

**NETAŞ TELEKOMÜNİKASYON A.Ş. BOARD OF DIRECTORS INTERIM  
REPORT  
FOR THE PERIOD ENDED MARCH 31, 2024**

Trade Registration Number: 94955/403045

**Headquarters**

Yenişehir Mah. Osmanlı Bulvarı

Aeropark Sitesi B Blok

No:11B 34912

Kurtköy-Pendik/İstanbul

Phone: +90 (216) 522 20 00

Fax: +90 (216) 522 22 22

**Ankara**

ODTU Teknokent, 06531, Ankara

Phone: +90 (312) 210 18 08

Fax: +90 (312) 210 18 05

[www.netas.com.tr](http://www.netas.com.tr)

# NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2024

## ORGANIZATION AND OPERATIONS OF THE GROUP

Netaş Telekomünikasyon A.Ş. (the “Company”) and its’ subsidiaries (together the “Group”) are 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 İstanbul (“BİST”) since 1993. The headquarter of the Group was registered at Yenişehir Mah. Osmanlı Bulvarı No:11 34912 Kurtköy-Pendik/İstanbul at Istanbul Trade Registry Office as of 23 July 2013.

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.

As of March 31, 2024, The Group’s largest and the controlling shareholder is ZTE Cooperatief U.A.

As of March 31, 2024, the Group has no blue-collar employees (31 December 2023: None). The average number of white-collar personnel employed in the Group as of 31 March 2024 is 1.559 (31 December 2023: 1.682).

### The Company’s affiliates and participations are as follows:

- **Netaş Bilişim Teknolojileri A.Ş**

Netaş Bilişim Teknolojileri A.Ş. 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 and Algeria with strategic business partnerships.

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**

Specialized in all IT services, BDH Bilişim Destek Hizmetleri San. Tic.A.Ş. (“BDH”) was founded in April 2006 in order to provide consultancy, strategic outsourcing, data center and support services.

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 Turkey.

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.

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### • Netaş Telecom LLP

According to Board of Directors resolution as at 11 April 2012, foundation of a “Limited Liability Partnership” (Netaş Telecom Limited Liability Partnership) was completed in Kazakhstan Almaty. The amount of capital which solely belongs to Netaş is 161.800 Tenge (approximately 1.100 American USD). Registration was made on 25 June 2012 and it became valid starting from 4 July 2012.

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 Telecommunication Malta

The Company has established Netaş Telecommunications Malta Ltd. in Malta and holds all of its share capital (100%) amounting to 1.200 EUR. Registration processes were completed in date of 4 November 2014.

“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 Telecommunication Algeria

The Company which is amounted DZD 23.800.000 registration of Netaş Telecommunications Algerie Sarl LLC has been established organization in date of 31 March 2019 in Algeria between the Company and Mohamed Karim Faraoun. The management control of the company, which is owned %49, belongs to Netaş Telecommunications A.Ş. in accordance with the agreement and Netaş Telecommunications Algerie Sarl LLC is consolidated for this reason.

“Netaş Telecommunications Algerie 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.

<b>Subsidiaries &amp; Affiliates</b>	<b>Place and establishment of operation</b>	<b>Group's shares in capital and voting rights</b>
Netaş Bilişim Teknolojileri A.Ş.	Turkey	% 100
BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş.	Turkey	% 100
Netaş Telecom Limited Liability Partnership	Republic of Kazakhstan	% 100
Netaş Telecommunications Malta Ltd	Malta	% 100
Netaş Telecommunications Algeria Sarl LLC (*)	Algeria	% 49

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

# NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2024

## SHAREHOLDER'S STRUCTURE

Shareholder's structure of the Company as of March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
	Share Amount (TL)	Share Amount (%)	Share Amount (TL)	Share Amount (%)
<b>ZTE Cooperatief U.A.</b>	31.168.351	48.05%	31.168.351	48.05%
<b>Turkish Armed Forces Foundation (TFF)</b>	9.729.720	15.00%	9.729.720	15.00%
<b>Free Float</b>	23.966.729	36.95%	23.966.729	36.95%
<b>Paid in Capital</b>	64.864.800		64.864.800	
<b>Ticker</b>	NETAS		NETAS	

## BOARD OF DIRECTORS

The Members of Board of Directors as of March 31, 2024 are as follows:

Aiguang Peng	Chairperson
Şuay Alpay	Vice-Chairperson
Hongguang Zhou *	Member
Ming Li	Member
Bowen Mei	Member
Özer Karabulut	Independent Member
Osman Nuri Uçan **	Independent Member

\* Ding Minzhongxia resigned from the Board of Directors as of August 16, 2023. The Board of Directors appointed Hongguang Zhou as a member to complete the remaining term of his predecessor, to be approved at the first general meeting to be held.

\*\* Ali Zülfi Tigrel resigned from the Board of Directors as of October 4, 2023. The Board of Directors appointed Osman Nuri Uçan as a member to complete the remaining term of his predecessor, to be approved at the first general meeting to be held.

## THE GROUP'S MANAGEMENT

Sinan Dumlu	Chief Executive Officer
Alper Acındı	Chief Finance Officer
Alp Söker	Chief People Officer
Bowen Mei	COO, Board Member
Börgehan Köksal	Chief Compliance Officer
Burhan Metin	Board Member Responsible For Public & Defense
Bülent Elönü	Carrier Networks General Manager
Koray Otyam	BDH General Manager
Ersin Öztürk	R&D General Manager
Dr. Xi Guang Qing	CTO

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## VISION, CORE VALUES, QUALITY POLICY

### Vision

Becoming Turkey's and Region's #1 systems integrator working as per global standards.

### Core Values

- Courage
- Passion
- Perseverance
- Innovativeness
- Sharing
- Nationalism
- Being a Family

### Quality Policy

Continuous improvement to ensure the sustainability of our quality management system established in accordance with international standards aiming for "Excellence" and based on data for the purpose of creating added value for our customers in line with our vision. All Netaş/Netaş Bilişim Teknolojileri employees are responsible for ensuring "Excellence" through continuous improvement.

## RESEARCH & DEVELOPMENT (R&D) STUDIES

### **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.

Maintaining its focus on research and innovation with a strategic perspective, Netas 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: the Kurtkoy R&D Center in Istanbul, Technology production base in Orhanli and Ankara METU Technopolis.

### **Defense Technologies**

For more than 25 years, Netas 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, Netas is able to 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

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in the transformation of the public sector, developing life-saving digital transformation projects such as Emergency Health Automation System (ASOS) for the Ministry of Health and Global Maritime Distress and Safety System (GMDSS) Gateway solution.

With ASOS, developed for the Ministry of Health, Netas 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. The follow-up mobile application development contract for the ASOS project was signed in Q3 2023.

Netas 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 Legal, Customs and Population Systems project. Among these projects, Netas opened its Legal system to the use of civil servants in 2022 and to the use of citizens in August 2023. Another TRNC Project, the Population Identity System, was put into use in the TRNC in April 2023, and thus providing the identity demands of the islanders through the new system. Finally, in the Customs Project, Netas commissioned the Famagusta Port Automation System between 19 March – 31 March 2023, in addition to the Customs Gates it had previously opened. Thus, it has completed the opening of all Customs gates on the island under its responsibility.

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

Netas also develops applications, offers testing services and manages digital services for telecom service and infrastructure providers. In the field of digital platform applications, Netas 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**

Netas 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**

Netas 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, Netas develops products and solutions that increase productivity, communication and mobility in different geographies, specifically for each vertical. With the power it receives from Netas 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 Technologies, Services and Products

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## 50 years in R&D

- 5,000 projects
- +10,000 R&D engineers
- Solutions used in 80 countries
- 100 signaling 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
- 563 patents, 7 utility model applications
- 232 registered patents, 5 proprietary utility models, 65 registered trademarks
- 198 scientific publications, 156 of which are international
- 71 EU project applications
- 890 collaborations with 38 countries in the EU project
- 18 - Number of universities with which Framework Agreement signed
- 43 - Number of academic consultancies 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

- Member of Celtic Plus Steering Committee
- Member of the European Union Network Europe Board of Directors
- Member of TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Turkish Software Council
- Member of HIB (Service Exporters Association) SW and IT Services Committee
- ARGEMIP (R&D and Design Centers Collaboration and Communication Platform) Presidency
- YASAD Board Membership
- TESID Board Membership
- 4.5G Base Station “ULAK” Consortium
- 5GTR Forum Founder Membership
- Current projects: 3 Celtic NEXT, 1 ITEA3, 1 QNRF
- 71 EU Project Applications (38 H2020)
- 890 collaborations with 38 countries within the scope of EU project partnerships

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## PRODUCTION ACTIVITIES

Netas carries out the production of high-tech domestic and national systems developed in R&D laboratories at its technology production center in Orhanli, Istanbul, as well as localizing ZTE's most preferred new technology products in the world.

With many years of production experience and competent staff, unit and system assembly, cable production, functional and environmental testing activities are carried out in accordance with defense industry standards in the production facility.

With its comprehensive test infrastructure, high and low temperature tests, challenging environmental tests such as humidity, vibration and isolation are applied to the products. Our factory has high standards of production competence with production processes established in Global quality standards and proprietary management systems.

In our facilities, ship communication systems, Friend or Foe Recognition systems for the Defense Industry, baseband unit production for 4.5G base station continues. In addition, within the scope of localization strategies, we continue the production of Netas cloud server and 5G-focused Base Station Baseband unit and high output radio units. Preparations for the production of 7Ghz, 13GHz and 81GHz E Band indigenous microwave transmission systems required by telecom operators in the field of microwave communication have been completed.

## NEXT GENERATION TECHNOLOGIES

Products that add value with their superior digital capabilities

Netas 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, Netas has started the tests of the C-V2X on-vehicle communication and roadside communication systems (Base Station), both in the public and private sectors.

With its V2X project, Netaş was deemed worthy of the Special Jury Award at the 21st TESİD Innovation and Creativity Awards competition with its 'On-Vehicle Communication Unit for Connected and Autonomous Vehicles' project.

### 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



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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 Netas in cooperation with Inosens, 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 Netas 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 Netas, 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**

Netas carries out the design and development studies of the ATS (Automatic Train Supervision), which is the sub-system of the signaling system of the Gayrettepe-Istanbul Airport-Halkali 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 signaling system. The Kagithane-Istanbul Airport section of the Gayrettepe-Istanbul Airport line was put into service on January 22, 2023. System performance and operational tests for the Gayrettepe station continued day and night during December and January, and the Gayrettepe station was inaugurated on January 29, 2024. Following the opening of Gayrettepe, the continuation of the line, Arnavutköy and Taşoluk stations, were opened on March 19, 2024. System Requirements Documents for the Gebze-Darıca Project have started to be prepared.

### **Navigation Systems**

#### **GNSS Receiver**

Satellite-based navigation for land, air and naval platforms is provided by GNSS (Global Navigation Satellite System) receivers. Netas has developed the first software-based GNSS receivers in Türkiye, which use the GPS, GLONASS and GALILEO global positioning systems and SBAS (Satellite-Based Augmentation Systems)

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correction systems to service final and intermediate outputs about position, speed and time information. The Netas 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 Netas 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 Netas 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.

### IPTV Solutions

In the project, where TV and video broadcasting services can be provided to users through their existing devices and infrastructures, the development of OTT (over the top) devices on a client basis and the management portal pages running in the background is carried out by Netas R&D software development teams. In this context, "New UI" developments for ZTE's STB products and DTH (Vestel and Humax) devices and new generation Smart TVs (Samsung Tizen, LG WebOS and Android-based brands such as Vestel, Sony, Arcelik, Grundig, Toshiba and Beko) were completed, the tests were successfully passed and went live.

### Localization

In line with our goal of being a pioneer in digitizing Turkey's communication infrastructure with domestic products, the number of NETAŞ products with Domestic Goods Certificate has reached 21 with our 7GHz, 13GHz and 81GHz E band microwave transmission system solutions. We are proud to produce our 1000th domestic server.

### Artificial Intelligence (AI)

#### Productive Preprocessing Converter (GPT) Models

Netas started R&D studies on productive preprocessing converter models, which have become very popular especially with OpenAI's chatGPT software. In this context, the solutions needed by our customers in health, textile and corporate areas have started to be developed by using artificial intelligence models in the first stage.

The artificial intelligence solutions developed by Netas will be offered to customers both in cooperation with Microsoft Azure OpenAI to serve from the cloud, and by training different opensource artificial intelligence models to enable on-site installation. On the other hand, efforts are also being made to integrate promising solutions into Netas's artificial intelligence ecosystem through interviews with start-up companies engaged in innovative work in the field of artificial intelligence.

### EU PROJECTS

#### Netas's signature in international 5G and beyond projects

Netas maintains its leading position in international R&D projects. Netas, 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

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health solutions, applications that increase efficiency in the field of smart energy, smart agriculture solutions, and building management models based on digital platforms.

### AICOM4HEALTH

Netas 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 and funded by TUBITAK TEYDEB 1509 programme.

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.

### Smart Farming Project for Qatar

The 5GPPGreenhouse project of Netas, 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 (IOT Platform) 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 (IOT Platform) set up on a cloud in Istanbul.

### SOCFAI

The SOCFAI project, conducted within the framework of TÜBİTAK and Eureka under ITEA4, is an Artificial Intelligence Supported Secure Collaboration Initiative. It is a comprehensive research and development endeavor aimed at addressing the challenges posed by complex structures in airports and operation centers. The project aims to integrate big data platforms and AI-supported environmental systems. Using open-source platforms and innovative technologies, the project aims to enhance operational efficiency, increase passenger satisfaction, and reduce environmental pollution. Innovative technologies such as artificial intelligence, computer vision, virtual reality, IoT, and Lidar will be used in a hybrid manner. Additionally, the development of unique solutions such as baggage threat detection, energy consumption forecasting, and blockchain-based data security aims to gain international competitive advantage. The project aims to create the necessary network infrastructure for integration into Horizon Europe programs and increase awareness of international aviation innovation. In this context, software exports and employment will be increased, thus enhancing both national and international aviation operational efficiency and security. The project, which was planned for three years, commenced in 2023 and is being conducted by an international consortium. SOCFAI consists of 25 leading partner firms in the field, including Paris CDG Airport, Helsinki Airport, Hubone, Nortal, and VTT.

### AISMECOT

Netas aims to produce innovative solutions in customer profiling, load and consumption forecasting, loss and leakage analysis use cases by using advanced data analytics techniques and competency in the use of data gathered from smart meters in the AISMECOT project carried out under EUROGIA and funded under the TUBITAK 1509

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programme. The R&D activities to be carried out within the scope of the project can be positioned as an innovative and data-driven solution in domestic and foreign gas distribution companies, particularly project partner İGDAŞ.

The AISMECOT project, which was launched in March 2023 with 10 partner organizations from Turkey, Spain, and Denmark and Italy, aims to develop innovative solutions for the production of smart meter data, transmission via 5G networks, and processing on IoT and data analytics platforms.

### TEST SERVICES CENTER

Netas 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 Netas Test Center

- Test process consultancy service
- Quality-oriented transformation 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.

#### Quality-oriented Transformation Service

Quality-oriented transformation; It aims to create a repeatable, reliable and predictable application lifecycle by ensuring that everyone is responsible for quality in the software lifecycle process of institutions. It uses engineering and agile practices to achieve this. Advances, monitors and reports the process with quality engineers and mentors.

#### Managed Testing Service

Managed testing service is the fulfilment of testing services by the test engineers/experts of Netas in accordance with customers' SLA and KPIs. This service, which provides organizations with the opportunity to reduce project

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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, Netas 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, Netas 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.

### **Crowd 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 Netas 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**

In the first quarter of 2024, all Visium Labs customers who had subscription renewals successfully completed their product renewals. Many of them experienced capacity increases. Additionally, PoC (Proof of Concept) projects for Visium Labs products are still ongoing in various organizations.

## **VISIUMLABS**

Visium Labs is suite of testing products developed by the research and development department of Netas. Their purpose is to provide enhanced testing capabilities and expedite software development processes, while also

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improving the end-user experience. Visium Labs products have rapidly become the preferred choice for software testing and quality assurance in the finance and telecommunications sectors in our country, and have also begun to gain traction with international customers.

### **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 thousand 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.

### **Engineering Services**

Technology and software development matched to needs is one of the most effective strategies to acquire an edge in company productivity and competition. As Netas Engineering Services, we not only respond to our customers' needs with turnkey projects suited to them, particularly in the Telecom and ICT sectors, but we also offer outsourcing services. Our teams are competent in application modernization, CRM, HR, big data, and business intelligence.

### **Services Offered by Netas Engineering Services**

- Turnkey software project service
- Outsourcing service

### **Differentiator Features**

- Project managers assigned specifically to the project
- Engineering team that follows innovative technologies
- Continuity of resources

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- Compliance with SLAs and KPIs
- Strong references
- Coordinated work that increases efficiency with its own test teams

### Turnkey Software Project Service

This is our recommended service for businesses without a software development team or who are unable to establish a new team given the volume of work and deadlines for current software teams. Turnkey project service is a service that includes analysis, design, coding, testing, integration, installation, and commissioning.

### Outsourcing Service

Our outsourcing service provides our customers with expert and competent software developers in the areas of expertise and skill level they need. It enables a company to obtain the personnel it needs from an external source instead of employing them in-house and exempt from administrative management responsibilities. It helps reduce companies' personnel recruitment, training, and management costs. It allows them to focus all their efforts on project goals. In our Outsourcing Service, we mainly provide resources in .NET and Java Development areas for corporate application modernization and digital transformation projects for Telecom companies and banks.

### SAYEM Smart City Consortium

Target smart city technology export

Turkiye's most comprehensive Smart City Consortium has been established under the leadership of Netas 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 Turkiye'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)

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## 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

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

Netas 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

#### 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

Netas, develops Ship Communication Systems for domestic and national warship projects. These communication systems provide secure/unsecured voice and data services for the internal and external communication requirements of the ships. Ship Communication Solutions specially customized for use in the tactical field and support IP and ISDN based communication.

In the year, production and software development activities, Factory Acceptance Tests (FAT), Harbor Acceptance Tests (HAT), Site Acceptance Tests (SAT), and deliveries continued. MILGEM-5, DİMDEG, and Barbaros-1 HAT tests were completed. The YTDA-2 Project was initiated. LDG-2 HAT and SAT tests were completed. MILGEM 6-7-8 has begun.

Netaş has developed a domestic and national modem that supports NAVTEX and DSC calls used in the maritime sector, receiving its first orders and starting deliveries. This product is used for safety, emergency, and information purposes in maritime applications.

### Avionics Solutions

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

## IT SOLUTIONS

The following solutions are carried out with the Netas R&D team working to meet the IT needs of Netas and its customers.



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## **IT Solutions for Warranty Services & Field Services**

Technological solutions are offered in areas such as repair, spare parts planning and information, which enable the provision of extended services for the needs of manufacturers and distributors.

In the context of Warranty Services, integrations are carried out both operationally and at the application level to ensure seamless collaboration with global business partners. In this regard, development activities were undertaken to fulfill the requirements of the Converge project implemented worldwide by HP. These developments were successfully completed and have been deployed into production.

## **IT Solutions for Logistics Services**

Technological solutions are offered for warehouse and logistics services.

## **New Application Design Projects;**

Meanwhile, a program has been initiated to renew internal applications (Emptor, CTS, and LTS) used in the execution of business processes in Warranty Services, Field Services, and Logistics Services. The goal is to leverage our experience, R&D expertise, and application development capabilities to elevate these applications to a level where they can be offered to customers and compete with global players. The program consists of four distinct projects, each qualifying as an "R&D Project":

- Development of the Main Platform Software for Service Applications
- Development of Field Services Management Software
- Development of Device Warranty Services Application Software
- Development of Managed Services Application Software

The functionalities provided to our customers through these projects are listed below:

- Field maintenance operations,
- Field installation operations,
- Tracking of device production and subsequent warranty processes,
- Tracking of device maintenance, repair, and warranty processes,
- Spare parts procurement processes,
- Relationship management between customers, dealers, and manufacturers,

Management of information technology services (ITSM)

## **IT Solutions for Enterprise Applications**

Netas; Providing solutions needed by company units such as human resources, purchasing, finance, treasury, accounting, production and export compliance units.

# NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2024

## GOVERNMENT GRANTS

For the period ended 31 March 2024 the Group has no received approved, well deserved and accrued incentive from TÜBİTAK (31 December 2023: TL 1.128.515)

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 March 2024, the Group has a corporate tax benefit of TL 3.616.752.034 due to research and development disbursement and this amount has been transferred (As of 31 December 2023, the Group has a corporate tax benefit of TL 3.318.722.438 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 amounting to TL 2.243.935.587 (Note 20). The partially and entirely recoverable deferred tax assets have been estimated under the current conditions. The future profit projections, the last dates when other tax assets can be used, and the potential tax planning strategies have been considered in the estimation exercise. The following assumptions have been made in the estimation of the recoverable deferred tax assets as of 31 March 2024.

- The lifespan of accrued but unused R&D incentives is unlimited.
- It has been done based on tax profit projections prepared by the management.

Based on the evaluations conducted according to the current analyses, it has been concluded that the deferred tax asset calculated under the R&D incentive is recoverable. It is anticipated that the relevant deferred tax assets will be recovered within 5 years starting from the year 2024.

For the period ended 31 March 2024, the amount of income tax incentive within the scope of Act numbered 5746 is TL 6.352.710 (31 December 2023: TL 17.131.516) 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 865.263 (31 December 2023: TL 21.893.875).

## DONATIONS MADE DURING THE PERIOD

The Group made no donations for the interim period ended March 31, 2024.

## REMUNERATION PROVIDED FOR BOD & 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 March 2024, total remuneration for the directors and management board of the Group is TL 11.538.587 (31 March 2023: TL 16.456.864).

As of 31 March 2024, and 31 December 2023 there is no credit granted to the Group's Management.

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**FINANCIAL PERFORMANCE**

**1Q 2024 Summary;**

- Sales revenues increased by 59% and reached to 1.7 billion TL,
- Consolidated orders booked was 2 billion TL with a 34% increase,
- Orders on hand (OOH) was 4.4 billion TL with 49% growth.

In 1Q24, the Company's orders, orders on hand and sales revenues continued to increase. Orders received reached TL 1,959 million (USD 63 mn) with a 34% rise as of period ended March 31, 2024. As of 1Q24, orders on hand increased by 49% to TL 4,375 million (USD 142 mn) level.

In addition to 59% annual growth in sales revenues in the current period, gross profits grew by 80% from TL 70 mn to TL 125 mn, comparatively.

Although the company had a gain in EBITDA level in 1Q24, the company declared a loss of 86 million TL before tax and 83,668,798 million TL after tax, as net financial expenses, which were 50 million TL in the comparative period of the previous year, were realized at 82 million TL in the current period.

**Financial Highlights**

TL Million	1Q24	1Q23	y/y %
<b>Revenue</b>	<b>1.719</b>	<b>1.078</b>	<b>59%</b>
Cost of Sales	(1.594)	(1.008)	58%
<b>Gross Profit</b>	<b>125</b>	<b>70</b>	<b>80%</b>
<i>Gross margin %</i>	<i>7,3%</i>	<i>6,5%</i>	<i>83</i>
<b>Operating Expenses</b>	<b>(153)</b>	<b>(89)</b>	<b>72%</b>
General Administrative Expenses	(63)	(47)	35%
Sales, Marketing & Distribution Expenses	(78)	(42)	87%
Research & Development Expenses	(12)	(1)	2.032%
Incentives	0	0	-
<b>EBIT</b>	<b>(28)</b>	<b>(19)</b>	<b>44%</b>
<i>EBIT margin %</i>	<i>-1,6%</i>	<i>-1,8%</i>	<i>(20)</i>
Depreciation	31	24	31%
<b>EBITDA</b>	<b>4</b>	<b>5</b>	<b>(19%)</b>
<i>EBITDA margin %</i>	<i>0,2%</i>	<i>0,4%</i>	<i>(20)</i>
<b>Earnings Before Tax</b>	<b>(86)</b>	<b>(80)</b>	<b>8%</b>
<i>EBT Margin</i>	<i>-5,0%</i>	<i>-7,4%</i>	<i>(241)</i>
<b>Net Profits</b>	<b>(84)</b>	<b>(87)</b>	<b>(4%)</b>
<i>Net Profit Margin</i>	<i>-4,9%</i>	<i>-8,1%</i>	<i>(321)</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.

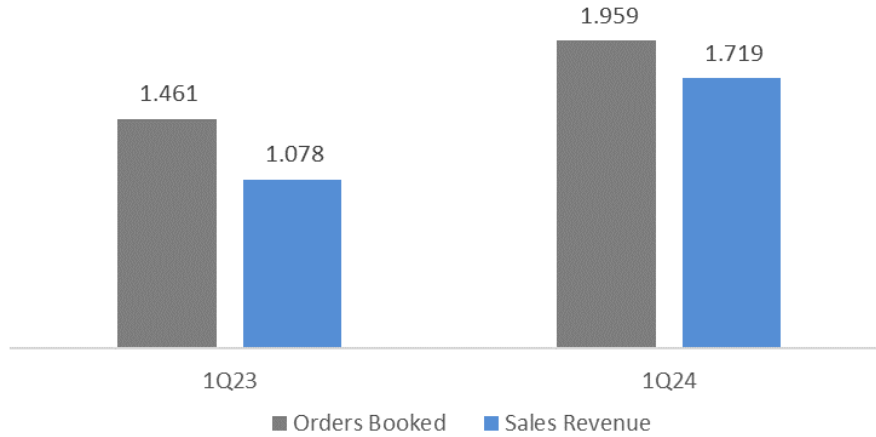
**EBITDA**= EBIT + Depreciation and Amortization

# NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2024

## Orders & Sales Revenue

**Orders:** In 1Q24, TL1,959 million (USD 63 mn) orders were received, up 34% as compared to same period of the previous year. The Company's orders on hand to be fulfilled in the coming periods increased by 49% to TL 4,375 billion (USD 142 mn) at the end of 1Q24. The weight of the telecom segment in Orders Received increased significantly, and orders in the telecom sector grew by 83% compared to the previous year. Consequently, the share of the telecom segment in orders received increased from 35% in 1Q23 to 47% in the current period.

**Sales Revenue:** The Group's sales revenues in 1Q24 increased by 59% compared to same period of the previous year, from 1,078 million TL to 1,719 million TL. The System Integration (SI) segment constituted the largest portion of total sales revenues with a share of 47% in total sales revenues. However, SI segment's sales growth was limited with 26% in 1Q24, y-o-y, while telecom segment's revenues increased by 119%.



## CONSOLIDATED FINANCIAL PERFORMANCE

The Group monitors its consolidated sales on the basis of the following segments;

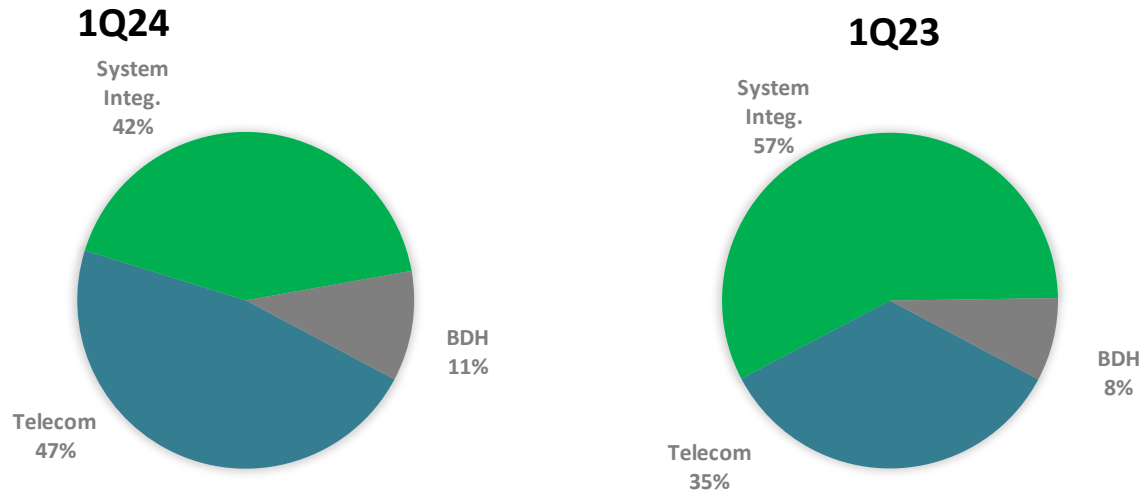
- Telecom
- System integration (SI)
- Technology
- BDH

As in previous periods, the SE segment, which constitutes the largest portion of the Company's orders and sales, left its weight in orders to the telecom segment in this period. The SE segment, which continues to constitute the largest portion of sales, has also been the segment that made the biggest contribution to the company's gross profitability, with a gross profit margin of 9%. However, in terms of operating profitability, the telecom segment surpassed SE in this period and made the biggest contribution to operating profitability with an operating profit margin of 6%, while also accounting for the largest share of orders received with a share of 47%.

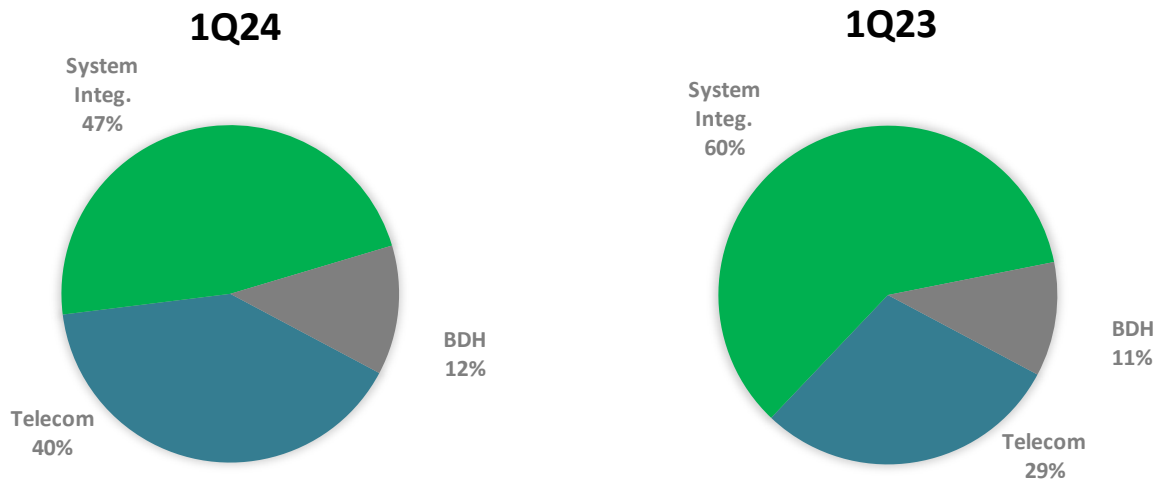
In the current period, orders and sales made by BDH had a share of 11% and 12%, respectively, in the total volume.

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## Orders Breakdown



## Revenues Breakdown



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**SEGMENT BASED FINANCIAL PERFORMANCE**

1Q24 (Million TL)	System					Total
	Telecom	Integration	Technology	BDH	Unallocated	
<b>Orders Booked</b>	920,7	830,8	-	207,2	-	1.958,8
<b>Sales Revenue</b>	692,1	813,8	-	213,1	-	1.719,1
Cost of Sales	(633,9)	(744,5)	-	(215,5)	-	(1.593,9)
<b>Gross Profit</b>	58,3	69,3	-	(2,4)	-	125,2
<b>Gross Profit Margin</b>	8%	9%	-	-1%	-	7%
Sales, marketing and distribution expenses	(19,8)	(40,0)	-	(18,5)	-	(78,3)
General administrative expenses	-	-	-	-	(62,8)	(62,8)
Research and development expenses	-	-	(11,8)	-	-	(11,8)
<b>Operating profit/ (loss) of segment</b>	38,4	29,3	(11,8)	(21,0)	(62,8)	(27,7)
<b>Operating profit margin</b>	6%	4%	-	-10%	-	-2%

1Q23 (Million TL)	System					Total
	Telecom	Integration	Technology	BDH	Unallocated	
<b>Orders Booked</b>	504,3	839,1	-	117,1	-	1.460,5
<b>Sales Revenue</b>	316,0	644,4	-	117,5	-	1.077,9
Cost of Sales	(305,9)	(590,0)	-	(112,5)	-	(1.008,3)
<b>Gross Profit</b>	10,1	54,4	-	5,1	-	69,6
<b>Gross Profit Margin</b>	3%	8%	-	4%	-	6%
Sales, marketing and distribution expenses	(8,5)	(23,5)	-	(9,9)	-	(41,8)
General administrative expenses	-	-	-	-	(46,5)	(46,5)
Research and development expenses	-	-	(0,6)	-	-	(0,6)
<b>Operating profit/ (loss) of segment</b>	1,6	31,0	(0,6)	(4,8)	(46,5)	(19,3)
<b>Operating profit margin</b>	1%	5%	-	-4%	-	-2%

**System Integration**

In 1Q24, while the sales revenues of the system integration segment increased by 26%, the order amount of the relevant segment decreased by 1% compared to the same period of the previous year. In parallel, although the relevant segment still constitutes the largest part of the Company's total sales with a share of 47%, its share in the orders received decreased and remained at 42%, lagging behind the telecom sector.

In the current period, the gross profit of the SE segment was 69 million TL and the operating profit was 29 million TL. While SE was the segment that made the biggest contribution to the company's gross profitability, on the basis of operating profitability, the contribution of the telecom sector to operating profit was above SE. The gross and operating profitability of the segment was realized at 9% and 4%.

**Telecom Segment**

New projects undertaken with ZTE products continue to expand the volume of the segment. In the current period, the order amount of the telecom segment increased by 83% and reached 921 million TL. Sales revenues of the segment increased significantly in the same period compared to the previous year, increasing by 119% and reaching 692 million TL. The share of the telecom segment in total sales was

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40%, and the telecom segment had the second largest share in sales after system integration. The share of the telecom segment in Orders Received was 47%, leaving the SE segment behind.

In 1Q24, the gross profit of the segment increased significantly compared to the previous year and increased from 10 million TL to 58 million TL, and the gross profit margin was realized at 8%.

**BDH**

In the current period, BDH's orders and sales revenues increased by 81% and 77%, respectively, compared to the same period of the previous year, and its orders and sales revenues were realized as 207 and 213 million TL, respectively.

**DEBT STRUCTURE**

In the first quarter of 2024, the Group's total financial debt is at the level of 1.7 billion TL. As of 1Q24, 30% of the Company's short-term financial debts are in TL, 69% in US Dollars and 1% in Euro.

<b>1Q24 *</b>	<b>TL mn.</b>	<b>USD mn.</b>
Short Term Financial Debt	1.399	43
Long Term Financial Debt	166	5
Short Term Portion of Long Term Bank Loans	138	4
<b>Total Debt</b>	<b>1.703</b>	<b>53</b>

\* Financial Debt including bank loans and leasing transactions.

As of the end of 1Q24, the Group's cash and cash equivalents were at the level of 318 million TL, its consolidated total financial debt was at the level of 1,703 million TL, and the net debt position decreased compared to YE23 and from 51 million USD to 43 million USD.

<b>(million TL)</b>	<b>Consolidated Total Financial Debt</b>	<b>Cash and Cash Equivalents</b>	<b>Net Debt (TL mn)</b>	<b>Net Debt (US\$ mn)</b>
<b>1Q24</b>	1.703	318	1.385	43
<b>YE23</b>	1.582	90	1.492	51