



3Q 2024 Results Presentation

NOVEMBER 2024



Disclaimer

Capital Markets Board Bulletin No. 2023/81 dated December 28, 2023, announced that issuers and capital market institutions are required to prepare their annual financial statements for the fiscal periods ending on or after December 31, 2023, in accordance with the provisions of IAS 29 inflation accounting.

Accordingly, this presentation regarding the 2024 third quarter financial results contain the Company's financial information prepared according to Turkish Accounting/Financial Reporting Standards by application of IAS29 inflation accounting provisions.

In addition to this information, given that the guidance information and the 2024 Q3 interim financial results announced so far were presented without the application of inflation accounting, in order to enable investors and analysts to conduct a full-fledged analysis, supplementary historical information for selected key performance indicators used in prior periods' investor

presentations were provided. Such supplementary information is made available for this period, and contains unaudited financial information prepared for management reporting purposes.

The information and opinions contained in this document have been prepared for the purpose of providing a consistent and comparable evaluation of our financial performance, under the responsibility of our Company's Board of Directors and managers responsible for financial reporting.

This presentation may contain forward-looking statements reflecting the current views, expectations, assumptions, and forecasts of the Company's management regarding certain future events, using words such as "may," "will," "expect," "believe," "plan," and "anticipate." While the Company believes that the expectations reflected in these forward-looking statements are reasonable under current circumstances, actual results may differ depending on developments and events affecting the

variables and assumptions underlying future expectations and estimated figures.

The Company, its shareholders, members of the board of directors, managers, employees, or any other person cannot be held responsible for any damages that may arise from the use of the contents of this presentation.



Kron at a Glance

Leading Provider of
cybersecurity solutions for
Identity and Access
Management and Data
Security with
17+ years
of experience

1000+ 

Projects globally in
33 countries

38% 

of revenue from
International Markets
in 9M2024

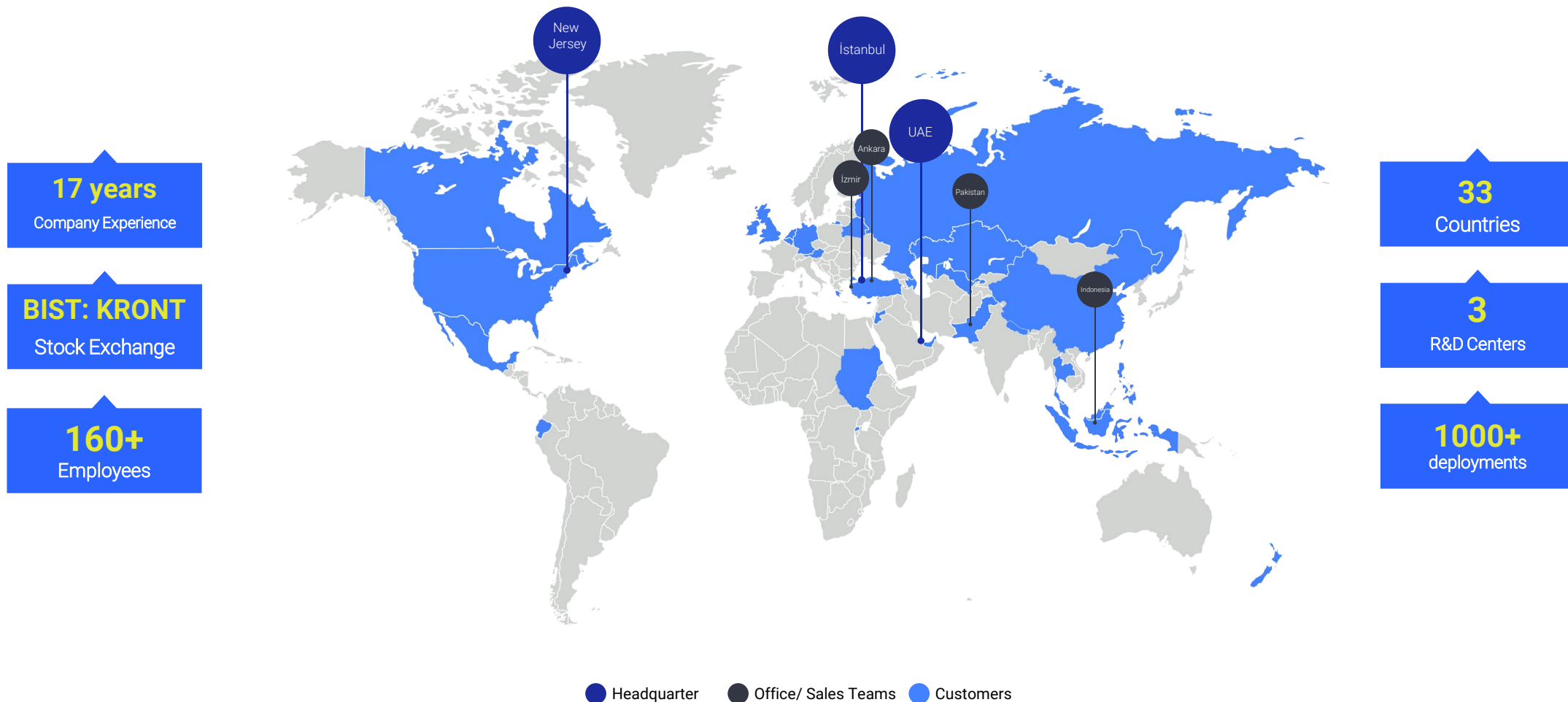
Continuous
R&D Investment
with expert staff in
3 R&D centers
in Turkey

Highly recognized by
analyst firms like **Gartner**,
KuppingerCole,
Forrester and **Omdia** as
a leader in PAM, DAM and
DDM domains

161 
Employees globally

Global Footprint

Leading Identity & Data Security Vendor



3Q 2024 Highlights

Consolidated Results

- Following TMS 29 adjustments, **our consolidated revenues in 9M2024 amounted to 218.4 million TL**, reflecting a 12% decrease compared to 9M2023
- In this period, international sales constituted 38% of total revenue, **with 52% of sales realized in foreign currency**
- In 9M2024, we issued **172 invoices to 98 clients**, showcasing our ability to cross-sell and upsell, which are core elements of our growth strategy
- **Subscription revenues grew significantly**, increasing from 9.6% of total billed revenue in 9M2023 **to 26.5% in 9M2024**. This growth highlights the success of our strategic shift to a recurring revenue model, which enhances revenues predictability and strengthens cash flow stability
- Our **EBITDA for the period was 50 million TL**, reflecting a 43% decrease year-over-year. EBITDA margin declined to 23%, primarily driven by cost increases resulting from high inflation
- Our net cash position saw a substantial increase, **rising from 37.1 million TL as of 31 December 2023 to 68.1 million TL in 9M2024**. We reduced our bank debt **from 45.1 million TL to 21.8 million TL** in the same period, significantly lowering our debt ratio

Other Developments

- **Kron's Database Access Management and Dynamic Data Masking products** have been **recognized in Gartner's Market Guide** for Data Masking and Synthetic Data, marking **the second Kron product to be featured by Gartner** outside of PAM, boosting global visibility of Kron's data security solutions
- We appointed **Kevin Marvin as General Manager of North America**, marking a crucial first step in restructuring and strengthening our operations in the North American market
- Our project to **develop a scalable solution for vendor-independent telemetry data processing secured funding** from the Ministry of Industry and Technology's 1501-Industrial R&D Program. This development will help expand our capabilities in the fast-growing observability and telemetry pipeline space



Revenues post IAS 29
down 12% y-o-y



Subscription revenues up
to 26.5%

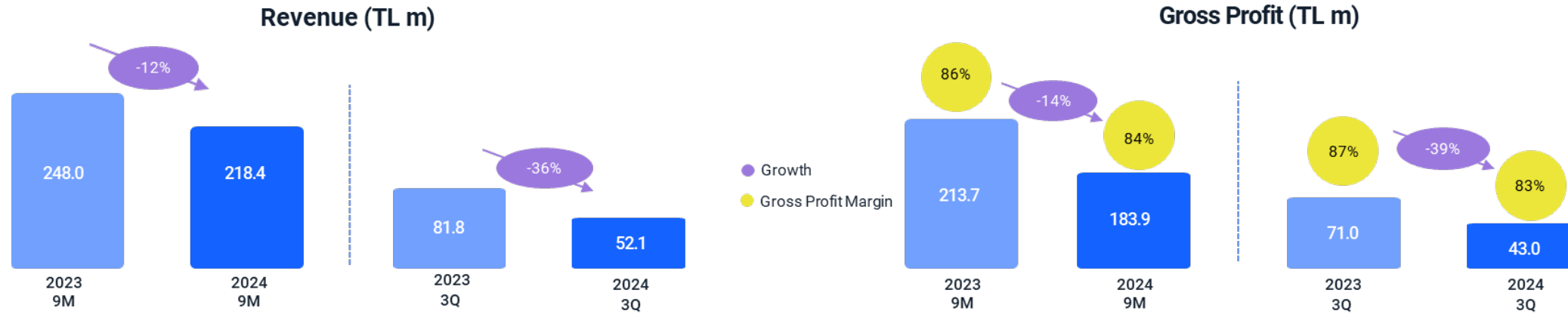


Robust balance sheet
and cash position for
future growth



Gartner recognition for Kron
DAM & DDM

9M 2024 IFRS Consolidated Results ^{1/2}



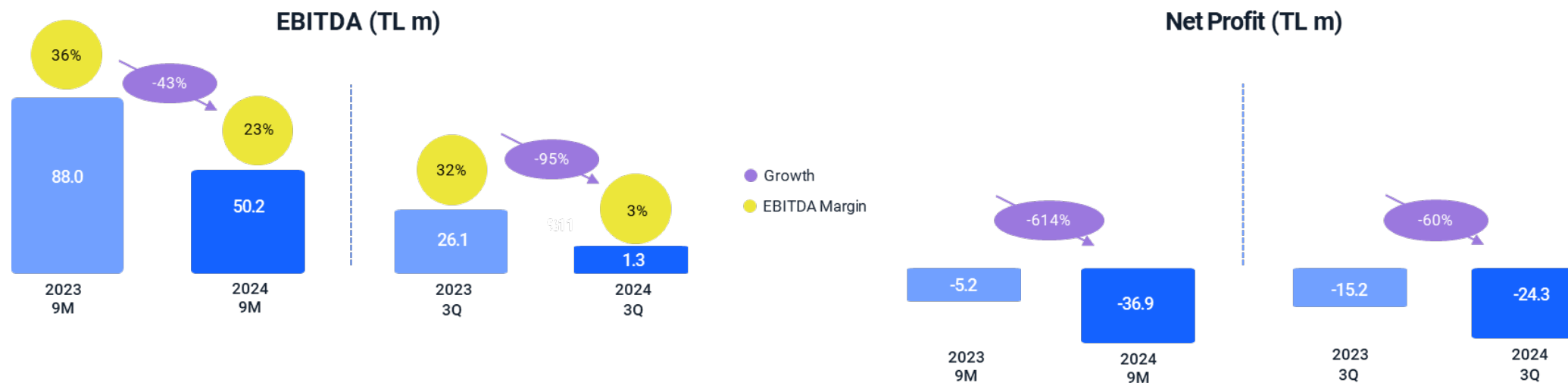
Our consolidated revenues in 9M2024 amounted to 218.4 million TL, reflecting a 12% decrease compared to 9M2023

Reasons for decline as follows:

- Our core strategy of **increasing subscription sales** within our sales model, has led to short-term drop in revenues, but it represents a significant development for the predictability and sustainability of our revenues in the medium to long term
- **Underperformance of our US operations** in the transition period with old team out and new team being built
- Gap between inflation rate and exchange rate changes in the same period continues to be wide with **September 2023 12-month IAS 29 Adjustment Rate of 49.3% compared with Exchange Rate change of 24.5%** in same period (illustrative example below)
 - September 2023: \$1 million revenue = 27.4 million TL, adjusted to **40.9 million TL** under TMS 29
 - September 2024: \$1 million revenue = **34.2 million TL**
 - Conclusion: The same USD **revenue appears 16.5% lower after IAS 29 adjustments**

All figures include IAS29 impact

9M 2024 IFRS Consolidated Results 2/2



EBITDA was 50.2 million TL in the 9M2024 period, reflecting a 43% decline over prior year; EBITDA margin declined to 23%

- The decline in EBITDA was due **soft top line performance, higher OpEx from wage increases and lower FX gains from operations** as a result of higher depreciation of TL in 3Q2023 compared to 3Q2024

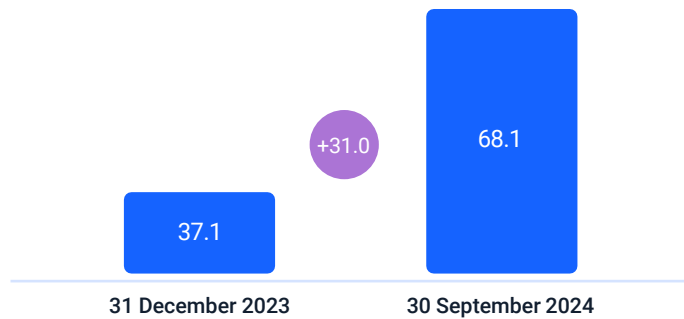
(in TL m)	9M2023	9M2024	▲ Year-over-year
General Administrative Expenses (-)	(32.2)	(37.0)	4.9m higher
Marketing Expenses (-)	(88.9)	(76.4)	12.5m lower
R&D Expenses (-)	(75.9)	(88.9)	12.9m higher
Other Income from Main Operations	53.0	32.6	20.3m lower

- Net loss of 36.9 million** for the period, largely attributed to **lower EBITDA and an increase in Net Monetary Losses**

All figures include IAS29 impact

Balance Sheet and Liquidity Position

Net Cash Position (TL m)



Net Cash Position	31 December 2023	30 September 2024
Cash and Cash Equivalents	+71.9	+35.4
Financial Investments	+10.4	+54.6
Bank Debt	-45.1	-21.9

2024 Net Cash
Position
TL 68.1m

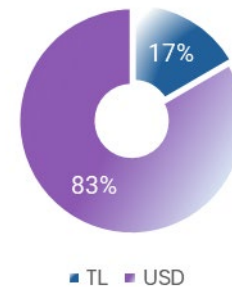
USD interest
rate of
9.5%

All figures include IAS29 impact

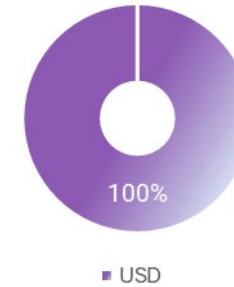
Currency Exposure

Debt and cash currency breakdown (30 September 2024)

Cash and Cash Equivalents

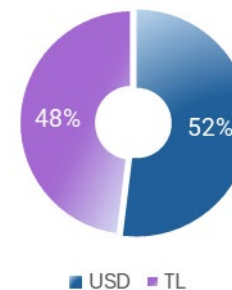


Bank Debt

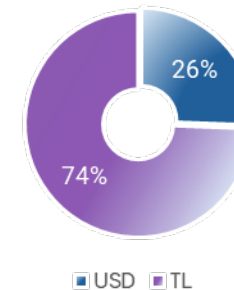


Revenue and cost breakdown by currency

Revenue

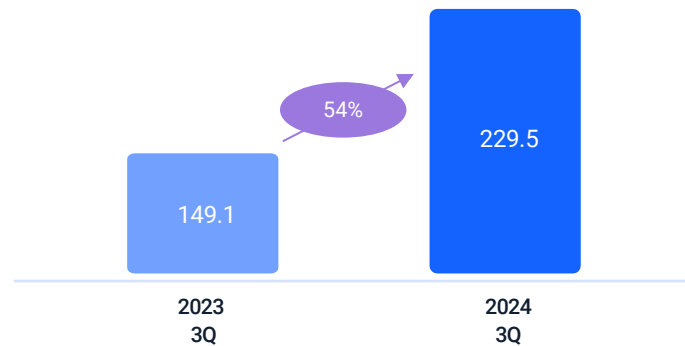


Cost



9M 2024 Invoiced Revenues

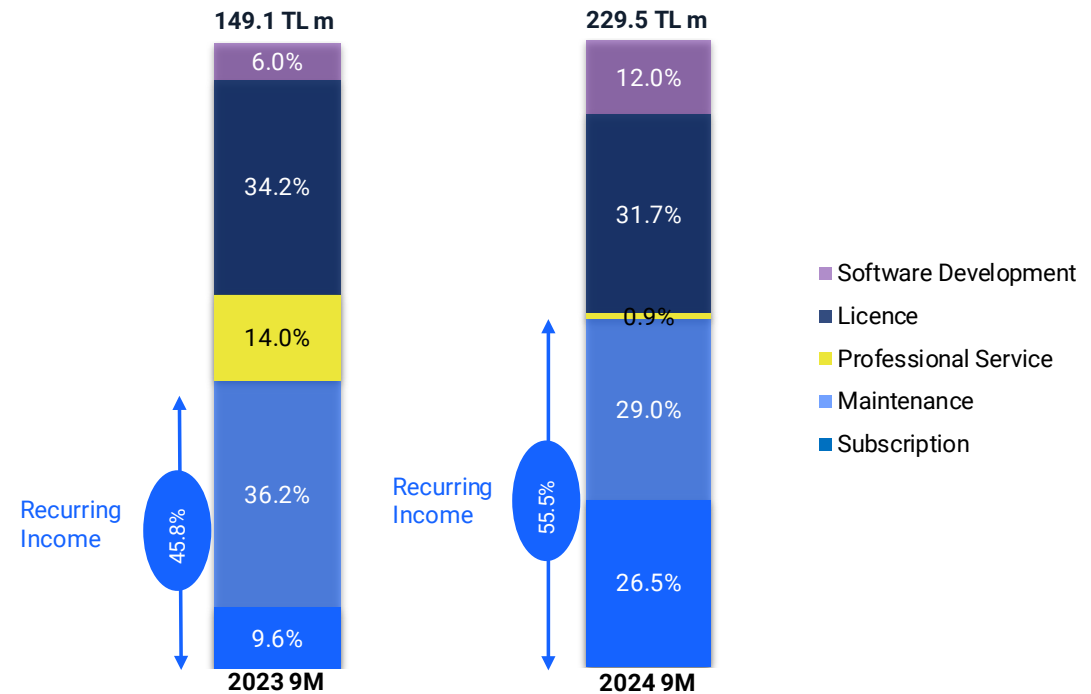
Invoiced Revenues^(*) (TL m)



Our invoiced revenues^(*) demonstrated robust growth, **with an increase of 54%**. Main driver for growth was **strong performance of our business in Türkiye**.

Our **subscription revenues increased to 26.5%** of total invoiced revenues in 3Q2024, a notable increase from 9.6% in 3Q2023, highlighting the success of our recurring revenue strategy. As a result, **recurring revenue share has reached 55.5%**.

Breakdown of Invoiced Revenues



^(*)Invoiced revenues are revenues that have been invoiced within the relevant reporting period but are recognized in the income statement in the same reporting period or in subsequent reporting periods, according to IFRS rules. Figures do not include the effect of IAS 29.

Kron's 3Q 2024 Key Activities & Developments 1/2

Recognition for Innovation and Contribution to Turkey's Export

Our project, "DEVELOPMENT OF A SCALABLE AND INTEGRATED PLATFORM FOR PROCESSING **TELEMETRY DATA**, which was submitted to the **Ministry of Industry and Technology under the 1501-Industrial R&D Support Program**, has been approved for funding. This support will accelerate our R&D efforts, helping us to make a broader impact in the sector. This product aims to ensure that organizations manage security and infrastructure monitoring data (e.g., logs) in the most efficient and vendor-independent manner, integrating with other tools as needed. Additionally, it aims to enable clients to control their data infrastructure independently of the vendors.



Kron's **Database Access Management and Dynamic Masking** product has been recognized in **Gartner's Market Guide for Data Masking and Synthetic Data**, making it the second Kron product to be featured by Gartner outside of PAM. This achievement is significant for increasing the market visibility of Kron's data security solutions. Regulatory frameworks such as GDPR, CCPA, and HIPAA make it mandatory for organizations to protect personal and sensitive data, and an increasing number of companies are opting for these solutions every day.

During the **Public Cybersecurity Day Event organized by the Turkish Cyber Security Cluster**, we informed participants from various public institutions about our products.

The Ministry of Transport and Infrastructure published its **National Cybersecurity Strategy and Action Plan for 2024-2028** in the third quarter. This action plan serves as a roadmap for securing our country's digital future. Our cybersecurity products, especially PAM, play a critical role in achieving these strategic goals.



Kron's 3Q 2024 Key Activities & Developments ^{2/2}

Expanding Partner Ecosystem and Global Brand Presence



We participated as a **Gold Sponsor in CYSEC GLOBAL UAE**, one of the prominent events in the global cybersecurity ecosystem held in Abu Dhabi. At the event, our Executive Committee Chair Ayşe Yenel delivered a speech titled "**Strengthening Digital Defenses: Addressing Enterprise Cybersecurity Challenges with PAM**," emphasizing the importance of PAM solutions in cybersecurity. Additionally, our participation in CYSEC allowed us to establish close connections with numerous partners and potential customers in the region.

We were a **Silver Sponsor at ENBANTEC Cybersecurity Conference**, one of the prestigious events in the EMEA region. At this event, our Corporate Business Unit Sales Director Ümit Çelik presented on "**New Frontiers in Cybersecurity: PAM and Secure Remote Access**."



We also attended **our Cloud Access Security Partner İşNet's 25th-anniversary** event as a bronze sponsor.

New Appointment for Kron Technologies North America

We **are restructuring our U.S. subsidiary** to achieve the growth we are targeting in North America, one of our primary markets. In this context, **Kevin Marvin has been appointed as General Manager responsible for Kron Technologies' North American operations**. With his extensive expertise and strategic growth skills, we aim to strengthen our presence in the North American market. The success of the new North American sales team we will establish under Kevin's leadership will play a crucial role in reaching our strategic goals in 2025 and beyond.



2024 Guidance

Guidance

Revised Guidance



Revenue Growth

(before IAS 29)

65 – 70%

20 – 22%



EBITDA Margin

(before IAS 29)

40 – 45%

30 – 32%

The main reasons for the downward revision of our Revenue Growth and EBITDA margin expectations set at the beginning of 2024 are as follows:

- Significant portion of our sales are USD based or indexed to USD, and the average 2024 exchange rate assumption used in the annual planning cycle was significantly higher than the actual rate realized
- Our efforts to transition sales to a Subscription model, one of our critical priorities, have progressed faster than anticipated
- Sales have lagged behind expectations during the restructuring of our US subsidiary
- Most of our costs are TL denominated, and have risen sharply with high inflation, outpacing revenue growth and compressing margins



9M 2024 Audited Financial Statements



Income Statement

TL	9M 2023 (IAS 29)	9M 2024 (IAS 29)	Change %
Net Sales	248,001,474	218,382,922	-12%
Cost of Sales	(34,326,567)	(34,506,457)	1%
Gross Profit	213,674,907	183,876,465	-14%
Gross Profit Margin	86%	84%	
Operating Expenses	(160,224,542)	(176,750,586)	10%
<i>G&A Expenses</i>	(32,168,883)	(37,037,939)	15%
<i>Marketing Expenses</i>	(88,857,250)	(76,385,059)	-14%
<i>R&D Expenses</i>	(75,933,060)	(81,592,042)	7%
<i>Other Operating Income/Expense, Net</i>	36,734,651	18,264,454	-50%
Operating Profit	53,450,365	7,125,879	-87%
Amortisation	34,598,081	43,108,473	25%
EBITDA	88,048,446	50,234,352	-43%
EBITDA Margin	36%	23%	
Financial Expenses, Net	(7,379,085)	3,601,773	-149%
Monetary Gain / (Loss)	(48,655,352)	(57,480,333)	18%
Profit Before Taxes	(286,281)	(44,767,786)	15538%
Tax Income / (Expense)	(4,885,205)	7,864,086	-261%
Profit / (Loss)	(5,171,486)	(36,903,700)	614%
Profit Margin	-2%	-17%	



9M 2024 Audited Financial Statements



Balance Sheet

TL	31 Dec 2023 (IAS 29)	30 Sep 2024 (IAS 29)	Change %
Cash, Cash Equivalents and Financial Investments	84,047,518	91,581,776	9%
Trade Receivables	267,601,701	131,613,970	-51%
Inventory	2,523,642	1,451,279	-42%
Tangible Assets	7,593,604	10,250,684	35%
Intangible Assets	250,648,365	291,113,793	16%
Deferred Tax Assets	2,290,723	10,727,930	368%
Total Assets	674,676,535	597,379,001	-11%
Short-Term Financial Liabilities	159,381,999	99,802,517	-37%
Trade Payables	5,499,529	3,712,451	-32%
Total Liabilities	249,871,661	222,506,755	-11%
Equity	424,804,874	374,872,246	-12%
Total Equity + Liabilities	674,676,535	597,379,001	-11%





Thank You

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