.347)</b>	<b>1.437.794</b>	<b>28.976.809</b>	<b>159.157.401</b>	<b>148.707.767</b>	<b>673.482.767</b>	--	<b>673.482.767</b>

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

**FONET BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ**  
**CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN CASH FLOWS**  
**AS OF 01 JANUARY – 31 DECEMBER 2023 AND 2022**

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

*(Amounts expressed Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)*

	Notes	01 January – 31 December 2023	01 January – 31 December 2022
<b>Cash flows from operating activities:</b>			
<b>Profit from continuing operations:</b>		<b>148.707.767</b>	<b>23.960.330</b>
<b>Adjustments to reconcile profit / (loss)</b>			
Adjustments for depreciation and amortization expense	28	60.390.716	49.534.392
Adjustments for provisions related to employee benefits	17	1.805.020	2.657.432
Adjustment for deferred financing income	22	(10.026)	(226.452)
Adjustment for deferred financing expense	22	361.464	189
Adjustments for warranty provisions	16	266.385	801.628
Adjustments for impairment loss	22	1.371.202	(196.164)
Adjustments for interest expense	24	1.710.539	1.198.118
Adjustments for tax (income)/ expense	26	(129.114.819)	16.402.579
Adjustments for Monetary (gain) loss		5.445.588	11.859.218
<b>Adjustments for Working Capital</b>			
Adjustments for decrease (increase) in trade receivables	8	139.800.566	39.227.240
Adjustments for decrease (increase) in other receivables	9	(1.925.570)	56.939
Adjustments for decrease (increase) in inventories	10	78.067	(491.837)
Adjustments for increase (decrease) in trade payables	8	(984.243)	(3.240.180)
Adjustments for decrease (increase) in other payables	9	546.856	1.139.747
Increase (decrease) in employee benefit liabilities	17	5.412.611	5.507.347
Change in other current and non-current assets	18	9.116.194	(3.692.322)
Change in short-term and long-term liabilities	18	(115.064.265)	(142.466)
<b>Cash Flows Generated from Operating Activities</b>		<b>127.914.052</b>	<b>144.355.738</b>
Payments related to employee benefits	17	(308.923)	(502.266)
Tax refunds/payments	26	(16.150)	1.313
<b>Net Cash Generated from Operating Activities</b>		<b>127.588.979</b>	<b>143.854.785</b>
<b>B. Cash Flows from Investing Activities</b>			
Cash flows from purchase sales of property, plant, equipment	12	(5.803.252)	(2.333.963)
Cash flows from purchase sales of intangible assets	13	(140.725.773)	(114.568.319)
Other inflows / (outflows) of cash			
<b>Net Cash Used in Investing Activities</b>		<b>(146.529.025)</b>	<b>(116.902.282)</b>
<b>C. Cash Flows from Financing Activities</b>			
Cash flows from investment activities	7	1.241.781	(2.693.116)
Cash outflows related to the purchase of the entity's own shares and other equity-based instruments		(10.808.347)	--
Interest paid	24	(49.419)	(110)
Repayments of / proceeds from borrowings)	6	15.340.075	(3.444.906)
Cash Flows from lease contracts		(1.921.953)	(2.018.844)
<b>Cash Used in Financing Activities</b>		<b>3.802.137</b>	<b>(8.156.976)</b>
<b>Inflationary Effect on Cash and Cash Equivalents</b>		<b>(11.434.030)</b>	<b>(15.943.036)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(26.571.939)</b>	<b>2.852.491</b>
<b>D. Cash and Cash Equivalents at 1 January</b>	<b>5</b>	<b>36.759.040</b>	<b>33.906.549</b>
<b>Cash and Cash Equivalents at 31 December</b>		<b>10.187.101</b>	<b>36.759.040</b>

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

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**1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS**

Fonet Bilgi Teknolojileri Anonim Şirketi ("The Company" or "Fonet") was established in 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, 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

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**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 200 health institutions including hospitals in Somalia, 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.

In 2023, Fonet pursued strategic growth goals by employing qualified personnel and improving working environments. Accordingly, the company expanded its office workspace capacity by 55% and furnished it using its own resources. Recognizing that the primary capital of the software industry is qualified human resources, the company works to improve working environments and conducts various motivation activities to retain staff.

The average number of personnel employed within the Group as of 31 December 2023 is 437 (31 December 2022: 499).

Detailed information about the personnel is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Permanent indefinite-term contracted personnel of the Group	136	151
Fixed term contracted personnel employed by the Group within the scope of contracts with hospitals	301	348
<b>Total number of personnel</b>	<b>437</b>	<b>499</b>

Details about the company's shareholders and their shares is as follows

<b>Shareholders</b>	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Share Amount</b>	<b>Rate %</b>	<b>Share Amount</b>	<b>Rate %</b>
Abdülkerim GAZEN	55.218.000	38,35	15.338.333	38,35
Other	88.782.000	61,65	24.661.667	61,65
<b>Paid capital</b>	<b>144.000.000</b>	<b>100</b>	<b>40.000.000</b>	<b>100</b>

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**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 31 December 2023 (31 December 2022: 40.000.000 shares). The capital increase of Fonet Bilgi Teknolojileri was carried out on 26 December 2023, and the increased capital amount of TL 104.000.000 was covered from internal resources.

As of 31 December 2023, 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.

<b>Company Title</b>	<b>Share Rate %</b>	<b>Main operating activity</b>	<b>Type of activity</b>	<b>Country</b>	<b>Year of establishment</b>
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**

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards. The consolidated financial statements of the Group are prepared as per the CMB announcement of 4 October 2022 relating to financial statements presentations.

The Company and its subsidiaries operating in Turkey, maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. These consolidated financial statements are based on the statutory records, with the required adjustments and reclassifications including those related to changes in purchasing power reflected for the purpose of fair presentation in accordance with the TFRS.

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

**2.1 Basis of Presentation (Continued)**

*Approval of Consolidated Financial statements*

The financial statements have been approved by the Board of Directors and authorized for publication on 3 May 2024. The Board of Directors has the authority to change the financial statements.

*Presentation and Functional Currency*

The 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 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 31 December 2023 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:

<b>Year end</b>	<b>Index</b>	<b>Index, (%)</b>	<b>Conversion Factor</b>
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1.128,45	64,27	1,64773
2023	1.859,38	64,77	1,00000

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

### **2.1 Basis of Presentation (Continued)**

#### *Financial reporting in hyperinflationary economy (Continued)*

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 31 December 2023
- Non-monetary items which are not expressed in terms of measuring unit as of 31 December 2023 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 31 December 2023.
- 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.
- 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 have 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.

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

**2.4 New and Revised International Financial Reporting Standards (Continued)**

The accounting policies adopted in preparation of the consolidated financial statements as of 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023 and thereafter. The effects of these standards and interpretations on 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 1 January 2023 are as follows:*

**Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

The amendments did not have a significant impact on the financial position or performance of the Group.

**Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments did not have a significant impact on the financial position or performance of the Group.

**Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized

**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

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

**2.4 New and Revised International Financial Reporting Standards (Continued)**

i) *The new standards, amendments and interpretations which are effective as of 1 January 2023 are as follows (continued):*

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. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant impact on the financial position or performance of the Group

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 Group will make the necessary changes if not indicated otherwise, which will be affecting 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 Company will wait until the final amendment to assess the impacts of the changes

**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. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In January 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 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 are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

The amendments are valid for annual accounting periods beginning on or after 1 January 2024. Changes made are applied retrospectively according to TAS 8. Early application is permitted. However, an entity that applies any of the changes early must also apply the other change early.

The amendments will not have an impact on the financial position or performance of the Group

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

**2.4 New and Revised International Financial Reporting Standards (Continued)**

*ii) Standards issued but not yet effective and not early adopted (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 to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. 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 amendments will not have an impact on the financial position or performance of the Group.

**Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued in May 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 IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group

*iii) 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 IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

**Amendments to IAS 21 - Lack of exchangeability**

In August 2023, IASB issued amendments to IAS 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 are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

**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.

***Subsidiaries***

As of 31 December 2023, the Group has control over financial and operating policies consolidated financial statements includes the financial statements of the subsidiaries.

As of 31 December 2023, the direct and indirect participation rates of the companies subject to consolidation are as follows:

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

Control is considered to exist when the parent directly or indirectly controls more than half of the voting rights in a partnership and has the power to govern the financial and operating policies of the entity. In the consolidation of the financial statements, all profits and losses including intercompany balance, transactions and unrealized profits and losses are set off. Consolidated financial statements are prepared by applying consistent accounting policies for similar transactions and accounts.

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 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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Basis of consolidation (Continued)***

***Subsidiaries (Continued)***

If necessary, adjustments are made in the financial statements of the subsidiaries to match the accounting policies followed by the Group.

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.

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding whether it is with or without a value.

***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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***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.

**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.

	<b>Useful Life</b>	<b>Useful Life</b>
	<b>30 June 2023</b>	<b>31 December 2022</b>
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

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***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,
- 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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Intangible Assets (Continued)***

	<b>31 December 2023</b>	<b>31 December 2022</b>
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***

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

***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.

***Finance leases***

***The Group - as the lease***

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.

For these leases, the Group recognizes the lease payments as operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing structure in which the economic benefits from the leased assets are used.

In the initial recognition, lease obligations are accounted for at the present value of the lease payments that were not paid at the contract inception date, discounted at the lease rate. If this rate is not specified beforehand, the Group uses the alternative borrowing rate to be determined by itself.

The lease payments included in the measurement of the lease liability consist of:

- fixed lease payments (substantially fixed payments) less any lease incentives;
- variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;
- The amount of debt expected to be paid by the lessee under residual value guarantees,
- The enforcement price of the payment options, where the lessee will reasonably implement the payment options; and
- penalty payment for the cancellation of the rental if there is a right to cancel the rental during the rental period.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

*Finance leases (Continued)*

*The Group - as the lease (Continued)*

The lease liability is presented as a separate item in the consolidated statements of financial position.

Lease liabilities are measured by increasing the net carrying amount (using the effective interest method) to reflect the interest on the subsequent lease liability and decreasing the carrying amount to reflect the lease payment made. The Group remeasures the lease liability (and makes appropriate changes to the related right-of-use asset) if:

- When the lease liability is remeasured by discounting the revised lease payments using the revised discount rate when a change occurs in the assessment of the lease term or exercise of a purchase option.
- When the lease payments change due to changes in the index, rate, or expected payment change in the promised residual value, the restated lease payments are discounted using the initial discount rate and the lease liability is remeasured (the revised discount rate is used if the change in lease payments is due to a change in the variable interest rate).
- When a lease is changed and the lease modification is not accounted for as a separate lease, the revised lease payments are discounted using the revised discount rate and the lease liability is restated.

The Group has not made such changes during the periods presented in the consolidated financial statements.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the lease commencement date, and other direct initial costs. These assets are measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with IAS 36 when the group incurs costs to disassemble and dispose of a lease asset, restore the area on which the asset is located, or restore the main asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right-of-use asset unless they are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the main asset. When ownership of the main asset is transferred in a lease or when the Group plans to exercise a purchase option based on the cost of the right-of-use asset, the associated right-of-use asset is depreciated over the useful life of the main asset. Depreciation begins on the date the lease actually begins.

*Group - as a lessor*

The Group, as a lessor, signs lease agreements for some of its investment properties.

Leases in which the Group is the lessor are classified as finance leases or operating leases. The contract is classified as a finance lease if, according to the terms of the lease, all the ownership risks and rewards are transferred to the lessee to a significant extent. All other leases are classified as operating leases.

If the Group is the lessor of the vehicle, it accounts for the main lease and the sublease as two separate contracts. A sublease is classified as a finance lease or an operating lease with respect to the right-of-use asset arising from the main lease.

Rental income from operating leases is accounted for using the straight-line method over the relevant lease period. The direct initial costs incurred in realizing and negotiating the operating lease are included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Finance lease receivables from lessees are accounted for as receivables for the Group's net investment in leases.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

*Financial instruments (continued)*

*Classification of financial assets (Continued)*

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) Credit-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.

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**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 (Continued)***

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.

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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Financial instruments (continued)***

*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.

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 canceled 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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Recognition of Revenue (Continued)***

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 fulfills 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.

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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Employee benefits and retirement benefits***

***Severance pay***

In accordance with the current labor 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 labor 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.

***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.

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Provisions, Contingent Assets and Liabilities (Continued)***

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.

***Contingent Assets and Liabilities***

Liabilities and assets that can be confirmed by the realization of one or more uncertain future events, arising from past events and the existence of which is not fully under the Group's control, are considered contingent liabilities and assets and are not included in the financial statements.

***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.

Income tax expense is the sum of current tax and deferred tax expense.

***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.

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.

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**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)***

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 payable 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.

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**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***

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, determine the probable liabilities and commitments as of the date of the financial statements, and the income and expense amounts as of the reporting period. Actual results may differ from estimates. Estimates are reviewed regularly; necessary corrections are made and reflected in the comprehensive income statement in the period they are realized. However, actual results may differ from these results.

The assumptions made by considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the date of the financial statements are as follows:

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

**2.5 Summary of Significant Accounting Policies (Continued)**

***Significant accounting judgments, estimates and assumptions (continued)***

- a) The application of research findings or other information to a plan prepared 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.
- b) Severance pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates).
- c) Provisions for litigation are determined by the management in each period by taking the opinions of the Company's legal advisors on the possible consequences of ongoing lawsuits as of the date of preparation of the financial statement, which may lead to cash outflows.
- d) The Group management has made important assumptions in the determination of the useful economic lives of the tangible assets in line with the experience of the technical team.
- e) The Group reviews its assets in order to set aside a provision for impairment when it is revealed that the assets may not be sold at their book value, in line with the developing events or changing conditions. If there is such an indication and the carrying value of the assets exceeds the estimated recoverable value, the assets and cash-generating units are presented at their estimated recoverable value. The recoverable value of the assets is the higher of the net selling price or value in use.
- f) The impairment loss in trade receivables and other receivables is based on the Company management's assessment of the volume of trade receivables, past experiences and general economic conditions.
- g) 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 2022: 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

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**5. CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash on hands	714	8.021
Banks		
- Demand deposits (*)	1.704.209	9.719.399
- Time deposits	8.482.178	27.031.620
<b>Total</b>	<b>10.187.101</b>	<b>36.759.040</b>

As of the reporting period, the time deposits of the Group are comprised of TL assets, with a maturity range of approximately 4-34 days and interest rates between 5% and 15,85%.

(\*) TL 519.635 of the Group's demand deposits are in participation banks TL 1.184.574 in other banks; TL 5.010 of time deposits are in participation banks and TL 8.477.168 are in other banks.

**6. FINANCIAL BORROWINGS**

<b>Current liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank loans	15.007.446	--
Lease liabilities	986.664	998.928
Other financial liabilities	2.647.817	2.315.188
<b>Total</b>	<b>18.641.927</b>	<b>3.314.116</b>

<b>Non-current borrowings</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Lease liabilities	4.338.972	1.301.601
<b>Total</b>	<b>4.338.972</b>	<b>1.301.601</b>

<b>Repayment terms of Bank loan debts</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
0-3 Months	17.655.263	2.315.188
<b>Total</b>	<b>17.655.263</b>	<b>2.315.188</b>

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

<b>Details of lease liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
1-2 years	986.664	998.928
2-3 years	1.042.894	624.786
3-4 years	1.065.006	537.549
4-5 years	2.231.072	139.266
<b>Total</b>	<b>5.325.636</b>	<b>2.300.529</b>

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**7. FINANCIAL ASSETS**

As of 31 December 2023, the details of the Group's short-term financial investments are as follows:

**a.) Tangible assets**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Stocks traded on the stock exchange	1.451.335	1.614.775
	<b>1.451.335</b>	<b>1.614.775</b>

**b.) Currency protected deposit**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Currency protected deposit account (CPDA) (*)	--	1.078.341
	<b>--</b>	<b>1.078.341</b>

**8. TRADE RECEIVABLES AND TRADE PAYABLES**

<b>Short-term trade receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables from Related Parties (Not 25)	--	--
Trade receivables	25.731.188	145.344.203
Notes receivable	--	1.482.956
Deferred financing income (-)	(1.177.199)	(1.344.110)
Provision for doubtful trade receivables (-)	(1.402.373)	(51.361)
<b>Total</b>	<b>24.553.989</b>	<b>145.483.049</b>

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

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Beginning of the period</b>	<b>51.361</b>	<b>406.609</b>
Provision during the period (Note 22)	1.371.202	51.361
Provision cancelled during the period (Note 22)	--	(247.525)
Monetary Gain / Loss	(20.190)	(159.084)
<b>End of the period</b>	<b>1.402.373</b>	<b>51.361</b>

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**8. TİCARİ ALACAKLAR VE TİCARİ BORÇLAR (DEVAMI)**

<b>Long-term trade receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables	--	20.583.982
<b>Total</b>	<b>--</b>	<b>20.583.982</b>

<b>Short-term Trade Payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade payables from related parties (Note 25)	--	--
Trade payables	2.520.369	3.510.918
Deferred financing income (-)	(19.762)	(16.042)
<b>Total</b>	<b>2.500.607</b>	<b>3.494.876</b>

**9. OTHER RECEIVABLES and OTHER LIABILITIES**

<b>Other short-term receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
VAT receivables	1.827.977	--
Due from personnel	15.000	14.830
Deposits and guarantees given	428.163	387.746
<b>Total</b>	<b>2.271.140</b>	<b>402.576</b>

<b>Other Non-Current Receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deposits and guarantees given	115.500	58.494
<b>Total</b>	<b>115.500</b>	<b>58.494</b>

<b>Other Current Liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Other payables to related parties (Note 25)	1.416.266	--
Taxes and funds payables	1.677.576	2.546.986
<b>Total</b>	<b>3.093.842</b>	<b>2.546.986</b>

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**10. INVENTORIES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Merchandises (*)	2.192.947	2.271.014
<b>Total</b>	<b>2.192.947</b>	<b>2.271.014</b>

(\*) The Group's commercial goods consist of system room server and hardware materials

**11. PREPAID EXPENSES AND DEFERRED INCOME**

<b>Current Prepaid Expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid expenses (*)	979.802	2.761.512
Advances given for purchases (**)	278.436	7.887.212
Advances given for business purposes	44.769	42.020
<b>Total</b>	<b>1.303.007</b>	<b>10.690.744</b>

(\*) 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

<b>Current Deferred Income</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred income	--	89.197.262
Advances received	22.768	8.238.646
<b>Total</b>	<b>22.768</b>	<b>97.435.908</b>

<b>Non-current Deferred Income</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred income	--	20.583.982
<b>Total</b>	<b>--</b>	<b>20.583.982</b>

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**12. PROPERTY, PLANT AND EQUIPMENT**

	31 December 2022	Addition	Disposal	31 December 2023
<b>Cost</b>				
Buildings	14.782.795	--	--	14.782.795
Motor vehicles	10.906.188	--	--	10.906.188
Fixtures and fittings	29.925.383	3.111.604	--	33.036.987
Leasehold improvements	4.969.754	2.691.648	--	7.661.402
<b>Total</b>	<b>60.584.120</b>	<b>5.803.252</b>	<b>--</b>	<b>66.387.372</b>
<b>Accumulated depreciation (-)</b>				
Buildings	(3.375.404)	(295.656)	--	(3.671.060)
Motor vehicles	(7.341.822)	(1.605.987)	--	(8.947.809)
Fixtures and fittings	(24.280.927)	(2.200.030)	--	(26.480.957)
Leasehold improvements	(4.859.981)	(220.623)	--	(5.080.604)
<b>Total</b>	<b>(39.858.134)</b>	<b>(4.322.296)</b>	<b>--</b>	<b>(44.180.430)</b>
<b>Net book value</b>	<b>20.725.986</b>			<b>22.206.942</b>
	31 December 2021	Addition	Disposal	31 December 2022
<b>Cost</b>				
Buildings	14.782.795	--	--	14.782.795
Motor vehicles	10.198.256	1.318.183	(610.251)	10.906.188
Fixtures and fittings	28.928.827	996.556	--	29.925.383
Leasehold improvements	4.950.530	19.224	--	4.969.754
<b>Total</b>	<b>58.860.408</b>	<b>2.333.963</b>	<b>(610.251)</b>	<b>60.584.120</b>
<b>Accumulated depreciation (-)</b>				
Buildings	(3.079.749)	(295.655)	--	(3.375.404)
Motor vehicles	(6.176.287)	(1.775.786)	610.251	(7.341.822)
Fixtures and fittings	(20.942.397)	(3.338.530)	--	(24.280.927)
Leasehold improvements	(3.867.952)	(992.029)	--	(4.859.981)
<b>Total</b>	<b>(34.066.385)</b>	<b>(6.402.000)</b>	<b>610.251</b>	<b>(39.858.134)</b>
<b>Net book value</b>	<b>24.794.023</b>			<b>20.725.986</b>

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**12. MADDİ DURAN VARLIKLAR (DEVAMI)**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Buildings	11.111.735	11.407.391
Motor vehicles	1.958.379	3.564.366
Fixtures and fittings	6.556.030	5.644.456
Leasehold improvements	2.580.798	109.773
<b>Total</b>	<b>22.206.942</b>	<b>20.725.986</b>

As of 31 December 2023, 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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Tangible fixed assets	4.322.296	6.402.000
Intangible fixed assets (Not 13)	54.049.100	40.724.549
Depreciation of right-of-use assets (Note 14)	2.019.320	2.407.843
<b>Total</b>	<b>60.390.716</b>	<b>49.534.392</b>

As of 31 December 2023, depreciation expense in the amount of TL 45.721.749 is included in cost of sales (31 December 2022: TL 41.296.324), and TL 14.668.967 is included in general and administrative expenses (31 December 2022: TL 8.238.068).

**13. INTANGIBLE ASSETS**

	<b>31 December 2022</b>	<b>Addition</b>	<b>Transfers</b>	<b>31 December 2023</b>
<i>Cost</i>				
Rights	273.665.279	36.075.606	--	309.740.885
Development costs ".net based HIS"	43.569.051	--	--	43.569.051
Development costs —Java based cloud system	426.689.119	104.650.167	--	531.339.286
Tales ERP	8.704.704	--	--	8.704.704
<b>Total</b>	<b>752.628.153</b>	<b>140.725.773</b>	<b>--</b>	<b>893.353.926</b>
<i>Accumulated amortization (-)</i>				
Rights	(86.007.464)	(17.515.283)	--	(103.522.747)
Development costs ".net based HIS"	(39.852.483)	(2.187.396)	--	(42.039.879)
Development costs —Java based cloud system	(115.694.950)	(33.766.107)	--	(149.461.057)
Tales ERP	(1.370.468)	(580.314)	--	(1.950.782)
<b>Total</b>	<b>(242.925.365)</b>	<b>(54.049.100)</b>	<b>--</b>	<b>(296.974.465)</b>
<b>Net book value</b>	<b>509.702.788</b>			<b>596.379.461</b>

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**13. INTANGIBLE ASSETS (Continued)**

	31 December 2021	Addition	Transfers	31 December 2022
<b>Cost</b>				
Rights	186.967.326	30.453.235	56.244.718	273.665.279
Development costs ".net based HIS"	43.569.051	--	--	43.569.051
Development costs —Java based cloud system	398.818.753	84.115.084	(56.244.718)	426.689.119
Tales ERP	8.704.704	--	--	8.704.704
<b>Total</b>	<b>638.059.834</b>	<b>114.568.319</b>	<b>--</b>	<b>752.628.153</b>
<b>Accumulated amortization (-)</b>				
Rights	(74.894.040)	(6.459.443)	(4.653.981)	(86.007.464)
Development costs ".net based HIS"	(37.039.247)	(2.813.236)	--	(39.852.483)
Development costs —Java based cloud system	(89.477.375)	(30.871.556)	4.653.981	(115.694.950)
Tales ERP	(790.154)	(580.314)	--	(1.370.468)
<b>Total</b>	<b>(202.200.816)</b>	<b>(40.724.549)</b>	<b>--</b>	<b>(242.925.365)</b>
<b>Net book value</b>	<b>435.859.018</b>			<b>509.702.788</b>

The net book value of intangible fixed assets is as follows

	31 December 2023	31 December 2022
Rights	206.218.138	187.657.815
Development costs ".net based HIS"	1.529.172	3.716.568
Development costs —Java based cloud system	381.878.229	310.994.169
Tales ERP	6.753.922	7.334.236
<b>Total</b>	<b>596.379.461</b>	<b>509.702.788</b>

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

	31 December 2023	31 December 2022
<b>Personnel costs</b>		
(The personnel work on software development, project implementation and information technologies departments)	104.650.167	84.115.084
<b>Total</b>	<b>104.650.167</b>	<b>84.115.084</b>

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 2022	Additions	Disposals	31 December 2023
<i>Cost</i>				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	10.129.267	6.084.686	(2.634.852)	13.579.101
<b>Total</b>	<b>10.129.267</b>	<b>6.084.686</b>	<b>(2.634.852)</b>	<b>13.579.101</b>
<i>Accumulated amortization (-)</i>				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	(6.380.284)	(2.019.320)	2.634.852	(5.764.752)
<b>Total</b>	<b>(6.380.284)</b>	<b>(2.019.320)</b>	<b>2.634.852</b>	<b>(5.764.752)</b>
<b>Net book value</b>	<b>3.748.983</b>			<b>7.814.349</b>
	<b>31 December 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2022</b>
<i>Cost</i>				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	8.668.085	1.461.182	--	10.129.267
<b>Total</b>	<b>8.668.085</b>	<b>1.461.182</b>	<b>--</b>	<b>10.129.267</b>
<i>Accumulated amortization (-)</i>				
Buildings				
Included in the balance sheet within the scope of IFRS 16 right of use assets	(3.972.441)	(2.407.843)	--	(6.380.284)
<b>Total</b>	<b>(3.972.441)</b>	<b>(2.407.843)</b>	<b>--</b>	<b>(6.380.284)</b>
<b>Net book value</b>	<b>4.695.644</b>			<b>3.748.983</b>

**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, Melik 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**

<b>Other Current Provisions</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Provisions for lawsuits	1.412.710	1.888.833
<b>Total</b>	<b>1.412.710</b>	<b>1.888.833</b>

The movement table of the litigation provision is as follows:

	<b>01.01- 31.12.2023</b>	<b>01.01- 31.12.2022</b>
<b>Opening balance</b>	<b>1.888.833</b>	<b>1.785.947</b>
Additional provision made during the period (Note 22)	266.385	1.244.447
Paid litigation amounts (-) (Note 22)	--	(442.819)
Monetary Loss / Gain	(742.508)	(698.742)
<b>Closing Balance</b>	<b>1.412.710</b>	<b>1.888.833</b>

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

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Amount</b>	<b>Total</b>	<b>Amount</b>	<b>Total</b>
Ongoing lawsuits on behalf of the Group	33	537.013	40	1.428.947
Ongoing execution proceedings	5	196.515	2	75.341
Ongoing lawsuits against the Group	32	1.053.787	46	1.347.363
Ongoing enforcement proceedings	9	399.620	9	541.472
<b>Total</b>		<b>2.186.935</b>		<b>3.393.123</b>

The Group management has provided a provision in the amount of 1.412.710 in the financial statements with regards to lawsuits filed against the Group (31 December 2022 TL 1.888.833).

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**16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

Contingent Liabilities

As of 31 December 2023, collaterals, pledges and mortgages (CPM's) given by the Group are as follows:

	31 December 2023	31 December 2022
<b>CPM given by the Group</b>		
A. CPM's given for Group's own legal personality		
CPM given by the company	65.474.153	17.167.237
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 amount of other CPM's	--	--
<b>Total</b>	<b>65.474.153</b>	<b>17.167.237</b>

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

	31 December 2023	31 December 2022
Letters of guarantee	65.474.153	17.167.237
<b>Total</b>	<b>65.474.153</b>	<b>17.167.237</b>

**17. LIABILITIES FROM EMPLOYEE BENEFITS**

<b>Liabilities from Employee Benefits</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Payables due to personnel	11.620.606	8.127.722
Social security withholdings payables	9.321.403	7.401.676
	<b>20.942.009</b>	<b>15.529.398</b>
<b>Current Provisions for Employee Benefits</b>		
Provisions for unused vacations	1.631.565	1.073.021
<b>Total</b>	<b>1.631.565</b>	<b>1.073.021</b>

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**17. LIABILITIES FROM EMPLOYEE BENEFITS (CONTINUED)**

Movements of the provisions for unused vacations are as follows

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Beginning of the period</b>	<b>1.073.021</b>	<b>965.568</b>
Provision amount for the current period (Not 21) (*)	996.764	487.149
Provision cancelled amount for the current period (-) (Not 22)	(27.041)	(3.159)
Monetary Loss / Gain	(411.179)	(376.537)
<b>End of the period</b>	<b>1.631.565</b>	<b>1.073.021</b>

(\*) As of 31 December 2023, an amount of TL 22.259 of the provision allocated during the current period is included in general and administrative expenses, and TL 974.505 is included in the cost of services sold.

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for employee termination benefits	3.018.157	7.659.677
	<b>3.018.157</b>	<b>7.659.677</b>

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 31 December 2023, the severance pay ceiling to be paid is subject to the monthly ceiling of TL 35.058,58 (31 December 2022: TL 19.982,83) for each year of service.

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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Interest Rate %	25,05	21,40
Inflation Rate %	21,41	16,90
Annual discount rate (%)	1,92	1,92

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Beginning of the period</b>	<b>7.659.677</b>	<b>4.732.862</b>
Service cost (Note 21)	835.297	2.173.442
Actuarial profit /(loss)	(3.152.078)	2.000.036
Interest expense (Not 22)	995.235	605.043
Payments (-)	(308.923)	(502.266)
Monetary Loss / Gain	(3.011.051)	(1.349.440)
<b>Closing balance</b>	<b>3.018.157</b>	<b>7.659.677</b>

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**18. OTHER ASSETS AND LIABILITIES**

<b>Other current assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
VAT carried forward	335.325	63.782
<b>Total</b>	<b>335.325</b>	<b>63.782</b>
<b>Other current liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Executive and BES Deductions	255.557	138.260
VAT	2.800.992	--
Other	14.568	--
<b>Total</b>	<b>3.071.117</b>	<b>138.260</b>

**19. EQUITY, RESERVES AND OTHER EQUITY COMPONENTS**

The Shareholders structure of the Company is as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Share Amount</b>	<b>Rate %</b>	<b>Share Amount</b>	<b>Rate %</b>
<b>Capital Shares</b>				
Abdülkerim GAZEN	55.218.000	38,35	15.338.333	38,35
Other (public part)	88.782.000	61,65	24.661.667	61,65
<b>Capital Paid</b>	<b>144.000.000</b>	<b>100</b>	<b>40.000.000</b>	<b>100.00</b>
Capital Adjustmen Differences	202.011.343		195.454.820	
<b>Capital Paid</b>	<b>346.011.343</b>		<b>235.454.820</b>	

As of 31 December 2023, the Group's capital is divided into 144.000.000 shares with a nominal value of TL 1 each (31 December 2022: 40.000.000 shares with a nominal value of 1 TL each). The Group's capital increase was registered in the Turkish Trade Registry Gazette on 27 December 2023, issue no. 10988, and the capital payment was covered through a bonus issue from retained earnings.

Capital adjustment differences represent the difference between the inflation-adjusted total amounts of cash and cash equivalent additions to the paid-in capital and the amounts before inflation adjustments.

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Actuarial gain/loss	1.437.794	(2.502.303)
	<b>1.437.794</b>	<b>(2.502.303)</b>

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**19. EQUITY, RESERVES AND OTHER EQUITY COMPONENTS (Continued)**

***Restricted reserves allocated from profit***

	<b>31 December 2023</b>	<b>31 December 2022</b>
Legal reserves	25.367.613	21.558.398
Special funds	3.609.196	1.954.188
	<b>28.976.809</b>	<b>23.512.586</b>

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 (-)**

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
<b>Sales revenue, net</b>		
Domestic sales (*)	242.649.627	220.861.158
Exports	7.320.533	20.989.890
Returns and discounts from sales (-)	(155.734)	(4.744.972)
<b>Revenue, net</b>	<b>249.814.426</b>	<b>237.106.076</b>
<b>Cost of sales (-)</b>		
Cost of services sold	183.282.888	147.097.644
Cost of merchandise sold	1.796.819	1.523.271
<b>Cost of sales</b>	<b>185.079.707</b>	<b>148.620.915</b>
<b>Gross profit</b>	<b>64.734.719</b>	<b>88.485.161</b>

(\*) From 1 January to 31 December 2023, in Turkey, 74% (180,588,826 TL) of the Group's service sales contracts were with public hospitals, 2% (TL 5.913.536 ) were with private hospitals, and 23% were from other sales (TL 56.147.265).

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**21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING SELLING AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (-)**

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
General administrative expenses (-)	43.131.589	30.301.957
Marketing, selling and distribution expenses (-)	6.308.881	4.326.044
Research and development expenses (-)	2.414.478	365.175
<b>Total</b>	<b>51.854.948</b>	<b>34.993.176</b>

The details of the Group's operating expenses as of the reporting period are as follows;

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
General administrative expenses (-)	43.131.589	30.301.957
Marketing, selling and distribution expenses (-)	6.308.881	4.326.044
Research and development expenses (-)	2.414.478	365.175
<b>Total</b>	<b>51.854.948</b>	<b>34.993.176</b>

<b>General administrative expenses</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Personnel expenses	14.133.466	9.230.187
Depreciation and amortization (Note 12)	14.668.967	8.238.068
Travel and accommodation (representation and hosting) expenses	2.330.425	1.766.875
Vehicle expenses	881.305	944.727
Provision for severance pay (Note 17)	835.297	2.173.442
Taxes and duties paid	2.937.164	2.460.603
Office expenses	5.251.799	3.395.303
Consulting and advisory fees	324.349	550.089
Provision for leave (Note 17)	22.259	10.050
Maintenance and repair expenses	540.057	448.659
Insurance expenses	373.675	341.592
Other"	832.826	742.362
<b>Total</b>	<b>43.131.589</b>	<b>30.301.957</b>

<b>Marketing, selling and distribution expenses</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Bid participation expenses	5.566.530	2.957.570
Personnel expenses	495.304	444.127
Congress and symposium expenses	63.057	740.143
Other	183.990	184.204
<b>Total</b>	<b>6.308.881</b>	<b>4.326.044</b>

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**21 GENERAL ADMINISTRATIVE EXPENSES, MARKETING SELLING AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (-) (CONTINUED)**

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
<b>Research and development expenses (-)</b>		
Personnel expenses	2.339.418	--
Other	75.060	365.175
<b>Total</b>	<b>2.414.478</b>	<b>365.175</b>

*Fees for Services Received from Independent Auditors/Independent Audit Firms*

The Group's statement regarding the fees for services provided by independent audit firms, prepared based on the Board's decision published in the repeated Official Gazette on March 30, 2021, and the preparation principles based on the KGK letter dated 19 August 2021, is as follows:

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Independent audit fee for the reporting period	275.000	165.000
<b>Total</b>	<b>275.000</b>	<b>165.000</b>

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

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
<b>Other income from operating activities</b>		
Incentive income (*)	22.604.400	13.046.654
Reversed provision for unused vacation (Not 17)	27.041	3.159
Deferred financing income	10.026	226.452
Reversal of provisions for receivables (Note 8)	--	247.525
Reversals of litigation (Note 16)	--	442.819
Insurance damage compensation income	--	29.710
Other	467.333	740.315
<b>Total</b>	<b>23.108.800</b>	<b>14.736.634</b>

(\*) 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.

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
<b>Other expense from operating activities (-)</b>		
Earthquake Tax	7.038.631	--
Reversal of provisions for receivables (Note 8)	1.371.202	51.361
Severance pay interest expenses (Note 17)	995.235	605.043
Deferred financing expenses	361.464	189
Provision for litigation (Note 16)	266.385	1.244.447
Other	978.611	565.082
<b>Total</b>	<b>11.011.528</b>	<b>2.466.122</b>

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**23. INCOME AND EXPENSES (-) FROM INVESTING ACTIVITIES**

<b>Income from investing activities</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Interest income	1.360.204	1.559.281
Exchange rate protected deposit income	--	292.043
<b>Total</b>	<b>1.360.204</b>	<b>1.851.324</b>
<b>Expense from investing activities</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Expense from sales of tangible assets	(1.244.627)	--
<b>Total</b>	<b>(1.244.627)</b>	<b>--</b>

**24. FINANCIAL INCOME AND EXPENSES (-)**

<b>Financial income</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Foreign exchange income	942.893	5.165.792
<b>Total</b>	<b>942.893</b>	<b>5.165.792</b>
<b>Financial expense (-)</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Right of use expenses	665.885	592.965
Foreign exchange expenses	379.373	710.364
Letters of guarantee commission expenses	684.533	468.126
Interest expense	49.419	110
Other	1.607	4.852
<b>Total</b>	<b>1.780.817</b>	<b>1.776.417</b>

**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 31 December 2023, there is no receivables or payables from related parties. (31 December 2022: None)

***Related Parties other payables.***

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Abdülkerim Gazen	1.416.266	--
<b>Total</b>	<b>1.416.266</b>	<b>--</b>

The amount of benefits provided to senior executives in the current period is TL 5.551.000 (31 December 2022: TL 2.341.500).

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**26. TAXES ON INCOME (Deferred Tax Asset and Liability Included)**

**Current tax**

	<b>31.12.2023</b>	<b>31.12.2022</b>
Prepaid taxes and funds (-)	16.150	--
<b>VAT assets/liabilities</b>	<b>16.150</b>	<b>--</b>

**Corporate Tax Provision**

Corporations calculate a temporary tax of 25% 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 on 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 arising 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 offsetted 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 30th 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.

The Corporate Tax rate will be applied as 23% for the corporate earnings for the 2022 taxation period, and as 25% for the corporate earnings for the 2023 taxation period.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under IFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the financial statements for 2023.

With the 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.

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Tax provision in the income statement</b>		
Deferred tax provision	129.114.819	(16.402.579)
<b>Total</b>	<b>129.114.819</b>	<b>(16.402.579)</b>

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 (Deferred Tax Asset and Liability Included) (CONTINUED)**

***Deferred Income 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:

	Cumulative temporary differences		Deferred Tax	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b><i>Deferred tax assets</i></b>				
Amortization of intangible assets	242.801.893	--	60.700.473	--
Severance pay provision	3.018.157	7.659.677	754.539	1.761.726
Lease contracts	--	324.756	--	74.693
Deferred finance expense	1.177.199	1.344.110	294.300	309.145
Provision for litigation	1.412.710	1.888.833	353.178	434.432
Unused vacation provision	1.631.565	1.073.021	407.891	246.795
Provision for doubtful receivables	1.402.373	51.361	350.593	11.813
Securities valuation	5.744.865	--	1.436.216	--
<b>Total</b>	<b>257.188.762</b>	<b>12.341.758</b>	<b>64.297.190</b>	<b>2.838.604</b>
<b><i>Deferred Tax Liabilities</i></b>				
Lease contracts	(2.488.713)	(1.773.210)	(622.178)	(407.838)
Value differences in prepaid expenses	(295.144)	(1.176.446)	(73.786)	(270.583)
Difference between the tangible assets registered value and tax base	--	(290.236.956)	--	(66.754.500)
Deferred financial expense	(19.762)	(16.042)	(4.941)	(3.690)
Other	(1.068.363)	(8.589.747)	(267.090)	(1.975.639)
<b>Total</b>	<b>(3.871.982)</b>	<b>(301.792.401)</b>	<b>(967.995)</b>	<b>(69.412.250)</b>
<b>Deferred Tax Assets / (Liabilities), net</b>	<b>253.316.780</b>	<b>(289.450.643)</b>	<b>63.329.195</b>	<b>(66.573.646)</b>

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

	31 December 2023	31 December 2022
Opening balance of deferred tax assets / (liabilities)	(66.573.646)	(49.668.800)
Deferred tax expense / (income)	129.114.819	(16.402.579)
Deferred tax effect of other comprehensive income	788.022	(502.267)
<b>Deferred tax asset / liability in the current period</b>	<b>63.329.195</b>	<b>(66.573.646)</b>

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**27. EARNINGS PER SHARE**

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
<b>Net profit / (loss) for the period from continued operations:</b>		
Net profit / (loss) of parent company from continued operations	148.707.767	23.960.330
Weighted average number of shares	41.428.571	40.000.000
<b>Earnings / (loss) per share from continued operations (TL)</b>	<b>3,59</b>	<b>0,60</b>
<b>Earnings / (loss) per share</b>		
Profit / (loss) for the period	148.707.767	23.960.330
Net profit / (loss) of minority shares for the period	--	--
Net profit / (loss) of parent company for the period	148.707.767	23.960.330
Weighted average number of shares	41.428.571	40.000.000
<b>Earnings / (loss) per share (TL)</b>	<b>3,59</b>	<b>0,60</b>
	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Number of weighted shares at the beginning of the period	40.000.000	40.000.000
Number of shares excluded within the period	104.000.000	6.040.382
Number of shares transferred within the period	--	(6.040.382)
Number of shares at the end-of-period	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 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

Based on the assessments of senior management, the Group aims to maintain a balanced capital structure by incurring new debt or repaying existing debt; distributing dividends in cash and/or as bonus shares in line with the dividend policy, or issuing new shares.

In capital management, the Group seeks to ensure the continuity of its operations while aiming to increase profitability by using debt and equity balances most efficiently.

The Group monitors capital by using the net debt to capital employed ratio. This ratio is calculated by dividing net debt by capital employed. Net debt is calculated by subtracting the total debt from cash and cash equivalents. Capital employed is calculated by adding equity to net financial debt as shown on the balance sheet.

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

*Capital Risk Management (Continued)*

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Total liabilities	59.641.669	224.378.908
Less: cash and cash equivalents	(10.187.101)	(36.759.040)
<b>Net (Cash)/ Liabilities</b>	<b>49.454.568</b>	<b>187.619.868</b>
Total equity	673.482.767	531.643.250
Capital	144.000.000	40.000.000
<b>Net (Cash) Liabilities / Total Equity Ratio</b>	<b>0,07</b>	<b>0,35</b>

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

	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Current assets	42.310.994	198.363.321
Current liabilities (-)	51.316.545	125.421.398
<b>Net working capital excess / (deficit)</b>	<b>(9.005.551)</b>	<b>72.941.923</b>
<b>Current Ratio</b>	<b>0,82</b>	<b>1,58</b>
<b>Earnings Before Interest Tax Depreciation and Amortization (EBITDA)</b>	<b>01.01.- 31.12.2023</b>	<b>01.01.- 31.12.2022</b>
Net income / (loss) for the period	148.707.767	23.960.330
Income / expenses from operating activities, net	(12.097.272)	(12.270.512)
Income / expenses from investment activities, net	(115.577)	(1.851.324)
Depreciation expenses	60.390.716	49.534.392
Financing (income) / expense, net	837.924	(3.389.375)
Tax (income) / loss, net	(129.114.819)	16.402.579
<b>EBITDA</b>	<b>68.608.739</b>	<b>72.386.090</b>
<b>EBITDA margin</b>	<b>27,46</b>	<b>30,53</b>

*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 2022: None)

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

**Financial Risk Factors (Continued)**

Credit risk (Continued)

As of 31 December 2023, and 2022, the credit risk exposure by type of financial instrument is as follows:

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

	RECEIVABLES				Bank Deposits	Cash and Other
	Trade Receivables		Other Receivables			
	Related Parties	Other Parties	Related Parties	Related Parties		
<b>31 December 2023</b>						
<b>Maximum credit risk exposures as of report date (A+B+C+D+E)</b>	--	24.553.989	--	2.386.640	10.186.387	714
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
<b>A.</b> Net book value of the financial assets that are neither overdue nor impaired	--	24.553.989	--	2.386.640	10.186.387	714
<b>B.</b> Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
<b>C.</b> Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
<b>D.</b> Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	1.402.373	--	--	--	--
- Impairment asset (-)	--	(1.402.373)	--	--	--	--
- Net, secured part via collateral etc.	--	--	--	--	--	--
<b>E.</b> Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

	RECEIVABLES				Bank Deposits	Cash and Other
	Trade Receivables		Other Receivables			
	Related Parties	Other Parties	Related Parties	Related Parties		
<b>31 December 2022</b>						
<b>Maximum credit risk exposures as of report date (A+B+C+D+E)</b>	--	145.483.049	--	461.070	36.751.019	8.021
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
<b>A.</b> Net book value of the financial assets that are neither overdue nor impaired	--	145.483.049	--	461.070	36.751.019	8.021
<b>B.</b> Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
<b>C.</b> Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
<b>D.</b> Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	51.361	--	--	--	--
- Impairment asset (-)	--	(51.361)	--	--	--	--
- Net, secured part via collateral etc.	--	--	--	--	--	--
<b>E.</b> Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

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

**Financial Risk Factors (Continued)**

**The imposed credit risk by financial instrument (Continued):**

Liquidity risk (continued)

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 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	15.007.446	15.007.446	15.007.446	--	--
Other financial liabilities	2.647.817	2.647.817	2.647.817	--	--
Trade payables	2.500.607	2.500.607	2.500.607	--	--
Finance lease obligations	5.325.636	3.094.564	986.664	1.042.894	1.065.006
<b>Total</b>	<b>25.481.506</b>	<b>23.250.434</b>	<b>21.142.534</b>	<b>1.042.894</b>	<b>1.065.006</b>

Liabilities from employee benefits	4.430.867	4.430.867	4.430.867	--	--
<b>Total</b>	<b>4.430.867</b>	<b>4.430.867</b>	<b>4.430.867</b>	<b>--</b>	<b>--</b>

Maturities accordance with the contract as of 31 December 2022	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	--	--	--	--	--
Other current liabilities	2.315.188	2.315.188	2.315.188	--	--
Finance lease obligations	3.494.876	3.494.876	3.494.876	--	--
Trade payables	2.300.529	2.161.263	998.928	624.786	537.549
<b>Total</b>	<b>8.110.593</b>	<b>7.971.327</b>	<b>6.808.992</b>	<b>624.786</b>	<b>537.549</b>

Liabilities from employee benefits	7.659.677	7.659.677	7.659.677	--	--
<b>Total</b>	<b>7.659.677</b>	<b>7.659.677</b>	<b>7.659.677</b>	<b>--</b>	<b>--</b>

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 and 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

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

*Financial Risk Factors (Continued)*

*Interest Rate Risk (continued)*

The Group's interest position table is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<i>Financial instruments with fixed interest</i>		
Financial Liabilities (Note 6)	22.980.899	4.615.717
Cash and Cash Equivalents (Note 5)	(10.187.101)	(36.759.040)

**29. EVENTS AFTER THE REPORTING DATE**

None