

2022
ANNUAL
REPORT



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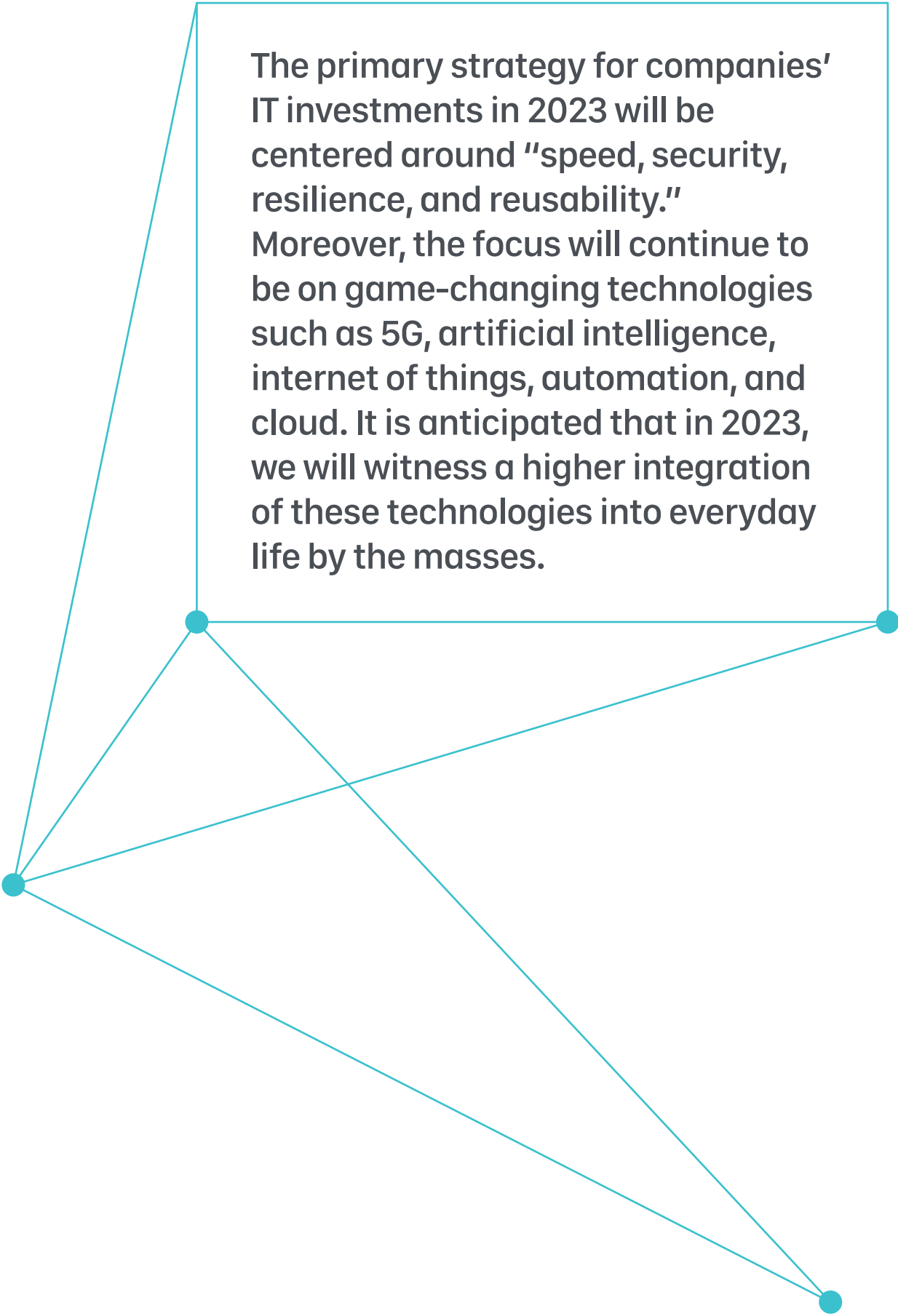
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CREDENTIALS



The primary strategy for companies' IT investments in 2023 will be centered around "speed, security, resilience, and reusability." Moreover, the focus will continue to be on game-changing technologies such as 5G, artificial intelligence, internet of things, automation, and cloud. It is anticipated that in 2023, we will witness a higher integration of these technologies into everyday life by the masses.

MESSAGE FROM CHAIRMAN



Aiguang Peng

Dear Shareholders,

With the persistence of a number of macroeconomic setbacks, “resilience” will undoubtedly be the key to overcoming the uncertainties of the period and preparing for the next wave of growth in 2023. In such a conjuncture, the development of digital capacity is becoming more and more critical. It is more important than ever to establish a data economy on high, secure and uninterrupted connection speeds.

At this point, as Netaş, we are continuing our activities with the goal of creating sustainable value by assuming our responsibilities in our operations in this economically and strategically important sector.

By maintaining a focused approach throughout 2022, we continued to realize the digital transformation of different sectors across different verticals while increasing our role in the modernization of Türkiye’s telecommunications infrastructure with new-generation technologies.

Through the strong strategic partnership of ZTE and Netaş, we are increasing our ambitions in the telecom sector

In the past year, Netaş has continued to take steps to deepen its strategic cooperation with ZTE, both domestically and in the nearby geography.

In Türkiye, we have achieved significant growth in the volume of projects undertaken with ZTE in both the main operators’ and alternative operators’ markets. Together with ZTE, we have implemented Türkiye’s largest IPTV infrastructure transformation, while also virtualizing the nation’s largest fixed network. In addition to all this, I must also mention our launch of works in the business of virtualization of the mobile network infrastructure.

In 2022, while maintaining our clear leadership in the end-user devices market, such as through the provision of new generation modems for Internet connections and TV boxes for digital broadcasts, we have also accelerated our localization efforts. The number of ZTE products we have localized in Türkiye has reached seven, namely our Modem (VDSL HGW fiber optic) LTE Router (Cat 6 WTTx), Server, Smart Lithium Battery Module, DC Direct Current Power Supply, New Generation Base Station with Multiple Radio Technology, Modem (VDSL HGW fiber optic) LTE Router (Cat 6 WTTx - Wifi 6) and Remote Radio Unit (RRU).

On the other hand, we received the first order for our Netaş Cloud Server, localized based on ZTE's world record-breaking technology, and delivered it to our customer, Turkcell. It is pleasing to see the Netaş Cloud Server, which has the ability to operate in many roles where high performance is of paramount importance, such as in Virtualization, Cloud, Big Data and Artificial Intelligence (AI), attracting interest from organizations operating in such critical sectors as finance, transportation and telecommunications. Our goal is to increase the volume of orders in this area next year.

In addition to the Turkish market, we are continuing to dig deeper into the nearby geography. In Kazakhstan, where we have become a business partner with operators, we believe that we will further increase our market share with our end-user solutions.

ZTE gains momentum through Netaş R&D

The cooperation between Netaş R&D, Türkiye's most established and experienced R&D center, and ZTE, which boasts one of the most powerful laboratories in the world for the development of innovative telecommunication technologies, continues to increase on different grounds.

In the IPTV project, which is one of the ZTE's largest IPTV project outside China, Netaş R&D has taken on the critical role of developing an interface. I believe our cooperation here will serve as a reference for the IPTV market in the region. In addition, ZTE has started to benefit from Netaş R&D's experience in information technologies for the digital transformation of its corporate processes, and has gained the capacity to export software to China.

Our goal is to grow in the region

As Netaş, our goal is to continue to grow both domestically, with the synergy we have achieved with ZTE, and internationally with Netaş R&D, and we have started laying the necessary foundations to this end. As an example, we are today playing an active role in modernizing Kazakhstan's telecommunications infrastructures together with our main shareholder ZTE, ensuring a healthy digital transformation. We are reaching end consumers through the ZTE brand, providing them with the necessary devices for their Internet and IPTV needs.

Building on this, it is our desire to grow both domestically and internationally with the test products indigenously developed by Netaş R&D under VisiumLab, and we have taken the first step in this direction by exporting our Visium Farm product to Azerbaijan. We are also playing an active role in public transformation projects in the Turkish Republic of Northern Cyprus (TRNC) with Netaş R&D.

Paving the way for the digital economy

With the strength derived from our R&D, our competence in system integration, IT services through our IT support services company, BDH, and our technological production, we have the capacity to respond quickly and in the best way possible to all the changing demands of companies in Türkiye and the region in the fields of telecommunications and information technologies.

Drawing upon all these competencies, as well as the support of ZTE, Netaş has the capacity to build a country's telecommunications infrastructure from end-to-end, including 5G, and to design a new generation world based on this infrastructure with the applications it develops.

R&D will continue to be the driving force of Netaş

While continuing our efforts in weaving innovative technologies into the country's telecommunications network, we are also focusing on the applications to support the digital world that will be built on this infrastructure. Aside from the benefits Netaş R&D brings to telecommunications technologies, we also draw upon its experience in information technologies. Tests of our 5G-compatible applications, such as the On-Board Communication Unit and Roadside Communication Unit (V2X) for smart transportation, and the Remote Physiotherapy application for next-generation healthcare services, are continuing with collaborations in both the private and public realms.

Unlocking Türkiye's digital value

Against the challenging backdrop of global economic developments, Netaş is restructuring and transforming itself in corporate and financial terms, while responding effectively and rapidly to the digitalization needs of both institutions and organizations, and the telecommunications sector as a whole. By implementing our new strategy in earnest, we have been able to deepen our customer base and deliver better commercial performance, and have continued to improve our asset utilization and optimized our portfolio.

On behalf of the Board of Directors, I would like to thank our employees for fulfilling their responsibilities towards our customers and shareholders, and for pursuing our strategy with such great dedication, despite the current challenges.

With more than half a century of experience in information and communication technologies and the considerable strength derived from its shareholders, Netaş will continue to stand by its stakeholders as a reliable partner that can rapidly adapt to changing conditions.

Netaş will be one of the strongest architects of the new world created by 5G and beyond technologies, and will continue to contribute to the growth of Türkiye by demonstrating the true value of digitalization.

Kindest Regards,

MESSAGE FROM CEO

Dear Shareholders,

Despite a year of geopolitical and macroeconomic factors that have caused significant disruptions, we, at Netaş, have remained committed to meeting the digital needs of our customers and our country. We have successfully developed our financial and corporate structures within the scope of our new strategy, even in the midst of these challenging and uncertain times. With our growth strategy, we have witnessed remarkable improvements in our financial indicators within just one year.

In the past year, we have successfully grown across four main activity areas: Technology Development (R&D), Systems Integration, Telecommunication Technologies, and Technology and Information Support Services (BDH). Our "Smart Digitalization, Smart Transformation" strategy has allowed us to implement end-to-end digital transformation in five key areas, including Application Transformation, Network Transformation, IT Infrastructure Transformation, End Device Transformation, and Security Transformation. With this strategy, we have been able to provide tailored support to public institutions and organizations across various sectors in their digital transformation journeys. Our globally competent engineering resources with deep-rooted know-how have enabled us to deliver a roadmap specifically tailored to their needs.

Together with ZTE, we prepare 5G infrastructures of operators

With our extensive experience in R&D and global expertise, and under the leadership of our shareholder ZTE, we have become a powerful force capable of changing the dynamics of the telecommunications infrastructure market. We are in a position to challenge the market's balance in terms of technological superiority, price-performance quality, and service.

Together with ZTE, we collaborate on projects in the alternative operator market, and provide fixed broadband internet solutions (GPON) and optical transmission solutions (DWDM) to different operators' backbone infrastructures, enabling the transport of voice and data transmission in all mobile/fixed networks. For instance, to meet the demands of heavy traffic from the 5G network, we established the world's first commercial 12THz DWDM system with ZTE in Bursa.

We are a significant business partner in the development of the infrastructures of Türk Telekom and Turkcell in preparation for 5G, offering new-generation technologies, including mobile operator-side localized solutions. We demonstrate ZTE's technological superiority in this field with the live network tests we have carried out. Alongside maintaining our leading position in the end-user devices market with our modems, IPTV junction boxes, and set-top boxes, we have undertaken Türkiye's largest fixed network virtualization project and the mobile network virtualization project.

We provide "Domestic Power Supply" for uninterrupted communication

In order to contribute to keeping our national capital in the country, we continue to produce ZTE's most preferred new technologies in the world by localizing them in Türkiye. In this context, we produced the DC Direct Current Power Unit and Smart Lithium Battery Module, which are critical for uninterrupted communication, at our Netaş Technology Production Center and received the Domestic Goods Certificate. We have increased the number of ZTE products we have localized to seven, including power supply products that are critical for 5G, which will soon be part of our daily lives.

We have received the first order from Turkcell for the Netaş Cloud Server, which has the potential to provide a strong and local backbone for companies in all verticals, especially in sectors that are critical for a country such as telecom, finance, transportation and defence. We're confident that our server, which boasts world-leading technology and performance, will continue to penetrate new sectors in the coming period thanks to its seamless processing power and easy integration capabilities. With production ramping up thanks to increasing orders, we're excited to bring this powerful technology to even more businesses and industries."

We achieve regional expansion with ZTE synergy

The synergy we have achieved with ZTE, our main shareholder, has started to transform into a regional expansion beyond our country borders. By adding a new one to our strategic business models, we have taken important steps towards becoming ZTE's "Regional Hardware Technical Support Centre" with the competencies of our IT and support company BDH. Thanks to this initiative we have launched to become the technical centre for all ZTE devices in the neighbouring region, we will increase the technology support exports of our country through Istanbul.

In addition, we are preparing to submit bids to companies in different countries, taking as reference the IPTV project that we undertook with ZTE in our country and for which our R&D developed the interface.

We also take part in ZTE's in-house digital transformation projects with our R&D and contribute to software modernisation processes with our engineers. In this way, we export software to China.

We develop software for both our country and our nearby geography

As a technology company with the most experienced private R&D in our country, we focus on developing software to support digital transformation in sectors both in Türkiye and beyond. In 2022, we have continued to take on software projects and develop custom applications, providing smart solutions that cater to the unique needs of private and public companies using our highly skilled engineering resources. Our recent project, Customs and Population Systems, has allowed us to expand our footprint in public transformation in the TRNC.

We're not just aiming to grow domestically, but also internationally with our VisiumLab R&D test products. We've already taken the first step by exporting the Visium Farm product to Azerbaijan's largest bank. Our services include application development and testing for telecom service and infrastructure providers, as well as digital service management and device testing. In addition to our testing products, we offer software expertise services as well. With over 500 engineers, we currently provide testing services to a total of 30 companies, including Türkiye's three major telecom operators and the top five largest banks.

We build end-to-end 5G infrastructure and develop 5G-based business applications

As a telecommunications technology company, we're not only competent in building a country's 5G infrastructure, but we also have the engineering know-how to create a software-based digital world on top of it. To maximize the benefits of low latency, high speed, and increased capacity that 5G offers, we're currently developing various applications tailored to specific sectors.



Sinan Dumlu

For instance, our Vehicle-to-Everything Communication Unit (V2X) application could serve as the backbone for smart transportation with 5G, while our remote physiotherapy solution is already making waves as a next-generation health service. We're also developing SMART PDM and Smart-WIND, smart energy solutions, and conducting tests in partnership with private and public sectors.

We aim to increase our exports of defense technologies

For over 25 years, we have been designing high-tech communication systems for the defence sector that are domestic, national, and world-class. Our focus in defence technologies is on communication systems, navigation, and friend or foe identification technologies.

Our primary objective is to cater to the defence sector's requirements in our country and subsequently increase our contribution to our country's defence industry exports. We aim to achieve this by leveraging opportunities in different regions while working with institutions as solution partners.

We lead international R&D platforms

As a company that established the R&D culture in Türkiye, our engineering resources have always been our source of strength. With extensive experience in Information Technologies, Telecom Technologies, and Defense Technologies, Netaş R&D now offers consultancy services to institutions and organizations across various sectors to address all their digital needs. Our team also undertakes customized product development projects, and represents our country on international R&D platforms to develop new-generation technologies.

We support hybrid cloud transformation with our strong partnership structure

As one of Microsoft's largest business partners in Türkiye, we continue to provide support to our corporate customers in licensing and the most efficient utilization of their purchased licenses. This way, we accompany our corporate customers on their journey of transformation with public cloud services.

Moreover, this year we have undertaken significant private cloud projects in the finance and telecommunications sectors in partnership with Hitachi, which led us to receive the "Corporate Business Partner of the Year" award. Additionally, we collaborated with our solution partner Cisco to work on the network side of one of Türkiye's largest e-commerce platforms' private cloud transformation during the year.

BDH continues to be our strength in the field

We position our IT support services company BDH as the backbone of Netaş, which strives to be the leading technology company that defines and implements digital transformation most effectively. Through BDH, our IT support services company, we are capable of providing professional services that cater to all verticals and technologies under any circumstance and in any geography. Over the past year, BDH has expanded its reach with new contracts in areas such as field operations, managed services, warranty services, testing services, and repair and maintenance for our system integration projects.

We turn technology into value for our stakeholders

Netaş, one of the most valuable technology brands in Türkiye, boasting a 56-year history, offers the entire set of competencies required for the end-to-end digital transformation of large structures. Aside from being a leading system integrator that can offer the products and solutions of nearly 120 local and global business partners, our company is also a technology manufacturer in its own right.

We enter 2023 with multiple well-established competencies, a deep-rooted history and solid foundations, and with "human existence" at our center. Our first priority will be to make all our stakeholders feel the value created by digital. In the coming period, we will continue to weave the most advanced technologies into Türkiye's communication networks, to develop smart technologies with our engineers, to accelerate the company transformations by moving them to the Cloud with our business partners, and to support digital transformations by drawing upon our competencies in IT services.

We will continue to expand our ecosystem and improve our customer experience in 2023, while demonstrating our strength by paying due consideration to the sustainable growth of our country and the world.

We will work to bring more value to our country's economy through our localization efforts and domestic/national technologies.

I would like to offer my sincere thanks to each and every member of the Netaş family for their devotion to their work throughout 2022, to our esteemed Board of Directors, whose support has been felt throughout the year, and to our solution partners, customers and all other stakeholders.

kindest Regards,

SENIOR MANAGEMENT MEMBERS

Sinan Dumlu

CEO

Alp Söker

Chief People Officer

Alper Acındı

CFO

Bilgehan Çatalođlu

Chief Digital Officer

Börgehan Köksal

Chief Compliance Officer

Burhan Metin

Board Member Responsible for Public & Defence

Bülent Elönü

Carrier Networks Business Unit General Manager

Ersin Öztürk

R&D General Manager

Koray Otyam

BDH General Manager

Mei Bowen

Chief Operations Officer

Dr. Xi Guang Qing

CTO

NETAŞ AT A GLANCE

Türkiye's most well-established, diverse and competent technology company

Netaş, a public company listed on Borsa İstanbul (BIST) and in its Sustainability Index, which includes companies with high corporate sustainability performance, continues to add value to society and all its stakeholders with the transformative power of technology.

Netaş produces "Digital Value"

Drawing upon the "digital value" it has created and produced, Netaş has for more than half a century played an important role in the technological development of Türkiye and its surrounding region. It applies its broad range of competencies to every stage of the digital transformation, updating the communication infrastructures of companies and even countries, and easing the transition to digital life through the software and solutions it develops based on these infrastructures.

Aside from its leading role as a system integrator, Netaş is also a technology manufacturer, an R&D center and an IT support provider, offering professional services across a wide geography and within different verticals in which it works with a diversity of technologies through its subsidiary BDH.

Within this large and versatile structure, Netaş is focused on two main areas:

1. Information Technologies: System Integrator

Aside from its in-house competencies, it also able to offer the products and solutions of nearly 120 local and global business partners.

- Corporate (Telecom included)
- Public
- International Markets

2. Communication Technologies: Telecom Infrastructure Solutions

By combining its multiple competencies with the global know-how and technological superiority of its main shareholder ZTE, Netaş is well-positioned as a solution company in the field of telecommunication technology infrastructures.

- Operators
- Localization
- International Markets

Smart digitization and smart transformation in five pillars

Drawing upon its experience with R&D, its technological production capacity, its professional service competence, and its wide information ecosystem and business partnership network, Netaş engages in end-to-end holistic digital transformation projects in a wide range and area with the perspective of “smart digitalization, smart transformation”.

With its claim to be the technology brand that best defines and implements digital transformation needs, Netaş has created a new model for companies to enjoy the opportunities of digital transformation at the highest level and in the most secure manner. Accordingly, it has built its digital transformation strategy on five pillars: Application Transformation, IT Infrastructure Transformation, Security Transformation, Network Transformation and End Device Transformation.

1. Application Transformation

Netaş, transforms applications into container and micro service architecture, making them cloud-supported. Modernized with the most advanced cloud technologies, applications become compatible with new technologies as well as gaining an easy-to-manage, customizable and highly secure structure.

2. IT Infrastructure Transformation

In order to effectively manage modernized applications and gain big data processing capabilities, IT infrastructure, which is a tripod carrying application, network and security, needs to be reconfigured. Data centers where server, storage, network and data backup components are hardware-based are now being replaced by software-defined data centers (SDDC). The new generation software-based data centers designed by Netaş with cloud computing and hyper-integrated infrastructures virtualize the hardware-based components of traditional centers and offer organizations the advantages of superior speed and flexibility in an uninterrupted and secure manner.

3. Network Transformation

Network transformation solutions and services offered by Netaş add agility and security to corporate networks with technologies such as SDN, SDN-WAN, 5G and Wi-Fi 6. Modernized networks increase the efficiency and performance of enterprise applications, and are fully compatible with cloud computing and mobile technologies, while supporting also the next generation of flexible working models.

4. Security Transformation

Security solutions and services offered by Netaş ensure the end-to-end security of companies that gain competitive advantage through digital transformation and ensure that the benefits of transformation are permanent.

5. End Device Conversion

With the products it offers, Netaş renews the end devices and software running on them of companies that adopt new generation competitive ways of doing business. With this modernization, employees can access corporate applications easily and securely, regardless of device and location, thus increasing their productivity.

VISION

Carrying our country and region to a more digital and better future

MISSION

Offering the most innovative information and communication technologies for the benefit of private & public corporations, defence industry and end-users

VALUES

Perseverant
Bold
Innovative
National
Collaborative
Inclusive
Passionate

COMPETENCIES OF NETAŞ



Comprehensive Service Competence

- Distribution and service network covering 81 provinces of Türkiye with its expert staff of 1,200 people



Strong R&D

- +500 engineers
- Digital transformation projects in Türkiye and abroad
- Project leader and partner in EU 5G and beyond



Strong Presence in the Technology Ecosystem

- More than 120 worldwide partners
- Strategic partnership with industry leaders



Competence in International Markets

- Türkiye's software export champion
- Competence to perform complex system integration projects



Pioneer Systems Integrator

- Advanced integration capability with R&D skills
- Integration competence that brings together different technologies
- Understanding the customer's needs correctly
- End-to-end solution oriented



High Brand Reputation

- Well-established and reliable business partner of leading companies and public institutions across industries in Türkiye



Large and Robust Structure

- Deep-rooted structure with Türkiye's competent engineers, wide range of knowledge



Rich Talent Pool

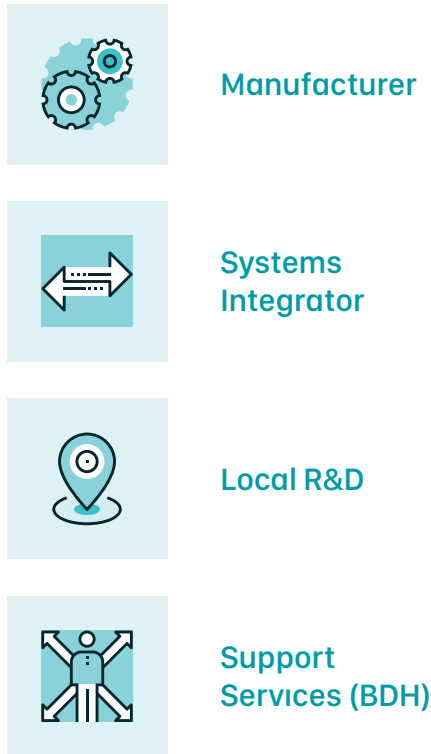
- Strong talent pool specialized in different fields of new generation technologies



Technology Production Ability

- Technology production and localization competence with its technology production center in Istanbul Orhanlı

SCOPE OF ACTIVITY



NEW STRATEGY

Netaş's Agenda

Smart digitization, smart transformation

To be a company that best defines, stages and implements digital transformation tasks in Türkiye and the region by taking a holistic approach to such works, and by offering bespoke solutions to meet the needs of public and private companies in network, IT infrastructure, application, security and end device transformation processes.

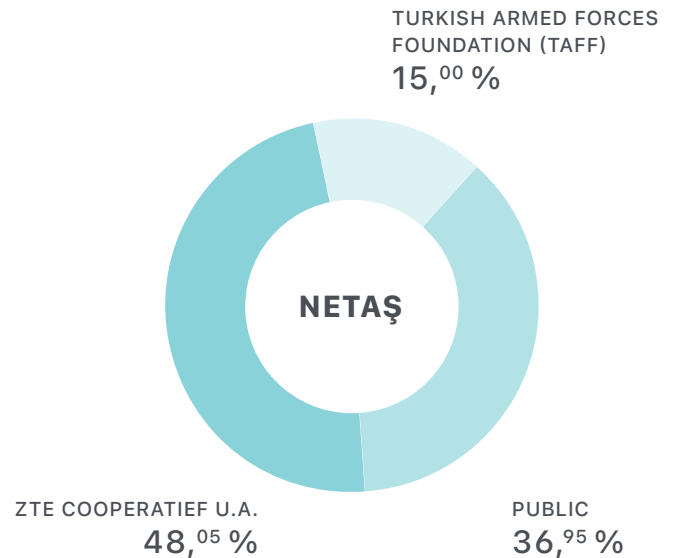
More strategic and focused R&D

To evaluate opportunities for the use of domestic and national telecom technologies in the domestic and international markets, as well as defense and information technologies, by taking a more strategic and focused approach to R&D that takes into account the expectations of Türkiye and its surrounding geography.

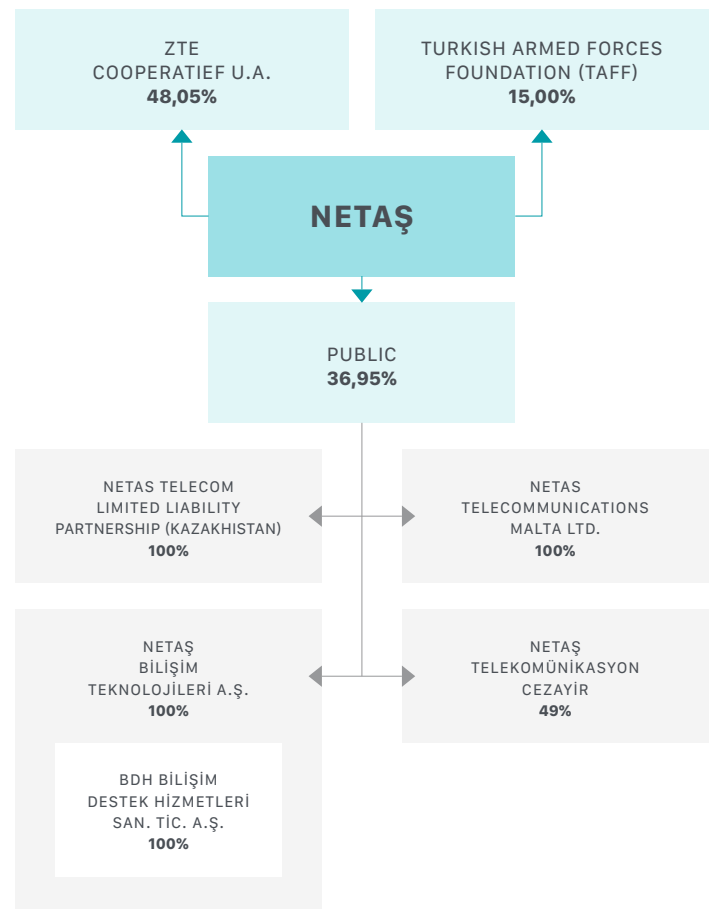
Localization in telecommunication technologies

To transform Türkiye's telecommunication infrastructure through the efforts of its operators who are supported by life-long learning, applying the most modern technologies, both at home and in the workplace, and continuing with the "localization" move that it launched 50 years ago in the field of telecommunication technologies, working hand-in-hand with global telecommunication technologies giant ZTE as well as other solution partners.

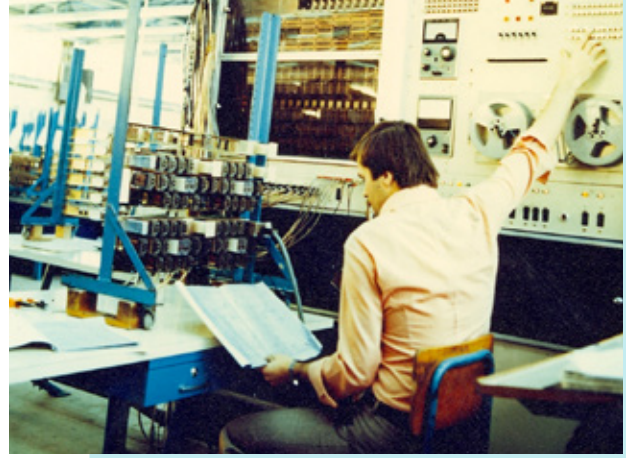
SHAREHOLDING STRUCTURE



OPERATIONAL STRUCTURE



MILESTONES



1967

Establishment of Netaş under the partnership agreement between PTT and Northern Electric.

1973

Commissioning of Türkiye's first private telecom R&D.

1982

Development of Türkiye's first electronic exchange: "SpaceNet."

1983

Netaş switches into digital technologies.

Foundation of Printed Circuit Board plant.

1986

Commissioning of Netaş Training Center featuring computer-aided training facilities and modern test devices.

1993

Listed on Istanbul Stock Exchange, IPO for 23% of its shares.

Started production of IFF Mod 4 through technology transfer.

1996

The R&D for defense industry begins.

Started the production of TASMUS (Tactical Field Communications System) for Turkish Land Forces.

1997

Netaş becomes the first Turkish information technology company to receive ISO 14001 environmental certificate.

2006

Named as Nortel's global R&D center.

2008

Türkiye's software export champion.

2010

OEP RHEA Türkiye Teknoloji BV acquires 53.13 percent of Nortel's shares in Netaş.

2011

Acquisition of Probil (Netaş Bilişim) and BDH.

2012

Named as "Genband R&D Center of Excellence".

Netaş Kazakhstan office established.

2013

Acquisition of 10 percent Group A shares of Kron, Turkish software developer.

Celebrating the 40th anniversary in R&D, Netaş moves to its new technology base in Kurtköy.

Awarded the contract for the fourth generation (4G) communications technology development project (ULAK) for military, public security, and civilian applications under the leadership of the Undersecretary for Defence Industries.

Becomes the highest growing company in the Turkish information technologies industry.

2014

It has grown in the region with orders of 100 million dollars.

2015

4G LTE (ULAK) Baseband Unit was developed at Netaş R&D.

The foundations of the "Netaş Healing Forest" project were laid.



2016

The "5G Technologies Consortium Cooperation Agreement" is signed with ASELSAN and HAVELSAN, under the leadership of the Turkish Armed Forces Foundation (TSKGV).

The number of its employees since its foundation exceeds 10,000 people.

Elected to the board of directors of NetWorld2020, which aims to steer the research of future mobile and fixed communication systems.

2017

Celebrated its 50th anniversary with the motto of "Proud of its Past, Ready for the Future".

World leader in telecommunication technologies ZTE acquired 48.04 percent of Netaş shares through its subsidiary ZTE Cooperatief U.A.

Launch of a horizontal cloud-based IoT (Internet of Things) platform, ION by Netaş that provides the infrastructure for the IoT applications of objects.

Opening of Netaş Cyber Security Operations Center, in order to provide cybersecurity operation services (SOC), network operation services (NOC), consultancy, and managed services.

2018

Foundation of a representative office in Azerbaijan.

86 patents and 19 brand applications are made.

Domestic Product Certificate is obtained for two software products/solutions: Nova V-Gate and Mobi-fi.

2019

Foundation of a local subsidiary in Algeria.

Listed in Borsa İstanbul's Sustainability Index.

Participates in European Union's Health 5G Consortium, thanks to its expertise in cloud computing, IoT, and digital transformation.

Reigniting its localization efforts, obtained Domestic Product Certificate for ZTE's FTTx fiber infrastructure systems.

2020

Renewed its corporate logo with a new icon, with the motto "Future is at our core", referring to its core values and technology.

According to Türkiye Patent Map Report, ranked in the top 10 among institutions with 358 applications.

2021

Next generation communication technologies center: N.visionLab, which aims to play a leading role in the development of 5G technology.

With FTTx, the number of Domestic Goods certified products increased to five: Domestic server, VDSL Modem, New Generation Base Station with Multiple Radio Technology, WiFi 6.

AWARDS AND ACHIEVEMENTS

1996

European Quality Achievement Award

1998

European Quality Achievement Award

2007

"Software Export Champion" of Türkiye

2008

"Software Export Champion" of Türkiye

2010

"Software Export Champion" of Türkiye

2011

Microsoft - Enterprise Sales Partner of the Year Award

2012

Named as the "Most successful R&D Center in telecommunications business" by the Ministry of Science, Industry, and Technology

2013

Awarded "Best Global Partner in Enterprise Business" by Cisco

Named as the "Most successful R&D Center in telecommunications business" by the Ministry of Science, Industry, and Technology

Ranked 2nd in the telecommunications industry category of Turkish Patent Institute's "Companies with the Highest Number of National Patent Applications of the Year" and 7th in the country overall list

Crowned "The Turkish Systems Integrator Partner of the Year" award by Microsoft

2015

Ranked 1st at BT Haber Yayıncılık's ICT 500-Top 500 ICT Company survey in the following categories: "Network Hardware of the Year", "Software Export of the Year", and "Systems Integrator and Hardware of the Year"

Ranks first in two different categories at the 4th Private Sector R&D Centers Summit organized by the Ministry of Science, Industry, and Technology: "R&D Employment" and "Most Successful R&D Center in the Telecommunications Industry in 2014"

"Highest Volume of Investment in the Expertise of the Year" and the "Fastest-growing Business Partner in Server Business of the Year" awards by HP

2017

Received the grand prize in the Competition for Energy Efficiency in Industry of the Directorate General of Renewable Energy of the Ministry of Energy and Natural Resources in the category of "The Most Efficient Industrial Facility".

2018

The Systems Integrator of the Year award in Türkiye's First 500 IT Companies survey, in "Hardware" and "IoT and M2M", "Network Hardware", "Service Exports", "Data Backup and Storage Hardware" categories. As to the "IT Service Exports" category, the company was awarded a Contribution to Economy Special Award.

Received the "2018 - The Corporate Business Partner of the Year" and in the corporate segment "Architectural Excellence" awards from Cisco.

Ranked among the top 10 companies of Türkiye on the Turkishtime's Türkiye's Top R&D Spending Companies list. Ranked in top 10 companies with the most R&D staff employment and maintained its leadership in Information Technologies category.

According to Türkiye's 500 Large-Scale Service Exporter Research conducted by the Turkish Exporters Assembly (TİM), Netaş is named the second-largest information services exporter of the country.

2019

In Türkiye's Top 500 ICT Companies survey, named as "ICT Services Export Champion of 2018", and was granted awards for "Business Applications", "Network Hardware" and "500+ Systems Integrator, IoT & M2M" categories.

Chosen as the second-largest ICT services exporter in annual Türkiye's 500 Largest Service Exporters survey.

Received the "Qualified Training" award during the 11th Corporate Social Responsibility Summit and SDG Awards with Netaş NextCoders and Coding Hour.

"Digital Transformation of the Public Sector" Award during Microsoft Business Partners Summit 2019.

"Fourth Quarter Winner" and "Third Place" awards at Hitachi Vantara's EMEA Customer Care Cup.

"5th Supply Chain Professionals Award" from Supply Chain Professionals Club for its blockchain-based project management and operation system project.

"Corporate Sector Partner of the Year" award from solution partner Fortinet as the partner with the highest number of sales.

"Best Progress in Supplier Excellence Program" award for the "Saving Spare Parts Used in Repairs" project of its BDH teams in the HP Supplier Excellence contest across country service partners of HP in the CEMA region.

"Best Guarantee Service Provider" by Vatan Computer for BDH.

2020

Ranked 14th for R&D spending, second with 36 patent applications and sixth for the number of its women employees in Turkishtime's R&D 250 survey.

In Türkiye's Top 500 ICT Companies survey, named as "Systems Integrator and Business Partner of the Year" for "IoT & M2M", "Outstanding Contribution to Turkish Economy", "Network Hardware" and "Telecommunication Infrastructure Hardware" categories.

2021

The "Innovative Product in the Large Company Branch" award in the 19th TESID Innovation and Creativity Awards, for its the mobile device park (device farm) "Visium Farm".

Named as the business partner with the highest turnover in 2020 among Turkcell Digital Business Services Partners at the Turkcell Digital Business Services Business Partners Summit.

In Turkishtime's "Türkiye's Top R&D Spending Companies" research; Netaş ranked 6th in terms of the number of undergraduate and graduate employees in the R&D center, 6th in the number of women R&D employees, 10th in the number of R&D patents, and 15th in R&D expenditures.

Excellence Award in International Information Technology for European Advancement (ITEA) 2021 with the BIMy project, formed to develop the smart city ecosystem in Türkiye and assumed the leadership of its consortium.

"Highest Growth Partner of the Year" award as part of VMware Partner Connect.

A total of seven awards in Türkiye's Top 500 ICT Companies survey: "Software" award in the "System Integrator and Business Partner" category, "Telecommunication, Infrastructure Hardware", "Data Backup and Storage Hardware", "Virtualization Software", and "Services" awards in the system integrator and business partner category. "Cloud Service" award under the heading "Special Contribution to the Turkish Economy", "Service Export" award in the "Export Awards" category, "IoT and M2M" award in the "ICT 500+" category.

Finalist certificate in the "Cloud Transformation" category at the 2021 SAP Quality Awards with its Gear Up 4HR Project.

"Best Culture of Learning" award within the scope of LinkedIn Talent Awards.

2022

Highest Customer Satisfaction Award

BDH, Netaş's IT support services company, was recognized at the Lenovo Business Partners Awards for its outstanding repair services for the Lenovo Thinkpad product family. The company was awarded the prestigious "Service Partner with the Highest Customer Satisfaction of the Year" award, which was voted on by Lenovo customers who received repair services.

Netaş ranks among top 8 companies in 9 different patent fields

The 2021 Türkiye Patent Report, published by Patent Effect for the first time in 2020, has released its latest findings. Netaş have been successfully ranked in the top eight in nine different fields, making it one of the leading companies in Türkiye's patent performance. According to the report, Netaş's performance in various categories is as follows:

- ▶ Türkiye Patent Champion Companies of 2021 - Ranked 7th among the Top 20 companies for the number of patents registered in the relevant year (64).
- ▶ Türkiye Patent Champion Companies Top 20 - Ranked 8th for the number of patent applications (474) and number of registered patents (232) in the companies' portfolios, and 6th among companies with the highest number of applications in the field of Artificial Intelligence.
- ▶ Ranked 8th among companies with the highest number of applications in the field of Medical Technologies.
- ▶ Ranked 5th among companies with the highest number of applications in the field of Retail and e-Commerce.
- ▶ Ranked 7th among companies with the highest number of applications in the field of Finance.
- ▶ Ranked 5th among companies with the highest number of applications in the field of Telecommunication.
- ▶ Ranked 4th among companies with the highest number of applications in the field of Cyber Security.

Leader in 3 categories in the Informatics 500 Survey

Netaş, as a leading system integrator, has been awarded three prestigious titles in the 23rd edition of Türkiye's most important sectoral survey, the Informatics 500 - Top Five Hundred Informatics Companies Survey, for its pioneering role in digital transformation. The categories in which Netaş was awarded are as follows:

- ▶ Telecom Infrastructure Hardware
- ▶ Data Backup and Storage Equipment
- ▶ Installation Maintenance Support Service

Path of Mind Award for Netaş

Netaş has been recognized with an award at the 3rd International Smart Transportation Systems Summit (SUMMITS'22) organized by the Smart Transportation Systems Association of Türkiye for its outstanding contributions to the field of transportation with its national technologies. The award ceremony, held at the Information and Communication Technologies Authority, saw Netaş winning the prestigious Path of Mind in Transportation Mobility Technology (Product) Award for its V2X Communication Unit for Connected and Autonomous Vehicles. The unit was developed locally in Netaş's R&D, and its innovative technology is a testament to the company's commitment to excellence in the transportation industry.

Corporate Business Partner of the Year award from Hitachi

Netaş has been awarded the Corporate Business Partner of the Year by Hitachi, one of its solution partners with whom it has successfully executed data storage projects for significant institutions, particularly in the finance and telecom sectors.

2022 HIGHLIGHTS

World champion domestic server from Netaş

Netaş, together with its main shareholder ZTE, has achieved a significant milestone in localization. For the first time in Türkiye, Netaş produced ZTE's server products R5300 G4 and ZTE R5300 G4X that set records with their performance. They were introduced at GSMA 2022 in Barcelona, marking a major breakthrough in localization. As a result, Turkcell has placed the first order for the local server.

Collaboration between Türkiye's technology pioneers on domestic server

Türk Telekom, Netaş, and TÜBİTAK ULAKBİM have collaborated on a project to integrate a domestic server and operating system. Under the leadership of Türk Telekom, the project involved testing the indigenous Netaş Cloud Server and Pardus, the national operating system developed by TÜBİTAK ULAKBİM, together with all stakeholders in Türk Telekom's infrastructure. Following the successful completion of operational and performance tests, as well as certification processes, Türkiye has now achieved its first and only domestic integrated hardware and operating system solution.

Memorandum of understanding for joint work on 5G

ZTE, the main shareholder of Netaş, and Türk Telekom have signed a memorandum of understanding to collaborate on 5G technologies. The goodwill agreement aims to develop 5G-ready networks, share a strategic vision for high-quality network applications, and conduct joint studies to achieve industrial 5G applications.

Turkcell places the first order for local Netaş cloud server

In an effort to increase the use of domestic technology and keep national capital within the country, Netaş and Turkcell have reached an agreement on the use of a "domestic server". Turkcell has placed the first order for the Netaş Cloud Server, which has drawn interest from public and private organizations in critical sectors such as finance, transportation, and telecom.

Turkcell, a pioneer in the field of digital transformation and virtualization with a capacity of over 12TB and a mobile network virtualization rate of over 75%, has demonstrated its confidence in domestic servers by choosing Netaş Cloud servers to be used in the Unified Telco Cloud infrastructure.

Two critical agreements for the modernisation of telecommunications infrastructure

Netaş has recently signed two three-year framework contracts with KaR-Tel LLP (Beeline), the Kazakhstan subsidiary of the Amsterdam-based VEON Group companies. In 2021, Netaş delivered a total of 88,000 Cat4 and Cat6 ZTE MiFi devices to Beeline and will continue to support Beeline in providing mobile broadband internet access services required by its customers for remote working and distance education with the devices to be provided under this contract. Additionally, Netaş renewed its contract for three years for ZTE IPTV set-top-box (STB) products, which it delivered to Beeline between 2019 and 2021.

Furthermore, Netaş has also signed its first delivery contract for UPS (Uninterruptible Power Supply) equipment with Tele2, one of the three largest operators in Kazakhstan. This contract has opened the door to different power supply projects with Kcell and Kazakhtelecom, in addition to Tele2.



Two new Microsoft licence agreements in Kazakhstan

Netaş, as a system integrator, has expanded its role in the digital transformation of Kazakhstan by becoming a Microsoft Licensing Solution Provider last year. As a result, it added two different customers from the financial sector in Kazakhstan to its portfolio. Netaş signed a three-year Microsoft Enterprise Agreement with Bank CenterCredit JSC, one of the largest banks in Kazakhstan, which enables Netaş to sell licenses for all Microsoft products required by the customer for the next three years. In addition to providing technical support for license configuration, this cooperation has also allowed Netaş to sell non-Microsoft products. Furthermore, Netaş signed a one-year Microsoft Products and Services Agreement with MFI KMF, one of the largest microfinance companies in Kazakhstan.

Visium Farm in Azerbaijan

Netaş has achieved its first international export of Visium Farm, a mobile device track product developed as an alternative to foreign software testing solutions. As part of the project, the International Bank of Azerbaijan (ABB), one of the largest banks in Azerbaijan, has started using Visium Farm to test mobile applications on different devices. With the number of customers in the local market reaching 10 in 2021, ABB has become the 11th customer of Netaş's Visium Farm product, which plays a critical role for remote test and software teams.

Regional agreement with ZTE

Netaş has established a new strategic business model with ZTE, aimed at becoming ZTE's "Regional Hardware Technical Support Centre." This agreement represents a significant step towards Netaş's goal of providing technical support for all ZTE devices in the nearby region, with the aim of increasing Türkiye's technology support exports through Istanbul.

Technology training export with ZTE University

Netaş has partnered with ZTE University to export technology training, leveraging its globally competent engineering and technical expertise. Netaş engineers will provide training on telecommunication technology solutions to ZTE customers and stakeholders in the nearby region.

Kredi Kayıt Bürosu started to manage its test processes with Visium Manage

Kredi Kayıt Bürosu, which includes nearly 200 members from banks, leasing, factoring, and insurance companies, has started to use Visium Manage, a product developed by Netaş R&D under the roof of VisiumLab, to efficiently manage test processes with a central management system.



INDUSTRY DEVELOPMENTS

Global IT spending to increase by 2.4 percent in 2023

According to research firm Gartner, global IT spending is expected to increase by 2.4% in 2023, with a projected total of \$4.5 trillion, despite inflation's impact on consumer purchasing power.

As per research, overall corporate IT spending is expected to remain robust in 2023, despite the impact of inflation on consumer purchasing power and device spending. Specifically, the software and IT services segments are projected to experience significant growth of 9.3% and 5.5%, respectively.

The primary strategy for companies' IT investments in 2023 will be centered around "speed, security, resilience, and reusability." Moreover, the focus will continue to be on game-changing technologies such as 5G, artificial intelligence, internet of things, automation, and cloud. It is anticipated that in 2023, we will witness a higher integration of these technologies into everyday life by the masses.

According to a study by McKinsey, businesses are aiming to migrate approximately 60% of their IT assets to the cloud by 2025. Additionally, 50% of companies have reported implementing artificial intelligence in at least one function of their operations.

To fully leverage the potential of emerging technologies, companies must prioritize process automation, data-driven investments, and continuous IT architecture updates.

IT leaders place a significant emphasis on delivering value streams that prioritize customer outcomes when designing and building IT systems. In the coming years, operational data closer to the edge will drive business processes, leading to more data-driven decision-making.

In 2023 and 2024, 65% of CIOs plan to utilize resilience capabilities as a competitive advantage in financial, supply chain, ecosystem, and sustainability domains, thereby creating value for their organizations.

In addition, 40% of CIOs will be responsible for utilizing technology ethically to gain insights into employees' experiences and perceptions of their company's offerings, ultimately strengthening their brand.

Turkey's ICT market size reaches \$18 billion

IDC's data shows that the Turkish information and communication technologies market reached approximately \$18 billion in 2022, with the information technologies market alone reaching \$12.4 billion. Notably, the service market has seen significant growth, with the information technology services market reaching \$1.3 billion in 2022 and projected to grow by 4% in 2023.

Consumer services, construction, transportation, and insurance are expected to witness the fastest growth in IT spending in 2023, while the telecommunications, public, and finance sectors are expected to maintain their expenditure sizes.

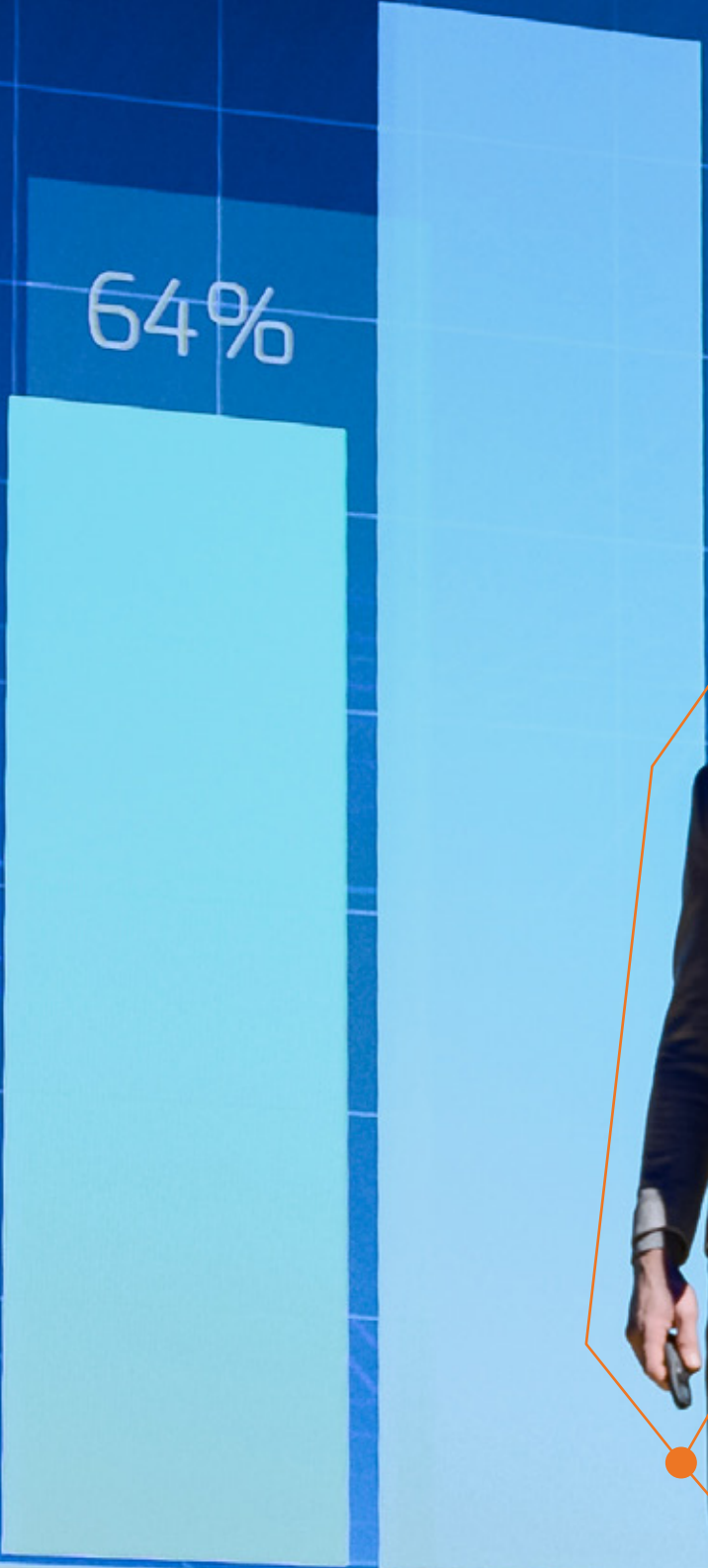
Investments in cloud technologies are also expected to increase in the sector. The Turkish cloud service market, which reached \$487 million in 2022, is projected to continue its growth with a 23% increase in 2023.

Netaş provides services in the Turkish enterprise infrastructure market, which reached \$1 billion in size in 2022, experiencing a growth rate of 12%. The enterprise network segment of this market is expected to grow at an average of 2% per year until 2026.

Worldwide IT Spending Forecast (Millions of U.S. Dollars)

	2022 Spending	2022 Growth (%)	2023 Spending	2023 Growth (%)
Data Center Systems	212,376	12.0	213,853	0.7
Software	783,462	7.1	856,029	9.3
Devices	722,181	-10.6	685,633	-5.1
IT Services	1,244,746	3.0	1,312,588	5.5
Communications Services	1,422,506	-2.4	1,423,367	0.1
Overall IT	4,385,270	-0.2	4,491,471	2.4

Neural networks v 2.0



subsy

comparison

TELECOMMUNICATION TECHNOLOGIES

Superior communication technologies, professional service experience

Netaş, Türkiye's integrated communication technologies solution provider, is laying the foundations of the digital world with 56 years of experience and ZTE's technological superiority.

With a vision to "establish Türkiye's communication infrastructure with domestic capabilities," Netaş has contributed to raising the country's communication infrastructure to a more competitive level through its 56 years of know-how and ZTE's advanced telecommunication technologies, paving the way for the future with end-to-end 5G.

By establishing the first private telecom R&D centre, Netaş initiated the localization drive in telecommunication technologies and solidified its leadership in the end-user devices market in 2022. Netaş has begun participating in the backbone infrastructures of different operators with ZTE's fixed broadband internet solutions (GPON) and optical transmission solutions (DWDM), which enable the transmission of voice and data in all mobile and fixed networks.

Netaş transforms Türkiye's telecommunication infrastructure from the core to the backbone infrastructures of operators, from households to workplaces, with the most modern technologies.

Continuing its 5G tests in Istanbul and Ankara with operator collaborations, Netaş today carries live traffic over ZTE devices on the IP networks of Türkiye's two largest operators and an alternative operator, thanks to its success in IP/MPLS network projects.

Netaş, which has commercially installed in Türkiye one of the world's first 120 channel optical transmission (DWDM) systems, undertakes projects to offer faster fixed and mobile internet access to end users and to renew network infrastructures to prepare operators for 5G. Accordingly, the company makes it possible to provide higher capacity, less latency and innovative data services to the end user.



LOCALIZATION

5G-focused localization efforts accelerated

Netaş has intensified its efforts for localization with the help of its major shareholder ZTE. The company, which places particular emphasis on 5G-supporting technologies for localization, has expanded its lineup of products with a Domestic Goods Certificate to seven.

Continuing its development with the internet access products and internet infrastructure projects it has undertaken in the telecom sector, Netaş develops software solutions for telecom operators within its R&D organization and increases its share in the telecom market with the diversified services it offers. Netaş also focuses on advanced technologies such as the next generation IPTV platform, as well as localization activities with ZTE.

Domestic energy solutions for uninterrupted communication

Netaş aims to contribute to retaining national capital in Türkiye by producing the latest telecommunications technologies from the world-renowned technology giant ZTE in Türkiye. As part of their localization efforts, Netaş has successfully produced the DC Direct Current Power Unit and Smart Lithium Battery Module domestically. This has enabled Netaş to indigenize its operations.

The DC Direct Current Power Unit and Smart Lithium Battery Module are essential for providing energy and maintaining service continuity in base stations and GSM power plants during power outages.

In the context of 5G, which is set to revolutionize numerous sectors including healthcare, finance, energy, transportation, and more with artificial intelligence, internet of things, robotics, and autonomous applications, sustainable energy is particularly crucial. Accordingly, Netaş's domestically produced DC Direct Current Power Unit provides energy to all devices operating with -48V DC voltage compatible with 5G, 2G, 3G, and 4.5G.

Half a million Wi-Fi6 Modems

Netaş, continuing to hold its position as a leader in the end-user market with modems essential for internet and IPTV requirements, introduced almost half a million Wi-Fi 6 products with its cutting-edge Wi-Fi 6 technology to households and businesses in 2022.

World champion domestic cloud server with its performance

Netaş has taken a step forward in its localization efforts by producing ZTE's server products, R5300 G4 and ZTE R5300 G4X, which have set performance records, in Türkiye as "domestic goods". The domestic servers were unveiled at GSMA 2022 in Barcelona. Netaş Cloud Server, the only server produced in Türkiye with user-friendly features, has the capability to operate in various high-performance environments, including virtualization, cloud, big data, and artificial intelligence (AI), thanks to its technical specifications.



Localized Solutions

- ▶ The world performance champion Cloud Server
- ▶ Fiberoptic Cabinet (FTTx Systems)
- ▶ Next Generation Base Station
- ▶ VDSL Modem
- ▶ Wi-Fi 6
- ▶ Lithium Battery Module
- ▶ DC Direct Current Power Supply

Technical specifications and efficiency

RRU

The world's smallest 4T4R RRU

- ▶ Ultra-wideband RF unit, saving 50% on the number of RRUs.
- ▶ R8892N integrates ZTE's Band 8 and 20 bands, one unit supports 2 frequency bands, saving 50% in the number of RRUs, reducing operators' total cost of ownership.
- ▶ R8854 supports ZTE's 4x4MIMO natively and provides a maximum network capacity gain of 90%.
- ▶ It is the smallest 4T4R RRU with a volume of 12L and a weight of 15kg, reducing base station rental costs.

5G Base Station

Broadband Radio Access for All Mobile Communication Technologies

- ▶ BBU (Base Band Unit) with the highest capacity in the market, supporting all Radio Technologies and usage scenarios, and Radio units with small volume, high output power
- ▶ Unified IP / Ethernet switching and High transmission capacity
- ▶ Operational and maintainability, all cards accessible from the front

Wi-Fi 6

Wi-Fi 6, the new generation standard of WiFi technology, is in Türkiye with Netaş

- ▶ Built on the existing 802.11ac WiFi 5 standard
- ▶ 25% faster
- ▶ Better coverage
- ▶ More broadband
- ▶ Shorter latency
- ▶ Data transmission to more devices simultaneously
- ▶ Better communication with neighbouring signals (BSS Coloring)
- ▶ Longer battery life (Target Wake Up Time)

Domestic Cloud Server

World champion server with high performance

- ▶ Compact 2U R5300 G4 and 4U R8500 G4 server types adaptable for various workloads and environments
- ▶ 3rd Generation Intel® Xeon® processor family, powerful processor up to 80 cores, large memory up to 8 TB and fast storage options such as NVMe
- ▶ GPU (graphics processor) support
- ▶ Different storage possibilities with hot-swap disk options
- ▶ Fast response to all needs requiring high bandwidth

FTTX

Broadband access networks for all service operations

- ▶ Multi-service / multi-scenario access
- ▶ High bandwidth
- ▶ Carrier-class reliability
- ▶ Range of 10G PON solutions
- ▶ The first Combo PON solution in the industry
- ▶ Zero data planning / zero manual configuration
- ▶ ODN solution with full lifecycle



IPTV TECHNOLOGY

Exemplary project from ZTE and Netaş R&D cooperation

Netaş utilizes ZTE's cutting-edge IPTV technology and leverages its domestic R&D capabilities to provide a high-quality user experience with an infrastructure tailored to specific needs.

IPTV technology, which delivers broadcasts to various clients over an IP-based network - OTT technology when it is open internet - enables high-quality content to be transmitted with high bandwidths to various clients (mobile, Smart TV or STB) with value-added services.

Undertaking Türkiye's largest IPTV infrastructure transformation project with ZTE in 2020, Netaş has largely completed its work on IPTV infrastructure and gradual transition to live has begun. Thanks to its innovative infrastructure, which boasts an interface developed by Netaş R&D, it is now

possible to seamlessly integrate advertisements in line with the latest global trends and craft more targeted campaign concepts. The cooperation of Netaş & ZTE in this project, as it is ZTE's largest IPTV project outside of China, will also be a reference point for the European IPTV market.

Suitable solution for different verticals

Operators now prefer the wholesale or multimedia management model to other downstream operators. In this way, an operator has the opportunity to lease its own platform and infrastructure to other operators, each managerially and logically isolated from the other, and thus benefit from wholesale. Large organizations such as hospitals and educational institutions can also be included in this model. Netaş fully offers multimedia support on ZTE infrastructure.

CLOUD CORE NETWORK SOLUTIONS

Getting ready for 5G: Technology-efficient solutions

Netaş aims to become a leading provider of solutions for new network and service needs that will emerge with 5G by offering Cloud Core Network solutions that enable fast and secure network virtualisation and modernisation for telecom operators.

Expectations from telecommunication networks are increasing every day. Operators are demanding networks to provide more functionality and carry denser traffic with less investment. As users become less

tolerant of service interruptions, they are increasingly interested in end-to-end network solutions that offer different service quality for different services and value-added applications such as specialized mobile networks for networks that prioritize security. To create new services quickly and securely, it is necessary to integrate different manufacturer solutions into the existing infrastructure. Netaş produces solutions that reduce costs by efficiently using technology while increasing the total revenue per telecommunication technology with high-value new customer services.





R&D

Half a century of knowledge and global competence

With its deep knowledge and globally competent engineering resources, Netaş R&D continues its innovation-oriented activities, primarily for the 5G ecosystem, and is leading the field in the development of next-generation telecommunications and communication technologies.

The country's most experienced new generation research and innovation center

Digitalization and sustainability, as priority issues on the global stage, are having a profound and lasting impact on the information and communication technologies (ICT) sector. The global digital economy is witnessing rapid growth, and demand for digital products and services is exceeding expectations.

Netaş restructured its R&D works in 2022 to better meet the expectations of different sectors and to prepare for the future. Maintaining its focus on research and innovation with a strategic perspective, Netaş is today focusing its efforts in the fields of defense, information technologies and telecommunications in preparation for 5G, and is supporting the end-to-end digital transformation of its customers with its engineering resources.

The company is continuing its activities under two structures: the Kurtköy R&D Center in Istanbul, and Ankara METU Technopolis.

Defense technologies

For more than 25 years, Netaş has been designing domestic and national, high-tech, world-class communication systems for the defense sector, with particular focus on communication systems, navigation and Identification Friend or Foe (IFF) Technologies.

Information technologies

Drawing upon its globally recognized engineering power, Netaş is able to meet the needs of institutions and organizations in many different areas, and is undertaking special software projects for companies using state-of-the-art technologies while simultaneously developing applications and smart solutions. It is also playing an important role in the transformation of the public sector, developing life-saving digital transformation projects such as Disaster Management and Decision Support System (AYDES) for the Disaster and Emergency Management Presidency (AFAD) and Emergency Health Automation System (ASOS) for the Ministry of Health.

AYDES is the world's first integrated software developed for AFAD, supports the coordination of all relevant units in the country, allowing resources to be distributed quickly and efficiently in times of disaster, in any part of Türkiye.

With ASOS, developed for the Ministry of Health, Netaş has digitalized Türkiye's pre-hospital healthcare system, ensuring data integrity, coordination and communication between all relevant institutions, such as the central organization of the Ministry and individual hospitals.

Netaş is also involved in the digital transformation of the Turkish Republic of Northern Cyprus (TRNC), where it is engaged in such public programs as the Customs and Population Systems project.

Providing testing services to all verticals on the software side, Netaş continues to grow both at home and abroad with its latest family of testing products – VisiumLab. Netaş has taken its first step into the export market with the sale of its Visium Farm product to Azerbaijan's largest bank.

Netaş also develops applications, offers testing services and manages digital services for telecom service and infrastructure providers. In the field of digital platform applications, Netaş has developed the interface for a large IPTV project for ZTE, which will serve as a reference for the European market, and is developing applications and solutions in the smart traffic, remote treatment, smart energy turbine and smart city fields in preparation for 5G and beyond, and even 6G.

Domestic and national telecommunication technologies

Netaş maintains end-to-end, deep-rooted and global R&D competencies in the telecommunication technologies field, being involved in the design of both software and hardware, and is today focused on 5G technologies, drawing upon the expertise it gained in the development of domestic 4G technologies.

Deep-rooted R&D experience and culture

Netaş established Türkiye's first private telecom R&D department in 1973 and realized the country's first software export in 1992. Today, thanks to the versatile competencies, innovation culture, knowledge and experience of its R&D, Netaş develops products and solutions that increase productivity, communication and mobility in different geographies, specifically for each vertical. With the power it receives from Netaş R&D, it leads the digital transformation of private and public stakeholders, and implements large-scale projects simultaneously with its competent and wide engineering resources.



Activity area

- Telecommunications Technologies
- Defense Technologies
- Information Technologies
 - Test Services and Products

50 years in R&D

- 5,000 projects
- +10,000 R&D engineers
- Solutions used in 80 countries
- Region leader in digital signal processing
- 100 signalling protocols
- Developed 40 million lines of code
- Telecom software solutions for more than 200 global operators
- 1,000 card designs
- More than \$4 billion contribution to the national economy through localization

Academic R&D outputs

- Pioneer in continuous innovation and patent application
- 537 patents, 7 utility model applications
- 180 registered patents, 3 proprietary utility models, 70 registered trademarks
- 195 scientific publications, 153 of which are international
- 69 EU project applications
- 380 collaborations with 38 countries in the EU project
- 17 - Number of universities with which Framework Agreement signed
- 42 - Number of academic consultancy received

Experience and competence

- Deep-rooted R&D culture and competent engineering staff, agile structure
- International software development and testing competence
- 5G and beyond application development competence
- Software, hardware, mechanical design for defense industries
- Software and solution development in Telecom, ICT industries
- Test service and product development
- Domestic product development experience
- Strong know-how in developing innovative technology
- Leadership in international R&D platforms
- Strong collaborations with the ecosystem

National and international collaborations

- Celtic Plus Vice Chairman of the Board
- Member of the European Union Networkworld 2020 Board of Directors
- 4.5G Base Station "ULAK" Consortium
- Open Source Code Platform Founder Membership
- 5GTR Forum Founder Membership
- ARGEMIP (R&D and Design Centers Collaboration and Communication Platform) Presidency
- YASAD Board Membership
- TÜSİAD EU and International Incentives Group Presidency
- Current projects: 1 H2020, 1 Celtic Plus, 1 ECSEL, 1 EUROGIA, 1 QNRF
- 69 EU Project Applications (37 H2020)
- 830 collaborations with 38 countries within the scope of EU project partnerships





NEXT GENERATION TECHNOLOGIES

Products that add value with their superior digital capabilities

Netaş continues to develop its portfolio by dynamically customizing and constantly updating the products and solutions it has developed, meeting the needs of its customers, and thereby contributing to the country's digital economy and transformation with domestic capabilities.

Netaş develops unique technologies specific to sectors from finance to entertainment, from public to defence, from energy to transportation, from education to health.

Smart Transportation Systems

V2X

Thanks to the low latency and higher bandwidth that comes with 5G, various applications such as convoy driving, advanced driving, collaborative driving and remote driving that increase comfort and efficiency beyond providing basic security will enter our lives. In the V2X (Vehicle to Everything) scenario, all players in the ecosystem, namely pedestrians, passengers, vehicles and infrastructure units, will be able to communicate with their devices in a common language and realize scenarios that provide higher safety and efficiency. Developing V2X technologies in its R&D, Netaş has started the tests of the C-V2X on-vehicle communication and roadside communication systems, both in the public and private sectors.

New Generation Treatment Service

Remote Physiotherapy

The availability of various sensors, including cameras, balance and motion sensors, and artificial intelligence applications, is bringing about a revolutionary transformation in the field of technology-supported rehabilitation. The planning and monitoring of remote physical therapies can be achieved quickly, safely and in real time using 5G technologies, ensuring the more effective and efficient implementation of personalized physical therapy and exercise programs through virtual reality-based exercises and motion tracking. The gamification of exercises in physiotherapy, the real-time transmission of game broadcast streams and delay sensitivity in online transmissions make 5G technologies important in next-generation health applications. With 5G, it becomes possible to continue and monitor physical therapy processes outside the hospital, and to provide personalized healthcare services. Through rehabilitative games in particular it is aimed to maintain a high level of motivation among clients in keeping to their assigned treatment programs, targeting an efficient and focused treatment process. The Remote Physiotherapy application, developed indigenously by Netaş in cooperation with İnosens, constitutes an important step toward the new generation health system.



Follow the world of Metaverse with VR glasses

Applications that can turn physiotherapy exercises into games that meet health standards, and that allow the instantaneous follow-up of patients by the physiotherapist are possible thanks to the new generation technologies integrated by Netaş R&D with multimedia communication capabilities.

In gamified physiotherapy applications, the patient can perform the exercises given by the physiotherapist within a computer game environment. For example, a patient can gain points if s/he can turn a key in the game in the desired direction and to a specific angle, and touch objects positioned in the game at a certain height, with their movements monitored by motion sensors.

Using the interface designed by Netaş, physiotherapists can check whether the patient is doing their exercises correctly through video conferencing, and can view the patient's avatar in the Metaverse world or through VR glasses. Speed and quality in communication are of great importance for the provision of timely and accurate instructions to the patient.

Transportation Solutions

Automatic Train Supervision (ATS) Project

Netaş carries out the design and development studies of the ATS (Automatic Train Supervision), which is the sub-system of the signalling system of the Gayrettepe-Istanbul Airport-Halkalı Rail System Line. Railway traffic management server software and operator applications will be included in the ATS solution, which provides the necessary interfaces for the preparation and management of train schedules, control and monitoring of all line traffic, and operators' intervention. Thus, train movements will be managed in the additional metro system consisting of 17 stations of 70 km. This project, where the operating speed will be 120 km per hour and the train service intervals will be 180 seconds, is Türkiye's first domestic subway signalling system.

Navigation Systems

GNSS Receiver

Satellite-based navigation for land, air and naval platforms is provided by GNSS (Global Navigation Satellite System) receivers. Netaş has developed the first software-based GNSS receivers in Türkiye, which use the GPS, GLONASS and GELILEO global positioning systems and SBAS (Satellite-Based Augmentation Systems) correction systems to service final and intermediate outputs about position, speed and time information. The Netaş GNSS Receiver family has been developed with a software-based approach on hardware with high processing capacity, comprising an FPGA and microprocessor. This flexible architecture ensures it is open to new developments and programmable in the field. Developed to operate under difficult conditions such as high dynamics and low signal levels, the GNSS Receiver family can be programmed according to the needs of the platform under dynamics and low signal levels. The Netaş GNSS Receiver family, which can operate in difficult operational conditions, has advanced consistency algorithms to counter deception and anti-jamming algorithms.

Internet of Things (IoT)

ION

ION, developed by Netaş engineers to provide all device and data management services for Internet of Things (IoT) networks, can be installed on cloud or local systems. Having a horizontal architectural design that enables different IoT device and application providers to work under a common roof, the ION platform can automatically scale itself according to the density changes in data traffic, while securing the end-to-end data security of IoT applications. Having a customizable structure, ION offers an easy-to-use interface to IoT network and service managers.



EU PROJECTS

Netaş's signature in international 5G and beyond projects

Guided by its vision of a fully connected, smart world, Netaş supports the development of the information and communication technologies sector, and continues to work with international platforms in the exploration of new architectures and technologies.

Netaş maintains its leading position in international R&D projects. Netaş, which is developing smart technologies in pursuit of a sustainable life in the European Union (EU) R&D programs in which it participates, giving Türkiye a say in the shaping of future technologies, is preparing for 5G and beyond with projects such as next-generation health solutions, applications that increase efficiency in the field of smart energy, smart agriculture solutions, and building management models based on digital platforms.

AICOM4HEALTH

Netaş is developing 5G, Internet of Things and artificial intelligence-based next-generation technologies that can be used in pandemics in the AICOM4HEALTH project, launched with nine project partners in four different countries within the scope of CELTIC-NEXT, a communication technologies cluster under EUREKA in Europe.

Under the AICOM4HEALTH project, substandard air quality, not wearing masks, social distancing, and excessive density and mobility, and symptoms such as fever, weakness and partial loss of consciousness in indoor and outdoor areas where the public is concentrated during epidemics will be instantly detectable with sensors and cameras. Images from cameras and data such as heat, temperature, air quality, etc. from IoT (Internet of Things) sensors are analyzed within artificial intelligence-supported systems and transmitted to teams involved in the fight against pandemics in real time. This project aims to reliably deliver high-capacity data with less latency through next-generation 5G technologies such as the Internet of Things (IoT), artificial intelligence (AI), video analytics (VA) and Network Slicing.

BIMy

Developed within the scope of the European Union industry-oriented software innovation fund ITEA3, the BIMy project is for the management of digital models of buildings on a digital platform using cloud computing, modelling, ontology, AR / VR and big data technologies.

Today, digital BIM models are created while buildings are being built and these models are updated simultaneously as the construction continues. In these models, where the exterior and interior view of the building is scaled, detailed information is included such as where the hall is, which materials used in its windows frames are. With the BIMy project, which can control all processes from the construction phase of the building to ecological balance, from information exchange to real estate purchase and sale via the cloud, the entire organization comes together under a single software.

With the BIMy project, discrete and non-standardized BIM models have been integrated with GIS information and opened to the controlled access of stakeholders via the BIMy cloud platform kept in the Netaş data center.

Project benefits

Scenarios that may benefit end-users;

- ▶ With BIMy, all kinds of information about buildings are stored in Netaş's data center and transferred to the cloud. Changing data during the construction period is updated simultaneously.
- ▶ The project provides easy access to all kinds of information with the real estate to be invested, including the foundation of the building, the strength of the building, and the materials used in its construction.
- ▶ It provides one-click convenience in notarization processes, with the ability to carry out the necessary legal processes for real estate purchases over the cloud.
- ▶ The building can be tested by simulating earthquakes and other disaster scenarios.
- ▶ The materials harmful to nature that may arise during the demolition processes of the building can be calculated in advance and measures can be taken.



5G PERFECTA

The 5G Perfecta project, in which Netaş is included within the scope of the CELTIC-NEXT cluster, was initiated in order to carry out advanced R&D studies on the solutions required for the measurement of service and experience quality in 5G networks. In this project, Netaş works in partnership with 16 organizations from Türkiye, Portugal, Sweden, Poland and Spain. The company develops necessary features for the network automation solution of its R&D, Visium 5G, so it can simulate network functions in a 5G network and can be used in traffic tests.

Smart Farming Project for Qatar

The 5GPPGreenhouse project of Netaş, started upon the joint call from the Scientific and Technological Research Council of Türkiye (TÜBİTAK) and Qatar National Research Fund (QNRF), aims to process data coming from greenhouses through ION and increase the efficiency and digitalization, in order to secure the sustainability of the agricultural production. As a pilot study, a greenhouse in Qatar will be controlled through ION set up on a cloud in Istanbul.

Blockchain

The H2020 EU Project of Netaş, namely "IoT & Blockchain-Enabled Security System for New Generation Critical Cyber-Physical Systems in Finance Sector" or "Critical-Chains" in short, is qualified to receive a grant. The project aims to eliminate unhealthy or off-the-book commercial transactions in the global financial network, threats of cyberattacks, non-user-friendly, dysfunctional or inadequate banking processes, complex contracts, and obstacles arising from cumbersome financial and insurance infrastructures across the European Union.

The basic innovative idea of the project is to create a brand new unified infrastructure in order to offer efficient, trackable, accessible, fast, secure, and private financial contracts and transactions, by using new developing technologies including block-chain, cyber-physical security, and modeling of inter/intra-organizational information flow together on a cloud-based structure and in an "as-a-service" manner. Within the scope of the project, Netaş will provide its services, for establishing and securing the cloud infrastructure, systems integration, cybersecurity, anomaly detection, and pilot validations.

Smart Fish Farm

Contributing to European Union's research and innovation program Horizon 2020, through its IoT applications in the IMPAQT project, Netaş introduced a remotely-monitorable, eco-conscious and sustainable model by the integration of smart management systems. The project aims to increase the survival rate of the fish and other aquatic creatures to 90 percent while reducing the feed waste rate to 10 percent.

Within the IMPAQT project, there are six fish and aquaculture facilities, including one in Türkiye. The project aims to automatize these farms using IoT applications. In the project, where the Turkish company Çamlı Yem Besicilik of Yaşar Holding is also involved, the farm can manage itself using the data coming from the cameras and sensors, and the ecosystem can continuously renew itself. Accordingly, the goals of the project include tracking the environmental impact through sensors, interpretation of the farm data as they are transferred to the cloud-based management system, and increasing the effectiveness of the farm management through the guiding information provided to the users.

Smart-PDM

The Industry 4.0 project of Netaş within the ITEA3 framework, namely Smart-PDM, covers the processing of data coming from critical modules of wind turbines and metal rolling facilities with AI-supported Big Data analysis techniques. The processed data is used to predict possible breakdowns of the critical parts and to offer solutions to the technical teams on the maintenance of these modules.

Smart-WIND

Netaş aims to increase the efficiency of wind turbines with the use of information and communication technologies with the Smart-Wind project carried out within the scope of EUROOGIA. The project is carried out by seven institutions from Spain, Germany, and Türkiye, and Netaş processes data collected by IoT solutions from wind turbines operated by Zorlu Enerji, using advanced artificial intelligence and machine learning techniques. Thus, the efficiency of critical components in the turbines is increased.

With the Smart-Wind project, which started in January 2020 and will continue for three years, advanced information technologies in the field of smart energy are developed domestically. Advanced cooperation and mutual know-how transfer are realized with the work done with partner organizations in Germany and Spain.

HEALTH5G

Netaş carries out advanced R&D studies in the fields of cloud computing and IoT technologies in the Health5G project within the scope of CELTIC-NEXT, the communication technologies cluster under EUREKA in Europe. The project aims to develop advanced solutions by utilizing 5G in health technologies, and it is carried out by 26 organizations from six countries.

Within the scope of machine-to-machine communication (M2M) technologies, which is one of the three pillars on which 5G will sit, advanced studies are being carried out to test the Netaş ION Platform, which will process data from many sensors in the cloud, in 5G networks and to work with software-based networks. Netaş continues to work on developing e-health solutions with high added value by processing data from health sensors of companies such as Vestel, İnosens and Semper, which it has partnered with in the project, on the ION IoT platform of Netaş.



TEST SERVICES CENTER

Testing services for "zero defect, high quality"

In addition to its international experience, Netaş offers specialized testing services to different sectors with more than 500 competent engineers and experts, with a current customer base of 30 companies, including Türkiye's three telecom operators and its three largest banks.

Netaş provides testing services that make a difference in all verticals in support of "zero defect, high quality" working principles, and is focused on the international and domestic markets with the test products developed by its R&D center.

Services offered by Netaş Test Center

- Test process consultancy service
- Managed testing service
- Web/mobile/desktop software testing service
- Test automation service
- M2M/IoT and mobile terminal tests
- Performance tests
- Penetration tests (Pentest)
- Continuous integration consultancy
- Mass testing service

Differentiator Features

- Test engineers/experts who are competent in their field of work
- Assigned test architects or project managers responsible for each project
- Resource continuity
- International experience
- Test tools R&D
- Strong references

Test Process Consultancy Service

This service includes measuring the test maturity level for the proper operation of the test processes in the current software life cycle of the organizations, and then sharing the test process documents, monitoring and reporting the compliance of the processes.

Managed Testing Service

Managed testing service is the fulfilment of testing services by the test engineers/experts of Netaş in accordance with customers' SLA and KPIs. This service, which provides organizations with the opportunity to reduce project costs and use their resources and technologies efficiently, helps them gain more effective management and control over test activities and processes.

Web/Mobile/Desktop Software Testing Service

The software testing service provides testing of software developed for various platforms such as web/desktop/server software, embedded software, business applications software. In addition, for mobile applications, Netaş offers end-user tests on real smartphones with 200+ different brands, models and operating systems.

Test Automation Service

The test automation service uses the most appropriate automation method to speed up the testing phase and increase productivity.

M2M/IoT and Mobile Terminal Tests

Within the scope of M2M/IoT and mobile terminal tests, mobile device user tests, phones, tablets, M2M/IoT devices, PCs, modems, routers and operators are tested with existing, new SIM cards and existing fixed internet provider services.

Pentest (Pentest) Service

Pentests (Pentest) service provides a complete solution for current situation analysis and what needs to be done to create a secure IT infrastructure. Vulnerabilities are detected in web applications and VoIP systems, and analysis reports containing security measures are presented. In addition to the use of rich test tools, company-specific test scenarios are also being studied. In addition, Netaş penetration tests and security audits are required at periodic intervals.

Performance tests

Performance tests allow to define the performance of various software, whether they respond under the heavy traffic and if so, their lagging time. The results provide the maximum load possible of software, then it is tested under the maximum load. As a result, performance-improving suggestions are made.

Continuous integration service

Within the continuous integration service, an efficient and manageable software development setting is offered. Continuous Integration (CI) and Continuous Deployment (CD) processes allow an efficient and manageable software development and form an important part of the agile software development business model.

Mass Testing Service

Within the scope of the mass testing service, the instant test needs of the customers are run by the test engineers/experts at the Netaş Test Center in a very short period of 2-3 days, in the form of exploratory testing without being dependent on test scenarios, and the errors founded are reported.

SOFTWARE TESTING TOOLS VISIUMLABS

Performance and Load Test: Visual Load

The scalable load and performance testing platform, Visium Load, provides fast and reliable testing of the performance of applications during the development process. Visium Load, which has the ability to set up the cloud environment, adjust traffic components, run tests and provide detailed reports, can perform load testing of applications with the most effective resources.

Visium Load, which managed to enter Microsoft's Azure Market Place catalog from Türkiye, raises test environments that will simulate 10 thousands of virtual users in minutes with the power of the cloud, and allows different user scenarios to be run simultaneously.

Mobile Device Farm: Vision Farm

Visium Farm, which collects mobile devices in one or more centers (pools), provides access to all devices at the same time through a single web interface. Software developers and software testers can access any of the devices in the mobile device pools in a very short time and can manage mobile devices via the web interface with the use of mouse and keyboard.

BDD-Based Test Automation: Visium Go

Developed as a BDD-based test automation tool, Visium Go allows anyone to easily write, read and run test automation scenarios. In the era of digitalization, the applications of institutions are updated more frequently than ever before. Offering an important advantage to keep up with this speed, Visium Go provides agility and speed to businesses thanks to the automatic running of repetitive tests instead of running them manually.

Test Management Tool: Visual Manage

Visium Manage, a test management tool that centralizes and organizes and facilitates test processes, enables companies to manage their requirements, test scenarios, suites and plans, report test outputs, establish relationships between requirements and scenarios, track risks and errors during the software development process.

SAYEM SMART CITY CONSORTIUM

Target smart city technology export

Türkiye's most comprehensive Smart City Consortium has been established under the leadership of Netaş in response to TUBITAK's SAYEM (Industrial Innovation Network Mechanism Program) call to "develop high value-added products or product groups through the creation of innovation networks in cooperation with the private sector, universities and the public sector, in line with national high technology targets".

Focusing on integrated smart solutions in the fields of energy, building management systems, emergency management, health, environment and waste management, parking and transportation, the consortium aims to contribute to increasing Türkiye's high-tech exports.

Project Calendar

The project, which was launched in April 2021, comprises a 48-month productization phase and a 12-month commercialization phase. Projects starting at the minimum TRL 5 (technology readiness level - TRL) level will be completed in 48 months. While five projects were completed in 2022, it is aimed to complete nine projects in 2023, three in 2024 and the remainder in 2025.

Centering the data

With the Central Management Unit that will process the incoming data, it is aimed to create an integrated "Smart City" solution that makes our cities smart, ensuring the more effective and efficient use of our country's limited resources:

- Smart energy
- Smart house-building
- Smart emergency management
- Smart healthcare
- Smart environment and waste management
- Parking and transportation systems
- Central Management Unit (CMU)

The social benefit of the program

- Reducing operating costs
- Improving service and quality of life
- Reducing the carbon footprint left in nature
- Protection of the environment and natural resources





DOMESTIC AND NATIONAL DEFENSE R&D

Advanced defense technologies

Developing the most advanced land, air and naval communication devices for the defense sector indigenously and nationally, Netaş is also targeting foreign markets with its defense technologies.

In addition to the modernization of Türkiye's defense communication network, Netaş also exports its technologies and designs high-tech, world-class communication systems for the defense sector, especially for Türkiye and the nearby geography.

Netaş develops IP/ATM/ISDN switching and routing products, user terminals, transmission devices and power units with completely domestic design and production facilities in order to provide voice, data and video communication needed in the tactical field. The developed products are designed to withstand the harsh environmental conditions of the tactical field, for example at temperatures between -40°C and +55°C.

Domestic Defense Technologies

4.5G/LTE Advanced Communication Solutions

ULAK- Baseband unit for Türkiye's first domestic 4.5G base station

Tactical Field Communication Solutions

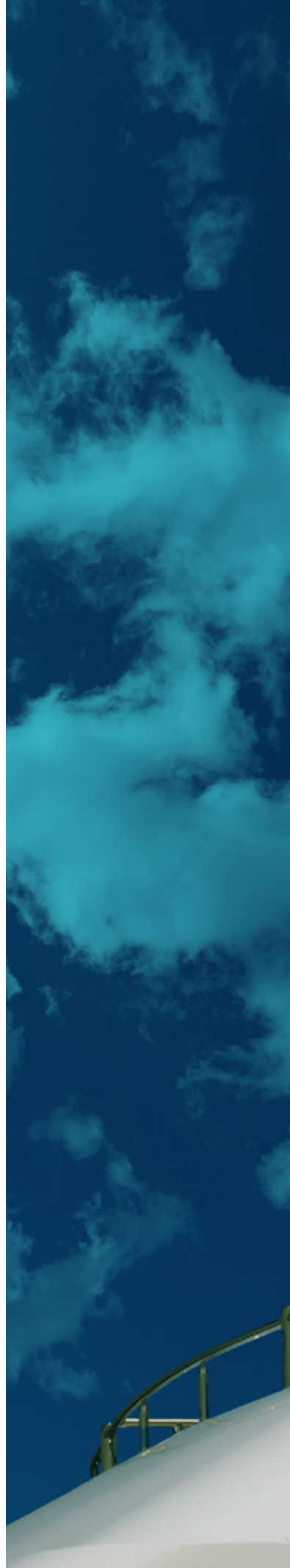
Communication solutions with system, hardware, mechanical, software and industrial design for a structure resistant to harsh environmental conditions

Tactical Ship Communications Solutions

Scalable solutions for ships' missions and needs, from small-scale platforms to warships

Avionics Solutions

Mission critical solutions for control, communication and navigation on high speed aerial platforms





MANAGED SERVICES

Professional management of information technology assets

Netaş, with its extensive service network in Türkiye and the region and its 24/7 operations center staffed by expert teams, is carrying companies securely into the digital future.

As Türkiye's largest IT services provider – specialized and certified in many different IT fields – Netaş supports the management and control of all the information technology assets of companies through its managed services.

With its resources of expert engineers to manage the systems in every vertical platform independently, Netaş provides end-to-end NOC and SCOC services. Thus, it offers effective cost-benefit management through optimization and consolidation of living systems. As an additional benefit, as many systems are managed from a single center, the time to resolve problems is shortened considerably. In addition to its presence in 81 provinces of Türkiye, Netaş also maintains a business partnership with companies providing managed services abroad through its foreign offices.

The field experience of Netaş, which has undertaken many projects of energy and contracting companies, extends to Africa. Netaş, which has implemented the project that will enable a cloud-based digital transformation for Sonatrach, one of the world's leading oil companies and the largest oil company on the continent, including the establishment and delivery of six data centers. The data centers in question were built with a project team of more than 20 people in four cities in the desert.

In 2022, Netaş started to provide its first AWS Cloud Portal management service to Tonguç Academy, the leading online content producer in the education sector; In this context, Netaş provides managed services for the systems in the AWS Public Cloud infrastructure and the physical and application structures in the Local Datacenter environments in Istanbul with the Hybrid Management model.

In 2022, Netaş took over the management of the Private Cloud structure created specifically for Quick Finans in a Vodafone Datacenter environment, and transformed the service received from Mey-Diageo's outsource personnel positioned for end users into end-user managed services model and moved it to a new structure. Netaş assumes responsibility for all personnel and service management, and the Netaş IT team has begun to offer its management skills as a service to customers.

In 2022, an ecosystem of business partners was established allowing Netaş to satisfy the technological requirements of its customers through its business partners, backed by the Netaş management quality.



Netaş managed services in numbers

- 100+ engineer
- 2,500 VM
- 1,000 DB
- 10,000 router
- 4,000+ mailbox
- 400+ server
- 1,000+ backup jobs
- 7.3 PB storage
- 100+ firewall
- 200+ certification

Advantages of managed services

- Reduced IT costs
- Support of the business continuity
- Focus on core business
- Reduced risks through increased service levels
- Increased service quality
- Reduced HR responsibilities

Competencies

- Detailed knowledge of customer systems with all their components
- Human resources with high end-to-end business and management capabilities
- Platform independent management with the experienced and certified team for each vertical
- 24/7 cybersecurity operations and network operations management center
- Proactive management and control

24/7 monitoring

All layers of IT systems, which are the basis of the business processes of companies, are monitored 24/7. Potential problems in these layers are identified in advance and any problem is intervened proactively.

Network management

Network infrastructure components are monitored and managed remotely 24/7 by the Network Operations Center and the healthy operation of the system is ensured. Accordingly, in related devices; possible performance losses are identified and intervened, necessary changes are made with the configuration, and devices are updated.

System management

Configuration, monitoring, critical patch management, minor updates, system repair, system-based log tracking, user management and authorization, performance for server components such as operating system management, antivirus management, e-mail services, database management, middleware management, virtualization management. follow-up and improvement processes are carried out.

Application management

Special solutions are offered based on customer requirements such as mailing systems, ERP, CRM, BPM systems, and ISS services management. In addition, end-to-end solutions can be developed according to the needs of customers. Thanks to the Help Desk, customer problems are recorded and solutions are developed for recurring errors.

Data center design, installation, and migration

Solutions and consultancy are provided on data centers that are on the basis of business processes and operations. Regarding data centers, management and consultancy of turnkey processes are carried out, including the analysis of the company's IT infrastructure, optimization of resources, design of necessary data center infrastructures to accommodate the relevant systems, and migration of the data to these designed structures.





NETAŞ NETWORK OPERATION CENTER (NOC)

Seamless network monitoring and management

The Netaş Network Operations Center (NOC), which monitors the systems and network infrastructures carrying the business data of companies continuously and centrally, ensures the highest quality service by keeping the installation costs of the infrastructures required for central management and the employment costs of the relevant personnel at the most economical level.

The Netaş Network Operations Center (NOC) follows a proactive approach, and takes the necessary actions as soon as possible, thus ensuring continuity in its systems and in network infrastructure management.

NOC services

- ▶ Information collected simultaneously from the devices that form the company network, is reported within specific time intervals.
- ▶ The problems on the network are determined in advance and are fixed on short notice, and the workflow is maintained without interruption.
- ▶ Network performance measurements are made and evaluated to ensure that the required optimization and systems work at the ideal performance.
- ▶ Software and application management and its updates are performed from a single-center on time.

24/7 network monitoring

High quality service

Central management

Management support

Elements of network operations management

Configuration management: It enables the configuration of all assets (hardware, software, network products, documentation, connected systems), keeping detailed information, monitoring, and reporting its history.

Change management: It provides the use of standard processes and procedures determined by the company. The impact of the change-related incidents on the quality of service is minimized and, as a result, the company's daily operations are accelerated.

Version management: It enables the control and distribution of newer versions of hardware or software that will be created by Netaş or outsourced from the company.

Event management: According to the IT incident management process that will be created by Netaş or outsourced from the company, it makes the right decisions for identification, analysis, and elimination of incidents occurring during the service.

Problem management: According to the purpose of problem management, it provides studies to find root problems within the IT infrastructure being serviced and ensures that the problems are solved without being occurred again.



Professional service in all verticals and technologies

Netaş provides consultancy, managed services, strategic outsourcing, hardware, warranty and support services to organisations of all sizes with its expert and certified staff in many different fields through its company Information Support Services (BDH), and offers all its skills to its neighbouring region.

With 33 years of experience in the information and communication technology sector, BDH provides expert consultancy, managed services, strategic outsourcing, in-warranty and out-of-warranty repair and maintenance services, and field support, helping companies on their digital transformation journey. BDH also claims to be the guaranteed maintenance and repair center for some of the world's largest smart device brands in Türkiye, and is in the process of becoming ZTE's "Hardware Technical Maintenance Base" in the region.

Service partner of the most valuable technology brands

BDH is a service partner of many prestigious technology brands and has renewed all of its service contracts with them in 2022. The company provides repair services for brands such as HP, Dell, Lenovo, Microsoft Xbox, Samsung, Apple and more (Zebra, Xerox, Supermicro, Viewsonic, OKI, Oppo, Realme, Oneplus Vivo, Tecno, Xiaomi, Redmi, Poco and Omix).

In addition, BDH has business partnerships with international companies such as Unisys, Ivy, and ESP, and is continuously seeking to add new manufacturers to its list in 2023.

Supports Türk Telekom customers all across 81 provinces

BDH provides roof service to Türk Telekom, answering 100,000 calls per month, and has become the guaranteed repair and maintenance base for smart devices of the world's most valuable brands in 81 provinces within the scope of the VIP Smart Device Service Package.

The company also continues to work with the three largest manufacturers in the global PC and notebook market, providing high-quality service and warranty operations.

Leader in network transformation

Netaş, a leader in network transformation, supports companies in their cloud transformation with the expertise of its solution partners and BDH. With business partners such as Microsoft, VMware, Cisco, DELL EMC, and Fortinet, BDH has participated in digital transformation projects for leading conglomerates, finance, transportation, online retail, and public sectors, and continues to grow with new customers. BDH has contributed to the network infrastructure transformations of leading institutions in the finance sector such as Borsa Istanbul, TEB, Takas Bank, and Ziraat Bank, which took its place in Istanbul Finance Center.

BDH excels in managed services, thanks to its expertise in various industries, ability to provide 24/7 support, measurable service quality, and adaptability to current technologies regardless of the manufacturer. The company continues to expand in managed services with new customers including Istanbul Airport (IGA), Sahibinden.com, and Unifree.





DIGITAL TRANSFORMATION PROJECTS

Building smart life with technology

Developing the technologies of the future for a smart life, Netaş implements large-scale digital transformation projects in various industries ranging from telecommunications to public sector, and from finance to energy.

Netaş technology at Istanbul Airport

Known as one of the largest and smartest projects in the world, Istanbul Airport (IGA) serves on the communication infrastructure and data center cloud automation system built by Netaş.

With its 1.3 million square meter terminal building, 42 km long belt conveyors, 6 runways with 500 aircraft capacity, and an annual passenger capacity of 200 million, İGA is one of the largest projects in the world, and an equally colossal technological infrastructure has been built for it. Having deployed the wired and wireless telecommunication network infrastructure of Istanbul Airport, Netaş has broken a new network coverage record in Türkiye with almost 5 thousand access points on this network. Thanks to this extensive access network, passengers are provided with seamless, fast, and secure internet service from the moment they park their cars to the moment their plane takes off. All businesses inside Istanbul Airport, including the security, the customs checkpoints, and the duty-free shops, are being run using the said communication infrastructure.

Netaş also established İGA's data center cloud automation system and IT infrastructure for the world's largest airport hotel built within the airport.

Safety on railroad transport

Netaş provides high-performance connectivity and operational efficiency with its GSM-R solutions, a wireless and secure broadband communication standard optimized for railroads. In addition to the commercially used GSM-R lines, it also serves fast and conventional train lines with transmission projects.

Netaş is currently involved in a total of 12 projects in this field, and some of these ongoing projects include the following:

- ▶ Sivas-Yerköy High Speed Train Project (GSM-R Power Plant, GSM-R Radio Communication Network and Wired Network Communication infrastructure, GSM-R Radio Communication Network and Wired Network Communication infrastructure, construction infrastructure for facilities like Tower)
- ▶ Yerköy-Kayaş High Speed Train Project (GSM-R Radio Communication Network and Wired Network Communication infrastructure, construction infrastructure for facilities like Tower)
- ▶ First phase tests of Bandırma-Menemen Project (GSM-R Radio Communication Network, construction infrastructure for facilities like Tower)



Türkiye's first domestic subway signalling system

Netaş undertook the development of "Automatic Train Supervision (ATS)" for the Halkalı-Istanbul New Airport Metro Line within the scope of the National Signalling System provided by ASELSAN. This project, where the operating speed will be 120 km per hour and the train service intervals will be 180 seconds, also hosts Türkiye's first domestic subway signaling system.

As a continuation of the Gayrettepe-Istanbul New Airport Project, which it started in 2020, Netaş will implement the second phase of the ATS project with the 32 km long Istanbul New Airport-Halkalı Metro Line, which includes 7 passenger stations. With the ATS solution, the sub-system of the developed metro signalling system, it will be possible to prepare and effectively manage train schedules, control and monitor all line traffic, and operators' intervention in the operation.

Pioneering management system of disasters and emergencies

Thanks to AYDES, developed by Netaş and one of the few disaster management systems in the world, resources are managed effectively in disasters and emergencies, and the command process is run smoothly.

Playing an active role in projects contributing to our country's emergency management, Netaş initiated the Disaster Management and Decision Support System (AYDES), an AFAD project that in 2013, developed for the digital management of all phases of a disaster and the efficient use of resources. The latest version of AYDES, which started to be developed in 2019 in accordance with the developing new technologies, was launched in 2020 with its fully map-based structure and started to be used in the field.

SEGBIS project

Netaş has completed a new phase in its cooperation with the Ministry of Justice to increase access to courts by connecting courts, courtrooms and prisons with multimedia tools. With the completion of the last phase, the Ministry of Justice SEGBIS infrastructure, which is currently serving over Cisco-based central systems and end systems, has switched to a new generation expandable structure on the central side. Following the completion of the project, Netaş continues the three-year maintenance process.

Safer cities

As part of the City Safety Management System Contract negotiated with ASELSAN; Netaş has been carrying out the deployment of the infrastructure, construction, installation and repair and maintenance work for the City Safety Management System and Vehicle Identification System to be implemented in 26 provinces so that security forces can more effectively ensure order and safety and perform inspections.

Safer schools

Netaş has completed the Safe School Project conducted by the Ministry of National Education for the safety of the children in schools. Accordingly, Netaş has completed the installation and integration of all networks, systems, cameras, and infrastructure of a total of 762 schools in 71 provinces across Türkiye. Netaş started to provide guarantee and maintenance service after the school systems have been commissioned. As a result of the project, schools can be monitored live by security forces and the CSMS (City Security Management System) Centers.

e-Government transformation in Cyprus

Netaş has been conducting three major projects under the TRNC (Turkish Republic of Northern Cyprus) e-Government Program undertaken by Türksat on behalf of T.R.N.C. Ministry of Transportation and Infrastructure to transform public institutions and organizations into e-Institution.

e-Census system project in TRNC

This project of the first phase of the TRNC e-Government Program is at the core of e-Government. During the project, it was Netaş providing detailed analysis, software design, and development, integration of the system with other institutions and systems, testing, installation, commissioning, training, data digitalization, and counselling. Now the company provides guarantee, maintenance and support services.

TRNC e-Corporate Project

Netaş is undertaking the TRNC e-Corporate Project, which involves conducting detailed analysis, designing and developing software, integrating with other institutions and systems, testing, digitizing data, transferring data, supplying hardware, installing, configuring, commissioning, providing training and technical support, a three-year warranty, as well as maintenance, support and integration activities for the implementation of the Electronic Companies Central Registry System.

TRNC e-Customs Project

The Customs Information System (CIS) project's scope includes comprehensive analysis, software design and development, integration with other institutions and systems, testing, consultancy, hardware supply, installation, configuration, commissioning, training/technical support, three-year warranty, maintenance, support and integration activities. The goal of the project is to provide a modern and high-quality customs service in compliance with global trade standards and European Union customs regulations.



SMART CITY

Smart cities built on smart technologies

The Smart City Consortium, established under the leadership of Netaş to develop the smart city ecosystem in Türkiye, aims to contribute to increasing Türkiye's high technology exports by focusing on integrated solutions in the fields of energy, building management systems, emergency management, health, environment and waste management, car parking and transportation.

The Smart Cities Consortium, which was established under the leadership of Netaş in response to TÜBİTAK's SAYEM call to "develop high value-added products or product groups by creating innovation networks in cooperation with the private sector, universities and the public sector in line with national high technology targets", focuses on integrated smart solutions in the fields of energy, building management systems, emergency management, health, environment and waste management, car parking and transportation systems.

In the first phase, the data to be produced by the devices to be used in the solutions to be produced in six verticals determined as energy, building emergency, health, environment and waste management, parking lot and transportation systems will be collected in a central management unit. The data to be processed with big data analytics and artificial intelligence applications will enable a structure that produces real-time actions.

The centralized data architecture will enable seamless integration among solutions from different manufacturers, allowing them to work together harmoniously. This combination of forces will form the basis for new applications and research, with public access to real-time data streams open to any kind of analysis.

Phase 2 application approved

The Smart City Project, presented by the consortium, was one of the three projects that succeeded in making it to Phase 2 in applications for the Industry Innovation Network Mechanism (SAYEM), the incentive program of TÜBİTAK. Undertaking system integration and telecommunication projects abroad with the technologies it has developed in its R&D, Netaş will continue to contribute to increasing the high technology exports of our country with this consortium.

SAYEM - Smart Cities Architecture

- Vertical applications
 - Smart energy
 - House-building
 - Emergency management
 - Smart healthcare
 - Environment and waste management
 - Parking and transportation systems



N-TELLIGENT INSTITUTE

High-tech training center: n-telligent institute

Under the umbrella of the "n-telligent institute," Netaş shares its expertise with institutions and organizations in its ecosystem, providing a variety of trainings in six main categories.

In today's highly competitive business environment, it is crucial for companies to keep their digital competencies up-to-date. Studies have demonstrated a clear link between market value and the supply of skilled labor. Therefore, improving skill resources is vital for economic progress and the growth of companies.

With the n-telligent institute, which was established to strengthen the digital competencies of companies' human resources, Netaş aims to be a "business partner" in the training of human resources of companies in different verticals. Designed to respond quickly to the ever-changing needs of digital transformation, the n-telligent institute provides companies with a lifelong learning opportunity to integrate their workforce with the latest advances in technology. Focusing on educating engineer leaders, the n-telligent institute is designed to support the development of engineers' leadership skills in technical roles and to increase their social skills.

Türkiye's engineering school Netaş aims to export trainings by opening the n-telligent institute training center to the global with ZTE.

With 50 years of deep-rooted R&D experience in digital transformation projects, Netaş offers a range of training programs under the roof of the n-telligent institute. These programs cover topics such as agile management, test services software, big data science, and technologies of global business partners.

The n-telligent institute also includes trainings on 5G network technologies, Radio Access Technologies, IP Networking, Wireless Communication Technologies, Switching Infrastructure and RAN product of ZTE, one of the largest companies in the world with the number of patents it holds in the field of communication technologies, the main shareholder of Netaş.

"Training the Trainer" Certificate Program

The n-telligent institute offers support to trainers in the industry, particularly its own internal trainers, in creating a trainer's vision, developing training programs, and acquiring the necessary skills for effective training through its "Training the Trainer" certificate program. This means that the n-telligent institute not only certifies its own internal trainers but also trainers in academies of different companies. Additionally, the n-telligent institute provides the "Digital Trainer's Training" course under the category of Personal Development, both in-house and to other companies, enabling the internal trainer staff of these companies to become competent and assist them in establishing an academy.

Dozens of different training opportunities are offered under 6 main headings

- ▶ Agile Management
- ▶ Software Testing Services
- ▶ Big Data Unit
- ▶ Software
- ▶ Salesforce
- ▶ Self-improvement





HUMAN RESOURCES

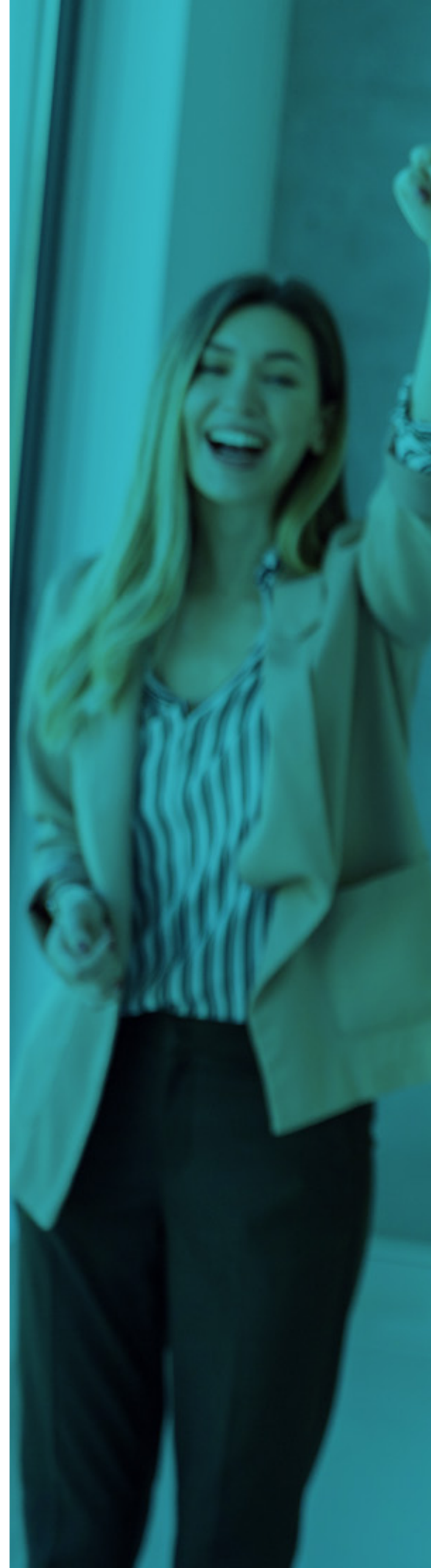
Transformation leaders: The Netaş Team

Raising leaders in the technology-based sectors, Netaş maintains its human resources approach with the motto "It Starts with You"i and transfers its vision of carrying Türkiye into the future to all business processes through investment in the competencies of its employees, as well as its agility and digitalization.

Netaş, the pioneer of private R&D in Türkiye, the founder of communication infrastructures and a leading light in digital transformation operations, has continued its mission to spearhead the development of the country through technologies in 2022. In line with the motto "It Starts with You", Netaş listens to the voices of its employees and reconstructs its employee experience approach to meet the needs of the future, in line with sectoral expectations and international developments, and develops innovative human resources strategies with a view to attracting the most qualified workforce and the best talents in the sector to the organization, in line with its corporate culture and values.

We' Culture Transformation Program

Under its new HR motto, Netaş has initiated a structural transformation within the organization, launching the We' Culture Transformation Program, and implements new practices by listening to its employees during focus group meetings held within the scope of the program, aiming to benefit from their feedback.





LIFE AT NETAŞ

Netaş COOP Program

Netaş COOP, a long-term internship program launched in 2014, offers nearly 100 students full-time internship opportunities at Netaş R&D Center every year. The program, which is held for three months in three terms – the fall, spring and summer, accepts 3rd and 4th grade students studying in computer, electrical & electronics and communication engineering departments.

Students who take an active role in projects such as VoIP switchboard design, VoIP and web security, IPv6, JITC, Log Wizard, Smart Office and Application Server Replacement and who successfully complete their internship are offered a part-time job while their education continues. Thus, they both continue their training and development processes in the company and gain professional R&D experience. With this program, full-time job offers are made to candidates who have 8-18 months of experience in Netaş technologies, embrace the corporate culture, and prove themselves with their success, passing a certain evaluation criteria and want to shape their careers at Netaş.

Within the scope of the program, 98 students from contracted universities participated in the long-term internship program in 2022, and 7 students had the opportunity to work with R&D teams in full-time and/or part-time engineering positions. To date, 257 out of 1,130 students who have participated in the program have joined the Netaş family on a part-time or full-time basis.

Benefit&Banafit Flexible Side Benefit Program

Netaş has flexible side benefit practice as a part of the Benefit&Banafit Program. Netaş allows its employees to choose their own side benefit packages, according to their own preferences and needs, within the determined criteria, limits and conditions.

Bravo Reward Portal

Everyone who works at Netaş can reward each other. Netaş employees can reward each other or be rewarded on any day of the year for different reasons, in different categories, without having to wait for the end of the year.

Netaş Career & JOBSHOP

Netaş employees are given the opportunity of lateral and vertical transfers to vacant positions in the company, by submitting their candidacy on the Connect Career Opportunities application. For a career at Netaş, applications for vacant positions continue to be received through career portals and kariyer.netas.com.tr.

Netaş Theatre Company

Netaş Theatre Company, has been staging a play in every season since 2005. During the pandemic, the Theatre Company started to perform online.

Lunchtime Conversations

Netaş has been organizing Lunchtime Conversations in collaboration with different organizations and institutions, with speakers presenting on different topics.

NetaşTalks

During NetaşTalks, the employees share their inspiring stories with their colleagues.

Planetaş

The quarterly internal magazine Planetaş publishes success stories, articles on innovative products and technology, as well as rich content including art, sports, and traveling, all written by Netaş employees.

E-Olympics

The traditional Netaş Olympics, where employees compete with each other every year in different sports branches, were held online the past year. During two months, 300 applications were made, and 224 individual contestants joined e-sports events in 268 matches with a total time of 6,150 minutes.

Art of Engineering

The "Art of Engineering" certificate program, a first in Türkiye and implemented by Netaş in partnership with the ITU Fine Arts Department, had its second term graduates. The "Art of Engineering" program is not only for engineers, but is designed to support interdisciplinary thinking and productivity for anyone who wants to make a difference in their work and to innovate.

Tech To Non-Tech Trainings

Netaş has started the training program called "Tech To Non-Tech" in order to introduce advanced technology to its non-engineering employees. With the motto "We do not only produce advanced technology, we also train the leaders of the future", Netaş employees receive training on 5G, Cloud, Big Data, Artificial Intelligence, Machine Learning and Blockchain with the new training program.

FUTURE WITH NETAŞ

BAU Netaş Techno Academy

Netaş employees can apply to in-workplace post-graduate programs with a 60 percent discount. Hereby, Netaş offices turn into a campus for its employees.

n-telligent institute

The reputation of Netaş being an engineer school turned into an actual school. The n-telligent institute, which already made Netaş knowledge open to its ecosystem, is also investing in its own employees. The institute focuses on improving both the social and technical skills of Netaş employees, in order to raise future leaders.

Internal Trainer Program

The n-telligent institute training center has developed an Internal Trainer Program that will support talent and career management in line with its human resources goals, prioritize employee motivation and focus on increasing productivity. Based on the outcomes of the meetings, training programs are created to meet the competence development needs of Netaş's employees.

NextCoders

"Artificial intelligence" training was added to the NextCoders program, which consists of mathematics and coding training for the children of Netaş employees, and it was extended to a total of 40 weeks.

Umutluyuz (We have hope)

Thanks to the Netaş spirit, the Netaş employees are part of the social transformation as much as they are of the digital transformation. Within the scope of the Umutluyuz [We have hope] Voluntary Platform of Netaş, employees participate in voluntary works, including reading projects for visually impaired people, and cooperate with NGOs and make donations.

Netaş Orphans Foundation

The Netaş Orphans Foundation, which was established 32 years ago within Netaş, supports the education of the children of their deceased colleagues.

NETAŞ EMPLOYEES IN FIGURES

The average age of Netaş employees is 36 and 32 percent of the employees are women. The total number of employees reached 1,814 by the end of 2022.

SUSTAINABILITY

Technology for sustainable value creation

Netaş is committed to using its core technological expertise to generate sustainable value and benefit all its stakeholders and society.

As a major player in both the national and international telecommunications and information sectors, Netaş recognizes that digitalization can be a driver of sustainability. Therefore, the company leverages its broad range of technology skills and its employees' sense of responsibility for the future to create long-lasting value with the aim of promoting sustainability.

Netaş continues to support Türkiye's sustainable development for more than half a century, with the firsts it has implemented, its contributions to the economy through employment, investments and exports, and social investments.

The United Nations (UN) Sustainable Development Goals express a common framework that must be reached by 2030 to eradicate poverty, protect natural resources and ensure well-being for all segments of society. Netaş is also aware of the important role of technology and the business world in the realization of these goals and aims to contribute under the umbrella of "Netaş Platform for a Better Life".

Under the "Netaş Platform for a Better Life", Netaş focuses on areas where technology can use its healing and transformative power most effectively in line with the 17 Sustainable Development Goals specified in the United Nations Development Program. In this way, it offers its strongest muscle, namely technology, in the direction of the society's economic, social and environmental development.

Active participation in the SDG Innovation for Young Professionals Programme

Netaş also participates in the SDG Innovation for Young Professionals Programme, launched by the United Nations Global Compact to develop the next generation of business leaders committed to sustainability. Netaş's young professionals voluntarily join the programme to work with entrepreneurial peers from Türkiye and around the world to redesign traditional business models and develop innovative solutions to sustainability issues. Together, they strive to make a difference in the future business world as leaders and innovators.

Netaş carries out its sustainability activities under four main titles

The company prioritize social and environmental benefit and continues to carry out its sustainability activities under four main titles:

1. Focuses on developing new generation smart technologies and digital transformation projects that will support the efficient use of energy resources and reduction of carbon footprint.
2. Puts equal opportunity and rural development as a priority with projects that provide social benefits.
3. It supports entrepreneurs for the sustainable growth of its ecosystem and works to increase the rate of women in the sector.

With its Environment, Health, and Safety Policy, it fulfils its responsibilities and commitments towards the environment.

Supporting sustainable development by moving Türkiye to the digital age

With its strong R&D and leadership in system integration, Netaş works for Türkiye's development based on a sustainable life with reference digital transformation projects from public to transportation, from energy to entertainment, from retail to education, from telecom technologies to defense. It supports the construction of smart cities and develops new generation technologies that serve to protect natural resources and the environment.

In this context, Netaş established the Smart City Consortium, bringing together 24 institutions and organizations consisting of universities, start-ups, and technology companies in order to focus on developing integrated smart solutions regarding energy efficiency, building management, emergency management, healthcare, environment and waste management, parking and transportation systems. Continuing its work with 360 international organizations in the EU Horizon, Netaş also develops sustainable projects such as smart fish farms and smart agriculture under this roof.

On the other hand, thanks to the effective cloud computing solutions it offers, many organizations no longer have to use their own data and server hardware. By procuring only the services they need, they do not have to invest in hardware, which is often idle and can save on the energy costs of this equipment.

Sustainable Development Goals we support with our projects





NETAŞ PLATFORM FOR A BETTER LIFE

The technical expertise and passion of Netaş steer not only its commercial activities but also its social benefit efforts. In this direction, Netaş, through its understanding of "Our future is our values and technology at our core", gathers all the sustainability and social benefit efforts it has materialized for a better life and a better future under the roof of "Netaş Platform for a Better Life".

With this platform where the company realizes exemplary projects in a wide range of fields from the environment to education and diversity, Netaş aims to enhance and expand the scope of its projects that support all its stakeholders, which it believes will contribute to a sustainable life with technology, especially the digital architects of the future, that means our children and start-ups.

Turns technology into equal opportunity in education

Netaş is using the power of technology to support the social equality of opportunity. Accordingly, within the scope of Fatih Project, it installed the internet infrastructure of thousands of schools in Türkiye. In addition, it built technology classes that set an example in its region. The Robotics and Innovation classes that Netaş built in a primary school in İzmir, where it established its ICT infrastructure, have today become the technology education base for primary schools in İzmir and its surrounding region. With the same understanding, the company established the ICT infrastructure of a school in Istanbul and built technology classes in it.

Netaş supported a school built in Istanbul for children with disabilities and supported the Gören Göz Project, which aims to enable visually impaired people to act more independently and to facilitate their living conditions.

Strengthening its ecosystem

Netaş aims to contribute to building a sustainable world on technology with new generations to which it provides digital capabilities. With this understanding, the company focuses on the development of children and young people with technology, and on the creation of suitable environments for future entrepreneurs to grow healthy. So it supports the ecosystem in two dimensions.

Netaş launched the "NextCoders Program" in order to raise generations that question the needs of the digital age, can look analytically, and have high problem-solving skills. With this program, the company provides training both to the children of its employees and to students in demanding schools with its volunteer engineers. The scope of the program is updated every year with developing technologies. The 40-week NextCoders program, consisting of Mathematics, Coding and Artificial Intelligence training, continues to give graduates.

Technology entrepreneurs, who are important players in the ecosystem, are supported by both mentoring activities and seven companies under the Netaş Wesley Clover fund, established by Netaş in 2015. With the 'Netaş as a Platform' structure, R&D and sales channel support are provided to technology SMEs.

Netaş launched a mentor and mentee program with the Turkish Education Foundation (TEV) in order to support women's employment, especially in technology. With this program, the company supports female university students to empower them in their future business life. In the program, which has been going on for three years, mentors met with TEV's university scholarship holders at regular intervals and transferred their experiences, competencies and visions to the younger generations. The company also continues to work with the Wtech Women's Association in Technology, with this understanding.

Support for young people in STEM

Netaş shares the enthusiasm of young people with STEM Team Sponsorships on national and international platforms. In this context, it supports middle school and high school students to participate in national and international competitions with their own ideas and projects. Within this scope, Netaş supported the Back to Future event of Istanbul University Cerrahpaşa Computer Club in 2022 and sponsored the Istanbul Erkek High School Robotics Team.





Diversity lies at basis of corporate culture

The success of women engineers in Netaş inspires women who want to pursue a career in technology. Netaş Diversity Principles were created to define diversity, which is the basis of 56 years of Netaş culture, within a certain framework. All Netaş employees are committed to these principles.

Netaş, one of the supporters of WEPs (Women Empowerment Principles), Global Compact, and HeforShe, advocates for inclusion and diversity on international platforms.

Netaş Healing Forest for Biodiversity

Within the “Netaş Healing Forest” project in Gaziköy, a village in Tekirdağ, Netaş aims the protection of the healing plants in an environmental plan, and to provide an alternative source of income from the forest other than wood for Gaziköy villagers, in rural development. In the project, 23 kinds of medicinal plants with an economical value are grown. In 2020, Netaş collaborated with e-cording, one of the brightest initiatives of the start-up ecosystem, as both companies believe that the power of technology serves the best for sustainability in both rural development and nature. Within the scope of the cooperation, 40 thousand sage seed capsules were thrown to the soil in Netaş Healing Forest with the help of drones. The project became a source of income for the women of Gaziköy, which prepared 40 thousand seed balls. With this project, where women’s labor meets smart technology, Netaş aims to support biodiversity while contributing to the transformation of forest villagers into exporters.

Volunteer for community development

Working to be a pioneer not only in digital transformation but also in social transformation, Netaş Gönüllüleri takes part in projects aiming to increase social awareness in education, environment, health and many different issues. Volunteers contributed to the happiness of the students of four village schools in Manisa and Diyarbakır with the materials they collected in the storage boxes placed in Kurtköy and Maltepe offices in August 2021.

An environmentally friendly company

Netaş complies with ISO 14001, 45001 standards. Within the framework of the Environment, Health, and Safety Policy, which entered into force in 1997, Netaş constantly observes the use of raw materials and energy more efficiently, taking necessary measures to protect the ecological balance, acting with environmental awareness in order to protect human health and the environment. Environmental Board consisting of environmental experts, assumes control, consultancy, and implementation roles, and is responsible for the review of the environmental management system, monitoring the current approvals/licenses and permits for processes and making annual declarations on legal legislation. In addition, Netaş carries out activities for controlling greenhouse gas emissions resulting from its activities, determining risks/opportunities, participating voluntarily in the protection of the ecological environment, and preparing a CDP (Carbon Disclosure Project) Report. External audit regarding the environment is carried out by TÜV NORD firm. The report prepared within the framework of the Environment, Health and Safety Programme (EHS) is regularly published on the website.

In 2022, Netaş received the Zero Waste Certificate by managing the separation, recycling and reuse of non-hazardous wastes in accordance with the regulations. In 2022, Netaş also received the Circular Electronics Certificate within the scope of its recycling obligations by working with TÜBİSAD within the scope of waste electrical and electronic equipment management.

Within the scope of circular economy solutions, Netaş contributes economically to the defence industry and public projects with different approaches, while also providing Renewal Centre and Authorised Service Centre services to communication companies.

Support for Earth Hour

Netaş employees supported the Earth Hour – Solidarity Hour, implemented by the World Wildlife Fund (WWF) around the world to draw attention to climate change, by turning off the lights in their homes and offices this year as well.

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United Nations Online Volunteering

Netaş places a high value on volunteering activities and invited all its employees to participate in the United Nations Volunteers (UNV) project on World Volunteer Day, celebrated every 5th of December, under the slogan “Volunteers Build Strong Societies.”

Netaş Aid Foundation for the Education of Orphans

The Netaş Aid Foundation for the Education of Orphans, which is fully funded by Netaş employees, has been operating for 32 years. Providing scholarship to children who lost their parents while they were working at Netaş, the Foundation continued to provide scholarships to three students, one of whom was studying at high school, one at university, and the other doing graduate studies in 2021.

Vocational High Schools Mentoring Program

With the Private Sector Volunteers Association (ÖSGD), of which it is a member, Netaş aims to transfer all its know-how as Türkiye’s engineering school, the experience of each Netaş employee – as unique as their fingerprints, its competencies and vision to the younger generations, and to convey it to high school students. With this purpose, the Association and Netaş conducted a mentoring program together.

Sustainability in the supply chain

Netaş applies a detailed sustainability policy in its supply chain for social and economic sustainability. There are audit and blacklist systems to ensure that all suppliers comply with the Supply Chain Management Ethical Principles and Rules. In this context, it strongly expresses its opposition to discrimination, unequal wage policies, child labor, precarious work, corruption, and environmentally harmful activities.

INNOVATIVE IDEAS COME TO LIFE AT IDEALAB

Netaş has created the ideaLab platform to encourage and support the ideas of its employees. Any employee who has an idea can log in to the platform and embark on the journey of bringing their ideas to life.

There are two main topics for ideas on the platform. The first one is business ideas, regarding a new product, service, or market, or ideas to enhance existing practices regarding these. The other is ideas on business processes. These are ideas regarding improvements on the workflow or operation of departments and project suggestions.

The ideaLab has a very important role in supporting innovation, creative thinking, and activating productive minds. In addition, it will be of great benefit in terms of identifying the sectoral needs and opportunities by directly using the observations of the employees who do the job/work. Employees will not only have the opportunity to present their ideas to decision-makers but will also play an active role in bringing the idea to life.

INVESTOR RELATIONS AND SHARE PERFORMANCE

INVESTOR RELATIONS DEPARTMENT

Netaş Telekomünikasyon A.Ş. has an Investor Relations Department reporting to the Chief Financial Officer (CFO).

In addition to meeting the information requests of existing shareholders, the Investor Relations department focuses on expanding the domestic and foreign investor portfolio of Netaş. Throughout 2022, various meetings were held with various corporate investors and individual investors, mostly fund managers of asset management firms, and they were informed about the operational and financial performance of Netaş. Since the pandemic, meetings between investor relations and stakeholders were conducted mainly electronically as an alternative to one-on-one meetings.

Netaş Investor Relations has adopted the understanding of conducting its activities in a transparent and effective manner, remaining equidistant to all investors. Within this scope, shareholders can reach the relevant department via the e-mail address of yatirimci@netas.com.tr and through +902165222804 by phone. All requests for information are met in accordance with the principle of equality, except those requiring confidential information or trade secrets.

The Investor Relations Department ensures that records of correspondence between investors and the shareholding as well as the records pertaining to other data and documents are kept correctly, safely and up to date at the same time.

The Investor Relations Department plays an active role in overseeing and monitoring the fulfilment of obligations arising from capital market legislation, including all aspects of corporate governance and public disclosure, and informs the relevant managers in line with the regulations.

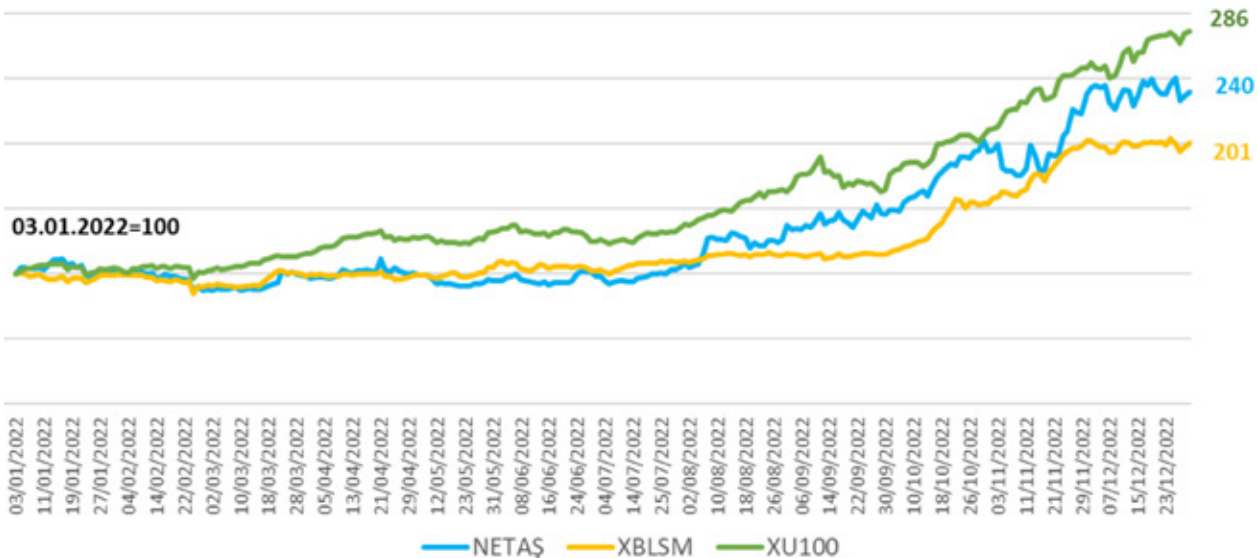
General Assembly Meetings

Investor Relations Department has responsibilities regarding the organization General Assembly Meeting; such as preparing the documents to be submitted to the perusal of the shareholders and taking necessary measures as to ensure that general meetings are held in compliance with the relevant legislation, articles of association and other internal regulations. The department carries out these duties in coordination with the Department of Law and Regulations.

In 2022, the General Assembly meeting for 2021 was held in accordance with the current legislation, articles of association and other in-house regulations, and the general meeting agenda and information document were prepared for the shareholders prior to the General Assembly.

The 2021 Ordinary General Assembly was held on June 1, 2022, and the obligations related to public disclosure before and after the meeting were fulfilled in accordance with the legislation, and it was ensured that the necessary disclosures were made on the Public Disclosure Platform (KAP – kap.gov.tr) in a complete, direct, easily understandable manner, containing sufficient information and free from misleading statements.

SHARE PERFORMANCE OF NETAŞ TELEKOMÜNİKASYON Comparative Performance of Netaş, Borsa Istanbul And Technology Index (2022 YE)



*Reflects the performance of Netaş, XBLSM and BIST100 index between January 3, 2022 and December 30, 2022.

In 2022, Netaş stock performance outperformed the performance of the Information Technology Index (XBLSM), but lagged behind the BIST100 benchmark index. Netaş shares gained 149% in 2022 compared to the previous year, while the return of the Information Technology Index remained at 107% and the BIST100 benchmark index gained 197%.

INVESTOR RELATIONS – STUDIES FOR SUSTAINABILITY INDEX OF ISTANBUL STOCK EXCHANGE

The trend and necessity of investing in environmentally friendly, sustainable companies (responsible investing), which have become increasingly prominent recently, brings new responsibilities to investor relations. According to 2022 data, almost all institutional investors state that they consider “climate change” when making their investment decisions; the 17 “Sustainable Development Goals” are observed to have been playing a key role ensuring the global economic growth as revealed in the United Nations Development Program (UNDP). In the long run, sustainable economic growth triggers a turnover and profit growth for companies, which provide gains in stocks and other assets. Therefore, aligning investors and companies in line with the goals of the society is gaining importance day by day.

As a result of the studies carried out by the Investor Relations Department, Netaş shares were included in the “Sustainability Index” by Borsa Istanbul as of November 2019 and traded under the Sustainability Index since November 2019, and have complied with the legislation and regulations updated every period to remain within the scope of the index.

In 2022, Netaş continued its achievements in this field and as a result of the valuation studies carried out by Refinitiv for the mentioned period, Netaş was entitled to be one of the companies included in the BIST Sustainability Index determined by Borsa Istanbul and continued to be traded within the scope of the sustainability index.

The purpose of the BIST Sustainability Index is to create an index for companies traded with a high sustainability performance in Borsa Istanbul and improve the understanding, knowledge and practices regarding the sustainability among companies in Türkiye, and more particularly among companies listed in Borsa Istanbul. While this study, which was carried out for these purposes and to be included in the index, provided a basis for the sustainability journey of Netaş, it also provided useful feedback for the development of existing policies.

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CREDENTIALS

FINANCIAL PERFORMANCE

2022 Year Summary;

- Sales revenues were 4,012 million TL with a 75% growth.
- Orders booked increased by 84% and reached 4,157 million TL.
- Order on hand was 2,172 million TL in 2020 with a 53% increase.

Financial Highlights

TL Million	YE 2022	YE 2021	y/y %
Revenue	4.012	2.296	75%
Cost of Sales	(3.624)	(2.559)	42%
Gross Profit	387	(263)	247%
<i>Gross margin %</i>	<i>9,7%</i>	<i>-11,4%</i>	<i>2.110</i>
Operating Expenses	(319)	(232)	38%
General Administrative Expenses	(162)	(108)	50%
Sales, Marketing & Distribution Expenses	(151)	(109)	38%
Research & Development Expenses	(7)	(15)	(55%)
Incentives	2	3	(51%)
EBIT	70	(491)	114%
<i>EBIT margin %</i>	<i>1,7%</i>	<i>-21,4%</i>	<i>2.313</i>
Depreciation	96	96	(0%)
EBITDA	166	(395)	142%
<i>EBITDA margin %</i>	<i>4,1%</i>	<i>-17,2%</i>	<i>2.135</i>

EBIT = Gross Profit – Sales, Marketing and Distribution Expenses – General Administrative Expenses – Research and Development Expenses + R&D Incentives

R&D Incentives: Disclosed under Other Income from Operating Activities in the financial statements prepared in accordance with the Capital Markets Board requirements.

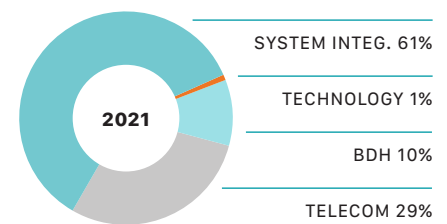
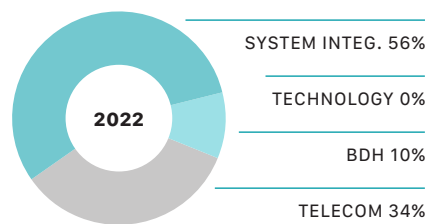
EBITDA= EBIT + Depreciation and Amortization

Sales Revenue & Orders

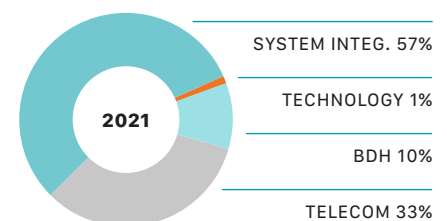
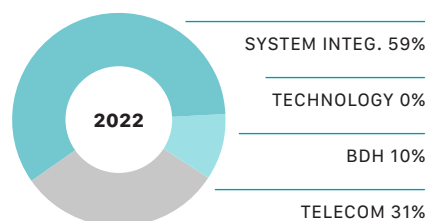
Sales Revenue: 2022 year-end consolidated group revenues was recorded at 4,012 million TL with a 75% increase year over year.

Orders: Orders booked in 2022 increased 84% year-on-year and recorded at 4,157 million TL. In the same period, orders on hand grew by 53% to 2,172 million TL.

Orders Breakdown



Revenues Breakdown



CONSOLIDATED FINANCIAL PERFORMANCE

In 2022, the Group's consolidated order intake saw an increase of 84% compared to the previous year, reaching 4,157 million TL. Among the segments, telecom had the highest increase in order intake, with a 123% year-on-year growth. As a result, the share of telecom segment in total orders increased from 29% in 2021 to 34% in 2022. Meanwhile, the system integration (SI) segment continued to be the largest contributor to the total orders, accounting for 56% of the orders in both 2021 and 2022.

The Group's consolidated sales revenues increased by 75% year-on-year in 2022 and amounted to 4,012 million TL. The distribution of sales revenues by segments was in line with the order breakdown, and the system integration and telecom segments accounted for 59% and 31% of total sales, respectively. Compared to the previous year, the share of system integration in total sales revenues increased by 2 percentage points to 59%, while the share of telecom segment decreased by the same margin to 31%.

Looking at the sales revenues of individual segments, in 2022, the SI segment's sales grew by 80% to 2,348 million TL, while the telecom and BDH segments' revenues were 1,259 million TL and 405 million TL, respectively.

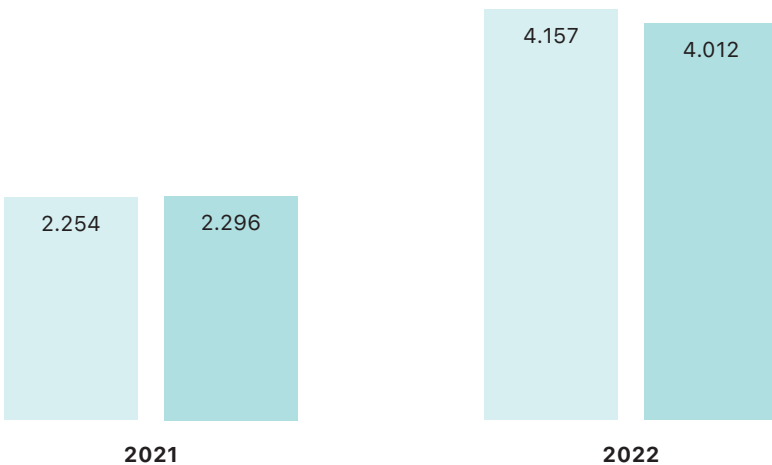
During the current period, the Company's gross profitability witnessed a significant surge, complementing the growth in orders and sales. In 2021, the Company had recorded a gross loss of 263 million TL, but in 2022, it managed to reverse the trend by generating a gross profit of 387 million TL, translating into a gross profit margin of 10%. To achieve this feat, the Company pursued the strategy of prioritizing projects with higher profit margins, leading to a remarkable improvement in both gross and operational profitability.

The Group has implemented many measures in order to increase its operational profitability and reduce its financial expenses throughout 2022, some of these measures are focusing on new technology products and solutions with higher profit margins in 5 technology areas determined as target areas in system integration, Defense determined as strategic sectors. Focusing on domestic and national R&D solutions in the field of Telecommunication and Transportation, not taking projects with high financial and operational risks, not taking projects with high financing needs and currency risk, and saving on operational expenses. Relevant measures are planned to be continued in 2023 as well.

Moreover, the Company's operating expenses to sales ratio declined to 8% in the current period, down from the 10% level in 2021, resulting in a positive EBITDA margin along with the gross margin. At the end of 2021, the Company had reported a loss before interest, tax, depreciation, and amortization of 395 million TL, while the EBITDA had increased to 166 million TL by the end of 2022. Notably, the Company's EBITDA margin also witnessed a substantial upswing from -17% to 4% in the period under review. However, due to other operating expenses, amounting to 152 million TL, a significant portion of which consisted of FX losses, the Company incurred an operating loss of approximately 51 million TL.

In the decision of the Board of Directors dated 29 April 2022, it was decided to sign the Share Purchase and Sale Agreement to sell all of 10% A Group shares in Kron Telekomünikasyon A.Ş. with a total nominal value of TL 1.426.852 to Zeynep Yenal Onursal for a share value of TL 36.5 and a total value of TL 52.080.098. Within the framework of the aforementioned Share Purchase and Sale Agreement, the share transfer was realized as of 29 April 2022, and the Group obtained a sales profit of TL 30.469.944 from the transaction and reflected it in the profit or loss statements as Income From Investment Activities.

Although the Company's net financial expenses amounted to about 65 million TL in 2022, exerting downward pressure on net profitability, it managed to minimize the impact of the same. However, as of the year-end 2022, the Company's loss before tax was 83,620,259 TL, and the net loss for the period was 24.762.494 TL.



■ ORDERS BOOKED (MILLION TL)
■ SALES REVENUE (MILLION TL)

FINANCIAL PERFORMANCE BASED ON SEGMENTS

YE 2022 (Million TL)	Telecom	System Integration	Technology	BDH	Unallocated	Total
Orders Booked	1.432,0	2.329,5	-	395,9	-	4.157,4
Sales Revenue	1.259,2	2.347,8	-	404,5	-	4.011,6
Cost of Sales	(1.151,6)	(2.127,4)	-	(345,3)	-	(3.624,2)
Gross Profit	107,7	220,4	-	59,2	-	387,3
Gross Profit Margin	9%	9%	-	15%	-	10%
Sales, marketing and distribution expenses	(44,2)	(72,9)	-	(33,9)	-	(151,0)
General administrative expenses	-	-	-	-	(161,6)	(161,6)
Research and development expenses	-	-	(6,6)	-	-	(6,6)
Operating profit/ (loss) of segment	63,5	147,5	(6,6)	25,4	(161,6)	68,2
Operating profit margin	5%	6%	-	6%	-	2%
YE 2021 (Million TL)	Telecom	System Integration	Technology	BDH	Unallocated	Total
Orders Booked	643,1	1.364,4	25,8	220,8	-	2.254,1
Sales Revenue	748,7	1.301,1	25,8	220,8	-	2.296,3
Cost of Sales	(688,2)	(1.578,2)	(57,0)	(237,1)	1,3	(2.559,2)
Gross Profit	60,5	(277,2)	(31,2)	(16,3)	1,3	(262,8)
Gross Profit Margin	8%	-21%	-121%	-7%	1,3	-11%
Sales, marketing and distribution expenses	(35,6)	(46,0)	-	(28,0)	0,3	(109,4)
General administrative expenses	-	-	-	-	(107,5)	(107,5)
Research and development expenses	-	-	(14,7)	-	-	(14,7)
Operating profit/ (loss) of segment	24,9	(323,1)	(45,9)	(44,3)	(105,9)	(494,4)
Operating profit margin	3%	-25%	-178%	-20%	-	-22%

Systems Integration (SI)

In 2022, the systems integration (SI) segment of the Company witnessed a substantial uptick in both orders received and sales revenues by 71% and 80%, respectively. As a result, the SI segment emerged as the major contributor to the Group's consolidated sales, accounting for a whopping 59% of the total sales with orders received worth 2,330 million TL and sales revenues worth 2,348 million TL. Besides, the SI segment also happens to be the most lucrative segment of the Company in terms of operating profitability.

Telecom

New projects with ZTE products continue to increase the volume of the segment. In 2022, the order volume of the telecom segment increased by 123% and amounted to 1,432 million TL. The segment's sales revenues increased by 68% year-on-year in the same period and amounted to TL 1,259 million. The share of the telecom segment in total sales was 31%, with the telecom segment taking the second largest share in sales after systems integration.

Technology Segment

Following the sale of NetRD, a subsidiary of the Company, in the first quarter of 2021, no sales were realized in the related segment in the current period.

BDH

In 2022, BDH's order book and sales revenues increased by 79% and 83% compared to the previous year. BDH's share in total sales revenues was realized at 10% and remained stable.

DEBT STRUCTURE

By the end of 2022, the Group's financial debt did not experience a significant increase in comparison to the previous year. However, the cash and cash equivalents dropped from 542 million TL in 2021 to 220 million TL, resulting in an increase of the net debt position to 973 million TL. In terms of USD, the net debt position rose from USD 45 million in 2021 to USD 52 million at the end of 2022.

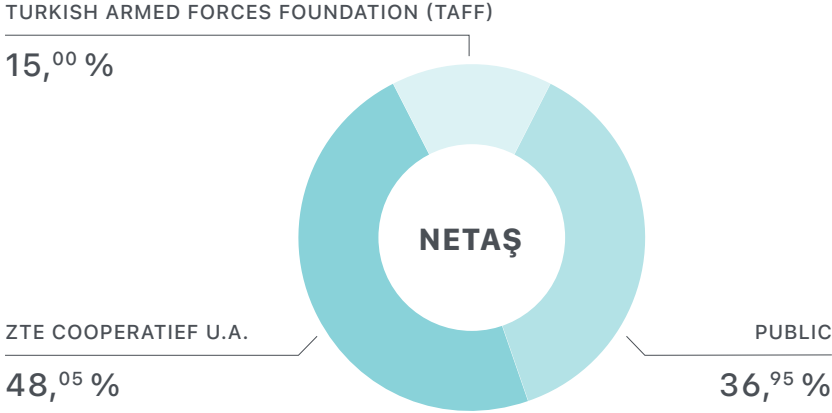
As of the end of 2022, the Group's total financial debt is 1.2 billion TL. As of year-end 2022, 100% of the Group's financial debt consists of short-term financial borrowings and short-term portion of long-term bank loans.

2022 YE	TL mn.	USD mn.
Short Term Financial Debt (Bank Loans)	1.132	61
Long Term Financial Debt (Bank Loans)	0	0
Short Term Portion of Long Term Bank Loans	61	13
Total Debt	1.193	73

(million TL)	Consolidated Total Financial Debt	Cash and Cash Equivalents	Net Debt (TL mn)	Net Debt (US\$ mn)
YE 2022	1.193	220	973	52
YE 2021	1.143	542	601	45

CORPORATE GOVERNANCE

NETAŞ'S SHAREHOLDING STRUCTURE



As of 31 December 2022, main shareholder of Netaş Telekomünikasyon A.Ş is ZTE Cooperatief U.A with 48.05%. 15% of the company's shares are owned by Turkish Armed Forces Foundation. Netaş stock is listed in Türkiye and the company's free float is 36.95% as of 31 December 2022.

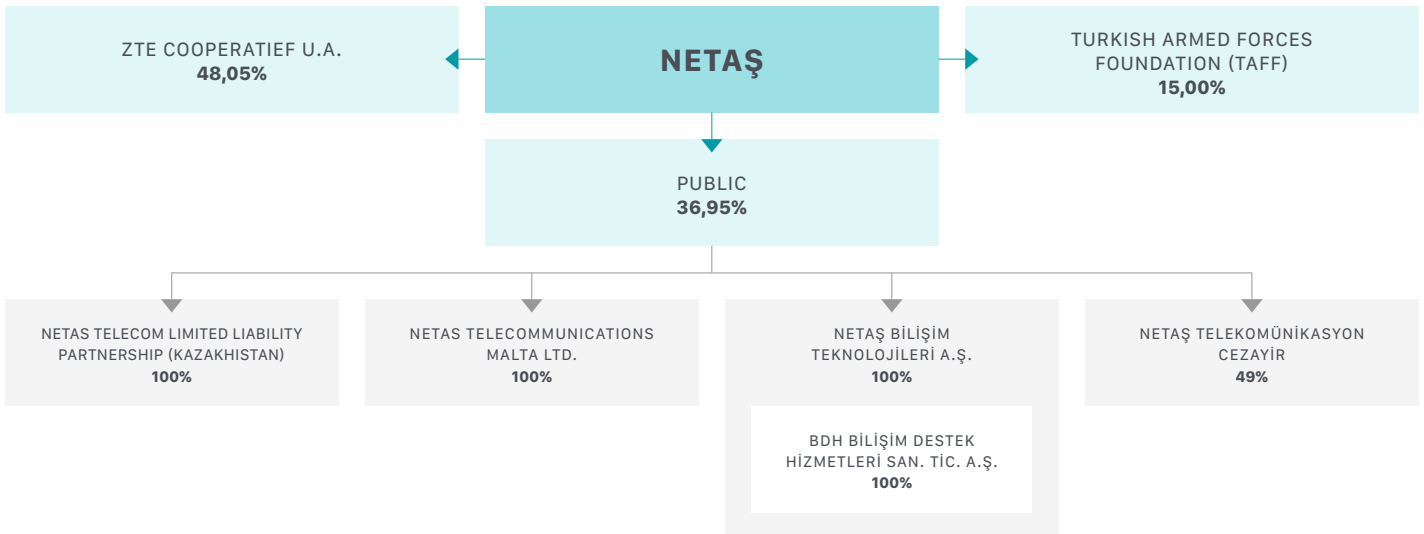
The company shares are divided into two groups and all are registered shares. Separation of the shares into two groups grants no privileges to the mentioned (A) and (B) group shares other than as specified in article 9 and 15 of the Articles of Association.

As of 31 December 2022, capital structure of the company as in the following:

31 December 2022	Nominal Value (TL)	Share (%)
ZTE Cooperatief U.A. (*)	31,168,351.34	48.05%
Turkish Armed Forces Foundation (TSKGV)	9,729,720.00	15.00%
Public	23,966,728.66	36.95%
Total Paid in Capital	64,864,800.00	
Istanbul Stock Exchange Code	NETAS	

* As of July 28, 2017, the conditions precedent to completion of the Transaction stipulated under the Share Purchase Agreement have been satisfied in full and the shares of OEP were transferred to ZTE Cooperatief. Following the transaction, a Mandatory Takeover Bid Obligation has arisen for the shares owned by ZTE Cooperatief. Takeover bid has been completed on October 17, 2017. As of October 17, 2017, ZTE Cooperatief holds 48.05% of Netaş.

OPERATIONAL STRUCTURE



RELATED TO JOINT VENTURES AND ASSOCIATION OF THE COMPANY

Netaş Bilişim Teknolojileri A.Ş.

Global competition is constantly increasing and companies now begin to operate on a service- and customer oriented basis rather than simply focusing on the products. This mandates companies including Netaş Bilişim to closely follow and use IT technologies more effectively. From industrial solutions to business solutions and from systems integration and outsourcing to care and maintenance services, network solutions and consultancy, "Netaş Bilişim" has been providing a wide range of services in international markets since 1989. The Company has 100% shares of Netaş Bilişim Teknolojileri A.Ş.

BDH Bilişim Destek Hizmetleri San. ve Tic. A.Ş.

BDH offers brand-independent consultancy, strategic outsourcing, hardware and support services in the IT sector to a wide range of customers from small-medium sized enterprises to large ones and public institutions. With a service team of experienced and certified professionals specializing in different areas of IT, BDH provides with 18 branches and 45 partners to its customers throughout Türkiye.

Centers located in Istanbul, Ankara, Izmir, Bursa and Samsun offer hardware support for all kinds of IT products including servers, storage units, handheld devices, printers and more. The Company indirectly has 100% shares of BDH.

Netaş Telecom LLP (Kazakhstan)

Founded in Almaty, Kazakhstan, in 2012, Netaş Telecom LLP operates in line with Netaş's vision of becoming "Regional System Integrator". Netaş Telecom LLP is fully owned (100%) by the Company.

Netaş Telekomünikasyon Malta Ltd.

"Netaş Telecommunications Malta Ltd" was established with an initial capital of 1.200 Euros on 4 November 2014 for the purpose of improving operational efficiency. Netaş Telecommunication Malta is fully owned by the Company.

Netaş Telekomünikasyon Algeria

"Netaş Telecommunications Algeria Sarl LLC" was established in Algeria, field of activity of the company is manufacturing of small installation and electric lighting equipments; registration of the company completed on 31 March 2019. In accordance with the agreement, Netaş Telecommunication A.S owns 49% of "Netaş Telecommunication Algeria" and has the management control.

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

Name Surname	Title
Aiguang Peng	Chairman
Şuay Alpay	Vice Chairman
Ding Minzhongxia	Board Member
Bowen Mei	Board Member
Ming Li	Board Member
Ali Zülfü Tigrel	Independent Board Member
Özer Karabulut	Independent Board Member

Members of the Board of Directors were elected to serve for 3 years at the General Assembly held on 01 June 2022.

Board Committees

Three committees were formed by the Board of Directors as the Audit Committee, the Committee for Early Detection of Risk, and the Corporate Governance Committee.

Audit Committee

Chairman: Ali Zülfü Tigrel (Independent Board Member)
Member: Özer Karabulut (Independent Board Member)

Committee for Early Detection of Risks

Chairman: Ali Zülfü Tigrel (Independent Board Member)
Member: Özer Karabulut (Independent Board Member)
Member: Şuay Alpay
Member: Ding Minzhongxia

Corporate Governance Committee

Chairman: Ali Zülfü Tigrel (Independent Board Member)
Member: Aiguang Peng
Member: Şuay Alpay
Member: Ding Minzhongxia
Member: Yeşim Bilginturan

The Audit Committee and the Early Detection of Risk Committee meet one day before the Board of Directors meetings. The Audit Committee convenes at least four times a year, the Early Detection of Risk Committee six times a year, and the Corporate Governance Committee at least four times a year. Since the Nomination Committee and Remuneration Committee foreseen in the Corporate Governance Principles could not be established due to the structure of the Board of Directors, these duties were undertaken by the Corporate Governance Committee. The resumes of the board members are available on the corporate website.

Remuneration Provided for Board of Directors and Top Management

Top management of the Group consists of members of the board of directors and executive board, general managers and deputy general managers. As of December 31, 2022, the total amount of salaries and benefits similar to salaries paid to top management personnel is 21,770,541 TL (December 31, 2021: 25,076,651 TL).

As of 31 December 2022 and 31 December 2021 there is no credit granted to the Group's board of directors.

Total donations for the year 2022 were realized as 25.788 TL.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISMS

Credit Risk

The Group Management covers credit risks by limiting the average risk for the counterparty in each agreement and by taking guarantees if necessary. The collection risk of the Group mainly arises from its trade receivables. The Group manages this risk that may arise from trade receivables by limiting the credit limits set for customers with the guarantees received.

The Group has applied the simplified approach stated in IFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for a lifetime expected loan loss provision for all commercial receivables. In order to measure the expected credit loss, the Group first classifies its trade receivables by taking into account the characteristics of credit risk and credit risk. Expected credit loss ratios for each class of commercial receivables grouped using past credit loss experience, forward macroeconomic indicators were calculated, and the expected credit loss provision was calculated by multiplying the determined ratio by the trade receivable totals.

Liquidity Risk

Adaption of a management policy to ensure that the collection due dates for receivables comply with debt due dates protects the Group against liquidity risk. The Group holds adequate sources to be able to fulfill its current and future liabilities.

Currency Risk

Functional currency of the Group is USD and therefore, currency risk is associated for the most part with the shifts of USD value against TL and other currencies. With the purpose of limiting the effects of appreciation or depreciation of USD against other currencies, the Group makes use of its assets in compliance with its liabilities to the extent possible and undertakes contracted expenditures in the contract currency. Further Information concerning currency risk is provided in the Financial statements footnote 29.

Interest Rate Risk

Interest rate-sensitive financial assets are placed in short term instruments in order to avoid any possible interest rate fluctuations.

Information on Activities of the Internal Audit Unit

The Company maintains its internal audit activities in order to determine operational, financial and adaptation related risks originating from market conditions and business processes. Necessary measures to mitigate and avoid risks are taken accordingly. Activities relating to internal audit include; increasing efficiency of processes, implementing same or similar procedures for all work conducted within the workflow, contributing to the conduct of roles and responsibilities, promoting coordination between teams, ensuring and controlling full compliance with provisions of rules, regulations and laws.

Since 2022, the Internal Audit department has been conducting internal audit activities in accordance with the global best practices framework. In 2022, the department discovered more than 100 findings of different degrees of importance within the scope of PwC's consultancy, and suggested improvements and developments related to these findings. Additionally, the department carried out two project-based works covering the entire life cycle and reported their findings.

The findings of the audits were reported to the Audit Committee on a monthly basis and were presented to the Board of Directors at the meetings held during the year. Moreover, the Internal Audit Unit regularly presented the weekly status monitoring reports to the Netaş Executive Board, discussing the findings that required decision-making on the Executive Board agenda and the items that were overdue.

The Internal Audit Unit drafted an audit plan for 2023, which received approval from the Board of Directors.

Activities of the Audit Committee and the Early Detection of Risk Committee

As specified on CMB Corporate Governance Principles, an Audit Committee with independent Board Members is established within the Group to ensure that the Board accurately performs its tasks and liabilities. There is also a Committee for Early Detection of Risk, formed of Board Members. This committee also carries out its activities to identify risks at an early stage and take precautions. Information on the activities of the Committees is provided in detail in the Corporate Governance Compliance Report section.

CORPORATE GOVERNANCE REPORTING

SHAREHOLDERS

Exercise of the Information Rights by Shareholders

The majority of the requests and questions from shareholders were concerning the operational and financial performance of the company, developments of the projects and fluctuations in the stock price. The requests from local individual investors were mostly received through telephone and replied based on available information, to the extent permitted by legislation and confidentiality rules relating to business secrets. Requests received through electronic mail were responded through electronic mail.

Announcements related to the Company's activities and developments, which could be of interest to the shareholders, were disclosed to the public through Public Disclosure Platform in accordance with Communiqué of the CMB Material Events Disclosure. The media was also informed through press releases. These released and announcements were also placed on the website of the Company at www.netas.com.tr/en

The Articles of Association of the Company does not have a provision for the appointment of a special auditor; however, the shareholders have a right to request the appointment of a special auditor in accordance with Article 438 of Turkish Commercial Code.

General Assembly Meetings

During the year, one ordinary general meeting were held. Netaş Telekomünikasyon A.Ş held its Ordinary General Shareholders' Meeting for the period 1 January 2021-31 December 2021 on 31 June 2022 and meeting quorum realized at 63.07%. Media representatives did not attend the General Shareholders' Meeting, while shareholders' representatives were present at the meeting. The invitation to the meeting was made in conformity with Article 14 of the Articles of Association of the Company and Article 414 of the Turkish Commercial Code and the provisions of the Capital Markets Law. Additionally, invitations were published in Turkish Commercial Registry Gazette, holders of registered shares were invited by registered mail and the Meeting was announced at the Public Disclosure Platform (PDP).

The General Assembly meeting for 2021 was held in physical environment, and electronically through the Electronic General Assembly System (EGKS) of Central Registry Agency. In the notice of invitation, shareholders intending to participate through the Electronic General Assembly System were reminded of their obligations. The Financial Statements, Annual Report and The Dividend Distribution Proposal were made available for the review of the shareholders in the company headquarters and its website three weeks prior to the Ordinary General Assembly. Shareholders were allowed to comment and raise questions at the meeting. Proposals made by shareholders were put to vote at the General Assembly by the Chairman. No proposals were made for addition of items in the agenda of meeting. At the Ordinary General Assembly, shareholders were informed of donations made under a separate agenda item. In 2021, the General Assembly was informed that the donations made by the Company amounted to 74,133 TL.

The minutes of the Shareholders Meetings were announced to the public through Public Disclosure Platform (PDP), registered with the Commercial Registry and published in the Commercial Registry Gazette. Additional copies are made available to the shareholders at the head office and the web site of the Company for review.

Voting Rights And Minority Rights

According to the Articles of Association of the Company, every share has a right to one vote at meetings of shareholders. The ordinary and extraordinary meetings of shareholders are held in accordance with the Turkish Commercial Code. Minority rights are subject to the provisions of the Turkish Commercial Code and Capital Markets Law.

The shares of the Company are divided into two groups, where both (A) group shares are and (B) group shares are registered shares. The differentiation of the shares between (A) and (B) groups, does not give the owners any rights nor privileges, except as provided in Articles 9, 15, of the Articles of Association.

According to Article 9 of the Articles of Association; the required quorum for meetings and the required majority for resolutions of the shareholders shall be subject to the provisions of the Turkish

Commercial Code (T.C.C.) and Capital Markets legislation. However, resolution of the shareholders concerning amendments to the Articles of Association shall require the affirmative votes of the shareholders representing at least one half of the total number of shares within Group A.

There is no cross shareholding relationship between the Company and its shareholders. Cumulative voting procedure is not stated in the Articles of Association and thus not implemented.

Dividend Rights

There is no privilege granted to shareholders regarding participation to the company profit; and the profit distribution procedure has been described in article 22 of the Articles of Association. The Dividend Policy of the company has been announced to shareholders on Public Disclosure Platform and the corporate website of the company.

At the general assembly meeting of the company held on June 31, 2021, the Proposal to Not Distribute Profit for the period (01.01.2021 – 31.12.2021) due to due to the fact that the company did not generate profit in the period and the economic uncertainties, presented by the Board of Directors, was submitted for the shareholders' information and approval and was accepted unanimously.

Transfer of Shares

The transfer of shares is stipulated in Article 6 subparagraph (c) of the Articles of Association of the Company.

Accordingly, (B) group registered shares can be freely transferred without being subject to any limitation or condition within the framework of Turkish Commercial Code and Capital Markets Legislation. However, concerning the transfer of (A) group registered shares the existing shareholders in Group (A) are entitled to pre-emptive rights which are required to be exercised within 30 days from the date of the offer for sale. Therefore a shareholder wishing to transfer its shares, in full or in part, must first offer, in writing, to transfer its shares to the other shareholders in Group A in proportion to their respective shares, stating the price and other conditions for sale. If any shareholder, to whom the offer was made, declines to purchase the offered shares, such shares

shall be offered to the other shareholders in proportion to their share ownership and this method will be pursued in the same manner until all shares are sold or rejected. Following the application of the above procedures, the transferor will be free to offer any rejected shares to third parties without restrictions provided that the price and other conditions of sale are no more favourable to the third party than the price and other conditions contained in the initial offer.

PUBLIC DISCLOSURE AND TRANSPARENCY

Corporate Website and Content

The corporate website www.netas.com.tr/en of the Company is actively used both in Turkish and in English for implementation of the disclosure policy within the framework of the Corporate Governance Principles of the Capital Market Board. Majority of information takes place on the website also is presented in English.

Annual Report

The annual reports include information within the framework of the regulation determining the minimum content of annual reports and Corporate Governance Principles.

STAKEHOLDERS

Informing Stakeholders

Stakeholders are persons, corporations or interest groups such as employees, creditors, customers and suppliers, in direct relation with the company and having interest in the achievement of the Company objectives or in its activities. Stakeholders are invited to the meetings regarding any matters concerning them. Informative meetings are held for suppliers and distributors. Public announcements are made through press releases, press bulletins and interviews; published press releases are simultaneously announced on corporate web sites and corporate social media accounts. Employees are regularly informed via announcements and various events organized by Company.

With the general assembly meetings, open to all stakeholders, the company's website, annual and interim reports, press releases and Public Disclosure Policy based on transparency aim to inform not only the shareholders but also all stakeholders.

Stakeholders may share information through the investor relations department e-mail and phone, to communicate any practices that they consider to be breaching the legislation or to be ethically inappropriate to the Audit Committee.

Participation of Stakeholders In Management

Models are being developed to support participation of stakeholders, especially company employees, in the company management, without disrupting company operations. The relevant groups, primarily the company employees, can meet with company executives at any time. The opinions of relevant groups are received through employee and customer satisfaction surveys that are periodically conducted by independent organizations and the company, and strategies are developed accordingly.

Human Resources Policy

The success of Netaş in a dynamic and rapidly changing information and Communication Technologies sector is dependent upon the contributions and development of its employees. The Company aims to maximize the potential, motivation and innovation of its employees in order to achieve corporate objectives. To this end, the Company provides equal opportunities for employment, rewards performance, promotes the development of individuals and teams, fosters environmental protection, and meets the requirements of health and safety regulations. Competitive compensation and social benefit programs are prepared, the knowledge and the competencies of the employees are assessed through the attributes defined in Core Competencies. Within the performance management process and throughout the career development process, employees are given opportunities to assess and develop their skills.

The human resources policy is available at the website (www.netas.com.tr/en) of the Company under the title of "Human Resources". Related policies and procedures are accessible by all employees. Managers and Human Resources department are responsible to maintain relations with employees in line with the human resources policy.

All employees are informed in detail and transparently about all human resources processes including their employment contracts, mutual responsibilities of the company and its employees and working standards defined in the Personnel Regulations since their recruitment. Employee rights are governed by human rights principles, current legislation, labor contracts, personnel regulations and ethical rules.

Ethical Rules, Environment and Social Responsibility

The Board of Directors has established a Code of Conduct for the Company and its affiliates and communicated it to employees.

Netaş has been implementing Environment, Health and Safety Program since 1997. Within the scope of this program ISO14001 Environmental Management System and ISO45001 Employee Health and Safety Management System are implemented. No claims were raised against the Company for environmental pollution. In addition, our company has ISO9001 Quality Management System, ISO10002 Customer Satisfaction Management System, ISO27001 Information Security Management System, ISO22301 Business Continuity Management Systems, contributing to our social stakeholders.

Activities related to social responsibility of the Company include maintenance of relations with universities and the provision of scholarship to successful students in need. Furthermore, through memberships in foundations and associations, contributions are made to the society, and to scientific and technological development. Voluntary initiatives of employees for public aid and environmental activities are encouraged and supported.

STRUCTURE OF THE BOARD AND PRINCIPLES OF ACTIVITY

The Structure and Composition of the Board of Directors

The Board of Directors of the Company is composed of 7 (seven) members elected for three years by the general assembly of shareholders, from among the shareholders or their nominees. Four of the seven members are elected at the meeting of the Shareholders from among the candidates nominated by Group A and three members are elected from among the nominees of the Group B shareholders. There are two Independent Board Members among the Board of Directors.

Name of the Board Members, starting date of employments and duty terms take place in the section of "Corporate Governance Information Form" at the end of this report. Background (CVs) of Board of Directors are presented on the corporate website of the company, www.netas.com.tr

There are no restrictions imposed on the Board of Directors concerning other duties and occupations they can assume other than the restrictions concerning conflict of interest (as stated in Turkish Commercial Code) and competition with the Company. Such restrictions are submitted to the approval of the shareholders each year at the General Meeting.

The written statements of all independent members, regarding their independence in line with the criteria specified in the legislation, the articles of association and the communiqué are presented at the end of this annual report.

There have been no events compromising the independence of the independent members serving as members of the board of directors in 2022.

Working Principles of the Board of Directors

The agenda for the meeting of the Board of Directors is determined by consultation between the Chairman, the members of the Board and the General Manager. Invitations to meetings were made at least three days in advance of the meeting together with the notification of the agenda. Meetings of the Board of Directors for the year 2022 were mostly held in electronic environment and were signed by hand in accordance with the Articles of Association. 100% participation was achieved in all Board meetings held in

2022. In order to facilitate communication with the Board Members and to provide related services a Corporate Secretarial Services function exists within the Company. In case of a different opinion expressed in the Board Meetings, these are reflected in the minutes of the meeting. Questions raised and comments made at the meetings of the Board and related responses are recorded in the minutes of the meeting. Members of the Board of Directors are not granted weighted voting rights or veto rights under the Articles of Association.

According to the Articles of Association, the required quorum for Board meetings is the presence of five members of the Board. The majority vote of those present is required for the approval of any subject.

An amount of USD 20 million has been insured against possible losses to be incurred by the Company arising from faults of Members of the Board of Directors during service, and the insurance exceeds 25% of our capital.

Number, Structure and Independence of the Board Committees

Three committees have been established by the Board of Directors as the Audit Committee, Early Detection of Risks Committee and the Corporate Governance Committee. Details concerning Committees, Committee members, frequency of committee meetings are presented in the "Corporate Governance Information Form". One Independent Board member takes role more than one committee.

Withing the calander year, the Audit Committee has communicated to the board of directors all its proposals regarding issues under its responsibility. The Early Detection of Risks Committee which works for early detection of risks jeopardizing the existence, development and sustainment of the company, responsible for taking measures, for detected risks and for risk management; has reviewed the risk management systems of the Company in accordance with the Corporate Governance Principles and the Early Detection of Risks Committee Regulations. The Corporate Governance Committee has offered recommendations to the board of directors on improvement of corporate governance applications and has supervised the duties of the Investor Relations Department. In addition, sustainability-related activities and practices are also overseen by the Corporate Governance Committee.

Strategic Objectives of the Company

The strategic objectives of the Company are reviewed and determined by the Board of Directors during budget review discussions within the scope of three year plans prepared by the management and submitted to the Board. The activities of the Company, the level of achievement of objectives and past performance are reviewed by the Board each quarter and at the end of the budget period.

Financial Benefits

Board Members receive a monthly fee payable at the end of each month. Compensation for the Members of the Board of Directors is determined by the General Assembly of the Shareholders each year, in accordance with Article 15 of the Articles of Association. There are no incentives available to Board Members based on performance in connection with the performance of the Company.

Financial benefits provided to members of the Board of Directors and senior management team are explained in the annual report. The Company did not lend any money, extend any credit, extend a personal credit through a third party, nor provided any guarantees to or in favor of any Member of the Board of Directors or any Manager of the Company.

Compensation policy is available at the company website.

Other Issues Concerning the Operations of the Company

- ▶ The company acquired none of its own shares during the reporting period.
- ▶ In the year of 2022, there is no administrative and judicial sanction applied to the company or the company's management due to practices contrary to the provisions of the legislation.
- ▶ The company compared its 2022 targets with its budget, upper management examined the deviations and determined the necessary strategic actions to be taken.
- ▶ There is no taken or avoided to taken measures which may cause a loss for the company in the year of 2022.
- ▶ In the year of 2022, the company was not a respondent in any suit whose outcome would be capable of significantly affecting either the company's financial position or the conduct of its business.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Remarks
	Yes	Partially	No	Exempted	N/A	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors on the corporate website	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2- The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10- The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			Stakeholders without having the right to speak did not specifically request to attend the Meeting. General Assembly Meeting is not open to media due to security and time management concerns.
1.4. VOTING RIGHTS						
1.4.1- There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2- The company does not have shares that carry privileged voting rights.			X			The shares of the Company are divided into two groups, where both (A) group shares are and (B) group shares are registered shares. The differentiation of the shares between (A) and (B) groups, does not give the owners any rights nor privileges, except as provided in Articles 9, 15, of the Articles of Association.
1.4.3- The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					

	Compliance Status					Remarks
	Yes	Partially	No	Exempted	N/A	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2- The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of minority rights.			X			For Considerations did not take place in the Articles of Association, verdicts of Capital Markets Board of Türkiye and Turkish Commercial Code is applicable.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Assembly is posted on the company website.	X					
1.6.2- The dividend policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3- The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1- There are no restrictions preventing shares from being transferred.		X				The transfer of shares is stipulated in Article 6 subparagraph (c) of the Articles of Association. (B) group registered shares can be freely transferred without being subject to any limitation. Article 6 subparagraph (c) of the Articles of Association is applicable for theTransfer of (A) shares.
2.1. CORPORATE WEBSITE						
2.1.1.- The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2- The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4- The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Most of the content taking place on the corporate website also presented in English.
2.2. ANNUAL REPORT						
2.2.1- Board Members ensure that annual report of the company reflects the operations of the company as whole and complete.	X					
2.2.2- The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3- Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5- The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Compliance Status					Remarks
	Yes	Partially	No	Exempted	N/A	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1- The Articles of Association, or the internal regulations (terms of reference/ manuals) regulate the participation of employees in management.		X				The participation of employees to the management are promoted with periodic meetings within the company in particular goal setting and performance evaluation meetings. The results out of these meetings are used for necessary changes to be made by the management.
3.2.2- Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				If the decisions have specific consequences for the relevant stakeholders; the opinions of relevant groups are received through talks, surveys and their suggestions are received. For other stakeholders (suppliers, business partners) communication channels are always open.
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2- Recruitment criteria are documented.	X					
3.3.3- The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4- Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Decisions which may affect employees are reported to them. Our employees are non unionised.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them, and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8- The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2- Customers are notified of any delays in handling their requests.	X					
3.4.3-The company complied with the quality standards with respect to its products and services.	X					
3.4.4-The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

	Compliance Status					Remarks
	Yes	Partially	No	Exempted	N/A	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.		X				Ethic Rules take place on the corporate website under the topic of Sustainability.
3.5.2- The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. YÖNETİM KURULUNUN İŞLEVİ						
4.1.1- The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2-The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITY OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations Department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8- The company has subscribed to a Directors and Officers Liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9- The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The Board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy concerning a target to have women board members at a minimum of 25%
4.3.10- At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					

	Compliance Status					Remarks
	Yes	Partially	No	Exempted	N/A	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person or electronically.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3-The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions, if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			There is no internal regulation specifying any limitations in this respect due to the contribution of different experiences of Board Members to the Board. CVs of Board members can be found on the corporate website of the company.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Some Board Members have duties in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There is no consultancy services used in this manner.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a Board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			There was no performance evaluation at the Board of Directors level.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Remuneration of board members and executive management is disclosed in the annual report; however it is not in the individual basis.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating The Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	None
1.2. Right to Obtain and Review Information	
The number of special audit request(s)	None
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1 (ad)	https://www.kap.org.tr/tr/Bildirim/1026839
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Documents presented only in Turkish.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	None
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	None
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations – Corporate Information–Articles of Association
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/1033852
The number of the provision(s) of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Clause 8
Identified stakeholder groups that participated in the General Meeting of Shareholders, if any	Some of the shareholders and their representatives, Board Members, Auditor of the company, some members of the executive committee and the employees responsible for the general assembly attended to the General Assembly Meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	-
The percentage of ownership of the largest shareholder	48,05%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of association	Hayır
If yes, specify the relevant provision of the articles of association	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance /Policies / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Chairman of the Meeting stated that the Board of Directors proposed not to distribute profits due to the fact that the Company did not make a profit in the 01.01.2021 - 31.12.2021 accounting period and due to economic uncertainties.
PDP link to the related general meeting minutes in case the board of directors proposed to the General Assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/1033852

General Assembly Meetings	
General Meeting Date	01.06.2022
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate in the General Shareholders' Meeting	63.07%
Percentage of shares directly present at the GSM	0%
Percentage of shares represented by proxy	63.07%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the number of votes for or against	Investors Relations / General Assembly Info (in Turkish)
Specify the name of the page of the corporate website that contains all questions asked in the general assembly Meeting and all responses to them	Investors Relations / General Assembly Info (in Turkish)
The number of the relevant item or paragraph of the General Shareholders' Meeting minutes in relation to related party transactions	Item 9
The number of declarations by insiders received by the board of directors	66
The link to the related PDP general shareholder Meeting notification	https://www.kap.org.tr/tr/Bildirim/1033852

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the names of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	Investor Relations – Shareholder Structure
List of languages for which the website is available	Turkish, English
2.2. Annual Report	
The page numbers and/or names of the sections in the annual report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the external of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Annual Report – Corporate Governance – Structure of Board and Principles of Activity
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Annual Report - Corporate Governance Information Form – Board Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Annual Report - Corporate Governance Information Form – Board of Directors – Principles of Activity
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in legislation which may significantly affect the activities of the Corporation	Annual Report - Corporate Governance Compliance Report - Other Issues Concerning the Operations of the Company
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Annual Report - Corporate Governance Compliance Report - Other Issues Concerning the Operations of the Company
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross-ownership relationship in the company's capital
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Annual Report – Sustainability

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	30
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Human Resources
The contact detail of the company alert mechanism	insan_kaynaklari@netas.com.tr
3.2. Supporting The Participation Of The Stakeholders in The Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	-
Corporate bodies where employees are actually represented	Executive Committee
3.3. Human Resources Policy	
The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	The Board Supports the Human Resources Department
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Netaş-Human Resources
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resources policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy	Investor Relations – Sustainability Section
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations – Sustainability Section
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide information about any measures taken on environmental, social and corporate governance issues.	Investor Relations – Sustainability Section
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations – Sustainability Section
4. BOARD OF DIRECTORS - I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	None
Number of reports presented by internal auditors to the audit committee or any other relevant committee of the board	-
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Annual Report – Risk Management and Internal Control Systems
Name of the Chairman	AİGUANG PENG
Name of the CEO	SİNAN DUMLU
If the CEO and Chair functions are combined, provide the link to the relevant PDP announcement providing the rationale for such combined roles	The roles of the Chairman and CEO are undertaken by different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/Bildirim/1000479
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	0

STRUCTURE OF THE BOARD							
Name/Surname of Board Member	Whether Executive Director or not	Whether Independent Director or not	The First Election Date to Board	Link to Pdp Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy the Independence or not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
AIGUANG PENG	No	No	07.08.2020	-	-	No	Yes
ŞUAY ALPAY	No	No	29.05.2019	-	-	No	Yes
MINZHONGXIA DING	No	No	28.07.2017	-	-	No	Yes
MING LI	No	No	03.04.2019	-	-	No	Yes
BOWEN MEİ	Yes	No	05.03.2021	-	-	No	Yes
ALİ ZÜLFÜ TİGREL	No	Yes	07.06.2018	https://www.kap.org.tr/tr/Bildirim/1008929	Yes	No	Yes
ÖZER KARABULUT	No	Yes	29.05.2019	https://www.kap.org.tr/tr/Bildirim/1008929	Yes	No	No

4. BOARD OF DIRECTORS - II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	All meetings were realized as electronic meeting.
Director average attendance rate at board meetings	100 %
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that provides information about the board charter	Investor Relations – Corporate Governance – Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	Turkish Commercial Code is applicable in this manner, it is submitted to the approval of General Assembly every year.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1008929

BOARD COMMITTEES -I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or not	Whether Board Member or not
Corporate Governance Committee	-	ALİ ZÜLFÜ TİGREL	Yes	Board Member
Corporate Governance Committee	-	AİGUANG PENG	No	Board Member
Corporate Governance Committee	-	ŞUAY ALPAY	No	Board Member
Corporate Governance Committee	-	MINZHONGXIA DING	No	Board Member
Corporate Governance Committee	-	YEŞİM BİLGİNTURAN	No	Not a Board Member
Audit Committee	-	ALİ ZÜLFÜ TİGREL	Yes	Board Member
Audit Committee	-	ÖZER KARABULUT	No	Board Member
Early Detection of Risk Committee	-	ALİ ZÜLFÜ TİGREL	Yes	Board Member
Early Detection of Risk Committee	-	ÖZER KARABULUT	No	Board Member
Early Detection of Risk Committee	-	ŞUAY ALPAY	No	Board Member
Early Detection of Risk Committee	-	MINZHONGXIA DING	No	Board Member

4. BOARD OF DIRECTORS -III	
4.5. Board Committees -II	
Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report – CMB Report
Specify the section of the website where remuneration policy for executive and non-executive directors are presented	Investor Relations - Corporate Governance - Policies- Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report - Remuneration Provided for Board of Directors and Top Management

BOARD COMMITTEES -II					
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-Executive Directors	The Percentage of Independent Directors in the Committee	The Number of Committee Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	-	80%	20%	4	4
Audit Committee	-	100%	100%	4	4
Early Detection of Risk Committee	-	100%	50%	6	6

SUSTAINABILITY COMPLIANCE REPORT

		Compliance Status				Explanation	Related Report / Link
		Yes	No	Partial	N/A		
A	General Principles						
A1	Strategy, Policy, Targets						
A1.1	The Board of Directors determines material environmental, social and governance (ESG) issues, risks and opportunities.			X		The Board has started to review the ESG policies to establish the necessary policies by determining the ESG material issues.	Annual Report/ Sustainability Part
	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.			X		Work continues to establish policies and procedures. Current ESG policies can be accessed on the Company's corporate website and annual reports.	Website, Annual Report
A1.2	Publicly discloses short and long-term goals set according to ESG policies.		X			The company has started to work on short and long-term goals, but the action plan has not yet been completed.	
A2	Implementation / Monitoring						
A2.1	Determines and discloses the committees/ units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the Company and their duties.		X			Apart from the committees established in the field of Corporate Governance, no committee has yet been established for the field of sustainability, and related activities are carried out by the established work teams.	
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.		X			The working teams are still carrying out the relevant activities. Committees have not been established.	
A2.2	Creates and discloses implementation and action plans aligned with ESG targets		X				
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.		X			The Board of Directors has just started working on determining the KPI. Therefore, comparative data disclosure will be possible in the coming periods.	
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.			X		Explanations regarding this area are made in the annual report and on the website.	Website, Annual Report

		Compliance Status				Explanation	Related Report / Link
		Yes	No	Partial	N/A		
A3	Reporting						
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.			X		The relevant information is included in the Sustainability part of the annual reports in the Sustainability Framework Reporting.	Annual Report/ Sustainability Part
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.		X			No information is disclosed within this context.	
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.	X				The company includes relevant information in its annual reports and corporate governance reports.	Website, Annual Report
A4	Verification						
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.		X			Since Sustainability Reporting has not been carried out yet, verification is not made by 3rd parties.	
B	Environmental Principles						
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs	X				The company complies with the ISO 14001 standard.	Website, Annual Report
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information		X			There is no separate reporting other than the one in the annual report and on the website.	
B3	Provided in A2.1.		X			The working teams are still carrying out the relevant activities. Committees have not been established.	
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).		X			Not available.	
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.			X		The company takes care that its targets are compatible with sustainability.	Website
B6	Provided in A2.4.			X		Explanations regarding this area are made in the annual report and on the website.	Website, Annual Report
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.			X		The company's policy regarding suppliers has been established and efforts are underway to improve it.	Website, Annual Report
B8	Discloses whether it is involved in policymaking processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any			X		The company includes this information under the heading of sustainability in its annual report and on its website. No separate reporting is made.	Website, Annual Report
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).	X				The company has a CDP (Carbon Disclosure Report) Report.	Our CDP Report has been filled in on a voluntary basis and is not disclosed to the public.

		Compliance Status				Explanation	Related Report / Link
		Yes	No	Partial	N/A		
B10	Discloses the standard, protocol, methodology and baseline year details used to collect and calculate its data.			X		Our CDP Report has been filled in on a voluntary basis and is not disclosed to the public.	Our CDP Report has been filled in on a voluntary basis and is not disclosed to the public.
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.		X			There is a separate reporting but no such indicator.	
B12	Sets short and longterm goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.		X			After determining the long-term targets, the relevant data will be reported.	
B13	Discloses its strategy and actions to combat the climate crisis.		X			Strategy formation studies are continuing.	
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/or services it offers.		X			Although the company has acted towards this purpose, it has not yet disclosed its program and procedures to the public.	
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.).		X				
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/ revenues and cost savings they provide.		X			There is no separate reporting yet.	
B16	Reports energy consumption data (gas, diesel oil, fuel oil, LPG, coal, electricity, heating, cooling, etc.) and discloses its energy consumption as Scope-1 and Scope-2.			X		Relevant data are available in the CDP report.	Website
B17	Discloses information about the electricity, heat, steam and cooling generated during the reporting year. Discloses information about the electricity, heat, steam and cooling generated during the reporting year.			X		Relevant data are available in the CDP report.	Website
B18	Discloses information about the electricity, heat, steam and cooling generated during the reporting year.			X		The company operates in parallel with this purpose. There is no report on this subject yet.	Website
B19	Discloses data on its renewable energy generation and consumption.		X			There is no separate reporting yet.	
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.		X			There is no separate reporting yet.	
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.		X			There is no separate reporting yet.	
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).		X			There is no separate reporting yet.	
B23	Discloses the carbon credits saved or purchased during the reporting period. Discloses the details if carbon pricing is applied within the Company		X			There is no separate reporting yet.	
B24	Discloses the platforms that it reports its environmental information to.		X			There is no separate reporting yet.	
B25	Discloses data on its renewable energy generation and consumption.			X		Relevant data are available in the CDP report.	Website

		Compliance Status				Explanation	Related Report / Link
		Yes	No	Partial	N/A		
C	Social Principles						
C1	Human Rights / Employee Rights						
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.			X		All regulations regarding the Company's Human Rights Policy are made available to all employees on the company portal. In addition, processes related to HR policy are included under the human resources heading of the website.	Website
C1.2	Incorporates equitable workforce, improvement of working standards, women's employment and inclusion (not discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain.			X		Netaş Inclusivity and Diversity Commitment has been prepared and submitted for the signature of our employees. In addition, every new employee is requested to read and approve it.	Website
C1.3	Discloses the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or for securing minority rights/ equal opportunity.			X		Within the scope of Netaş Inclusivity and Diversity Commitment, it is shared that our employees embrace the differences in gender, ethnicity, age, language, religion, health status, family obligations, educational background and abilities regarding equal opportunities.	Website
C1.4	Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.		X			There is no separate reporting yet. The processes for not employing child labor are governed by the provisions of the labor law.	
C1.5	Incorporates investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/ life balance solutions and talent management in its policies concerning employee rights.			X		Processes related to regulations in Human Resources are supported. There is no policy regarding unionization. In union matters, we act in accordance with the constitution and legislation.	Website, Annual Report
	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.		X				
	Discloses the activities for ensuring employee satisfaction during the reporting period.			X		1. With Employee Engagement surveys, processes and actions are organized in line with employee feedback. 2. Steering Committee has been created and followed up to follow the actions and plans. 3. The "We" program, which focuses on the employee, was launched. 4. The developments in the "We" program are shared with the employees through monthly newsletters.	Website
C1.6	Establishes and discloses occupational health and safety policies.	X				Occupational Health and Safety Policy is published on the website.	Website
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.	X				It is explained on the website in our EHS Report.	Website
C1.7	Establishes and discloses personal data protection and data security policies.	X				The relevant policy has been created and announced to the public via the corporate website.	Website

		Compliance Status				Explanation	Related Report / Link
		Yes	No	Partial	N/A		
C1.8	Establishes and discloses a code of ethics.	X				The relevant policy has been created and announced to the public via the corporate website. In addition, Netaş Communication protocol was prepared and published on the company portal. Expectations from employees are clearly stated in social media, events and meetings with the press. It is also shared with employees via e-mail.	Website
C1.9				X		Ongoing social responsibility activities are regularly featured on the corporate website and annual activity reports.	Website, Annual Report
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.			X		Efforts to update and create ESG policies continue, and training programs are planned afterwards.	Website
C2	Stakeholders, International Standards and Initiatives						
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.		X			There is a customer satisfaction policy. A customer satisfaction survey is conducted annually and the results are analyzed. However, public disclosure is not made as there is no reporting at the moment.	
C2.2	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).			X		There is no separate reporting yet. Transparent information is provided by communicating with stakeholders through the annual report, press and social media channels.	Annual Report
C2.3	Discloses the international reporting standards embraced in its reporting		X				
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.			X		The company has been a signatory of the UN Global Compact since 2019. She is also a signatory of the Women Empowerment Principles and a supporter of the HeforShe platform.	Website, Annual Report
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/ or international index providers.	X				The company is included in the Borsa İstanbul Sustainability Index.	Website
D	Corporate Governance Principles						
D1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.		X			Strategy formation studies are continuing. It has not been finalized yet.	
D2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X				Efforts are being made to increase in-house awareness.	Website, Annual Report

DECLARATION OF INDEPENDENCE

To the Board of Directors of Netaş Telekomünikasyon A.Ş.;

I hereby declare that;

There have been no employment relations in management positions undertaking important duties and responsibilities; I do not jointly or individually own more than 5% share in capital, voting rights or privileged shares or no significant commercial relation has been established, during the last five years; between the Company or partnerships where the Company controls the management or has significant influence, partnerships controlling the management of or having significant influence in the Company or legal entities controlling the management of such partnerships; and me, my spouse and my blood relatives or my relatives by marriage,

I have not been partner of (5% and higher), have not been employed in management positions undertaking important duties and responsibilities or have not been a member of the board of directors, in companies to/from which the Company sold/purchased significant services or products in the framework of agreements, especially regarding audit (including tax audit, legal audit, internal audit), rating and consultancy of the Company, during periods when the services or products were purchased or sold, during the last five years,

I have the required professional training, knowledge and experience to duly perform the duties I shall assume as an independent member of the board of directors,

I do not have a full-time job in public institutions and organizations and if elected, I shall maintain this status throughout my term in office (except for university faculty membership),

I comply with the criteria for residence in Turkey according to the Income Tax Law No. 193 dated 31/12/1960,


I have strong ethical standards, professional reputation and experience to positively contribute in Company activities, to maintain neutrality in conflicts of interest between the Company and shareholders, and to freely make decisions by taking into consideration the rights of stakeholders,

I shall allocate time to Company affairs to follow the operation of Company activities and to fully fulfill the requirements of the duties I shall undertake,

I have not been a member of the Company board of directors for more than six years during the last ten years,

I do not serve as independent member of board of directors in more than three Companies management of which are controlled by the Company or by partners controlling the management of the Company; and in more than a total of five Companies traded in the stock exchange.

I have not been registered and announced on behalf of the legal entity elected as member of the board of directors.


Ali Zülfi TİGREL
29.05.2019

To the Board of Directors of Netaş Telekomünikasyon A.Ş.;

I hereby declare that;

There have been no employment relations in management positions undertaking important duties and responsibilities; I do not jointly or individually own more than 5% share in capital, voting rights or privileged shares or no significant commercial relation has been established, during the last five years; between the Company or partnerships where the Company controls the management or has significant influence, partnerships controlling the management of or having significant influence in the Company or legal entities controlling the management of such partnerships; and me, my spouse and my blood relatives or my relatives by marriage,

I have not been partner of (5% and higher), have not been employed in management positions undertaking important duties and responsibilities or have not been a member of the board of directors, in companies to/from which the Company sold/purchased significant services or products in the framework of agreements, especially regarding audit (including tax audit, legal audit, internal audit), rating and consultancy of the Company, during periods when the services or products were purchased or sold, during the last five years,

I have the required professional training, knowledge and experience to duly perform the duties I shall assume as an independent member of the board of directors,

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I shall allocate time to Company affairs to follow the operation of Company activities and to fully fulfill the requirements of the duties I shall undertake,

I have not been a member of the Company board of directors for more than six years during the last ten years,

I do not serve as independent member of board of directors in more than three Companies management of which are controlled by the Company or by partners controlling the management of the Company; and in more than a total of five Companies traded in the stock exchange.

I have not been registered and announced on behalf of the legal entity elected as member of the board of directors.


Özer KARABULUT
29.05.2019

NETAŞ TELEKOMÜNİKASYON A.Ş.

AND ITS' SUBSIDIARIES

AS AT AND FOR THE PERIOD ENDED 31 DECEMBER 2022

CONSOLIDATED FINANCIAL STATEMENTS AND

THE INDEPENDENT AUDITORS' REPORT

**CONVENIENCE TRANSLATION OF THE REPORT AND
THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Netaş Telekomünikasyon Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Netaş Telekomünikasyon Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) 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. These matters were addressed in the context of our 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.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key audit matter	How the matter was addressed in the audit
<p>Contract accounting and recognition of revenue</p> <p>As explained in Note 21 of the consolidated financial statements as of 31 December 2022, the Group recognised revenue amounting to TL 4.011.553.628.</p> <p>The Group's business involves entering into contractual relationships with customers to provide a range of services and/or goods with a significant proportion of the Group's revenues and results derived from long term contracts. The Group considers the goods or services that are promised within the scope of the contract and recognises revenue on contracts with customers when the Group satisfies the performance obligations by transferring the goods or services to the customer. The Group determines whether the identified performance obligations are satisfied over time or at a point in time, at the beginning of each contract.</p> <p>Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made mainly to:</p> <ul style="list-style-type: none"> - assess the total contract costs; - assess the stage of completion of the contract; - identify the distinct performance obligations within the contract; - forecast the profit margin after taking consideration of expected completion date, and variable consideration; and - appropriately provide for loss making contracts. <p>The outcome of these judgements could lead to different profit and revenue being reported in the consolidated financial statements.</p> <p>Accordingly, there are risks of miscalculation and misrecognition of revenue in the correct period due to inclusion of estimations of the management on the determination of revenue earned but not invoiced or invoiced but not earned and due to modifications of the contracts related to changes in price or scope of the contracts. For this reason, recognition of revenue in the correct period and in the correct amount requires significant judgment of the management and it is considered as a key audit matter.</p>	<p>Among others, the following procedures have been performed for the audit of revenue:</p> <p>The design, implementation and functioning of the internal controls related to recognition of revenue in the consolidated financial statements, have been tested and evaluated by the assistance of our information technology specialists.</p> <p>The appropriateness of the accounting policies applied by the management for the recognition of revenue for each type of revenue stream has been evaluated.</p> <p>Selected samples of the contracts with customers, reviewed and inquired with the management to test whether the performance obligations are satisfied over time or at a point in time and tested the amount of revenue recognized and the period it is recognized, with the help of supporting documents.</p> <p>Challenged whether provisions for onerous contracts appropriately reflect the expected contractual position, using the knowledge obtained from other testing and inquiring commercial responsables.</p> <p>As part of substantive procedures, management's process of evaluation on revenue recognition has been examined, for the selected samples, contracts, invoices and payments are tested, analytical procedures have been applied, and the accuracy of the management's historical estimates has been evaluated by comparing the estimates made in the previous periods versus actuals.</p> <p>Confirmation letters have been received for the selected samples of outstanding balances with customers and examined conformity with the financial statements.</p> <p>In addition, the adequacy of the disclosures provided have been evaluated in accordance with the disclosure requirements of TFRSs.</p>

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key audit matter	How the matter was addressed in the audit
<p>Goodwill impairment test</p> <p>As disclosed in Note 14 of the consolidated financial statements as of 31 December 2022, the Group has goodwill amounting to TL 342.704.462 provided in intangible assets. In accordance with TFRSs, the Group is required to test impairment of goodwill annually.</p> <p>Goodwill balance is significant to the consolidated financial statements in terms of the amount and besides the impairment tests conducted by the Group management includes significant estimates and assumptions. Such assumptions are; growth rate of earnings before interest tax depreciation and amortization ("EBITDA"), long term growth rate, rate used to discount cash flows to balance sheet date.</p> <p>The assumptions are highly sensitive to the expected future market or economic conditions. Thus, annual impairment testing of goodwill considered as a key audit matter.</p>	<p>Among others, the following procedures have been performed for the audit of goodwill impairment test:</p> <p>Assessment of appropriateness of cash generating units identified by the management has been performed.</p> <p>Discussion with Group management has been held for assessment related to the future projections, in the light of the macroeconomic data and sectoral developments.</p> <p>Assessment of the reasonableness of the cash flow projections for the cash generating unit and the comparison of the prior year actual financial performances has been performed.</p> <p>Assessment of the reasonableness of key assumptions incorporated in discounted cash flows such as long-term growth rates, discount rate has been evaluated by the comparison of these assumptions with the assumptions used in the sector with the support of our valuation specialist.</p> <p>The structure and the mathematical accuracy of the discounted cash flow model has been assessed.</p> <p>The sensitivity of the assumptions determined by the management to the market conditions has been performed.</p> <p>The adequacy of the disclosures provided including estimations and the judgements related to testing of and the results along with the sensitivities have been evaluated in accordance with the disclosure requirements of TFRSs.</p>

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

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

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.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.
- Obtain an understanding of 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.
- 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

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

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.

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 8 March 2023.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

The name of the engagement partner who supervised and concluded this audit is Sinem Arı Öz.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Sinem Arı Öz, SMMM
Partner

8 March 2023
İstanbul, Türkiye

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NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS OF 31 DECEMBER 2022**

(Unless otherwise stated the amounts are in TL)

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current Assets		3.196.676.305	2.948.964.059
Cash and Cash Equivalents	5	220.130.315	541.970.727
Trade Receivables		1.950.953.880	1.348.616.225
<i>Due from related parties</i>	28	70.128.043	16.530.090
<i>Trade receivables, third parties</i>	7	1.880.825.837	1.332.086.135
Other Receivables		3.125.482	2.901.515
<i>Other receivables, third parties</i>	8	3.125.482	2.901.515
Inventories	9	425.556.194	379.632.146
Contract Assets related to Goods and Services Provided		440.623.216	572.161.427
<i>Contract Assets related to Goods and Services Provided</i>	11	440.623.216	572.161.427
Prepaid Expenses	10	69.508.094	36.731.381
Current Income Tax Assets	26	39.417.852	33.562.897
Other Current Assets	19	47.361.272	33.387.741
Non-Current Assets		983.142.061	717.962.787
Property, Plant and Equipment	12	104.419.220	107.379.852
Right of Use Assets	14	88.396.034	67.931.249
Financial Investments	3	25.360.788	17.926.217
Intangible Assets		458.907.627	346.561.747
<i>Goodwill</i>	13	342.704.462	244.295.352
<i>Other intangible assets</i>	13	116.203.165	102.266.395
Investments Accounted Using the Equity Method	3	-	8.621.337
Deferred Tax Assets	26	306.058.392	169.542.385
TOTAL ASSETS		4.179.818.366	3.666.926.846

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

(Convenience translation of the report and the consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Unless otherwise stated the amounts are in TL)

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
Short Term Liabilities		4.012.878.974	3.508.145.330
Short Term Borrowings		1.131.510.175	1.115.963.022
<i>Short Term Bank Loans</i>	6	1.131.510.175	1.115.963.022
Short-Term Portion of Long-Term Borrowings		157.312.811	80.859.969
<i>Short-Term Portion of Long-Term Bank Loans</i>	6	61.218.489	12.919.150
<i>Short-Term Portion of Long-Term Lease Liabilities</i>	6	96.094.322	67.940.819
Trade Payables		1.980.523.062	1.599.413.559
<i>Due to related parties</i>	28	757.233.720	457.540.058
<i>Trade payables, third parties</i>	7	1.223.289.342	1.141.873.501
Other Payables		93.396.310	81.774.643
<i>Other payables, third parties</i>	8	93.396.310	81.774.643
<i>Employee Benefit Obligations</i>	18	43.250.541	26.272.106
Contract Liabilities		451.692.035	356.827.319
<i>Contract Liabilities</i>	11	451.692.035	356.827.319
Provisions		150.506.216	247.034.712
<i>Provisions for Employee Benefits</i>	18	50.090.562	26.573.697
<i>Other Short Term Provisions</i>	16	100.415.654	220.461.015
Current Income Tax Liabilities	26	4.687.824	-
Long Term Liabilities		149.247.633	123.373.240
Long Term Financial Liabilities			
<i>Long Term Borrowings</i>		65.409.415	60.918.001
<i>Bank Loans</i>	6	-	13.817.167
<i>Lease Liabilities</i>	6	65.409.415	47.100.834
Provisions		83.838.218	47.530.550
<i>Provisions for Employee Benefits</i>	18	83.838.218	47.530.550
Deferred Tax Liabilities	26	-	14.924.689
SHAREHOLDERS' EQUITY			
Equity Attributable to Equity Holders of the Parent		13.401.817	36.923.410
Share Capital	20	64.864.800	64.864.800
Share Capital Adjustments		41.612.160	41.612.160
"Other comprehensive income to be reclassified in profit and loss"		9.570.710	(4.850.226)
<i>Currency Translation Differences</i>		9.570.710	(4.850.226)
"Other comprehensive income not to be reclassified in profit and loss"		538.278.161	545.653.120
<i>Remeasurement gain/ (loss) on defined benefit plans</i>		(41.158.337)	(17.262.824)
<i>Currency Translation Differences</i>		579.436.498	562.915.944
Restricted Reserves	20	34.897.360	34.897.360
Retained Earnings		(645.253.804)	22.958.336
Net Loss for the Period		(30.567.570)	(668.212.140)
Non-controlling interests		4.289.942	(1.515.134)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4.179.818.366	3.666.926.846

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

(Convenience translation of the report and the consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF
PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE PERIOD ENDED 31 DECEMBER 2022

(Unless otherwise stated the amounts are in TL)

	Notes	Current Period 1 January- 31 December 2022	Previous Period 1 January- 31 December 2021
INCOME OR LOSS FROM OPERATIONS			
Revenue	21	4.011.553.628	2.296.349.584
Cost of Sales (-)	21	(3.624.228.360)	(2.559.191.128)
GROSS PROFIT		387.325.268	(262.841.544)
Sales, Marketing and Distribution Expenses (-)	22	(150.985.067)	(109.354.192)
General Administrative Expenses (-)	22	(161.566.947)	(107.506.666)
Research and Development Expenses (-)	22	(6.557.959)	(14.707.778)
Other Income from Operating Activities	23	33.283.777	7.656.204
Other Expenses from Operating Activities (-)	23	(152.314.966)	(269.823.591)
OPERATING LOSS		(50.815.894)	(756.577.567)
Income from Investment Activities	24	31.089.521	39.599.284
Expenses from Investment Activities (-)	24	(337.789)	(3.119.582)
Income from Investments Accounted Using the Equity Method	3	317.606	(823.495)
OPERATING LOSS BEFORE FINANCE INCOME AND EXPENSES		(19.746.556)	(720.921.360)
Financial Income	25	167.137.791	233.193.653
Financial Expenses (-)	25	(231.011.494)	(138.668.200)
LOSS BEFORE TAX		(83.620.259)	(626.395.907)
Tax (Expenses)/ Income		58.857.765	(44.026.775)
Current Tax Expenses	26	(18.024.354)	-
Deferred Tax Income	26	76.882.119	(44.026.775)
NET LOSS FOR THE YEAR		(24.762.494)	(670.422.682)
Attributable to:			
Non-controlling Interest		5.805.076	(2.210.542)
Equity Holders of the Parent		(30.567.570)	(668.212.140)
Earn/(Loss) per share	27	(0,3818)	(10,3357)
OTHER COMPREHENSIVE INCOME/ (EXPENSES)			
Other comprehensive income or (expenses) that will not be reclassified subsequently to profit of loss		(7.374.959)	124.464.571
Currency translation differences		16.520.554	130.133.217
Remeasurement gain/ (loss) on defined benefit plans	18	(29.869.391)	(7.033.419)
Remeasurement gain/ (loss) on defined benefit plans, deferred tax	26	5.973.878	1.406.684
Actuarial gain/ (loss) arising from investment accounted using the equity method	3	-	(41.911)
Other comprehensive income or expenses that will be reclassified subsequently to profit of loss		14.420.936	(4.404.658)
Currency translation differences other than the translation of businesses abroad		6.610.607	-
Currency translation differences arising from businesses abroad		7.810.329	(3.007.189)
Currency translation differences from investments accounted using the equity method	3	-	(1.397.469)
OTHER COMPREHENSIVE INCOME/ (LOSS)		7.045.977	120.059.913
TOTAL COMPREHENSIVE INCOME/ (LOSS)		(17.716.517)	(550.362.769)
Attributable to:			
Non-controlling Interest		5.805.076	(2.210.542)
Equity Holders of the Parent		(23.521.593)	(548.152.227)
Earn/(Loss) per share		(0,2731)	(8,4848)

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

(Convenience translation of the report and the consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Unless otherwise stated the amounts are in TL.)

	Notes	Audited	
		Current Period 1 January- 31 December 2022	Previous Period 1 January- 31 December 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss) for the Period		(24.762.494)	(670.422.682)
<i>Profit/(Loss) from Continuing Operations</i>		(24.762.494)	(670.422.682)
Adjustments to Reconcile Profit/Loss		(85.480.523)	312.403.278
Adjustments for Depreciation and Amortisation Expenses	12-13-14	95.817.531	95.931.594
Adjustments for (Reversal of) Impairment Loss Recognised in Profit or Loss		1.845.147	143.376.231
<i>Adjustments for (Reversal of) Provision of Receivables</i>	7	(894.022)	5.243.479
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets</i>	13	-	97.918.687
<i>Adjustment for Reversal of Provision of Inventory</i>	9	2.739.169	40.214.065
Adjustments For Provisions		(94.959.456)	186.385.182
Adjustments for Provisions Related with Employee Benefits		70.403.079	45.267.484
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		5.338.797	3.373.252
Adjustments for (Reversal of) Other Provisions		(170.701.332)	137.744.446
Adjustments for Interest (Income) and Expenses		161.612.942	96.438.360
<i>Adjustments for Interest Income</i>	25	(6.547.374)	(4.213.728)
<i>Adjustments for Interest Expense</i>	25	200.550.071	106.489.249
<i>Unearned Financial Loss/Income from Credit Sales</i>	25	(32.389.755)	(5.837.161)
Adjustments For Unrealised Foreign Exchange Losses (Gains)	25	(160.590.417)	(228.979.925)
Adjustments for Share of Profit of Investments Accounted for Using the Equity Method	3	-	2.886.546
Adjustments for Losses Tax Expense	26	(58.857.765)	52.727.341
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	32	-	(38.872.094)
Adjustments for (Gains)/Losses disposal of non-current assets		121.439	2.510.043
<i>Adjustments for (Gains)/Losses Arising From Sale of Property, Plant and Equipment</i>		121.439	2.510.043
(Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments		(30.469.944)	-
Changes in Working Capital		95.952.735	243.751.405
Adjustments for Decrease / (Increase) in Trade Receivables		(58.182.691)	(54.573.263)
<i>Decrease (Increase) in Trade Receivables from Related Parties</i>		(46.939.163)	67.382.630
<i>Decrease (Increase) in Trade Receivables from Third Parties</i>		(11.243.528)	(121.955.893)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		420.846	157.636
<i>Adjustments for Decrease (Increase) in Other Receivables Related with Operations from Third Parties</i>		420.846	157.636
Adjustments for Decrease / (Increase) in Inventories		104.263.400	(86.802.564)
Decrease / (Increase) in Prepaid Expenses		(17.980.269)	2.676.317
Adjustments for (Decrease) in Trade Payables		(230.789.977)	(8.612.021)
<i>Increase (Decrease) in Trade Payables to Related Parties</i>		115.383.524	193.916.830
<i>(Decrease)/Increase in Trade Payables to Third Parties</i>		(346.173.501)	(202.528.851)
Increase (Decrease) in Payables due to Employee Benefits		6.395.284	(21.490.531)
(Decrease)/Increase in Contract Assets		362.021.094	382.380.539
Adjustments for Decrease in Other Operating Payables		(21.319.483)	8.579.285
<i>(Decrease) in Other Operating Payables to Unrelated Parties</i>		(21.319.483)	8.579.285
(Decrease)/ Increase in Contract Liabilities		(48.875.469)	21.436.007
Cash Flows (Used in) Generated From Operations		(14.290.282)	(114.267.999)
Payments Related with Provisions for Employee Benefits		(40.556.484)	(43.039.521)
Income Taxes Paid	26	(19.191.485)	(2.222.495)
Payments Related with Lawsuits		(1.706.215)	(3.246.966)
		(75.744.466)	(162.776.981)

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

(Convenience translation of the report and the consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022
(Unless otherwise stated the amounts are in TL.)

	Notes	Audited	
		Current Period 1 January- 31 December 2022	Previous Period 1 January- 31 December 2021
B.CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		1.450.581	15.498.894
<i>Proceeds from Sales of Property, Plant, Equipment</i>		1.197.730	17.776.116
<i>Proceeds from Intangible Assets</i>		252.851	(2.277.222)
Purchase of Property, Plant, Equipment and Intangible Assets		(9.960.915)	(66.794.907)
<i>Purchase of Property, Plant, Equipment</i>	12	(9.610.538)	(25.278.055)
<i>Purchase of Intangible Assets</i>	13	(350.377)	(41.516.852)
Cash inflows from the sale of subsidiaries	32	-	88.574.295
Cash Inflows Due to Share Sale or Capital Reduction of Associates and/or Joint Ventures	3	52.080.098	-
Other Outflows of Cash		(7.434.571)	(11.088.662)
		36.135.193	26.189.620
C.CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
Inflows from Borrowings	6	1.562.114.965	1.316.876.199
Outflows from Borrowings	6	(1.742.478.637)	(770.411.281)
Interest Paid		(183.544.251)	(85.988.928)
Interest Received	25	6.547.374	4.213.728
Payments of lease liabilities	6	(38.081.052)	(27.739.849)
		(395.441.601)	436.949.869
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		(435.050.874)	300.362.508
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		113.210.462	(64.249.791)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(321.840.412)	236.112.717
E.CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5	541.970.727	305.858.010
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D+E)	5	220.130.315	541.970.727

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

(Convenience translation of the report and the consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Unless otherwise stated the amounts are in TL)

1 ORGANIZATION AND OPERATIONS OF THE GROUP

Netaş Telekomünikasyon A.Ş. (the "Company") and its' subsidiaries (together the "Group") is an incorporated company, registered in Istanbul. The Company is engaged in the manufacture and trade of telecommunication equipment, project installation services, technical support, repair and maintenance services, IT services, strategic outsourcing services, implementation activities, and associated services. The shares of the Company are quoted on the Borsa Istanbul ("BIST") since 1993. The former headquarter which is registered at Yenişehir Mah. Osmanlı Bulvarı No: 11 34912 Kurtköy-Pendik/İstanbul.

The Group works with major clients such as Aselsan Elektronik Sanayi ve Ticaret A.Ş., Türk Telekomünikasyon A.Ş., Vodafone İletişim Hizmetleri A.Ş., TT Mobil İletişim Hizmetleri A.Ş., Turkcell İletişim Hizmetleri A.Ş., service providers, corporate and governmental institutions in Turkey, to provide communications solutions and the infrastructure needed for modern communication systems. The Company is also engaged in research and development and provided design and development services to the foreign customers as well as to local customers.

Netaş Bilişim Teknolojileri A.Ş. ("Netaş Bilişim") which is the %100 subsidiary of the Group offers industrial solutions, system integration, outsourcing, support services, network solutions and consultancy services to its domestic customers. Netaş Bilişim founded in 1989, also provides value added solutions to international customers in Kazakhstan, Azerbaijan, Algeria with strategic business partnerships.

BDH Bilişim Destek Hizmetleri San. Tic.A.Ş. ("BDH") founded in April 2006 to provide consultancy, strategic outsourcing, hardware, technical and support services and service solutions in the field of information technologies.

The Company established Netas Telecom Limited Liability Partnership as a "Limited Liability Partnership" on 25 June 2012 in Almaty, Kazakhstan, with a founding capital of 161,800 Tenge (approximately US\$ 1,100), fully owned by the Company.

An agreement was reached between Lütfi Yenal, one of the partners of the company and Kron Telekomünikasyon A.Ş., for the purchase of 10% of Group A shares representing the company capital for a price of 1.700.000 TL, and %10 share transfer was realized.

In the decision of the Board of Directors dated 29 April 2022, it was decided to sign the Share Purchase and Sale Agreement to sell all of 10% A Group shares in Kron Telekomünikasyon A.Ş. with a total nominal value of TL 1.426.852 to Zeynep Yenal Onursal for a share value of TL 36.5 and a total value of TL 52.080.098. Within the framework of the aforementioned Share Purchase and Sale Agreement, the share transfer was realized as of 29 April 2022, and the Group obtained a sales profit of TL 30.469.944 from the transaction and reflected it in the profit or loss statements (Note 3).

It was established in Malta through the establishment of a capital of 1,200 EUR (Netaş Telecommunications Malta Ltd.), fully owned by the Company, and its registration was completed on 4 November 2014.

As of 12 June 2018, the Group's contact office was established in Azerbaijan.

In our disclosure made on 5 March 2021, it was disclosed that, our Board of Directors decided to transfer all the shares of NetRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NetRD"), wholly owned by Netaş Bilişim Teknolojileri A.Ş., of which our Company is 100% shareholder, to MERA Switzerland AG which is a group company of US based Orion Innovation Group for USD 8.000.000 of equity value and net transaction value to be determined following closing agreements. Following the closing transactions related to sale, the share transfer was completed with a total value of USD 11.607.277. USD 3.607.277 was collected as of 6 May 2021. As a result of all these transactions, the Group achieved a profit of USD 4.802.776 (TL 35.429.117) from the sale of subsidiaries and reflected into profit or loss statements. This amount, which is shown in the item of income from investment activities, has been converted into TL by using three-month average rate between 1 January-31 March 2021. (Note 32).

The establishment of the Netas Telecommunications Algeria Sarl LLC, a joint venture company with 23.800.000 Algerian Dinars of share capital, has been registered and completed between the Company and Mohamed Karim Faraoun on 31 March 2019. The control of the management of this company, in which the Company owned 49% of the shares, belongs to Netas Telekomünikasyon A.Ş. in accordance with the agreement between the parties and therefore, Netas Telecommunications Algeria Sarl LLC is accounted with full consolidated method.

The Group's largest shareholder and the controlling shareholder is ZTE Cooperatief U.A. The capital structure of the Group is presented in Note 20.

As of 31 December 2022, the Group has no blue-collar employees (31 December 2021: None). The average number of white-collar personnel employed in the Group as of 31 December 2022 is 1.885 (31 December 2021: 2.171).

Approval of Consolidated Financial Statements

The financial statements were approved by the Board of Directors on 8 March 2022. The General Assembly has the right to change the interim consolidated financial statements.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 31 DECEMBER 2022

(Unless otherwise stated the amounts are in TL)

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

a) Statement of Compliance

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards Accounting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") together with the provisions of the communique of "Principles of Financial Reporting in Capital Market" issued by Capital Markets Board of Turkey ("CMB")'s dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations. TFRS are updated in harmony with the changes and updates in International Financial Reporting Standards ("IFRS") by the communiqués announced by the POA.

The consolidated financial statements are presented in accordance with the formats provided in Examples of Financial Statements and User guide issued by CMB and the TAS Taxonomy issued by POA.

The consolidated financial statements and explanatory notes of the Group are presented in accordance with the formats provided in Examples of Financial Statements and User guide published on 4 September 2022 by POA.

b) Basis of presentation of consolidated financial statements

The details of the Company's subsidiaries as of 31 December 2022 and 31 December 2021 are as follows:

	Place and establishment of operation	Group's shares in capital and voting rights	Main operating activities
Netaş Bilişim Teknolojileri A.Ş.	Turkey	%100	Consultancy of project installments and network solutions
BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş.	Turkey	%100	Technical supports and maintenance services
Netaş Telecom Limited Liability Partnership	Republic of Kazakhstan	%100	"Consultancy of project installment, design and technical support services"
Netaş Telecommunications Malta Ltd	Malta	%100	Supply of telecommunication equipment
Netas Telecommunications Algeria Sarl LLC (*)	Algeria	%49	Manufacture of small installation and electric lighting equipment

(*) The control of the management of this Company, in which the Company owned 49% of the shares, belongs to Netas Telekomünikasyon A.Ş. in accordance with the agreement between the parties and therefore, Netas Telecommunications Algeria Sarl LLC is accounted with full consolidated method.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the invested company/asset;
- is exposed, or has rights, to variable returns from its involvement with the invested company/asset; and
- could use its power that can have an impact on returns.

The Company reassesses whether it controls an invested company/asset if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In cases where the company does not have majority voting right over the invested company/ asset, it has sufficient voting rights to direct/manage the activities of the investment concerned and in case of control, there is control power over the invested company/asset. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company and other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Unless otherwise stated the amounts are in TL)

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

b) Basis of presentation of consolidated financial statements (Cont'd)

As of 31 December 2022, the Group has no associates. As of 31 December 2021 the details of associate of the Group are given below:

	Main Operating Activity	Acquisition Date	Acquired Share of Capital	Acquisition Amount
Kron Telekomünikasyon Hizmetleri A.Ş.	Information technology	28 Kasım 2013	%10	1.700.000 TL

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with TFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued.

The company uses the hierarchical consolidation method. In other words, the subsidiaries are first converted into the functional currency of the 'direct investing company' and consolidated in the functional currency of the Company, and then the conversion to the presentation currency is made as explained in item c) below. Translation differences from the functional currency of the subsidiaries to the functional currency of the Company, to the US Dollar, are presented under "other comprehensive income to be reclassified to profit or loss". Conversion differences that occur during the conversion of the consolidated financial statements prepared in US Dollars to TL, which is the presentation currency, are presented under "other comprehensive income that will not be reclassified in profit or loss". In the event of the sale of a subsidiary or associate, if there is a translation difference carried under "other comprehensive income to be reclassified to profit or loss", this amount is reclassified to the statement of profit or loss as part of sales profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate is recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

c) Functional Currency and Reporting Currency

The Company maintains its books of account in accordance with accounting principles set by Turkish Commercial Code ("TCC") and tax legislation. The subsidiary in foreign countries prepares their accounting and financial tables in their currency and according to the laws and regulations of their countries. Nevertheless, US Dollar (US \$) is the currency that the Group's operations are denominated and has a significant impact on the Group's operations. US \$ reflects the economic basis of events and situations that are important to the Group. In accordance with the analysis done by the Group's Management and current economical and operational conditions, the management has concluded that US \$ is the functional currency and TL is the reporting currency of the Group. The effect of the US dollar in reflecting the basic economic environment in which BDH is located in terms of market and operating elements has decreased, therefore, the change of the Company's functional currency from US Dollars to Turkish Lira has been taken into consideration on a Group basis. In line with the decision to make actual sales collections predominantly in Turkish Lira in 2022, the functional currency of BDH was permanently changed to Turkish Lira. In line with the developments mentioned above, the Company Management has decided to change the functional currency of the Company, which is currently US Dollar, to Turkish Lira within the scope of TAS 21 "Effects of Exchange Rate Changes". Consolidated financial statements are presented in TL, which is Netaş' presentation currency.

If the legal records are kept in a currency other than the functional currency, the financial statements are initially translated into the functional currency and then translated to the Group's presentation currency, Turkish Lira ("TL"). For the companies in Turkey that book legal records in TL, currency translation from TL to the functional currency USD is made under the framework described below:

- Monetary assets and liabilities have been converted to the functional currency with the The Central Bank of Turkish Republic (CBRT) foreign exchange buying rate.
- Non-monetary items have been converted into the functional currency at the exchange rates prevailing at the transaction date.
- Profit or loss accounts have been converted into the functional currency using the exchange rates at the transaction date, except for depreciation expenses.
- The capital is followed according to historical costs.
- The translation differences resulting from the above cycles are recorded in the financial income /expenses account group in the statement of profit or loss.
- For the preparation of the consolidated financial statements and the notes in accordance with TAS 21, consolidated financial statements are translated into US \$ by using rates as of the balance sheet date:
- Assets and liabilities have been translated to TL by using USD rate as of 31 December 2022 1 USD: 18,6983 TL (31 December 2021; 1 USD: 13,329 TL)
- Statements of profit or loss and statements of cash flows have been translated to TL by using yearly average exchange rate (1 USD: 16,5680 TL) for the period ended 31 December 2022 (for the period ended 31 December 2021 1 USD: 8,8969 TL).

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1 Basis of Presentation (Cont'd)

c) Functional Currency and Reporting Currency (Cont'd)

Gains and losses of translation differences mentioned above are accounted under Equity as currency translation differences. The amount of capital and legal reserves is shown on their legal amounts, all other equity items are kept at their historic TL values, and all the differences are accounted in the currency translation differences account.

The functional currency of Netaş Telecom Limited Liability Partnership, a subsidiary of the Company operating in Kazakhstan is Kazakhstan Tenge and included in the consolidated financial statements by converting into TL, the presentation currency of the consolidated financial statements. The functional currency of the Netas Telecommunications Algeria Sarl LLC, a subsidiary of the Company operating in Algeria, is Algerian Dinar and included in the consolidated financial statements by converting into TL, the presentation currency of the consolidated financial statements. The functional currency of Netas Telecommunication Malta Ltd., one of the subsidiaries of the Company operating in Malta, is European Euro, and it has been included in the accompanying consolidated financial statements by converting to TL, which is the presentation currency.

d) Adjustment of Financial Statements in High Inflation Periods

In the statement made by the Public Oversight Accounting and Standards Authority (KGK) on January 20, 2022, it was stated that businesses do not need to make any adjustments to their 2021 financial statements within the scope of TAS 29. On the other hand, no explanation has been made regarding the financial statements for the accounting period ending on 31 December 2022, whether adjustments will be made in the financial statements within the scope of TAS 29.

In this context, the application of inflation accounting is valid only for BDH, and since there is no consensus across the country, no inflation adjustment is expected in TFRS reports at the end of the year according to TAS 29.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. of the application required by TAS 29 throughout the country.

Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

2.2 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Group's consolidated financial statements have been prepared comparatively with the prior to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

The Group has reclassified trade payables to third parties amounting to TL 264.717, which was shown in the other provisions in the statement of financial position prepared as of 31 December 2021.

The Group has reclassified intangible assets amounting to 10.140.787, which was shown construction in progress of fix assets in the statement of financial position prepared as of 31 December 2021

2.3 Change in Accounting Policies

Accounting policy changes resulting from the first application of a new TFRS are applied retrospectively or prospectively in accordance with the transition provisions of that TFRS, if any. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and restate the prior period financial statements.

Changes in accounting estimates are applied prospectively in the current period when the change is made, if the change is related to only one period, and both in the period when the change is made and in future periods if it is related to future periods.

There has been no significant change in the accounting estimates of the Group in the current year.

2.4 Summary of Significant Accounting Policies

2.4.1 Revenue

The Group recognizes revenue when the control of an asset transferred (or transferring) to the customer or the service is rendered.

The Group, recognizes revenue when the control of an asset transferred (or transferring) to the customer, the asset has transferred if all criterias of account for a contract are met according to TFRS 15 The Group provides to customers design, equipment, installation, maintenance, guarantee, licence and other performance obligations. The Group provides these performance obligations individually or together in the contracts.

The group recognizes revenue to depict the transfer of promised goods or services to customers in over time or at a point of time.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.1 Revenue (Cont'd)

The Group accounts the performance obligations transferred over 3 months with the output method considering the value to the customer of the goods and services. When the Group use output method to recognize revenue, on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract have right to payment and revenue related to invoice is recognized. Accordingly, the Group uses the output method in such performance obligations.

When the period between the progress payments for the transfer of goods and services produced and the performance obligations made is longer than one reporting period, the group performs significantly in the period between the progress payments and the costs incurred are proportional to the progress made in the performance of the performance obligation while accounting for the performance obligations in such contracts. based input method is used for this performance obligations' revenue recognition.

Design Performance Obligation

Design is the output that for production the economic benefit for the customers. Customers can use it stand alone or together with other resources. Design performance obligation is stated explicitly or is an integral part of production in some contracts.

The Group stated that design is a separate performance obligation in contracts which the design expectation is explicitly stated and the intellectual rights and know-how is transferred. On the other hand, if the design is an integral part of the production process and the customer does not have a know-how transfer after delivery, the highly related and customized stage of the production process is regarded as a combined output as a production process and not considered as a separate performance obligation.

The customer has control over the design product as the design process continues. Additionally, design performance obligation is recognized at overtime due to the fact that the design is customer-specific and have no alternative use, and the Group has an enforceable right to payment for performance completed to date. Because of these criterias, in case of the Group can reasonably measure the progress towards complete satisfaction of design performance obligation, the revenue which is related with cost occurred in overtime is recognized by cost based input method.

The Group can provide a certain number of man / day service as determined by the R & D team and purchase orders that demanded from the customers. In this type of contracts, the design is evaluated as a separate performance obligation on behalf of the intellectual property rights of the design belong to customers. In such contracts, the best measuring progress method is specified as "Output Method"

Hardware Performance Obligation

Hardware performance obligation is committed in the contracts by its own or with system solution. Hardware performance obligation consists of products that the Group produces itself, as well as products that are supplied by other producers. Hardware integration can be a phase in a complex long term solution projects in which hardware is highly interrelated with installation or can be sold as stand-alone to the customers.

The Group recognized the hardware that are produced by its own or are sold as a phase in a complex and integrated Project as "overtime" for meeting the overtime criteria; the significant control in the integration process, no alternative use of the hardware of integration process, alternative use is restricted by the contract and the Group has an enforceable right to payment for performance completed to date.

Hardware which are more than one, produced afterwards and integrated and delivered are not concluded as separate performance obligations, but a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer are settled as single performance obligation. The Group recognizes revenue at a point of time of the hardware which are not produced by the Group or does not need a significant integration process. The Group recognizes revenue when the control, collection right and the legal ownership of the hardware are transferred to the customers.

Installation Performance Obligation

Installation performance obligation is committed in the contracts with the hardware or by its own. The Group provides installation services with the hardware sales together or provides installation service alone in accordance with customer requirements. The installation service can be obtained from other providers, or the customer can do it with its own facilities.

The group recognizes revenue for installation performance obligation at over time when the customer controls the process simultaneously. The Group recognizes revenue by cost with cost-based input method when it can reasonably measure the progress towards complete satisfaction of installation performance obligation.

When the customer does not have a significant control over installation process, and the Group has the collection right, the Group recognizes revenue at a point of time.

The Group accounts the installation performance obligation transferred less than 3 months with the output method considering the value to the customer of the goods and services. When the Group use output method to recognize revenue, based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract have right to payment and revenue related to invoice is recognized.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS(Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.1 Revenue (Cont'd)

Maintenance Performance Obligation

Maintenance performance obligation is committed in the contracts with the hardware or by its own. The maintenance is not related to the equipment at a high level, it is also negotiated separately in the contracts and the customer can buy the maintenance service from other providers or the Company can maintain the equipment by itself.

Maintenance service can be offered in three different ways according to customer demands: periodic maintenance regularly, maintenance services provided on an adhoc based on customer requirements, and maintenance services provided for a period agreed upon as a service level agreement (SLA).

Maintenance service is recognized at over time since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. In case of the Group can reasonably measure the progress towards complete satisfaction of maintenance performance obligation, the revenue which is related with cost occurred in overtime is recognized by cost-based input method.

At the same time, The Group recognizes revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract with output method. When the group accounts for ad hoc and periodic maintenance with output method, in case of the customer acquires the collection right for a certain amount that in line with the value of the customer for the completed performance, the Group recognizes the revenue to be billed. For the service level agreements (SLAs), the output method is used for measuring progress towards complete satisfaction, but the collection cost is not measured by invoicing, it is measured by the cost incurred.

The Group sells support packages, which is provided from third parties, with the hardware. In cases of the Group is not directly responsible for the performance in the support packages provided by third party, the Group acts as an "agent". The Group accounts for the service provider, who performs the performance of the contracts in which acts an agent, as the commission income in the consolidated financial statements, after paying the amount collected by the customer for the maintenance services.

The Group determined standalone selling price of maintenance performance obligation using cost plus margin method considering management's best estimate and experience, observable prices of similar types of contracts. When the sum of the stand-alone selling prices of promised goods or services in the contract exceeds the promised consideration, the Group allocates a discount proportionately to all performance obligations in the contract.

Warranty Performance Obligation

Warranty performance obligation is committed by the Group for its own production. In case of the customer has a purchase the warranty separately in other words and the warranty is separately priced and negotiated in the contracts, the warranty is evaluated as a different service and recognized as a separate performance obligation.

Warranty income is recognized when the customer obtains the control of the hardware and accepts it. In other words, each hardware's warranty begins after its delivery and the revenue is recognized after the delivery.

Warranty is recognized at over time since the customer controls as the asset is created or enhanced and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group recognizes revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract with output method.

Licence Performance Obligation

The Group sells licenses with three parties' contracts. In such contracts, the Group is acting as agent therefore the Group is not directly responsible for fulfilling the contract (e.g., license updates), the Group does not have inventory risk and the Group has restricted discretion in establishing prices. The Group recognizes the net amount after paying license fee to providers as commission income for the license contracts that the Group is acting as agent. License performance obligations' income is recognized as "a point of time" when the control of an asset is transferred.

Outsourcing and Support Services Performance Obligation

The Group provides outsourcing, support, and consultancy services in accordance with the customers' expectations. Outsourcing and some support and consultancy services are recognized at over time since the customer controls as the asset is created or enhanced and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

In case of the Group can reasonably measure the progress towards complete satisfaction of outsourcing and support services performance obligations, the revenue which is related with cost occurred in overtime is recognized by cost-based input method. In the case of the Group cannot reasonably measure the progress towards complete satisfaction, the Group recognizes revenue to the extent of the right to bill by output method.

The Group recognizes revenue at "a point of time" when the control is transferred for short-term support services and one-off consultancy services. The training services, which are in the goods and services, specified in the contracts and an integral part of production and integration, are recognized with "Input Method" with considering the total design, hardware, and training costs of the projects.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.1 Revenue (Cont'd)

Outsourcing and Support Services Performance Obligation (Cont'd)

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a "deferred revenue" when the payment is made or the payment is due (whichever is earlier). Deferred revenue is Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group defers associated costs until to deliver all contractual obligations and they are presented on the face of balance sheet under "Contract Assets and Liabilities" accounts.

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the contract as "unbilled receivables", excluding any amounts presented as a receivable. Unbilled receivables are an entity's right to consideration in exchange for goods or services that the Group has transferred to a customer. If the consideration is unconditional, it is recognized as "trade receivables".

Advance payments received on contracts, before corresponding works had been carried out, are booked in "Order Advances" account group under "Deferred Revenue". Costs incurred to date, adjusted by profits and losses recognized and progress billings, is determined on a contract-by-contract basis. If the amount is positive, it is included as asset under "unbilled receivables" under "Trade receivables" group.

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group expects to recover those costs.

In the long contracts exceeding one year, depending on the level of materiality, the stamp tax that is paid for the contract and is expected to recover is capitalized as "Contract Costs" throughout the term of the contract and is amortized by depreciation method. If the contract period or the redemption period of the asset, is one year or less, the stamp tax is recognized as an expense in the financial statements.

2.4.2 Inventories

Inventories are stated at the lower of cost and net realizable value and valued on monthly weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.4.3 Plant, Property and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment. Properties during construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.4.4 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.4 Intangible Assets (Cont'd)

Licenses

Lisanslar, tarihi maliyetleriyle gösterilir. Lisansların sınırlı faydalı ömürleri bulunmaktadır ve maliyet değerlerinden birikmiş amortismanlar düşüldükten sonraki tutarıyla gösterilirler. Lisanslar, beklenen faydalı ömürlerine göre doğrusal amortisman yönetimi kullanılarak itfa edilir.

Computer software

Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5-10 years).

Internally-generated intangible assets

Expenditure on research activities is recognized in the income statement in the period in which it is incurred. An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Computer software development costs recognized as assets are amortized over their estimated useful lives.

The useful life and depreciation method are regularly reviewed, and whether the depreciation method and duration applied are in line with the economic benefits to be obtained from the related assets.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

2.4.5 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.5 Impairment of tangible and intangible assets other than goodwill (Cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.4.6 Financial Instruments

Classification and Measurement

The Group classifies its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded, and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectation based on the macroeconomic indications

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make an irrevocable choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

Financial assets carried at fair value through profit or loss

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial investment" in the statement of financial position. The Group measures these assets at their fair values. Gains or losses from related financial assets, other than impairment and foreign exchange income or expenses, are recognized in other comprehensive income. In case the assets with fair value difference recognized in other comprehensive income are sold, the valuation difference recognized in other comprehensive income is transferred to retained earnings.

The Group accounts for expected credit losses in accordance with TFRS 9 that are expected to be equal to their expected life-time losses for their trade receivables, in cases where the trade receivables are not impaired for some reason with realized impairment losses. Expected credit loss provision is based on the Group's past credit loss experience and expected credit loss ratio as determined based on forward-looking macroeconomic indicators. Expected credit loss reversals are recorded in other operating income/ (expenses).

Financial liabilities

Financial liabilities are initially measured at fair value. During the initial measurement of financial liabilities other than fair value through profit or loss, transaction costs related to financial liability are included in the measurement of the fair value. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Credit risk

The Group has applied the simplified approach stated in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for a lifetime expected loan loss provision for all commercial receivables. To measure the expected credit loss, the Group first classifies its trade receivables by considering the characteristics of credit risk and credit risk. Expected credit loss ratios for each class of commercial receivables grouped using past credit loss experience and forward macroeconomic indicators were calculated and the expected credit loss provision was calculated by multiplying the determined ratio by the trade receivable totals.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.6 Financial Instruments (Cont'd)

Foreign currency risk

Due to its core business, the Group is subject to exchange rate volatility tied to the value change of foreign currencies. The Group's foreign currency risk for assets and liabilities has been disclosed in Note 29.

Liquidity risk

The Group is generally raising funds by liquidating its short-term financial instruments such as collecting its receivables and selling out securities. The Group's proceedings from these instruments generally approximates their fair values.

2.4.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

2.4.8 Effects of Change in Foreign Exchange Rates

The effects of change in foreign exchange rates on the financial statements have been disclosed in note 2 "Basis of Financial Statements" section 2.1.c "Functional and Reporting Currency". For the purpose of presentation of the consolidated financial statements as TL, balance sheet has been translated to TL by using Turkish Central Bank foreign exchange buying rates as of 31 December 2022 (1 USD = 18,6983 TL, 1 EUR = 19,9349 TL, 1 CAD = 13,7896 TL, 1 GBP = 22,4892 TL and 1 BDT = 0,1755 TL, 1 AZN=10,9373, 1 DZD=0,1356).

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

2.4.9 Earnings/ (Losses) per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned. In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.4.10 Subsequent Events

Non-adjusting matters after the reporting period are disclosed in the footnotes of the consolidated financial statements if they affect the economic decisions of users of the financial statements.(Note 31)

2.4.11 Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the 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 end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Provisions for executory contracts

In cases where the current estimated total project cost is higher than the expected revenue, the Group makes provisions for these economically executory contracts. Estimated project costs include unavoidable costs. The cost of fulfilling a contract consists of costs directly related to the contract. Costs directly related to the contract, variable costs incurred to fulfill the contract (for example, direct labor and materials cost), and amounts allocated from other costs directly related to fulfilling the contract (for example, for an item of property, plant and equipment used, inter alia, to fulfill the contract in question) the amount distributed from the depreciation expense allocated). Estimates may change as new information emerges in parallel with the progress of the project.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.11 Provisions, Contingent Liabilities and Assets (Cont'd)

Return provision

Within the scope of customer agreements, the obligation to refund is accounted for due to the obligation to return part or all of the price received from customers for products that have the right to return. The Group's return obligations stem from the customers' right to return. Liability is measured by the amount the Group expects to eventually return. The Group updates its estimates of repayment obligations at the end of each reporting period.

2.4.12 Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity

if that person:

- i) has control or joint control over the reporting entity;
- ii) has significant influence over the reporting entity; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment 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.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2.4.13 Reporting of Financial Information on Segment Basis

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments are affected from different kinds of economic and geographical conditions and managed as the sole authority. While assessing the performance of the operating segments, Group Management is focused on their gross and operating profit.

The Group evaluates the performance of 6 segments to determine resource allocation. The segments of the Group are system enterprise, public, international, technology, telecom and BDH.

2.4.14. Government Grants and Incentives

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group.

Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible and grants relating to capital assets are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated profit and loss statement on a straight-line basis over the expected lives of related assets.

Government grants are presented in the consolidated financial statements regardless of whether the grants are obtained in cash or by decreasing a liability to the government. Government grants are presented in Note 15.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.15 Taxes Calculated on Corporation Earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Tax expense from continues operation includes current year income tax expense and deferred income tax (expense) / benefit.

Current tax

Current year income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that expected to apply to the period when asset is realized, or the liability is settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

2.4.16 Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income. .

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.4.17 Statements of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing, and financing activities. Cash flows related to operating activities show the cash flows used and obtained by the Group in its activities. 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 financing activities show the resources used by the Group in financing activities and repayments of these resources.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.18 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.4.19 Leasing

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.
- Group has the right to direct the use of the asset throughout the period of use only if either:
 - a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
 - b) Relevant decisions about how and for what purpose the asset is used are predetermined
 - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above-mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group, and
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.19 Leasing (Cont'd)

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Group measures the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as lessor

The Group does not have any activity as the lessor.

2.5 Significant Accounting Estimates, Judgements and Assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and the assumptions underlying the estimates are constantly reviewed. Updates in accounting estimates are recorded in the period when the estimates are updated and in subsequent periods affected by these updates.

Estimation uncertainties that have a significant effect on the amounts recorded in the consolidated financial statements are explained in the notes below:

- Note 7,29 Trade receivables: Estimations and accounting judgments regarding to collectability of receivables. Trade receivables and payables: The Group allocates provision for doubtful receivables for the estimated losses caused by the inability of its customers to make the necessary payments. The Group calculates provision for doubtful receivables according to the prospective credit loss model. In this context, the loss is weighed according to the probabilities of realization and it evaluates how economic factors affect the expected credit loss. The provision is revised periodically. The provision expense calculated for trade receivables is calculated over the percentages determined for the aging group in which the receivable is included and increasing as the receivables age.
- Note 9 Inventories: Estimations regarding to inventory provision. Inventories: When the net realizable value of the inventories falls below its cost, the inventories are reduced to their net realizable value and charged to the income statement in the year in cost. It also requires significant judgment whether inventories are unsaleable. According to the calculations based on the judgments and estimations of the Group Management, since the net realizable value of the inventories fell below its cost, a portion of the inventories was reduced to their net realizable value.
- Note 12,13 Property, plant and equipment and intangible assets: If there is an indication of impairment of tangible and intangible assets, an impairment test is performed. In particular, in the analysis of intangible assets impairment, the actions taken by other market members and technological developments in the current period are taken into account. Assumptions on the balance sheet date, which have a certain risk that may cause significant adjustments to assets and liabilities in the next reporting period and are related to the future period, and sources of calculation uncertainty are explained below. In case of an indication of impairment, the Group determines whether there is impairment in property, plant and equipment by calculating the recoverable amount. This requires calculating the value in use of the cash-generating unit. Calculating the value in use requires the Group to calculate the estimated cash flows expected to be received in the future period of the cash generating unit and determine the appropriate discount rate to be used in calculating the present value of these cash flows.
- Note 13 Goodwill: Estimations regarding to impairment of goodwill. Goodwill: The assumptions used by the Group during the impairment test of goodwill have been disclosed. The group determines the useful life of an asset by considering the estimated useful life of that asset. This assessment is based on the Group's experience with similar assets. The Group also considers additional impairment in case the assets become technically or commercially unusable as a result of changes and developments in the market. The useful lives used by the Group are based on the judgment of Group Management and are disclosed in notes 12 and

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Estimates, Judgements and Assumptions (Cont'd)

- Note 16 Provisions: Estimations regarding to provision amounts. Provisions, contingent assets and liabilities: The Group has become a party to multiple investigations, examinations and lawsuits, both as defendant and plaintiff, within the scope of its ordinary activities during the period. All these investigations, investigations and lawsuits were evaluated by the Group Management in TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and reflected in the consolidated financial statements or footnotes. Future results of these investigations, investigations and litigation may differ from the Group's assessments. As a result of the evaluations made under the current conditions as of the reporting date, the Group Management is of the opinion that the necessary information is presented in the accompanying consolidated financial statements in order to ensure that appropriate accounting criteria and measurement principles are applied to provisions, contingent liabilities and contingent assets, and that financial statement users understand their characteristics, timing and amounts.
- Note 21 Revenue and cost of sales: Estimation of revenue and cost based on project based analysis. Sales and cost of sales: The percentage project completion rate method is used in the accounting of project contracts, and since the ratio of the contract expense realized until a certain date to the estimated total cost of the contract is calculated, the total estimated costs and project profitability of the projects are determined within the scope of TFRS 15, and the loss provision is calculated for the projects that are expected to end with a loss.
- Note 26 Tax Assets and liabilities: The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between its tax base financial statements and its financial statements prepared in accordance with TFRS. Group companies have deferred tax assets consisting of R&D incentives that can be deducted from future profits. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, the expiry dates of future profit projections, losses in current periods, unused losses and other tax assets and tax planning strategies that can be used when necessary are taken into consideration. In this context, profit estimations were made according to the Group's 5-year business plan. In these estimations, the focus is on new technology products and solutions with higher profit margins in 5 technology areas determined as the target areas in system integration, and domestic and national R&D solutions in the field of Defense, Telecommunication and Transportation, which are determined as strategic sectors. In line with these determined strategies, it is foreseen that the gross profit margin level will continue to increase throughout the business plan period, and it is aimed to reduce operational expenses and financial expenses with the measures taken. As a result of the evaluation, as of December 31, 2022, there is an R&D incentive amounting to TL 2.026,880,949 within the framework of the Law No. 5746 on Supporting Research and Development Activities, which has been concluded that the temporary differences arising from tax deductions can be foreseen and that the right to tax deduction can be utilized within the period during which the tax deduction right can continue. A deferred tax asset was recognized over the R&D incentive of TL 1,743,342,214. The Group has calculated a deferred tax asset over the corporate tax deduction arising from the R&D incentives that it has not used (Note 26). R&D incentives that have been qualified but not yet used have an indefinite lifespan.

2.6 The New Standards, Amendments, and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 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 at 1 January 2022 are as follows:

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The Group disclosed the impact of the amendments on financial position or performance of the Group in Note 16.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 The New Standards, Amendments, and Interpretations

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 Group will wait until the final amendment to assess the impacts of the changes.

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. 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. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. 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 Group is in the process of assessing the impact of the amendments on 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, the 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 issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. 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.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6 The New Standards, Amendments, and Interpretations (Cont'd)

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 Group is in the process of assessing the impact of the amendments on financial position or performance of the Company.

iii) Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities*: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements*: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The Group is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Group.

2.7 Going Concern

As of 31 December 2022, the financial statements have been prepared on the basis of going concern. As of 31 December 2022, current assets of the Group are amounting to TL 3.196.676.305 and short term liabilities of the Company are amounting to TL 4.012.878.974, short term liabilities exceeded current assets TL 816.202.669. Besides the current period loss of the Group is TL 30.567.570 and accumulated loss is TL 675.821.374.s.The plans and measures of the Group management regarding this situation are given below;

The Group has implemented many measures in order to increase its operational profitability and reduce its financial expenses throughout 2022, some of these measures are focusing on new technology products and solutions with higher profit margins in 5 technology areas determined as target areas in system integration, Defense determined as strategic sectors. Focusing on domestic and national R&D solutions in the field of Telecommunication and Transportation, not taking projects with high financial and operational risks, not taking projects with high financing needs and currency risk, and saving on operational expenses. Relevant measures are continued in 2023 as well.

The Group's newly received orders continued to grow in 2022, and the total amount of orders received in 2022 increased by 84% compared to the same period of the previous year and reached TL 4.2 billion. As of the end of 2022, the Group's registered orders for future periods grew by 53% to reach TL 2.2 billion. The profit margin ratio for the new orders received by the Group in 2022 has increased significantly compared to the total realizations of 2021. On the other hand, the Group expects this increase to continue to increase in the orders to be received throughout 2023.

As the effect of the pandemic started to pass, the high profitability of the newly received orders compared to the orders of the previous years; will be the key driver of positive operating profitability and positive operational cash flow generation.

Actions were taken to reduce operational expenses, and the operating expenses for 2022 shrank in USD terms. The downsizing target continues in 2023 as well.

On the other hand, the Group has not had any problems in the payment of its loans in the past, anticipates that it will not face any payment problems in 2023 and the following years, and thinks that existing bank loans can be renewed in line with its cash needs. On the other hand, the Company management aims to reduce the total indebtedness in the next 12 months.

The financial statements do not contain any adjustments regarding the realizable values of the assets and the classification of their carrying values, or the amounts or classification of the liabilities that may arise if the Group cannot continue on a going concern basis. The Group does not foresee any disruption in meeting these short-term liabilities. It is planned to close the mentioned difference from the incomes that the Group will obtain within the year following the reporting period and with various financing methods in case of need.

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2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.7 Going Concern (Cont'd)

With the Communique of Ministry of Commerce regarding the regulation on loss of capital and excess of liabilities over assets in relation to Article 376 of Turkish Commercial Code numbered 6102, it has been decided that, unrealized foreign exchange losses incurred from the foreign exchange based financial liabilities which are not yet fulfilled can be excluded on the calculation of loss of capital and excess of liabilities over assets. With the amendment made dated on 26 December 2020 in the provisional article 1 of the Communique on the Procedures and Principles regarding the implementation of Article 376 of the Turkish Commercial Code, until 1 January 2023, in calculations regarding capital loss or being insolvent, all of the exchange difference losses arising from foreign currency liabilities that have not yet been performed. With the change made on 8 November 2022, the date of 1 January 2023 was changed to 1 January 2024. It has been arranged that half of the total of the expenses, depreciation and personnel expenses incurred 2020 and 2021 from leases may not be taken into account. In relation to this regulation, it is calculated that, unrealized foreign exchange losses recognised under retained earnings/(losses) amounting to TL 1.341.488.816 and recognised under consolidated statement of profit or loss amounting to TL 37.088.607, in total amounting to TL 1.378.577.423 will be excluded on the calculation of loss of capital and excess of liabilities over assets by adding back to the total equity. Accordingly, there is no existence of either issue of loss of capital or excess of liabilities over assets for the Group. The Group has been taking the necessary actions maintain its operations in a healthy financial structure within the framework of proactive approach.

3 FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

As of 31 December 2022 and 31 December 2021, the details of financial investments and investments accounted for using the equity method are as follows:

	31 December 2022	31 December 2021
Kron Telekomünikasyon Hizmetleri A.Ş.	-	8.621.337
Private Investment Capital Fund	25.360.786	17.926.217
TOTAL	25.360.786	26.547.554

Associates

Details of significant associate:

As explained in Note 2, in the decision of the Board of Directors dated 29 April 2022, it was decided to sign the Share Purchase and Sale Agreement to sell all of 10% A Group shares in Kron Telekomünikasyon A.Ş. with a total nominal value of TL 1.426.852 to Zeynep Yenel Onursal for a share value of TL 36.5 and a total value of TL 52.080.098. Within the framework of the aforementioned Share Purchase and Sale Agreement, the share transfer was realized as of 29 April 2022, and the Group obtained a sales profit of TL 30.469.943 from the transaction and reflected it in the profit or loss statements. (Note 24)

Selling Price	52.080.098
Affiliate amount on the date of sale	8.610.621
Profit	43.469.477
Currency translation difference reclassified as profit or loss	(12.999.534)
Net Profit	30.469.943

31 Aralık 2021 tarihi itibarıyla Grup'un önemli iştirakinin detayı aşağıdaki gibidir:

	Main Operating Activity	Acquisition Date	Acquired Share of Capital	Acquisition Amount
Kron Telekomünikasyon Hizmetleri A.Ş.	Information technology	28 Kasım 2013	%10	1.700.000 TL

The summary financial information of Kron Telekomünikasyon Hizmetleri A.Ş. is explained below. The summary of associate's financial information derived from financial statements prepared in accordance with TFRS and presented in TL.

Kron Telekomünikasyon A.Ş. traded in BIST. As of 31 December 2021, the transaction price of the shares is 36.76 TL/share, respectively. The current value of the shares held by the Group, calculated over this price, is TL 52.451.053 as of 31 December 2021.

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3 FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (Cont'd)

Associates (Cont'd)

	31 December 2021
Current assets	99.732.161
Non-current assets	58.450.463
Short term liabilities	69.137.751
Long term liabilities	8.843.456
Net assets	80.201.417
Goodwill carried over at the group level	601.195
Share of the Group in net assets	8.020.142
Total	8.621.337
	1 January 2021-31 December 2021
Revenue	84.439.676
Cost of sales (-)	(12.834.070)
Net profit	35.080.099
Other comprehensive expenses	(14.393.800)
Total comprehensive income	20.686.299
Share of the Group in total comprehensive income	2.068.630

The movement of acquisition balance arising from Kron is given below;

	2022	2021
As of 1 January	8.621.337	11.507.883
Share from the profit of the period	317.606	3.508.010
"Defined benefit plan remeasurement gains /(losses)"	13.585	(41.911)
Selling of Associate	(8.610.621)	-
Currency translation difference	(341.907)	(6.352.645)
As of 31 December	-	8.621.337

Financial Investment Funds

The fair values of the investments in private equity ventures are determined over the net equity values determined on the basis of the fair value of the underlying asset determined by independent valuation experts.

The movement table of the Group's investments as of 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
1 Ocak tarihi itibarıyla bakiye	17.926.217	6.837.555
Gerçeğe uygun değer artışları	189.037	3.678.165
Yabancı para çevrim farkları	7.245.532	7.410.497
31 Aralık tarihi itibarıyla bakiye	25.360.786	17.926.217

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4 SEGMENT REPORTING

Within the framework of the strategy of providing an integrated information and technology service and products, the Group divides its main business segments into four operating segments, namely "Telecom", "System Integration", "Technology" and "BDH", in order to ensure economic integrity. Activities are segmented so that Group Management can evaluate performance and decide on resource allocation, and each section is reviewed regularly. The decisionmaking authority regarding the activities of the Group is the Board of Directors.

The main activities of the Telecom segment are providing services and selling product to mobile operator companies.

The line of business followed in the system integration segment is system integration services to public and private sector organizations. In addition to these services, software licenses and hardware that the Group distributes are sold.

In the activities of the technology segment, services are provided for technological development and improvements for digital transformation of corporate and public institutions.

In the BDH segment, it provides consultancy, strategic outsourcing, hardware and support services to small-scale companies, large corporations and public institutions in the field of information technologies.

There are six business segments containing information that Group Management evaluates performance and uses to decide on resource allocation. The following table shows the information about each segment. The operational profit and breakdowns below are regularly considered in evaluating the performance of segments. To reach the operating profit/ loss amount used to evaluate the performance of the segment, other income and expenses from operating activities are deducted from the consolidated operating profit/ loss amount presented in the consolidated financial statements. Operating profit/loss is not a measure of financial performance defined in TFRS and may not be comparable to similar indicators defined by other companies. Since the company management does not monitor the company's performance according to geographical segments, reporting is not given according to geographical segments.

For the period ended 31 December 2022	Telecom	System Integration	Technology	BDH	Unallocated	Total
Revenue	1.259.243.722	2.347.798.152	-	404.511.754	-	4.011.553.628
Cost of sales (-)	(1.151.552.976)	(2.127.398.915)	-	(345.276.469)	-	(3.624.228.360)
Gross margin	107.690.746	220.399.237	-	59.235.285	-	387.325.268
Sales,marketing and distribution expenses (-)	(44.207.212)	(72.902.655)	-	(33.875.200)	-	(150.985.067)
General administrative expenses (-)	-	-	-	-	(161.566.947)	(161.566.947)
Research and development expenses (-)	-	-	(6.557.959)	-	-	(6.557.959)
Operating profit / (loss) of segment	63.483.534	147.496.582	(6.557.959)	25.360.085	(161.566.947)	68.215.295

For the period ended 31 December 2021	Telecom	System Integration	Technology	BDH	Unallocated	Total
Revenue	748.673.680	1.301.065.012	25.768.452	220.842.440	-	2.296.349.584
Cost of sales (-)	(688.206.043)	(1.578.221.531)	(57.003.858)	(237.093.670)	1.333.974	(2.559.191.128)
Gross margin	60.467.637	(277.156.519)	(31.235.406)	(16.251.230)	1.333.974	(262.841.544)
Sales,marketing and distribution expenses (-)	(35.605.426)	(45.981.876)	-	(28.018.725)	251.835	(109.354.192)
General administrative expenses (-)	-	-	-	-	(107.506.666)	(107.506.666)
Research and development expenses (-)	-	-	(14.707.778)	-	-	(14.707.778)
Operating profit / (loss) of segment	24.862.211	(323.138.395)	(45.943.184)	(44.269.955)	(105.920.857)	(494.410.180)

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4 SEGMENT REPORTING (Cont'd)

31 December 2022	System				Unallocated ^(*)	Total
	Telecom	Integration	Technology	BDH		
Trade receivables	719.243.945	1.086.626.248	-	73.863.692	1.091.952	1.880.825.837
Due from related parties	70.128.043	-	-	-	-	70.128.043
Inventories	169.610.229	237.223.842	-	18.437.072	285.051	425.556.194
Contract assets	385.366.586	55.256.630	-	-	-	440.623.216
Segments assets	1.344.348.803	1.379.106.720	-	92.300.764	1.377.003	2.817.133.290
Trade payables ^(*)	59.664.328	1.015.383.009	-	83.211.992	65.030.013	1.223.289.342
Due to related parties	757.233.720	-	-	-	-	757.233.720
Contract liabilities	127.679.378	323.861.236	-	151.421	-	451.692.035
Other short term provision	7.399.544	80.277.520	-	-	12.738.590	100.415.654
Segment liabilities	951.976.970	1.419.521.765	-	83.363.413	77.768.603	2.532.630.751

31 December 2021	System				Unallocated ^(*)	Total
	Telecom	Integration	Technology	BDH		
Trade receivables	479.539.242	816.204.121	342.124	35.151.763	848.885	1.332.086.135
Due from related parties	16.530.090	-	-	-	-	16.530.090
Inventories	183.103.048	186.597.921	2.153.219	7.777.958	-	379.632.146
Contract assets	37.136.737	517.333.476	-	17.691.214	-	572.161.427
Segments assets	716.309.117	1.520.135.518	2.495.343	60.620.935	848.885	2.300.409.798
Trade payables ^(*)	162.476.057	762.096.948	861.975	79.915.801	136.522.720	1.141.873.501
Due to related parties	457.540.058	-	-	-	-	457.540.058
Contract liabilities	92.028.083	260.272.053	2.323.799	1.177.739	1.025.645	356.827.319
Other short term provision	-	206.952.345	-	-	13.508.670	220.461.015
Segment liabilities	712.044.198	1.229.321.346	3.185.774	81.093.540	151.057.035	2.176.701.893

^(*)Unallocated trade payables are comprised of as rent, trade payable, inventory insurance, consultancy etc.

Reconciliation of (loss) before tax, assets, liabilities, and other material items:

	For the period ended 31 December 2022	For the period ended 31 December 2021
Operating (loss) of segment	68.215.295	(494.410.180)
Other (expenses)/income from operating activities (net)	(119.031.189)	(262.167.387)
Other (expenses)/income from investments (net)	30.751.732	36.479.702
Income from investments accounted using the equity method	317.606	(823.495)
Finance (expenses)/income (net)	(63.873.703)	94.525.453
(Loss) before tax	(83.620.259)	(626.395.907)

Assets	31 December 2022	31 December 2021
Segment assets	2.817.133.290	2.300.409.798
Other assets ^(*)	1.362.685.076	1.366.517.048
Total assets	4.179.818.366	3.666.926.846

Liabilities	31 December 2022	31 December 2021
Segment liabilities	2.532.630.751	2.176.701.893
Other liabilities ^(*)	1.629.495.856	1.454.816.677
Total liabilities	4.162.126.607	3.631.518.570

^(*) Other assets consist of items such as unallocated cash, tax assets and prepaid expenses, as well as items such as tangible and intangible assets, right-of-use assets and goodwill that are benefited equally by all segments. Other liabilities consist of items such as unallocated bank loans, tax liabilities, payables from lease transactions, personnel payables and provisions.

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5 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Bank- demand deposits	143.830.315	497.486.000
Bank- time deposits	76.300.000	44.484.727
Credit card receivables	220.130.315	541.970.727

Currency	Original Currency Amount	Interest Rate %	Maturity	31 December 2022
TL	76.300.000	12,00	Ocak 2023	76.300.000
				76.300.000

Currency	Original Currency Amount	Interest Rate %	Maturity	31 December 2021
USD	89.000	6,00	Ocak 2022	1.186.281
TL	43.298.446	4,75-25,50	Ocak 2022	43.298.446
				44.484.727

As of 31 December 2022, and 31 December 2021 there are no restriction / blockage on bank accounts.

6 BORROWINGS

	31 December 2022	31 December 2021
Short term financial liabilities		
Short term unsecured loans	1.093.165.025	929.999.574
Financial borrowing from factoring transactions	38.345.150	178.907.115
Non interest loans ^(*)	-	7.056.333
	1.131.510.175	1.115.963.022

^(*)Non-interest-bearing unsecured spot loans consist of loans related to import taxes and SSP and their original currencies are TL.

As of 31 December 2022, effective interest rate for TL loans is 17,06%, and effective interest rate for USD loans is 8,1%. (As of 31 December 2021, effective interest rate for TL loans is 16,11%, effective interest rate for USD loans is 5,08, effective interest rate for EUR loans is %3,55)

As of the details of short-term unsecured loans of the Group are given below:

Currency	Original Currency Amount	Interest Rate (%) ^(*)	Maturity	31 December 2022
TL	618.204.570	14,75-25,30	January 2023- December 2023	618.204.570
USD	25.401.264	4,90-13,25	January 2023-July 2022	474.960.455
				1.093.165.025

Currency	Original Currency Amount	Interest Rate (%) ^(*)	Maturity	31 December 2021
TL	334.237.975	9,0-20,0	January 2022- February 2023	334.237.975
USD	35.829.509	3,4-5,85	January 2022-February 2022	477.571.526
EURO	7.834.057	2,35-4,75	January 2022	118.190.073
				929.999.574

^(*) Presents the lower and upper rates.

The detail of financial borrowing from factoring transactions of the Group is given below:

Currency	Original Currency Amount	Interest Rate (%) ^(*)	Maturity	31 December 2022
TL	34.881.064	28,00-35,50	January 2023- May 2023	34.881.064
USD	185.262	13,50	January 2023	3.464.086
				38.345.150

Currency	Original Currency Amount	Interest Rate (%) ^(*)	Maturity	31 December 2021
USD	13.422.396	6,0-8,7	June 2022	178.907.115
				178.907.115

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6 BORROWINGS (cont'd)

	31 December 2022	31 December 2021
Short-Term Portion of Long-Term Financial Liabilities		
Short-Term Portion of Long-Term Unsecured Bank Loans	61.218.489	12.919.150
Short-Term Portion of Long-Term Lease Liabilities	96.094.322	67.940.819
	157.312.811	80.859.969

The detail of short-term portion of long-term unsecured bank loans of the Group is given below:

Currency	Original Currency Amount	Interest Rate(%)^(*)	Maturity	31 December 2022
TL	61.218.489	9,00-14,75	February 2023-April 2023	61.218.489
				61.218.489

Currency	Original Currency Amount	Interest Rate(%)^(*)	Maturity	31 December 2021
TL	12.919.150	9,00-10,00	December 2021	12.919.150
				12.919.150

The details of long-term unsecured loans of the Group are given below:

	31 December 2022	31 December 2021
Long term financial liabilities		
Long term lease liabilities	65.409.415	47.100.834
Long term unsecured loans	-	13.817.167
	65.409.415	60.918.001

Currency	Original Currency Amount	Interest Rate(%)^(*)	Maturity	31 December 2021
TL	13.817.167	9,00-10,00	-	13.817.167
				13.817.167

^(*) Presents the lower and upper rates.

As of 31 December 2022 and 31 December 2021, the Group has a letter of guarantee of USD 5,000,000 given for bank loans.

The movement of banks loans and financial borrowing from factoring transactions of the Group is given in the table below. Cash flows arising from the borrowings of the Group are classified under the cash inflows/ outflows arising from financing activities in the consolidated statement of cash flows.

	2022	2021
Opening-1 January	1.142.699.339	526.499.281
Cash inflow under within borrowings received	1.562.114.965	1.316.876.199
Cash pouflow under within borrowings received	(1.742.478.637)	(770.411.281)
Interest accruals changes	(15.636.375)	(29.491.487)
Currency translations changes	246.029.372	99.226.627
Closing-31 December	1.192.728.664	1.142.699.339

The reconciliation of the Group's debts from lease transactions for the nine-month accounting periods ending on December 31, 2022 and 2021 is as follows:

	2022	2021
Opening-1 January	115.041.653	59.409.133
Additions	40.773.618	21.802.911
Interest expenses and foreign exchange loss on lease liabilities	17.005.820	20.500.321
Lease payments	(38.081.052)	(27.739.849)
Foreign Currency Translation Difference	26.763.698	41.069.137
Closing-31 December	161.503.737	115.041.653

As of December 31, 2022, liabilities arising from leasing transactions are in TL and consist of liabilities accounted with fixed rate borrowing interest rates, which vary between 14,81% and 31%. The maturity structure of debts arising from leasing transactions and the exchange rate risk carried over are presented in Note 23.

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7 TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Trade Receivables from Third Parties		
Trade receivables	2.107.866.896	1.502.504.348
Discount on trade receivables (*)	(26.288.669)	(26.922.675)
Allowances for doubtful receivables (-)	(200.752.390)	(143.495.538)
	1.880.825.837	1.332.086.135

(*) Trade receivables as of reporting date are accounted at amortized cost using the effective interest rate method.

	2022	2021
Movement of Allowance for Doubtful Receivables		
Reported as of 1 January	(143.495.538)	(76.357.553)
Charge for the period	(17.097)	(5.746.502)
Provision no longer required	911.119	503.023
Currency translation differences	(58.150.874)	(61.894.506)
As of 31 December	(200.752.390)	(143.495.538)

The provision for doubtful receivables allocated for trade receivables is determined based on the experience of non-collection of receivables and expected credit loss model.

	31 December 2022	31 December 2021
Trade Payables to Third Parties		
Trade payables	1.223.289.342	1.141.873.501
	1.223.289.342	1.141.873.501

8 OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other Receivables		
Receivable of tax return	2.119.706	1.596.316
Deposits and guarantees given	424.465	330.012
Other	581.311	975.187
	3.125.482	2.901.515

	31 December 2022	31 December 2021
Short Term Other Payables		
Taxes and duties payables	92.799.127	81.348.943
Other	597.183	425.700
	93.396.310	81.774.643

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9 INVENTORIES

Inventories are stated at their cost values and allocated the provision for impairment on inventories.

	31 December 2022	31 December 2021
Raw materials	101.289.497	90.074.269
Finished goods	39.537.456	47.390.287
Trade goods	271.994.517	274.244.621
Right of return assets	13.874.351	36.359.126
Allowance for inventory impairment (-)	(1.139.627)	(68.436.157)
	425.556.194	379.632.146

Movement table of provision for inventory impairment is as follows:

	2022	2021
Movement for allowance:		
Opening balance	(68.436.157)	(2.964.439)
Released for the year	86.784.634	-
Provision	(2.739.169)	(40.214.065)
Foreign currency translation difference	(16.748.935)	(25.257.653)
Closing balance	(1.139.627)	(68.436.157)

10 PREPAID EXPENSES

	31 December 2022	31 December 2021
Short term prepaid expenses		
Short term prepaid expenses	29.557.829	23.907.632
Advances given for inventories	39.950.265	12.823.749
	69.508.094	36.731.381

11 CONTRACT ASSETS AND LIABILITIES

Details of the contract assets are given below;

Customer	31 December 2022			31 December 2021		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Telecom	385.366.586	-	385.366.586	37.136.737	-	37.136.737
System Integration	55.256.630	-	55.256.630	517.333.476	-	517.333.476
Technology	-	-	-	-	-	-
BDH	-	-	-	17.691.214	-	17.691.214
Other	-	-	-	-	-	-
	440.623.216	-	440.623.216	572.161.427	-	572.161.427

Details of the contract liabilities are given below;

Müşteri	31 December 2022			31 December 2021		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Telecom	127.679.378	-	127.679.378	92.028.083	-	92.028.083
System Integration	323.861.236	-	323.861.236	260.272.053	-	260.272.053
Technology	-	-	-	2.323.799	-	2.323.799
BDH	151.421	-	151.421	1.177.739	-	1.177.739
Other	-	-	-	1.025.645	-	1.025.645
	451.692.035	-	451.692.035	356.827.319	-	356.827.319

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12 PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Total
Cost					
1 January 2022	484.272.315	402.153	44.441.552	132.463.853	661.579.873
Translation difference	174.816.542	46.576	12.044.335	45.162.979	232.070.432
Purchases	9.217.097	-	250.863	142.578	9.610.538
Disposals	(39.169.838)	-	(3.579.986)	(20.487)	(42.770.311)
31 December 2022	629.136.116	448.729	53.156.764	177.748.923	860.490.532
Accumulated Depreciation					
1 January 2022	(417.507.487)	(256.280)	(35.259.297)	(101.176.957)	(554.200.021)
Translation difference	(151.628.933)	(46.576)	(10.459.906)	(40.331.558)	(202.466.973)
Period charge	(21.785.660)	(56.475)	(2.624.073)	(16.389.252)	(40.855.460)
Disposals	38.409.675	-	3.037.441	4.026	41.451.142
31 December 2022	(552.512.405)	(359.331)	(45.305.835)	(157.893.741)	(756.071.312)
Net book value at 31 December 2022	76.623.711	89.398	7.850.929	19.855.182	104.419.220

As of 31 December 2022, depreciation charge is TL 40.855.460. TL 9.230.247 is accounted in cost of sales, TL 29.699.812 in general administrative expenses, TL 1.925.401 in sales, marketing, and distribution expenses.

The facility includes spare parts to be used in machinery and devices in the long term. The depreciation expense for spare parts is TL 4.112.025 and is completely included in general administrative expenses.

As of 31 December 2022, there are not any mortgage and financial leasing on property, plant and equipment.

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Total
Cost					
1 January 2021	270.918.613	397.627	31.993.436	86.158.219	389.467.895
Translation difference	207.045.626	324.395	26.100.769	70.289.285	303.760.075
Purchases	12.090.789	-	773.490	1.256.974	14.121.253
Disposals	(5.782.713)	(319.869)	(14.426.143)	(25.240.625)	(45.769.350)
31 December 2021	484.272.315	402.153	44.441.552	132.463.853	661.579.873
Accumulated Depreciation					
1 January 2021	(230.754.241)	(285.136)	(24.258.350)	(59.336.583)	(314.634.310)
Translation difference	(176.770.702)	(145.675)	(16.869.419)	(46.218.991)	(240.004.787)
Period charge	(11.658.754)	(38.977)	(2.072.120)	(9.226.410)	(22.996.261)
Disposals	1.676.210	213.508	7.940.592	13.605.027	23.435.337
31 December 2021	(417.507.487)	(256.280)	(35.259.297)	(101.176.957)	(554.200.021)
Net book value at 31 December 2021	66.764.828	145.873	9.182.255	31.286.896	107.379.852

As of 31 December 2021, depreciation charge is TL 22.996.261. TL. 228.866 is accounted in cost of sales, TL 21.635.887 in general administrative expenses, TL 1.131.508 in sales, marketing, and distribution expenses.

The facility includes spare parts to be used in machinery and devices in the long term. The depreciation expense for spare parts is TL 5.055.736 and is completely included in cost of sales.

As of 31 December 2021, there are not any mortgage and financial leasing on property, plant and equipment.

Tangible fixed assets are depreciated principally on a straight-line basis using the following rates:

	Useful Lives
Machinery and Equipment	10
Vehicles	5-10
Leasehold Improvements	5-10
Furniture and fixtures	5-15

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13 INTANGIBLE ASSETS

Goodwill

The shares transfer of "Netaş Bilişim Teknolojileri A.Ş." ("Netaş Bilişim") and its subsidiary BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş. ("BDH") was completed on 11 October 2011. With the acquisition of these shares, the Group has acquired Enterprise and BDH operating segments.

During the acquisition, fair value of the customer relations has been identified as a separable intangible asset. Further, a write-up is made on the inventory based on the mark-up margin on the inventory. The difference between the net amount transferred and the total fair value of the net assets acquired is recognized as goodwill.

Changes in goodwill between the acquisition date and the balance sheet date is presented below:

Cost	2022	2021
Opening Balance	244.295.352	134.537.477
Translation difference	98.409.110	109.757.875
Closing Balance	342.704.462	244.295.352

With the estimated statement of profit or loss and potential projects of the future and revenue streams of Enterprise and BDH segments covering the period between 1 January 2022 and 31 December 2026, a valuation report has been prepared.

A valuation report has been prepared for the determination of the value to be used in the testing of impairment of goodwill as of 31 December 2022. The valuation report has been prepared by an independent valuation company. Income approach has been applied in the valuation study of Enterprise and BDH segments. The present value of cash flows expected to be generated by the Company in the future is calculated by discounting cash flows today using a discount rate appropriate to the Company's risk profile.

The result of income approach and sensitivity analysis indicates that, the firm value of Enterprise and BDH segments is between USD 45 million and USD 57 million. Considering the Company's adjusted net debt level of USD 3.3 million as of the valuation date, the share value is estimated to be between USD 42 million and USD 54 million.

Considering the future cash flows of the Group, the Company Management concluded that there is no impairment in the goodwill amount as of 31 December 2022.

Significant assumptions used in discounted cash flow projections

The significant assumptions used in the calculation of recoverable amounts are discount rates and final growth rates. The after-tax discount rate was used in the valuation studies. The Weighted Average Cost of Capital rate used in the study is variable and 0,86 over the years since the tax rate will be changed during the projection period. Throughout the projection period, the company's debt / capital ratio is predicted to be 25% and a business risk premium of 1% has been considered in the WACC calculation.

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13 INTANGIBLE ASSETS (Cont'd)

Other Intangible Assets

	1 January- 31 December 2022			
	Customer Relations (*)	Other Intangible Assets (**)	Construction in Progress	Total
Cost				
Opening balance	142.189.000	504.348.507	10.140.787	656.678.294
Translation difference	57.277.771	178.874.710	2.346.388	238.498.869
Additions	-	350.377	-	350.377
Disposals	-	(24.334.487)	-	(24.334.487)
Transfers	-	12.487.175	(12.487.175)	-
Closing balance	199.466.771	671.726.282	-	871.193.053
Accumulated amortization				
Opening balance	(142.189.000)	(412.222.899)	-	(554.411.899)
Translation difference	(57.277.771)	(144.225.020)	-	(201.502.791)
Period charge	-	(23.156.834)	-	(23.156.834)
Disposals	-	24.081.636	-	24.081.636
Impairments	-	-	-	-
Transfers	-	-	-	-
Closing balance	(199.466.771)	(555.523.117)	-	(754.989.888)
Net book value	-	116.203.165	-	116.203.165

(*) The purchase of shares of Netaş Bilişim Teknolojileri Anonim Şirketi ("Netaş Bilişim") and its subsidiary The contractual customer portfolio amount is related to this purchase.

(**) Other intangible assets are included rights, computer software and licenses.

As of 31 December 2022, amortization charge is TL 23.156.834. TL 13.657.489 is accounted in cost of sales, TL 9.492.039 in general administrative expenses and TL 7.306 in sales, marketing and distribution expenses.

	1 January- 31 December 2021			
	Customer Relations (*)	Other Intangible Assets (**)	Construction in Progress	Total
Cost				
Opening balance	78.305.825	287.352.475	32.033.966	397.692.266
Translation difference	63.883.175	117.734.787	25.891.422	207.509.384
Additions	-	41.516.852	11.156.802	52.673.654
Disposals	-	-	(1.197.010)	(1.197.010)
Transfers	-	57.744.393	(57.744.393)	-
Closing balance	142.189.000	504.348.507	10.140.787	656.678.294
Accumulated amortization				
Opening balance	(72.432.888)	(173.463.133)	-	(245.896.021)
Translation difference	(62.637.927)	(97.810.541)	-	(160.448.468)
Period charge	(7.118.185)	(43.030.538)	-	(50.148.723)
Impairments	-	(97.918.687)	-	(97.918.687)
Transfers	-	-	-	-
Closing balance	(142.189.000)	(412.222.899)	-	(554.411.899)
Net book value	-	92.125.608	10.140.787	102.266.395

(*)The purchase of shares of Netaş Bilişim Teknolojileri Anonim Şirketi ("Netaş Bilişim") and its subsidiary The contractual customer portfolio amount is related to this purchase.

(**) Other intangible assets are included rights, computer software and licenses.

As of 31 December 2021, amortization charge is TL 50.148.723. TL 38.066.660 is accounted in cost of sales, TL 11.101.408 in general administrative expenses and TL 817.622 in sales, marketing and distribution expenses.

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13 INTANGIBLE ASSETS (Cont'd)

Other Intangible Assets (Cont'd)

Intangible fixed assets are amortized principally on a straight-line basis using the following rates, which amortize the assets over their expected useful lives:

	Depreciation Ratio (%)
Softwares	20
Customer Portfolio	10
Licenses	3-15
Rights	20

14 RIGHT OF USE ASSETS

According to TFRS 16, the Group includes the right to use and the lease obligation in its financial statements at the date when the lease begins. The right to use asset is initially measured at its cost and then measures at accumulated depreciation and accumulated impairment losses at the cost adjusted for re-measurement of the lease liability. The right of use asset was initially measured at its cost value and is measured at its fair value in accordance with the Group's accounting policies after the lease started.

As of 31 December 2022, and 2021 the movement table of the right of use assets is as follows:

	Buildings	Vehicles	Total
Cost			
1 January 2021	97.577.941	81.400.088	178.978.029
Translation difference	27.947.184	14.757.827	42.705.011
Additions	32.091.432	8.682.186	40.773.618
31 December 2021	157.616.557	104.840.101	262.456.658
Accumulated Depreciation			
1 January 2021	(59.626.294)	(51.420.486)	(111.046.780)
Translation difference	(20.707.615)	(10.500.992)	(31.208.607)
Additions	(18.980.346)	(12.824.891)	(31.805.237)
31 December 2021	(99.314.255)	(74.746.369)	(174.060.624)
31 Aralık 2022 Net Defter Değeri	58.302.302	30.093.732	88.396.034
Cost			
1 January 2021	58.951.108	35.420.256	94.371.364
Translation difference	35.201.627	27.602.127	62.803.754
Additions	3.425.206	18.377.705	21.802.911
31 December 2021	97.577.941	81.400.088	178.978.029
Accumulated Depreciation			
1 January 2021	(24.426.091)	(21.625.149)	(46.051.240)
Translation difference	(22.030.275)	(20.178.655)	(42.208.930)
Additions	(13.169.928)	(9.616.682)	(22.786.610)
31 December 2021	(59.626.294)	(51.420.486)	(111.046.780)
Net book value at 31 December 2021	37.951.647	29.979.602	67.931.249

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15 GOVERNMENT GRANTS

For the period ended 31 December 2022 the Group has received approved, well deserved and accrued incentive from TÜBİTAK TL 1.566.840 (31 December 2021: TL7.857.752)

The Group is qualified for the incentives and exemptions provided by Support of Research and Development Act, numbered 5746 effective from 24 November 2008.

As of 31 December 2022, the Group has a corporate tax benefit of TL 1.743.342.214 due to research and development disbursement and this amount has been transferred (As of 31 December 2021, the Group has a corporate tax benefit of TL 877.420.853 due to research and development disbursement and amount is not utilized by the year end). The Group has booked deferred tax assets for unused R&D tax benefit (Note 26). The unused tax advantages of the Group related to research and development activities has unlimited maturity.

For the period ended 31 December 2022, the amount of income tax incentive within the scope of Act numbered 5746 is TL 10.937.438 (31 December 2021: TL 12.921.557) and the total amount of social premium incentive within the scope of Act numbered 5746 and Social Security and General Health Insurance Act numbered 5510 is TL 14.434.715 (31 December 2021: TL 14.557.898).

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	31 December 2022	31 December 2021
Executory Contracts ^(*)	73.802.713	170.593.219
Provisions for return	13.874.351	36.359.126
Provision for legal cases	12.738.590	13.508.670
	100.415.654	220.461.015

^(*) The compulsory reasons created by the pandemic caused the Group's basic assumptions about the projects taken in the past to change. These changes, on the other hand, necessitated the expense of additional costs and similar provisions in previous projects. It has been evaluated within the scope of TAS 37 and a provision has been made for possible expenses.

For the year ended 31 December 2022, the Group has cash outflows of TL 1.706.215 for legal cases during the year (31 December 2021: TL 3.246.966).

	Executory Contracts ^(*)	Provision for returns	Provision for Legal Cases	Total
1 January 2022	170.593.219	36.359.126	13.508.670	220.461.015
Provision booked and released	(146.634.217)	(24.067.115)	5.338.797	(165.362.535)
Payments	-	-	(1.706.215)	(1.706.215)
Currency translations	49.843.711	1.582.340	(4.402.662)	47.023.389
31 December 2022	73.802.713	13.874.351	12.738.590	100.415.654

	Executory Contracts ^(*)	Provision for returns	Provision for Legal Cases	Total
1 January 2021	-	-	8.445.859	8.445.859
Provision booked and released	113.868.537	24.269.197	3.373.252	141.510.986
Payments	-	-	(3.246.966)	(3.246.966)
Currency translations	56.724.682	12.089.929	4.936.525	73.751.136
31 December 2021	170.593.219	36.359.126	13.508.670	220.461.015

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17 COMMITMENTS

Guarantee Letters Given

The Group's off-balance sheet commitments as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Guarantee letters given ^(*)	1.993.110.781	1.370.596.177
	1.993.110.781	1.370.596.177

^(*) The Group has no off-balance sheet commitments and contingencies in favor of subsidiaries which are fully consolidated as of 31 December 2022 and 31 December 2021.

The currencies of the letters of guarantees given are given below:

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2022	1.993.110.781	221.973.009	81.564.029	5.916.317

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2021	1.370.596.177	194.422.377	76.915.193	10.006.907

The off-balance sheet commitments and contingencies as of 31 December 2022 and 31 December 2021 are as follows:

Commitments, Pledges, Mortgages ("CPM") are given by the Company	31 December 2022	31 December 2021
A. Total amount of CPM is given on behalf of own legal personality	1.899.619.281	1.303.951.177
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	93.491.500	66.645.000
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	1.993.110.781	1.370.596.177

Guarantee Letters Received

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2022	20.459.829	2.368.513	967.538	-

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2021	18.057.797	3.534.081	967.538	107.870

Guarantees Given

According to the System Integration Agreement signed between fully consolidated subsidiary, Netaş Bilişim, and Cisco System International B.V., the Company agrees that all financial obligations will be jointly performed by the Company and Netaş Bilişim.

According to the contract between the Company and İGA Havalimanları İnşaatı Adi Ortaklığı Ticari İşletmesi, fully consolidated subsidiary and subcontracter named BDH, and its whole commitments are guaranteed by Netaş.

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18 EMPLOYEE BENEFITS

Employee Benefit Obligations:

	31 December 2022	31 December 2021
Social security payables	42.670.140	26.079.772
Payables to employees	580.401	192.334
	43.250.541	26.272.106

Short Term and Long Term Provisions for Employee Benefits:

	31 December 2022	31 December 2021
Short Term		
Provision for employee premiums	50.090.562	26.573.697
	50.090.562	26.573.697
Long Term		
Unused vacation provision	17.083.671	11.748.655
Provision for severance indemnity	66.376.541	35.512.436
Provision for retirement benefits	378.006	269.459
	83.838.218	47.530.550
Total		
Provision for employee premiums	50.090.562	26.573.697
Unused vacation provision	17.083.671	11.748.655
Provision for severance indemnity	66.376.541	35.512.436
Provision for retirement benefits	378.006	269.459
	133.928.780	74.104.247

An actuarial valuation was performed by an independent and authorized company for the Company's total liability for severance indemnity and retirement benefit as of 31 December 2022. Expected interest and service charges for 2022 have also been calculated by the actuarial firm. Expected service and interest charges will be amortized on a periodic basis during the year.

Severance Indemnity

Under Turkish Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The retirement pay provision ceiling at the respective balance sheet dates, is subject to a maximum of TL 15.371,40 per year as of 31 December 2021. (31 December 2021: TL 8.284,51). The provision for employee termination benefits is not funded, as there is no funding requirement.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income.

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18 EMPLOYEE BENEFITS (Cont'd)

Severance Indemnity (Cont'd)

The movement for severance indemnity provision is as follows:

	31 December 2022	31 December 2021
Present value of severance indemnity provision	66.376.541	35.512.436
Net liability in balance sheet	66.376.541	35.512.436
Current service cost	7.215.669	4.690.040
Interest cost	5.864.699	3.307.313
Extra payment or loss / (gain)	1.241.665	1.298.787
Period charge at 31 December	14.322.033	9.296.140
Movement for severance indemnity provision:	2022	2021
1 January	35.512.436	24.888.216
Period charge	14.322.033	9.296.140
Severance indemnity paid	(13.327.319)	(5.705.339)
Actuarial (gain)/ loss	29.869.391	7.033.419
31 December	66.376.541	35.512.436

The assumption calculated to determine present value of severance indemnity and retirement benefit provision as of 31 December 2022 and 2021 are as follows:

Assumptions	31 December 2022	31 December 2021
Annual inflation rate	7,50%	14,80%
Annual discount rate	10,96%	18,80%
Net discount rate	3,22%	3,48%

Provision for Employee Bonus and Unused Vacation

The movement for employee bonus provision is as follows:

Movement for employee bonus provision:	2022	2021
1 January	26.573.697	25.684.627
Period charge	50.746.030	30.593.264
Payments	(27.229.165)	(29.704.194)
31 December	50.090.562	26.573.697
Movement for unused vacation provision:	2022	2021
1 January	11.748.655	15.486.403
Period charge	10.687.102	3.892.241
Payments	(5.352.086)	(7.629.989)
31 December	17.083.671	11.748.655

19 OTHER ASSETS

Other Current Assets	31 December 2022	31 December 2021
VAT receivable	46.975.172	26.080.619
Personnel and business advances	244.707	239.248
Other	141.393	7.067.874
	47.361.272	33.387.741

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20 SHAREHOLDERS' EQUITY

Paid in Capital

Shareholding structure of Company as of 31 December 2022 and 31 December 2021 are as follows:

Name	Share Class	Capital Nominal Value (TL)	Capital Amount (Number)	Shareholding Ratio (%)
ZTE Cooperatief U.A.	A	23.351.328	23.351.328	36,00%
ZTE Cooperatief U.A.	B	7.817.023	7.817.023	12,05%
ZTE Cooperatief U.A. (Total)		31.168.351	31.168.351	48,05%
Türk Silahlı Kuvvetlerini Güçlendirme Vakfı	A	9.729.720	9.729.720	15,00%
Other Shareholders	B	23.966.729	23.966.729	36,95%
Total		64.864.800	64.864.800	100,00%

The capital of the company is TL 64.864.800 which is divided into 64.864.800 shares with a nominal value of TL 1 each. The share capital of the Company is fully paid

In accordance with the Capital Market Board Communiqué No. II-18.1 numbered Registered Capital System, the registered capital system of the Company has been expired due to the expiry date of the authorized capital ceiling (TL 300.000.000).

The shares of the company are divided into two groups, consisting of (A) and (B) group registered shares. 33.081.048 (thirty-three million eighty-one thousand and forty-eight) of these shares constitute the registered (A) group of shares, and 31.783.752 (Thirty-one million seven hundred and eighty-three thousand seven hundred and fifty-two) shares constitute the (B) group registered shares. The differentiation of the shares in (A) and (B) groups, does not give the owners any rights or privileges, except as provided in Articles 9 and 15.

The proportion of (A) group registered shares within the issued capital shall be maintained in capital increases. Pre-emptive rights of shareholders shall be exercised within the respective share groups.

(B) group registered shares can be freely transferred without being subject to any limitation or condition within the framework of Turkish Commercial Code ("TCC") and Capital Markets Legislation. However, concerning the transfer of (A) group registered shares the existing shareholders in Group (A) are entitled to preemptive rights which are required to be exercised within 30 days from the date of the offer for sale. Therefore, a shareholder wishing to transfer its shares, in full or in part, must first offer, in writing, to transfer its shares to the other shareholders in Group A in proportion to their respective shares, stating the price and other conditions for sale. If any shareholder, to whom the offer was made, declines to purchase the offered shares, such shares shall be offered to the other shareholders in proportion to their share ownership and this method will be pursued in the same manner until all shares are sold or rejected. Following the application of the above procedures, the transferor will be free to offer any rejected shares to third parties without restrictions provided that the price and other conditions of sale are no more favorable to the third party than the price and other conditions contained in the initial offer.

The required quorum for meetings and the required majority for resolutions of the shareholders at ordinary and extraordinary meetings shall be subject to the provisions of the TCC and Capital Markets legislation. However, resolution of the shareholders concerning amendments to the Articles of Association shall require the affirmative votes of the shareholders representing at least one half of the total number of shares within Group A.

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20 SHAREHOLDERS' EQUITY (Cont'd)

Share Capital Adjustments

According to CMB Decree No: XI-26 "Changes to CMB Decree No: XI-20 Accounting Principles in Hyperinflationary Periods", shareholders' equity is shown at their normal values in the financial statements and the account differences occurred in correction of shareholders' equity are shown under the "Foreign Currency Translation Adjustments" account.

According to Board of Directors decision on 5 April 2004 referring to the Annual General Meeting decision and related CMB Decrees, conversion differences within the meaning of the law, occurred in prior periods were net-off with accumulated losses. Equity Foreign Currency Translation Adjustments are shown in the consolidated statement of financial position under "Share Capital Adjustments" in the Shareholders' Equity.

Legal Reserves

Legal reserves are reserves appropriated from the profit of prior periods for certain purposes other than profit distribution or due to legal or contractual requirements. These reserves are shown in the amounts in the legal records of the Company, and the differences in the preparation of the consolidated financial statements in accordance with TFRS are associated with retained earnings.

The details of restricted reserves are as follows as of 31 December 2022 and 31 December 2021

	31 December 2022	31 December 2021
Primary legal reserves	11.997.507	11.997.507
Secondary legal reserves	22.899.853	22.899.853
Total	34.897.360	34.897.360

According to Turkish Commercial Code, legal reserves consist of primary and secondary legal reserves. The primary legal reserves, appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid in share capital. The secondary legal reserve is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash distribution.

As of 31 December 2022, the primary legal reserve amount of the group is 18% of the paid-in capital and there is no limit to the secondary legal reserve amount. These reserves can only be used to cover losses, to maintain the company in times when things are not going well, or to prevent unemployment and to mitigate the effects of such losses, unless they exceed half of the paid-in capital of the company.

Retained Earnings (Losses)

Retained earnings other than net period profit are presented in this item. The extraordinary reserves that are retained by the nature of their accumulated profit and are therefore not restricted, are also recognized as retained earnings.

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21 REVENUE AND COST OF SALES

The details of the Group's sales by geographies are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Net domestic sales	3.857.632.006	2.176.294.872
Net export	153.921.622	120.054.712
<i>United States</i>	13.098.944	28.429.995
<i>Asia</i>	122.547.054	56.197.804
<i>Africa</i>	15.182.917	17.640.870
<i>Europe</i>	3.092.707	17.786.043
Total net sales	4.011.553.628	2.296.349.584

The details of the Group's cost of sales are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Equipment expenses	2.515.947.307	1.416.737.744
Personnel expenses	543.811.187	410.826.225
Service/Support expenses	485.836.475	501.301.086
Depreciation and amortization expenses	38.983.750	51.123.095
Transportation expenses	11.563.992	9.912.414
Impairment of tangible assets	-	97.918.687
Impairment of provision in inventory	2.739.169	40.750.178
Other	25.346.480	30.621.699
	3.624.228.360	2.559.191.128

The distribution of the Group's sales according to the income types in the segments and the fulfillment times of the performance obligations is as follows:

	1 January-31 December 2022				
Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
Hardware performance obligation	1.110.141.107	620.520.119	-	-	1.730.661.226
Licence performance obligation	-	1.079.683.971	-	-	1.079.683.971
Maintenance performance obligation	49.818.410	294.611.195	-	404.511.754	748.941.359
Design performance obligation	55.211.611	47.531.629	-	-	102.743.240
Installation performance obligation	28.939.874	60.560.962	-	-	89.500.836
Other performance obligations	15.132.720	244.890.276	-	-	260.022.996
	1.259.243.722	2.347.798.152	-	404.511.754	4.011.553.628

Satisfaction of Performance Obligations:

At a point in time	1.209.425.312	2.049.016.289	-	404.511.754	3.662.953.355
Overtime	49.818.410	298.781.863	-	-	348.600.273
	1.259.243.722	2.347.798.152	-	404.511.754	4.011.553.628

	1 January-31 December 2021				
Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
Hardware performance obligation	568.173.887	283.485.073	-	-	851.658.960
Licence performance obligation	46.245.672	463.241.880	-	-	509.487.552
Maintenance performance obligation	37.693.037	326.017.116	-	220.842.440	584.552.593
Design performance obligation	20.425.905	78.025.920	25.768.452	-	124.220.277
Installation performance obligation	25.336.891	44.035.601	-	-	69.372.492
Other performance obligations	50.798.288	106.259.422	-	-	157.057.710
	748.673.680	1.301.065.012	25.768.452	220.842.440	2.296.349.584

Satisfaction of Performance Obligations:

At a point in time	736.851.396	1.057.198.031	25.768.452	220.842.440	2.040.660.319
Overtime	11.822.284	243.866.981	-	-	255.689.265
	748.673.680	1.301.065.012	25.768.452	220.842.440	2.296.349.584

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22 RESEARCH AND DEVELOPMENT, SALES, MARKETING AND DISTRIBUTION, AND GENERAL ADMINISTRATIVE EXPENSES

The details of research and development, marketing, sales and distribution and general administrative expenses are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Sales, marketing and distribution expenses	150.985.067	109.354.192
General administrative expenses	161.566.947	107.506.666
Research and development expenses	6.557.959	14.707.778
	319.109.973	231.568.636
Personnel expenses	178.690.605	139.850.017
Depreciation and amortization expenses	56.833.732	44.808.499
Software expenses	23.786.014	8.136.323
Consultancy, audit and legal expenses	21.095.897	15.196.262
Outsourced service expenses	6.032.744	5.126.836
Electricity,water and gas expenses	5.321.081	2.196.257
Severance indemnity and pension provision expenses	3.877.332	1.297.548
Personnel transportation expenses	3.641.657	1.694.134
Travel and meeting expenses	3.550.174	1.555.600
Communication expenses	3.033.605	2.599.247
Fair and advertising expenses	2.151.429	2.041.302
Private health insurance expenses	2.039.133	1.370.564
Cafeteria expenses	1.767.802	695.716
Other insures expenses	1.629.871	629.795
Training expenses	1.506.047	641.559
Maintenance expenses	1.495.817	1.342.936
Consumable material expenses	576.827	1.708.685
Other	2.080.206	677.356
	319.109.973	231.568.636

The breakdown of personnel and depreciation expenses in cost of sales, research and development, marketing, sales and distribution and general administrative expenses is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses:		
Cost of sales	543.811.187	410.826.225
Sales, marketing and distribution expenses	95.479.070	68.958.090
General administrative expenses	76.653.576	57.398.886
Research and development expenses	6.557.959	13.493.041
	722.501.792	550.676.242
Depreciation and amortization expenses:		
Cost of sales	38.983.750	51.123.095
General administrative expenses	48.482.010	38.449.481
Sales, marketing and distribution expenses	8.351.722	5.541.397
Research and development expenses	-	817.621
	95.817.482	95.931.594

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23 INCOME AND EXPENSES FROM OTHER OPERATING ACTIVITIES

	1 January- 31 December 2022	1 January- 31 December 2021
Income from Other Operating Activities		
Discount income, net ^(*)	32.389.755	5.837.161
Reversal for doubtful receivables expenses	894.022	503.023
Other income and gains	-	1.316.020
	33.283.777	7.656.204

^(*) Rediscount incomes/ (expenses) from trade receivables (representing the interest component calculated using the effective interest method) are accounted for in Other Operating Income/ (Expenses).

	1 January- 31 December 2022	1 January- 31 December 2021
Expenses from Other Operating Activities		
Foreign exchange expenses, net	127.828.342	239.591.330
Legal case expenses	6.181.381	5.161.787
Expenses for doubtful receivables provision	-	5.746.502
Other tax expenses	5.090.546	3.017.987
Expenses of other consumables	-	462.640
Other expenses and losses	13.214.697	15.843.345
	152.314.966	269.823.591

24 INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The breakdown of personnel and depreciation expenses in cost of sales, research and development, marketing, sales and distribution and general administrative expenses is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Income from Investing Activities		
Affiliate sales profit	30.469.943	-
Financial investment fund valuations	189.037	3.678.165
Subsidiary sales profit	-	35.193.929
Income from sales of property, plant and equipment	216.350	609.539
Income from scrap sales	214.191	117.651
	31.089.521	39.599.284

	1 January- 31 December 2022	1 January- 31 December 2021
Expenses from Investing Activities		
Loss from sales of tangible assets	337.789	3.119.582
	337.789	3.119.582

25 FINANCE INCOME / EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Financial Income		
Foreign exchange gains, net ^(*)	160.590.417	228.979.925
Interest income	6.547.374	4.213.728
	167.137.791	233.193.653

^(*) Kur farkı gelirleri ve giderleri, nakit ve nakit benzerleri, borçlanmalar, diğer finansal yükümlülükler ve yabancı para çevrim farkı ile ilişkilidir.

	1 January- 31 December 2022	1 January- 31 December 2021
Financial Expenses		
Bank interest expenses	183.544.251	85.988.928
Guarantee letter commissions	18.823.826	11.186.053
Interest and foreign exchange loss on leases	17.005.809	20.500.321
Bank loan commissions and expenses	7.843.822	2.163.926
Other financial expenses	3.793.786	18.828.972
	231.011.494	138.668.200

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26 TAX ASSETS AND LIABILITIES

Corporate Tax

The Company and its subsidiaries in Turkey is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, the corporate tax rate will be applied as 25% for the corporate earnings of the 2021 taxation period and 23% for the corporate earnings of the 2022 taxation period, with the regulation dated April 22, 2021. It will be applied as 20% after the taxation period of 2022.

The corporate tax rate is applied to the net corporate income by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and by deducting the exceptions and deductions in the tax laws. In Turkey, provisional tax is calculated and accrued on a quarterly basis.

Accumulated losses can be carried 5 years maximum to be deducted from the taxable profit of the following years. However, accumulated losses cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the fiscal year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. Tax legislation in Turkey does not allow to fill consolidated tax returns of the Company and its subsidiaries. Therefore, provisions for taxes, as included in the consolidated financial statements, it has been calculated based on individual companies.

Corporate tax rate in Malta is 35% (2021: 35 %). Corporate tax rate in Kazakhstan is 20% (2021: 20 %). Corporate tax rate in Algeria is 26%.

Withholding tax

In addition to corporate taxes, companies should also calculate withholding taxes surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15 % with the code numbered 5520 article 15 commencing from 23 July 2006. Transfer from retained earnings to share capital is not subject to withholding taxes.

Deferred Taxes

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in accordance with TFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and are set out below.

Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and are shown separately, as businesses in Turkey cannot declare consolidated tax returns.

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26 TAX ASSETS AND LIABILITIES (Cont'd)

Deferred Taxes (Cont'd)

Deferred tax assets	31 December 2022	31 December 2021
Trade and unbilled receivables	(28.412.906)	(88.452.339)
Tangible and intangible assets	(51.994.926)	(43.352.596)
Trade payables and cost provisions	24.282.550	58.310.103
Carryforward tax losses and unused R&D tax exemption	350.850.912	177.666.653
Provision for unused vacation	2.377.074	1.488.037
Inventory and contract assets	(50.554.743)	5.303.215
Provisions for employee premiums	8.369.401	4.463.247
Deferred revenues	-	438.431
Contract liabilities	27.473.281	28.002.883
Legal provision	1.801.488	2.539.641
Severance indemnity and retirement provisions	21.010.220	8.918.415
Other	856.041	(707.994)
	306.058.392	154.617.696
	31 Aralık 2022	31 Aralık 2021
Deferred Tax Assets	306.058.392	169.542.385
Deferred Tax Liabilities	-	(14.924.689)
Net Amount	306.058.392	154.617.696

The movement of deferred tax assets/ (liabilities) is as follows:

Movement for deferred taxes is as follows:	31 December 2022	31 December 2021
Balance as of January, 1	154.617.696	130.918.551
Restatement Effect	-	-
Balance as of January, 1 (Restated)	154.617.696	130.918.551
Current charge deferred tax income	76.882.119	(44.026.775)
Affiliate sales impact	-	(10.107.250)
Accounting under equity	5.973.878	1.406.684
Translation difference	68.584.699	76.426.486
Closing	306.058.392	154.617.696

	31 December 2022	31 December 2021
Corporate tax	18.024.354	-
Prepaid taxes	(52.754.382)	(33.562.897)
Current tax liabilities/ (Current income tax assets)	(34.730.028)	(33.562.897)

	31 December 2022	31 December 2021
Tax reconciliation		
(Loss) before tax	(83.620.259)	(626.395.907)
Tax rate	23%	25%
Computed tax expense	19.232.660	156.598.977

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26 TAX ASSETS AND LIABILITIES (Cont'd)

Deferred Taxes (Cont'd)

Tax effects of:

Non-deductible expenses	(49.317.207)	(33.095.278)
Effect of legal tax rate change on deferred tax balance	2.306.464	(13.445.017)
Affiliate sales impact	-	(9.718.024)
Affiliate sale exception	5.256.065	-
Tax effect calculated from unused R&D tax exemption and carryforward tax losses	90.805.002	-
Usable losses for which no deferred tax has been calculated	63.278.358	(86.292.165)
Adjustments for which no deferred tax has been calculated	-	(29.214.610)
Other adjustment and monetary loss/gain	(72.703.577)	(28.860.658)
Total tax (loss)/ income	58.857.765	(44.026.775)

As of 31 December 2022 and 2021, the distribution of previous years' losses by years is as follows;

	31 December 2022	31 December 2021
2019	98.514.251	98.514.251
2021	298.822.898	298.822.898
2022	275.123.295	-
	672.460.444	397.337.149

Movement for deferred taxes as of 31 December 2022 and 2021 are as follows;

	1 January 2022	Charge to Period	Charge to Equity	Sales Effect of NETRD	Translation Difference	31 December 2022
Tangible and intangible assets	(43.352.596)	6.865.200	-	-	(15.507.530)	(51.994.926)
Trade receivables	(88.452.339)	84.776.159	-	-	(24.736.726)	(28.412.906)
Trade payables and cost provisions	58.310.103	(50.795.003)	-	-	16.767.450	24.282.550
Inventory and contract assets	5.303.215	(49.792.655)	-	-	(6.065.304)	(50.554.744)
Deferred revenue	438.431	(544.899)	-	-	106.468	-
Provisions for employee bonuses	4.463.247	1.796.741	-	-	2.109.413	8.369.401
Provision for unused vacation	1.488.037	167.883	-	-	721.154	2.377.074
Severance indemnity and retirement provisions	8.918.415	3.635.313	5.973.878	-	2.482.614	21.010.220
Contract liabilities	28.002.883	(10.463.059)	-	-	9.933.457	27.473.281
Carryforward tax losses and unused R&D tax exemption (Note 15)	177.666.653	90.805.002	-	-	82.379.256	350.850.911
Legal Provision	2.539.641	(1.560.333)	-	-	822.179	1.801.487
Other	(707.994)	1.991.770	-	-	(427.732)	856.044
	154.617.696	76.882.119	5.973.878	-	68.584.699	306.058.392

	1 January 2021	Charge to Period	Charge to Equity	Sales Effect of NETRD	Translation Difference	31 December 2021
Tangible and intangible assets	(23.364.493)	(1.485.615)	-	479.994	(18.982.482)	(43.352.596)
Trade receivables	(79.448.602)	37.253.535	-	-	(46.257.272)	(88.452.339)
Trade payables and cost provisions	(2.885.749)	42.414.965	-	-	18.780.887	58.310.103
Inventory and contract assets	26.338.977	(28.383.849)	-	-	7.348.087	5.303.215
Deferred revenue	9.081.490	(10.714.406)	-	-	2.071.347	438.431
Provisions for employee bonuses	5.136.926	(1.381.304)	-	(755.793)	1.463.418	4.463.247
Provision for unused vacation	3.097.280	(2.771.321)	-	(294.377)	1.456.455	1.488.037
Severance indemnity and retirement provisions	5.186.122	(1.175.772)	1.406.684	-	3.501.381	8.918.415
Contract liabilities	5.198.006	12.391.377	-	-	10.413.500	28.002.883
Unused R&D tax exemption (Note 15)	131.847.448	(30.764.328)	-	(9.537.059)	86.120.592	177.666.653
Carryforward tax losses	50.744.135	(61.503.490)	-	-	10.759.355	-
Legal Provision	1.194.776	1.102.135	-	-	242.730	2.539.641
Other	(1.207.765)	991.298	-	(15)	(491.512)	(707.994)
	130.918.551	(44.026.775)	1.406.684	(10.107.250)	76.426.486	154.617.696

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27 LOSS PER SHARE

Earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	1 January-31 December 2022	1 January-31 December 2021
Number of shares	64.864.800	64.864.800
Net profit/ (loss) for the period	(24.762.494)	(670.422.682)
(Loss) per share (kurus)	(0,3818)	(10,3357)

28 RELATED PARTY DISCLOSURES

Due from related parties as of 31 December 2022 and 31 December 2021 are as follows:

Due from Related Parties	31 December 2022	31 December 2021
ZTE İstanbul Telekomünikasyon A.Ş. (1)	69.276.530	16.530.090
ZTE Corporation(2)	851.513	-
	70.128.043	16.530.090

Due to Related Parties	31 December 2022	31 December 2021
ZTE İstanbul Telekomünikasyon A.Ş. (1)	538.866.535	11.472.963
ZTE Corporation(2)	218.367.185	441.757.867
Kron Telekomünikasyon A.Ş.(3) ^(*)	-	4.309.228
	757.233.720	457.540.058

^(*) As explained in Footnote 2, the transfer of the shares owned in Kron Telekomünikasyon Hizmetleri A.Ş. was carried out on 29 April 2022. Kron Telecommunication Services Inc. As of 31 December 2022, it is not a related party. However, the trade payable to Kron Telekomünikasyon Hizmetleri A.Ş. may also include the balances from the transactions realized before the share transfer dated 29 April 2022.

According to "IAS 24 Related Party Disclosures", providers of finance, trade unions, public utilities, departments, and agencies of a government that does not control, jointly control or significantly influence the reporting entity, and a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence are not evaluated as related parties. The Group has a significant business relation with Aselsan Elektronik Sanayi ve Ticaret A.Ş. ("Aselsan") and evaluated in that context.

- (1) The company which controlled by main partner
(2) Main partner
(3) Associate

Main transactions with related parties are as follows for the period ended 31 December 2022 and 2021.

Sales	1 January-31 December 2022	1 January-31 December 2021
ZTE İstanbul Telekomünikasyon A.Ş. (1)	108.635.089	58.830.242
ZTE Kangxun Telecom (1)	-	1.957.322
ZTE Corporation(2)	24.273.263	8.728.767
Kron Telekomünikasyon A.Ş.(3) ^(*)	-	177.618
	132.908.352	69.693.949

As part of the normal activities of the Group, products are purchased from ZTE Corporation and products and services are sold to ZTE İstanbul Telecommunications. Due to the transactions, debts and receivables are unsecured and the average day maturity varies according to the projects.

Purchases	1 January-31 December 2022	1 January-31 December 2021
ZTE İstanbul Telekomünikasyon A.Ş. (1)	512.228.174	8.012.458
ZTE Corporation(2)	3.995.948	440.135.851
Kron Telekomünikasyon A.Ş.(3) ^(*)	824.104	3.950.347
	4.820.052	444.086.198

^(*) As explained in Footnote 2, the transfer of the shares owned in Kron Telekomünikasyon Hizmetleri A.Ş. was carried out on 29 April 2022. Kron Telecommunication Services Inc. As of 31 December 2022, it is not a related party. However, the trade payable to Kron Telekomünikasyon Hizmetleri A.Ş. may also include the balances from the transactions realized before the share transfer dated 29 April 2022.

- (1) The company which controlled by main partner
(2) Main partner
(3) Associate

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28 RELATED PARTY DISCLOSURES (Cont'd)

Benefits to Top Management:

Top management of the Group comprised of, the members of the management and executive committee, General Managers and Deputy General Managers. For the period ended 31 December 2022, total remuneration for the directors and management board of the Group is TL 21.770.541 (30 September 2021: TL 27.083.362). As of 31 December 2022, and 31 December 2021 there is no credit granted to the Group's Management.

29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of 31 December 2022, and 31 December 2021 the Group's net debt / total equity ratios are as follows:

	31 December 2022	31 December 2021
Short-term and long-term borrowings ^(*)	1.192.728.664	1.142.699.339
Cash and cash equivalents	(220.130.315)	(541.970.727)
Net financial debt	972.598.349	600.728.612
Equity	13.401.817	36.923.410
Net financial debt/ Equity Ratio	%7.257	%1.627

^(*) The mentioned amount does not include lease payables and includes bank borrowings

The Group's financial risk management policies are as follows:

Credit risk

Carrying values of the financial assets represents their maximum exposed credit risk. As of the date of balance sheet maximum credit risks are as follows:

31 December 2022	Trade Receivables		Contract Assets related to Goods and Services Provided	Other Receivables	Deposits at Banks
	Related Parties	Other	Other	Other	
Maximum credit risks as of balance sheet date (A+B+C+D)	70.128.043	1.880.825.837	440.623.216	3.125.482	220.130.315
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	70.128.043	1.540.812.796	440.623.216	3.125.482	220.130.315
(B) Net book value of overdue but not impaired financial assets	-	340.013.041	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	200.752.390	-	-	-
Impairment (-)	-	(200.752.390)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

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29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Credit risk (Cont'd)

31 December 2021	Trade Receivables		Contract Assets related to Goods and Services Provided	Other Receivables	Deposits at Banks
	Related Parties	Other	Other	Other	
Maximum credit risks as of balance sheet date (A+B+C+D)	16.530.090	1.332.086.135	572.161.427	2.901.515	541.970.727
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	16.530.090	1.093.295.295	572.161.427	2.901.515	541.970.727
(B) Net book value of overdue but not impaired financial assets	-	238.790.840	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	143.495.538	-	-	-
Impairment (-)	-	(143.495.538)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

The Group has applied the simplified approach stated in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for a lifetime expected loan loss provision for all commercial receivables. In order to measure the expected credit loss, the Group first classifies its trade receivables by taking into account the characteristics of credit risk and credit risk. Expected credit loss ratios for each class of commercial receivables grouped using past credit loss experience and forward macroeconomic indicators were calculated and the expected credit loss provision was calculated by multiplying the determined ratio by the trade receivable totals.

As of the date of balance sheet aging of overdue and undue but not impaired financial assets are as follows:

31 December 2022	Undue	1-30 days overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	1-5 years overdue	TOTAL
Credit loss ratio (%)	0,6%	1,8%	2,8%	4,8%	8,8%	21,4%	
As of period	1.981.436.012	72.854.149	76.497.522	36.248.459	39.794.323	126.160.425	2.332.990.890
Expected credit loss	-	232.428	1.191.030	2.591.373	917.865	6.609.141	11.541.837

31 December 2021	Undue	1-30 days overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	1-5 years overdue	TOTAL
Credit loss ratio (%)	0,5%	1,4%	2,1%	3,6%	6,6%	16,1%	
As of period	1.653.414.051	63.026.814	10.714.653	5.929.469	2.598.242	191.322.310	1.927.005.539
Expected credit loss	19.777.264	108.565	94.202	12.152	357.314	2.408.480	22.757.977

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29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Liquidity risk

The Group manages its liquidity risk by having sufficient cash and similar resources to fulfill its current and potential obligations on time. The table showing the liquidity risk of the Group as of 31 December 2022 and 31 December 2021 is presented:

31 December 2022						
Maturities due to agreements	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years	More than 5 years
Non- derivative financial liabilities	3.428.151.773	3.502.996.850	2.621.398.558	768.675.638	108.227.740	4.694.913
Financial liabilities	1.192.728.664	1.248.511.461	525.029.647	723.481.814	-	-
Lease Liabilities	161.503.737	180.566.016	22.449.539	45.193.824	108.227.740	4.694.913
Due to related parties	757.233.720	757.233.720	757.233.720	-	-	-
Other trade payables to third parties	1.223.289.342	1.223.289.342	1.223.289.342	-	-	-
Other payables to third parties	93.396.310	93.396.310	93.396.310	-	-	-
31 December 2021						
Maturities due to agreements	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years	More than 5 years
Non- derivative financial liabilities	2.938.929.194	2.963.094.714	2.682.694.501	195.219.300	72.993.244	12.187.669
Financial liabilities	1.142.699.339	1.155.272.252	986.945.199	154.509.886	13.817.167	-
Lease Liabilities	115.041.653	126.634.260	14.561.100	40.709.414	59.176.077	12.187.669
Due to related parties	457.540.058	457.540.058	457.540.058	-	-	-
Other trade payables to third parties	1.141.873.501	1.141.873.501	1.141.873.501	-	-	-
Other payables to third parties	81.774.643	81.774.643	81.774.643	-	-	-

Interest rate risk

Interest rate sensitive financial assets are placed in short term financial instruments to avoid any possible interest rate fluctuations. The Group has the following interest sensitive liability as of the balance sheet date.

	31 December 2022	31 December 2021
Fixed interest rate financial instruments	1.960.251.319	1.396.002.467
Cash and Cash Equivalents ^(*)	76.300.000	44.484.727
Trade Receivables	1.880.825.837	1.348.616.225
Other Receivables	3.125.482	2.901.515
Fixed interest rate financial liabilities	3.428.151.773	2.931.872.861
Short and Long Term Unsecured Loans	1.192.728.664	1.135.643.006
Lease Liabilities	161.503.737	115.041.653
Trade Payables	1.980.523.062	1.599.413.559
Other Payables	93.396.310	81.774.643
Variable interest rate financial instruments	-	-
Short and Long Term Unsecured Loans	-	-
Interest-free financial liabilities	-	7.056.333
Non Interest bearing unsecured spot loans	-	7.056.333

^(*) As of 31 December 2022, and 31 December 2022 includes bank time deposits.

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29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Foreign currency risk

The functional currency of the Group is US Dollars. Currency risk generally arises from the change in the value of the US Dollar against TL and other currencies. In order not to be affected by the appreciation or depreciation of the US Dollar against other currencies, the Group evaluates its assets in line with its liabilities to the extent possible and loads its contractual expenses in the contract currency to the extent possible.

As of 31 December 2022, and 31 December 2021 the Group's foreign currency position table is given below:

31 December 2022	TL Equivalent ⁽¹⁾	TL	Original Currency		
			Avro	USD	Other
Current Assets	701.859.080	453.370.239	1.722.267	2.737.785	154.586.570
Cash and cash equivalents	98.961.560	93.988.991	38.466	-	7.925.202
Trade receivables, third parties	599.772.038	356.255.766	1.683.802	2.737.785	146.661.368
Other receivables, third parties	3.125.482	3.125.482	-	-	-
TOTAL ASSETS (A)	701.859.080	453.370.239	1.722.267	2.737.785	154.586.570
Short Term Liabilities	1.573.116.071	1.476.023.372	1.710.277	1.064.576	33.286.629
Financial liabilities	714.304.123	714.304.123	-	-	-
Lease liabilities	96.094.322	96.094.322	-	-	-
Trade payables, third parties	669.321.316	572.228.617	1.710.277	1.064.576	33.286.629
Other payables, third parties	93.396.310	93.396.310	-	-	-
Long Term Liabilities	65.409.415	65.409.415	-	-	-
Long term financial liabilities	-	-	-	-	-
Lease liabilities	65.409.415	65.409.415	-	-	-
TOTAL LIABILITIES (B)	1.638.525.486	1.541.432.787	1.710.277	1.064.576	33.286.629
Net Foreign Currency Asset / (Liability) Position (A-B)	(936.666.407)	(1.088.062.548)	11.990	1.673.209	121.299.942

⁽¹⁾ The functional currency of the Group is USD. The USD risk of those whose functional currency is other than USD is explained in the relevant column. In the table above, foreign currencies are shown with their original currency amounts, and their TL equivalents are calculated using period-end exchange rates.

31 December 2021	TL Equivalent ⁽¹⁾	TL	Original Currency	
			Avro	Other
Current Assets	937.359.274	619.249.031	8.410.156	738.777.853
Cash and cash equivalents	260.279.615	144.533.549	18.875	499.977.897
Trade receivables, third parties	675.839.809	474.049.125	8.364.689	236.969.277
Other receivables, third parties	1.239.850	666.357	26.592	1.830.679
TOTAL ASSETS (A)	937.359.274	619.249.031	8.410.156	738.777.853
Short Term Liabilities	1.248.191.559	671.433.743	37.632.956	280.931.003
Financial liabilities	901.523.346	360.974.293	35.829.509	-
Lease liabilities	67.940.819	67.940.819	-	-
Trade payables, third parties	196.952.751	160.743.988	1.803.447	280.931.003
Other payables, third parties	81.774.643	81.774.643	-	-
Long Term Liabilities	47.100.834	47.100.834	-	-
Lease liabilities	47.100.834	47.100.834	-	-
TOTAL LIABILITIES (B)	1.295.292.393	718.534.577	37.632.956	280.931.003
Net Foreign Currency Asset / (Liability) Position (A-B)	(357.933.119)	(99.285.546)	(29.222.800)	457.846.850

⁽¹⁾ Since the functional currency of Group is USD, the currencies other than USD are shown in the table. Foreign currencies are denominated in their original currency amount and TL equivalents are calculated by using year end rates.

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29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Foreign currency risk (Cont'd)

31 December 2022		
	Profit / (Loss)	
	Appreciation	Devaluation
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	(108.806.255)	108.806.255
Hedged portion from TL risk (-)	-	-
(1) Net effect of TL	(108.806.255)	108.806.255
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	23.902	(23.902)
Hedged portion from EUR risk (-)	-	-
(2) Net effect of EUR	23.902	(23.902)
<i>Effect of 10 % appreciation/devaluation in USD – TL exchange rate :</i>		
Net asset / (liability) in USD	167.321	(167.321)
Hedged portion from USD risk (-)	-	-
(3) Net effect of USD	167.321	(167.321)
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	2.941.228	(2.941.228)
Hedged portion from other currencies risk (-)	-	-
(4) Net effect of other currencies	2.941.228	(2.941.228)
TOTAL (1+2+3+4)	(105.673.804)	105.673.804
31 December 2021		
	Profit / (Loss)	
	Appreciation	Devaluation
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	(9.928.555)	9.928.555
Hedged portion from TL risk (-)	-	-
(1) Net effect of TL	(9.928.555)	9.928.555
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	(44.087.560)	44.087.560
Hedged portion from EUR risk (-)	-	-
(2) Net effect of EUR	(44.087.560)	44.087.560
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	18.222.803	(18.222.803)
Hedged portion from other currencies risk (-)	-	-
(3) Net effect of other currencies	18.222.803	(18.222.803)
TOTAL (1+2+3)	(35.793.312)	35.793.312

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30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methods. However, estimates are required in the interpretation of market data to determine fair value. Accordingly, the estimations presented here may not show the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair value of financial instruments and these valuations are considered level 1

Financial Assets:

It is anticipated that the recorded values of financial assets, which are shown at cost including cash and cash equivalents and short term financial investments, are equal to their fair values because they are short term.

It is foreseen that the registered values of trade receivables reflect the fair value together with the relevant impairment provisions.

Financial Liabilities:

The fair values of variable interest and short-term bank loans and other monetary debts are expected to be close to their book values.

The Fair Value Measurement Hierarchy

The fair values of financial assets and financial liabilities are determined and grouped as follows:

Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices

Level 2: The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

In accordance with fair value hierarchy, while cash and cash equivalent are categorized as of Level 1, other financial asset and liabilities are categorized as Level 2.

31 SUBSEQUENT EVENTS

An earthquake occurred in the southeastern part of Turkey that affected many of our cities. Considering the region in which the Company/Group operates, no direct impact is expected on Group operations.

The regulation dismantling the retirement age requirement for employees who started their working life before 8 September 1999 was published in the Official Gazette on 3 March 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. Efforts to measure the impact of the regulation on the Group's financial position and financial performance continue.

32 DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR CONSOLIDATED FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

The group management held Netaş Information Technologies at its meeting on March 5, 2021, of which 100% of the shares were held. A.Ş., a 100% subsidiary of NetRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NetRD") Share Purchase in relation to the sales of all its shares to MERA Switzerland AG It has decided to transfer NetRD shares by signing the Arbitration Agreement with its contract and all transaction documents under it.

In our disclosure made on 5 March 2021, it was disclosed that, our Board of Directors decided to transfer all the shares of NetRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NetRD"), wholly owned by Netaş Bilişim Teknolojileri A.Ş., of which our Company is 100% shareholder, to MERA Switzerland AG which is a group company of US based Orion Innovation Group for USD 8.000.000 of equity value and net transaction value to be determined following closing agreements. Following the closing transactions related to sale, the share transfer was completed with a total value of USD 11.607.277. USD 3.607.277 was collected as of 6 May 2021. As a result of all these transactions, the Group achieved a profit of USD 4.802.776 (TL 35.429.117) from the sale of subsidiaries and reflected into profit or loss statements. This amount, which is shown in the item of income from investment activities, has been converted into TL by using three-month average rate between 1 January-31 March 2021. Before the sale, NetRD was presented under operating segment Technology in the segment reporting note.

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32 DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR CONSOLIDATED FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE (Cont'd)

Statement of financial position and statement of profit or loss of NETRD as of 5 March 2021 is as follows:

	5 March 2021 Carrying Amount
ASSETS	
Current Assets	46.684.733
Cash and Cash Equivalents	1.007.669
Trade Receivables and other Receivables	33.921.238
Other Current Assets	11.755.826
Non-Current Assets	15.629.336
Property, Plant and Equipment	3.244.864
Intangible Assets	2.277.222
Deferred Tax Assets	10.107.250
TOTAL ASSETS	62.314.069
LIABILITIES	
Short Term Liabilities	11.604.199
Trade Payables	1.812.677
Other Payables	8.540
Provisions for Employee Benefits	9.483.701
Other Short Term Provisions	299.281
Fair value of net assets purchased	50.709.870
Transferred price as of 5 March 2021 (TL equivalent to USD 8.000.000)	59.619.200
Transferred price as of 6 May 2021 (TL equivalent to USD 3.607.277)	29.962.764
Calculated Profit	38.872.094
Profit calculated over the transferred price	38.872.094
Cash and cash equivalents disposed of with the sale transaction	(1.007.669)
Net cash inflow on sales transaction	88.574.295

33 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDITOR'S

	31 December 2022	31 December 2021
Independent audit fee for the reporting period	1.190.000	680.000
Fees for tax advisory services	659.000	519.000
Fee for other assurance services	395.000	36.000
Other services other than independent audit	230.000	95.000
	2.474.000	1.330.000

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE FISCAL PERIOD OF JANUARY 1 – DECEMBER 31, 2022,
PREPARED IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES OF
FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

This report is in compliance with the provisions of the Capital Markets Board of Turkey's "Communiqué on Principles of Financial Reporting in the Capital Markets", no. II-14.1 and it has been prepared in accordance with the terms and conditions of the "Regulation on Determining the Minimum Content of the Annual Report of the Companies" published by the Ministry of Customs and Trade in the Official Gazette dated August 28, 2012, with issue number 28395; and it has been signed and approved by the members of the Board of Directors of the Company, whose names are written below.

AIGUANG PENG
Chairman of the Board

ŞUAY ALPAY
Vice Chairman of the Board

MINZHONGXIA DING
Board Member

MING LI
Board Member

BOWEN MEI
Board Member

ALİ ZÜLFÜ TİGREL
Board Member

ÖZER KARABULUT
Board Member

Netaş Telekomünikasyon A.Ş.

Company Name: Netaş Telekomünikasyon A.Ş.

Trade Registration Number: 94955/40304

Mersis No: 0632000106100010

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Youtube: www.youtube.com/user/NetasTR

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