



**FONET INFORMATION TECHNOLOGIES INC.**

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

**1 January 2020 – 31 March 2020**

*“Strong Accumulation Innovative Technology”*

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## I. ABOUT US

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

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

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

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

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

### **Mission**

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

### **Vision**

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

## **II. CAPITAL STRUCTURE**

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

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

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

| SHAREHOLDER      | SHARE IN CAPITAL<br>(TL) | RATIO IN CAPITAL<br>(%) | VOTING<br>RIGHT RATIO<br>(%) |
|------------------|--------------------------|-------------------------|------------------------------|
| ABDÜLKERİM GAZEN | 23.333.333,10            | 58,33                   | 76,56                        |
| DİĞER            | 16.666.666,90            | 41,67                   | 23,44                        |
| TOPLAM           | 40.000.000,00            | 100                     | 100                          |

### III. INFORMATION ON PRIVILEGED SHARES

**Privileged Share Amount (Number):** 2.222.222 A Group equities

**Privileged Share Amount (TL):** 2.222.222 TL

#### Explanations on Voting Rights of Privileged Shares

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

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

#### Articles of Association Article 6:

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

Group (B) shares have no privileges.

#### Articles of Association Article 10:

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

### IV. COMPANY MANAGEMENT AND EMPLOYEE INFORMATION

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

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

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

## **Board of Directors**

| NAME and SURNAME            | ROLE                     | DUTY TERM               |
|-----------------------------|--------------------------|-------------------------|
| Abdülkerim GAZEN            | Chairman of the Board    | 05.04.2019 - 03.04.2022 |
| Yasemin ŞAH                 | Vice Chairman            | 05.04.2019 - 03.04.2022 |
| Dr. Emre SEZGİN             | Board Member             | 05.04.2019 - 03.04.2022 |
| Daniel Anders Henrik WERNER | Board Member             | 05.04.2019 - 03.04.2022 |
| Mahmut İBİŞ                 | Board Member             | 05.04.2019 - 03.04.2022 |
| Nisabeyim GAZEN             | Board Member             | 05.04.2019 - 03.04.2022 |
| İlker SALTOĞLU              | Independent Board Member | 06.09.2017 - 06.09.2020 |
| Yusuf Serdar GÜRBÜZ         | Independent Board Member | 06.09.2017 - 06.09.2020 |

## **Members of Executive Board**

| NAME and SURNAME     | ROLE                              | TITLE                                |
|----------------------|-----------------------------------|--------------------------------------|
| Abdülkerim GAZEN     | Chairman of the Board             | President of the Executive Board     |
| Mehmet GAZEN         | Vice President of Executive Board | General Manager                      |
| Muhammed Fatih AKTAÇ | Member of Executive Board         | Deputy General Manager               |
| Mevlüt FINDIK        | Member of Executive Board         | Deputy General Manager               |
| Ömer GAZEN           | Member of Executive Board         | Deputy General Manager               |
| İbrahim ÖZTÜRK       | Member of Executive Board         | Director of Software Development     |
| Mehmet ARSLAN        | Member of Executive Board         | Director of Corporate Relations      |
| Yusuf ARSLANTÜRK     | Member of Executive Board         | Director of Information Technologies |
| Mehmet Yaşar KEŞKÜŞ  | Member of Executive Board         | Director of Business Development     |
| Simla BÜYÜKKARA      | Member of Executive Board         | Human Resources Manager              |

## **COMMITTEES**

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

### Audit Committee

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

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

### Early Detection of Risk Committee

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

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

### Corporate Governance Committee

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

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

As of 31<sup>st</sup> March 2020, the number of personnel is 468 and distribution is as follows;

| EMPLOYEE DISTRIBUTION             | NUMBER |            |
|-----------------------------------|--------|------------|
| Administrative Staff              | 21     |            |
| Technical Staff                   | 114    |            |
| <b>Company Headquarters Total</b> |        | <b>135</b> |
| Field Staff *                     | 333    |            |
| <b>Total</b>                      |        | <b>468</b> |

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

## V. CORPORATE ACTIVITIES

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

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

## VI. FINANCIAL CONDITION OF THE COMPANY

Budget objective has been attained.

- The net profit of our company for the period of 1<sup>st</sup> January 2020 – 31<sup>st</sup> March 2020 is 3.472.880 Turkish Liras, The size of assets is 81.447.166 Turkish Liras and the total equity is 70.787.838 Turkish Liras.
- The financial statements of the company for the period of 1<sup>st</sup> January, 2020 – 31<sup>st</sup> March, 2020 are presented below.

## Statement of Income

|                                                             | 31 March 2020    | 31 December 2019  |
|-------------------------------------------------------------|------------------|-------------------|
| <b>CONTINUING OPERATIONS</b>                                |                  |                   |
| Revenue                                                     | 13.885.406       | 49.104.006        |
| Cost of Sales (-)                                           | -7.826.013       | -29.924.672       |
| <b>Gross Profit (Loss) From Commercial Operations</b>       | <b>6.059.393</b> | <b>19.179.334</b> |
| General Administrative Expenses (-)                         | -1.397.770       | -5.196.207        |
| Marketing Expenses (-)                                      | -109.613         | -1.346.260        |
| Research and Development Expense (-)                        | -4.000           | -4.447            |
| Other Income from Operating Activities                      | 540.997          | 4.104.516         |
| Other Expenses from Operating Activities (-)                | -611.664         | -586.632          |
| <b>PROFIT (LOSS) FROM OPERATING ACTIVITIES (-)</b>          | <b>4.477.343</b> | <b>16.150.304</b> |
| Investment Activity Income                                  | 16.936           | 584.126           |
| Investment Activity Costs                                   | -                | -                 |
| <b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>      | <b>4.494.279</b> | <b>16.734.430</b> |
| Finance Incomes                                             | 4.752            | -                 |
| Finance Costs (-)                                           | -240.366         | -535.702          |
| <b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b> | <b>4.258.665</b> | <b>16.198.728</b> |
| <b>Tax (Expense) Income, Continuing Operations (-)</b>      | <b>-785.785</b>  | <b>-1.547.698</b> |
| Current Income Tax Expense                                  | -                | -                 |
| Deferred Tax (Expense) Income (-)                           | -785.785         | -1.547.698        |
| <b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>             | <b>3.472.880</b> | <b>14.651.030</b> |
| <b>PROFIT (LOSS)</b>                                        | <b>3.472.880</b> | <b>14.651.030</b> |

## Balance-Sheet

| ASSETS              | 31 March 2020     | 31 December 2019  |
|---------------------|-------------------|-------------------|
| Current Assets      | 11.509.537        | 12.073.777        |
| Nun-Current Assets  | 69.937.629        | 67.247.753        |
| <b>TOTAL ASSETS</b> | <b>81.447.166</b> | <b>79.321.530</b> |

| LIABILITIES              | 31 March 2020     | 31 December 2019  |
|--------------------------|-------------------|-------------------|
| Current Liabilities      | 6.756.798         | 9.131.688         |
| Nun-Current Liabilities  | 3.902.530         | 3.277.258         |
| Equity                   | 70.787.838        | 66.912.584        |
| <b>TOTAL LIABILITIES</b> | <b>81.447.166</b> | <b>79.321.530</b> |

### Ratios

| LIQUIDITY RATIOS | 31 March 2020 | 31 December 2019 |
|------------------|---------------|------------------|
| Current Ratio    | 1,70          | 1,32             |
| Liquid Ratio     | 1,59          | 1,26             |
| Cash Ratio       | 0,23          | 0,32             |

| FINANCIAL STRUCTURE RATIOS | 31 March 2020 | 31 December 2019 |
|----------------------------|---------------|------------------|
| Leverage Ratio             | 0,13          | 0,16             |
| Financing Ratio            | 6,64          | 5,39             |
| Debt Equity Ratio          | 0,15          | 0,19             |

| PROFITABILITY RATIOS | 31 March 2020 | 31 December 2019 |
|----------------------|---------------|------------------|
| Asset Profitability  | 0,04          | 0,22             |
| Equity Profitability | 0,05          | 0,21             |

## VII. STOCK INFORMATION

**Public Offering Date:** 27-28 Nisan 2017

**Total Equity:** 40.000.000,00 TL

**Free Float Rate:** %41,67

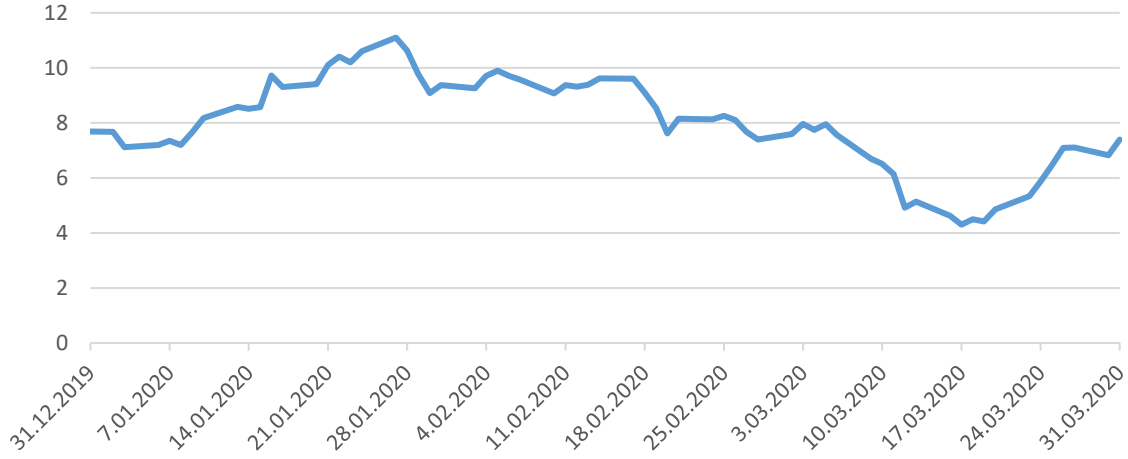
**Stock Market Code:** FONET

**ISIN Code:** TREFONT00028

**Involving Group in Stock Market:** A

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

### Historical View of Company Share Price 01.01.2020 - 31.03.2020



The public offering date of the company's shares is 27-28 April 2017. The shares are started to be traded on Borsa Istanbul on 04 May 2017. The market price of the company's shares is 7.39 TL as of March 31, 2020. Between 01.01.2020 and 31.03.2020, it is seen that there is a 3.90% decrease in the market price of the company's shares. In this period, the Borsa Istanbul BIST 100 Index decreased by 21.66%.

## VIII. SOURCES OF FINANCE

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

## IX. CHANGES IN THE COMPANY'S ARTICLES OF ASSOCIATION

Regarding the amendment of the 3<sup>rd</sup> article titled "Purpose and Subject" of the Articles of Association by the Board of Directors of the Company, after taking the necessary legal permissions from the Capital Markets Board, and the Ministry of Commerce of Republic of Turkey, followed by the decision about the amendment in the Ordinary General Meeting of the Company dated 12.05.2020, the final version of the amendment was published in the Trade Registry Gazette dated 22.05.2020 and numbered 10083.

| Previous Text                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Final Text                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Purpose and Topic: Article 3</b></p> <p>(It is the same as announced in the TTSG number 8890, dated 24.08.2015. Correction TTSG numbered 9024, 03.03.2016)</p> <p>The purpose and subject of the company are as follows:</p> <p><b>Informatics:</b></p> <ol style="list-style-type: none"> <li>1. Producing, developing processing, reproduction and dissemination of all kinds of software processed in all kinds of computer hardware, operating system software, application software, software that increases database efficiency, multi-media (multi-media) software and all kinds of physical and electronic media, buying, selling, marketing, import and export.</li> <li>2. Providing all kinds of technical support, training, technical service activities before and after sales for all kinds of technical support, training, technical service activities such as the production, development, purchase and sale of licensed, imported, exported, marketed, and training of the software</li> <li>3. To carry out engineering, architectural consultancy, survey, project, feasibility studies in the fields of all kinds of computer software products, computer, informatics, communication, electronic communication environment, internet, multimedia products. to carry out all kinds of support, repair, service, assembly services, to establish technical services related to these when necessary, to produce and market systems analysis, computer technology development services; providing the same services on the internet, selling, marketing. After performing the necessary legal procedures, operating as a company of Internet Service Provider, providing internet service to the internet end</li> </ol> | <p><b>Purpose and Topic: Article 3</b></p> <p>(It is the same as announced in the TTSG number 8890, dated 24.08.2015. Correction TTSG numbered 9024, 03.03.2016)</p> <p>The purpose and subject of the company are as follows:</p> <p><b>Informatics:</b></p> <ol style="list-style-type: none"> <li>1. Producing, developing processing, reproduction and dissemination of all kinds of software processed in all kinds of computer hardware, operating system software, application software, software that increases database efficiency, multi-media (multi-media) software and all kinds of physical and electronic media, buying, selling, marketing, import and export.</li> <li>2. Providing all kinds of technical support, training, technical service activities before and after sales for all kinds of technical support, training, technical service activities such as the production, development, purchase and sale of licensed, imported, exported, marketed, and training of the software.</li> <li>3. To carry out engineering, architectural consultancy, survey, project, feasibility studies in the fields of all kinds of computer software products, computer, informatics, communication, electronic communication environment, internet, multimedia products. to carry out all kinds of support, repair, service, assembly services, to establish technical services related to these when necessary, to produce and market systems analysis, computer technology development services; providing the same services on the internet, selling, marketing. After performing the necessary legal procedures, operating as a company of Internet Service Provider, providing internet service to the internet end</li> </ol> |

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| <p>user, selling, invoicing or providing services to its customers as an internet hosting service provider to present, sell, invoice, or to make electronic commerce over the internet, to provide electronic commerce services to end users.</p> <p>4. To carry out all kinds of broadcasting activities, publishing periodicals and non-periodicals, doing all kinds of typesetting, drawing, printing and printing and advertising that are relevant to its purpose.</p> <p>5. Producing, exporting, importing, buying, selling, completing marketing activities of appliances and all kinds of analog and digital hardware products, computers (hardware), computer by-products, peripherals, units, all kinds of information and automation systems, all kinds of home, office, office communication equipment and materials, all kinds of electronic equipment spare parts, all kinds of computer consumption and consumables, all kinds of industrial electronic and computer devices and instruments and laboratory materials and their spare parts and accessories and consumables, analytical devices used in industrial and medical laboratories, measurement, adjustment and control to manufacture, devices, computerized or non-computerized electronic hardware products used in all kinds of workplaces and by-products.</p> <p>6. To manufacture, buy, sell, import and export all kinds of electronic devices.</p> <p>7. The company may participate in all kinds of informatics, electronics, automation, personnel procurement and employment tenders made by Private, Semi-Formal or official institutions and organizations, and perform all kinds of contracting works, and transfer them to judicial or private persons.</p> | <p>user, selling, invoicing or providing services to its customers as an internet hosting service provider to present, sell, invoice, or to make electronic commerce over the internet, to provide electronic commerce services to end users.</p> <p>4. To carry out all kinds of broadcasting activities, publishing periodicals and non-periodicals, doing all kinds of typesetting, drawing, printing and printing and advertising that are relevant to its purpose.</p> <p>5. Producing, exporting, importing, buying, selling, completing marketing activities of appliances and all kinds of analog and digital hardware products, computers (hardware), computer by-products, peripherals, units, all kinds of information and automation systems, all kinds of home, office, office communication equipment and materials, all kinds of electronic equipment spare parts, all kinds of computer consumption and consumables, all kinds of industrial electronic and computer devices and instruments and laboratory materials and their spare parts and accessories and consumables, analytical devices used in industrial and medical laboratories, measurement, adjustment and control to manufacture, devices, computerized or non-computerized electronic hardware products used in all kinds of workplaces and by-products.</p> <p>6. To manufacture, buy, sell, import and export all kinds of electronic devices.</p> <p>7. The company may participate in all kinds of informatics, electronics, automation, personnel procurement and employment tenders made by Private, Semi-Formal or official institutions and organizations, and perform all kinds of contracting works, and transfer them to judicial or private persons.</p> |
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| <p><b>Publishing:</b></p> <ol style="list-style-type: none"> <li>8. To ensure the design, publishing, reproduction, distribution, marketing, promotion and exhibition of the ideas and works of art produced in any environment.</li> <li>9. Producing and publishing content as well as publishing and selling them in and out of the country by designing daily, weekly, monthly or short and long term or periodical information and document publications such as newspapers, magazines, books, encyclopedias, brochures and websites in Turkish or foreign languages for the market.</li> <li>10. To import and trade all kinds of books, magazines, brochures and the like published in foreign countries.</li> <li>11. To conduct training studies such as courses, seminars, conferences, panels and to organize congress organizations.</li> <li>12. Desktop, internet and visual media advertising and publishing.</li> <li>13. To carry out corporate identity creation and consultancy, brand management and all kinds of production works;</li> </ol> <p><b>Other:</b></p> <ol style="list-style-type: none"> <li>14. The company may provide all kinds of consultancy and training services related to</li> </ol> | <p><b>Medical:</b></p> <ol style="list-style-type: none"> <li>8. Hospital, clinic, polyclinic, laboratory and all kinds of medical devices and spare parts, laboratory equipment, orthopedic instruments and materials needed by health institutions, X-ray instruments and materials, surgical materials, radiology and nuclear medicine materials, production of sterile materials for wholesale and retail purchase, distribution, import and export, providing service and maintenance, as well as production, marketing, purchase and sale of all of these parts and spare parts.</li> </ol> <p><b>Publishing:</b></p> <ol style="list-style-type: none"> <li>9. To ensure the design, publishing, reproduction, distribution, marketing, promotion and exhibition of the ideas and works of art produced in any environment.</li> <li>10. Producing and publishing content as well as publishing and selling them in and out of the country by designing daily, weekly, monthly or short and long term or periodical information and document publications such as newspapers, magazines, books, encyclopedias, brochures and websites in Turkish or foreign languages for the market.</li> <li>11. To import and trade all kinds of books, magazines, brochures and the like published in foreign countries.</li> <li>12. To conduct training studies such as courses, seminars, conferences, panels and to organize congress organizations.</li> <li>13. Desktop, internet and visual media advertising and publishing.</li> <li>14. To carry out corporate identity creation and consultancy, brand management and all kinds of production works;</li> </ol> <p><b>Other:</b></p> <ol style="list-style-type: none"> <li>15. The company may provide all kinds of consultancy and training services related to its fields of activity in domestic market or in</li> </ol> |
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| <p>its fields of activity in domestic market or in abroad.</p> <p>15. The company may purchase and sell any real estate and securities it deems necessary regarding its purpose and subject.</p> <p>16. The company may give pledge, commercial business pledge and mortgage on the movable and real estate, rights and facilities that will be deemed necessary for the business of the company, or establish mortgages, pledges, forwarding pledge in favor of the company, cancel existing mortgages, annotations and other encumbrances. It may grant or take any kind of collateral, collateral mortgage in kind or in person for its procurement, operation and collection, and show the properties of its own or others as collateral. The principles determined within the framework of the Capital Market Legislation shall be complied with in the name of the company, in the name of the third parties, in terms of guarantee, surety, guarantee or establishment of a pledge right including mortgage.</p> <p>17. The company may lease securities and real estate rights or facilities, lease, build, or construct, operate or operate lease, establish easement, usufruct, superior rights or condominium sales promises on real estates, and establish the same rights in favor of the company; also it may remove existing ones.</p> <p>18. The company may participate in all kinds of official and private tenders in domestic and abroad for its activities, put it out to tender, engage in contracting works, and bid by itself or by third parties.</p> <p>19. The company may engage in various industrial and commercial activities in the fields related to its purpose and activities in terms of the materials produced or consumed for the software, sub-products, auxiliary, scrap, and residual substances, commodity, material as well as the subjects</p> | <p>abroad.</p> <p>16. The company may purchase and sell any real estate and securities it deems necessary regarding its purpose and subject.</p> <p>17. The company may give pledge, commercial business pledge and mortgage on the movable and real estate, rights and facilities that will be deemed necessary for the business of the company, or establish mortgages, pledges, forwarding pledge in favor of the company, cancel existing mortgages, annotations and other encumbrances. It may grant or take any kind of collateral, collateral mortgage in kind or in person for its procurement, operation and collection, and show the properties of its own or others as collateral. The principles determined within the framework of the Capital Market Legislation shall be complied with in the name of the company, in the name of the third parties, in terms of guarantee, surety, guarantee or establishment of a pledge right including mortgage.</p> <p>18. The company may lease securities and real estate rights or facilities, lease, build, or construct, operate or operate lease, establish easement, usufruct, superior rights or condominium sales promises on real estates, and establish the same rights in favor of the company; also it may remove existing ones.</p> <p>19. The company may participate in all kinds of official and private tenders in domestic and abroad for its activities, put it out to tender, engage in contracting works, and bid by itself or by third parties.</p> <p>20. The company may engage in various industrial and commercial activities in the fields related to its purpose and activities in terms of the materials produced or consumed for the software, sub-products, auxiliary, scrap, and residual substances, commodity, material as well as the subjects matter for its activities such as preparations,</p> |
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matter for its activities such as preparations, tools, equipment, machinery, auxiliary and subsidiary facilities. It may carry out marketing, manufacturing, exporting, importing, purchase-sale, packaging, storage, technical storage, transportation, promotion of internal and international representation and distribution, domestic and international exhibitions and promotion, and presentation to the producer and consumer fields. It may also participate in tenders regarding these activities.

20. With respect to its activities, the company may establish software houses, facilities in Turkey and abroad, and it may market its goods and services, brands and licenses related to its purpose and subject, at home and abroad. It may carry out import and export activities and free zone activities provided that it has legal permissions. For this purpose, it may establish the necessary organizations or participate in its existing ones, and give distributorship and dealership to other individuals and organizations.

21. The Company may participate in seven or foreign real and/or legal entities, businesses and enterprises, which are or will be involved in the realization of the works required for the purpose and the subject; reserving the right in the regulations of the capital market legislation for the disguised profit transfer and in the terms of for not being related to investor relations activities. In addition, it may establish new companies or partnerships, establish short and long-term consortiums, establish joint-venture agreements, make joint-venture agreements, make financial agreements based on fiscal liability, any banks or any other. It may take credit from such credit institutions, to ensure that the debts of the companies it participates in or the investors who are real or legal persons are enlightened; under the special circumstances, provided that

tools, equipment, machinery, auxiliary and subsidiary facilities. It may carry out marketing, manufacturing, exporting, importing, purchase-sale, packaging, storage, technical storage, transportation, promotion of internal and international representation and distribution, domestic and international exhibitions and promotion, and presentation to the producer and consumer fields. It may also participate in tenders regarding these activities.

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| <p>necessary explanations to be sought by the Capital Markets Board are made, it can provide bail for third parties.</p> <p>22. The company may take over, acquire, transfer, register, sell, display as collateral, lease and pledge various rights such as privileges and licenses, patents, copyrights, geographical signs, industrial designs, technical assistance and licenses, trade titles, brands, business rights, business privileges as well as the intellectual and intangible rights and assets. It may also place them in other companies as capital in kind, and make all kinds of legal savings; it may make and use all kinds of know-how agreements in this matter.</p> <p>23. The company may donate to various institutions and organizations in a way that will not disrupt their purpose and subject provided that the disclosures are made and the donations made during the year are submitted to the information of the shareholders at the general meeting. On the condition that the company remains within the upper limit that can be determined by the Capital Markets Board, the upper limit of the donations to be made is determined by the General Assembly, that donations in excess of this limit cannot be made; the donations are added to the distributable profit base and donations do not violate the implicit earnings transfer arrangements of the Capital Market Law.</p> <p>24. In case of changes in the purpose and subject of the company, necessary permissions must be obtained from the Ministry of Customs and Trade and the Capital Markets Board.</p> | <p>Capital Markets Board are made, it can provide bail for third parties.</p> <p>23. The company may take over, acquire, transfer, register, sell, display as collateral, lease and pledge various rights such as privileges and licenses, patents, copyrights, geographical signs, industrial designs, technical assistance and licenses, trade titles, brands, business rights, business privileges as well as the intellectual and intangible rights and assets. It may also place them in other companies as capital in kind, and make all kinds of legal savings; it may make and use all kinds of know-how agreements in this matter.</p> <p>24. The company may donate to various institutions and organizations in a way that will not disrupt their purpose and subject provided that the disclosures are made and the donations made during the year are submitted to the information of the shareholders at the general meeting. On the condition that the company remains within the upper limit that can be determined by the Capital Markets Board, the upper limit of the donations to be made is determined by the General Assembly, that donations in excess of this limit cannot be made; the donations are added to the distributable profit base and donations do not violate the implicit earnings transfer arrangements of the Capital Market Law.</p> <p>25. In case of changes in the purpose and subject of the company, necessary permissions must be obtained from the Ministry of Customs and Trade and the Capital Markets Board.</p> |
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## **X. BENEFITING FROM THE GOVERNMENT PROMOTIONS**

### **Being R&D Center**

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

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

## **XI. RESEARCH AND DEVELOPMENT ACTIVITIES**

### **Subsidiaries**

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

#### **Activity Areas of Pidata:**

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

### **Branches**

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

### **İstanbul Branch:**

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

Phone: +90.212 284 18 61

Fax: +90.212 284 18 63

### **Şanlıurfa Branch:**

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İpekyol Cad. No:12/1 ŞANLIURFA

Phone: +90.414 312 72 52

Fax: +90.414 315 76 04

### **Liaison Office:**

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Klarabergsviadukten 70 D4, 111 64 Stockholm Sweden

Phone: +46-8-506 36 194

## **XII. OTHER ISSUES**

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

The company has announced the following developments to the public between 1<sup>st</sup> January 2020 and 31<sup>st</sup> March 2020 through the "Public Disclosure Platform" (KAP):

- **13.01.2020:** We announced that we participated in a tender concluded of "36 months Health Information Management System (HIMS) Service Procurement" that was made from Hatay Provincial Health Directorate on the date of 30.12.2019 via Public Disclosure Platform. Our Company won related tender. The legal objection process is expected and then the contract signing phase will be started. The tender price is 3.777.264,00 Turkish Liras.
- **23.01.2020:** Our Company participated in a tender of "36 months Hospital Information Management System, LBYS (Laboratory Information Management System), TSMBYS (Population Health Center Information Management System) Services Procurement" that was made by Erzincan Provincial Health Directorate on the date of 13/11/2019 has concluded that did not in favor of the company.
- **24.01.2020:** The contract that "36 months Health Information Management System (HIMS) Service Procurement" has been signed with Hatay Provincial Health Directorate on the date of 24/01/2020 with the amount of 3.777.264,00 Turkish Liras.

- **14.02.2020:** Our Company participated in a tender of "36 months Health Information Management System (HIMS) Service Procurement" that was made by Sivas Provincial Health Directorate on the date of 14/02/2020. There were 3 (three) Companies participated in regarding tender that the best offer has been given by our company with the amount of 3.330.000,00 Turkish Liras.
- **14.02.2020:** The contract that "36 months Health Information Management System (HIMS) Service Procurement" has been signed with Aydın Provincial Health Directorate on the date of 14/02/2020 with the amount of 3.046.320,00 Turkish Liras.
- **17.02.2020:** Our Company participated in a tender of "36 months Health Information Management System (HIMS) Service Procurement" that was made from Sivas Provincial Health Directorate on the date of 14/02/2020 which has been given to most appropriate first offer by our company. However, the contracting authority canceled the tender on the grounds that the Technical Specification was not suitable.
- **17.02.2020:** 2019 Independent Audit Report was announced to the public.
- **17.02.2020:** 2019 Annual Report (Consolidated) was announced to the public.
- **17.02.2020:** 2019 State of Responsibility (Consolidated) was announced to the public.
- **17.02.2020:** 2019 Corporate Governance Compliance Report was announced to the public.
- **18.02.2020:** 2019 Corporate Governance Information Form was announced to the public.
- **18.02.2020:** Company General Information Form was announced to the public.
- **21.02.2020:** Regarding the amendment of the 3rd article titled "Purpose and Subject" of our Company's Articles of Partnership and the amendment of the Articles of Partnership of our company, it was decided by the Board of Directors of our Company to make the necessary legal license/opinion applications to Capital Markets Board and Ministry of Commerce and to submit them to the shareholders for the purpose of negotiate and decide at the first General Assembly Meeting of our Company.

An application was made to the Capital Markets Board on 21.02.2020 in order to obtain the necessary permissions regarding the amendment of the Articles of Association. The text of the "amendment of the Articles of Partnership" is included in the attached pdf file.

- **21.02.2020:** In accordance with the principles determined by Turkish Commercial Code No. 6102 and the Capital Market Law No. 6362, our Board of

Directors, taking the opinion of the Audit Committee, it was decided to choose Eren Bağımsız Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi (Grant Thornton) to carry other activities under the relevant regulations in these laws and Auditing of the financial reports of our company in the 2020 accounting period, and it was decided to submit this election to the approval of the General Assembly.

- **09.03.2020:** Our Company participated in a tender of "36 months Health Information Management System (HIMS) Service Procurement" that was made by Sivas Numune Hospital on the date of 09.03.2020. There were 3 (three) companies participated in regarding tender that the best offer has been given by our company with the amount of 3.418.398,00 Turkish Lira.
- **18.03.2020:** In the announcement made by our Company on 18.03.2020 regarding the tender of the Ministry of Justice Information Processing General Directorate, the tender price was stated as 2.557.500,00 TL mistakenly. Our company made the most suitable bid with TL 2.257.500,00 in the tender of "Print Management, Inventory Tracking and Energy Saving Software" held by the Ministry of Justice General Directorate of Information on 17.03.2020 and attended by 2 (two) companies.
- **19.03.2020:** Considering the new Coronavirus COVID-19 pandemic situation, our company has been informed of the public about the maintenance of our services.
- **20.03.2020:** In the weekly bulletin of the Capital Markets Boards of Turkey dated 19.03.2020, our application on 21.02.2020 regarding amendment of the Article 3 titled "Purpose and Subjects" of the Articles of Association approved. The amendment text of the Articles of Association will be submitted to the approval of the shareholders at the first General Assembly meeting to be held following the permission of the Ministry of Trade.
- **23.03.2020:** Our Company participated in a tender of "36 months Health Information Management System (HIMS) Service Procurement" that was made by Sivas Provincial Health Directorate on the date of 23.03.2020. There were 2 (two) companies participated in regarding tender that the best offer has been given by our company with the amount of 3.959.280,00 Turkish Lira.