



FONET INFORMATION TECHNOLOGIES INC.

INTERIM PERIOD ACTIVITY REPORT OF THE BOARD OF DIRECTORS

01 January 2024 – 31 March 2024

"Strong Accumulation Innovative Technology"

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I. ABOUT US

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

Accordingly, the main business issue of The Company is the “Information Technology Sector” and its activity is defined in detail in Article 3 titled purpose and subject of the articles of association.

Trade Name	Fonet Bilgi Teknolojileri A.Ş.
Establishment Date	10.01.2001
Area of Activity	Software/Informatics
Paid – in Capital	144.000.000 TL
Upper Limit of Registered Capital	400.000.000 TL
Address	Kızılırmak Mahallesi 1445. Sokak No: 2B/1 The Paragon Tower Çankaya /ANKARA
Phone	+90 312 438 59 19
Fax	+90 312 440 36 52
Trade Registry No	350735
E-Mail Address	fonet@fonetbt.com
Website	www.fonetbt.com

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

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

Mission

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

Vision

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

II. CAPITAL STRUCTURE

The company, which has adopted the registered capital system, has set its registered authorized capital (upper limit) to 400.000.000 Turkish Liras until the year 2026 along with the permission of the Capital Markets Board.

The company's issued capital is 144.000.000,00 Turkish Liras which has been paid in full within the upper limit of registered capital.

The company started to be traded in Istanbul stock on May 04, 2017. Details of the shares that form the capital of the company, which has started trading in the BIST MAIN / BIST TECHNOLOGY / BIST INFORMATICS/ BIST ALL SHARES / BIST ALL SHARES-100 / BIST ANKARA /BIST PARTICIPATION ALL/ BIST 500 markets, are as shown in the table below;

SHAREHOLDER	SHARE IN CAPITAL (TL)	RATIO IN CAPITAL (%)	VOTING RIGHT RATIO (%)
ABDÜLKERİM GAZEN	55.217.999,16	38,35	65,32
OTHER	88.782.000,84	61,65	34,68
TOTAL	144.000.000,00	100	100

III. INFORMATION ON PRIVILEGED SHARES

Privileged Share Amount (Number): 7.999.999,992 A Group Equity

Privileged Share Amount (TL): 7.999.999,992 TL

Explanations on Voting Rights of Privileged Shares

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

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

Articles of Association Article 6:

Group (A) shares have the privilege to determine the members of the Board of Directors and also have the right to vote in the General Assembly.

Group (B) shares have no privileges.

Articles of Association Article 10:

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

IV. COMPANY MANAGEMENT AND EMPLOYEE INFORMATION

The management and representation of the Company belong to the Board of Directors. The business and administration of the Company is carried out by 6 Members of the

Board of Directors elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code. Members of the Board of Directors can be elected for a maximum of 3 years. The Board of Director Members whose term of office expires can

be elected again.

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

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

BOARD OF DIRECTORS

NAME & SURNAME	ROLE	DUTY TERM
Abdülkerim GAZEN	Chair	03.04.2022 - 29.03.2025
Yasemin ŞAH	Vice Chair	03.04.2022 - 29.03.2025
Dr. Emre SEZGİN	Member	03.04.2022 - 29.03.2025
Daniel Anders Henrik WERNER	Member	03.04.2022 - 29.03.2025
Mahmut İBİŞ	Member	03.04.2022 - 29.03.2025
Nisabeyim GAZEN	Member	03.04.2022 - 29.03.2025
Prof. Dr. Muhammet Ali AKCAYOL	Independent Member	10.05.2023 – 10.05.2026
Dr. Ali ÖZÖN	Independent Member	10.05.2023 – 10.05.2026

COMMITTEES

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

Audit Committee

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

NAME & SURNAME	ROLE	TITLE
Prof. Dr. Muhammet Ali AKCAYOL	Chairman of the Audit Committee	Independent Board Member
Dr. Ali ÖZÖN	Member of the Audit Committee	Independent Board Member

Early Detection of Risk Committee

Early Detection of Risk Committee; it is responsible for early identification of risks that may endanger the existence, development and continuation of the company, taking necessary measures regarding the identified risks, and carrying out activities to manage the risk and it reviews risk management systems. The committee evaluates the situation in its report to the board of directors every two months, points out the dangers, if any, and shows the remedies.

NAME & SURNAME	ROLE	TITLE
Dr. Ali ÖZÖN	Early Detection of Risk Committee Chairman	Independent Board Member
Dr. Emre SEZGİN	Early Detection of Risk Committee Member	Board Member

Corporate Governance Committee

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

NAME & SURNAME	ROLE	TITLE
Prof. Dr. Muhammet Ali AKCAYOL	Corporate Governance Committee Chairman	Independent Board Member
Dr. Emre SEZGİN	Corporate Governance Committee Member	Board Member
Meltem KAVAK	Corporate Governance Committee Member	Investor Relations Manager

As of 31st March, 2024, the number of personnel is 498 and the distribution is as follows:

EMPLOYEE DISTRIBUTION	NUMBER	
Administrative Staff	13	
R&D Staff	126	
Company Headquarters Total		139
Technical Staff *	359	
Total		498

* Within the scope of the contracts, they are the personnel working in the hospitals related to the fixed-term employment contract.

V. CORPORATE ACTIVITIES

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

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

VI. FINANCIAL CONDITION OF THE COMPANY

Budget objective has been attained.

- The net profit of our company for the period of 1st January 2024 – 31st March 2024 is 6.975.375 Turkish Lira; the size of assets is 844.606.379 Turkish Lira and the total equity is 781.971.247 Turkish Lira.
- The financial statements of the company for the period of 1st January 2024 – 31st March 2024 are presented below:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 March 2024	31 March 2023
CONTINUING OPERATIONS		
Revenue	100.724.092	70.715.798
Cost of Sales (-)	-69.057.925	-54.857.116
Gross Profit (Loss) From Commercial Operations	31.666.167	15.858.682
General Administrative Expenses (-)	-11.573.978	-14.151.755
Marketing Expenses (-)	-946.589	-922.148
Research and Development Expense (-)	-41.427	-62.005
Other Income from Operating Activities	4.019.974	5.506.961
Other Expenses from Operating Activities (-)	-1.949.238	-848.533
PROFIT (LOSS) FROM OPER. ACTIVITY (-)	21.174.909	5.381.202
Investment Activity Income	21.523.741	-
Investment Activity Costs	-	-48.296
PROFIT (LOSS) BEF. FIN. INCOME (EXPENSE)	42.698.680	5.332.906
Finance Incomes	373.184	431.567
Finance Costs (-)	-2.403.670	-159.820
Monetary Loss / Gain due to Inflation	1.093.404	-5.806.239
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	41.761.568	-201.586
Tax (Expense) Income, Continuing Ops. (-)	-34.786.193	-15.004.532
Current Income Tax Expense	-	-
Deferred Tax (Expense) Income (-)	-34.786.193	-15.004.532
PROFIT (LOSS) FROM CONTINUING OPS.	6.975.375	-15.206.118
PROFIT (LOSS)	6.975.375	-15.206.118

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS	31 March 2024	31 December 2023
Current Assets	59.750.469	48.684.563
Non-Current Assets	784.855.910	794.874.977
TOTAL ASSETS	844.606.379	843.559.540
LIABILITIES	31 March 2024	31 December 2023
Current Liabilities	45.606.106	59.046.673
Non-Current Liabilities	17.029.026	9.579.189
Equity	781.971.247	774.933.678
TOTAL LIABILITIES	844.606.379	843.559.540

RATIOS

LIQUIDITY RATIOS	31 March 2024	31 December 2023
Current Ratio	1,31	0,82
Liquid Ratio	1,30	0,78
Cash Ratio	0,26	0,23

FINANCIAL STRUCTURE RATIOS	31 March 2024	31 December 2023
Leverage Ratio	0,07	0,08
Financing Ratio	12,48	11,29
Debt Equity Ratio	0,08	0,09

PROFITABILITY RATIOS	31 March 2024	31 December 2023
Asset Profitability	0,01	0,18
Equity Profitability	0,01	0,19

VII. STOCK INFORMATION

Public Offering Date: 27-28 April 2017

Total Equity: 144.000.000,00 TL (Nominal worth of each share is 1 TL).

Free Float Rate: %61,65

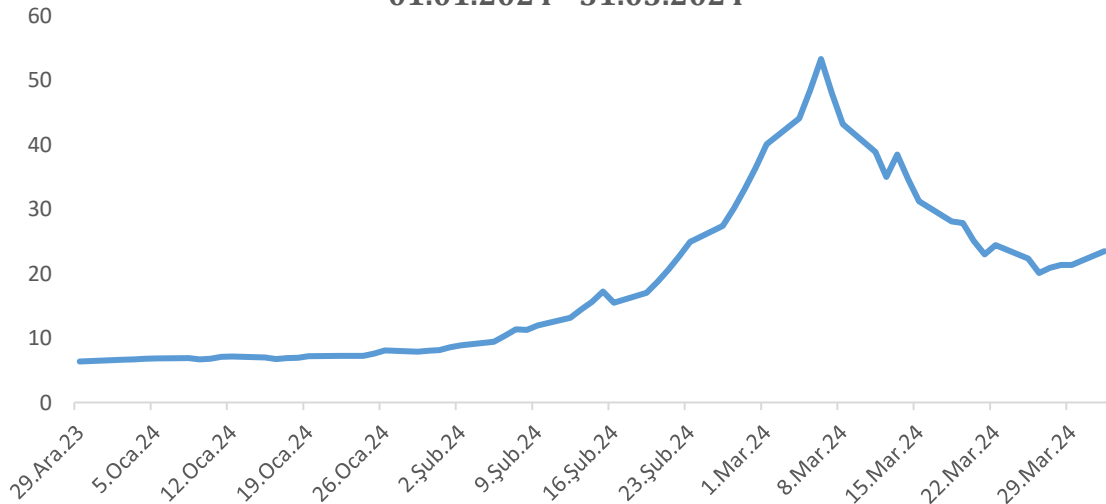
StockMarketCode: FONET

Code: TREFONT00028

Involving Group in Stock Market: BIST MAIN

Involving Index: BIST ALL SHARES-100 / BIST ALL SHARES / BIST INFORMATICS / BIST TECHNOLOGY / BIST ANKARA / BIST MAIN / BIST PARTICIPATION ALL / BIST 500

**Historical View of Company Share Price
01.01.2024 - 31.03.2024**



The public offering date of the company's shares is 27-28 April 2017. The shares are started to be traded on Borsa Istanbul as of May 04, 2017. The market price of our company's shares is 21,34 TL as of March 31, 2024.

VIII. SOURCES OF FINANCE

The finance sources of the company are its own equity and bank loans.

IX. CHANGES IN THE COMPANY'S ARTICLES OF ASSOCIATION

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

X. BENEFITING FROM THE GOVERNMENT PROMOTIONS

Being R&D Center

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

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

XI. RESEARCH AND DEVELOPMENT ACTIVITIES

Within the scope of e-Transformation Information Management Systems in Health, e-Insurance Information Management Systems, Personal Health Record Information System and Hospital Information Management System (HIMS) projects running on Java-based Cloud Architecture R&D activities continue.

XII. SUBSIDIARIES AND BRANCHES OF THE COMPANY

Subsidiaries

Pidata Information Technologies Inc. has been founded as a wholly-owned subsidiary by Fonet Information Technologies Inc. in 2018 to develop projects, other than HIMS and to realize other information technology investment targets.

Activity Areas of PiData:

- To make R&D research,
- To research and develop value-added products which are needed in the market,
- To develop value added products other than HIMS (expert system, hardware components, etc.) in the Healthcare IT sector,
- To develop informatics solutions for the private sector,
- To develop “e-Devlet” projects.

Branches

We have three branches in Istanbul, Şanlıurfa and Hacettepe Teknokent and a liaison office in Stockholm, Sweden.

Hacettepe Teknokent Branch:

Üniversiteler Mahallesi 1596. Cad. Hacettepe Teknokent 6. Ar-Ge Binası E Blok Kat :5
No:29 Çankaya / ANKARA Phone: +90.312 438 59 19

İstanbul Branch:

Büyükdere Cad. Emlak Kredi Blokları No:33/4 Levent, İSTANBUL
Phone: +90.212 284 18 61 Fax: +90 212 284 18 63

Şanlıurfa Branch:

İpekyol Cad. No:12/1 ŞANLIURFA
Phone: +90.414 312 72 52 Fax: +90.414 315 76 04

Liaison Office:

Klarabergsviadukten 70 D4, 111 64 Stockholm Sweden
Phone: +46-8-506 36 194

XIII. OTHER ISSUES

After the end of the activity period, the particular importance issues that realized in the company and that may affect the rights of partners, creditors and other relevant persons and organizations are presented below for your information;

At the meeting of our Board of Directors dated on 22.05.2024;

1. To increase the authorized share capital from 400.000.000-TL to 2.500.000.000-TL and to extend our permit period until the end of 2028 by the Capital Markets Board,
2. To amend the authorized share capital in the annex of article 6 of our articles associated with the principles of the Registered Capital System Communiqué No. II-18.1 of the Capital Markets Board,

3. To apply to the Capital Markets Board and the Ministry of Commerce to obtain the necessary permits,

4. To submit the amendments to the articles of interest for the approval of the first held General Assembly

were decided. Our Company has applied to the Capital Markets Board on 22.05.2024.

The company has announced the following developments to the public between 1st January 2024 and 31st March 2024 through the "Public Disclosure Platform" (KAP):

- **11.01.2024:** The contract that "36 months Health Information Management System (HIMS) Service Procurement" has been signed with Denizli Provincial Health Directorate on the date of 11.01.2024 with the amount of 48.171.783,00 Turkish Liras.
- **16.01.2024:** The tender for the "36 Months Health Information Management System (HIMS) Service Procurement" that was held by the Sakarya Provincial Health Directorate, for which we participated on 05.12.2023, has not been concluded in our favor.
- **05.02.2024:** The tender is concluded that "36 months Health Information Management System (HIMS) Service Procurement" that was made from 'Mardin Provincial Health Directorate' on the date of 18.12.2023 which has been given to the most appropriate second offer by our company with the amount of 55.980.390,00 Turkish Liras. Our company won related tender. The legal objection process is expected and then the contract signing phase will be started.
- **13.02.2024:** Based on the letter of Borsa Istanbul A.Ş. dated 13th February 2024 and numbered E-18454353-100.06-23847,

In accordance with Article 8 titled "Extraordinary Price and Quantity Movements" of the Capital Markets Board's Communiqué on Material Events (II-15.1) regarding the extraordinary price and quantity movements realized on our Company's shares, our Company does not have any special condition that has not been disclosed to the public.

- **16.02.2024:** The one-year Share Buyback Program initiated with the decision of our Board of Directors dated 16th February 2023 has ended as of today.

Between 16th February 2023 – 16th February 2024, a total of 900,790 shares were repurchased and the FONET shares owned by our Company reached a total of 2,012,290 shares (1.40% of the Company's capital) together with the shares acquired due to the 260% bonus issue made during this period. The details of the shares repurchased during the program are available in the table above. The transactions carried out within the scope of the 'Buy-Back Program' will be presented to the shareholders at the first General Assembly Meeting of our Company.

(Amount of shares acquired through bonus issue: 1,111,500 shares)

Adjustments have been made in the table of termination of repurchase transaction regarding the bonus issue of 260% made on 11th December 2023.

- **23.02.2024:** Our Company participated in a tender of "KKTC e- Notification System Service Procurement" that was made by "Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş." on the date of 23.02.2024. There were 5 (five) companies participated in regarding tender that the best offer has been given by our company with the amount of 655.000 USD.
- **07.03.2024:** Within the scope of the 1-year share repurchase transactions initiated with the decision of our Company's Board of Directors dated 16.02.2023,

A total of 2,012,290 shares were repurchased and the process ended on 16.02.2024. The ratio of total repurchased shares to the capital is 1.40%. (The total amount of repurchased shares is specified by taking into account the amount of shares obtained due to the bonus issue).

Of these repurchased shares, 350,000 shares representing 0.24% of our Company's capital were sold on Istanbul Stock Exchange on 07.03.2024 at an average price of 58.60 TRY per share.
- **28.03.2024:** Our Company won the tender of "36-months Health Information Management System (HIMS) Service Procurement" that was made by Mardin Provincial Health Directorate and the legal objection process was completed. "The Invitation To The Contract" letter was sent to our company by the administration and then the contract signing phase was started. The tender price is 55.980.390,00 Turkish Liras.
- **29.03.2024:** Mr. Abdülkerim GAZEN has been elected as the Chairman of the Board of Directors of our company and Mrs. Yasemin ŞAH has been elected as the Deputy Chairman of the Board of Directors.