

**NETAŞ TELEKOMÜNİKASYON A.Ş.
AND ITS' SUBSIDIARIES**

As at and for the period ended 30 September 2024
Condensed consolidated financial statements

**(Convenience translation of the report and
The consolidated financial statements originally
Issued in Turkish)**

INDEX	Page
Condensed Consolidated Statements of Financial Position	1-2
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5-6
Note 1 Organization and Operations of the Group	7-8
Note 2 Basis of Presentation of the Consolidated Financial Statements	8-15
Note 3 Financial Investments	16
Note 4 Segment Reporting	17-20
Note 5 Cash and Cash Equivalents	20
Note 6 Short Term Borrowings	21-22
Note 7 Trade Receivables and Payables	23
Note 8 Inventories	23
Note 9 Property, Plant and Equipment	24-26
Note 10 Intangible Assets	26-28
Note 11 Right of Use Assets	28
Note 12 Government Grants	29
Note 13 Provisions, Contingent Assets and Liabilities	29
Note 14 Commitments	30
Note 15 Employee Benefits	31
Note 16 Shareholders' Equity	32-33
Note 17 Revenue and Cost of Sales	34
Note 18 Income and Expenses from Other Operating Activities	35
Note 19 Finance Income and Expenses	35
Note 20 Tax Assets and Liabilities	35-39
Note 21 Earning / Loss Per Share	40
Note 22 Related Party Disclosures	40-41
Note 23 Financial Instruments and Risk Management	41-49
Note 24 Fair Value of Financial Instruments	50
Note 25 Subsequent Events	50

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

	Notes	Unreviewed 30 September 2024	Audited 31 December 2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	319.512.740	90.112.867
Trade Receivables		2.538.486.655	2.875.092.744
<i>Due from related parties</i>	22	50.415.959	9.686.111
<i>Trade receivables, third parties</i>	7	2.488.070.696	2.865.406.633
Other Receivables		7.025.117	4.944.536
<i>Other receivables, third parties</i>		7.025.117	4.944.536
Inventories	8	579.730.886	384.359.746
Contract Assets related to Goods and Services Provided		783.707.750	403.011.780
<i>Contract Assets related to Goods and Services Provided</i>	4	783.707.750	403.011.780
Prepaid Expenses		65.858.530	72.210.779
Current Income Tax Assets	20	65.367.515	66.385.058
Other Current Assets		74.457.495	71.306.010
Non-Current Assets			
Property, Plant and Equipment	9	134.543.797	127.684.364
Right of Use Assets	11	313.734.926	213.423.126
Financial Investments	3	46.108.224	39.338.713
Intangible Assets		764.782.865	683.313.128
<i>Goodwill</i>	10	625.373.373	539.546.509
<i>Other intangible assets</i>	10	139.409.492	143.766.619
Deferred Tax Assets	20	795.753.729	700.716.534
TOTAL ASSETS		6.489.070.229	5.731.899.385

The accompanying notes form an integral part of these condensed consolidated financial statements.
(Convenience translation of the report and the condensed consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

	Notes	Unreviewed 30 September 2024	Audited 31 December 2023
LIABILITIES			
Short Term Liabilities		6.034.079.640	5.231.635.187
Short Term Borrowings		1.677.135.020	1.297.908.289
<i>Short Term Bank Loans</i>	6	1.677.135.020	1.297.908.289
Short-Term Portion of Long-Term Borrowings		143.552.658	128.271.232
<i>Short-Term Portion of Long-Term Lease Liabilities</i>	6	143.552.658	128.271.232
Trade Payables		2.865.573.732	2.655.598.301
<i>Due to related parties</i>	22	1.532.973.693	1.346.153.623
<i>Trade payables, third parties</i>	7	1.332.600.039	1.309.444.678
Other Payables		12.728.879	152.960.779
<i>Other payables, third parties</i>		12.728.879	152.960.779
Employee Benefit Obligations	15	146.060.188	125.514.331
Contract Liabilities		990.125.276	648.265.146
<i>Contract Liabilities</i>	4	990.125.276	648.265.146
Provisions		196.217.306	200.654.943
<i>Provisions for Employee Benefits</i>	15	107.157.134	88.422.594
<i>Other Short Term Provisions</i>	13	89.060.172	112.232.349
Current Income Tax Liabilities	20	2.686.581	22.462.166
Long Term Liabilities		424.016.472	277.501.101
Long Term Financial Liabilities			
Long Term Borrowings		305.253.448	156.295.182
<i>Bank Loans</i>	6	85.302.500	-
<i>Lease Liabilities</i>	6	219.950.948	156.295.182
Provisions		118.763.024	121.205.919
<i>Provisions for Employee Benefits</i>	15	118.763.024	121.205.919
SHAREHOLDERS' EQUITY			
Equity Attributable to Equity Holders of the Parent		14.481.250	217.693.183
Share Capital	16	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		137.522.140	87.378.230
<i>Currency Translation Differences</i>		137.522.140	87.378.230
Other comprehensive income not to be reclassified in profit and loss		571.862.893	565.091.392
<i>Remeasurement gain/ (loss) on defined benefit plans</i>		(59.553.558)	(59.553.558)
<i>Currency Translation Differences</i>		631.416.451	624.644.950
Restricted Reserves	16	34.897.360	34.897.360
Retained Earnings		(576.150.759)	(675.821.374)
Net Loss for the Period		(260.127.344)	99.670.615
Non-controlling interests		16.492.867	5.069.914
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6.489.070.229	5.731.899.385

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

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2024
(Unless otherwise stated the amounts are in TL)

	Notes	Unreviewed		Unreviewed	
		1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 April- 30 September 2023
INCOME OR LOSS FROM OPERATIONS					
Revenue	17	6.356.607.751	4.630.663.953	2.450.595.851	1.927.947.797
Cost of Sales (-)	4	(5.878.875.516)	(4.283.779.228)	(2.273.436.526)	(1.772.044.088)
GROSS PROFIT		477.732.235	346.884.725	177.159.325	155.903.709
Sales, Marketing and Distribution Expenses (-)	4	(260.584.408)	(144.134.932)	(93.021.570)	(52.911.118)
General Administrative Expenses (-)	4	(215.656.491)	(156.223.399)	(78.364.853)	(58.012.433)
Research and Development Expenses (-)	4	(21.132.240)	(3.480.704)	(4.927.117)	(1.374.833)
Other Income from Operating Activities	18	8.669.381	642.196	(10.430.202)	70.583
Other Expenses from Operating Activities (-)	18	(12.507.364)	(97.003.454)	(2.831.037)	(28.748.586)
OPERATING LOSS		(23.478.887)	(53.315.568)	(12.415.454)	14.927.322
Income from Investment Activities		1.232.950	544.563	515.821	256.441
Expenses from Investment Activities (-)		(67.140)	(822.688)	(66.508)	(74.370)
OPERATING LOSS BEFORE FINANCE INCOME AND (EXPENSES)		(22.313.077)	(53.593.693)	(11.966.141)	15.109.393
Financial Income	19	43.744.621	225.896.048	8.901.730	46.069.248
Financial Expenses (-)	19	(264.251.936)	(244.663.824)	(62.501.479)	(98.912.325)
Monetary Gain / (Loss)		8.617.403	-	2.898.575	-
LOSS BEFORE TAX		(234.202.989)	(72.361.469)	(62.667.315)	(37.733.684)
Tax (Expenses)/ Income		(14.501.402)	58.951.569	(4.677.810)	22.802.193
Current Tax Expenses	20	-	(3.311.183)	-	3.560.534
Deferred Tax Income	20	(14.501.402)	62.262.752	(4.677.810)	19.241.659
NET LOSS FOR THE YEAR		(248.704.391)	(13.409.900)	(67.345.125)	(14.931.491)
Attributable to:					
Non-controlling Interest		11.422.953	1.390.252	(382.249)	(522.592)
Equity Holders of the Parent		(260.127.344)	(14.800.152)	(66.962.876)	(14.408.899)
Earn/(Loss) per share	21	(4,0103)	(0,2282)	(1,0323)	(0,2221)
OTHER COMPREHENSIVE INCOME/ (EXPENSES)					
Other comprehensive income or (expenses) that will not be reclassified subsequently to profit of loss		6.771.501	(3.201.773)	(1.471.362)	(3.183.950)
Foreign currency translation differences, excluding the translation of subsidiaries abroad		6.771.501	(3.201.773)	(1.471.362)	(3.183.950)
Other comprehensive income or expenses that will be reclassified subsequently to profit of (loss)		50.143.910	(959.346)	17.026.961	4.232.293
Foreign currency translation differences, the translation of subsidiaries abroad		50.143.910	(959.346)	17.026.961	4.232.293
OTHER COMPREHENSIVE INCOME/ (LOSS)		56.915.411	(4.161.119)	15.555.599	1.048.343
TOTAL COMPREHENSIVE LOSS		(191.788.980)	(17.571.019)	(51.789.526)	(13.883.148)
Attributable to:					
Non-controlling Interest		22.845.906	2.780.504	(764.498)	(1.045.184)
Equity Holders of the Parent		(214.634.886)	(20.351.523)	(51.025.028)	(12.837.964)

The accompanying notes form an integral part of these condensed consolidated financial statements.
(Convenience translation of the report and the condensed consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

	Share Capital	Share Capital Adjustments	Other comprehensive income or expenses will be reclassified subsequently to profit or loss		Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Retained Earnings		Equity Holders of the Parent	Non-controlling Interest	TOTAL
			Currency Translation Differences	Currency Translation Differences	Remeasurement loss on defined benefit plans	Restricted Reserves	Retained Earnings	Net (Loss) for the Period			
Balance as at 1 January 2023	64.864.800	41.612.160	9.570.710	579.436.498	(41.158.337)	34.897.360	(645.253.804)	(30.567.570)	13.401.817	4.289.942	17.691.759
Transfer	-	-	-	-	-	-	(30.567.570)	30.567.570	-	-	-
Total comprehensive expense	-	-	(959.346)	(3.201.773)	-	-	-	(14.800.152)	(18.961.271)	1.390.252	(17.571.019)
<i>Net Loss for Period</i>	-	-	-	-	-	-	-	(14.800.152)	(14.800.152)	1.390.252	(13.409.900)
<i>Other Comprehensive expense</i>	-	-	(959.346)	(3.201.773)	-	-	-	-	(4.161.119)	-	(4.161.119)
Balance as at 30 September 2023	64.864.800	41.612.160	8.611.364	576.234.725	(41.158.337)	34.897.360	(675.821.374)	(14.800.152)	(5.559.454)	5.680.194	120.740
Balance as at 1 January 2024	64.864.800	41.612.160	87.378.230	624.644.950	(59.553.558)	34.897.360	(675.821.374)	99.670.615	217.693.183	5.069.914	222.763.097
Transfer	-	-	-	-	-	-	99.670.615	(99.670.615)	-	-	-
Total comprehensive Expense	-	-	50.143.910	6.771.501	-	-	-	(260.127.344)	(203.211.933)	11.422.953	(191.788.980)
<i>Net Loss for Period</i>	-	-	-	-	-	-	-	(260.127.344)	(260.127.344)	11.422.953	(248.704.391)
<i>Other Comprehensive Income</i>	-	-	50.143.910	6.771.501	-	-	-	-	56.915.411	-	56.915.411
Balance as at 30 September 2024	64.864.800	41.612.160	137.522.140	631.416.451	(59.553.558)	34.897.360	(576.150.759)	(260.127.344)	14.481.250	16.492.867	30.974.117

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

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL.)

	Notes	Unreviewed	
		Current Period 1 January- 30 September 2024	Previous Period 1 January- 30 September 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss) for the Period		(248.704.391)	(13.409.900)
<i>Profit/(Loss) from Continuing Operations</i>		<i>(248.704.391)</i>	<i>(13.409.900)</i>
Adjustments to Reconcile Profit/Loss		391.738.487	(4.170.621)
Adjustments for Depreciation and Amortisation Expenses	9-10-11	99.599.118	74.829.052
Adjustments for (Reversal of) Impairment Loss Recognised in Profit or Loss		3.776.378	(366.805)
<i>Adjustments for (Reversal of) Provision of Receivables</i>	7	<i>218.754</i>	<i>(642.197)</i>
<i>Adjustment for Reversal of Provision of Inventory</i>	8	<i>3.557.624</i>	<i>275.392</i>
Adjustments For Provisions		79.815.842	47.530.698
<i>Adjustments for Provisions Related with Employee Benefits</i>		<i>116.708.810</i>	<i>95.573.001</i>
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		<i>2.388.470</i>	<i>4.538.651</i>
<i>Adjustments for (Reversal of) Other Provisions</i>		<i>(39.281.438)</i>	<i>(52.580.954)</i>
Adjustments for Interest (Income) and Expenses		205.007.820	153.741.131
<i>Adjustments for Interest Income</i>	19	<i>(33.502.525)</i>	<i>(7.785.871)</i>
<i>Adjustments for Interest Expense</i>	19	<i>239.464.419</i>	<i>172.644.705</i>
<i>Unearned Financial Loss/Income from Credit Sales</i>	18	<i>(954.074)</i>	<i>(11.117.703)</i>
Adjustments For Unrealised Foreign Exchange Losses (Gains)	19	(10.242.096)	(218.110.177)
Adjustments for Losses Tax Expense	20	14.501.402	(62.262.752)
Adjustments for (Gains)/Losses disposal of non-current assets		(719.977)	468.232
<i>Adjustments for (Gains)/Losses Arising From Sale of Property, Plant and Equipment</i>		<i>(719.977)</i>	<i>468.232</i>
Changes in Working Capital		227.348.223	442.215.399
Adjustments for Decrease / (Increase) in Trade Receivables		794.688.811	706.216.540
<i>Decrease (Increase) in Trade Receivables from Related Parties</i>		<i>(39.189.057)</i>	<i>43.283.243</i>
<i>Decrease (Increase) in Trade Receivables from Third Parties</i>		<i>833.877.868</i>	<i>662.933.297</i>
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		6.897.278	2.150.037
<i>Adjustments for Decrease (Increase) in Other Receivables Related with Operations from Third Parties</i>		<i>6.897.278</i>	<i>2.150.037</i>
Adjustments for Decrease / (Increase) in Inventories		(137.787.804)	156.474.644
Decrease / (Increase) in Prepaid Expenses		17.838.978	53.751.160
Adjustments for (Decrease) in Trade Payables		(212.456.502)	(611.189.423)
Increase (Decrease) in Trade Payables to Related Parties		(27.315.583)	330.612.899
(Decrease)/Increase in Trade Payables to Third Parties		(185.140.919)	(941.802.322)
Increase (Decrease) in Payables due to Employee Benefits		580.013	8.027.410
(Decrease)/Increase in Contract Assets		(316.587.989)	191.770.594
Adjustments for Decrease in Other Operating Payables		(164.563.712)	(45.714.462)
<i>(Decrease) in Other Operating Payables to Unrelated Parties</i>		<i>(164.563.712)</i>	<i>(45.714.462)</i>
(Decrease)/ Increase in Contract Liabilities		238.739.150	(19.271.101)
Cash Flows (Used in) Generated From Operations		370.382.319	424.634.878
Payments Related with Provisions for Employee Benefits		(100.417.165)	(94.637.309)
Income Taxes Paid	20	(18.758.042)	(20.756.043)
Payments Related with Lawsuits		-	(1.952.535)
		251.207.112	307.288.991

The accompanying notes form an integral part of these condensed consolidated financial statements.
(Convenience translation of the report and the condensed consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL.)

	Notes	Unreviewed	
		Current Period 1 January- 30 September 2024	Previous Period 1 January- 30 September 2023
B.CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		1.453.056	568.575
<i>Proceeds from Sales of Property, Plant, Equipment</i>		1.453.056	572.201
<i>Proceeds from Intangible Assets</i>		-	(3.626)
Purchase of Property, Plant, Equipment and Intangible Assets		(10.234.258)	(4.737.769)
<i>Purchase of Property, Plant, Equipment</i>	9	(7.127.477)	(3.322.633)
<i>Purchase of Intangible Assets</i>	10	(3.106.781)	(1.415.136)
Interest Received	19	33.502.525	7.785.871
Other Outflows of Cash		(6.769.511)	(11.770.645)
		17.951.812	(8.153.968)
C.CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
Inflows from Borrowings	6	1.851.015.142	1.638.590.401
Outflows from Borrowings	6	(1.486.551.094)	(1.565.018.494)
Interest Paid		(210.045.982)	(150.369.153)
Payments of lease liabilities		(74.931.848)	(37.638.182)
		79.486.218	(114.435.428)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		348.645.142	184.699.595
D. EFFECT OF EXCHANGE RATE CHANGES ON			
CASH AND CASH EQUIVALENTS		(119.245.269)	4.683.759
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		229.399.873	189.383.354
E.CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5	90.112.867	220.130.315
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D+E)	5	319.512.740	409.513.669

The accompanying notes form an integral part of these condensed consolidated financial statements.
(Convenience translation of the report and the condensed consolidated financial statements originally issued in Turkish)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(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 İstanbul (“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.

It was established in Malta through the establishment of a capital of EUR 1.200 (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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

1 ORGANIZATION AND OPERATIONS OF THE GROUP(Cont'd)

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 16.

As of 30 September 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 30 September 2024 is 1.519 (31 December 2023: 1.682).

Approval of Condensed Consolidated Financial Statements

The financial statements were approved by the Board of Directors on 8 November 2024. The General Assembly has the right to change the interim condensed consolidated financial statements.

2 BASIS OF PRESENTATION OF THE CONDENSED 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 September 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 condensed 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 condensed 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 June 2022 by POA.

For the period ended 30 September 2024, the Group prepared its condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. Condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's annual financial statements as of 31 December 2023.

b) Basis of presentation of condensed consolidated financial statements

The details of the Company's subsidiaries as of 30 September 2024 and 31 December 2023 are as follows:

	<u>Place and establishment of operation</u>	<u>Group's shares in capital and voting rights</u>	<u>Main operating activities</u>
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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.1 Basis of Presentation(Cont'd)

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

The condensed 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 condensed 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.

As of 30 September 2024 and 31 December 2023, the Group has no associates.

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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.1 Basis of Presentation(Cont'd)

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 condensed consolidated financial statements and the notes in accordance with TAS 21, condensed 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 30 September 2024 1 USD: 34,1210 TL (31 December 2023; 1 USD 29,4382 TL)
- Statements of profit or loss and statements of cash flows have been translated to TL by using nine months average exchange rate (1 USD: 32,2089 TL) for the period ended 30 September 2024 (for the period ended 30 September 2023 1 USD: 22,1412 TL).

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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.1 Basis of Presentation(Cont'd)

c) Functional Currency and Reporting Currency

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

With the "Announcement on the implementation of TAS 29 Financial Reporting in Economies with High Inflation and FRS for LMSE Chapter 25 Financial Reporting in Economies with High Inflation" made on 23 November 2023 by POA, the financial statements of the enterprises applying TFRS for the reporting periods ending on or after 31 December 2023 will be subject to "Turkish Accounting Standard 29 Financial Reporting in High Inflation Economies" standard. POA explained that it should be presented in accordance with the principles of inflation and adjusted for the effect of inflation. In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, CMB decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will apply inflation accounting comply with the provisions of TAS 29. The implementation will start with the annual financial reports for the accounting periods ending as of 31 December 2023. As a result, the financial statements of enterprises whose functional currency is TL ("BDH") are adjusted in accordance with TAS 29 according to the changes in the general purchasing power of the Turkish Lira as of 30 September 2024 and 31 December 2023. The correction is calculated with the consumer price index correction coefficients published by Turkish Statistical Institute, derived from Turkey in general. The indices and adjustment coefficients for the related periods used in the restatement of consolidated financial statements are as follows:

Date	Index	Conversion Factor
30 September 2024	2.526,16	1,000
31 December 2023	1.859,38	2,099

TFRS requires that the financial statements of an entity whose functional currency is hyperinflationary, whether prepared according to the historical cost or current cost approach, be restated in accordance with the requirements of IAS 29 and applied retrospectively, assuming that there has always been high inflation in the economy in which the currency is located. The basic principle in IAS 29 is that the financial statements of an entity reporting in the currency of a hyperinflationary economy must be reported in the measurement unit current at the reporting date. Comparative figures for the previous period are rearranged to the same current unit of measurement. The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary positions of BDH, is included in the profit or loss statement as "monetary gain / (loss)".
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.2 Comparative Information and Restatement of Prior Period Condensed Consolidated Financial Statements

Group's condensed 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.

2.3 Change in Accounting Policies

If the changes in accounting estimates are for only one period, they are applied prospectively both in the current period when the change is made and in the future periods if the change is made. There has been no significant change in the accounting estimates of the Group in the current year.

The Group has applied consistent accounting policies in the condensed consolidated financial statements for the periods presented, and there are no significant changes in the accounting policies and estimates during the current period.

2.4 The New Standards, Amendments, and Interpretations

The accounting policies adopted in preparation of the condensed consolidated financial statements as at September 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2024. 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 that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Accounting and Auditing Standards Authority (POA)

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, IASB amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Related amendments were published by Public Oversight Accounting and Auditing Standards Authority ("POA") on 5 June 2024.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to IAS 21.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.4 The New Standards, Amendments, and Interpretations(Cont't)

i) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Accounting and Auditing Standards Authority (POA) (Cont'd)

IFRS 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, IASB has issued IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 introduces three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and requires all companies to provide new defined subtotals, including operating profit.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively. Early adoption is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 18.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

Classification of financial assets with contingent feature

The amendments introduce an additional SPPI (solely payment of principal and interest) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG (environmental, social, and governance) target specified in the loan contract. This contingent financial asset's classification will be determined by the SPPI test. The SPPI test determines whether the asset should be accounted for at amortized cost or fair value.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. Judgement will be required in determining whether the new test is met.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

Settlement by electronic payments

A company that settles its trade payable by using an electronic payment system generally derecognises its trade payable on settlement date. The amendments provide an exception for the derecognition of such financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction;
- the settlement risk associated with the electronic payment system is insignificant.

Other amendments

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.4 The New Standards, Amendments, and Interpretations(Cont't)

i) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Accounting and Auditing Standards Authority (POA) (Cont'd)

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Cont'd)

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to IFRS 9 and IFRS 7.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Subsidiaries of companies using IFRS Accounting Standards can substantially reduce their disclosures and focus more on users' needs following the release of IFRS 19.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability;
- its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

The amendments apply for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 19.

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 condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

iii) **Amendments are effective on 1 January 2024**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2024:

1. Classification of Liabilities as Current or Non-current (Amendments to IAS 1) for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules
2. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases
3. Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
4. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

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

2.5 Summary of Significant Accounting Policies

The condensed consolidated financial statements for the interim period ending on 30 September 2024 have been prepared in accordance with the TAS 34 standard for the preparation of the interim financial statements. Summary consolidated significant accounting used in the preparation of financial statements. The policies are consistent with the accounting policies explained in detail in the consolidated financial statements dated December 31, 2023. Therefore, the condensed consolidated financial statements should be evaluated together with the financial statements for the year ending on December 31, 2023.

2.6 Going Concern

As of 30 September 2024, the financial statements have been prepared on the basis of going concern. As of 30 September 2024, current assets of the Group are amounting to TL 4.434.146.688 (31 December 2023: TL 3.967.423.520) and short term liabilities of the Company are amounting to TL 6.034.079.640 (31 December 2023: TL 5.231.635.187). The Group's short term liabilities exceeded current assets TL 1.599.932.952 (31 December 2023: TL 1.264.211.667) and a significant part of short-term liabilities consists of trade payables to related parties (TL 1.532.973.693) (31 December 2023: TL 1.346.153.623).

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 2024 and the following years.

The Group management evaluates that there is no issue that may affect going concern in the foreseeable future in terms of the Group's cash flows and ability to fulfill its obligations.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

3 FINANCIAL INVESTMENTS

Financial Investment Funds

As of 30 September 2024 and 31 December 2023, the details of financial investments and investments accounted for using the equity method are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Private Investment Capital Fund	46.108.224	39.338.713
Total	46.108.224	39.338.713

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 30 September 2024 and 30 September 2023 is as follows:

	<u>2024</u>	<u>2023</u>
As of 1 January	39.338.713	25.360.788
Foreign currency conversion differences	6.769.511	11.770.645
As of 30 September	46.108.224	37.131.433

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

3 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024
(Unless otherwise stated the amounts are in TL)

4 SEGMENT REPORTING(Cont'd)

30 September 2024

For the period ended

	Telecom	System Integration	Technology	BDH	Unallocated	Total
Revenue	2.424.868.637	3.216.485.097	-	715.254.017	-	6.356.607.751
Cost of sales (-)	(2.222.182.328)	(2.987.681.964)	-	(669.011.224)	-	(5.878.875.516)
Gross margin	202.686.309	228.803.133	-	46.242.793	-	477.732.235
Sales,marketing and distribution expenses (-)	(52.953.350)	(140.843.728)	-	(66.787.330)	-	(260.584.408)
General administrative expenses (-)	-	-	-	-	(215.656.491)	(215.656.491)
Research and development expenses (-)	-	-	(21.132.240)	-	-	(21.132.240)
Operating profit / (loss) of segment	149.732.959	87.959.405	(21.132.240)	(20.544.537)	(215.656.491)	(19.640.904)

30 September 2023

For the period ended

	Telecom	System Integration	Technology	BDH	Unallocated	Total
Revenue	1.550.373.056	2.677.809.658	-	402.481.239	-	4.630.663.953
Cost of sales (-)	(1.461.662.386)	(2.446.090.294)	-	(376.026.548)	-	(4.283.779.228)
Gross margin	88.710.670	231.719.364	-	26.454.691	-	346.884.725
Sales,marketing and distribution expenses (-)	(33.885.172)	(81.314.487)	-	(28.935.273)	-	(144.134.932)
General administrative expenses (-)	-	-	-	-	(156.223.399)	(156.223.399)
Research and development expenses (-)	-	-	(3.480.704)	-	-	(3.480.704)
Operating profit / (loss) of segment	54.825.498	150.404.877	(3.480.704)	(2.480.582)	(156.223.399)	43.045.690

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024
(Unless otherwise stated the amounts are in TL)

4 SEGMENT REPORTING(Cont'd)

30 September 2024	Telecom	System Integration	Technology	BDH	Unallocated (*)	Total
Trade receivables	1.273.095.536	1.098.176.881	-	116.798.279	-	2.488.070.696
Due from related parties	50.415.959	-	-	-	-	50.415.959
Inventories	247.408.089	297.236.708	-	35.086.089	-	579.730.886
Contract assets	370.449.719	383.783.751	-	29.474.280	-	783.707.750
Segments assets	1.941.369.303	1.779.197.340	-	181.358.648	-	3.901.925.291
Trade payables (*)	176.786.318	983.181.125	-	148.295.571	24.337.025	1.332.600.039
Due to related parties	1.532.973.693	-	-	-	-	1.532.973.693
Contract liabilities	671.640.003	318.467.573	-	17.700	-	990.125.276
Other short term provision	-	62.181.550	-	-	26.878.622	89.060.172
Segment liabilities	2.381.400.014	1.363.830.248	-	148.313.271	51.215.647	3.944.759.180

31 December 2023	Telecom	System Integration	Technology	BDH	Unallocated (*)	Total
Trade receivables	1.303.352.510	1.459.827.811	-	99.795.417	2.430.895	2.865.406.633
Due from related parties	9.686.111	-	-	-	-	9.686.111
Inventories	112.616.423	247.855.374	-	23.887.949	-	384.359.746
Contract assets	53.944.800	339.553.302	-	9.513.678	-	403.011.780
Segments assets	1.479.599.844	2.047.236.487	-	133.197.044	2.430.895	3.662.464.270
Trade payables (*)	92.900.946	1.032.597.411	-	148.447.403	35.498.918	1.309.444.678
Due to related parties	1.346.153.623	-	-	-	-	1.346.153.623
Contract liabilities	334.474.247	313.773.199	-	17.700	-	648.265.146
Other short term provision	16.672.143	72.880.639	-	-	22.679.567	112.232.349
Segment liabilities	1.790.200.959	1.419.251.249	-	148.465.103	58.178.485	3.416.095.796

(*) Unallocated trade payables are comprised of as rent, trade payable, inventory insurance, consultancy etc.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated the amounts are in TL)

4 SEGMENT REPORTING(Cont'd)

Reconciliation of (loss) before tax, assets, liabilities, and other material items:

	For the period ended 30 September 2024	For the period ended 30 September 2023
Operating (loss) of segment	(19.640.904)	43.045.690
Other (expenses)/income from operating activities (net)	(3.837.983)	(96.361.258)
Other (expenses)/income from investments (net)	1.165.810	(278.125)
Finance (expenses)/income (net)	(211.889.912)	(18.767.776)
(Loss) before tax	(234.202.989)	(72.361.469)

	30 September 2024	31 December 2023
Assets		
Segment assets	3.901.925.291	3.662.464.270
Other assets (*)	2.587.144.938	2.069.435.115
Total assets	6.489.070.229	5.731.899.385

	30 September 2024	31 December 2023
Liabilities		
Segment liabilities	3.944.759.180	3.416.095.796
Other liabilities (*)	2.513.336.932	2.093.040.492
Total liabilities	6.458.096.112	5.509.136.288

(*) 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.

5 CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Bank- demand deposits	175.112.740	83.612.867
Bank- time deposits	144.400.000	6.500.000
	319.512.740	90.112.867

Currency	Original Currency		Maturity	30 September 2024
	Amount	Interest Rate %		
TL	144.400.000	43,00-45,00	October 2024	144.400.000
				144.400.000

Currency	Original Currency		Maturity	31 December 2023
	Amount	Interest Rate %		
TL	6.500.000	32,98 - 38,00	January 2024	6.500.000
				6.500.000

As of 30 September 2024, and 31 December 2023 there are no restriction / blockage on bank accounts.

The exchange rate risk carried by cash and cash equivalents are presented in Note 23.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated the amounts are in TL)

6 BORROWINGS

	<u>30 September 2024</u>	<u>31 December 2023</u>
Short term financial liabilities		
Short term unsecured loans	1.677.135.020	1.031.302.122
Financial borrowing from factoring transactions	-	266.606.167
	<u>1.677.135.020</u>	<u>1.297.908.289</u>

(*) Non-interest-bearing unsecured spot loans consist of loans related to import taxes and SSP and their original currencies are TL.

As of the details of short-term unsecured loans of the Group are given below:

	Original Currency			
Currency	Amount	Interest Rate(%) (*)	Maturity	30 September 2024
USD	49.152.575	7,23-11,50	July 2024-September 2025	1.677.135.020
				<u>1.677.135.020</u>

	Original Currency			
Currency	Amount	Interest Rate(%) (*)	Maturity	31 December 2023
TL	311.593.683	32,00-50,30	January 2024-November 2024	311.593.683
USD	24.079.939	9,00-12,35	January 2024-December 2024	708.870.060
EURO	332.732	10,56	September 2024	10.838.379
				<u>1.031.302.122</u>

(*) Presents the lower and upper rates.

The detail of financial borrowing from factoring transactions of the Group is given below:

	Original Currency			
Currency	Amount	Interest Rate(%) (*)	Maturity	31 December 2023
TL	266.606.167	40,00-50,00	January 2024-June 2024	266.606.167
				<u>266.606.167</u>

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

6 BORROWINGS(Cont'd)

	<u>30 September 2024</u>	<u>31 December 2023</u>		
Short-Term Portion of Long-Term Financial Liabilities				
Short-Term Portion of Long-Term Lease Liabilities	143.552.658	128.271.232		
	<u>143.552.658</u>	<u>128.271.232</u>		
	<u>30 September 2024</u>	<u>31 December 2023</u>		
Long term financial liabilities				
Long term lease liabilities	219.950.948	156.295.182		
Long term unsecured bank loans	85.302.500	-		
	<u>305.253.448</u>	<u>156.295.182</u>		
	Original Currency			
Currency	Amount	Interest Rate(%) (*)	Maturity	30 September 2024
USD	2.500.000	7,76	June 2026	85.302.500
				<u>85.302.500</u>

The Group has no collaterals given for bank loans as of 30 September 2024 and 31 December 2023.

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 condensed consolidated statement of cash flows.

	<u>2024</u>	<u>2023</u>
Opening-1 January	1.297.908.289	1.192.728.664
Cash inflow under within borrowings received	1.851.015.142	1.638.590.401
Cash pouflow under within borrowings received	(1.694.924.698)	(1.709.317.955)
Interest accruals changes	(1.672.378)	(6.069.692)
Currency translations changes	310.111.165	421.537.679
Closing-30 September	<u>1.762.437.520</u>	<u>1.537.469.097</u>

The reconciliation of the Group's debts from lease transactions for the nine-month accounting periods ending on September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Opening-1 January	284.566.414	161.503.737
Additions	92.360.873	65.590.679
Interest expenses and foreign exchange loss on lease liabilities	29.418.437	22.275.552
Lease payments	(74.931.848)	(37.638.182)
Foreign Currency Translation Difference	32.089.730	51.124.935
Closing-30 September	<u>363.503.606</u>	<u>262.856.721</u>

As of September 30, 2024, 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 financial borrowings and leasing transactions and the exchange rate risk carried over are presented in Note 23.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated the amounts are in TL)

7 TRADE RECEIVABLES AND PAYABLES

Trade Receivables from Third Parties	30 September 2024	31 December 2023
Trade receivables	2.901.709.730	3.202.873.225
Discount on trade receivables (*)	(66.442.882)	(38.643.054)
Allowances for doubtful receivables (-)	(347.196.152)	(298.823.538)
	2.488.070.696	2.865.406.633

(*) Trade receivables as of reporting date are accounted at amortized cost using the effective interest rate method.

Movement of Allowance for Doubtful Receivables	2024	2023
Reported as of 1 January	(298.823.538)	(200.752.390)
Charge for the period	(218.754)	-
Provision no longer required	-	642.197
Currency translation differences	(48.153.860)	(94.168.174)
As of 30 September	(347.196.152)	(294.278.367)

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.

Trade Payables to Third Parties	30 September 2024	31 December 2023
Trade payables	1.332.600.039	1.309.444.678
	1.332.600.039	1.309.444.678

8 INVENTORIES

	30 September 2024	31 December 2023
Raw materials	166.556.411	131.414.493
Finished goods	92.428.052	74.676.366
Trade goods	325.268.721	151.615.849
Right of return assets	-	27.303.104
Allowance for inventory impairment (-)	(4.522.298)	(650.066)
	579.730.886	384.359.746

Movement for allowance:	2024	2023
Opening-1 January	(650.066)	(1.139.627)
Released for the year	8.752.753	1.580.891
Provision	(12.310.377)	(1.856.283)
Foreign currency translation difference	(314.608)	(1.336.219)
Closing-30 September	(4.522.298)	(2.751.238)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024
(Unless otherwise stated the amounts are in TL)

9 PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Total
<u>Cost</u>					
1 January 2024	904.979.105	943.217	90.126.637	298.817.717	1.294.866.676
Adjustments related to inflation accounting (Note: 2.1d)	24.024.516	246.667	9.391.091	17.935.432	51.597.706
Recalculated 1 January 2024 balance	929.003.621	1.189.884	99.517.728	316.753.149	1.346.464.382
Translation difference	130.376.452	40.622	10.102.940	39.577.655	180.097.669
Purchases	6.276.859	-	850.618	-	7.127.477
Disposals	(51.327.468)	-	(8.820.355)	-	(60.147.823)
30 September 2024	1.014.329.464	1.230.506	101.650.931	356.330.804	1.473.541.705
<u>Accumulated Depreciation</u>					
1 January 2024	(818.348.215)	(863.011)	(79.431.579)	(268.539.507)	(1.167.182.312)
Adjustments related to inflation accounting (Note: 2.1d)	(21.012.006)	(217.905)	(7.195.559)	(8.058.085)	(36.483.555)
Recalculated 1 January 2024 balance	(839.360.221)	(1.080.916)	(86.627.138)	(276.597.592)	(1.203.665.867)
Translation difference	(120.246.497)	(40.622)	(9.395.314)	(39.172.176)	(168.854.609)
Period charge	(17.667.085)	(108.968)	(2.650.565)	(5.465.558)	(25.892.176)
Disposals	50.603.923	-	8.810.821	-	59.414.744
30 September 2024	(926.669.880)	(1.230.506)	(89.862.196)	(321.235.326)	(1.338.997.908)
Net book value at 30 September 2024	87.659.584	-	11.788.735	35.095.478	134.543.797

As of 30 September 2024, depreciation charge is TL 25.892.176. TL 9.874.260 is accounted in cost of sales, TL 14.559.239 in general administrative expenses, TL 1.458.677 in sales, marketing, and distribution expenses.

As of 30 September 2024, there are not any mortgage and financial leasing on property, plant and equipment.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024
(Unless otherwise stated the amounts are in TL)

9 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Total
<u>Cost</u>					
1 January 2023	629.136.116	448.729	53.156.764	177.748.923	860.490.532
Translation difference	241.111.629	75.281	18.945.951	72.753.225	332.886.086
Purchases	2.356.032	-	134.469	832.132	3.322.633
Disposals	(70.122.677)	(4.183)	(2.028.184)	(1.424.563)	(73.579.607)
30 September 2023	802.481.100	519.827	70.209.000	249.909.717	1.123.119.644
<u>Accumulated Depreciation</u>					
1 January 2023	(552.512.405)	(359.331)	(45.305.835)	(157.893.741)	(756.071.312)
Translation difference	(231.486.900)	(75.281)	(17.277.495)	(71.342.772)	(320.182.448)
Period charge	(14.007.250)	(42.360)	(2.031.697)	(9.252.849)	(25.334.156)
Disposals	69.490.000	4.183	1.809.361	1.235.630	72.539.174
30 September 2023	(728.516.555)	(472.789)	(62.805.666)	(237.253.732)	(1.029.048.742)
Net book value at 30 September 2023	73.964.545	47.038	7.403.334	12.655.985	94.070.902

As of 30 September 2023, depreciation charge is TL 25.334.156. TL 8.280.872 is accounted in cost of sales, TL 15.553.701 in general administrative expenses, TL 1.499.583 in sales, marketing, and distribution expenses.

As of 30 September 2023, there are not any mortgage and financial leasing on property, plant and equipment.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

9 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Tangible fixed assets are depreciated principally on a straight-line basis using the following rates:

	<u>Useful Lives</u>
Machinery and Equipment	10
Vehicles	5-10
Leasehold Improvements	5-10
Furniture and fixtures	5-15

10 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. The Enterprise business unit consists of financial sector, general sector and telecom sector customers under the Systems Integration business segment.

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	<u>2024</u>	<u>2023</u>
Opening-1 January	539.546.509	342.704.462
Translation difference	85.826.864	159.058.652
Closing-30 September	<u>625.373.373</u>	<u>501.763.114</u>

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 2023 and 31 December 2027, 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 2023. 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 related segments is between USD 40 million and USD 47 million. Considering the Company's adjusted net debt level of USD 8.9 million as of the valuation date, the share value is estimated to be between USD 31 million and USD 38 million.

Considering the future cash flows of the Group, the Company Management concluded that there is no impairment in the goodwill amount as of 30 September 2024.

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 12,7% over the years since the tax rate will be changed during the projection period. In the WACC calculation, 0.82 was used as asset beta. Throughout the projection period, the company's debt / capital ratio is predicted to be 19,4% and a business risk premium of 1% has been considered in the WACC calculation.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

10 INTANGIBLE ASSETS(Cont'd)

Other Intangible Assets

	1 January- 30 September 2024			
	Customer Relations (*)	Other Intangible Assets (**)	Construction in Progress	Total
<u>Cost</u>				
Opening balance	314.036.181	717.393.163	174.644	1.031.603.988
Adjustments related to inflation accounting (Note: 2.1d)	-	13.403.936	-	13.403.936
Recalculated 1 January 2024 balance	314.036.181	730.797.099	174.644	1.045.007.924
Translation difference	30.372.911	108.246.187	36.161	138.655.259
Additions	-	1.258.108	1.848.673	3.106.781
Closing balance	344.409.092	840.301.394	2.059.478	1.186.769.964
<u>Accumulated amortization</u>				
Opening balance	(314.036.181)	(573.801.188)	-	(887.837.369)
Adjustments related to inflation accounting (Note: 2.1d)	-	(12.839.249)	-	(12.839.249)
Recalculated 1 January 2024 balance	(314.036.181)	(586.640.437)	-	(900.676.618)
Translation difference	(30.372.911)	(87.282.816)	-	(117.655.727)
Period charge	-	(29.028.127)	-	(29.028.127)
Closing balance	(344.409.092)	(702.951.380)	-	(1.047.360.472)
Net book value	-	137.350.014	2.059.478	139.409.492

(*) 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 30 September 2024, amortization charge is TL 29.028.127. TL 16.137.021 is accounted in cost of sales, TL 12.874.003 in general administrative expenses and TL 17.103 in sales, marketing and distribution expenses.

	1 January- 30 September 2023			
	Customer Relations (*)	Other Intangible Assets(**)	Construction in Progress	Total
<u>Cost</u>				
Opening balance	199.466.771	671.726.282	-	871.193.053
Translation difference	92.578.065	299.124.579	326.712	392.029.356
Additions	-	33.454	1.381.682	1.415.136
Disposals	-	(24.144.730)	-	(24.144.730)
Closing balance	292.044.836	946.739.585	1.708.394	1.240.492.815
<u>Accumulated amortization</u>				
Opening balance	(199.466.771)	(555.523.117)	-	(754.989.888)
Translation difference	(92.578.065)	(250.907.055)	-	(343.485.120)
Period charge	-	(22.488.894)	-	(22.488.894)
Disposals	-	24.148.356	-	24.148.356
Closing balance	(292.044.836)	(804.770.710)	-	(1.096.815.546)
Net book value	-	141.968.875	1.708.394	143.677.269

(*) 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 30 September 2023, amortization charge is TL 22.488.894. TL 13.535.630 is accounted in cost of sales, TL 8.931.344 in general administrative expenses and TL 21.920 in sales, marketing and distribution expenses.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

10 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:

	<u>Depreciation Ratio (%)</u>
Softwares	20
Customer Portfolio	10
Licenses	3-15
Rights	20

11 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 30 September 2024, and 2023 the movement table of the right of use assets is as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>			
1 January 2024	318.903.180	243.137.090	562.040.270
Adjustments related to inflation accounting (Note: 2.1d)	24.636.949	39.107.655	63.744.604
Recalculated 1 January 2024 balance	343.540.129	282.244.745	625.784.874
Translation difference	45.826.126	15.792.197	61.618.323
Additions	51.527.635	40.833.238	92.360.873
30 September 2024	440.893.890	338.870.180	779.764.070
1 January 2024	(190.418.509)	(158.198.635)	(348.617.144)
Adjustments related to inflation accounting (Note: 2.1d)	(11.508.796)	(24.082.127)	(35.590.923)
Recalculated 1 January 2024 balance	(201.927.305)	(182.280.762)	(384.208.067)
Translation difference	(24.244.818)	(12.897.444)	(37.142.262)
Additions	(22.215.486)	(22.463.329)	(44.678.815)
30 September 2024	(248.387.609)	(217.641.535)	(466.029.144)
Net book value at 30 September 2024	192.506.281	121.228.645	313.734.926
	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>			
1 January 2023	157.616.557	104.840.101	262.456.658
Translation difference	57.703.148	26.759.345	84.462.493
Additions	29.180.140	36.410.539	65.590.679
30 September 2023	244.499.845	168.009.985	412.509.830
1 January 2023	(99.314.255)	(74.746.369)	(174.060.624)
Translation difference	(40.823.544)	(20.732.907)	(61.556.451)
Additions	(15.096.116)	(11.909.886)	(27.006.002)
30 September 2023	(155.233.915)	(107.389.162)	(262.623.077)
Net book value at 30 September 2023	89.265.930	60.620.823	149.886.753

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

12 GOVERNMENT GRANTS

For the period ended 30 September 2024 the Group has received approved, well deserved and accrued incentive from TÜBİTAK amounting to TL 3.495.502 (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 30 September 2024, the Group has a corporate tax benefit of TL 4.538.049.748 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 2.498.627.552 (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 30 September 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 30 September 2024, the amount of income tax incentive within the scope of Act numbered 5746 is TL 23.280.520 (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 97.028.999 (31 December 2023: TL 21.893.875).

13 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	30 September 2024	31 December 2023
Executory Contracts (*)	62.181.549	62.246.925
Provisions for return	-	27.303.104
Provision for legal cases	26.878.623	22.682.320
	89.060.172	112.232.349

(*) 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

14 COMMITMENTS

The Group's off-balance sheet commitments as of 30 September 2024 and 31 December 2023 are as follows:

Guarantee Letters Given

The off-balance sheet commitments and contingencies as of 30 September 2024 and 31 December 2023 are as follows:

Commitments, Pledges, Mortgages, Sureties ("CPMS") are given by the Company

	<u>30 September 2024</u>	<u>31 December 2023</u>
A. Total amount of CPMS is given on behalf of own legal personality	-	-
B. Total amount of CPMS is given in favor of subsidiaries which are fully consolidated	-	-
C. Total amount of CPMS is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPMS	-	-
i. Total amount of CPMS is given in favor of parent company	-	-
ii. Total amount of CPMS is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPMS is given in favor of third party which C doesn't include	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Guarantee Letters Received

	<u>TL Equivalent</u>	<u>Original Currency</u>		
		<u>TL</u>	<u>USD</u>	<u>EURO</u>
<u>30 September 2024</u>	<u>33.881.877</u>	<u>868.513</u>	<u>967.538</u>	<u>-</u>

	<u>TL Equivalent</u>	<u>Original Currency</u>		
		<u>TL</u>	<u>USD</u>	<u>EURO</u>
<u>31 December 2023</u>	<u>4.250.306</u>	<u>300.000</u>	<u>23.538</u>	<u>100.000</u>

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 subcontractor named BDH, and its whole commitments are guaranteed by Netaş.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

15 EMPLOYEE BENEFITS

Employee Benefit Obligations:

	30 September 2024	31 December 2023
Social security payables	82.550.969	81.776.759
Payables to employees	63.509.219	43.737.572
	146.060.188	125.514.331

Short Term and Long-Term Provisions for Employee Benefits:

	30 September 2024	31 December 2023
Short Term		
Provision for employee premiums	102.476.255	88.422.594
	107.157.134	88.422.594
Long Term		
Unused vacation provision	24.236.335	26.673.944
Provision for severance indemnity	93.836.898	93.936.851
Provision for retirement benefits	689.791	595.124
	118.763.024	121.205.919
Total		
Provision for employee premiums	102.476.255	88.422.594
Unused vacation provision	28.917.214	26.673.944
Provision for severance indemnity	93.836.898	93.936.851
Provision for retirement benefits	689.791	595.124
	225.920.158	209.628.513

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 2023. Expected interest and service charges for 2024 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.

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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

16 SHAREHOLDERS' EQUITY

Paid in Capital

Shareholding structure of Company as of 30 September 2024 and 31 December 2023 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%

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.

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 condensed consolidated statement of financial position under "Share Capital Adjustments" in the Shareholders' Equity.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

16 SHAREHOLDERS' EQUITY(Cont'd)

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 condensed consolidated financial statements in accordance with TFRS are associated with retained earnings.

The details of restricted reserves are as follows as of 30 September 2024 and 31 December 2023:

	<u>30 September 2024</u>	<u>31 December 2023</u>
Primary legal reserves	11.997.507	11.997.507
Secondary legal reserves	22.899.853	22.899.853
Total	<u>34.897.360</u>	<u>34.897.360</u>

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 30 September 2024, 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

17 REVENUE

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Net domestic sales	6.104.196.752	4.450.734.252	2.303.417.044	1.817.082.609
Net export	252.410.999	179.929.701	147.178.807	110.865.188
Asia	218.379.726	163.446.890	132.586.614	105.176.010
Europe	13.534.146	4.743.071	7.378.880	772.542
Africa	367.701	253.815	19.863	163.015
United States	20.129.426	11.485.925	7.193.450	4.753.621
Total net sales	6.356.607.751	4.630.663.953	2.450.595.851	1.927.947.797

	1 January-30 September 2024				
Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
Hardware performance obligation	2.314.787.638	757.136.947	-	-	3.071.924.585
Licence performance obligation	-	1.582.478.322	-	-	1.582.478.322
Maintenance performance obligation	49.694.475	374.257.716	-	715.254.017	1.139.206.208
Design performance obligation	10.955.791	80.288.113	-	-	91.243.904
Installation performance obligation	29.053.132	81.346.193	-	-	110.399.325
Other performance obligations	20.377.601	340.977.806	-	-	361.355.407
	2.424.868.637	3.216.485.097	-	715.254.017	6.356.607.751

Satisfaction of Performance Obligations:					
At a point in time	2.380.139.737	3.012.483.962	-	715.254.017	6.107.877.716
Overtime	44.728.900	204.001.135	-	-	248.730.035
	2.424.868.637	3.216.485.097	-	715.254.017	6.356.607.751

	1 January-30 September 2023				
Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
Hardware performance obligation	1.471.889.910	884.247.113	-	-	2.356.137.023
Licence performance obligation	-	1.044.867.793	-	-	1.044.867.793
Maintenance performance obligation	21.345.678	280.325.909	-	402.481.239	704.152.826
Design performance obligation	13.686.876	78.340.429	-	-	92.027.305
Installation performance obligation	29.861.461	84.994.052	-	-	114.855.513
Other performance obligations	13.589.131	305.034.362	-	-	318.623.493
	1.550.373.056	2.677.809.658	-	402.481.239	4.630.663.953

Satisfaction of Performance Obligations:					
At a point in time	1.529.334.238	2.569.058.074	-	402.481.239	4.500.873.551
Overtime	21.038.818	108.751.584	-	-	129.790.402
	1.550.373.056	2.677.809.658	-	402.481.239	4.630.663.953

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

20 TAX ASSETS AND LIABILITIES(Cont'd)

Corporate Tax(Cont'd)

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.

As of 31 December 2022, the general corporate tax rate applied to the legal tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations in Turkey, was 20%. However, according to the Article 21 of the "Law on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. In accordance with the amendments made in Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general rate applied in corporate tax has been increased from 20% to 25% starting from the declarations to be submitted as of 1 October 2023. Accordingly, the Company and its subsidiaries in Turkey have used the tax rate of 25% in the calculation of the period tax for the year 2024.

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 condensed consolidated tax returns of the Company and its subsidiaries. Therefore, provisions for taxes, as included in the condensed consolidated financial statements, it has been calculated based on individual companies.

Corporate tax rate in Malta is 35% (2023: 35%). Corporate tax rate in Kazakhstan is 20% (2023: 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

20 TAX ASSETS AND LIABILITIES(Cont'd)

Deferred Taxes(Cont'd)

<u>Deferred tax assets</u>	<u>30 September 2024</u>	<u>31 December 2023</u>
Trade and unbilled receivables	(41.982.009)	(16.188.180)
Tangible and intangible assets	(86.294.146)	(62.444.832)
Trade payables and cost provisions	37.705.218	35.352.725
Carryforward tax losses	211.175.036	208.568.852
Carryforward tax losses and unused R&D tax exemption (Note 12)	624.656.900	483.486.420
Provision for unused vacation	6.286.469	5.702.006
Inventory and contract assets	(45.135.088)	(53.594.127)
Provisions for employee premiums	23.970.371	20.615.882
Contract liabilities	10.267.828	35.410.298
Legal provision	5.506.071	3.993.322
Severance indemnity and retirement provisions	49.785.894	42.715.603
Other	(188.815)	(2.901.435)
	<u>795.753.729</u>	<u>700.716.534</u>
	30 September 2024	31 December 2023
Deferred Tax Assets	<u>795.753.729</u>	<u>700.716.534</u>
Net Amount	<u>795.753.729</u>	<u>700.716.534</u>

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated the amounts are in TL)

20 TAX ASSETS AND LIABILITIES(Cont'd)**Deferred Taxes(Cont'd)**

The movement of deferred tax assets/ (liabilities) is as follows:

Movement for deferred taxes is as follows:

	30 September 2024	30 September 2023
Balance as of January, 1	700.716.534	306.058.392
Current charge deferred tax income	(14.501.402)	62.262.752
Translation difference	109.538.597	149.644.685
Closing	795.753.729	517.965.829

	1 January- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2024	1 July- 30 September 2023
Current tax loss	-	(3.311.183)	-	3.560.534
Deferred tax income	(14.501.402)	62.262.752	(4.677.810)	19.241.659
Tax Income (Loss)/Income	(14.501.402)	58.951.569	(4.677.810)	22.802.193

	30 September 2024	31 December 2023
Opening	(43.922.892)	(34.730.028)
Corporate tax	-	17.692.911
Prepaid taxes	(18.758.042)	(26.885.775)
Current tax (liabilities) / Current income tax assets	(62.680.934)	(43.922.892)

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

20 TAX ASSETS AND LIABILITIES(Cont'd)

Deferred Taxes(Cont'd)

Movement for deferred taxes as of 30 September 2024 and 2023 are as follows;

	1 January 2024	Charge to Period	Translation Difference	30 September 2024
Tangible and intangible assets	(62.444.832)	(16.274.770)	(7.574.544)	(86.294.146)
Trade receivables	(16.188.181)	(21.867.840)	(3.925.988)	(41.982.009)
Trade payables and cost provisions	35.352.725	(2.940.944)	5.293.437	37.705.218
Inventory and contract assets	(53.594.127)	15.882.079	(7.423.040)	(45.135.088)
Provisions for employee bonuses	20.615.882	446.013	2.908.476	23.970.371
Provision for unused vacation	5.702.006	(254.819)	839.282	6.286.469
Severance indemnity and retirement provisions	42.715.601	1.961.718	5.108.575	49.785.894
Contract liabilities	35.410.298	(29.054.243)	3.911.773	10.267.828
Unused R&D tax exemption (Note 12)	483.486.419	63.047.988	78.122.493	624.656.900
Carryforward tax losses	208.568.852	(29.221.950)	31.828.134	211.175.036
Legal Provision	3.993.320	828.348	684.403	5.506.071
Other	(2.901.429)	2.947.018	(234.404)	(188.815)
	700.716.534	(14.501.402)	109.538.597	795.753.729

	1 January 2023	Charge to Period	Translation Difference	30 September 2023
Tangible and intangible assets	(51.994.926)	20.423.864	(22.989.779)	(54.560.841)
Trade receivables	(28.412.906)	19.217.175	(8.737.178)	(17.932.909)
Trade payables and cost provisions	24.282.550	(9.399.598)	8.814.081	23.697.033
Inventory and contract assets	(50.554.744)	9.754.303	(20.750.073)	(61.550.514)
Provisions for employee bonuses	8.369.401	(1.429.383)	3.619.976	10.559.994
Provision for unused vacation	2.377.074	(1.023.271)	988.529	2.342.332
Severance indemnity and retirement provisions	21.010.220	(4.072.133)	6.441.460	23.379.547
Contract liabilities	27.473.281	(5.315.781)	11.493.310	33.650.810
Carryforward tax losses and unused R&D tax exemption (Note 12)	350.850.911	33.130.963	169.660.833	553.642.707
Legal Provision	1.801.487	201.109	883.675	2.886.271
Other	856.044	775.504	219.851	1.851.399
	306.058.392	62.262.752	149.644.685	517.965.829

The Group has a total accumulated financial loss of TL 969.043.058 that can be offset against future years' profits, and a deferred tax asset of TL 211.175.036 has been recognized over this amount. In addition, the Group calculated a deferred tax asset of TL 624.656.900 based on the corporate tax deduction arising from the R&D incentive it did not use.

The distribution of previous years' losses that recognized deferred tax asset by years is as follows;

Year occurred	Year can be used	30 September 2024	31 December 2023
2019	2024	77.148.938	77.148.938
2021	2026	290.896.416	290.896.416
2022	2027	249.849.723	249.849.723
2023	2028	218.075.161	216.380.362
		835.970.238	834.275.439

The distribution of previous years' losses that are not recognized deferred tax asset by years is as follows;

Year occurred	Year can be used	30 September 2024	31 December 2023
2024	2029	133.072.820	-
		133.072.820	-

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated the amounts are in TL)

21 EARNING / 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- 30 September 2024	1 January- 30 September 2023
Number of shares	64.864.800	64.864.800
Net profit/ (loss) for the period	(260.127.344)	(14.800.152)
Earning / (Loss) per share (kurus)	(4,0103)	(0,2282)

22 RELATED PARTY DISCLOSURES

Due from related parties as of 30 September 2024 and 31 December 2023 are as follows:

Due from Related Parties	30 September 2024	31 December 2023
ZTE İstanbul Telekomünikasyon(1)	50.415.959	9.686.111
	50.415.959	9.686.111
Due to Related Parties	30 September 2024	31 December 2023
ZTE İstanbul Telekomünikasyon(1)	1.331.413.895	1.132.047.133
ZTE Corporation(2)	201.559.798	214.106.490
	1.532.973.693	1.346.153.623

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.

(1) The company which controlled by main partner

(2) Main partner

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

22 RELATED PARTY DISCLOSURES(Cont'd)

Main transactions with related parties are as follows for the period ended 30 September 2024 and 2023.

	1 January- 30 September 2024	1 January- 30 September 2023
Sales		
ZTE İstanbul Telekomünikasyon(1)	35.626.130	41.383.285
ZTE Corporation(2)	24.286	9.424.349
	35.650.416	50.807.635
Purchases		
ZTE İstanbul Telekomünikasyon(1)	2.036.946.416	608.446.865
	2.036.946.416	608.446.865

(1) The company which controlled by main partner

(2) Main partner

(3) Associate

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 30 September 2024, total remuneration for the directors and management board of the Group is TL 70.100.509 (30 September 2023: TL 31.197.369). As of 30 September 2024, and 31 December 2023 there is no credit granted to the Group's Management.

23 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 30 September 2024, and 31 December 2023 the Group's net debt / total equity ratios are as follows:

	30 September 2024	31 December 2023
Short-term and long-term borrowings (*)	1.762.437.520	1.297.908.289
Cash and cash equivalents	(319.512.740)	(90.112.867)
Net financial debt	1.442.924.780	1.207.795.422
Equity	14.481.250	217.693.183
Net Financial Debt / Equity Ratio	%9964	%555

(*) The mentioned amount does not include lease payables and includes bank borrowings

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)

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:

<u>30 September 2024</u>	<u>Trade Receivables</u>		<u>Contract Assets related to Goods and Services Provided</u>	<u>Other Receivables</u>	<u>Deposits at Banks</u>
	<u>Related Parties</u>	<u>Other</u>	<u>Other</u>	<u>Other</u>	
Maximum credit risks as of balance sheet date (A+B+C+D)	50.415.959	2.488.070.696	783.707.750	7.025.117	319.512.740
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	50.415.959	1.899.884.946	783.707.750	7.025.117	319.512.740
(B) Net book value of overdue but not impaired financial assets	-	588.185.750	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	347.196.152	-	-	-
Impairment (-)	-	(347.196.152)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)

Credit risk (Cont'd)

<u>31 December 2023</u>	<u>Trade Receivables</u>		<u>Contract Assets related</u>	<u>Other Receivables</u>	<u>Deposits at Banks</u>
	<u>Related Parties</u>	<u>Other</u>	<u>to Goods and Services</u>	<u>Other</u>	
Maximum credit risks as of balance sheet date (A+B+C+D)	9.686.111	2.865.406.633	403.011.780	4.944.536	90.112.867
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	9.686.111	2.443.784.538	403.011.780	4.944.536	90.112.867
(B) Net book value of overdue but not impaired financial assets	-	421.622.095	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	298.823.538	-	-	-
Impairment (-)	-	(298.823.538)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)

Credit risk (Cont'd)

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:

30 September 2024	Undue	1-30 days overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	1-5 years overdue
Credit loss ratio (%)	0,6%	1,8%	2,8%	4,8%	8,8%	21,4%
As of period	2.811.053.920	48.830.019	130.196.593	9.150.261	53.704.088	282.574.177
Expected credit loss	-	430.940	4.399.802	1.342.705	7.227.110	50.330.056
31 December 2023	Undue	1-30 days overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	1-5 years overdue
Credit loss ratio (%)	0,6%	1,8%	2,8%	4,8%	8,8%	21,4%
As of period	2.862.361.701	232.909.290	22.021.806	1.894.853	665.979	164.130.167
Expected credit loss	-	1.304.046	337.613	126.424	15.015	13.782.285

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 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 30 September 2024 and 31 December 2023 is presented:

30 September 2024

<u>Maturities due to agreements</u>	Carrying amount	Cash outflows				
		due to agreements	Up to 3 months	3-12 months	1-5 years	More than 5 years
<u>Non- derivative financial liabilities</u>	5.004.243.737	5.241.597.728	3.033.433.697	1.876.457.382	331.706.649	-
Financial liabilities	1.762.437.520	1.859.145.288	74.697.577	1.687.653.069	96.794.642	-
Lease Liabilities	363.503.606	504.149.829	80.433.509	188.804.313	234.912.007	-
Due to related parties	1.532.973.693	1.532.973.693	1.532.973.693	-	-	-
Other trade payables to third parties	1.332.600.039	1.332.600.039	1.332.600.039	-	-	-
Other payables to third parties	12.728.879	12.728.879	12.728.879	-	-	-

31 December 2023

<u>Maturities due to agreements</u>	Carrying amount	Cash outflows				
		due to agreements	Up to 3 months	3-12 months	1-5 years	More than 5 years
<u>Non- derivative financial liabilities</u>	4.391.033.783	4.562.389.036	3.133.748.667	1.204.352.337	221.443.731	2.844.301
Financial liabilities	1.297.908.289	1.396.251.816	284.627.834	1.111.623.982	-	-
Lease Liabilities	284.566.414	357.578.140	40.561.753	92.728.355	221.443.731	2.844.301
Due to related parties	1.346.153.623	1.346.153.623	1.346.153.623	-	-	-
Other trade payables to third parties	1.309.444.678	1.309.444.678	1.309.444.678	-	-	-
Other payables to third parties	152.960.779	152.960.779	152.960.779	-	-	-

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)

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.

	<u>30 September 2024</u>	<u>31 December 2023</u>
Fixed interest rate financial instruments	2.689.911.772	2.886.537.280
Cash and Cash Equivalents (*)	144.400.000	6.500.000
Trade Receivables	2.538.486.655	2.875.092.744
Other Receivables	7.025.117	4.944.536
Variable interest rate financial instruments	-	-
Fixed interest rate financial liabilities	5.004.243.737	4.391.033.783
Short and Long Term Unsecured Loans	1.762.437.520	1.297.908.289
Lease Liabilities	363.503.606	284.566.414
Trade Payables	2.865.573.732	2.655.598.301
Other Payables	12.728.879	152.960.779
Variable interest rate financial liabilities	-	-
Short and Long Term Unsecured Loans	-	-
Interest-free financial liabilities	-	-
Non Interest bearing unsecured spot loans	-	-

(*) As of 30 September 2024, and 31 December 2023 includes bank time deposits.

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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Foreign currency risk(Cont'd)

As of 30 September 2024, and 31 December 2023 the Group's foreign currency position table is given below:

30 September 2024	TL Equivalent (*)	Original Currency			
		TL	Euro	USD	Other
Current Assets	979.500.589	752.693.971	784.428	2.141.650	21.334.748
Cash and cash equivalents	219.187.804	183.905.636	62.003	-	2.553.081
Trade receivables, third parties	753.287.668	561.763.218	722.425	2.141.650	18.781.667
Other receivables, third parties	7.025.117	7.025.117	-	-	-
TOTAL ASSETS (A)	979.500.589	752.693.971	784.428	2.141.650	21.334.748
Short Term Liabilities	536.471.747	447.227.046	1.768.060	637.305	496
Financial liabilities	-	-	-	-	-
Lease liabilities	143.552.658	143.552.658	-	-	-
Trade payables, third parties	380.190.210	290.945.509	1.768.060	637.305	496
Other payables, third parties	12.728.879	12.728.879	-	-	-
Long Term Liabilities	219.950.948	219.950.948	-	-	-
Lease liabilities	219.950.948	219.950.948	-	-	-
TOTAL LIABILITIES (B)	756.422.695	667.177.994	1.768.060	637.305	496
Net Foreign Currency Asset / (Liability) Position (A-B)	223.077.894	85.515.977	(983.632)	1.504.345	21.334.252

(*) 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Foreign currency risk(Cont'd)

31 December 2023	TL Equivalent (*)	Original Currency			
		TL	Euro	USD	Other
Current Assets	988.947.538	470.994.232	2.249.473	1.768.283	101.048.400
Cash and cash equivalents	25.108.122	16.917.756	210.312	-	6.104.102
Trade receivables, third parties	958.894.880	449.131.940	2.039.161	1.768.283	94.944.298
Other receivables, third parties	4.944.536	4.944.536	-	-	-
TOTAL ASSETS (A)	988.947.538	470.994.232	2.249.473	1.768.283	101.048.400
Short Term Liabilities	1.773.347.154	1.713.234.857	1.357.247	527.353	1.720.667
Financial liabilities	578.199.850	578.199.850	-	-	-
Lease liabilities	128.271.232	128.271.232	-	-	-
Trade payables, third parties	913.915.293	853.802.996	1.357.247	527.353	1.720.667
Other payables, third parties	152.960.779	152.960.779	-	-	-
Long Term Liabilities	156.295.182	156.295.182	-	-	-
Lease liabilities	156.295.182	156.295.182	-	-	-
TOTAL LIABILITIES (B)	1.929.642.336	1.869.530.039	1.357.247	527.353	1.720.667
Net Foreign Currency Asset / (Liability) Position (A-B)	(940.694.798)	(1.398.535.807)	892.226	1.240.930	99.327.733

(*) 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024
(Unless otherwise stated the amounts are in TL)

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Foreign currency risk(Cont'd)

Exchange Rate Sensitivity Table
30 September 2024

	<u>Profit / (Loss)</u>	
	<u>Appreciation</u>	<u>Devaluation</u>
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	8.551.598	(8.551.598)
Hedged portion from TL risk (-)	-	-
(1) Net effect of TL	8.551.598	(8.551.598)
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	(3.754.661)	3.754.661
Hedged portion from EUR risk (-)	-	-
(2) Net effect of EUR	(3.754.661)	3.754.661
<i>Effect of 10 % appreciation/devaluation in USD – TL exchange rate :</i>		
Net asset / (liability) in USD	150.435	(150.435)
Hedged portion from USD risk (-)	-	-
(3) Net effect of USD	150.435	(150.435)
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	7.113.595	(7.113.595)
Hedged portion from other currencies risk (-)	-	-
(4) Net effect of other currencies	7.113.595	(7.113.595)
TOTAL (1+2+3+4)	12.060.967	(12.060.967)

31 December 2023

	<u>Profit / (Loss)</u>	
	<u>Appreciation</u>	<u>Devaluation</u>
<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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated the amounts are in TL)

24 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 Investments:

Currency-protected deposit accounts are a financial asset with cash flows that include principal and interest or dividends, but they also show a derivative product feature as these cash flows may change depending on the change in the exchange rate. Therefore, currency protected deposit accounts are treated as hybrid contracts and accounted for as financial assets whose fair value is recognized in profit or loss in line with the provisions of TFRS 9 regarding mixed contracts. Changes in the fair value of currency-protected deposit accounts are accounted for under the “Income/Expenses from Investing Activities” in the Statement of Profit or Loss and Other Comprehensive Income.

The following methods and assumptions are used to estimate the fair value of financial instruments and these valuations are considered level 2

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.

25 SUBSEQUENT EVENTS

None.