

2020
ANNUAL
REPORT



THE
FUTURE
STARTS
TODAY



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Our journey into the future started in 1967.

Thinking about the future since then, we became the guarantor of Turkey's R&D culture through our country's first software exports, founding its first private telecom R&D and the largest global excellence center, as well as taking many steps leaving an indelible mark in the country's technology legacy.

Through our motto, "**The future is at our core**", we see today as the first step towards the future. Along with the 10 thousand Netaş employees, we carry not only Turkey but other countries to the future as well.

Just like we did in the past, we seize the spirit of the time today, and developing our solutions, making our success sustainable.

A hand is shown painting a vibrant rainbow on a wall. The brush is currently applying the red color. To the left of the wall is a large, lush green plant. The background is a blurred cityscape seen through a window. The overall scene is bright and optimistic.

**A
sustainable
world**
with the support
of technology

The use of digital competencies for a sustainable world contributes to the development of humanity in enabling an uninterrupted life, efficiency and adaptation to the future, and adds value to the future.







**Versatile
benefit**
with the
transformative
power of
technology

From transportation to agriculture, from education to energy, all business processes focus on benefit with smart technologies. With the transformative power of technology, processes as well as business models evolve accordingly.





**A livable
future**
with efficient use
of resources

Efficient and effective use of energy resources, as well as their optimization and reducing the carbon footprint are at the center of the technologies developed to create a livable future.

MESSAGE FROM CHAIRMAN

AIGUANG PENG



Esteemed Shareholders,

With the onset of pandemic, 2020 was marked as a year engulfed with global macroeconomic uncertainties where economic activities slowed down in developed and developing world alike. The priority for most companies and countries throughout this period was to sustain business. However, pandemic also showed once again that we can no longer shy away from taking concrete steps to ensure sustainability of life. This period, with carbon footprint on the decline and social awareness surging, proved to be a steppingstone welcoming the transition into circular economy, protection of biological diversity and fight against climate change.

Digitalization, on the hand other hand, provided the medium to address all needs pertaining to sustainability. Brought forward in urgency by the necessities of the pandemic, digital platforms emerged as the backbone of a sustainable life and sustainable economy.

The demand for remote services and applications highlighted the significance of 5G technologies. 2020 saw further strengthening of the initial 5G commercial investments of 2019. With 5G investments attracting more

attention worldwide, ZTE continued its efforts full steam to establish 5G as "the driving force for digital economy". Thanks to these fruitful efforts, ZTE closed off 2020 as the world leader in patented 5G technologies. We are confident that ZTE`s expertise in the area will ensure Netaş to continue and add value to Turkey`s "new normal".

GROWING WITH ZTE IN TELECOMMUNICATION TECHNOLOGIES

2020 was the year we started reaping the synergic benefits of ZTE and Netaş working together: Netaş achieved 170% growth last year in telecommunications technologies.

Our localization efforts, conceived in 2019 with FTTx systems, endure with many other products of ZTE. Our goal here is to undertake local production of ZTE staples by way of transferring the knowhow to Turkey and helping to support the robust growth of Turkish economy.

Another joint step in this direction was for the IPTV technologies. Netaş started building ZTE`s new generation IPTV platform in Turkey. We will see more of Netaş and ZTE`s solid efforts in the Turkish IPTV category going forward.

In addition to telecommunications, we took it upon ourselves to respond promptly and efficiently to the digitalization needs of businesses and enterprises within the pandemic's context. We have expanded our customer portfolio while further deepening our relationship with existing clients with a resulting 31% increase in overall Netaş sales.

Despite the slowdown in global trade, we have managed to boost our overseas sales by 9% in 2020. We have onboarded a very important project in Qatar, the host of the 2022 World Cup. In Kazakhstan and TRNC, we have undertaken projects that are key for the digital transformation of these countries.

I have the opinion that digital investments, whose critical importance for the surrounding region is exacerbated by the realities of the

pandemic, and which had to be delayed, present an immense potential for Netaş and ZTE. Netaş will respond to these needs in the best possible way particularly in the aftermath of the pandemic.

Netaş is not only providing technological products, solutions and services but also sharing its knowhow with the whole ecosystem via n-telligent institute, in an effort to raise and foster the digitally competent workforce that Turkey and the region needs.

2020 also saw a heightening of efforts at Netaş to ensure export compliance, with all staff excelling in putting high standards into practice.

WE WANT TO BE THE ARCHITECT OF THE `NEW NORMAL` IN THE NEIGHBOURING REGION

2020 was a benchmark year marked with uncertainty globally. At Netaş, we are proud to have emerged stronger from amidst the unknown.

I would like to take this opportunity to present the Board`s appreciation and thanks to the Executive Committee as well the staff for the brilliant work in fulfilling their responsibilities to our customers and shareholders.

We look to the future in anticipation of the New Normal that will rise through digitalization. Netaş will make the best of its communication and information technologies experience spanning more than half a century as well as of the support extended by ZTE, its main shareholder and pioneer in telecommunications technology.

Without doubt, Netaş will be one of the transformation architects of the New Normal in Turkey and the region, and will continue to add value for its people, customers, investors and the community it thrives within.

Kindest Regards,
Aiguang Peng

MESSAGE FROM CEO

ALİ EMİR EREN

Dear Shareholders,

We left behind a challenging year when the whole world struggled socially and economically, due to the constraints imposed by the pandemic. In this period when billions of people have a different experience based on physical distance; digitalization has emerged as a necessity, and as an opportunity as well. Everyone has somehow experienced that digitalization has moved to the very center of life.

It became clear that many digital needs, which were seen solely as a cost center and postponed accordingly, are actually vital for the sustainability of business processes. Despite all the uncertainties and difficulties in these times, Netaş continued its activities without slowing down, with the awareness of its responsibility of providing services in a sector of strategic importance for our country. In 2020, we mobilized all our knowledge and resources to minimize the negative effects of the pandemic for our society and to ensure that the economy and life in our country continue without any interruption.

In this period, we switched to a flexible working model quickly as we prioritized the health of our employees. At Netaş, all processes were continued uninterrupted as our employees very quickly adapted to the remote working model, which was not used at all before. Our ICT support, including field operations, continued for many critical areas including continuous communication provided by operators, distance education provided by schools, uninterrupted e-commerce, companies' safe remote working, and the rapid organization of our government in case of disaster. We stood by our customers in all areas of digitalization, from critical cloud infrastructure to security. We have provided support to companies and organizations as quickly and professionally as needed so that they can adapt to a world where everything is done remotely.

All these efforts were also reflected in the business results and the year 2020 was closed with a sales increase of as high as 31 percent. This brought the sales revenue to ₺1.7 billion, while the gross profit increased by 11 percent to ₺177 million. Total assets grew by 20 percent from ₺2 billion to ₺2.4 billion TL. The EBITDA margin increased from 2.5 percent to 4.7 percent in the period in question..

OUR SOLUTION SET FOR TELECOM OPERATORS IS EXPANDING

Great progress is recorded in telecommunications technologies, the most powerful muscle of Netaş, together with ZTE in 2020. The diversified services we offer with the software solutions we have developed for telecom operators in our R&D increased our sales volume in the telecom market in 2020. Our localization efforts, which started with ZTE's FTTx fiber infrastructure systems, continued in 2020 with VDSL Modem and Fiber Modem (Home Gateway). We implemented a fixed core network modernization project with one of our operators. The tests of digital services offered to mobile subscribers were tested successfully. Together with ZTE, we aimed to increase our efficiency in the telecom market by focusing on advanced technologies such as the next-generation IPTV platform, as well as our localization activities.

In 2021, telecom R&D will be among our main priorities in order to further strengthen our presence with ZTE before telecom operators. Together, we will accelerate our localization efforts, and we will bring ZTE's leading telecom technologies to our country.

WE WILL BRING OUR ORIGINAL SOFTWARE PRODUCTS FORWARD

The benefits of our products developed by our R&D team, including remote management of resources such as energy and water, field service management, event management, and IoT platform have become highlighted



with the "new normal". In the meantime, the unprecedented increase in e-commerce and online banking volume creates new opportunities for our load performance test, device park, and test automation system products.

In the coming period, we will make a detailed analysis of our existing products and we will work to bring our products and services created by our R&D forward and to expand our customer range.

MANAGED SERVICES WILL BECOME MORE IMPORTANT

With remote working becoming new normal, the importance of cybersecurity has increased, and it has become vital for companies to keep their networks stable. In 2020, the "managed services", which include network management and cybersecurity services, were one of our priorities.

This year, we started to provide services to one of Turkey's largest airports. We will focus on ensuring the managed services we provide through BDH, our power in the field with its coverage throughout Turkey, is delivered with the maximum efficiency and professionalism that our customers need.

WE CONTINUE TO BE THE RELIABLE TECHNOLOGY PARTNER OF COMPANIES

In the world ICT industry, there were notable increases in cloud-based teleconferencing and IaaS expenditures for the necessary infrastructure in 2020. We anticipate that this trend will have a positive impact on the services we provide through our network of the world's leading technology providers in 2021.

To meet the needs, some of them emerging and some gaining importance we will continue to be the reliable technology partner of Turkey's leading companies. At the same time, we will work on deepening our business with corporate customers through efficient vendor management and R&D power.

WE GREW IN INTERNATIONAL MARKETS, DESPITE UNFAVORABLE CIRCUMSTANCES

In 2020, we recorded an increase in exports primarily in Algeria, Kazakhstan, and Qatar. In international markets, we continue to carry out projects on telecom infrastructure with ZTE. We won new projects with ZTE in Kazakhstan. The process of completing the projects we had previously undertaken in Algeria and the TRNC has begun, and a new project has been received in the TRNC.

We implemented our largest international digital transformation project of 2020 in Qatar. The digital sports and customer experience platform project we have undertaken in Qatar, which is preparing to host the World Cup in 2022, is successfully commissioned in the final match of the Emir of Qatar Cup.

On the other hand, our international R&D branch NetRD continued to export software to North America. We were among Turkey's top three software services exporters. Despite the ongoing travel restrictions due to the pandemic negatively affecting our field operations, we hope that this upward trend will continue in 2021 with our motivation to export technology, which is marked in our DNA.

BDH SEES EXPANDING PORTFOLIO

At BDH, all operations have been continued by keeping customer satisfaction at the highest level. While continuing to provide trouble-free service to HP, Lenovo, Samsung, Turkish Football Federation, and 112 Emergency among others, a series of new projects are started during the pandemic. The most prominent ones among the new projects include Vodafone Turkey's Izmir Center infrastructure installation, Borsa Istanbul's Data Center infrastructure maintenance, Şekerbank DRC transport projects, Akbank HCS data center migration, and switch changing project for TEB branches with Turkcell. In addition to these, we became a business partner in Türk Telekom's central repair service. According to the agreement, BDH will provide repair services for devices sold through Türk Telekom's dealer network throughout Turkey.

N-TELLIGENT INSTITUTE: THE BUSINESS PARTNER OF SECTORS IN TECHNOLOGY TRAINING

The n-telligent institute, offering the in-depth and versatile technology experience of Netaş and its experience in agile project management to professionals from all sectors, gained significant experience in 2020. We are working to get n-telligent institute, where the 53 years of ICT knowledge of Netaş was made available to all ecosystem, adopting an educational approach focusing on both technical and social skills, become an advanced technology training center not only in Turkey but also in its region.

NETAŞ LISTED IN THE SUSTAINABILITY INDEX

The Sustainable Development Goals, consisting of 17 articles within the scope of the United Nations Development Program (UNDP), are among the priorities of all societies and stakeholders. In this context, environmentally and socially friendly and sustainable companies are becoming increasingly important for investors. Working for a sustainable future with the technology it has developed and the social benefit projects it has implemented, Netaş will continue to be listed in the Sustainability Index of Borsa Istanbul this year, just like in 2020.

WE ARE STARTING TO WRITE THE SUCCESS STORY OF THE NEXT 50 YEARS

With our belief and passion in the transformative power of technology, we are starting to write the success story of a new 50 years at Netaş together with 2,500 talents. In this period, we will accelerate our efforts to be "Turkey's pioneering innovation and digital transformation company", together with precious talents we have, our heritage, valuable business partners, and global power of ZTE, leading world technology trends.

With the innovativeness embedded in our codes, Netaş will focus on the real needs of the market, innovations that will provide a competitive advantage, and world trends while preserving the values we have. In this new normal, we will continue to increase the value we create for our employees, customers, investors, and the communities of the markets in which we operate.

Best regards,

Ali Emir Eren
CEO

SENIOR MANAGEMENT MEMBERS



Ali Emir Eren
CEO



M. İlker Çalışkan
Vice Chief Executive
Officer and Chief Financial
Officer



Yasemin Akad
Chief People Officer



Mei Bowen
Chief Operations Officer



Bilgehan Çataloğlu
Chief Digital Officer



Altay Doğu
Carrier Telco Business
General Manager



Sinan Dumlu
Corporate, Public,
International Markets Business
Unit General Manager



Börgehan Köksal
Chief Compliance Officer



Bülent Kemal Mutlu
R&D General Manager



Koray Otyam
BDH General Manager



Buket Okumuş
Chief Communications
Officer



Selda Parın
Netaş Bilişim General
Manager



Dr. Xi Guang Qing
Chief Technical Officer



Burak Şalk
NetRD General Manager

* As of January 1, 2021, Ali Emir Eren was named the CEO of the company.

**COMPANY
PROFILE**

SERVICE MAP

16
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**NETAŞ
AT A GLANCE**

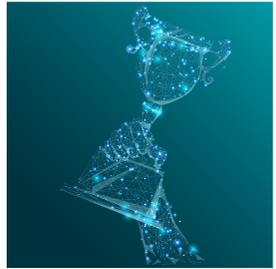
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**OPERATIONAL
STRUCTURE**

18
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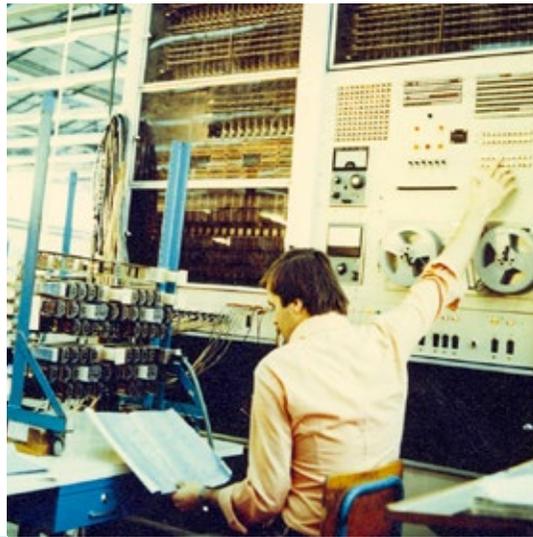
**SHAREHOLDING
STRUCTURE**

18
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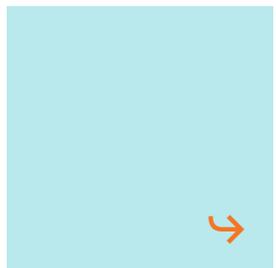
AWARDS

24
↳



MILESTONES

19
↳



NETAŞ AT A GLANCE

Every day, we touch the lives of hundreds of millions of people and transform these lives with our technology

Netaş, establishing the foundations of Turkey's telecommunications network, has been playing a role in digital transformation both on a national and global scale for the past 53 years, with its passion for R&D, and its belief that the technology will make our world better.

With its versatile expertise in telecommunication technologies, Netaş today has R&D experience, IT ecosystem, vendor network, service competence, project expertise, and financial capacity to meet all information and communication needs of any organization, regardless of the industry. This way, it realizes holistic digital transformation projects for leading companies and public institutions of different countries.

The software solutions of Netaş, a subsidiary of leading global telecom company ZTE, are serving hundreds of millions of people in dozens of countries from the US to Australia, from Algeria to Malaysia, and from Kazakhstan to Switzerland.

Netaş technology is used in a football match played in Qatar between the world's most competitive teams, in the telecommunication infrastructure of Istanbul Airport, when you safely transfer money online, in a case of emergency, in a school in Anatolia, or a naval frigate, or even in an oil well in the middle of the Sahara Desert. Thanks to the base band unit it developed, Netaş made Turkey one of the world's four countries using its domestically

developed 4G. The company has provided \$4 billion of savings to its home country through locally supplying authentic and localized products..

COMPETENT GLOBAL SYSTEMS INTEGRATOR

Serving in such a wide range and geographical coverage, Netaş has nearly 120 global and domestic business partners, an IT support services company with experience in all field conditions, and an R&D center that hosts nearly a thousand engineers. On the other hand, with its high-tech training center, n-telligent institute, Netaş aims to equip human resources with high technology competencies in Turkey and the neighboring region. Also having a technology production center, Netaş is Turkey's most competent systems integrator on a global scale with all its muscle.

AUTHENTIC AND LOCALIZED TELECOMMUNICATIONS TECHNOLOGIES

In order to build Turkey's communications infrastructure with local capacity, Netaş began its operations in 1967, with a partnership agreement signed between PTT and Northern Electric It established

the country's first private telecom R&D in 1973, and it became one of the pioneers of the technology localization movement.

Once founded to bring Turkey capable of supplying its own telecommunication technology needs, Netaş today is contributing to Turkey's technological transformation by localizing ZTE's global pioneering new-generation telecommunication infrastructure systems.

The localization work, which started with ZTE's FTTx fiber infrastructure systems in 2019, continued with VDSL Modem and Fiber Modem (Home Gateway) in 2020.

Having Turkey's most established R&D, Netaş today is focusing on technologies including IoT, VoIP, big data analytics, cloud computing, multimedia, broadband communications, GSM-R, cybersecurity, unified communications, 5G and Beyond. In addition, it has products and solutions to increase efficiency with its own smart solutions for efficient management of energy and water resources, event management, and field service management.

MADE ITS KNOWLEDGE AVAILABLE TO ITS ECOSYSTEM

Netaş has made its in-depth knowledge available to its ecosystem with the n-telligent institute. Netaş has started to offer 20 different courses under 6 main topics, designed in order to help all the constituents of its ecosystem, from its own employees to companies from every sector, and from start-ups to university students, keep their skills updated in its n-telligent institute

Known as "Turkey's engineering school", Netaş aims to be a "business partner" in human resources training for companies from different verticals. As a next step, Netaş seeks to export its training on a global scale, with ZTE.

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

**GLOBAL
SYSTEMS
INTEGRATOR**



**STRONG R&D
EXPERTISE**



**GLOBAL
TECHNOLOGY
ECOSYSTEM**



**BROAD SERVICE
NETWORK &
DIGITAL
CONSULTANCY
COMPETENCY**



**MANUFACTURING
CAPACITY**



**HIGH
TECHNOLOGY
TRAINING
CENTER**



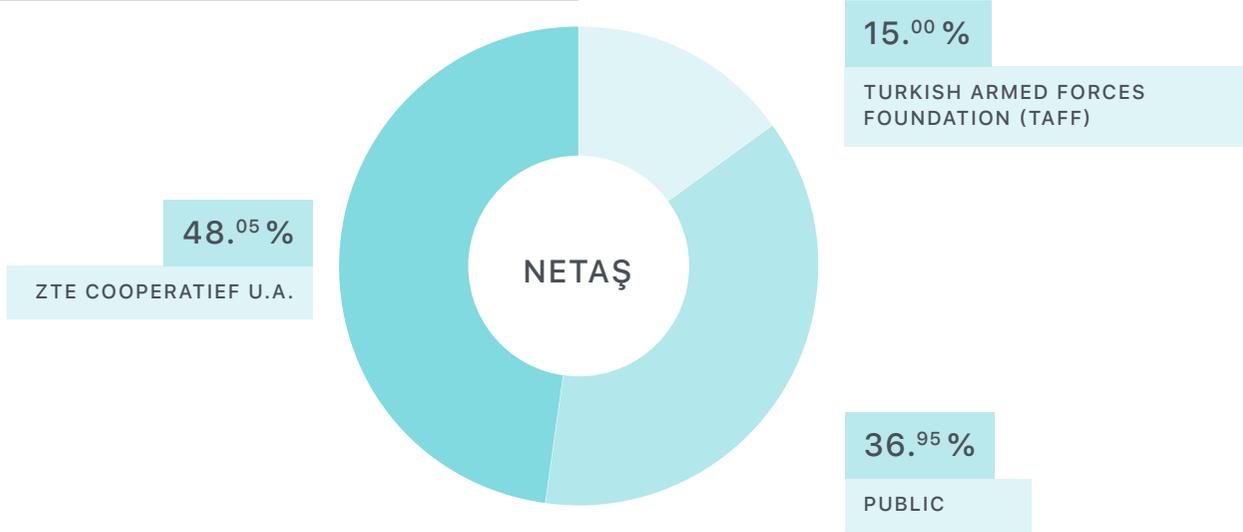
SERVICE MAP

TECHNOLOGIES		DIGITAL TRANSFORMATION CONSULTANCY		SERVICES	
	4/5G		DIGITAL TRANSFORMATION READINESS		NETAŞ TEST CENTER
	MOBILE BROADBAND		NETWORK COMMUNICATION	MANAGED SERVICES	
	UNIFIED COMMUNICATIONS		NEXT-GEN VOIP SOLUTIONS		
	IOT		CYBERSECURITY		NETWORK OPERATIONS CENTER (NOC)
	CYBERSECURITY		DATA CENTER SOLUTIONS		MICROSOFT OPERATION CENTER
	CLOUD COMPUTING		BUSINESS INTELLIGENCE & ANALYTICS		MANUFACTURER GUARANTEE SERVICES
	BIG DATA ANALYTICS		BUSINESS SOLUTIONS		ADVANCED PROFESSIONAL SERVICES
					SUPPORT SERVICES

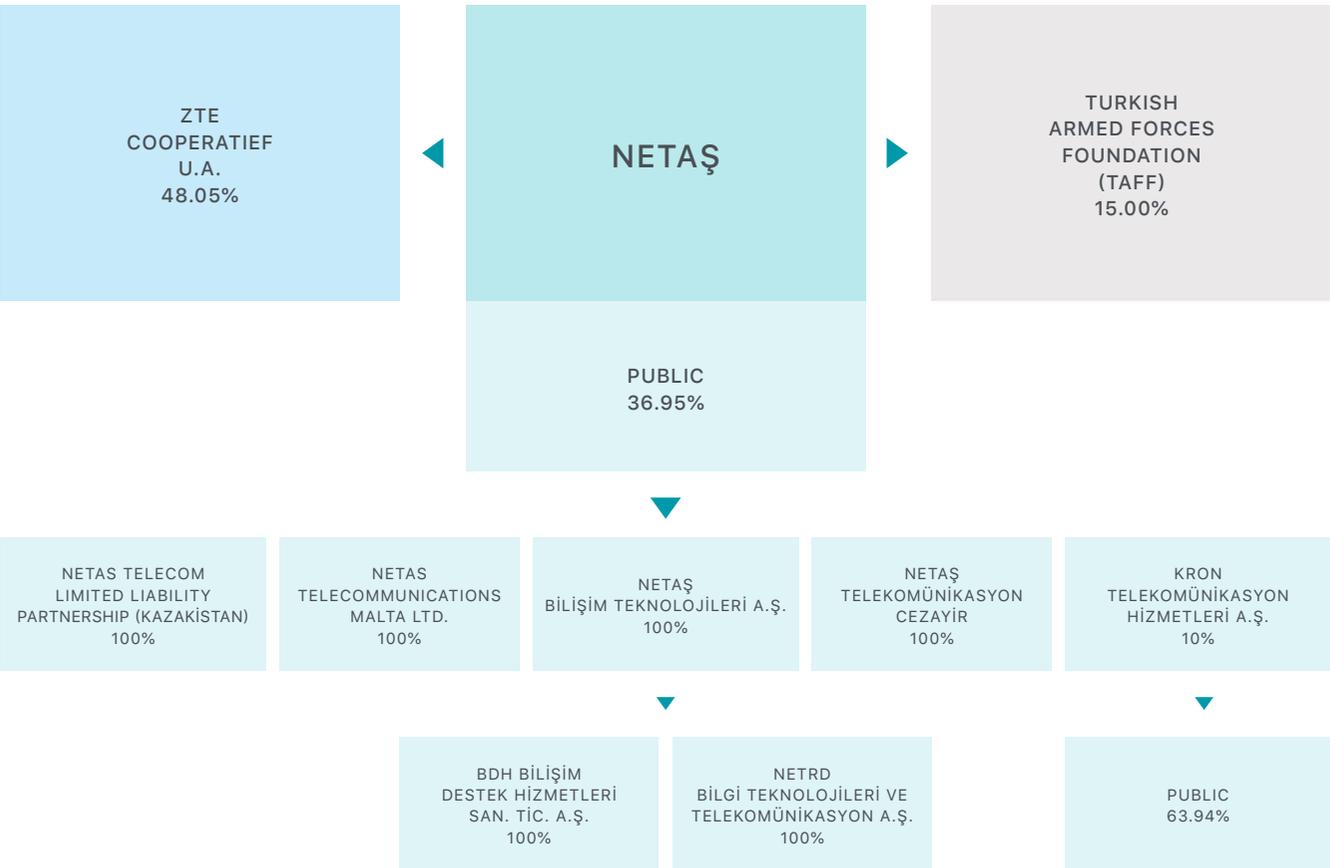
Serving in a wide range and geographical coverage, Netaş has R&D experience, IT ecosystem, vendor network, service competence, project expertise, and financial capacity to meet all information and communication needs of any organization, regardless of the industry.

INNOVATION & PRODUCTS		INDUSTRIES		LOCALIZATION	
	NEOS ENERGY MANAGEMENT SOLUTIONS		TELECOM SERVICE PROVIDERS	TRAINING	
	NOVA SCOM		FINANCE		N-TELLIGENT INSTITUTE
	MOBI-FI FIELD SERVICE MANAGEMENT		TRANSPORTATION		
	ION IOT PLATFORM		PUBLIC		
	SMART EVENT MANAGEMENT PLATFORM		ENERGY		
	SERVICE VIRTUALIZATION PLATFORM		SPORTS		
	TEST PRODUCTS VISIUMLAB		ENTERTAINMENT		
	STRATEGIC COMMUNICATION SOLUTIONS		RETAIL		
	BROADBAND MOBILITY APPLICATIONS		FMCG		
	AUTHENTIC SOFTWARE APPLICATION SOLUTIONS		CONSTRUCTION		
			EDUCATION		
			STRATEGIC COMMUNICATION		
			HEALTHCARE		

CAPITAL AND SHAREHOLDING STRUCTURE



OPERATIONAL STRUCTURE

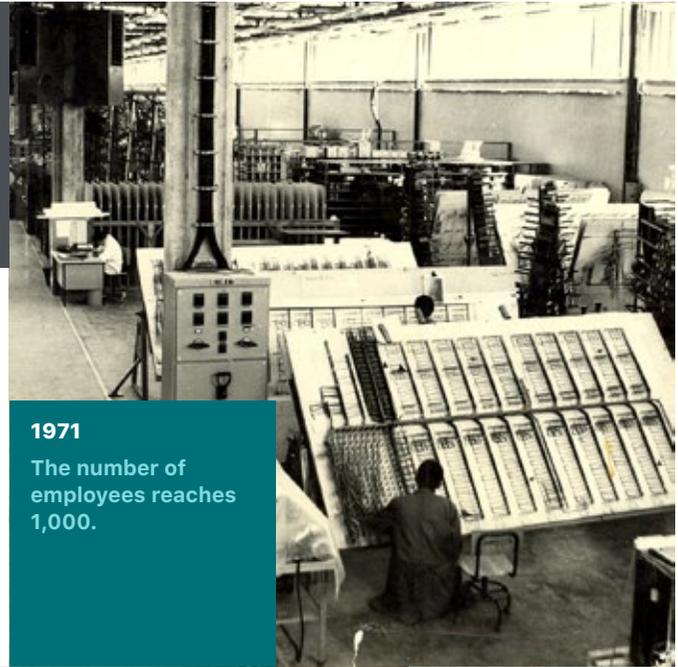


MILESTONES

1967

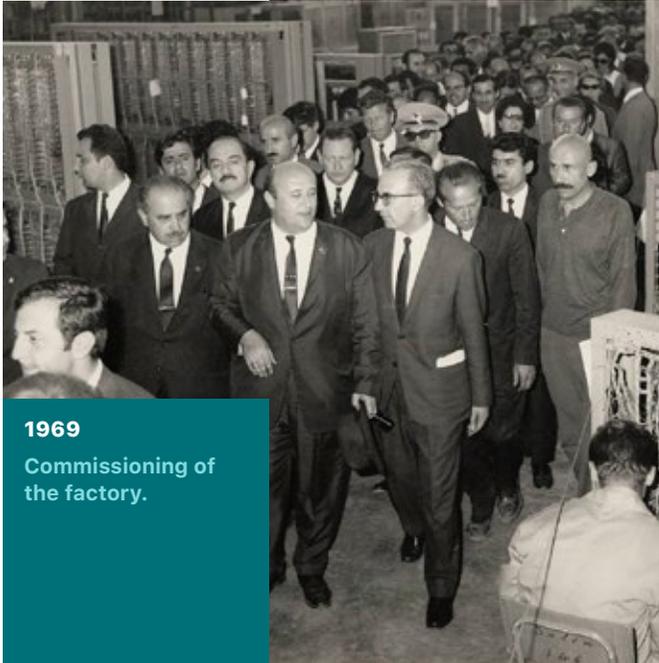
Establishment of Netaş under the partnership agreement between PTT and Northern Electric. 51 percent of shares owned by Northern Electric and 49 percent by PTT.

Capacity at the time of establishment was 40,000 lines.



1971

The number of employees reaches 1,000.



1969

Commissioning of the factory.

1975

Annual production capacity: 190,000 telephones, 160,000 lines

1973

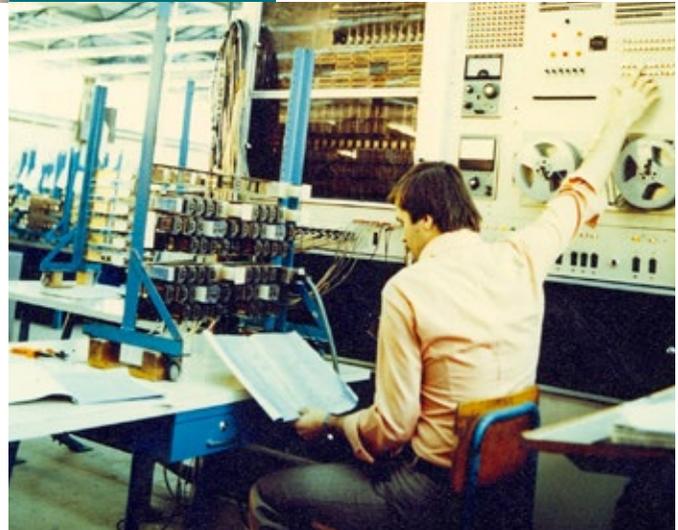
Establishment of Turkey's first private telecom R&D.

Manufacturing of exchanges and telephone units by Netaş helps save more than TL 100 million equivalent of foreign currency.

1970

The first exports of the company start with Lebanon.

500 automatic telephone units are exported.



1977

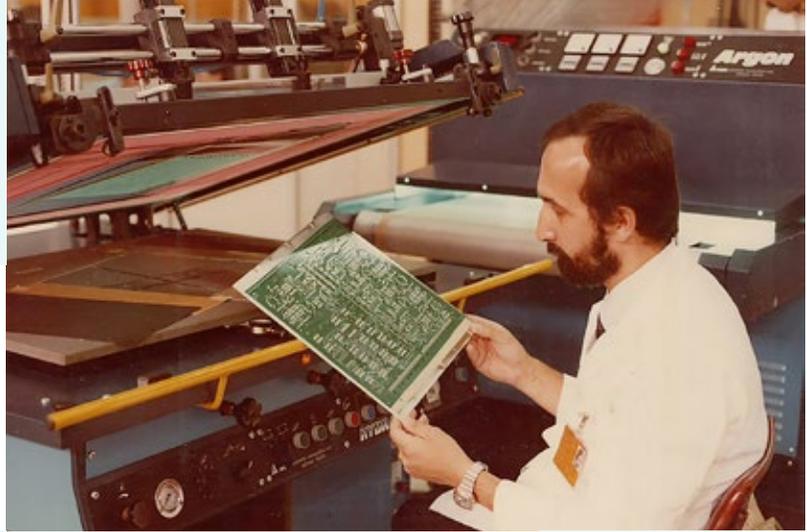
Commissioning of the 500,000th line in Ankara.

1983

Netaş switches into digital technologies.
Establishment of Printed Circuit Board plant.

1978

First exports to Ireland and Canada.



1979

First automatic international call.
Production of the 1 millionth telephone unit.

1981

Commissioning of the 1 millionth telephone line.
Designing of Turkey's first rural exchange.

1984

DMS 10, Turkey's first digital exchange is manufactured.
Introduction of Efes touch-tone telephone set.
DMS 200, Turkey's first long-distance digital exchange commissioned in Tahtakale, followed by Ankara.

1982

Development of the first electronic exchange of Turkey: "SpaceNet."



1985

The number of active lines exceeds 2 million.



1986

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

1987

Turkey steps into a fully-digital communications era.

The number of lines delivered to PTT exceeds 3.5 million.

1989

Global design ownership of digital DMS 100i product.

Dicle (DRX-4), the first digital rural exchange is designed, developed, and commissioned in Yalova and Istanbul.

1990

Production of the 1.5 millionth DMS line.

Expansion of exports territory: Soviet Union, Azerbaijan, Nigeria, Turkish Republic of Northern Cyprus, and Canada.

1991

Netaş establishes the data network to be used within the scope of the interbank Electronic Fund Transfer (EFT) project.

The largest R&D department in the private sector - 200 employees.

1992

NATO AQAP-110 quality certification.

Begins multiplexer production for the transmission network.

1994

Design of the first ASIC

1995

Start of production for the first project for Turkish Air Force: Identification Friend-or-Foe System

Commissioning of the 1 millionth PABX line.

1996

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

2000

Netaş signs a contract for the sale and delivery of SDH transmission products.

40 percent year-on-year growth in Russia, Morocco, Bangladesh, and Kazakhstan.

2001

As Turkey's largest supplier of telecommunications equipment infrastructure, Netaş manufactures carrier optical and data network equipment worth USD 70 million.

2002

Commissioning of the state-of-the-art SDH optical system for Türk Telekom, with a data transmission capacity of 10GB/s.

The signing of Aycell GSM 1800 mobile telecommunication network contract worth USD 145 million. 400 base stations installed in 35 cities across Turkey.

Establishment of fiber optic transmission network for local and central data/voice traffic of TEIAS.

R&D program of Nortel Networks focusing on international switching fully entrusted to Netaş.

2003

The signing of a USD 40 million contract for the modernization of Türk Telekom's fixed-line network.

1997

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

2004

TN-1XE, a domestic product of Netaş, was introduced in the transmission infrastructure of Türk Telekom.

1998

Software exports totaling USD 10 million.

2005

Next-generation exchange - soft switch installed as an international exchange in Türk Telekom network.



<p>2006</p> <p>New projects in defense communications: New patrol boat, as part of MILGEM, search and rescue boat projects.</p> <p>Two separate transmission projects were completed and commissioned in Bangladesh.</p>	<p>2010</p> <p>OEP RHEA Türkiye Teknoloji BV acquires 53.13 percent of Nortel's shares in Netaş.</p> <p>Partnership and R&D cooperation contracts signed with global technology giants including Genband, Avaya, Ciena, Kapsch, and CarrierCom.</p>	<p>2012</p> <p>Development of Turkey's first '4G -LTE/ Mobile and Fixed Wireless Broadband Access Technology'.</p> <p>Design and development of 'Through the Wall Imaging System' based on ultra-broadband radar technology.</p> <p>E-census system commissioned in Turkish Republic of Northern Cyprus.</p> <p>The Largest Voice and Video Network Project of Turkey: Contract with the Ministry of Justice for Voice and Video IT System (SEGBIS) interconnecting courts and prisons.</p> <p>Smart Classrooms project with the Ministry of Education: Implementation of smart classroom concept in 110 classrooms nationwide, enabling centralized training facility for teachers.</p> <p>Named as 'Genband R&D Center of Excellence'.</p> <p>Netaş Kazakhstan office established.</p>	<p>2013</p> <p>Acquisition of 10 percent Group A shares of Kron.</p> <p>Celebrating the 40th anniversary in R&D, Netaş moves to its new technology base in Kurtköy.</p> <p>Awarded the contract for the fourth generation (4G) communications technology development project (ULAK) for military, public security, and civilian applications under the leadership of the Undersecretary for Defence Industries.</p> <p>Netaş increases Aydem's productivity through the Automatic Meter Reading System Project.</p> <p>Deployment of technology infrastructure for Odeabank.</p> <p>Finance sector's largest project for cloud transition - Netaş moves all branches of Akbank to cloud.</p> <p>Implementation of network, IP telephone and call center project covering all branches and ATMs of Ziraat Bank.</p> <p>First smart stadium project of Turkey - Deployment of e-ticketing infrastructure for 31 stadiums within the scope of Smart Stadium project awarded by Turkish Football Federation.</p> <p>Becomes the highest growing company in the Turkish information technologies industry.</p>	<p>2014</p> <p>A first in the history of technology exports of Turkey: Digital Rural Exchange, developed and manufactured by Netaş for 10 years, exported to Canada.</p> <p>Signed a five-year contract for the improvement of 2G and 3G transmission infrastructure of and delivery of radiofrequency (RF) optimization solutions for ATM Mobilis, an Algerian mobile operator.</p> <p>Signed a contract with Bangladesh's national service provider BTCL (Bangladesh Telecommunications Company Ltd.) for the capacity upgrade of the national transmission backbone and renewal of devices & software.</p> <p>Signed a contract with Ucell, mobile operator of Uzbekistan, for the nationwide completion of IP-based infrastructure.</p> <p>Deployed the network infrastructure for the new Primary Data Center of the Istanbul Stock Exchange.</p> <p>Signed a contract for the delivery of radio and wire communications in the Haydar-pasa-Gebze-Köseköy section of Marmaray and Ankara-Istanbul High-Speed Rail Line.</p>
<p>2007</p> <p>Nortel Global High Technology Development and Solution Center established.</p>				
<p>2008</p> <p>'R&D Center' status granted within the scope of the relevant law.</p>	<p>2011</p> <p>Acquisition of Probil.</p> <p>Named as the first Cisco Cloud Infrastructure Provider of Turkey.</p> <p>The continuing growth of Strategic Partnership Network with the participation of global technology companies such as Microsoft, Cisco, HP, Motorola, Oracle, Fujitsu, Hitachi, and Mitel.</p>			
<p>2009</p> <p>Begins developing third-generation (3G) mobile core technologies.</p>				

2015

With the assistance and guidance of the Under Secretariat for Defence Industries (SSM), the Fourth Generation (4G) Communications Technology Development Project's (ULAK) prototype, locally developed by Turkish engineers, was presented.

Under the FATİH Project, '2nd Phase Local Area Network Installation Work' including the infrastructure installation for schools awarded to Netaş by the Turkish Ministry of Education.

Foundation of Netaş Wesley Clover Technology Fund (NWCTF), in collaboration with Wesley Clover, owned by the Canadian investor Sir Terrence H. Matthews and TRPE Capital, in order to invest in start-up companies and entrepreneurs, as well as to promote high value-added technology projects.

Launched the "Netaş Remedy Forest" project in collaboration with the Ministry of Forests and Water Affairs, General Directorate of Forestry, and the Provincial Directorate of Forestry of Istanbul.

Launched Turkey's first locally developed cybersecurity solutions under NOVA brand; NOVA Cyber Security Solutions to ensure safety in online audio and video conference for VoIP and multimedia technologies.

2016

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

USD 44.2 million digital transformation project agreement signed with Sonatrach, the largest oil company of Algeria and Africa, and the 11th largest oil company in the world.

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

Elected to the board of directors of NetWorld2020, which aims to contribute to and steer the research of future mobile and fixed communication systems to be used in 2020 and beyond.

2017

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

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

First orders received from Turkey's three operators for ULAK, the first locally developed base station in the country, where Netaş designed the base band unit.

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

Awarded the contract from IGA Havalimanı İşletmesi A.Ş. to deploy all wired and wireless communication networks of Istanbul Airport, expected to become the world's largest airports, in cooperation with Cisco and to manage its operation for five years.

Signed a set of business partnership protocols with TÜBİTAK BİLGEM for the development of new generation cybersecurity products and projects.

Signed a memorandum of understanding with Istanbul Metropolitan Municipality's company for smart city applications (ISBAK) for the development of projects within "Istanbul, a Smart City", and for the establishment and management of network and operation management centers.

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

2018

Foundation of a representative office in Azerbaijan.

86 patents and 19 brand applications are made.

Domestic Product Certificate is obtained with a 100% domestic participation rate for two software products/solutions: Nova V-Gate and Mobi-fi.



2020

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

Became the company contributing the most in Turkey to the digital transformation of the offices with Microsoft Modern Workplace product family including Teams, which features secure teleconferencing.

According to Turkey Patent Map Report, ranked in the top 10 among institutions with 358 applications, ranked fourth in the Computer Technologies section with 101 applications, and ranked fifth in the Communication Technologies section with 173 applications.

2019

Foundation of a local subsidiary in Algeria.

Netaş is listed in Borsa İstanbul's Sustainability Index, formed with companies with a high level of sustainability performance.

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

Reigniting its localization efforts, Netaş obtained Domestic Product Certificate from the Istanbul Chamber of Industry, in order to manufacture ZTE's FTTx fiber infrastructure systems.

AWARDS

1996

European Quality Achievement Award

1998

European Quality Achievement Award

2010

'Software Export Champion' of Turkey

2011

Microsoft - Enterprise Sales Partner of the Year Award

2013

Awarded 'Best Global Partner in Enterprise Business' by Cisco.

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

Ranked 2nd in the telecommunications industry category of Turkish Patent Institute's "Companies with the Highest Number of National Patent Applications in 2013" and 7th in the country overall list with 34 patent applications.

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

2015

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

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

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

2018

NEOS OSOS (Automatic Meter Reading and Energy Monitoring System), which is offered within the scope of smart city solutions was awarded the "Commercialization of Innovation" award in Turkish Electronics Industrialists Foundation (TESİD) 16th Innovation and Creativity Awards, in "Large-Scale Corporation" segment.

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

Received the "2018 - The Corporate Business Partner of the Year" and in the corporate segment "Architectural Excellence" awards from Cisco, a world leader in network technologies.

Ranked among the top 10 companies of Turkey within the Turkishtime R&D 250, Turkey's Top R&D Spending Companies research. Netaş was also named as one of the top 10 companies with the most R&D staff employment. As for Information Technologies, the company maintained its leadership.

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

2007

'Software Export Champion' of Turkey



2012

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

2017

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

2008

'Software Export Champion' of Turkey

2019

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

Chosen as the second-largest ICT services exporter in annual Turkey's 500 Largest Service Exporters survey of Turkish Exporters Assembly (TİM).

Crowned with the "Commercialization of Innovation" award in Turkish Electronics Industrialists Foundation's (TESİD) 17th Innovation and Creativity Awards for its cloud-based multi-media communication platform Talki, which was also exported to Australia.

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

Its successful licensing projects in the public sector in 2019 brought the company "Digital Transformation of the Public Sector" Award during Microsoft Business Partners Summit 2019.

Qualified in the first place in the 4th Quarter of 2018, and third place in 2018 as a result of a survey measuring the service quality and customer satisfaction in Europe, the Middle East and Africa, during the 2018 EMEA Customer Care Cup of Hitachi Vantara, of which Netaş acts as the service partner through BDH.

Its blockchain-based project management and operation system project brought Netaş the "5th Supply Chain Professionals Award" from Supply Chain Professionals Club.

Crowned with "Enterprise Partner of the Year" Award from Fortinet, as a recognition of the highest annual turnover and the business volume across different customers Netaş achieved.

Received "Best Progress in Supplier Excellence Program 2019" award with the "Saving Spare Parts Used in Repairs" project of its BDH teams in the HP Supplier Excellence contest, aiming to extend the usage of "Lean Six Sigma" methodology in the project management and quality systems across country service partners of HP in the CEMA region.

BDH is chosen as the "Best Guarantee Service Provider" of 2018 by Vatan Computer.



Significant success in R&D Top 250

According to Turkishtime's R&D Top 250 survey based on 2019 data, Netaş ranked 14th in terms of R&D spending, ranked second with 36 patent filing, and ranked sixth in terms of the number of women employees working in R&D.



Three awards in Top 500 ICT Companies

Netaş received awards in three categories during the 21st Top 500 ICT Companies Awards. Netaş was granted the "Distinctive Contribution to Turkish Economy" award in the Systems Integration and Partnership category, "IoT & M2M" for its successful work as the architect of digital transformation in its region, marked by its milestones including the establishment of Turkey's first private telecom R&D and the country's first software exports. The company won an award in the "Network Hardware" category for a second consecutive year with its projects, each more important than the other, and won its third award in the "Telecommunication Infrastructure Hardware" category in 2019, where it accelerated its localization efforts.



Software and IT Services Award to NetRD

Netaş was deemed worthy of a meaningful award at the "Service Export Champions of the Year 2019" event organized by the Service Exporters Association, the first and only representative of the service exporters industry. NetRD ranked third in the "Software and Information Services" category at the event, where the top three companies that contributed to the sector's exports totaling around 64 billion dollars with their successful performance in 2019 were announced.

**NETAŞ
IN 2020**



**2020
HIGHLIGHTS**

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2020 HIGHLIGHTS

Leaving an efficient and successful year behind

Continuing its proud journey since 1967, Netaş left a busy year behind with successful works and projects. Here are some of the projects in the 2020 agenda of Netaş...

KOLAY PAYROLL WITH KOLAY İK

As part of the "Netaş as a platform" application, which Netaş provides R&D support to start-ups, the digital payroll system Kolay Payroll, developed in cooperation with Kolay İK, was put into the service of companies. Developed domestically, the application will support the digital transformation of SMEs, while significantly lowering human resources management costs.

The biggest advantage over its competitors of Kolay Payroll, Turkey's first cloud-based personnel management and HR platform, is that it is designed in full compliance with the Turkish HR legislation. Therefore, companies using Kolay Payroll also save on the labor and cost they would have to spend to adapt HR applications purchased from abroad to their domestic legislation. With Kolay Payroll, companies can save 82 percent time and achieve a 59 percent increase in operational efficiency..

NETAŞ IS IN QATAR FOR THE WORLD CUP

The digital sports and customer experience platform project that Netaş undertook in Qatar, the country preparing to host the 2022 World Cup, was successfully commissioned in the final match of the Emir of Qatar Cup. The system was later used successfully during the 2020 FIFA Club World Cup final between Bayern Munich and Tigres.

MARK OF ZTE AND NETAŞ IN TRNC

All traffic infrastructure of the Turkish Republic of Northern Cyprus Telecommunication Department will be provided over ZTE Transmission equipment. Thanks to the Backbone OTN project, which has been successfully launched, all kinds of voice and data traffic demands of the people of the TRNC will be responded to immediately by providing ultra-high capacity through new-generation transmission systems.

BDH BECOMES TÜRK TELEKOM'S CENTRAL REPAIR SERVICE BUSINESS PARTNER

BDH has become Türk Telekom's central repair service business partner. According to the agreement, BDH started to provide repair services for devices sold through Türk Telekom's dealer network throughout Turkey.

THREE-YEAR SALESFORCE AGREEMENT WITH EPSAN

Netaş signed a 3-year Salesforce license and service agreement with Epsan Plastik, a manufacturer supplying primarily to automotive, as well as to electricity, white goods, defense, agriculture, and health industries. Epsan Plastik is providing its products to more than 40 countries through its network of logistics hubs and dealers. Netaş performs the Salesforce integration of the entire CRM infrastructure of Epsan within the scope of the project.

EDUCATION OF BILFEN SCHOOLS WILL RUN ON NETAŞ INFRASTRUCTURE

In Bilfen Schools, education continued uninterruptedly with Microsoft's digital work platform in the second period of 2019-2020, when education was carried out remotely. As a result of the smooth implementation of all necessary PoCs by the Netaş Microsoft Solution team in a very short time, and all the necessary installations by BDH teams, Bilfen students can easily meet all their digital needs with solutions such as Teams, OneNote, Minecraft for Education.

FINANCIAL SCREEN TRANSFORMATION PROJECT

Netaş went on collaboration with Ziraat Bank on the "Financial Screen Transformation" project. Within the scope of the project, Netaş ensured that the screens on which Ziraat Bank branch employees operate were replaced with new technologies and that the necessary developments were carried out with the Ziraat Technology infrastructure. Thus, faster and more efficient service will be provided to bank customers in branches. There will be an increase in Ziraat Teknoloji's new release and publishing speed.



Netaş signs three contracts with Turkcell

Netaş has signed three contracts with Turkcell Sales and Digital Business Services, including the infrastructure installation work services and purchase of goods for the new generation 112 emergency call center projects covering 13 provinces. The agreement, which was made on December 30, 2020 with a total value of ₺138,000,000, covers the period January-June 2021.



Netaş signs a contract with NVIGM

Netaş undertook the central and provincial general maintenance, development and updating services of the General Directorate of Population and Citizenship Affairs (NVIGM) for the year 2021, with a contract signed with the Ministry of Interior on December 30, 2020. The contract with a total value of ₺184,780,000 covers the period January-December 2021.



Bir su damlası... Yaşamın kaynağı, hayatın özü...
Kökleriyle toprağın derinliklerine sarılan ağaç...
Yaşama tutunmak, gelişmek, büyümek...

Evet... Bizim hikayemiz böyle başladı.
Kendi meyvesinden tekrar tekrar doğabilen ağaç
ve ona hayat veren sudan ilham aldık...



 NETAS

İnsanların yaşamına dokunan teknolojiğimiz tıpkı
-bir tohumu yeşerten su damlası gibi- özümüz oldu;
daha büyük güzelliklerin filizlenmesini sağladı.



 NETAS

Filizler kök saldı, kocaman bir ağaca dönüştü.
Her bir damla su, ağacımıza hayat kaynağı oldu...
Damla suya düştükçe yarattığı hareler, her geçen gün
büyüyen, köklenen, daha çok insana dokunan ve onları
birbirine bağlayarak hayatlarını kolaylaştıran
ağacımızın yaş halkaları oldu.
Halkaların her biri ise değerlerimizle hayat buldu.



 NETAS

Su ve suyun can verdiği doğanın mucizevi birlikteliğini
betimleyen, bizlerle ve hayatına dokunduğumuz
insanlarla güvene dayalı birlikteliğimizdir.

Bizi ülkemizin gururu; saygın bir teknoloji şirketi yapan,
özümüzü oluşturan CESARET, TUTKU, AZİM,
YENİLİKÇİLİK, PAYLAŞMAK, MİLLİLİK ve AİLE OLMAK
değerlerimizdir...



 NETAS

Özümüzdeki bu değerler, teknolojinin yükseldiği
topraklardan uzanan köklerle birleşerek
daha da güçlendi.

Şimdi; daha iyi yarınlar için sürekli inovasyon ile
kök salmaya devam ediyor...



 NETAS

Netaş renewed its logo

Founder of Turkey's first private telecom R&D on domestic engineering force, Netaş added its new emblem, symbolizing its 53 years of values and technology, to its logo. With the motto "Future is at our core", referring to its core values and technology, Netaş accelerated its branding efforts with its new corporate film. Netaş has become one of the companies securing Turkey's R&D culture with the steps it took, including Turkey's first software exports, the foundation of first private telecom R&D, and the country's largest global excellence center, as well as the indelible marks it left in the technology memory of many countries. This legacy built by its 10 thousand employees in the past 53 years gifted the company with a set of values, now symbolized with an emblem added to its logo. Today, as the architect of transformation in Turkey and its region, thanks to its domestic engineering power and its strength in system integration, Netaş presented the values behind its contribution to Turkey, through its new emblem.

INSPIRED BY TREE AND WATER

The tree and the water that gave life to it became the inspiration for the new Netaş emblem. The "water drop" symbolizes its touching lives with the technology at its core in verticals such as telecom, education, health, finance, public, defense, entertainment, and sports. Age rings of the tree that grows and roots with each drop of water day by day became the symbol of courage, passion, determination, sharing, being a family, patriotism and innovation, in brief, the values created by 10 thousand employees of Netaş in the past 53 years.

A game changer year for information and communication technologies

The pandemic which spread all around the world starting from the first months of 2020 caused a massive movement in the ICT industry. Due to the closure of offices around the world, the obligatory transition to the remote working model, the transition to the distance education system of all small and large educational institutions, the obligatory shift to cloud computing, digitalization and digital transformation on both personal and corporate level with the changes in consumption preferences, the digital transformation entered our lives much faster than in previous years.

Digitalization in many areas from daily working life to trade, and from logistics to supply chain has increased the demand for technology investments. The software industry, which is the building block of digital transformation, has also seen increasing demand in line, and it seems that this need for digitalization will continue unabated in the coming period.

This trend, which started in the information and communication technologies sector in recent years, but turned into an inevitable form in 2020, is expected to double the total size of the global digital sectors in the next five years to 4 trillion dollars.

On the other hand, it is estimated that the market addressed by Netaş shrank by 20% in 2020 due to the ongoing pandemic in 2020 and the effects caused by the depreciation of the Turkish lira. The main reason behind the contraction in the IT market was the downsizing effect of the pandemic

on economic growth, especially in the second quarter of the year, and many companies restricting their IT spending.

In the first half of 2020, the measures taken by countries against the Covid-19 pandemic and epidemic became the center of the global economic agenda. In this process, with the decrease in social mobility and the concept of social isolation, the countries closing their borders in order to prevent the spread of the epidemic and restricting the activities in some sectors caused serious economic effects all over the world. The total closure of many sectors, especially the service sectors, resulted in the slowdown in economic activities and an increase in unemployment. The quarantine measures taken caused a serious decrease in production indices, loss of workforce and a decline in confidence indices all over the world. Governments implemented unprecedented fiscal incentives and monetary expansion policies to prevent the pandemic from

causing economic collapse. In this process, while central banks made interest rate cuts in many countries, countries, including developing ones, implemented asset purchases, liquidity supports, loan programs and support programs of unprecedented dimensions for the sectors and households affected by the epidemic.

DIGITAL TRANSFORMATION PROJECTS MAKE A SIGNIFICANT CONTRIBUTION TO CUSTOMERS BY MAKING A DIFFERENCE

Trending in line with global technology trends, it is observed that applications and developments in broadband internet services, fiber infrastructure, 5G, cloud computing, internet of things, artificial intelligence, blockchain and robotics are accelerating.

It is seen that companies have achieved significant economic benefits by implementing comprehensive digital transformation projects to create innovative business models, suppress operational expenses and increase competitiveness by better responding to increasing customer demands. In this transformation process we are in, the following dynamics are expected to be effective;

- In 2021, the highest growth in terms of investment in information technologies is expected to be in the education, health, retail and energy sectors. The pandemic, which has different effects on different sectors, has created a leap in the e-commerce sector, while it has caused difficult shrinkage in the aviation and tourism sectors.
- Although the education, health, retail and energy sectors are expected to show the highest growth in 2021, the finance, public and manufacturing industries are expected to maintain their size, in terms of total expenditure in the IT sector.
- A market of US \$350 million is foreseen with a 24% growth in cloud computing technologies. The shift to hybrid cloud will increase. With the shift to cloud computing, the cyber security is expected to gain great importance.
- Due to both developing digital applications and increasing cyber security threats, 65% of companies are expected to renew their infrastructure investments and make them suitable for digital transformation until 2023.

(Source: IDC)

TELCO



LOCALIZATION

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CLOUD CORE
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IPTV

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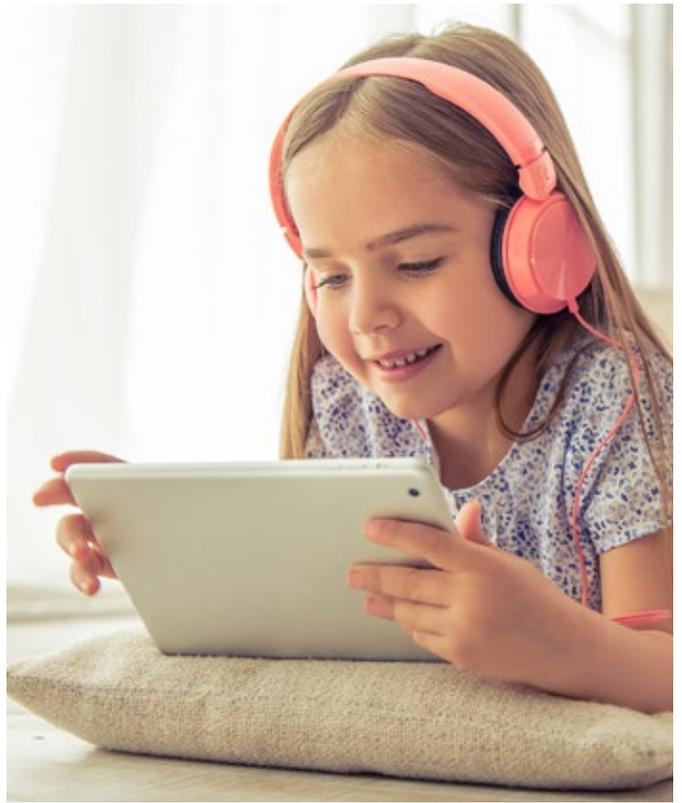


Continuing to deepen in telecom with its deep-rooted knowledge and innovative technologies of ZTE

By establishing Turkey's first private telecom R&D, Netaş initiated Turkey's "localization" move in telecommunications technologies. And today, it continues to work on telecom jointly with its main shareholder ZTE, the world 5G patent leader.

On the one hand, while continuing to work with its engineering R&D capability, Netaş is also providing Turkey with ZTE's world-leading telecom technologies through domestic production. Netaş offers technologies of integrated communication solutions, such as instant messaging, status information, voice communication, mobile capabilities, voice/web/video conferencing, convergence, desktop sharing, call center applications, voice recording and analysis, voice signature, converting text to voice and converting voice to text, in the form of real-time integrated solutions. Focusing on areas such as telecom systems modernization, integrated communication/multimedia communication, and moving telecom to the cloud, Netaş carries out intensive infrastructure works.





LOCALIZATION

Netaş accelerates its localization efforts

Since the day it was founded, Netaş saw localization as one of its primary goals. Accordingly, it has ensured that nearly \$4 billion of national capital remains in the country in 53 years.



Netaş has always worked in order to supply Turkey's information and communications technology needs with domestically produced products. With this goal in mind, it has implemented dozens of major projects including the design and manufacturing switches and first local 4.5G base band units. As such, it has made an important contribution to the national capital's staying in the country, by not only localizing technology but also exporting them to countries considered as the world's technology centers.

Now, Netaş is taking this contribution further, by producing its main shareholder ZTE's world-leading telecom technologies. In 2019 it took the first step and started to produce ZTE's FTTx systems, which provide an efficient solution for operators to develop their fiber infrastructures, at its Istanbul Orhanlı production facility, as the company obtained the required "Domestic Goods Certificate".

Netaş continued its localization work with VDSL Modem and Fiber Modem (Home Gateway) in 2020 and received domestic goods certificates; and started to produce ZTE's products in Turkey according to telecom needs and priority. In 2021, the company aims to expand its domestic product portfolio and increase its contribution to the national economy by offering domestic products to its customers.

THE LOCALIZED PRODUCT PORTFOLIO EXPANDING

Continuing its localization efforts swiftly, Netaş started to present the products it localized and planned to localize at the N-visionLab booth, its new generation communication technologies center.

BROADBAND FLEXIBILITY: FTTX

FTTx, the first locally produced ZTE product, has its core the Fiber to the X technology, which enables fiber speed internet to be served to homes and businesses. Where X is variable; FTTC (Fiber to the Cabinet) equipment located at the farthest distance to the end-user provides the least bandwidth and FTTH (Fiber to the Home) can provide the highest bandwidth. As a result of the advancement of PON technologies, FTTx is constantly increasing the bandwidth that can be provided to the end-user.

WIFI5 HOME GATEWAY

ZTE's Home Gateway devices, namely ZXHN H298A and ZXHN H267A, were localized and added to Netaş product portfolio as NET H298A and NET H267A models. Both devices with the Domestic Goods Certificate have an advanced home gateway feature that provides a total of 1.167 Gbps Wi-Fi access simultaneously, in the 2.4 GHz and 5 GHz bands. NET H298A and NET H267A devices provide high-speed internet, IPTV, and Voice (VoIP) services over Gigabit Ethernet connection.

VDSL MODEM

The ZTE ZXHN H168A VDSL modem, which enables operators' traditional copper infrastructures to be transformed into services such as the internet, IPTV, and telephone at the end-user home and workplace, was localized and added to the domestic product portfolio of Netaş as NET H168A model. NET H168A device can provide high-speed internet, IPTV, and Voice (VoIP) services over both VDSL2 / ADSL2 + and Gigabit Ethernet connections. In addition, the NET H168A model can simultaneously provide a total of 1.167 Gbps Wi-Fi access in 2.4 GHz and 5 GHz bands.

WIFI6 HOME GATEWAY

Netaş continues to work on the localization of WIFI6 Home Gateway, the new version of WIFI5's fiber modems with WIFI6 technology, which is faster, has less latency, and can provide stable service simultaneously to many more devices. In 2023, the rate of WIFI6 devices worldwide is expected to exceed 50 percent. With the domestic manufacturing of this product, a significant amount of savings is aimed to be achieved in our country.

LOCALIZED SERVER FOR VIRTUALIZATION AND BIG DATA

Within the scope of localization projects, steps were also taken for the ZTE server R5300 G4, which was selected to be used in virtualization and big data applications. Rack-type servers can be offered in three different types and a wide variety of configurations. It has wide usage areas including public, banking, defense, cloud architectures, and virtualization. Prototyping and production planning were completed, and now the application for the Domestic Goods Certificate will be made. With the knowledge and infrastructure acquired from this project, Netaş aims to increase the localization rate through server localization by using different methods (CKD model) in the future and to design and manufacture high technology products with local resources.

IPTV

IPTV technology makes life easier

In a world that is almost completely digital now, we spend our lives connected to the internet. With its IPTV technology, Netaş offers innovations that make life easier and the highest experience quality for users.

Although IPTV technology is defined as the delivery of broadcasts to various clients over an IP-based network, it should not be defined or restricted as broadcasting over a closed network. In a world that is now almost completely digital, IPTV technology - OTT technology in the case of the open internet - enables high-quality content to be delivered to various clients (mobile, Smart TV, or STB) with high bandwidths, along with value-added services.

This technology aims to provide users with the highest experience quality. In a conventional IPTV structure, the quality guarantee is provided over a closed network over a bandwidth reserved for this broadcast. Broadcasting on the open internet, on the other hand, requires a solid bandwidth requirement.

In its laboratory environment, Netaş primarily offers features such as live broadcasting, Catch-up TV, Time Shift TV, on-demand content, stopping and advancing them as desired, adding bookmarks, recording to the network environment, suggestions, and search engines. In addition, with the PoP points established, it ensures that the contents are delivered to the client at high quality are less affected by the delays on the network and without any bottlenecks.

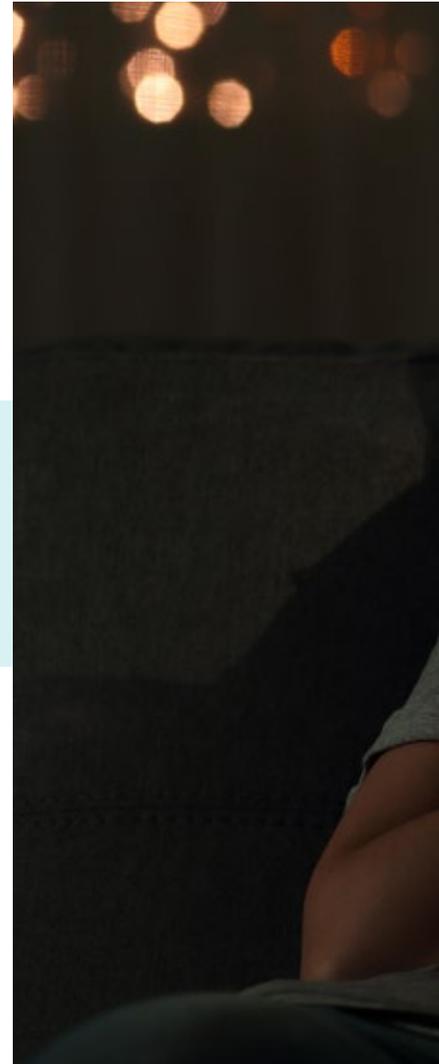
In addition to these basic features, a system that can be integrated with various advertising platforms is offered. These platforms can consist of in-platform ad servers or can be integrated with independent advertising platforms such as Google. In this way, Netaş makes the necessary integrations to deliver original and correct advertisements to the target audience at the right time and in the right way (banner, video).

VOICE COMMANDS MAKE LIFE EASIER

Another innovation that makes life easier is voice commands. In particular, programs that can be managed with voice commands given over the STB and mobile client are among the habits that users prefer more. Netaş offers systems that can be integrated with third-party voice control units via both Google, Android and remote control.

APPLICABLE TO HOSPITALS AND EDUCATIONAL INSTITUTIONS

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





CLOUD CORE NETWORK SOLUTIONS

A leading and competent solution provider

Netaş aims to be a pioneering and competent solution provider that can offer innovative solutions to telecom operators to realize network transformation and quickly and securely address the difficulties they encounter during the transformation. On this path, it achieved significant results with regards to Cloud Core Network solutions in 2020.

Expectations from telecommunication networks are increasing every day. Operators are demanding networks to provide more functionality and carry denser traffic with less investment. Users have less tolerance for downtime. While increasing the total revenue of telco with new, high-value customer services, it is also necessary to produce solutions that will reduce costs by using technology efficiently.

However, today's traditional networks rely heavily on fixed functions, dedicated devices that are often costly to procure and difficult to manage and scale. A transformation is required for the network to be agile and more cost-effective.

Software-Defined Network (SDN) and Network Function Virtualization (NFV) have been developed as two main catalysts for network transformation, with studies since 2014. SDN separates the control plane and the data plane within network infrastructure devices, allowing user traffic to be carried over a lower cost and less complex data layer.

NFV establishes a three-layer communication architecture consisting of network management, network functions, and network resources, enabling each layer to be created using modular, independent, open interfaces within the framework of standards. With NFV, network functions are virtualized, providing both cost and operational efficiency. Thanks to the new modular structure of the network, the variety of producers increases, and innovative solutions can be achieved in a shorter time.





R&D



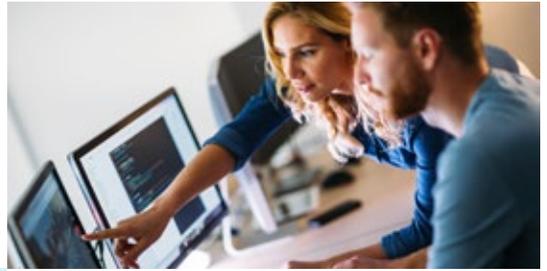
TEST SERVICES CENTER

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ICT R&D

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**INTERNATIONAL
R&D**

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↳

EU PROJECTS

52
↳



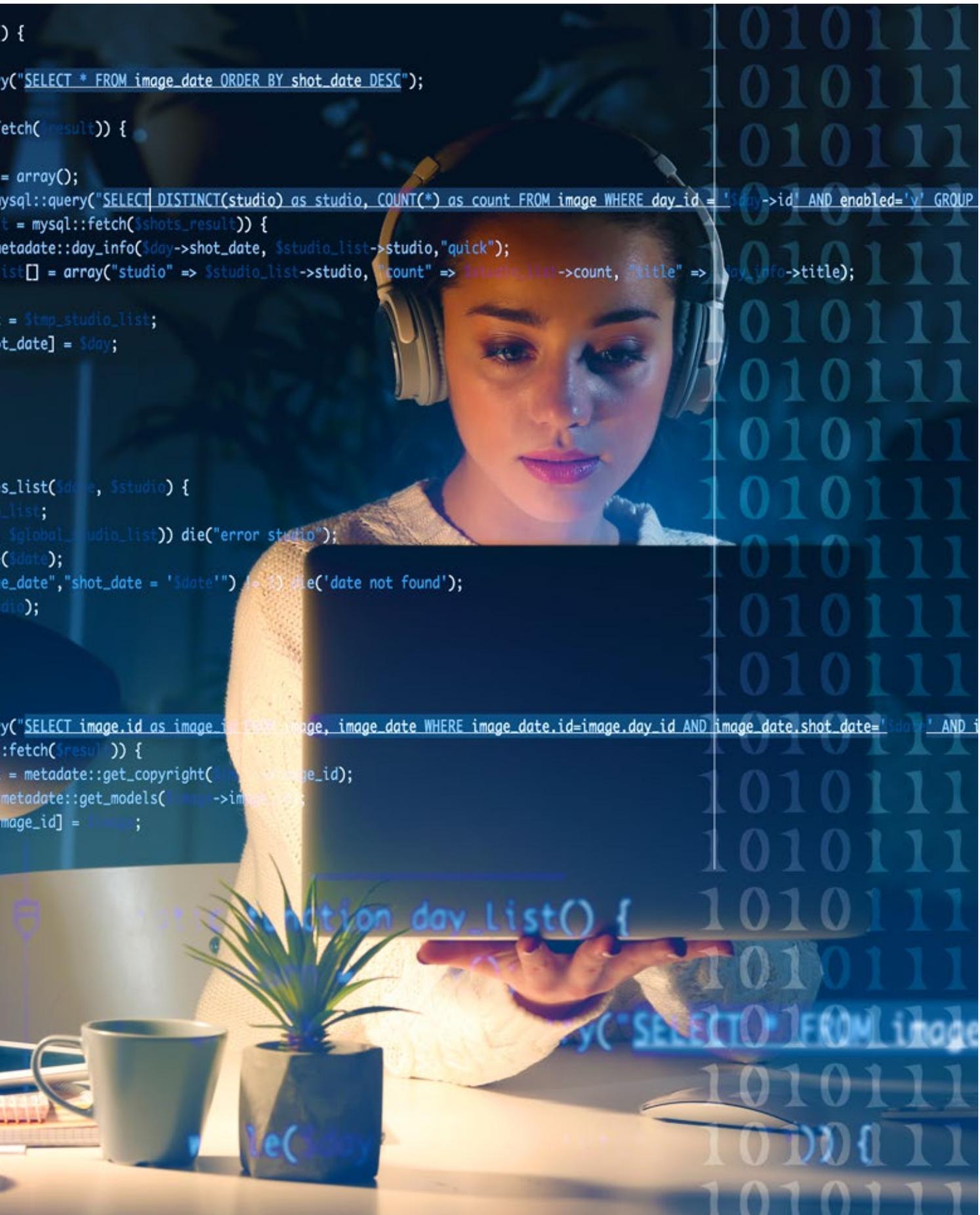
Turkey's most rooted R&D in telecommunication technologies

Founded Turkey's first private telecom R&D in 1973 and made the country's first software exports in 1992, Netaş today develops globally competitive products and solutions in its R&D Center, home to over 800 engineers.

With its multi-tech competency, R&D power, innovation culture, vast knowledge base, and expertise, the company, home to the most established private telecom R&D center, is pioneering its corporate and public clients across all the verticals from different regions in their digital transformation journeys, offering products and solutions, improving the efficiency, communication and mobility.

Standing out with its simultaneous multi-project management capacity, Netaş has been filing patent applications for planned and ongoing projects and products on mobile telecommunication, cybersecurity, defense, multimedia, cloud computing, data centers, managed services and IoT. The Netaş R&D aims to improve its international activities in the coming years, introducing solutions particularly on Big Data, 5G and smart cities.





```
) {  
y("SELECT * FROM image_date ORDER BY shot_date DESC");  
fetch($result)) {  
= array();  
mysql::query("SELECT DISTINCT(studio) as studio, COUNT(*) as count FROM image WHERE day_id = '$day->id' AND enabled='y' GROUP  
t = mysql::fetch($shots_result)) {  
metadate::day_info($day->shot_date, $studio_list->studio, "quick");  
list[] = array("studio" => $studio_list->studio, "count" => $studio_list->count, "title" => $day_info->title);  
= $tmp_studio_list;  
t_date] = $day;  
  
s_list($date, $studio) {  
_list;  
$global_studio_list)) die("error studio");  
($date);  
e_date", "shot_date = '$date'") || die('date not found');  
die);  
  
y("SELECT image.id as image_id FROM image, image_date WHERE image_date.id=image.day_id AND image_date.shot_date='$date' AND i  
:fetch($result) )) {  
= metadate::get_copyright($image->image_id);  
metadate::get_models($image->image_id);  
image_id] = $image;  
  
function day_List() {  
y("SELECT * FROM image  
  
ve($day
```

**CYBER
SECURITY**



IOT



MULTIMEDIA



**MOBILITY
4.5 / 5G**



**TEST SERVICES,
BIG DATA &
BUSINESS
ANALYTICS**



**NETWORK
SOLUTIONS &
APPLICATIONS**



ACTIVE PARTICIPATION IN INTERNATIONAL WORKGROUPS

One of Turkey's most important enterprises empowering the country's telecommunication leap thanks to its local R&D culture and manufacturing strength, Netaş is proudly representing Turkey in the international arena as well.

In order to closely following technological developments in the European Union and contribute, Netaş participates in 5G workgroups, as a member of ETSI and 3GPP, regarding standardization efforts. In addition, Netaş is a board member of NetWorld2020 Platform, one of the most active platforms guiding 5G and Beyond studies of the European Union, and a member of the 5G IA- Infrastructure Association. The company is also the vice-chair of Celtic Plus, the organization managing technological partnerships in the ICT and telecom fields.

NATIONAL AND INTERNATIONAL COLLABORATIONS

Celtic Plus Vice Chairmanship

European Union Networld 2020 Board Membership

ETSI membership / oneM2M studies 5GIA Membership

4 x Celtic Plus, 4 x ITEA3, H2020 projects already accepted

4.5G Base Station "ULAK" Consortium

About 90 collaborations (with 60 corporations and 28 universities) with 18 European countries within the scope of European Union Collaboration

COLLABORATION WITH UNIVERSITIES

Maintaining its uninterrupted collaboration with the aim of increasing university-industry cooperation, the number of universities in which Netaş signed the Framework Agreement to institutionalize relations and to identify the scope of the joint works reached 19.

BAU-NETAŞ Techno Academy Computer Engineering Post-Graduate and Ph.D. Program, that Netaş started in 2014, continues. In 2020, Artificial Intelligence Master's program was added to the Techno Academy program in cooperation with BAU. In order to support the education of the university students, Netaş continues to provide supports, such as short and long-term internships, scholarships, and doctoral dissertations, and also forms platforms on which Netaş engineers support students. Netaş also takes consultancy to benefit from the knowledge and researches of academic staff in the projects it carries out. Since 2015, the number of academic consultations that Netaş has received from universities has reached 42.

THE SCOPE OF ACTIVITY OF THE NETAŞ R&D

International R&D

Cyber Security R&D

ICT Technologies R&D

Netaş Test Center

INNOVATIVE PRODUCTS AND IDEAS ARE REGISTERED

As Netaş prioritizes the protection of intellectual property of the original products and ideas and sharing the results of its R&D studies on scientific platforms, the Company filed 9 patent applications, one of which is international, in 2020. As such, the total patent applications of Netaş since 2012 reached 506, while the number of its registered patents totaled 117. In 2020, Netaş filed 9 brand applications. The number of its brand applications increased to 134, while the number of its registered trademark to 59, both since 1984.

As a reputable R&D center, Netaş researchers published 108 scientific publications over the past four years, 23 of which are national, while the number of scientific publications since 2014 reached 165.

47 YEARS OF R&D IN NUMBERS

5,000 projects

10,000+ R&D engineers in 47 years

Solutions used in over 80 countries

The regional leader in digital signal processing

100+ Signalization protocols

Over 200 million lines of code

Software solutions delivered to 200+ operators around the globe

1,000+ Circuit board design

Over \$4 billion savings to the national economy through local designs

ICT TECHNOLOGIES R&D

Globally competitive local products

Proudly developing local software development and continue to be Turkey's largest software exporter, Netaş aims to keep its innovative and creative solutions sustainable, as they result from a strong innovation and R&D culture.

Designing solutions in line with the software needs of large-scale projects and integrating them when needed, Netaş is providing strength and value to Turkey with the products it develops. With the leverage it has thanks to its ICT ecosystem, the company brings innovation to every project it implements, with its R&D knowledge and innovative approach.

The Netaş R&D is developing authentic technologies tailored for industries ranging from finance to entertainment, from the public sector to defense, as well as for energy, transportation, and education. With its experience coming from offering local defense telecommunication solutions for the army, navy, and air force, Netaş developed the base band unit for Turkey's local base station ULAK. Now, the company is working on developing 5G and Beyond technologies.



INTERNET OF THINGS (IOT) ION

Developed by Netaş engineers, ION provides all underlying IoT device and data services for massive IoT networks and can be used on cloud or local systems. Ensures end-to-end security and offers automated elastic scalability for ever-changing traffic conditions. ION is based on a horizontal model allowing multiple providers to work with a common framework. Having a customizable structure, ION offers an easy-to-use interface to IoT network and service managers.



SERVICE MANAGEMENT MOBI-FI

With its long-standing expertise in the field of service management and its know-how in software technologies, Netaş designed a powerful service management software: Mobi-fi. Mobi-fi has multi-language support, and it allows the easy management of deployment, maintenance, and repair processes of large-scale businesses and projects, as well as providing internal and external communication, inventory, workforce and client management, and monitoring on a single system. Thanks to its user-friendly interface, the Mobi-fi platform provides the ability to manage business and customers via web or mobile devices. It offers advantages such as integration with known ERP or CRM systems, simplified end-to-end solution, multi-language option, and user roles or customization of pages according to needs.

SMART EVENT MANAGEMENT AND TICKET SALES

The ticketing technology Netaş previously used in all smart stadium projects eliminates paper tickets. With the platform, large-scale events can be managed in any scenario, from a world cup to any sports league or concert. Providing solutions to all variable needs with modules that offer flexible end-to-end solutions on Microsoft Azure Cloud, also allows crafting of custom-tailored sales and loyalty campaigns based on insights.



ENERGY MANAGEMENT NEOS PHOTON

We are in a critical time where efficient use of energy determines how we will live in the future. With this approach, Netaş has designed NEOS Photon, a lighting platform that prevents waste of resources and increases energy efficiency for smart cities with this understanding. Developed to save electricity and increase work efficiency in urban lighting, the platform provides electricity savings of up to 75 percent with the use of LED bulbs. Thanks to the support of LoRa or NB-IoT communication technologies, urban lighting levels and timing can be managed remotely. In this way, it also supports urban security.



WATER METER MANAGEMENT NEOS HYDRO

Water index values can be read anytime, anywhere with NEOS Hydro, a smart water meter system that can greatly prevent the problem of loss/leakage in water consumption. NEOS Hydro, which has a design that can be used in all meters that provide inductive rotation, eliminates the monthly reading fee paid per meter with long-distance wireless communication technology. Since water leaks and pipe bursts are immediately detected and reported with the platform, the damage to be caused by possible floods is prevented. With NEOS Hydro, which allows designing special campaigns for consumers by monitoring water consumption, illegal use is also prevented by instantly detecting and reporting illegal interventions.

METER READING MANAGEMENT NEOS OSOS

Developed by Netaş to increase efficiency with the highest automation in electricity distribution, NEOS OSOS enables electricity meters to be automatically read and managed remotely, to transfer meter data to the central system, and to receive reports and storing the data. The system also includes features such as a specially designed panel for street lighting, Netaş's low-cost communication protocol, geolocation, and time adjustment for modem readings. Approximately 14 percent of Turkey's electricity distribution is managed through NEOS OSOS, the cloud-based meter data management system developed by Netaş.

HIGH-SECURITY MEDIA PLATFORM NOVA S/COM

Today, changes in the working conditions of companies have increased the need for remote communication tools. Employees have to mutually share any business secrets through these communication tools, while service providers gain access to communication contents with data usage permission agreements. Netaş has developed the High-Security Media Platform NOVA S / COM, which allows companies to become service providers for their employees and guarantee the security of communication even in unsecured open networks.

TEST SERVICES CENTER

Netaş Test Services grow by deepening in different sectors

Providing its test services and the products developed in its R&D with over 300 engineers, Netaş continued to deepen in testing in 2020, providing services to Turkey's three telecom operators and 30 companies in total, including the country's four largest banks.

TESTING OUTSOURCING SERVICE

The testing outsourcing service reduces project costs and allows for the efficient use of resources and technologies. It also helps organizations to manage and control testing activities and processes more efficiently.

SOFTWARE TESTING SERVICES

Software Testing service offers software tests for various platforms, including web, desktop, server, embedded software and business applications software.

TEST AUTOMATION

Test automation service increases the speed and efficiency of the test stage using the most suitable automation method.

M2M AND MOBILE TERMINAL TESTS

Testing of phones, tablets, M2M devices, PCs, modems, and routers, with operators' existing and new SIM cards.

PENETRATION TESTS (PENTEST) SERVICES

The penetration testing (Pentest) service analyses the status of the IT infrastructure and the steps to be taken in order to create a secure IT infrastructure, and provides a holistic solution. Accordingly, vulnerabilities in web applications and VoIP systems are identified and an analysis report is offered, including the security measures. In addition to using a rich mix of testing tools, Netaş experts work on test scenarios specific to the client. Security checks with Netaş Pentest are recommended periodically.

MOBILE APPLICATION TESTS

Mobile application testing service ensures increased end-user satisfaction through comprehensive tests on different mobile devices, using the maximum number of mobile devices available.

PERFORMANCE TESTS

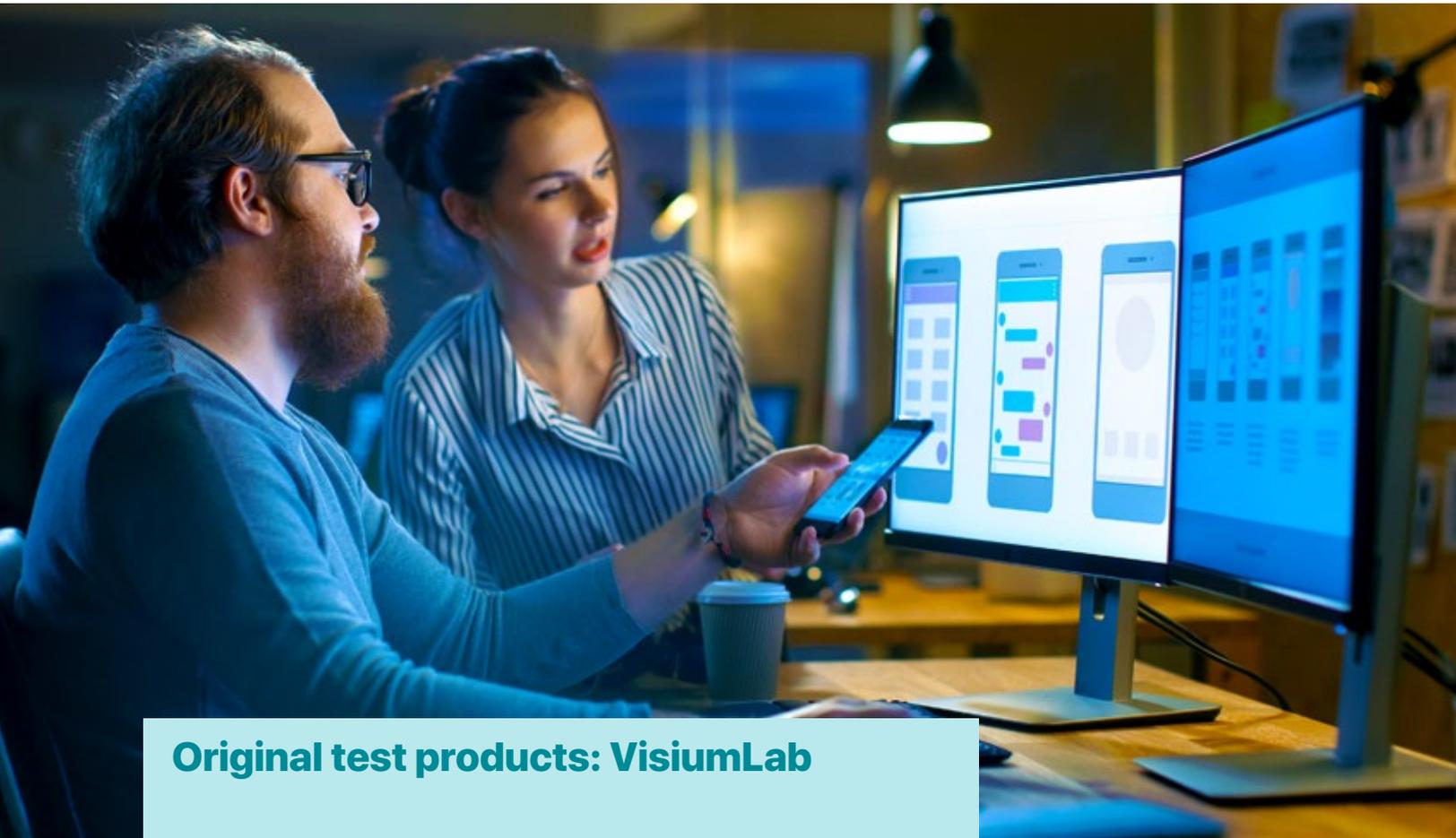
Performance tests allow to define the performance of software, whether they respond under the heavy traffic and if so, their lagging time. The results provide the maximum load possible of software, then it is tested under the maximum load. As a result, performance-improving suggestions are made.

CONTINUOUS INTEGRATION SERVICE

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

ENVIRONMENTAL TESTS SERVICE

The environmental tests allow identifying accurately the resilience of military and civilian purpose systems under natural environmental conditions.



Original test products: VisiumLab

Test products developed by Netaş R&D were moved to the cloud platform under VisiumLab. VisiumLab offers the best test products in its field.

PERFORMANCE AND LOAD TEST: VISIUM LOAD

With Visium Load, the scalable load and performance test platform, the performance of applications can be tested quickly and reliably in the development process. Visium Load, which can raise the cloud environment, adjust the traffic components and provide detailed reports by running tests, can perform the load test of applications with the most effective resources.

Listed in Microsoft's Azure Market Place, Visium Load offers the opportunity to observe and test the behavior of applications under very high load. With the power of the cloud, it lifts test environments that will simulate 10 thousands of virtual users only in minutes and allows different user scenarios to run in parallel. To achieve the most realistic test results, it can simulate users connecting from geographically different locations, using Azure datacenter regions scattered around the world. Visium Load provides businesses with a noticeable cost advantage in load and performance tests with the ability of customers to use their existing Azure accounts and pay as you go subscription model.

MOBILE DEVICE FARM: VISIUM FARM

Visium Farm, a device farm service, enables applications developed for Android, iOS, or the web, to be tested on hundreds of different mobile devices of different brands and models and to perform preferred tests, identify and fix problems, and generate detailed reports.

BDD-BASED TEST AUTOMATION: VISIUM GO

Developed as a BDD-based test automation tool, Visium Go allows anyone to easily write, read and run test automation scenarios.

EU PROJECTS

Representing Turkey in the EU with technologies it develops

Netaş continues to play an active role in the European Union R&D programs with the smart technologies it has developed for a sustainable life.

RELIANCE

The RELIANCE project, in which Netaş is included within the scope of the CELTIC-NEXT cluster, was initiated to carry out advanced R&D studies on network slicing technologies that will gain widespread use with 5G. Within the scope of the project, involving 10 organizations from Turkey, Spain, and Sweden, Netaş is working on the development of techniques required to provide uninterrupted and high-quality video conferencing services using network slicing methods.

Within the scope of the project, Netaş is cooperating with Turkcell and ULAK A.Ş., and techniques developed by Netaş in the field of video conferencing are being tested in the 5G network established by Turkcell for testing purposes. Netaş is also contributing to studies on how video conferencing services will transform with the upcoming 5G by completing the integration between ULAK's software-based network controller and Netaş video conferencing platform VIO.

BIMY

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

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

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

Project benefits

Scenarios that may benefit end-users after the project is completed;

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



5G PERFECTA

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

SMART FARMING PROJECT FOR QATAR

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

5G-MEDIA

Within the scope of Horizon 2020, the research and innovation program of the European Union, the 5G-MEDIA project, which aims to develop innovative applications for the media sector in order to provide users with high quality, high resolution, and uninterrupted experience, has been completed.

In the project where agile software development, validation, and regulation systems will be designed, it was aimed to develop network functions and applications for various use scenarios. Netaş took part in this project as the leader of Work Package 5 called 5G-Media Service Development Software Tools. With the software development kit and service visualization platform, it is aimed that the developed 5G-MEDIA platform will benefit companies that develop, combine, verify and run media applications using 5G networks.

BLOCKCHAIN

The H2020 EU Project of Netaş, namely "IoT & Blockchain-Enabled Security System for New Generation Critical Cyber-Physical Systems in Finance Sector" or Critical-Chains" in short, is qualified to receive a grant.

The project in question aims to eliminate obstacles across the European Union, created by unhealthy or off-the-books transactions, cybersecurity threats, non-user friendly, inefficient or inadequate banking processes, complicated contracts, cumbersome finance, and insurance infrastructures.

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

SMART FISH FARM

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

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

SMART-PDM

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

SMART-WIND

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

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

HEALTH5G

In 2020, Netaş continued to work on the Health5G project, initiated within the scope of CELTIC-NEXT, which is the communication technologies cluster under EUREKA in Europe. Health5G is a project carried out by 26 organizations from six countries with the aim of developing advanced solutions by using 5G in health technologies.

Netaş conducts advanced R&D studies in the fields of cloud computing and IoT technologies in the Health5G project. In this context, within the scope of inter-machine communication (M2M) technologies, which is one of the three pillars on which 5G will sit, Netaş ION Platform, which can process data from many sensors in the cloud, is tried to be tested on 5G networks and to work with software-based networks. In addition, Netaş continues to work on the development of high value-added e-health solutions by processing the data received from the health sensors of providers such as Vestel, Inosens, and Semper, which it has partnered with within the project, in ION – the IoT platform of Netaş.



INTERNATIONAL R&D

Solution and technology transfer to more than 80 countries with NetRD

The international R&D company Netaş, NETRD, continues to establish long-term partnerships with its customers in international markets, thanks to its skillful engineers and strategic location of Turkey.

NetRD's main customer is Ribbon Communications, the global leader in VoIP solutions, and its products are used by more than 800 service providers and institutions in more than 80 countries. Developing new generation products and providing customer support services, NetRD continues to work as Ribbon Communications' largest R&D and innovation laboratory. Continuing its successful cooperation with Ribbon Communications for 40 years, NetRD is one of the important hubs of a very important global technology transfer network.

NetRD focuses on three issues on a product basis: Cloud communication, unified communication, and modernization and update of telecommunication systems.

MORE CLOUD COMMUNICATION SOLUTIONS WITH NEW CAPABILITIES

Netaş R&D teams worked on 41 major versions and many intermediate versions in 2020 in the cloud communication solution Kandy, with regards to the platform, messaging, and end-user applications, and they have updated them on the cloud. With these versions, the user portfolio was increased by 30 percent. The company is running the operations of Kandy on five continents around the world.

With the improvements made during the year, Microsoft Azure integration was added to the solution family, enabling Teams users to access PSTN / PBX networks. Designing one of the first WebRTC Gateway solutions in the world, the Netaş team continued to develop security, quality, virtualization, and multimedia on this platform and further strengthened its cooperation with a global company in the finance sector. With the newly added features to the cloud management and application platform, the reliability of the system was increased to 99.999 percent. The enhancements needed for new customers and compliance needs (eg HIPAA) have been added to the solution.

The needs of important operators and companies in both North America and the Gulf Region were met by adding new features to the solutions in the client family that will increase the user experience and strengthen the infrastructure.

UNIFIED COMMUNICATION: A2 R&D

- In April, coding and testing of version 14.0 of the AS product were completed. The load was made available to customers.
- An intermediate version called 14.0 MR was prepared and sent to the field in October so that some features developed at the request of some European and North American customers can be sent to customers.
- AS version 14.1 was made ready for a company in Europe with two new features.

MODERNIZATION OF SYSTEMS: C20 R&D

- Eight urgently requested projects arising from the critical needs of large operators in the USA, Canada, and the UK were developed with rapid release processes and delivered to customers.

CUSTOMER SUPPORT

- More than 10 thousand customer problems were addressed. More than 720 software solutions were developed to solve these and 480 customer service interruptions problems were solved instantly.



MANAGED SERVICES



CYBERSECURITY OPERATIONS CENTER

60
→

NETWORK OPERATIONS CENTER

62
→



Managed services ensure 24/7 business continuity

Netaş, with its team of expert engineers in every vertical that can manage the systems regardless of the platform, provides end-to-end NOC and SCOC services. Thus, it offers effective cost-benefit management through optimization and consolidation of living systems.

Providing consultancy on integration and use in line with current global processes, Netaş also provides support to companies according to the necessity of digital speed with its ability to use advanced technologies such as artificial intelligence and machine learning. Through its coverage in Turkey's 81 provinces as well as offices abroad, Netaş in the position of companies' managed services business partner abroad.

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

COMPETENCIES

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

24/7 MONITORING

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

NETWORK MANAGEMENT

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

SYSTEM MANAGEMENT

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

APPLICATION MANAGEMENT

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

DATA CENTER DESIGN, INSTALLATION, AND MIGRATION

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

CYBERSECURITY OPERATIONS CENTER (CSOC)

Providing end-to-end cybersecurity structure

As the digitalization accelerates, cybersecurity needs increase accordingly. Providing an integrated service under a single roof with its cybersecurity expertise on 55 topics and 360-degree perspective, Netaş is the cybersecurity business partner of dozens of leading brands from critical industries such as finance, aviation, energy, and retail.





Netaş supports enterprises to overcome the challenges including the employment of competent personnel and making required technology investment in face of cyber threats becoming more complicated day by day.

Netaş structured its services so that the corporations can fill their security gap far more efficiently than they could by themselves and with a sustainable model. Its cybersecurity service customer portfolio includes many companies from a wide array of industries, including insurance, retail, manufacturing, and e-commerce.

Netaş Cyber Security Services begin with the security analysis of the companies against a cyber attack and the identification of their risk status. Following necessary measures are taken and suggestions are made for an action plan, a penetration test is performed to measure the efficiency of the actions, to see the real status of the enterprise after a cyber-attack, and to ensure the continuity of the measures. In addition to these, Red Team activities, brand-specific cyber intelligence services, social engineering attack tests for the employees, security hardening in the systems, and 24/7 security incidents monitoring and response, all provide the elements of a holistic cybersecurity service.

NETAŞ CYBERSECURITY SOLUTIONS

Cyber Security Operations Centre:

SIEM & SOC Management, Blue Team, Red Team, Forensic, Vulnerability Management, Cyber Threat Intelligence, EPP, EDR, UBA, Phishing Awareness, Incident Response

Managed Security Services

(Technology Consultancy and Test Services): IT GAP Analysis and Security Hardening Program, GDPR Consultancy, Risk and Compliance Management, Advanced Test Services

SIEM & SOC Management: Today, organizations are facing new cyber threats and increased regulatory pressure. As a result, SIEM and SOC stand out as analytical skills to improve security controls of an organization and reduce risks at the same time. Netaş provides SIEM & SOC consultancy, 24/7 cyber incident management, SIEM installation, management, health-check and training, correlation consultancy.

Cyber Threat Intelligence: Netaş monitors intelligence platforms and databases on the surface web, as well as deep and dark web and tracks down potential threats, before these evolve into actual attacks; and takes necessary actions in order to eliminate the threat; drafts action plans for protection and impact controls.

Penetration Tests & App Scans:

Netaş ensures holistic application security through analysis, design, implementation, verification, testing, correction, and development. According to detailed pen tests and app scans, services provided are Threat Modelling Services, Static Code Security Testing, Dynamic & Interactive Application Security Tests, Safe Coding Trainings.

Managed UBA: Netaş teams perform user behavior analytics (UBA) in order to support cyberattack prevention, by detecting anomalies, using machine-learning-based techniques. Services include attack, identity, cloud, and fraud analytics.

Managed DLP: In addition to the conventional data loss prevention (DLP) approach, Netaş provides discovery, classification, labeling, monitoring, and leak prevention for both structural and non-structural data.

Innovative services in cybersecurity

- Fraud monitoring and intervention, that monitors and responds to fraud risks in banks' payment channels
- Cybersecurity risk monitoring and scoring that supports the holistic risk management and control of organizations
- Cybersecurity insurance against possible loss and damage of cybersecurity risks
- Swift CSP consultancy services targeting infrastructure and communication security in money transfer channels
- Collecting and analyzing data from a wide range of sources, providing effective and proactive protection thanks to the cyber threat intelligence program

NETAŞ NETWORK OPERATION CENTER (NOC)

A proactive approach in network and system infrastructure management

The Netaş Network Operation Center (NOC) monitors the system and network infrastructures that provide all business data of customers constantly and centrally, and on a 24/7 basis.

Taking the necessary actions as soon as possible, Netaş Network Operations Center (NOC), which takes a proactive approach in network and system infrastructure management in terms of business continuity, provides services in order to provide the highest quality service by keeping the infrastructure required for central management and the employment costs of the relevant personnel at the most economical level.

NOC SERVICES

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

ELEMENTS OF NETWORK OPERATIONS MANAGEMENT

- **Configuration management:** It enables the configuration of all assets (hardware, software, network products, documentation, connected systems), keeping detailed information, monitoring, and reporting its history.
- **Change management:** It provides the use of standard processes and procedures determined by the company. The impact of the change-related incidents on the quality of service is minimized and, as a result, the company's daily operations are accelerated.
- **Version management:** It enables the control and distribution of newer versions of hardware or software that will be created by Netaş or outsourced from the company.
- **Event management:** According to the IT incident management process that will be created by Netaş or outsourced from the company, it makes the right decisions for identification, analysis, and elimination of incidents occurring during the service.
- **Problem management:** According to the purpose of problem management, it provides studies to find root problems within the IT infrastructure being serviced and ensures that the problems are solved without being occurred again.





DIGITAL TRANSFORMATION PROJECTS



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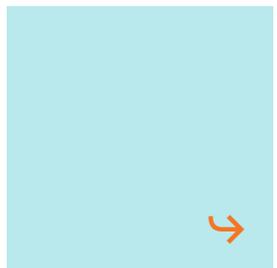


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Technology at the service of smart life

Offering its technology to service for a smarter life, Netaş continues to successfully implement large-scale digital transformation projects in all sectors from telecommunications to the public, from finance to energy.





SMART TRANSPORTATION

Netaş signature at the world's smartest airport

Netaş established the communication infrastructure and data center cloud automation system of the Istanbul Airport (IGA), arguably the world's smartest airport. The company played an active role in every stage of the project's electronic and IT infrastructure.



With its 1.3 million square meter terminal building, 42 km long belt conveyors, 6 runways with 500 aircraft capacity, and an annual passenger capacity of 200 million, IGA is one of the largest projects in the world, and an equally colossal technological infrastructure has been built for it.

Having deployed the wired and wireless telecommunication network infrastructure of Istanbul Airport, Netaş has broken a new network coverage record in Turkey with almost 5 thousand access points on this network. Thanks to this extensive access network, passengers are provided with seamless, fast, and secure internet service from the moment they park their cars to the moment their plane takes off. All businesses inside Istanbul Airport, including the security, the customs checkpoints, and the duty-free shops, are being run using the said communication infrastructure..

EUROPE'S BEST AIRPORT IN TERMS OF DIGITAL TRANSFORMATION

Netaş has also built the data center cloud automation system of Istanbul Airport. Systems such as area management system that sets the gate number, changes, arrival gate; exchange system; passenger management system that will allow passengers to receive efficient service; car park management and loyalty system that will provide special campaigns and privileges will all run on this infrastructure. The airport management will be able to offer sources to the enterprises within the airport with automatic server provisioning through cloud automation integration. The system includes two active-active data centers. Besides the above, Netaş has also built the information infrastructure for the biggest airport hotel in the world constructed in Istanbul Airport premises.

Istanbul Airport has been awarded the "Digital Transformation Award" by Airports Council International (ACI) as a part of the 16th ACI Europe Awards. The accolade comes in recognition of the airport's digital transformation and introducing technology where possible, making it one of the world's smartest airports.

Infrastructure ready for innovative and smart technologies

Almost **5,000** access points on wired and wireless networks

Simultaneous, uninterrupted, fast, and secure internet access for **55,000 people**

Free internet for over **200 thousand** passenger

Data space of **20 million GB**

85,000 port

99.4% coverage including the terminal, surrounding buildings, baggage operation, and remote aircraft parking areas with **4,750** wireless access points

24/7 monitoring

12,000 CCTV

The reduced waiting time in passport and customs checkpoints and check-in counters

Maximum operational efficiency



SAFETY ON RAILROAD TRANSPORT

With its vast experience in railway communication networks, Netaş provides high-performance connectivity and operational efficiency with its GSM-R solutions, a wireless and secure broadband communication standard optimized for railroads.

In addition to four completed GSM-R projects and two transmission projects, here are some of the ongoing GSM-R projects:

Sivas-Yerköy High-Speed Train Project
(GSM-R Exchange, GSM-R Radio Communication Network and Wired Network Communication infrastructure, construction infrastructure for facilities like Tower)

Yerköy-Kayaş High-Speed Train Project
(GSM-R Radio Communication Network and Wired Network Communication infrastructure, construction infrastructure for facilities like Tower)

Bandırma-Menemen Project (GSM-R Radio Communication Network and construction infrastructure for facilities like Tower)

9 railroad communication projects

High-performance connectivity and efficiency

SMART PUBLIC SOLUTIONS

A globally pioneering disaster management system

Playing an active role in projects contributing to our country's emergency management, Netaş initiated the Disaster Management and Decision Support System (AYDES), an AFAD project that in 2013, developed for the digital management of all phases of a disaster and the efficient use of resources.

The new version of AYDES, which started to be developed in 2019 in accordance with the developing new technologies, was launched in 2020 and started to be used in the field.

Thanks to AYDES, one of the few digital disaster management systems in the world, the resources in disasters and emergencies are managed efficiently and a smooth operation of the commanding process is provided. AYDES is being used by about 7 thousand active users in 81 cities, among which are institutions/ organizations, NGO's and field services that also include eight ministries and the Red Crescent and which play a role in national disaster management.

Working integrally with more than 50 internal and external systems, AYDES also serves, for instance, information on "Meeting Points in cases of Disasters and Emergencies" which is put to public use over the e-Government portal.

FEATURES OF AYDES

- Creating risk maps according to the disaster type
- Predicting the impact of a possible disaster according to previous disaster and emergency drills
- Management of actions after a disaster on the decision support system
- Management of the recovery processes after a disaster
- Data collecting through mobile apps and its transfer into a database
- Dynamic and instant reporting on the dashboard with a decision support system
- 7 thousand active users in 81 provinces
- Unified disaster management
- Geographical information-based decision support system
- Integrated with more than 50 internal and external systems

SAFER CITIES

As part of the City Safety Management System Contract negotiated with Aselsan; Netaş has been carrying out the deployment of the infrastructure, construction, installation and repair and maintenance work for the City Safety Management System and Vehicle Identification System to be implemented in 80 provinces so that security forces can more effectively ensure order and safety and perform inspections.

SAFER SCHOOLS

Netaş has completed the Safe School Project conducted by the Ministry of National Education for the safety of the children in schools.

Accordingly, Netaş has completed the installation and integration of all networks, systems, cameras, and infrastructure of a total of 762 schools in 71 cities across Turkey. Netaş started to provide guarantee and maintenance service after the school systems have been commissioned. As a result of the project, schools can be monitored live by security forces and the CSMS (City Security Management System) Centers.

- 762 safer schools across 71 cities
- Network, system, CCTV, and relative infrastructure deployment
- Live surveillance



E-GOVERNMENT TRANSFORMATION IN CYPRUS

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

E-CENSUS SYSTEM PROJECT IN TRNC

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

TRNC E-CORPORATE (CENTRAL REGISTRATION SYSTEM FOR E-COMPANIES) PROJECT

The scope of the project includes a detailed analysis for the implementation of TRNC e-Corporate System, software design and development, integration with the other institutions and systems, testing, data digitization, data transfer, hardware supply, installation, configuration, commissioning, training/technical support, three years of guarantee, maintenance, support, and integration.

TRNC E-CUSTOMS / CIS (CUSTOMS INFORMATION SYSTEM) PROJECT

The project includes a detailed analysis for the Customs Information System, software design and development, integration with the other institutions and systems, testing, counseling, hardware supply, installation, configuration, commissioning, training/technical support, three years of guarantee, maintenance, support, and integration.

e-Census System

e-ID System

Securing data privacy

Access to information from a single point

Compliance with global trade norms

Compliance with European Union Customs legislation

SMART ENERGY

Digital transformation in the energy industry with NEOS

Netaş makes a difference in the energy industry with its locally developed technologies. Netaş Energy Automation Systems (NEOS) provide digital infrastructure for the energy and resource management of the cities.

neos osos

NEOS OSOS

NEOS OSOS (Automatic Meter Reading System), a cloud-based automatic remote meter reading and management system, not only allows significant savings of time and workforce through easy electricity consumption monitoring, but also enables real-time budgeting of demand, facilitated billing, identification of energy losses, and making consumption estimations.

neos photon

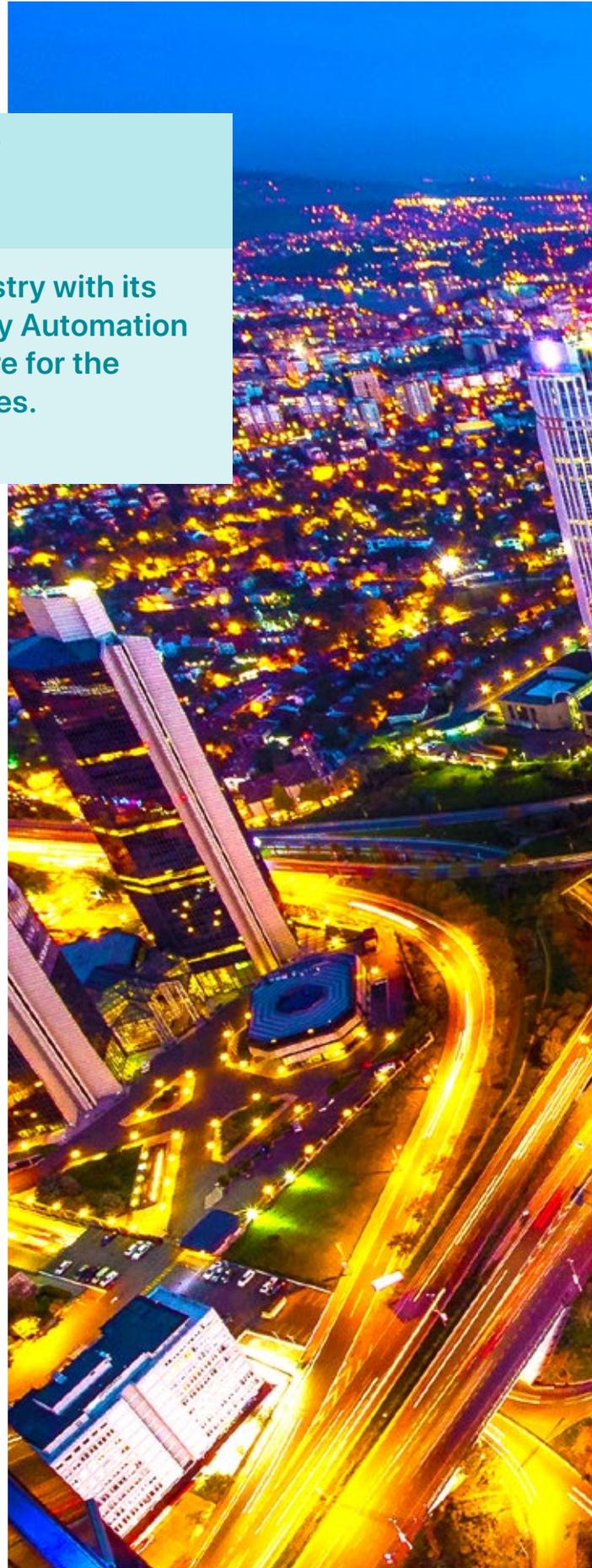
NEOS PHOTON

NEOS Photon, developed for increased efficiency and savings in city street lighting, was delivered to be used in a local municipality in Istanbul. This platform, which allows for remote and real-time tracking of all devices in the field can automatically identify the failures and steers the field operation teams to repair the breakdown as soon as possible. NEOS Photon devices are compatible with both the application-specific to the lighting vertical and the ION horizontal platform.

neos hydro

NEOS HYDRO

The benefit of NEOS in resource management is also similarly applicable to water distribution where NEOS Hydro remotely reads water meters and prevents any fraud and leakage. NEOS Hydro devices are compatible with both the application-specific to the lighting vertical and the ION horizontal platform.





SMART CITY

Smart cities for a sustainable future

As Turkey's leader systems integrator with its 120 business partners and R&D skills, Netaş equips Turkish cities with its smart technology solutions ranging from energy to sports, and from transportation to entertainment. With this goal, the company is also leading the Smart City Consortium, which is formed to enhance Turkey's smart city ecosystem.

Bringing together 24 institutions and organizations in order to make cities smarter in Turkey and abroad, the Smart City Consortium focuses on integrated smart solutions in the fields of energy, building management systems, emergency management, healthcare, environment and waste management, parking, and transportation systems.

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

In terms of providing complete cybersecurity protection, it is advantageous to collect data in a single center. Thanks to this architecture, the solutions to be produced in these six areas will work in full integration with each other, although they are provided by different manufacturers. This combination of forces will form the basis for new applications and research, with public access to real-time data streams open to any kind of analysis.

The smart city project presented by the Consortium became one of three projects qualified for the second phase of TÜBİTAK's Industrial Innovation Network Mechanism (SAYEM) applications. The outputs of the Consortium's project will contribute to increasing Turkey's high technology exports.

WORLD CITIES WILL GET SMARTER WITH AN INVESTMENT OF \$158 BILLION

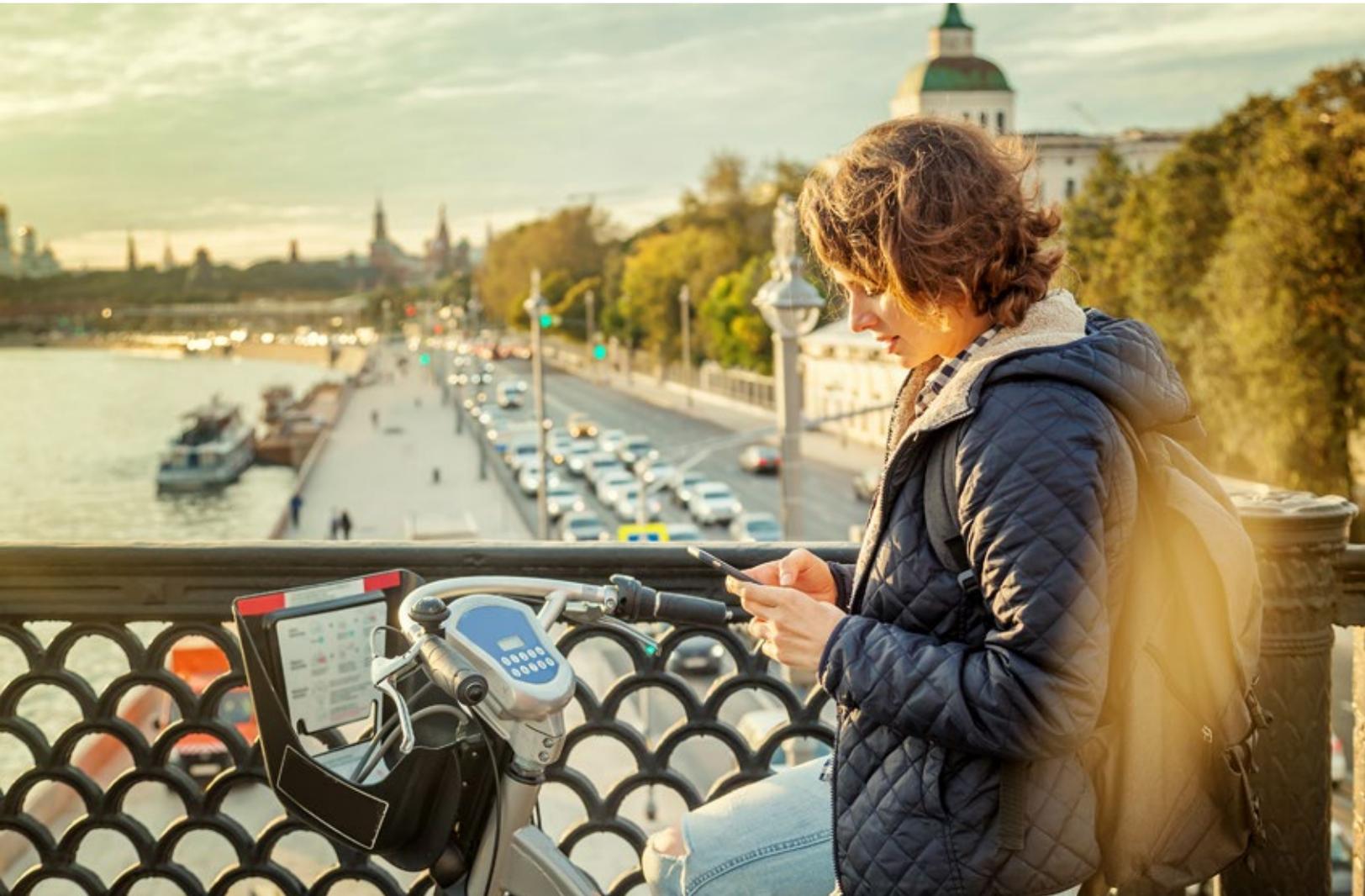
It is expected that with 5G, the development of internet of things technology will accelerate and this will serve as the basis of smart city applications. According to estimates, smart city spending, which was around \$81 billion in 2018, will reach \$158 billion in 2022. The importance of the Smart City Consortium led by Netaş steps in at this point.

WHY SMART CITY?

- Current smart city applications increase the quality of life up to 30%.
- Smart city actions are included in public action plans all over the world.
- The population density of cities in the world and Turkey is growing and needs technological help for increased livability.
- Integrated solutions instead of vertical city solutions gain importance.
- Smart city spending will exceed \$158 billion in 2022 according to IDC and \$2 trillion in 2025 according to Frost & Sullivan.

SAYEM - SMART CITIES ARCHITECTURE

- Vertical applications
 - Smart energy
 - House-Building
 - Emergency management
 - Smart health
 - Environment and waste management
 - Parking and transportation systems



THE CORNERSTONE OF THE SMART CITY: ION-INTERNET OF THINGS PLATFORM

ION, the IoT (internet of things) platform developed by Netaş, provides a robust and secure infrastructure for brand new solutions for increased savings and efficiency in smart city applications deployed by local governments.

The platform is designed to ensure the end-to-end data security of IoT applications and is automatically scalable depending on the changes in data traffic. ION is designed with a horizontal infrastructure to encourage fast growth and innovation in the industry by enabling different IoT device and application providers to work under a common roof. It isolates various device and connection types from the application layer to enable innovative applications across various verticals with the central data management it offers.

The ION application enablement platform continues to evolve and grow every year. With the recently added features, it is now possible to publish new cloud services that third-party software developers will develop using their own expertise, by adding a user guide on the market on ION. Users in the delegate role on the same ION installation can use the services in the market in their applications they manage by starting a subscription. In addition, ION setup allows owners to make the data of their IoT applications available to third-party companies if and to the extent they want, and to initiate new commercial opportunities.

It aims to bring a solution from the very beginning to the continuous increase in application diversity, technological heterogeneity, and usage density experienced by companies with active use in the field of IoT.

The outstanding features in this regard:

Increased savings and productivity

Encourages rapid growth and innovation.

Enables innovative applications between different verticals.

Paves the way for the contribution of third-party partners and developers.

SMART EDUCATION

NEXT-GENERATION SMART CLASSROOMS

As part of the Movement of Enhancing Opportunities and Improving Technology (FATİH) initiated by the Ministry of National Education, Netaş established the ICT infrastructure of almost 7,700 schools. The schools were equipped with high-speed broadband internet infrastructure within the scope of the technological infrastructure for next-generation smart classrooms. The project that enables teachers and students to have access to educational documents and social information in the electronic environment is among the largest projects that have been implemented in Turkey concerning the digitalization of education.

ICT infrastructure for about 7,700 schools

Schools with high-speed broadband internet infrastructure

One of Turkey's largest projects concerning the digitalization of education

BILFEN SCHOOLS USE NETAŞ INFRASTRUCTURE

Bilfen Schools are using Netaş infrastructure, as they provide education to their 16 thousand students, with 1,000 teachers and staff on its 88 campuses. In Bilfen Schools, education continued uninterrupted with Microsoft's digital work platform in the second period of 2019-2020, when education was carried out remotely. As a result of the smooth implementation of all necessary PoCs by the Netaş Microsoft Solution team in a very short time, and all the necessary installations by BDH teams, Bilfen students can easily meet all their digital needs with solutions such as Teams, OneNote, Minecraft for Education.





SMART HEALTHCARE

EMERGENCY HOSPITALS' INFRASTRUCTURE SUCCESSFULLY COMPLETED

The infrastructure works of two field hospitals, namely Sancaktepe Prof. Dr. Feriha Öz Emergency Hospital and Yeşilköy Prof. Dr. Murat Dilmener Emergency Hospital, which were commissioned officially in May 2020, were successfully carried out by Netaş. The integration of all the components was completed only in 50 days. The overall work included the data center design of both hospitals, the supply and integration of the data center cabinet system in the data center, the cooling system, structural cabling, and building patch cords, as well as license supply of DELL PC Client, Palo Alto FW, and Microsoft, together with the related peripheral equipment.

TURKEY'S PRE-HOSPITAL HEALTHCARE SYSTEM DIGITALIZED WITH ASOS

Keeping on making Turkey ready for the ICT and digital transformation world of the future with its engineering competency, Netaş implemented the Emergency Healthcare Automation Systems Project (ASOS) of Turkey's Ministry of Health, opening a new digital era in the Turkish healthcare system.

It is the first and only project that provides data integrity, coordination and communication among the Ministry of Health central organization, Provincial Health Directorates, 112 Command Control Centers, 112 Stations and healthcare facilities. ASOS enables immediate access to information such as reporting/call and case information, patient information, supply and medication status, personnel actions, hospital bed occupancy rates, transport processes, 112 training information, ambulance and inventory maintenance & repair, insurance/traffic insurance processes, shift lists and scoring information.

Aiming to increase the efficiency, activity and accessibility of emergency healthcare services on a national scale, ASOS project enables the servicing of 5 thousand ambulances and 15 thousand users in 81 provinces across Turkey. The goal of the system is to direct the ambulances owned by the Ministry of Health, transfer the patient as soon as possible to the nearest and most suitable hospital and service with available beds based on initial findings and the location. With ASOS, patients can be monitored to see whether the first intervention was sufficient even after the ambulance transfers the patient to the hospital. The personnel is trained in case any shortfalls are detected.

OYS (Incident Management System) Module developed in ASOS can monitor patients affected by mass incidents that reach SAKOM (Health and Disaster Coordination Center) and require Crisis Coordination Intervention live from the time they are affected until they arrive at the hospital and clinic treating them, and even through discharge processes.

- 81 provinces
- 5 thousand ambulances
- 15 thousand users

DIGITAL TRANSFORMATION IN CITY HOSPITALS

Netaş completed the installation of data centers and network infrastructures of four city hospitals so far, in Yozgat, Adana, Elazığ, and Bursa, Turkey. Thanks to the infrastructure built by Netaş, the information systems of hospitals are unified, and all types of medical equipment can exchange information over the network using the installed system. Hospital management reaches a seamless operation through systems that have been integrated with smart building technology as well, and the diagnosis procedure is shortened since documents such as x-rays, reports, and blood tests are electronically received directly by the physicians. In addition, polyclinic processes have been facilitated thanks to the desktop computers installed in the hospital and the tablets that enable data entry. Netaş is providing 24/7 network monitoring and maintenance for systems components and peripheral equipment.

- End-to-end system back-up
- Seamless operation warranty
- Integrated with smart building technologies
- Reduced diagnosis process
- 24/7 network monitoring and system maintenance



DATA & BUSINESS ANALYTICS

END-TO-END SOLUTIONS IN BIG DATA AND BUSINESS ANALYTICS

As a provider of end-to-end solutions in the field of big data and business analytics starting by process analysis stage, Netaş shares its international market experiences with its customers. Optimal solutions are produced for customer needs in the field of big data using open source services and micro-services developed by Netaş R&D engineers within the framework of industrial standards and installations are being made for big data infrastructures.

Netaş offers end-to-end solutions that increase the usability of corporate data and enable new applications:

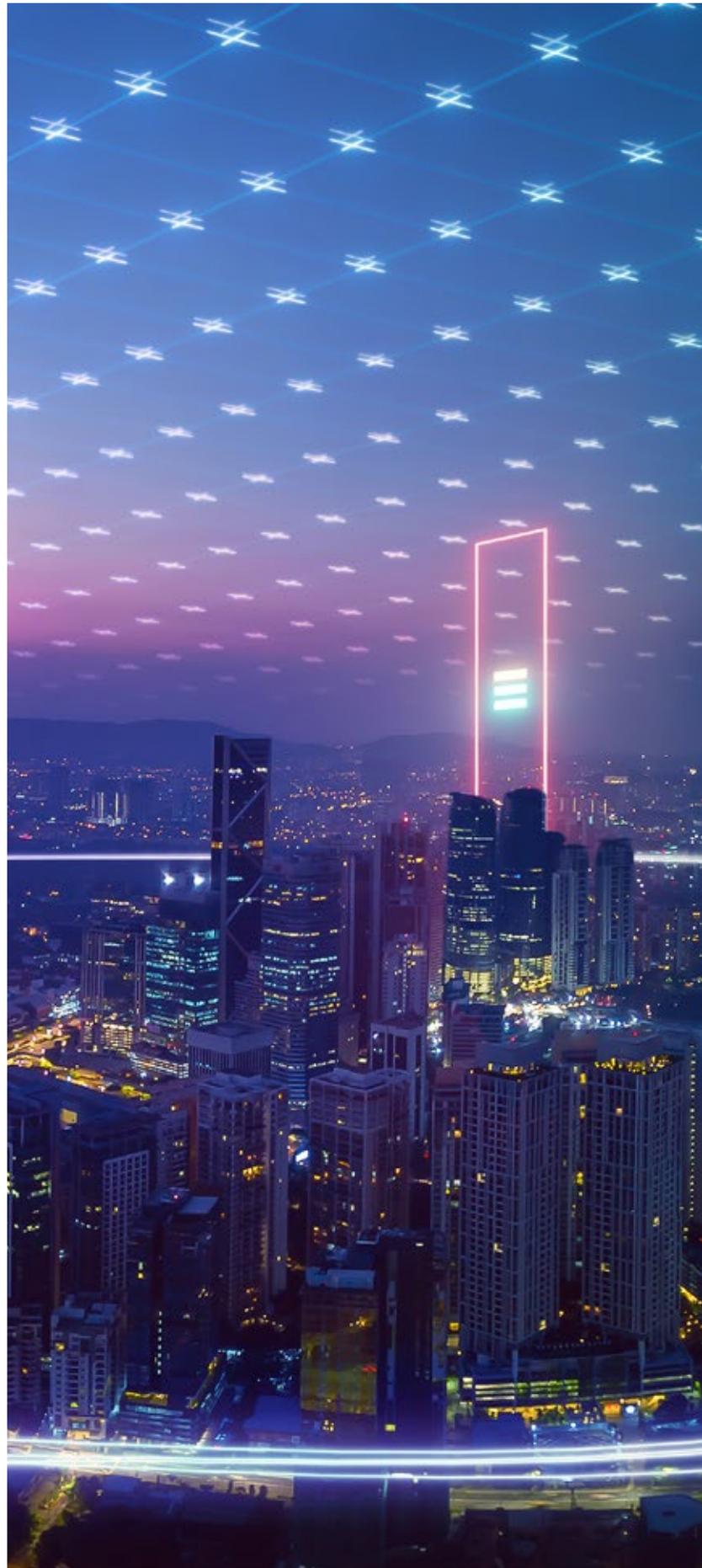
- Data Warehouse solutions
- Business Intelligence solutions
- Business Analytics, Artificial Intelligence, and Machine Learning solutions

All solutions are applied by considering full compliance with business processes.

With close monitoring of developments and innovations on the subject, solutions can be offered with diverse technologies, including open-source services, big data technologies, and cloud computing services.

In the Big Data Platform and Test Laboratory established within Netaş, big data solutions are developed simultaneously for all sectors. In the Netaş Big Data Platform, with log measurement studies collected instantly and periodically from server data, all kinds of requests from mobile and web platforms can be processed and evaluated instantly, and the data in the structured databases can be transferred to the big data platform, as well as the data coming through IoT applications.

The Cloud-based Business Intelligence application, which was started to be developed in early 2020, is being tested on Netaş products and customer solutions as of 2021. Being developed by Netaş engineers, the business intelligence product continues to evolve to be used in many projects based on Business Intelligence and Artificial Intelligence thanks to the many new technologies it contains.





TELECOMMUNICATION

Integrated and unified communication solutions

Offering dozens of technologies as integrated real-time solutions to corporate markets within the scope of unified communication solutions, Netaş has been implementing major infrastructure projects, focusing on telecom systems modernization, unified communication/multimedia communication, telecom transfer to the cloud.

FIXED VOICE NETWORK MODERNIZATION

Having successfully implemented the ZTE NFV Based IMS system in Türk Telekom Fixed Voice Network, Netaş has undertaken the capacity increase twice for the project and completed the installation of these.

As the second step of Türk Telekom Fixed Voice Network modernization, Netaş won the tender to transform the interconnection (I-SBC) network into an NFV-based system, transforming its after-sales support team into a pool of experts that can support different projects with this new project using the same infrastructure. An international quality after-sales team has been formed that can carry out both installation and maintenance activities.

Transforming the Fixed Voice Network of Northern Cyprus Telecom Administration into an NFV-based IMS network that can support fixed and mobile access, Netaş has created fast and effective solutions at low cost with the integration software it has developed in its R&D.

TÜRK TELEKOM ISTANBUL METRO DWDM PROJECT

Istanbul is the city with the most intense traffic demand in Turkey. In order to meet infrastructure needs coming from companies, end-users and other operators for Türk Telekom's future wired optical transmission systems, Netaş will replace the existing systems in the current area gradually with ZTE systems. This infrastructure to be installed in Istanbul, will carry more capacity than the total capacity carried by the wired optical transmission networks in the country combined.

TELECOMMUNICATION PROJECT FOR SMES IN AUSTRALIA

With the communication project it developed for one of Australia's major telecom service providers, Netaş designed a brand-new communication system for SMEs which are considered to be of key importance for the Australian economy. With the solution in which 12 different web/mobile applications and cloud infrastructure have been developed, SMEs can purchase a company phone line in 15 minutes online using a credit card, install a virtual reception service to this phone line and program such functions as meeting and directing the calling customers and make use of mobile applications among themselves for communication and conference services with rich content.

COMMUNICATION SOLUTIONS FOR SWITZERLAND

With a project it realized for one of the major service providers in Switzerland, Netaş offers a set of new communication solutions needed by companies at any scale. The project involves the management of SipPBX servers included in the operator's communication network by the application server developed by Netaş. Thus, the operator has the chance of enhancing the contents of the SipPBX services provided to its corporate customers and Netaş has performed the software development needed for increasing subscriber and call capacities and managing the traffic of SipPBX servers. Thousands of corporate customers at varying scales in the country now receive secure services over Netaş systems.



FINANCE

Special solutions for the finance industry

Netaş continues to provide highly specialized services for the finance and insurance industry, such as software and application testing services, data center installation, migration and maintenance, network installation, cybersecurity services.



TEST SERVICES

BANKING APPLICATIONS TESTING SERVICE

Netaş has undertaken the "Banking Applications Testing Service" project for Ziraat Technology, which has been providing technology services to Ziraat Bank, Turkey's oldest and largest public bank with a history of 157 years, and its subsidiaries. Within the scope of the project, Netaş is responsible for managing the end-to-end test processes of Ziraat Technology, defining test automation strategies, managing the projects and resources, developing and training the testing team, monitoring the business outcomes and quality, reporting, and identifying and using the required automation tools.

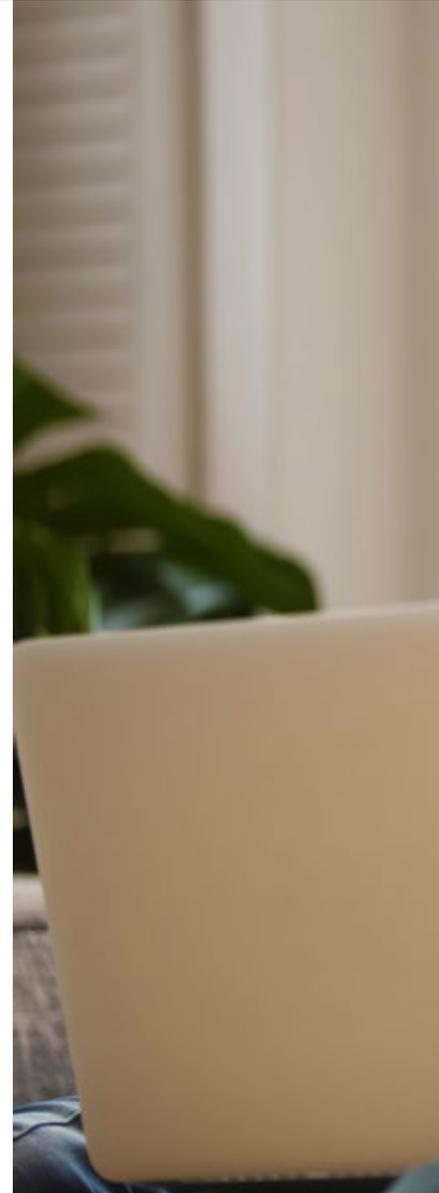
CYBERSECURITY SERVICES

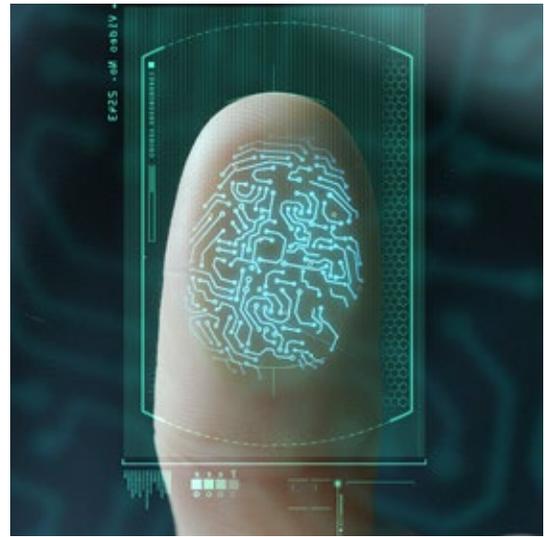
24/7 SECURITY SERVICE FOR ALL BANKING TRANSACTIONS WITH FRAUD MONITORING

Netaş launched the Fraud Monitoring Service, which enables banks to provide the safest service by monitoring the risks and fraud attempts that occur within the scope of all payment channel operations.

With the service launched under the roof of FOC (Fraud Operations Center), banks are supported in fraud and security units, governance, analytics, and process improvement activities, enabling them to be more effective in monitoring and intervention processes performed 24/7.

Financial institutions that currently use Netaş SOC (Security Operations Center) service have also started using the new fraud monitoring and response service for banking operations. In this way, banks have opened the way to reduce the burden and banking risks on existing fraud teams, while having a value-added service for possible future fraud security and cybersecurity incidents that require joint action and coordination.





**INTERNATIONAL
MARKETS**





An international producer and systems integrator

Netaş has been supplying telecommunication networks, cloud computing infrastructures, data centers, as well as cybersecurity and software solutions in many countries. While it's one of its main goals to procure its local and domestic products it develops in its ArGe to international markets, the company also aims to contribute to the technological and digital transformation of countries, which it has operations.

As a business partner in digital transformation projects of a vast zone extending from Asia-Pacific to the Turkic Republics, and from North Africa to the Middle East, Netaş offers technological solutions and services in many fields spanning from telecom to finance, and from energy to the public sector.

Netaş has its fully staffed offices in Algeria and Kazakhstan, has a representative office in Azerbaijan, and a representative in Georgia. The company continues to structure and grow in the international markets.

As an international manufacturer with the support of its main partner ZTE and its own R&D, Netaş is also a systems integrator that can create and implement turn-key projects with complementary products from other vendors. The company manages large projects on a global scale with its vast technical team having both carrier network and information technology expertise. This provides Netaş a competitive upper hand.

Providing more contribution to the digital transformation of Kazakhstan, Netaş, together with its main shareholder, technology giant ZTE, is working to increase broadband internet usage within the scope of the Digital Kazakhstan Program. Accordingly, the company has been supporting the mobile and fixed internet access infrastructure of Kar-Tel, Amsterdam-based global telecom company VEON's subsidiary in Kazakhstan, with ZTE's MiFi Router and 4G USB modems. It also supplies the IPTV infrastructure offered by Kar-Tel during the pandemic period with ZTE's Set-Top Box (STB) product.

In the meantime, Netaş makes a great contribution to the digitalization of Qatar, as the country is preparing to host the 2022 World Cup. Netaş undertook the digital sports and customer experience platform project in the country.

Netaş aims to supply all products and services of its main partner, ZTE, to the countries it is responsible for, and to carry out information and communication technologies integration projects with ZTE and complementary products.

**TECHNOLOGY
TRAINING CENTER**



High Technology Training Center: n-telligent institute

Netaş is offering 20 different courses under 6 main topics, designed in order to help all the constituents of its ecosystem, from its own employees to companies from every sector, and from start-ups to university students, keep their skills updated in its n-telligent institute. The topics also include the content from ZTE, its main shareholder.

Known as “Turkey’s engineering school”, Netaş made all its knowledge base available to the use of its ecosystem, including all organizations and institutions, at n-telligent institute. By incorporating the n-telligent institute, Netaş aims to be a “business partner” in human resources training for companies from different verticals, reinforcing their human resources. As a next step, Netaş seeks to export its training on a global scale, with ZTE.

BUILT ON LIFELONG TRAINING

The training programs of n-telligent institute are designed to address the rapid changes in technology, and they offer a lifetime training opportunity for companies to integrate their workforce to the latest technological developments. Focusing on raising engineer leaders, n-telligent institute is designed in order to sharpen the social skills of engineers, to support their leadership skills development in technical roles.

THE TRAINING OF THE GLOBAL TECHNOLOGY GIANT ZTE ALSO INTEGRATED

With its in-depth knowledge from digital transformation projects and 47 years of R&D expertise, Netaş offers 20 different courses under 6 main topics, ranging from cybersecurity to agile management, and from test services software to Big Data sciences and technologies of its global business partners, under the roof of n-telligent institute.

The n-telligent institute includes 5G network technologies, Radio Access Technologies, IP Networking, Wireless Communication Technologies, Switching Infrastructure, and RAN product training of ZTE, one of the largest companies in the world in terms of communication technology patent number, which is the main shareholder of Netaş.

OFFERS INTERNATIONALLY ACCREDITED CERTIFICATES IN DEVOPS EXPERTISE

The n-telligent institute collaborated with the DevOps Institute, a global organization of DevOps experts. Within the framework of the partnership, n-telligent institute is now DevOps Institute’s authorized training and competency testing center in Turkey and the region. Thus, Netaş trainers will also have the competence to provide training with accredited DevOps and DevSecOps instructor certificates.

The n-telligent institute also collaborates with Dale Carnegie, who has contributed to the organizational development of companies with over 100 years of experience. Dale Carnegie supports Netaş experts in having an instructor vision, preparing their training programs, and developing their skills for effective training with the “Training of the Trainer” certification program.

DIGITAL SKILLS ALSO DETERMINE THE MARKET VALUE

The golden rule for companies to achieve success and stand out in the increasingly competitive environment is to keep digital competencies constantly updated. Studies reveal a direct proportion between market value and skill resources. So the key to economic progress and growth of companies is to develop skills resources.

Coursera’s Global Skills Index 2020 report underlines that economic progress depends on high skills and competence. Countries with higher skills qualifications see higher GDP returns over the long term, according to the report. As an example based on the report data, there is a 40 percent correlation between technology, business, and data science skills qualifications and US stock return. The data show that each skill qualification percentage of a country is associated with an increase in GDP per capita of \$600. So countries and companies can withstand this decline and make their economies more resilient by investing in skills development and keeping them updated. At this point, n-telligent institute plays an important role in Turkey and the region.

HUMAN RESOURCES

The Human Resources Department of Netaş believes in the power of talent management, and it keeps its focus on the happiness, productivity, education, and personal development of its employees. The team carries out exemplary human resources practices by preserving the values, culture, and way of doing business of the company, coming from its more than 50-year heritage.

NETAŞ COOP PROGRAM

Netaş Coop Program which started in 2014 is a long-term internship program, and it is creating opportunities for university students to have a career at Netaş. Every year, in three semesters named fall, spring, and summer, within the scope of the program that takes place in three months, 200 students on average are offered a full-time internship opportunity in Netaş R&D Headquarters.

During the internship, students have an active role in projects such as VoIP switchboard design, VoIP and web security projects, IPv6, JITC, Log Wizard, Smart Office, and Application Server Replacement. While the training of students who successfully completed their internship carries on, they are offered a part-time job, ensuring that they get professional R&D experience, and their training and development processes in the company continue.

With this program, full-time jobs are offered to the candidates that are experienced for 8 to 18 months in Netaş technologies, suitable for Netaş

organizational culture, who meet the evaluation criteria, and who proved themselves with their success, and who want to shape their career at Netaş. Up until today, out of 1,032 students that joined the Netaş COOP Program, 250 of them managed to join the Netaş family, whether with a part-time or full-time scheme.

In 2020, when 101 students from contracted universities participated in the long-term internship program, 10 students found the opportunity to work in full-time engineering positions with R&D teams.

LIFE AT NETAŞ

BENEFIT&BANAFIT FLEXIBLE SIDE BENEFIT PROGRAM

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

RECOGNETAŞ REWARD PORTAL

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

JOBSHOP

Netaş employees are given the opportunity of lateral and vertical transfers to vacant positions in the company.

NETAŞ THEATRE COMPANY

Netaş Theatre Company, since 2005, has been staging a play in every season. During the pandemic, the Theatre Company moved their performances to the online platform.

LUNCHTIME CONVERSATIONS

Netaş has been organizing Lunchtime Conversations in collaboration with different organizations and institutions, with speakers presenting on different topics. So far, many topics have been discussed, including economy, health, psychology, and art among others, and a new conversation is being held each month. In 2020, Netaş employees had the opportunity to listen to healthcare, parenting, business, and personal development experts in 13 sessions.

NETAŞTALKS

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

PLANETAŞ

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

E-OLIMPIYATLAR

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

Being a Netaş employee means adding value to the society

The ICT industry has gained numerous leaders raised in Netaş, Turkey's engineer school. Today, Netaş continues to perform digital transformation with its innovative and competent talent pool and is taking strong steps towards the future.

FUTURE WITH NETAŞ

BAU NETAŞ TECHNO ACADEMY

Netaş employees can get post-graduate education with a 75 percent discount. Hereby, Netaş offices turn into a campus for its employees.

N-TELLIGENT INSTITUTE

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

ART OF ENGINEERING CERTIFICATION PROGRAM

The Art of Engineering Certification Program, created in collaboration with Istanbul Technical University, supports its participants to adopt an inter-disciplinary approach and productivity so that they can make a difference with what they do and innovate. In 2020, the program had its first graduates.

UMUTLUYUZ (WE HAVE HOPE)

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



NETAŞ ORPHANS FOUNDATION

The Netaş Orphans Foundation, which was established 30 years ago within Netaş, supports the education of the children of their deceased colleagues.

NEXTCODERS

The NextCoders program, created to provide coding and math training to the children of Netaş employees, now includes artificial intelligence training and lasts for 40 weeks. The second term graduates received their certificates in December. The training was held online.

INNOVATION AT NETAŞ

IDEALAB - NEW IDEA PLATFORM

IdeaLab, the new idea platform, was launched in 2020. The platform receives suggestions on the processes and operations of the company departments, as well as ideas on new products, services, and markets. For every idea listed in ideaLab, a journey of four steps begin. At each step, the idea owner receives feedback, and the idea matures receiving evaluations from the right experts.

NETAŞ EMPLOYEES IN FIGURES

The average age of Netaş employees is 33 and 29 percent of the employees are women. The total number of employees reached 2,521 by the end of 2020.

THE TRANSFORMATIVE POWER OF TECHNOLOGY FOR A SUSTAINABLE FUTURE

In line with 17 Sustainable Development Goals specified in the United Nations Development Program, Netaş focuses on the areas where technology can use its healing and transformative power in the most effective way. In this way, it offers its strongest muscle, technology, at the service of economic, social and environmental development.

NETAŞ CARRIES OUT ITS SUSTAINABILITY ACTIVITIES UNDER FOUR MAIN TITLES

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

1. Focuses on developing new generation smart technologies and digital transformation projects that will support the efficient use of energy resources and reduction of carbon footprint.
2. Puts equal opportunity and rural development as a priority with projects that provide social benefits.
3. It supports start-ups for the sustainable growth of its ecosystem and works to increase the rate of women in the sector.
4. With its Environment, Health, and Safety Policy, it fulfills its responsibilities and commitments towards the environment.

SUPPORTING SUSTAINABLE DEVELOPMENT BY MOVING TURKEY TO THE DIGITAL AGE

Netaş, with its leadership in domestic R&D and systems integration, makes an important contribution to the development of our country on an end-to-end sustainable life with reference digital transformation projects it implements for various industries spanning from public sector to transportation, energy to entertainment, retail to education, telecom technologies, and defense. Developing high technologies building smart cities, that serve to protect natural resources and the environment, Netaş takes our country to the digital age.



A better life and a better future with Netaş

Netaş is contributing to the sustainable development of Turkey for more than half a century, with the successes it achieved for the first time in the history of the country, the employment it provided, its contributions to the economy through exports and investments, as well as social investments.

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

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

NETAŞ PLATFORM FOR A BETTER LIFE

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

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

URNS TECHNOLOGY INTO EQUAL OPPORTUNITY IN EDUCATION

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

Netaş supported the Haypader Special Education Application School, which was built in Istanbul for children with disabilities. The company is also one of the supporters of the Gören Göz Project, which aims to enable visually impaired people to act more independently and to facilitate their living conditions.

STRENGTHENING ITS ECOSYSTEM

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

Netaş launched the "NextCoders Program" in order to raise generations that question the needs of the digital age, can look analytically, and have high problem-solving skills. With this program, the company provides training both to the children of its employees and to students in demanding schools with its volunteer engineers. The scope of the program is updated every year with developing technologies. The program, which started as robotic coding, now includes mathematics, which is the foundation of all basic sciences, and finally artificial intelligence.

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

Within TÜSİAD's (Turkish Industry & Business Association) "Bu Gençlikte İş Var!" [There Is Something About the Youth!] program, Netaş supported e-playout, an e-sports initiative within the scope of its program. The e-playout team, guided by Netaş on the way they set out to realize their dreams, completed the program in the first place.

Netaş launched a mentor and mentee program with the Turkish Education Foundation (TEV) in order to support women's employment, especially in technology. With this program, the company supports female university students to empower them in their future business life. The company also continues to work with the Wtech Women's Association in Technology, with this understanding.

SUPPORTING YOUNG PEOPLE IN INTERNATIONAL PLATFORMS

Netaş shares the enthusiasm of young people with STEM Team Sponsorships on national and international platforms. In this context, it supports middle school and high school students to participate in national and international competitions with their own ideas and projects.

Golden Horn Robotics, teamed up by high school students supported by Netaş, competed with 44 teams from all over the world and received a grant award in Los Angeles. Robert College Robotics Team received the most prestigious award of FIRST® Robotics Competition in the "Bosphorus Regional" and was entitled to participate in the FIRST Championship held in Houston under the sponsorship of NASA.

Believing in the importance of peer education, Netaş adopts the understanding of "Only children understand and inspire children best". Accordingly, the company brings together the members of the team that it supports in robotics and coding competition platforms at home and abroad, and children under the umbrella of NextCoders together, so they share their experiences. Thus, effective role modeling is provided to children.

COMPANION OF THE COUNTRY'S LARGEST ENTREPRENEURSHIP NETWORK

Netaş is the biggest supporter of University4Society, Turkey's most comprehensive entrepreneurship program. University4Society, which started to be organized in METU for the first time in 2016, is today organized in 80 universities and 40 provinces. Nearly a thousand volunteers work in the program, which provided entrepreneurship training to more than 10 thousand students as of 2020. The purpose of the program, the largest entrepreneurial network in Turkey in terms of the ecosystem it created, is to explore students, who are working in the field of entrepreneurship in universities, at the very early stages of their careers. It also aims to bring these ideas from the university to the economy through applied entrepreneurship activities and an online acceleration program. University4Society is also active abroad as of 2020 and held meetings with unicorn-producing universities in start-up capitals of the world.

DIVERSITY IN THE FOUNDATION OF 54 YEARS OF THE CORPORATE CULTURE

The success of women engineers in Netaş inspires women who want to pursue a career in technology. Netaş Diversity Principles were created to define diversity, which is the basis of 54 years of Netaş culture, within a certain framework. All Netaş employees are committed to these principles.

Netaş, one of the supporters of WEPPs (Women Empowerment Principles), Global Compact, and HeforShe, supports university students to make a strong start in business life within the scope of the mentoring program it has implemented with TEV.

VOLUNTEER FOR SOCIAL DEVELOPMENT

Netaş Volunteers working to be a pioneer not only in digital transformation but also in social transformation, take part in projects aiming to increase social awareness on education, environment, health, and many other issues.

NETAŞ ORPHANS' EDUCATION FOUNDATION

The foundation provides scholarship support to children, who lost their parents while working at Netaş, throughout their education life. The source of the foundation, which is active for 30 years, is entirely Netaş employees.

ÖSGD VOCATIONAL GUIDANCE PROJECT

Netaş has been involved in the "Vocational Guidance Project" which aims to explain the details of a profession to students, from primary school to university, directly by professionals of that profession. On the other hand, Netaş volunteers participate in the projects of the Private Sector Volunteers Association (ÖSGD), of which the company is a member.

AN ENVIRONMENTALLY FRIENDLY COMPANY

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

SUSTAINABILITY IN THE SUPPLY CHAIN

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

NETAŞ LISTED IN SUSTAINABILITY INDEX

Netaş considers its sustainability strategy as an inseparable, complementary, and mutually enhancing part of its business strategy. Thanks to this responsibility, Netaş is listed in the Sustainability Index, which includes companies that are traded on Borsa Istanbul and have high corporate sustainability performances.

BIODIVERSITY FOR SUSTAINABILITY: NETAŞ HEALING FOREST

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



GOOD IDEAS WILL COME TO LIFE IN IDEALAB

The ideaLab Platform is launched, to materialize the ideas of Netaş employees, who very much like to pursue the “new” and the “more”. Each employee who says “I’ve an idea!” can log in to the platform enter their idea into the system. Then the journey of the idea begins.

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

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

INVESTOR RELATIONS AND SHARE STOCK PERFORMANCE

INVESTOR RELATIONS DEPARTMENT

Netaş Telekomünikasyon A.Ş. has an Investor Relations Department reporting to the Deputy Chairman of the Executive Committee and the Chief Financial Officer (CFO).

In addition to meeting the information requests of existing shareholders, the Investor Relations department focuses on expanding the domestic and foreign investor portfolio of Netaş. Throughout 2020, various meetings were held with domestic and foreign corporate investors and individual investors, mostly fund managers of asset management firms, and they were informed about the operational and financial performance of Netaş. As 2020 was a special year due to the pandemic, meetings between investor relations and stakeholders were conducted electronically as an alternative to one-on-one meetings.

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

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

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

GENERAL ASSEMBLY MEETINGS

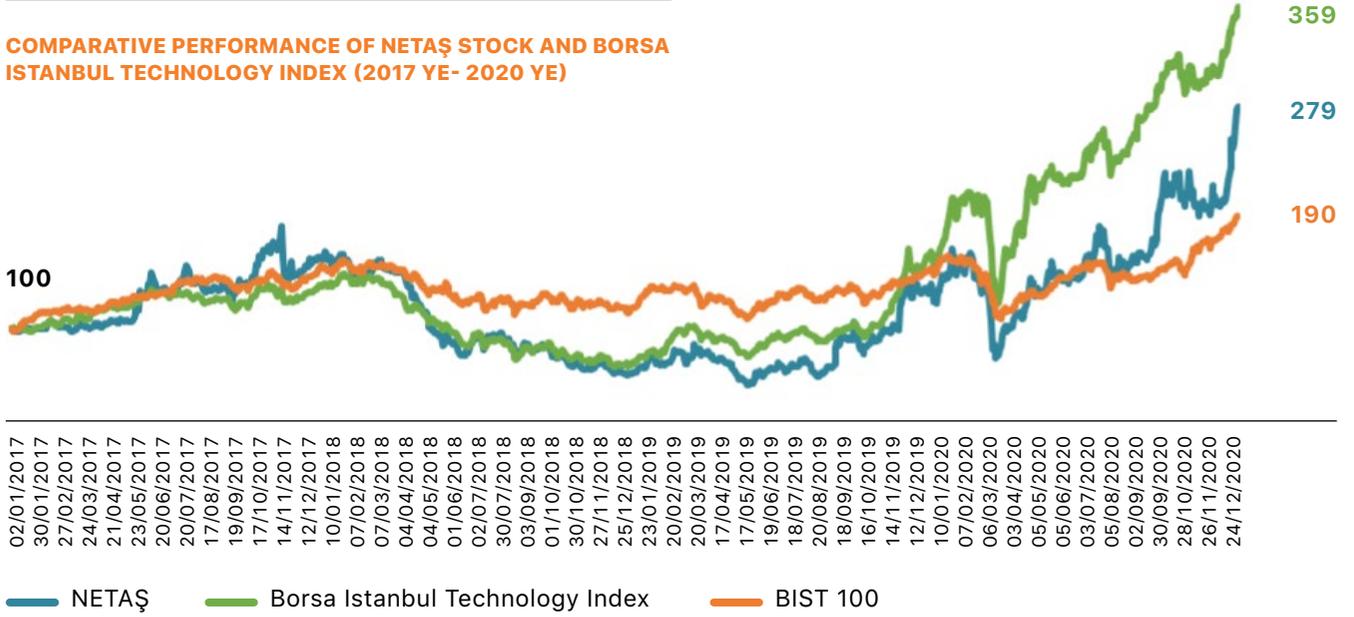
Investor Relations Department has responsibilities regarding the organization General Assembly Meeting; such as preparing the documents to be submitted to the perusal of the shareholders and taking necessary measures as to ensure that general meetings are held in compliance with the relevant legislation,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

In 2020, the General Assembly meeting for 2019 was held in accordance with the current legislation, articles of association and other in-house regulations, and the general meeting agenda and information document were prepared for the shareholders prior to the General Assembly.

The obligations regarding public disclosure were fulfilled in accordance with the legislation, and necessary disclosures were provided in the Public Disclosure Platform (KAP – kap.gov.tr) to be complete, direct, easily understandable, containing sufficient information and far from misleading statements.

STOCK PERFORMANCE OF NETAŞ TELEKOMÜNİKASYON

COMPARATIVE PERFORMANCE OF NETAŞ STOCK AND BORSA ISTANBUL TECHNOLOGY INDEX (2017 YE- 2020 YE)



*Stock and Index performance are taken account for 4 years between 02.01.2017- 31.12.2020.

Based on the performance of the last four years, Netaş stock performance was well above the BIST100 benchmark index.

Netaş aims to achieve sustainable success in its operational results with successful projects and solutions it has developed in corporate companies, public and international markets for years, and to continue increasing company value and stock performance.

INVESTOR RELATIONS – STUDIES FOR SUSTAINABILITY INDEX OF ISTANBUL STOCK EXCHANGE

The trend and necessity of investing in environmentally friendly, sustainable companies (responsible investing), which have become increasingly prominent recently, brings new responsibilities to investor relations. According to 2020 data, almost all institutional investors state that they consider "climate change" when making their investment decisions; the 17 "Sustainable Development Goals" are observed to have been playing a key role ensuring the global economic growth as revealed in the United Nations Development Program (UNDP). In the long run, sustainable economic growth triggers a turnover and profit growth for companies, which provide gains in stocks and other assets. Therefore, aligning

investors and companies in line with the goals of the society is gaining importance day by day.

As a result of the studies carried out by the Investor Relations Department, Netaş shares were included in the "Sustainability Index" by Borsa Istanbul as of November 2019 and traded under the Sustainability Index in the period of November 2019 - October 2020.

Continuing its gains in this field in 2020 and participating in the valuation studies of Borsa Istanbul for the new period, Netaş has been entitled to be one of the 58 companies determined by Borsa Istanbul and will be included in the BIST Sustainability Index in December 2020 - October 2021.

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

**FINANCIAL
PERFORMANCE**

100
↳

**CORPORATE
GOVERNANCE**

106
↳

NETAŞ'S
SHAREHOLDING
STRUCTURE

RELATED
TO JOINT
VENTURES AND
ASSOCIATION OF
THE COMPANY

RISK
MANAGEMENT
AND INTERNAL
CONTROL
MECHANISMS

OPERATIONAL
STRUCTURE

BOARD OF
DIRECTORS
AND EXECUTIVE
COMMITTEE



**FINANCIAL
PERFORMANCE**

**2020 YEAR
SUMMARY;**

CONSOLIDATED
ORDERS BOOKED
WAS **1,970
MILLION TL**
IN 2020 WITH A
43% GROWTH

SALES REVENUE
INCREASED BY 31%
AND REACHED TO
1,733 MILLION TL

ORDER ON HAND
WAS **1,276
MILLION TL** IN
2020 WITH A
58% INCREASE

Financial Highlights

TL Million	2020 YE	2019 YE	y/y %
Revenue	1.733	1.328	31%
Cost of Sales	(1.556)	(1.168)	33%
Gross Profit	177	160	11%
Gross margin %	10%	12%	(184)
Operating Expenses	(178)	(192)	(8%)
General Administrative Expenses	(71)	(88)	(19%)
Sales, Marketing & Distribution Expenses	(101)	(97)	4%
Research & Development Expenses	(6)	(7)	(24%)
Incentives	5	4	14%
EBIT	4	(28)	n.m.
EBIT margin (%)	0%	-2%	235
Depreciation	77	61	26%
EBITDA	81	33	145(5)
EBITDA margin %	4,7%	2,5%	219

EBIT =

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

R&D Incentives:

Disclosed under Other Income from Operating Activities in the financial statements prepared in accordance with the Capital Markets Board requirements.

EBITDA =

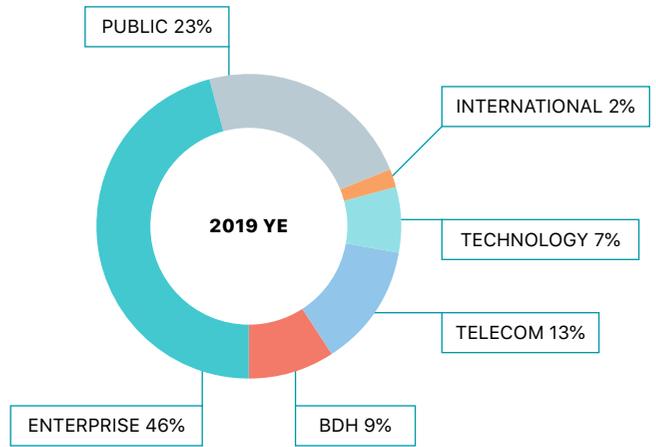
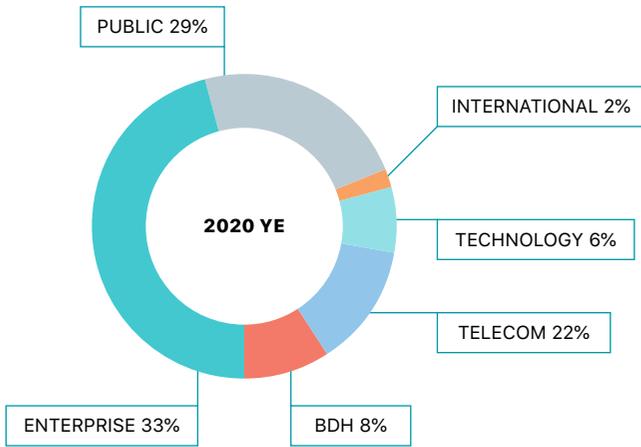
EBIT + Depreciation and Amortization

ORDERS & SALES REVENUE

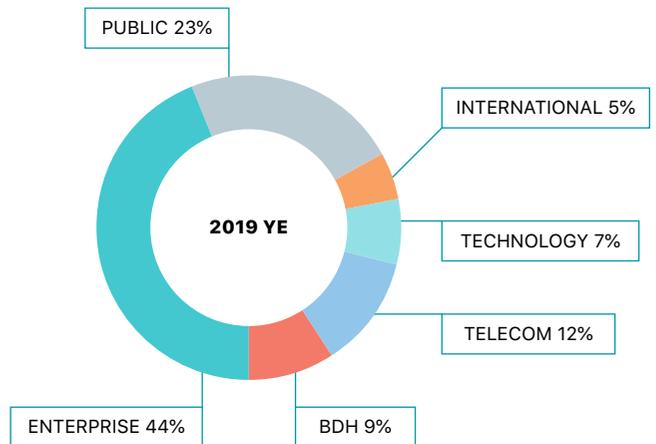
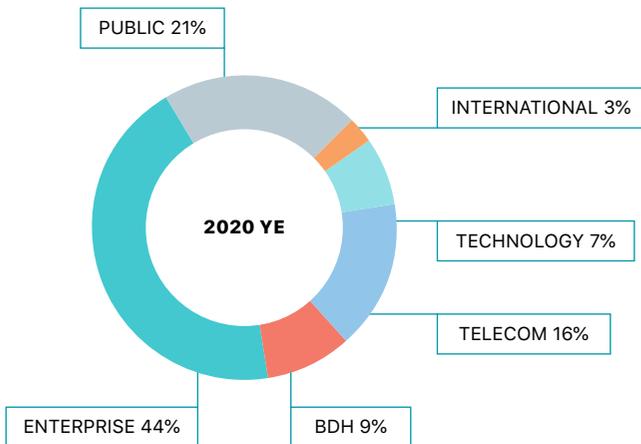
Orders: Orders booked in 2020 increased 43% year over year and recorded at 1,970 million TL (281 million USD). Orders on hand were 1,276 million TL (182 million USD) with a 58% increase.

Sales Revenue: 2020 year-end consolidated group revenues was recorded at 1,733million TL with a sharp 31% increase year over year.

BREAKDOWN OF ORDERS BOOKED



SALES BREAKDOWN



CONSOLIDATED FINANCIAL PERFORMANCE

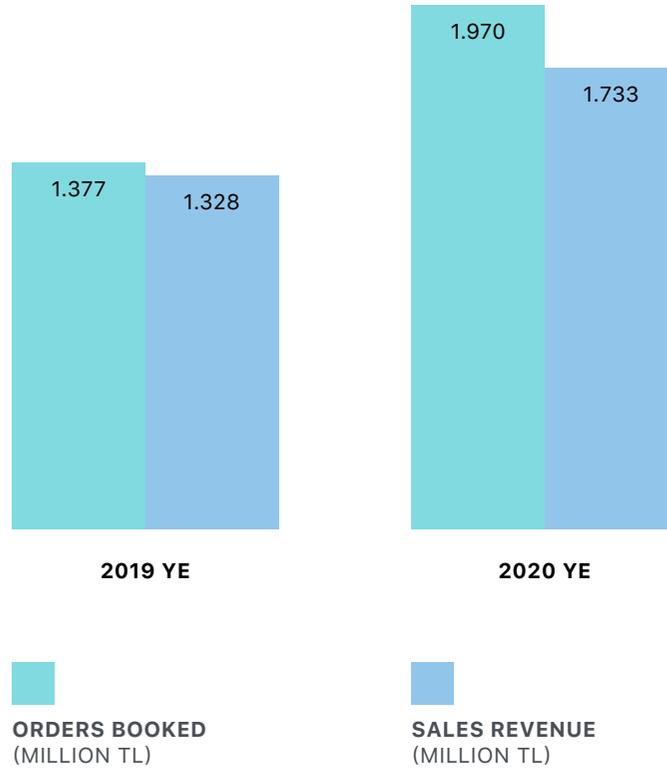
The consolidated order amount of the Group increased by 43% in 2020 compared to the previous year and reached 1.970 million TL. In 2020, 46% and 94% dollar based respective increases in public and telecoms segments contributed to the increase in the amounts of orders received. On the other hand, the corporate segment still has the largest share with 33%, followed by the public and telecom segments with 29% and 22%.

The consolidated sales revenues of the Group increased by 31% on an annual basis in 2020 and amounted to 1,733 million TL. The breakdown of sales revenues among segments was realized in parallel with the order breakdown meaning corporate, public and telecom segments constituted 44%, 21% and 16% of sales revenues, respectively.

In 2020, the highest increase on sales revenues was realized in the telecom segment with 79%, and the turnover of the telecom segment reached 284 million TL from 159 million TL.

In 2020, the Group's gross line reflected an increase of 11% and gross profits realized at the level of 177 million TL.

Thanks to the 8% savings in total operating expenses due to the 19% and 24% decrease in general administrative expenses and research and development expenses, EBIT (Earnings Before Interest, Taxes), which was negative last year, was realized at the level of 4 million TL in year-end 2020. In the said period, the Group's EBITDA (Earnings Before Interest, Taxes and Depreciation) increased from 33 million TL in 2019 to 81 million TL by the end of 2020, and the EBITDA margin reached 4.7% from 2.5%.



FINANCIAL PERFORMANCE BASED ON SEGMENTS

2020 YE (Million TL)	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated	Total
Order Booked	654,4	573,0	25,1	125,0	437,2	155,1	-	1.969,7
Sales Revenue	762,1	363,4	44,0	125,0	283,7	155,1	-	1.733,2
Cost of Sales	(713,1)	(313,7)	(43,9)	(98,0)	(262,0)	(125,4)	-	(1.556,1)
Gross Profit	49,0	49,6	0,1	27,0	21,7	29,7	-	177,0
Sales, marketing and distribution expenses	(29,0)	(14,0)	(16,8)	-	(19,4)	(21,4)	-	(100,7)
General administrative expenses	-	-	-	-	-	-	(71,3)	(71,3)
Research and development expenses	-	-	-	(5,7)	-	-	-	(5,7)
Operating profit/ (loss) of segment	2,0	35,6	(16,7)	21,3	2,3	8,2	(71,3)	0,6
Operating profit margin	3%	10%	-38%	17%	1%	5%	-	0%

2019 YE (Million TL)	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated	Total
Order Booked	627,6	317,1	33,9	93,3	182,3	123,4	-	1.377,5
Sales Revenue	578,7	303,2	64,5	99,3	158,5	123,4	-	1.327,6
Cost of Sales	(539,8)	(246,9)	(54,1)	(77,8)	(147,8)	(101,2)	-	(1.167,6)
Gross Profit	38,9	56,4	10,4	21,5	10,8	22,2	-	160,0
Sales, marketing and distribution expenses	(36,9)	(11,1)	(13,8)	-	(13,1)	(22,5)	-	(97,2)
General administrative expenses	-	-	-	-	-	-	(87,6)	(87,6)
Research and development expenses	-	-	-	(7,4)	-	-	-	(7,4)
Operating profit/ (loss) of segment	2,0	45,3	(3,4)	14,1	(2,3)	(0,2)	(87,6)	(32,2)
Operating profit margin	0%	15%	-5%	14%	-1%	0%	-	-2%

ENTERPRISE SEGMENT

In 2020, the Group's orders booked from the corporate segment increased by 4% compared to the previous year, while the sales revenues of this segment increased by 32% to 762.1 million TL.

In 2020, the corporate segment accounted for 44% of total revenues, accounting for the largest portion of sales as in the previous year. The corporate segment is also the largest in picking orders by segments, with a share of 33%.

On the other hand, operating profit of the corporate segment increased from 2 million TL to 20 million TL as of year-end 2020, with an operating margin of 3%.

PUBLIC SEGMENT

In 2020, orders received in public segment increased significantly by 81% and reached 573 million TL. In parallel with this increase, the share of public segment in the Group's total orders received has increased from 23% in 2019 to 29% by 2020.

The sales revenues of public segment increased by 20% compared to the previous year and reached 363.4 million TL.

In addition, the public segment emerged as the segment with the highest operating profit, with an operating profit of 35.6 million TL generated in 2020.

INTERNATIONAL SEGMENT

In 2020, international segment reflected declines both on the amount of orders received and on the basis of sales revenues. Orders and sales revenues of the relevant segment in 2020 decreased by 26% and 32%, respectively, compared to the previous year.

The international segment has the smallest share in total in terms of order and sales revenues, with a share of 1% in orders received and 3% in sales revenues as of 2020. The international segment recorded an operating loss of 16.7 million TL as of the end of 2020.

TECHNOLOGY SEGMENT

In the technology segment, the amount of orders received in 2020 increased by 34%, and sales revenues grew by 26%, reaching 125 million TL. In addition, technology segment stood out as the second segment that constitutes the highest operating profit after the public segment with an operating profit margin of 17%, and the contribution of the segment to the Group's operating profitability was realized as 21.3 million TL.

TELECOM SEGMENT

New projects purchased with ZTE products led to an increase in the volume of the segment. The amount of orders received in 2020 increased by 140% and reached 437.2 million TL. The increase in the sales revenues of the segment was realized at the level of 79%, enabling sales revenues to reach 283.7 million TL. As a result, the share of the telecom segment in total orders and sales revenues increased, reaching 22% and 16%. However, the operating profit margin of the segment remained limited at 1% in 2020.

BDH

Compared to the same period of the previous year, the amount of orders received and sales revenues of BDH increased by 26% in 2020 and reached 155.1 million TL. The operating profitability of BDH was realized at the level of 8.2 million TL.

DEBT STRUCTURE & NET WORKING CAPITAL

As of the end of 2020, the Group's cash and cash equivalents are 307.2 million TL and net debt is 219.3 million TL. The Group's net debt position improved significantly in 2020, and its net debt position, which was 408 million TL at the end of 2019, contracted by 46% to 219.3 million TL.

As of the end of 2020, the Group's total financial debt is 526.5 million TL. As of year-end 2020, 96% of the Group's financial debt consist of short-term financial borrowings.

The Group's net working capital * (including long-term trade receivables and payables) decreased from 578 million TL at the end of 2019 to 342 million TL at the end of 2020.

(million TL)	Consolidated Total Financial Debt	Cash and Cash Equivalents	Net Debt
2020	526,5	307,2	219,3
2019	603,3	195,3	408,0

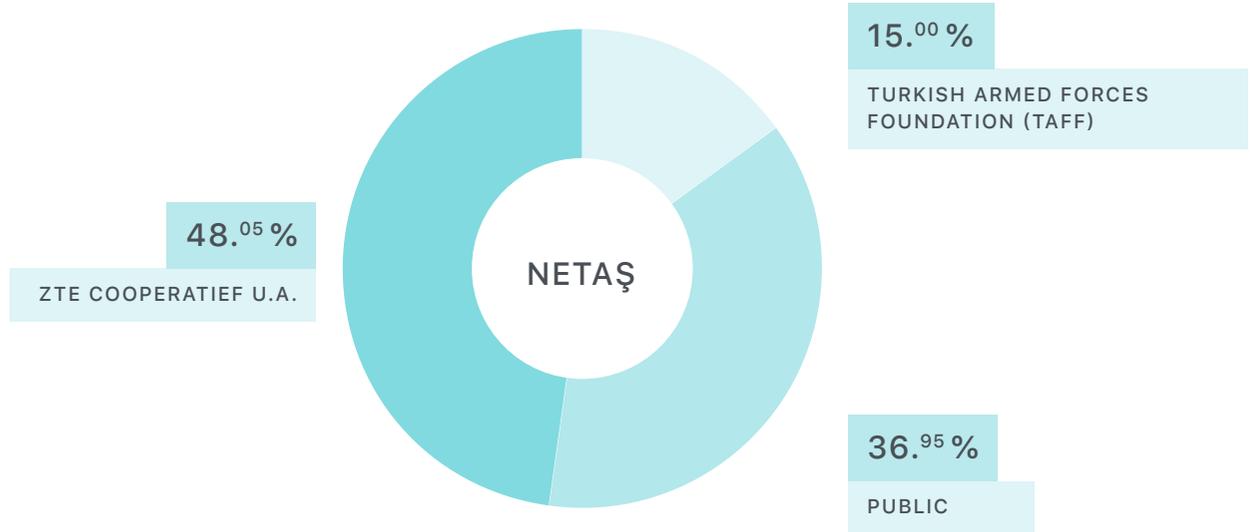
2020	TL	USD
Short Term Financial Debt (Bank Loans)	505,1	68,8
Long Term Financial Debt (Bank Loans)	21,4	2,9
Total Debt	526,5	71,7

* Net Working Capital = (Total Current Assets - Cash & Cash Eq. + Non-current Trade Receivables) - (Total Short Term Liabilities - Financial Liabilities + Long Term Trade Payables)

**CORPORATE
GOVERNANCE**

NETAŞ'S SHAREHOLDING STRUCTURE

CAPITAL AND SHAREHOLDING STRUCTURE



As of 31 December 2020, main shareholder of Netaş Telekomünikasyon A.Ş is ZTE Cooperatief U.A with 48.05%. 15% of the company's shares are owned by Turkish Armed Forces Foundation. Netaş stock is listed in Turkey and the company's free float is 36.95% as of 31 December 2020.

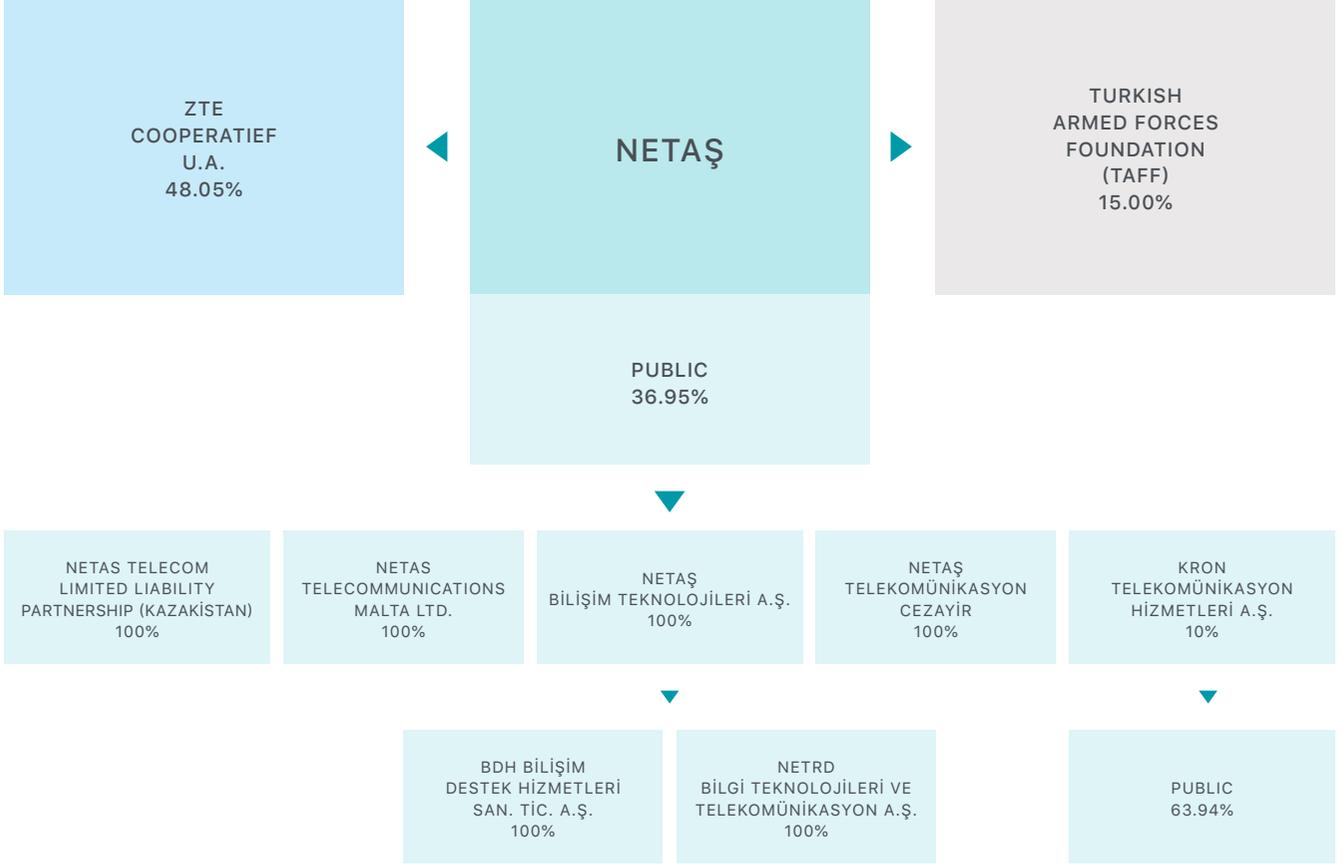
The company shares are divided into two groups and all are registered shares. Separation of the shares into two groups grants no privileges to the mentioned (A) and (B) group shares other than as specified in article 9 and 15 of the Articles of Association.

As of 31 December 2020, capital structure of the company as in the following:

31 December 2020	Nominal Value (TL)	Share (%)
ZTE Cooperatief U.A. (*)	31,168,351.34	48.05%
Turkish Armed Forces Foundation (TSKGV)	9,729,720.00	%15,00
Public	23,966,728.66	%36.95
Total Paid in Capital	64,864,800.00	
Istanbul Stock Exchange Code	NETAS	

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

OPERATIONAL STRUCTURE



RELATED TO JOINT VENTURES AND ASSOCIATION OF THE COMPANY

NETAŞ BİLİŞİM TEKNOLOJİLERİ A.Ş.

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

NETRD BİLGİ TEKNOLOJİLERİ VE TELEKOMÜNİKASYON A.Ş.

The business area of NETRD, includes all kinds of information and telecommunication systems, hardware and software design and coding, research and development activities, product development, consultancy, including all kinds of information activities and services, technical support, technological solution, integration, VOIP to develop, install, service, operate and operate advanced communication technologies in Turkey or abroad, to provide business services and to carry out all these activities on behalf of its own customers or to the customers it serves. The company indirectly owns 100% of NETRD.

BDH BİLİŞİM DESTEK HİZMETLERİ SAN. VE TİC. A.Ş.

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

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

NETAŞ TELECOM LLP (KAZAKHSTAN)

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

NETAŞ TELEKOMÜNİKASYON MALTA LTD.

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

NETAŞ TELEKOMÜNİKASYON ALGERIA

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

KRON TELEKOMÜNİKASYON HİZMETLERİ A.Ş.

Kron Telekomünikasyon Hizmetleri A.Ş. produces software solutions for national and regional telecoms operators and service providers. The Company acquired the company's Group A shares in 2013 in line with its strategic growth goal and for the purpose of offering innovative solutions to its customers. Having strengthened its systems integration capabilities by acquiring Kron, the Company now provides a wider range of end to-end solutions to its customers in Turkey and the region. The Company has 10% shares of Kron.

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

BOARD OF DIRECTORS*

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

* Netaş Board of Directors consists of seven members as per the articles of association. As of December 14, 2020, a new member has not yet been appointed to replace Jiang Xiangyang, a member of the Board of Directors.

Members of the Board of Directors were elected to serve for 3 years at the General Assembly held on 29 May 2019. Upon the resignation of Ming Xiao in 2020, Aiguang Peng was appointed as the chairman of the Board of Directors, and the relevant appointment was approved and accepted at the General Assembly held on October 22, 2020.

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

COMMITTEE FOR EARLY DETECTION OF RISKS

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

CORPORATE GOVERNANCE COMMITTEE

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

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

REMUNERATION PROVIDED FOR BOARD OF DIRECTORS AND TOP MANAGEMENT

Total remuneration provided for the board of directors for the period ended 31 December 2020 is 0.6 million TL. It was 0.5 million TL for the period ended 31 December 2019.

As of 31 December 2020 and 31 December 2019 there is no credit granted to the Group's board of directors.

For the period ended 31 December 2020, total remuneration provided to the upper management of the Group is 21.8 million TL. For the period ended 31 December 2019, it was 19.4 million TL.

As of 31 December 2020 and 31 December 2019 there is no credit granted to the Group's management.

Total donations for the year 2020 were realized as 88.772 TL.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISMS

CREDIT RISK

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

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

LIKIDITE RISKI

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

CURRENCY RISK

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

INTEREST RATE RISK

Interest rate-sensitive financial assets are placed in short term instruments in order to avoid any possible interest rate fluctuations. Interest rate-sensitive liabilities constitute 29% of the total liabilities. The rate in question was 41% the previous year.

INFORMATION CONCERNING INTERNAL CONTROL AND INTERNAL AUDIT ACTIVITIES

As specified on CMB Corporate Governance Principles, an Audit Committee with independent Board Members is established within the Group to ensure that the Board accurately performs its tasks and liabilities. There is also a Committee for Early Detection of Risk, formed of Board Members.

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

CORPORATE GOVERNANCE REPORTING

SHAREHOLDERS

EXERCISE OF THE INFORMATION RIGHTS BY SHAREHOLDERS

The majority of the requests and questions from shareholders were concerning the operational and financial performance of the company, developments of the projects and fluctuations in the stock price.

The requests from local individual investors were mostly received through telephone and replied based on available information, to the extent permitted by legislation and confidentiality rules relating to business secrets. Requests received through electronic mail were responded through electronic mail.

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

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

GENERAL ASSEMBLY MEETINGS

During the year, one ordinary general meeting were held. Netaş Telekomünikasyon A.Ş held its Ordinary General Shareholders' Meeting for the period 01 January 2019-31 December 2019 on 22 October 2020 and meeting quorum realized at 63.58%. Media representatives did not attend the General Shareholders' Meeting, while shareholders' representatives were present at the meeting. The invitation to the meeting was made in conformity with Article 14 of the Articles of Association of the Company and Article 414 of the Turkish Commercial Code and the provisions of the Capital Markets Law. Additionally, invitations were published in Turkish Commercial Registry Gazette, holders of registered shares were invited by registered mail and the Meeting was announced at the Public Disclosure Platform (PDP).

The General Assembly meeting for 2019 was held in physical environment by taking special precautions due to pandemic conditions, and electronically through the Electronic General Assembly System (EGKS) of Central Registry Agency. In the notice of invitation, shareholders intending to participate through the Electronic General Assembly System were reminded of their obligations. The Financial Statements, Annual Report and The Dividend Distribution Proposal were made available for the review of the shareholders in the company headquarters and its website three weeks prior to the Ordinary General Assembly. Shareholders were allowed to comment and raise questions at the meeting. Proposals made by shareholders were put to vote at the General Assembly by the Chairman. No proposals were made for addition of items in the agenda of meeting. At the Ordinary General Assembly, shareholders were informed of donations made under a separate agenda item. There are no donations or charities for the aforementioned period.

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

VOTING RIGHTS AND MINORITY RIGHTS

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

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

According to Article 9 of the Articles of Association; the required quorum for meetings and the required majority for resolutions of the shareholders shall be subject to the provisions of the Turkish Commercial Code (T.C.C.) and Capital Markets legislation. However, resolution of the shareholders concerning amendments to the Articles of Association shall require the affirmative votes of the shareholders representing

at least one half of the total number of shares within Group A.

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

DIVIDEND RIGHTS

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

At the general assembly meeting of the company held on October 22, 2020, the Proposal to Not Distribute Profit for the period (01.01.2019 – 31.12.2019) due to due to the fact that the company did not generate profit in the period and the economic uncertainties, presented by the Board of Directors, was submitted for the shareholders' information and approval and was accepted majority vote.

TRANSFER OF SHARES

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

Accordingly, (B) group registered shares can be freely transferred without being subject to any limitation or condition within the framework of Turkish Commercial Code and Capital Markets Legislation. However, concerning the transfer of (A) group registered shares the existing shareholders in Group (A) are entitled to pre-emptive rights which are required to be exercised within 30 days from the date of the offer for sale. Therefore a shareholder wishing to transfer its shares, in full or in part, must first offer, in writing, to transfer its shares to the other shareholders in Group A in proportion to their respective shares, stating the price and other conditions for sale. If any shareholder, to whom the offer was made, declines to purchase the offered shares, such shares shall be offered to the other shareholders in proportion to their share ownership and this method will be pursued in the same manner until all shares are sold or rejected. Following the application of the above procedures, the transferor will be free to offer any rejected shares to third parties without restrictions provided that the price and other conditions of sale are no more favourable to the third party than the price and other conditions contained in the initial offer.

PUBLIC DISCLOSURE AND TRANSPARENCY

CORPORATE WEBSITE AND CONTENT

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

ANNUAL REPORT

The annual report presents information within the scope of Corporate Governance Principles of the Capital Markets Board.

STAKEHOLDERS

INFORMING STAKEHOLDERS

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

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

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

PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

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

HUMAN RESOURCES POLICY

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

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

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

ETHICAL RULES AND SOCIAL RESPONSIBILITY

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

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

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

STRUCTURE OF THE BOARD AND PRINCIPLES OF ACTIVITY

THE STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

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

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

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

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

There have been no events compromising the independence of the independent members serving as members of the board of directors in 2020.

WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

The agenda for the meeting of the Board of Directors is determined by consultation between the Chairman, the members of the Board and the General Manager. Invitations to meetings were made at least seven days in advance of the meeting together with the notification of the agenda. The 2020 Board of Directors meetings were held electronically, due to the current pandemic conditions,

and were signed by hand in accordance with the Articles of Association. 100% participation was achieved in all Board meetings held in 2020. In order to facilitate communication with the Board Members and to provide related services a Corporate Secretarial Services function exists within the Company. In case of a different opinion expressed in the Board Meetings, these are reflected in the minutes of the meeting. Questions raised and comments made at the meetings of the Board and related responses are recorded in the minutes of the meeting. Members of the Board of Directors are not granted weighted voting rights or veto rights under the Articles of Association.

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

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

NUMBER, STRUCTURE AND INDEPENDENCE OF THE BOARD COMMITTEES

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

Withing the calander year, the Audit Committee has communicated to the board of directors all its proposals regarding issues under its responsibility. The Corporate Governance Committee has offered recommendations to the board of directors on improvement of corporate governance applications and has supervised the duties of the Investor Relations Department. The Early Detection of Risks Committee which works for early detection of risks jeopardizing the existence, development and sustaniment of the company,

responsible for taking measures, for detected risks and for risk management; has reviewed the risk management systems of the Company in accordance with the Corporate Governance Principles and the Early Detection of Risks Committee Regulations.

STRATEGIC OBJECTIVES OF THE COMPANY

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

FINANCIAL BENEFITS

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

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

Compensation policy is available at the company website.

OTHER ISSUES CONCERNING THE OPERATIONS OF THE COMPANY

- The company acquired none of its own shares during the reporting period.
- In the year of 2020, there is no administrative and judicial sanction applied to the company or the company's management due to practices contrary to the provisions of the legislation.
- The company compared its 2020 targets with its budget, upper management examined the deviations and determined the necessary strategic actions to be taken.
- There is no taken or avoided to taken measures which may cause a loss for the company in the year of 2020.
- In the year of 2020, the company was not a respondent in any suit whose outcome would be capable of significantly affecting either the company's financial position or the conduct of its business.

**CORPORATE
GOVERNANCE
COMPLIANCE
REPORT**

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

	Compliance Status					Remarks
	Yes	Partially	No	Exempted	N/A	
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Assembly is posted on the company website.	X					
1.6.2 - The dividend policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				The transfer of shares is stipulated in Article 6 subparagraph (c) of the Articles of Association. (B) group registered shares can be freely transferred without being subject to any limitation. Article 6 subparagraph (c) of the Articles of Association is applicable for the transfer of (A) shares.
2.1. CORPORATE WEBSITE						
2.1.1.- The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Most of the content taking place on the corporate website also presented in English.
2.2. ANNUAL REPORT						
2.2.1 - Board Members ensure that annual report of the company reflects the operations of the company as whole and complete.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2..	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

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

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

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

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating The Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year	None
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1.2. Right to Obtain and Review Information

The number of special audit request(s)	None
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The number of special audit requests that were accepted at the General Shareholders' Meeting	None
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1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1 (ad)	https://www.kap.org.tr/tr/Bildirim/876801
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Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Documents presented only in Turkish.
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The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	None
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The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	None
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The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	None
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The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations – Corporate Information-Articles of Association
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The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/883045
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The number of the provision(s) of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Clause 8
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Identified stakeholder groups that participated in the General Meeting of Shareholders, if any	Some of the shareholders and their representatives, Board Members, Auditor of the company, some members of the executive committee and the employees responsible for the general assembly attended to the General Assembly Meeting.
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1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
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In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	-
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The percentage of ownership of the largest shareholder	48.05%
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1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of association	No
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If yes, specify the relevant provision of the articles of association	-
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance /Policies / Dividend Distribution Policy
--	--

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	At the general assembly meeting of the company held on October 22, 2020, the Proposal to Not Distribute Profit for the period due to the economic conditions and recognition of net loss, presented by the Board of Directors, was submitted for the shareholders' information and approval.
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PDP link to the related general meeting minutes in case the board of directors proposed to the General Assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/883045
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General Assembly Meetings	
General Meeting Date	22.10.2020
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate in the General Shareholders' Meeting	63.58%
Percentage of shares directly present at the GSM	0.13%
Percentage of shares represented by proxy	63.45%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the number of votes for or against	Investors Relations / General Assembly Info (in Turkish)
Specify the name of the page of the corporate website that contains all questions asked in the general assembly Meeting and all responses to them	Investors Relations / General Assembly Info (in Turkish)
The number of the relevant item or paragraph of the General Shareholders' Meeting minutes in relation to related party transactions	Item 9
The number of declarations by insiders received by the board of directors	85
The link to the related PDP general shareholder Meeting notification	https://www.kap.org.tr/tr/Bildirim/883045

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

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	–
The number of definitive convictions the company was subject to in relation to breach of employee rights	14
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	İnsan Kaynakları
The contact detail of the company alert mechanism	insan_kaynaklari@netas.com.tr

3.2. Supporting The Participation Of The Stakeholders in The Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	–
Corporate bodies where employees are actually represented	Executive Committee
3.3. Human Resources Policy	
The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	The Board Supports the Human Resources Department
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy	Netaş-Human Resources
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resources policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy	Investor Relations – Sustainability Section
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations – Sustainability Section
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide information about any measures taken on environmental, social and corporate governance issues.	Investor Relations – Sustainability Section
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations – Sustainability Section

4. BOARD OF DIRECTORS - I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	–
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	None
Number of reports presented by internal auditors to the audit committee or any other relevant committee of the board	–
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Annual Report – Risk Management and Internal Control Systems
Name of the Chairman	AIGUANG PENG
Name of the CEO	ALİ EMİR EREN
If the CEO and Chair functions are combined, provide the link to the relevant PDP announcement providing the rationale for such combined roles	The roles of the Chairman and CEO are undertaken by different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Year End Annual Report https://www.kap.org.tr/tr/Bildirim/908656
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	0

STRUCTURE OF THE BOARD							
Name/ Surname of Board Member	Whether Executive Director or not	Whether Independent Director or not	The First Election Date to Board	Link to Pdp Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
AIGUANG PENG	No	No	07.08.2020	–	No	No	Yes
ŞUAY ALPAY	No	No	29.05.2019	–	No	No	Yes
MINZHONGXIA DING	No	No	28.07.2017	–	No	No	Yes
MING LI	No	No	03.04.2019	–	No	No	Yes
ALİ ZÜLFÜ TİGREL	No	Yes	07.06.2018	https://www.kap.org.tr/Bildirim/824792	Yes	No	Yes
ÖZER KARABULUT	No	Yes	29.05.2019	https://www.kap.org.tr/Bildirim/824792	Yes	No	No

4. BOARD OF DIRECTORS - II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	5 out of total 6 meetings were realized as electronic meeting.
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that provides information about the board charter	Investor Relations – Corporate Governance – Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	Turkish Commercial Code is applicable in this manner, it is submitted to the approval of General Assembly every year.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/824792

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

4. BOARD OF DIRECTORS - III

4.5. Board Committees - II

Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report – Corporate Governance Compliance Report – Number, Structure and Independence of the Board Committees

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report – CMB Report
Specify the section of the website where remuneration policy for executive and non-executive directors are presented	Investor Relations - Corporate Governance - Policies- Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report - Remuneration Provided for Board of Directors and Top Management

BOARD COMMITTEES - II

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-Executive Directors	The Percentage of Independent Directors in the Committee	The Number of Committee Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	-	100%	20%	1	1
Audit Committee	-	100%	100%	4	4
Early Detection of Risk Committee	-	100%	50%	6	6

NETAŞ TELEKOMÜNİKASYON A.Ş.
AND ITS' SUBSIDIARIES
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2020
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
*(CONVENIENCE TRANSLATION OF
THE REPORT AND THE CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)*



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Netaş Telekomünikasyon Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Netaş Telekomünikasyon Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Recognition of revenue</p> <p>As explained in Note 22 of the consolidated financial statements as of 31 December 2020, the Group recognised revenue amounting to TL 1.733.166.950.</p> <p>Contracts with customers are accounted separately and at the beginning of each contract, the Group considers the goods or services that are promised within the scope of the contract. The Group recognises revenue on contracts with customers when the Group satisfies the performance obligations by transferring the goods or services to the customer. When the control of an asset is transferred (or as transferred) to the customer, the ownership of the asset is transferred. The Group determines whether the identified performance obligations are satisfied over time or at a point in time, at the beginning of each contract.</p> <p>Since the commercial contracts can be complicated, significant judgments are required by the Management in relation to determination of the accounting basis for each situation. There are risks of miscalculation and misrecognition of revenue in the correct period due to inclusion of estimations of the management on the determination of revenue earned but not invoiced or invoiced but not earned and due to modifications of the contracts related to changes in price or scope of the contracts. For this reason, recognition of revenue in the correct period and in the correct amount requires significant judgment of the management and it is considered as a key audit matter.</p>	<p>The design, implementation and functioning of the internal controls related to recognition of revenue in the consolidated financial statements, have been tested and evaluated by the assistance of our information technology specialists.</p> <p>The appropriateness of the accounting policies applied by the management for the recognition of revenue for each type of revenue stream has been evaluated.</p> <p>Selected samples of the contracts with customers has been reviewed and inquired with the management to test whether the performance obligations are satisfied over time or at a point in time and tested the amount of revenue recognized and the period it is recognized, with the help of supporting documents.</p> <p>As part of substantive procedures, management’s process of evaluation on revenue recognition has been examined, for the selected samples, contracts, invoices and payments are tested, analytical procedures have been applied, and the accuracy of the management’s historical estimates has been evaluated by comparing the estimates made in the previous periods versus actuals.</p> <p>Confirmation letters have been received for the selected samples of outstanding balances with customers and examined conformity with the financial statements.</p> <p>In addition, the adequacy of the disclosures provided have been evaluated in accordance with the disclosure requirements of TFRSs.</p>

Key audit matter	How the matter was addressed in the audit
<p>Goodwill impairment test</p> <p>As disclosed in Note 14 of the consolidated financial statements as of 31 December 2020, the Group has goodwill amounting to TL 134.537.477 provided in intangible assets. In accordance with TFRSs, the Group is required to test impairment of goodwill annually.</p> <p>Goodwill balance is significant to the consolidated financial statements in terms of the amount and besides the impairment tests conducted by the Group management includes significant estimates and assumptions. Such assumptions are; growth rate of earnings before interest tax depreciation and amortization (“EBITDA”), long term growth rate, rate used to discount cash flows to balance sheet date.</p> <p>The assumptions are highly sensitive to the expected future market or economic conditions. Thus, annual impairment testing of goodwill considered as a key audit matter.</p>	<p>Assessment of appropriateness of cash generating units identified by the management has been performed.</p> <p>Discussion with Group management has been held for assessment related to the future projections, in the light of the macroeconomic data and sectoral developments.</p> <p>Assessment of the reasonableness of the cash flow projections for the cash generating unit and the comparison of the prior year actual financial performances has been performed.</p> <p>Assessment of the reasonableness of key assumptions incorporated in discounted cash flows such as long-term growth rates, discount rate has been evaluated by the comparison of these assumptions with the assumptions used in the sector with the support of our valuation specialist.</p> <p>The structure and the mathematical accuracy of the discounted cash flow model has been assessed.</p> <p>The sensitivity of the assumptions determined by the management to the market conditions has been performed.</p> <p>The adequacy of the disclosures provided including estimations and the judgements related to testing of and the results along with the sensitivities have been evaluated in accordance with the disclosure requirements of TFRSs.</p>

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 5 March 2021.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2020 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

Sinem Arı Öz, SMMM
Partner



5 March 2021
İstanbul, Türkiye

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NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS OF 31 DECEMBER 2020 and 2019**

(Unless otherwise stated the amounts are in TL).

	Notes	Audited 31 December 2020	Audited 31 December 2019
ASSETS			
Current Assets		1.806.680.392	1.511.828.338
Cash and Cash Equivalents	5	307.221.733	195.340.538
Trade Receivables		1.067.144.759	871.112.583
<i>Due from related parties</i>	29	42.997.497	8.287.038
<i>Trade receivables, third parties</i>	7	1.024.147.262	862.825.545
Other Receivables		571.632	531.110
<i>Other receivables, third parties</i>	8	571.632	531.110
Inventories	9	183.412.626	124.259.454
Contract Assets related to Goods and Services Provided		173.169.862	239.795.554
<i>Contract Assets related to Goods and Services Provided</i>	11	173.169.862	239.795.554
Prepaid Expenses		21.702.469	10.409.097
Current Income Tax Assets	27	33.957.039	32.967.279
Other Current Assets	20	19.500.272	37.412.723
Non-Current Assets		604.413.687	494.362.377
Trade Receivables		26.953.350	42.312.492
<i>Trade receivables, third parties</i>	7	26.953.350	42.312.492
Property, Plant and Equipment	12	106.867.551	71.327.610
Right of Use Assets	13	48.320.124	52.251.621
Financial Investments		6.837.555	5.533.199
Intangible Assets		254.299.756	190.731.271
<i>Goodwill</i>	14	134.537.477	108.872.627
<i>Other intangible assets</i>	14	119.762.279	81.858.644
Investments Accounted Using the Equity Method	3	11.507.883	9.401.553
Prepaid Expenses		-	1.626.760
Deferred Tax Assets	27	149.627.468	121.177.871
TOTAL ASSETS		2.411.094.079	2.006.190.715

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS OF 31 DECEMBER 2020 and 2019

(Unless otherwise stated the amounts are in TL).

	Notes	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
Short Term Liabilities		1.706.092.471	1.198.142.317
Short Term Borrowings		520.299.949	434.015.226
<i>Bank Loans</i>	6	505.122.861	407.122.680
<i>Lease Liabilities</i>	6	15.177.088	26.892.546
Trade Payables		886.418.679	512.397.434
<i>Due to related parties</i>	29	145.181.657	93.593.477
<i>Trade payables, third parties</i>	7	741.237.022	418.803.957
Other Payables		40.309.890	22.141.209
<i>Other payables, third parties</i>	8	40.309.890	22.141.209
Employee Benefit Obligations	18	31.526.502	24.660.041
Contract Liabilities		114.103.140	106.554.998
<i>Contract Liabilities</i>	11	114.103.140	106.554.998
Provisions		40.210.587	36.704.941
<i>Provisions for Employee Benefits</i>	18	31.294.457	29.428.553
<i>Other Short Term Provisions</i>	16	8.916.130	7.276.388
Deferred Revenue	19	70.607.087	61.319.303
Current Income Tax Liabilities	27	2.616.637	349.165
Long Term Liabilities		119.230.563	271.838.979
Long Term Borrowings		65.608.465	226.254.958
<i>Bank Loans</i>	6	21.376.420	196.209.584
<i>Lease Liabilities</i>	6	44.232.045	30.045.374
Trade Payables		-	61.801
<i>Trade payables, third parties</i>	7	-	61.801
Provisions		34.913.181	29.114.925
<i>Provisions for Employee Benefits</i>	18	34.913.181	29.114.925
Deferred Tax Liabilities	27	18.708.917	16.407.295
SHAREHOLDERS' EQUITY			
Equity Attributable to Equity Holders of the Parent		585.075.637	535.890.730
Share Capital	21	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		(445.568)	(4.241)
<i>Currency Translation Differences</i>		(445.568)	(4.241)
Other comprehensive income not to be reclassified in profit and loss		421.188.549	300.432.088
<i>Remeasurement gain/ (loss) on defined benefit plans</i>		(11.594.178)	(9.309.272)
<i>Currency Translation Differences</i>		432.782.727	309.741.360
Restricted Reserves	21	34.897.360	34.897.360
Retained Earnings		94.088.563	242.688.833
Net Loss for the Period		(71.130.227)	(148.600.270)
Non-controlling interests		695.408	318.689
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.411.094.079	2.006.190.715

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER****COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

(Unless otherwise stated the amounts are in TL).

	Notes	Current Year 1 January- 31 December 2020	Previous Year 1 January- 31 December 2019
INCOME OR LOSS FROM OPERATIONS			
Revenue	22	1.733.166.950	1.327.640.194
Cost of Sales (-)	22	(1.556.135.207)	(1.167.599.493)
GROSS PROFIT		177.031.743	160.040.701
Sales, Marketing and Distribution Expenses (-)	23	(100.689.126)	(97.234.551)
General Administrative Expenses (-)	23	(71.317.470)	(87.612.151)
Research and Development Expenses (-)	23	(5.657.782)	(7.405.105)
Other Income from Operating Activities	24	26.167.288	14.807.993
Other Expenses from Operating Activities (-)	24	(56.379.476)	(44.448.943)
OPERATING LOSS		(30.844.823)	(61.852.056)
Income from Investment Activities	25	65.042	85.437
Expenses from Investment Activities (-)	25	(263.073)	(316.717)
Income from Investments Accounted Using the Equity Method	3	1.059.025	1.000.942
OPERATING LOSS BEFORE FINANCE INCOME AND EXPENSES		(29.983.829)	(61.082.394)
Financial Income	26	76.525.759	72.110.488
Financial Expenses (-)	26	(115.509.177)	(189.265.051)
LOSS BEFORE TAX		(68.967.247)	(178.236.957)
Tax (Expenses)/ Income		(1.965.756)	29.457.192
Current Tax Expenses	27	(2.619.207)	(437.037)
Deferred Tax Income	27	653.451	29.894.229
NET LOSS FOR THE YEAR		(70.933.003)	(148.779.765)
Attributable to:			
Non-controlling Interest		197.224	(179.495)
Equity Holders of the Parent		(71.130.227)	(148.600.270)
Earn/(Loss) per share		(1,0936)	(2,2937)
OTHER COMPREHENSIVE INCOME/ (EXPENSES)			
Other comprehensive income or expenses that will not be reclassified subsequently to profit of loss			
Currency translation differences		123.041.367	68.244.161
Remeasurement gain/ (loss) on defined benefit plans		(2.839.178)	(1.809.081)
Remeasurement gain/ (loss) on defined benefit plans, deferred tax		567.836	361.816
Actuarial gain/ (loss) arising from investment accounted using the equity method	3	(13.564)	-
Other comprehensive income or expenses that will be reclassified subsequently to profit of loss		(261.832)	38.499
Currency translation differences		(3.758)	38.499
Currency translation differences from investments accounted using the equity method		(258.074)	-
OTHER COMPREHENSIVE INCOME/ (LOSS)		120.494.629	66.835.395
TOTAL COMPREHENSIVE INCOME/ (LOSS)		49.561.626	(81.944.370)
Attributable to:			
Non-controlling Interest		376.719	(179.495)
Equity Holders of the Parent		49.184.907	(81.764.875)

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

	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					Non-controlling Interest	TOTAL
	Share Capital	Share Capital Adjustments	Currency Translation Differences	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net (Loss) for the Period	Equity Holders of the Parent			
Balance as at 1 January 2019	64.864.800	41.612.160	28.564.108	495.474.961	(7.862.007)	34.897.360	175.927.647	(19.814.091)	813.664.938	-	813.664.938
Restatement effects	-	-	(28.606.848)	(253.977.762)	-	-	150.970.128	(64.394.851)	(196.009.333)	-	(196.009.333)
(Restated) as of 1 January 2019(*)	64.864.800	41.612.160	(42.740)	241.497.199	(7.862.007)	34.897.360	326.897.775	(84.208.942)	617.655.605	-	617.655.605
Total comprehensive income	-	-	38.499	68.244.161	(1.447.265)	-	-	(148.600.270)	(81.764.875)	(179.495)	(81.944.370)
Additions to the scope of consolidation	-	-	-	-	-	-	-	-	-	498.184	498.184
Transfer	-	-	-	-	-	(84.208.942)	84.208.942	-	-	-	-
Balance as at 31 December 2019	64.864.800	41.612.160	(4.241)	309.741.360	(9.309.272)	34.897.360	242.688.833	(148.600.270)	535.890.730	318.689	536.209.419
Balance as at 1 January 2020	64.864.800	41.612.160	(4.241)	309.741.360	(9.309.272)	34.897.360	242.688.833	(148.600.270)	535.890.730	318.689	536.209.419
Total comprehensive income	-	-	(441.327)	123.041.367	(2.284.906)	-	-	(71.130.227)	49.184.907	376.719	49.561.626
Transfer	-	-	-	-	-	(148.600.270)	148.600.270	-	-	-	-
Balance as at 31 December 2020	64.864.800	41.612.160	(445.568)	432.782.727	(11.594.178)	34.897.360	94.088.563	(71.130.227)	585.075.637	695.408	585.771.045

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

(Unless otherwise stated the amounts are in TL).

		Current Period 1 January- 31 December 2020	Previous Period 1 January- 31 December 2019
	Notes		
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss) for the Period		(70.933.003)	(148.779.765)
<i>Profit/(Loss) from Continuing Operations</i>		<i>(70.933.003)</i>	<i>(148.779.765)</i>
Adjustments to Reconcile Profit/Loss		135.695.621	168.560.397
Adjustments for Depreciation and Amortisation Expenses	12-13-14	77.442.027	61.430.161
Adjustments for (Reversal of) Impairment Loss Recognised in Profit or Loss		4.974.996	-
<i>Adjustments for (Reversal of) Provision of Receivables</i>	7	<i>2.144.432</i>	<i>-</i>
<i>Adjustment for Reversal of Provision of Inventory</i>	9	<i>2.830.564</i>	<i>-</i>
Adjustments For Provisions		47.730.054	40.077.918
<i>Adjustments for Provisions Related with Employee Benefits</i>	18	<i>44.354.194</i>	<i>40.560.967</i>
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>	16	<i>4.637.277</i>	<i>1.557.603</i>
<i>Adjustments for (Reversal of) Other Provisions</i>	16	<i>(1.261.417)</i>	<i>(2.040.652)</i>
Adjustments for Interest (Income) and Expenses		79.593.079	159.550.893
<i>Adjustments for Interest Income</i>	26	<i>(1.376.462)</i>	<i>(9.838.767)</i>
<i>Adjustments for Interest Expense</i>	26	<i>99.986.073</i>	<i>179.721.554</i>
<i>Unearned Financial Loss/Income from Credit Sales</i>	24	<i>(19.016.532)</i>	<i>(10.331.894)</i>
Adjustments For Unrealised Foreign Exchange Losses (Gains)	26	(75.149.297)	(62.271.721)
Adjustments for Share of Profit of Investments Accounted for Using the Equity Method	3	(1.059.025)	(1.000.942)
Adjustments for Losses Tax Expense	27	1.965.756	(29.457.192)
Adjustments for (Gains)/Losses disposal of non-current assets		198.031	231.280
<i>Adjustments for (Gains)/Losses Arising From Sale of Property, Plant and Equipment</i>	25	<i>198.031</i>	<i>231.280</i>
		-	-
Changes in Working Capital		348.259.364	150.599.894
Adjustments for Decrease / (Increase) in Trade Receivables		3.067.986	50.882.255
<i>Decrease (Increase) in Trade Receivables from Related Parties</i>		<i>(31.277.613)</i>	<i>(7.903.507)</i>
<i>Decrease (Increase) in Trade Receivables from Third Parties</i>		<i>34.345.599</i>	<i>58.785.762</i>
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		32.080.936	(3.600.368)
<i>Adjustments for Decrease (Increase) in Other Receivables Related with Operations from Third Parties</i>		<i>32.080.936</i>	<i>(3.600.368)</i>
Adjustments for Decrease / (Increase) in Inventories		(31.343.162)	(4.120.001)
Decrease / (Increase) in Prepaid Expenses		(6.520.949)	(14.651.748)
Adjustments for (Decrease) in Trade Payables		241.723.371	136.708.210
<i>Increase (Decrease) in Trade Payables to Related Parties</i>		<i>28.191.761</i>	<i>88.968.206</i>
<i>(Decrease)/Increase in Trade Payables to Third Parties</i>		<i>213.531.610</i>	<i>47.740.004</i>
Increase (Decrease) in Payables due to Employee Benefits		1.005.714	(575.461)
(Decrease)/Increase in Contract Assets		117.591.710	(13.700.613)
Adjustments for Decrease in Other Operating Payables		12.364.479	2.743.312
<i>(Decrease) in Other Operating Payables to Unrelated Parties</i>		<i>12.364.479</i>	<i>2.743.312</i>
(Decrease)/ Increase in Contract Liabilities		(16.776.883)	11.304.944
Other Adjustments for Other (Decrease)/ Increase in Working Capital		(4.933.838)	(14.390.636)
		-	-
Cash Flows (Used in) Generated From Operations		413.021.982	170.380.526
Payments Related with Provisions for Employee Benefits	18	(39.529.212)	(41.705.721)
Income Taxes Paid	27	(34.396.646)	(21.562.770)
Payments Related with Lawsuits	16	(2.025.301)	(1.076.899)
		-	-
		337.070.823	106.035.136

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

(Unless otherwise stated the amounts are in TL).

		Current Period 1 January- 31 December 2020	Previous Period 1 January- 31 December 2019
	Notes		
B. CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		328.115	85.437
<i>Proceeds from Sales of Property, Plant, Equipment</i>		<i>328.115</i>	<i>85.437</i>
Purchase of Property, Plant, Equipment and Intangible Assets		(93.037.752)	(31.040.671)
<i>Purchase of Property, Plant, Equipment</i>	12	<i>(42.185.228)</i>	<i>(28.604.207)</i>
<i>Purchase of Intangible Assets</i>	14	<i>(50.852.524)</i>	<i>(2.436.464)</i>
Interest Received	26	1.376.462	9.838.767
		(91.333.175)	(21.116.467)
C. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
Inflows from Borrowings	6	949.186.155	1.704.704.159
Outflows from Borrowings	6	(966.344.572)	(1.603.129.163)
Interest Paid	26	(93.983.562)	(161.164.661)
Payments of lease liabilities	6	(29.099.652)	(31.089.861)
		(140.241.631)	(90.679.526)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		105.496.017	(5.760.857)
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		6.385.178	8.313.712
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		111.881.195	2.552.855
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		195.340.538	192.787.683
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D+E)		307.221.733	195.340.538

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

The Group works with major clients such as Aselsan Elektronik Sanayi ve Ticaret A.Ş., Türk Telekomünikasyon A.Ş., Vodafone İletişim Hizmetleri A.Ş., Avea 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 Commonwealth of Independent States (CIS), mainly in Asia Pasific (Nepal), Kazakhstan, Azerbaijan, Algeria and Uzbekistan with strategic business partnerships.

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

Based on the decision of the Board of Directors of the Company dated 11 April 2012, a "Limited Liability Partnership" (Netas Telecom Liability Partnership) through the allocation of 161.800 Tenge (approximately 1.100 USD) of founding capital in Almaty, Kazakhstan has been established and its registration has been completed on 4 July 2012, as being effective on 25 June 2012.

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

In Malta, a company (Netaş Telecommunications Malta Ltd.) was established through the allocation of 1.200 Euro of founding capital, all of which belongs to 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.

NETRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NETRD"), was founded with 100% ownership as of 29 August 2018 in Istanbul. The operations of the Company, including all kinds of information and telecommunication systems, hardware and software design and coding, research and development activities, product development, consultancy, including all kinds of information activities and services, technical support, technological solution, integration, VOIP to develop, install, service, operate and operate advanced communication technologies in Turkey or abroad, to provide business services and to carry out all these activities on behalf of its own customers or to the customers it serves. In line with the decision taken by Company's Board of Directors on 14 March 2019, the Company Management was authorized for the sales of NETRD. Negotiations are still ongoing within this scope and an exclusivity agreement was signed with Orion Parent LLC to evaluate strategic alternatives for the sale of NETRD's shares. As of the balance sheet date, there is no sale. Information on the financial results of the subsidiary planned to be sold is presented in Note 33.

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 21.

As of 31 December 2020, the Group has no blue-collar employees (31 December 2019: None). The average number of white-collar personnel employed in the Group as of 31 December 2020 is 2.544 (31 December 2019: 2.478).

Approval of Consolidated Financial Statements

The financial statements were approved by the Board of Directors on 5 March 2021. The General Assembly and relevant regulatory bodies have the right to amend the consolidated financial statements.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

a) Statement of Compliance

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

The consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 7 June 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

b) Basis of presentation of consolidated financial statements:

The details of the Company's subsidiaries as of 31 December 2020 are as follows:

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

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

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

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

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

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

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

2.1 Basis of Presentation (Cont'd)

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

As of 31 December 2020, and 2019 the details of associate of the Group are given below:

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of TFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with TAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with TAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

c) Functional Currency and Reporting Currency

The Company maintains its books of account in accordance with accounting principles set by Turkish Commercial Code ("TCC") and tax legislation. The subsidiaries 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.

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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

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

2.1 Basis of Presentation (Cont'd)

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

For the preparation of the consolidated financial statements and the notes in accordance with TAS 21, consolidated financial statements are translated into US \$ by using rates as of the balance sheet date.

- ▶ Assets and liabilities have been translated to TL by using USD rate as of 31 December 2020 (1 USD: 7,3405 TL), 31 December 2019; (1 USD: 5,9402 TL)
- ▶ Statements of profit or loss and statements of cash flows have been translated to TL by using twelve months average exchange rate (1 USD: 7,009 TL) for the year ended 31 December 2020 (for the year ended 31 December 2019 1 USD: 5,6708 TL).

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

The functional currency of Netaş Telecom Limited Liability Partnership, a subsidiary of the Company operating in Kazakhstan is Kazakhstan Tenge and included in the consolidated financial statements by presentation converting principles. 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 presentation converting principles.

2.2 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Group's consolidated financial statements have been prepared comparatively with the prior to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed. There has no significant changes have occurred in the Group's accounting policies.

Classifications to comparative financial statements

The Group reclassified long-term spare parts amounting to TL 13.244.001, which were disclosed the other non-current assets to tangible assets.

2.3 Change in Accounting Policies

If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. There have not been any significant changes in Group's accounting estimates.

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

2.4 Summary of Significant Accounting Policies

2.4.1 Revenue

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

The Group, recognizes revenue when the control of an asset transferred (or transferring) to the customer, the asset has transferred if all criterias of account for a contract are met according to TFRS 15. The Group provides to customers design, equipment, installation, maintenance, guarantee, licence and other performance obligations. The Group may provide those performance obligations on standalone or bundle basis.

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

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

When the time between the progress payments is longer than a reporting period, since a significant performance is satisfied and the cost incurred are in proportion to the proress of the performance obligation, the input method is used for this performance obligations' revenue recognition.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.1 Revenue (Cont'd)

Design Performance Obligation

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

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

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

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

Hardware Performance Obligation

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

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

Hardware which are more than one, produced afterwards and integrated and delivered are not concluded as separate performance obligations, but a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer are settled as single performance obligation.

The Group recognizes revenue at a point of time of the hardware which are not produced by the Group or does not need a significant integration process. The Group recognizes revenue when the control, collection right and the legal ownership of the hardware are transferred to the customers.

Installation Performance Obligation

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

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

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

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.1 Revenue (Cont'd)

Maintenance Performance Obligation

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

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

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

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

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

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

Warranty Performance Obligation

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

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

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

Licence Performance Obligation

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

Outsourcing and Support Services Performance Obligation

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

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

The Group recognizes revenue at "a point of time" when the control is transferred for short-term support services and one-off consultancy services.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise stated the amounts are in TL).

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.1 Revenue (Cont'd)

The training services, which are in the goods and services, specified in the contracts and an integral part of production and integration, are recognized with "Input Method" with considering the total design, hardware, and training costs of the projects.

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

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

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

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

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

2.4.2 Inventories

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

2.4.3 Plant, Property and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss.

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

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

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.4 Intangible Assets

Intangible assets acquired separately

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

Licenses

Separately acquired licenses is carried at their acquisition costs. Licenses acquired in a business combination are accounted for at their fair values at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

Computer software

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

Costs associated with developing or maintaining computer software program are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

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

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

Contractual customer relationships

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

2.4.5 Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

2.4.6 Borrowing Costs

Interest expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recorded in the profit and loss statement in the period in which they are incurred.

2.4.7 Financial Instruments

Classification and Measurement

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.7 Financial Instruments (Cont'd)

(a) Financial assets carried at amortized cost

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

Impairment

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

(b) Financial assets carried at fair value

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

Financial assets carried at fair value through profit or loss

The Group does not have any financial assets whose fair value is reflected to profit or loss.

Financial assets carried at fair value through other comprehensive income

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

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

Financial liabilities

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

Credit risk

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

Foreign currency risk

Due to its core business, the Group is subject to exchange rate volatility tied to the value change of foreign currencies. The Group's foreign currency risk for assets and liabilities has been disclosed in Note 30.

Liquidity risk

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.8 Goodwill

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

2.4.9 Effects of Change in Foreign Exchange Rates

The effects of change in foreign exchange rates on the financial statements have been disclosed in note 2 "Basis of Financial Statements" section 2.1.c "Functional and Reporting Currency". For the purpose of presentation of the consolidated financial statements as TL, balance sheet has been translated to TL by using Turkish Central Bank foreign exchange buying rates as of 31 December 2020 (1 USD = 7,3405 TL, 1 EUR = 9,0079 TL, 1 CAD = 5,7315 TL, 1 GBP = 9,9438 TL and 1 BDT = 0,0854 TL, 1 AZN=4,3299, 1 DZD=0,05553).

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

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

2.4.10 Earnings/ (Losses) per Share

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

2.4.11 Subsequent Events

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Group adjusts the amounts recognized in its consolidated financial statements if adjusting events occur after the reporting date.

The subsequent events that do not require correction after the reporting period are explained in the footnotes of the consolidated financial statements if they affect the economic decisions of the users of the financial statements.

2.4.12 Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.13 Related Parties

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

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

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

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

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

2.4.14 Reporting of Financial Information on Segment Basis

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

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

2.4.15 Government Grants and Incentives

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

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

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

2.4.16 Taxes Calculated on Corporation Earnings

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

Current tax

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.16 Taxes Calculated on Corporation Earnings (Cont'd)

Deferred tax

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

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

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

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

Current and deferred tax for the year

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

2.4.17 Employee Benefits

Termination and retirement benefits

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

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

Profit-sharing and bonus plans

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

Retirement Plans

The Group pays a special pension to employees who have worked over 15 years for the Group. The assumptions used in the calculation of future obligations are disclosed in Note 18.

2.4.18 Statements of Cash Flows

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

2.4.19 Share Capital and Dividends

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.20 Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets

The fair value of intangible assets recognized as a result of a business combination is based on market values. The market value of intangible assets is the estimated amount for which an intangible could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair values of other intangible assets are carried at cost and are considered to approximate its respective carrying amount.

(b) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(c) Trade and Other Receivables/Due from Related Parties

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other payables is carried out at cost and is considered to approximate its respective carrying amount.

2.4.21 Leasing

Group - as a lessee

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

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

- ▶ The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- ▶ A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- ▶ Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- ▶ Group has the right to direct the use of an identified asset.

Group has the right to direct the use of the asset throughout the period of use only if either:

- a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
- b) Relevant decisions about how and for what purpose the asset is used are predetermined
 - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.21 Leasing (Cont'd)

Right-of-use asset

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

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

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

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any remeasurement of the lease liability. Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

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

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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

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

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

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

Practical expedients

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

Group - as lessor

The Group does not have any significant activity as the lessor.

2.5 Significant Accounting Estimates, Judgements and Assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements is included in the following notes:

- | | |
|------------|---|
| Note 7,30 | Trade receivables and payables: Estimations and accounting judgments regarding to collectability of receivables |
| Note 9 | Inventories: Estimations regarding to inventory provision |
| Note 12,14 | Property, plant and equipment and intangible assets: Estimations regarding to useful lives |
| Note 14 | Goodwill: Estimations regarding to impairment of goodwill |
| Note 16 | Provisions: Estimations regarding to provision amounts |
| Note 22 | Revenue and cost of sales: Estimation of revenue and cost based on project based analysis |
| Note 27 | Tax Assets and liabilities: Estimations regarding to recoverability of deferred tax assets |

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

2.6 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- ▶ clarify the minimum requirements for a business;
- ▶ remove the assessment of whether market participants are capable of replacing any missing elements;
- ▶ add guidance to help entities assess whether an acquired process is substantive;
- ▶ narrow the definitions of a business and of outputs; and
- ▶ introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. In connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7. The amendments did not have a significant impact on the financial position or performance of the Group.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- ▶ The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- ▶ Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- ▶ There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

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

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

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. Group will wait until the final amendment to assess the impacts of the changes.

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

On March 12, 2020, the POA issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. Group will wait until the final amendment to assess the impacts of the changes.

Amendments to IFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to IFRS 3 Business combinations. The amendments are intended to replace a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

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

Amendments to IAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first-time adopters.

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

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

In July 2020, the POA issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings). The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change because of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

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

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

Relief from discontinuing hedging relationships

- ▶ The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- ▶ Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- ▶ For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- ▶ The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- ▶ As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- ▶ *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.*
- ▶ *TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.*

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Group.

2.7 Significant Changes Regarding the Current Period

The COVID-19 epidemic, which has affected the whole world, has had serious effects on health systems and the economy. Countries have taken measures such as testing and treating patients, imposing travel restrictions, quarantining citizens, and canceling large gatherings to slow the spread of the epidemic. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce negative impacts on the economic outlook. Similarly, in Turkey, fiscal and monetary actions have been implemented to ensure the safety and health of citizens as well as companies and households to support the people in these difficult conditions. The Group management closely monitors all developments and takes necessary measures in order to effectively manage the negative effects of the COVID-19 epidemic on the consolidated financial status, consolidated financial performance and consolidated cash flows of the Group. In order to strengthen the liquidity position, the cash management strategy was reviewed by examining the payment and collection terms. The Group management believes that the Group can successfully manage its commercial risks and liquidity reserves despite the current uncertain economic outlook. In order to evaluate the potential effects of the social and economic situation arising due to the epidemic, the developments in the sectors in which we operate are closely monitored. Due to the effects of the epidemic, the focus is on receivables management in order to increase liquidity and operational efficiency, and investment expenditures are also regularly monitored. While preparing the consolidated financial statements as of 31 December 2020, the Group evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairment losses in the consolidated financial statements dated December 31, 2020 have been evaluated and no significant impact has been identified.

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3. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

Associates

Details of significant associate:

As of 31 December 2020, the details of important associates are as in the following;

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

The summary financial information of Kron Telekomünikasyon Hizmetleri A.Ş. is explained below. The summary of associate's financial information derived from financial statements prepared in accordance with TFRS and presented in TL.

	31 December 2020	31 December 2019
Current assets	60.453.113	42.233.353
Non-current assets	41.291.822	34.754.536
Short term liabilities	39.494.312	22.245.461
Long term liabilities	2.735.504	3.064.353
Net assets	59.515.119	51.678.075
Share of the Group in net assets	5.951.512	5.167.808

	1 January 2020- 31 December 2020	1 January 2019- 31 December 2019
Revenue	53.352.586	55.862.667
Cost of sales (-)	(9.428.027)	(12.303.299)
Net profit	10.590.254	11.117.182
Other comprehensive expenses	(2.753.219)	(1.107.764)
Total comprehensive income	7.837.035	10.009.418
Share of the Group in total comprehensive income	783.704	1.000.942

The movement of acquisition balance arising from Kron is given below;

	2020	2019
As of 1 January	9.401.553	7.784.350
Share from the profit of the period	1.059.025	1.000.942
Defined benefit plan remeasurement gains /(losses)	(13.564)	-
Currency translation difference	1.060.869	616.261
As of 31 December	11.507.883	9.401.553

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4. SEGMENT REPORTING

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.

For the year ended 31 December 2020	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated	Total
Revenue	762.087.775	363.356.069	43.974.898	124.991.516	283.676.795	155.079.897	-	1.733.166.950
Cost of sales (-)	(713.113.140)	(313.712.764)	(43.881.454)	(98.012.086)	(261.989.571)	(125.426.192)	-	(1.556.135.207)
Gross margin	48.974.635	49.643.305	93.444	26.979.430	21.687.224	29.653.705	-	177.031.743
Sales,marketing and distribution expenses (-)	(29.015.010)	(14.038.381)	(16.771.416)	-	(19.427.012)	(21.437.307)	-	(100.689.126)
General administrative expenses (-)	-	-	-	-	-	-	(71.317.470)	(71.317.470)
Research and development expenses (-)	-	-	-	(5.657.782)	-	-	-	(5.657.782)
Operating profit / (loss) of segment	19.959.625	35.604.924	(16.677.972)	21.321.648	2.260.212	8.216.398	(71.317.470)	(632.635)

For the year ended 31 December 2019	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated	Total
Revenue	578.653.545	303.224.335	64.511.120	99.314.621	158.542.024	123.394.549	-	1.327.640.194
Cost of sales (-)	(539.801.093)	(246.872.981)	(54.126.827)	(77.834.046)	(147.783.620)	(101.180.926)	-	(1.167.599.493)
Gross margin	38.852.452	56.351.354	10.384.293	21.480.575	10.758.404	22.213.623	-	160.040.701
Sales,marketing and distribution expenses (-)	(36.861.395)	(11.050.521)	(13.773.435)	-	(13.085.935)	(22.463.265)	-	(97.234.551)
General administrative expenses (-)	-	-	-	-	-	-	(87.612.151)	(87.612.151)
Research and development expenses (-)	-	-	-	(7.405.105)	-	-	-	(7.405.105)
Operating profit / (loss) of segment	1.991.057	45.300.833	(3.389.142)	14.075.470	(2.327.531)	(249.642)	(87.612.151)	(32.211.106)

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4. SEGMENT REPORTING (Cont'd)

31 December 2020	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated (*)	Total
Trade receivables	211.035.103	533.627.932	98.314.566	42.358.632	140.716.875	17.938.587	7.108.917	1.051.100.612
Due from related parties	-	-	1.786.854	-	41.210.643	-	-	42.997.497
Inventories	4.568.311	111.080.227	6.147.701	1.077.266	57.446.307	5.036.657	(1.943.843)	183.412.626
Contract assets	45.834.980	39.774.943	35.496.159	3.459.644	2.826.427	45.777.709	-	173.169.862
Segments assets	261.438.394	684.483.102	141.745.280	46.895.542	242.200.252	68.752.953	5.165.074	1.450.680.597
Trade payables (*)	411.208.029	151.838.253	20.525.854	2.410.066	57.417.837	57.171.314	40.665.669	741.237.022
Due to related parties	477.756	22.997	23.637.753	17.676	116.062.280	-	4.963.195	145.181.657
Contract liabilities	27.170.680	19.164.847	21.344.776	-	43.347.654	2.573.337	501.846	114.103.140
Deferred revenue	243.292	65.034.229	5.148.109	41.523	70.138	-	69.796	70.607.087
Segment liabilities	439.099.757	236.060.326	70.656.492	2.469.265	216.897.909	59.744.651	46.200.506	1.071.128.906

31 December 2019	Enterprise	Public	International	Technology	Telecom	BDH	Unallocated (*)	Total
Trade receivables	165.480.764	498.271.174	106.311.181	34.641.480	85.788.344	12.089.350	2.555.744	905.138.037
Due from related parties	21.720	-	-	-	8.265.318	-	-	8.287.038
Inventories	5.790.733	87.369.568	7.345.873	877.429	20.507.713	1.931.069	437.069	124.259.454
Contract assets	98.291.405	75.331.867	36.567.023	3.332.339	9.504.889	9.969.742	6.798.289	239.795.554
Segments assets	269.584.622	660.972.609	150.224.077	38.851.248	124.066.264	23.990.161	9.791.102	1.277.480.083
Trade payables (*)	201.527.883	84.298.584	22.625.767	2.591.667	58.281.621	26.794.074	22.746.162	418.865.758
Due to related parties	524.861	18.611	9.843.250	-	83.047.150	-	159.605	93.593.477
Contract liabilities	41.778.775	13.272.748	32.343.384	-	16.598.271	2.451.014	110.806	106.554.998
Deferred revenue	2.744.241	58.293.392	54.777	33.602	61.029	129.234	3.028	61.319.303
Segment liabilities	246.575.760	155.883.335	64.867.178	2.625.269	157.988.071	29.374.322	23.019.601	680.333.536

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

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4. SEGMENT REPORTING (Cont'd)

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

	For the period ended 31 December 2020	For the period ended 31 December 2019
Operating (loss) of segment	(632.635)	(32.211.106)
Other (expenses)/income from operating activities (net)	(30.212.188)	(29.640.950)
Other (expenses)/income from investments (net)	(198.031)	(231.280)
Income from investments accounted using the equity method	1.059.025	1.000.942
Finance (expenses)/income (net)	(38.983.418)	(117.154.563)
(Loss) before tax	(68.967.247)	(178.236.957)
Assets		
	31 December 2020	31 December 2019
Segment assets	1.450.680.597	1.277.480.083
Other assets (*)	960.413.482	728.710.632
Total assets	2.411.094.079	2.006.190.715
Liabilities		
	31 December 2020	31 December 2019
Segment liabilities	1.071.128.906	680.333.536
Other liabilities (*)	754.194.128	789.647.760
Total liabilities	1.825.323.034	1.469.981.296

(*) Other assets and liabilities include assets and liabilities other than segment assets and liabilities.

5. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Bank- demand deposits	140.219.678	167.930.867
Bank- time deposits	165.638.332	26.156.222
Credit card receivables	1.363.723	1.253.449
	307.221.733	195.340.538

Currency	Original Currency Amount	Interest Rate %	Maturity	31 December 2020
USD	20.651.479	1-11,25	Jan 2021-Sep 2021	151.592.184
TL	14.046.148	16-18,15	Jan 2021	14.046.148
				165.638.332

Currency	Original Currency Amount	Interest Rate %	Maturity	31 December 2019
USD	4.310.667	0,05-2,5	Jan 2020-Sep 2020	25.606.222
TL	550.000	8	Jan 2020	550.000
				26.156.222

As of 31 December 2020, and 2019 there are no restriction / blockage on bank accounts.

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6. BORROWINGS

a) Bank Loans

	31 December 2020	31 December 2019
Short term bank loans		
Short term unsecured loans	498.667.212	402.024.285
Non interest loans(*)	6.455.649	5.098.395
	505.122.861	407.122.680

As of 31 December 2020, effective interest rate for TL loans is 14,81 %, effective interest rate for USD loans is 5,40%, and effective interest rate for EUR loans is 2,35%. (31 December 2019: effective interest rate for TL loans is 15,95 and effective interest rate for USD loans is 3,85%).

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

The details of short-term unsecured loans of the Group are given below;

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2020
TL	419.266.933	9,0-19,5	April 2020-December 2021	419.266.933
USD	4.540.000	4,75-5,5	Rotative	33.325.870
EURO	5.114.889	2,35	August 2021	46.074.409
				498.667.212

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2019
TL	378.263.485	9,75-27,66	January 2020-July 2020	378.263.485
USD	4.000.000	3,85	Rotative	23.760.800
				402.024.285

(*) Presents the lower and upper rates.

	31 December 2020	31 December 2019
Long term bank loans	21.376.420	196.209.584
Long term unsecured loans	21.376.420	196.209.584

The detail of long-term unsecured loans of the Group is given below;

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2020
TL	21.376.420	9,00-10,00	December 2022-February 2023	21.376.420

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2019
TL	196.209.584	10,00-12,56	November 2021-December 2022	196.209.584

(*) Presents the lower and upper rates.

The Group has no collaterals given for bank loans as of 31 December 2020 and 2019.

The movement of borrowings of the Group is given in the table below. Cash flows arising from the borrowings of the Group are classified under the cash inflows/ outflows arising from financing activities in the consolidated statement of cash flows.

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6. BORROWINGS (Cont'd)

a) Bank Loans (Cont'd)

	2020	2019
1 January	603.332.264	487.836.269
Cash inflow under within borrowings received	949.186.155	1.704.704.159
Cash pouflow under within borrowings received	(966.344.572)	(1.603.129.163)
Interest accruals changes	(16.164.337)	(18.556.893)
Currency translations changes	(43.510.229)	32.477.892
31 December	526.499.281	603.332.264

b) Leasing

The reconciliation of the Group's debts from lease transactions for the twelve-month accounting periods ending on December 31, 2020 and 2019 is as follows:

	2020	2019
Opening-1 January	56.937.920	66.115.784
Additions	16.775.603	13.624.329
Interest expenses and foreign exchange loss on lease liabilities	14.795.262	8.287.668
Lease payments	(29.099.652)	(31.089.861)
Closing-31 December	59.409.133	56.937.920

As of December 31, 2020, 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 19,21%. The maturity structure of debts arising from leasing transactions and the exchange rate risk carried over are presented in Note 30.

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7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables from Third Parties	31 December 2020	31 December 2019
Trade receivables	760.311.665	634.695.299
Unbilled receivables	365.298.729	320.157.512
Discount on trade receivables (*)	(25.105.579)	(34.625.616)
Allowances for doubtful receivables (-)	(76.357.553)	(57.401.650)
	1.024.147.262	862.825.545

Movement of Allowance for Doubtful Receivables	2020	2019
Reported as of 1 January	(57.401.650)	(50.930.221)
Charge for the period	(2.144.432)	-
Currency translation differences	(16.811.471)	(6.471.429)
As of 31 December	(76.357.553)	(57.401.650)

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

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.

Long Term Trade Receivables from Third Parties	31 December 2020	31 December 2019
Trade receivables	29.721.709	46.360.192
Discount on trade receivables (*)	(2.768.359)	(4.047.700)
	26.953.350	42.312.492

Trade Payables to Third Parties	31 December 2020	31 December 2019
Trade payables	741.237.022	418.803.957
	741.237.022	418.803.957

Long Term Trade Payables to Third Parties	31 December 2020	31 December 2019
Trade payables	-	61.801
	-	61.801

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables	31 December 2020	31 December 2019
Deposits and guarantees given	312.205	330.022
Other	259.427	201.088
	571.632	531.110

Short Term Other Payables	31 December 2020	31 December 2019
Taxes and duties payables	40.309.890	21.965.687
Other	-	175.522
	40.309.890	22.141.209

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9. INVENTORIES

Inventories are stated at their cost values and allocated the provision for impairment on inventories.

	31 December 2020	31 December 2019
Raw materials	46.860.663	36.368.671
Finished goods	60.188.566	43.959.596
Trade goods	79.327.836	43.931.187
Allowance for inventory impairment (-)	(2.964.439)	-
	183.412.626	124.259.454

Movement of inventory impairment provisions is as follows:

Movement for allowance:	2020	2019
Opening balance	-	-
Released for the year	(2.830.564)	-
Foreign currency translation difference	(133.875)	-
Closing balance	(2.964.439)	-

10. PREPAID EXPENSES

Short term prepaid expenses	31 December 2020	31 December 2019
Short term prepaid expenses	15.268.434	8.820.612
Advances given for inventories	6.434.035	1.588.485
	21.702.469	10.409.097
Long term prepaid expenses	31 December 2020	31 December 2019
Long term prepaid expenses	-	1.626.760
	-	1.626.760

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11. CONTRACT ASSETS AND LIABILITIES

Details of the contract assets are given below;

Customer	31 December 2020			31 December 2019		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Enterprise	45.834.980	-	45.834.980	98.291.405	-	98.291.405
Public	39.774.943	-	39.774.943	75.331.867	-	75.331.867
International	35.496.159	-	35.496.159	36.567.023	-	36.567.023
BDH	45.777.709	-	45.777.709	9.969.742	-	9.969.742
Telecom	2.826.427	-	2.826.427	9.504.889	-	9.504.889
Technology	3.459.644	-	3.459.644	3.332.339	-	3.332.339
Other	-	-	-	6.798.289	-	6.798.289
	173.169.862	-	173.169.862	239.795.554	-	239.795.554

Details of the contract liabilities are given below;

Customer	31 December 2020			31 December 2019		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Enterprise	27.170.680	-	27.170.680	41.778.775	-	41.778.775
International	21.344.776	-	21.344.776	32.343.384	-	32.343.384
Telecom	43.347.654	-	43.347.654	16.598.271	-	16.598.271
Public	19.164.847	-	19.164.847	13.272.748	-	13.272.748
BDH	2.573.337	-	2.573.337	2.451.014	-	2.451.014
Other	501.846	-	501.846	110.806	-	110.806
	114.103.140	-	114.103.140	106.554.998	-	106.554.998

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12. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Construction in Progress	Total
Cost						
1 January 2020	267.597.945	444.556	26.261.977	68.706.537	6.539.629	369.550.644
Translation difference	56.083.235	97.945	6.170.066	16.253.075	2.623.313	81.227.634
Purchases	16.225.285	-	1.747.734	537.424	23.674.785	42.185.228
Transfers(*)	(3.668.673)	-	955.356	661.183	(803.761)	(2.855.895)
Disposals	(65.319.179)	(144.874)	(3.141.697)	-	-	(68.605.750)
31 December 2020	270.918.613	397.627	31.993.436	86.158.219	32.033.966	421.501.861
Accumulated Depreciation						
1 January 2020	(236.921.880)	(319.846)	(19.732.597)	(41.248.711)	-	(298.223.034)
Translation difference	(49.146.781)	(70.427)	(4.646.196)	(10.101.402)	-	(63.964.806)
Period charge	(12.404.995)	(30.794)	(2.090.576)	(7.986.470)	-	(22.512.835)
Transfers(*)	2.654.365	-	(930.677)	-	-	1.723.688
Disposals	65.065.050	135.931	3.141.696	-	-	68.342.677
31 December 2020	(230.754.241)	(285.136)	(24.258.350)	(59.336.583)	-	(314.634.310)
Net book value at 31 December 2020	40.164.372	112.491	7.735.086	26.821.636	32.033.966	106.867.551

As of 31 December 2020, depreciation charge is TL 22.512.835. TL 11.629.832 is accounted in cost of sales, TL 10.151.137 in general administrative expenses, TL 731.866 in sales, marketing, and distribution expenses.

Machinery and equipment include of spare parts which will be used in long term. The total depreciation expenses for spare parts is TL 3.585.032, which is fully recognized under cost of sales (31 December 2019: TL 3.491.773). It is the service products that are provided by BDH, customer and BDH inventories to be followed in all steps by giving special identification to each product, followed by event and inventory records related to the contract conditions and mobile use in the field.

As of 31 December 2020, The Group has a tangible fixed asset with a cost of TL 9.665.320, which is used but has expired.

There are not any mortgage and financial leasing on property, plant and equipment.

(*) Assets with a cost of TL 2.855.895 and an accumulated depreciation of TL 1.723.688 were transferred from tangible fixed assets to other intangible assets (Note 14).

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Construction in Progress	Total
Cost						
1 January 2019	242.586.143	280.626	21.390.577	55.510.645	7.054.522	326.822.513
Translation difference	27.301.571	42.026	2.377.990	5.736.969	846.240	36.304.796
Purchases	9.532.911	164.449	3.771.339	8.924.293	6.211.215	28.604.207
Transfers(*)	-	-	-	-	(7.572.348)	(7.572.348)
Disposals	(11.822.680)	(42.545)	(1.277.929)	(1.465.370)	-	(14.608.524)
31 December 2019	267.597.945	444.556	26.261.977	68.706.537	6.539.629	369.550.644
Accumulated Depreciation						
1 January 2019	(220.084.272)	(273.913)	(17.223.340)	(32.133.158)	-	(269.714.683)
Translation difference	(16.484.371)	(35.848)	(2.237.002)	(4.374.347)	-	(23.131.568)
Period charge	(11.027.885)	(10.085)	(1.608.278)	(5.869.702)	-	(18.515.950)
Disposals	10.674.648	-	1.336.023	1.128.496	-	13.139.167
31 December 2019	(236.921.880)	(319.846)	(19.732.597)	(41.248.711)	-	(298.223.034)
Net book value at 31 December 2019	30.676.065	124.710	6.529.380	27.457.826	6.539.629	71.327.610

As of 31 December 2019, depreciation charge is TL 18.515.950. TL 9.762.870 is accounted in cost of sales, TL 8.187.689 in general administrative expenses, TL 565.391 in sales, marketing and distribution expenses.

As of 31 December 2019, The Group has tangible fixed assets with a cost of TL 9.565.123 that are used.

There are not any mortgage and financial leasing on property, plant and equipment.

(*) TL 7.572.348 has been transferred from tangible fixed assets to other intangible assets (Note 14).

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12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	Useful Lives
Machinery and Equipment	10
Vehicles	5-10
Leasehold Improvements	5-10
Furniture and fixtures	5-15

13. RIGHT OF USE ASSETS

The right of use asset is initially recognized at cost comprising of amount of the initial measurement of the lease liability, and any lease payments made at or before the commencement date, less any lease incentives received. The Group re-measures the right of use asset after netting-off depreciation and reducing impairment losses from the right of use asset and adjusted for certain re-measurements of the lease liability recognized at the present value.

As of 31 December 2020, and 2019 the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

	Buildings	Vehicles	Total
Right of use assets- 1 January 2020	40.158.687	12.092.934	52.251.621
Additions	6.185.449	10.590.152	16.775.601
Depreciation charge for the period	(11.819.119)	(8.887.979)	(20.707.098)
Right of use assets, net book value	34.525.017	13.795.107	48.320.124

	Buildings	Vehicles	Total
Right of use assets- 1 January 2019	42.574.012	23.541.772	66.115.784
Additions	10.191.647	1.288.332	11.479.979
Depreciation charge for the period	(12.606.972)	(12.737.170)	(25.344.142)
Right of use assets, net book value	40.158.687	12.092.934	52.251.621

14. INTANGIBLE ASSETS

Goodwill

The shares transfer of Netaş Bilişim and its subsidiary BDH was completed on 11 October 2011. With the acquisition of these shares, the Group has acquired Enterprise and BDH operating segments.

During the acquisition, fair value of the customer relations has been identified as a separable intangible asset. Further, a write-up is made on the inventory based on the mark-up margin on the inventory. The difference between the net amount transferred and the total fair value of the net assets acquired is recognized as goodwill.

Changes in goodwill between the acquisition date and the balance sheet date is presented below:

Cost	2020	2019
Opening balance	108.872.627	96.422.343
Translation difference	25.664.850	12.450.284
Closing balance	134.537.477	108.872.627

According to the accounting policies, provided in Note 2.4.9, Group performed impairment testing of goodwill.

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 2021 and 31 December 2025, 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 2020. The valuation report has been prepared by an independent valuation company. Income approach has been applied in the valuation study of Enterprise and BDH segments. The present value of cash flows expected to be generated by the Company in the future is calculated by discounting cash flows today using a discount rate appropriate to the Company's risk profile.

The result of income approach and sensitivity analysis indicates that, the firm value of Enterprise and BDH segments is between USD 62 million and USD 73 million. As of the valuation date, the value of the company calculated between USD 44 million and USD 55 million by considering the net debt of USD 18 million.

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

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14. INTANGIBLE ASSETS (Cont'd)

Goodwill (Cont'd)

Considering the future cash flows of the Group, the Company Management concluded that there is no impairment in the goodwill amount as of 31 December 2020.

Significant assumptions used in discounted cash flow projections

The significant assumptions used in the calculation of recoverable amounts are discount rates and final growth rates. The after-tax discount rate was used in the valuation studies. The Weighted Average Cost of Capital rate used in the study is variable and 0,85 over the years since the tax rate will be changed during the projection period. Throughout the projection period, the company's debt / capital ratio is predicted to be 25% and a business risk premium of 1% has been considered in the WACC calculation.

Other Intangible Assets

1 January-31 December 2020			
	Customer Relations (*)	Other Intangible Assets (**)	Total
Cost			
Opening balance	63.367.926	187.027.112	250.395.038
Additions	-	50.852.524	50.852.524
Transfers	-	2.855.895	2.855.895
Disposals	-	-	-
Translation difference	14.937.899	46.616.944	61.554.843
Closing balance	78.305.825	287.352.475	365.658.300
Accumulated amortization			
Opening balance	(52.278.539)	(116.257.855)	(168.536.394)
Transfers	-	(1.723.688)	(1.723.688)
Translation difference	(12.677.399)	(28.736.446)	(41.413.845)
Period charge	(7.476.950)	(26.745.144)	(34.222.094)
Closing balance	(72.432.888)	(173.463.133)	(245.896.021)
Net book value	5.872.937	113.889.342	119.762.279

(*) The purchase of shares of Netaş Bilişim and its subsidiary BDH was completed on 11 October 2011. The contractual customer portfolio amount is related to this purchase.

(**) Other intangible assets are included rights, computer software and licenses.

As of 31 December 2020, amortization charge is TL 34.222.094. TL 24.909.113 is accounted in cost of sales, TL 8.679.897 in general administrative expenses and TL 633.084 in sales, marketing, and distribution expenses.

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14. INTANGIBLE ASSETS (Cont'd)

Other Intangible Assets

1 January- 31 December 2019			
	Customer Relations (*)	Other Intangible Assets(**)	Total
Cost			
Opening balance	56.121.397	109.874.802	165.996.199
Additions	-	52.543.190	52.543.190
Transfers	-	7.572.348	7.572.348
Translation difference	7.246.529	17.036.772	24.283.301
Closing balance	63.367.926	187.027.112	250.395.038
Accumulated amortization			
Opening balance	(40.688.013)	(92.280.461)	(132.968.474)
Translation difference	(5.541.120)	(12.456.731)	(17.997.851)
Period charge	(6.049.406)	(11.520.663)	(17.570.069)
Closing balance	(52.278.539)	(116.257.855)	(168.536.394)
Net book value	11.089.387	70.769.257	81.858.644

As of 31 December 2019, amortization charge is TL 17.570.069. TL 10.171.257 is accounted in cost of sales, TL 6.866.616 in general administrative expenses and TL 532.196 in sales, marketing and distribution expenses.

(*) The purchase of shares of Netaş Bilişim Teknolojileri Anonim Şirketi ("Netaş Bilişim") and its subsidiary BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş. ("BDH") was completed on 11 October 2011. The contractual customer portfolio amount is related to this purchase.

(**) Other intangible assets are included rights, computer software and licenses.

Intangible fixed assets are amortized principally on a straight-line basis using the following rates, which amortize the assets over their expected useful lives:

	Depreciation Ratio (%)
Softwares	20
Customer Portfolio	10
Licenses	3-15
Rights	20

15. GOVERNMENT GRANTS

For the year ended 31 December 2020 the Group has received approved and accrued incentive from TÜBİTAK TL 8.990.067 (31 December 2019: TL 7.764.115).

The Group is qualified for the incentives and exemptions provided by Support of Research and Development Act, numbered 5746 effective from 24 November 2008.

As of 31 December 2020, the Group has a corporate tax benefit of TL 662.568.796 due to research and development disbursement and TL 33.102.990 amount is utilized by the year end (As of 31 December 2019, the Group has a corporate tax benefit of TL 517.489.187 due to research and development disbursement and TL 12.619.575 amount is utilized by the year end.). The Group has booked deferred tax assets for unused R&D tax benefit (Note 27). The unused tax advantages of the Group related to research and development activities has unlimited maturity.

For the year ended 31 December 2020, the amount of income tax incentive within the scope of Act numbered 5746 is TL 18.008.980 (31 December 2019: TL 13.202.943) 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 16.230.680 (31 December 2019: TL 13.384.392).

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	31 December 2020	31 December 2019
Provision for legal cases	8.445.859	5.833.883
Other provisions	470.271	1.442.505
	8.916.130	7.276.388

For the year ended 31 December 2020, the Group has cash outflows of TL 2.025.301 for legal cases during the year (31 December 2019: TL 1.076.899).

	Provision for Legal Cases	Other Provisions (*)	Total
1 January 2020	5.833.883	1.442.505	7.276.388
Provision booked and released	4.637.277	(1.261.417)	3.375.860
Payments	(2.025.301)	-	(2.025.301)
Currency translations	-	289.183	289.183
31 December 2020	8.445.859	470.271	8.916.130

	Provision for Legal Cases	Other Provisions (*)	Total
1 January 2019	5.353.179	3.355.158	8.708.337
Provision booked and released	1.557.603	(2.040.652)	(483.049)
Payments	(1.076.899)	-	(1.076.899)
Currency translations	-	127.999	127.999
31 December 2019	5.833.883	1.442.505	7.276.388

(*) Consist of general provisions related to subscription, electric, gas, water and communication and etc.

17. COMMITMENTS

The Group's off-balance sheet commitments and contingencies as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Guarantee letters given (*)	851.841.084	548.219.384
	851.841.084	548.219.384

(*) The Group has no off-balance sheet commitments and contingencies in favor of subsidiaries which are fully consolidated as of 31 December 2020 and 2019.

Maturities and the currencies of the letters of guarantees given are given below:

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2020	851.841.084	209.453.485	74.890.486	10.285.859

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2019	548.219.384	147.770.924	58.159.276	8.265.530

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17. COMMITMENTS (Cont'd)

The off-balance sheet commitments and contingencies as of 31 December 2020 and 2019 are as follows:

Commitments, Pledges, Mortgages ("CPM") are given by the Company	31 December 2020	31 December 2019
A. Total amount of CPM is given on behalf of own legal personality	851.841.084	548.219.384
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	-	-
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	851.841.084	548.219.384

CPMs given are for the financial debts used by the components included in the scope of consolidation. These financial liabilities are included in short- and long-term borrowings in the consolidated financial statements.

Currencies of letters of guarantees received are given below:

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2020	2.673.639	1.600.068	23.538	100.000
	Original Currency			
	TL Equivalent	TL	USD	
31 December 2019	2.278.475	526.116	295.000	

Guarantees Given

According to the System Integration Agreement signed between fully consolidated subsidiary, Netaş Bilişim, and Cisco System International B.V., the Company agrees that all financial obligations will be jointly performed by the Company and Netaş Bilişim.

According to the contract between the Company and İGA Havalimanları İnşaatı Adi Ortaklığı Ticari İşletmesi, fully consolidated subsidiary and subcontracter named BDH, and its whole commitments are guaranteed by Netaş.

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18. EMPLOYEE BENEFITS

Employee Benefit Obligations:

	31 December 2020	31 December 2019
Payables to employees	18.589.854	14.928.418
Social security payables	12.936.648	9.731.623
	31.526.502	24.660.041

Short- Term and Long-Term Provisions for Employee Benefits:

Short Term	31 December 2020	31 December 2019
Provision for employee premiums	25.684.627	23.875.917
Unused vacation provision	5.609.830	5.552.636
	31.294.457	29.428.553

Long Term

Unused vacation provision	9.876.573	8.940.257
Provision for severance indemnity	24.888.216	19.799.908
Provision for retirement benefits	148.392	374.760
	34.913.181	29.114.925

Total

Provision for employee premiums	25.684.627	23.875.917
Unused vacation provision	15.486.403	14.492.893
Provision for severance indemnity	24.888.216	19.799.908
Provision for retirement benefits	148.392	374.760
	66.207.638	58.543.478

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 2020. Expected interest and service charges for 2021 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 Company is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The retirement pay provision ceiling at the respective balance sheet dates, is subject to a maximum of TL 7.117,17 per year as of 31 December 2020. (31 December 2019: TL 6.379,86). The provision for employee termination benefits is not funded, as there is no funding requirement.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income.

As the maximum liability is revised semi-annually, the maximum amount of TL 7.638,96 (1 January 2020: TL 6.730,15) which is effective from 1 January 2021 has been taken into consideration in calculating the reserve for employment termination benefits of the Company and its subsidiaries in Turkey.

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18. EMPLOYEE BENEFITS (Cont'd)

Severance Indemnity (Cont'd)

The movement for severance indemnity provision is as follows:

	31 December 2020	31 December 2019
Present value of severance indemnity provision	24.888.216	19.799.908
Net liability in balance sheet	24.888.216	19.799.908
Current service cost	3.547.409	2.202.063
Interest cost	2.390.322	1.532.879
Extra payment or loss / (gain)	677.925	(1.294.863)
Period charge at 31 December	6.615.656	2.440.079
Movement for severance indemnity provision:	2020	2019
1 January	19.799.908	21.813.865
Period charge	6.615.656	2.440.079
Severance indemnity paid	(4.386.359)	(6.758.908)
Actuarial (gain)/ loss	2.859.011	2.304.872
31 December	24.888.216	19.799.908

Special Retirement Benefit Plan Provision

As of 31 December 2012, the Company repealed the Lump Sum plan for new eligibility and HR department announced this to all employees on 27 December 2012. Accordingly, only the employees who are already entitled to Lump Sum as of 31 December 2012 will continue to be considered as members and continue accrual of future benefits as well. This calculation is yearly prepared by Aon Hewitt and reported at their current value.

The movement for retirement benefit provision is as follows:

	2020	2019
Movement for retirement benefit provision:		
1 January	374.760	943.110
Period charge	35.636	(8.853)
Actuarial (gain) / loss	(19.833)	(495.791)
Benefit paid	(242.171)	(63.706)
31 December	148.392	374.760

The assumption calculated to determine present value of severance indemnity and retirement benefit provision as of 31 December 2020 and 2019 are as follows:

Assumptions	31 December 2020	31 December 2019
Annual inflation rate	9,50%	8,20%
Annual discount rate	12,80%	12,10%
Net discount rate	3,01%	3,60%

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18. EMPLOYEE BENEFITS (Cont'd)

Provision for Employee Bonus and Unused Vacation

The movement for employee bonus provision is as follows:

Movement for employee bonus provision:	2020	2019
1 January	23.875.917	20.103.031
Period charge	33.944.831	36.770.160
Payments	(32.136.121)	(32.997.274)
31 December	25.684.627	23.875.917

The movement for unused vacation provision is as follows:

Movement for unused vacation provision:	2020	2019
1 January	14.492.893	15.019.145
Period charge	3.758.071	1.359.581
Payments	(2.764.561)	(1.885.833)
31 December	15.486.403	14.492.893

19. DEFERRED REVENUE

As of 31 December 2020, the amount of deferred revenue is comprised of advances received for an amount of TL 28.073.016 related to the defense projects and TL 42.534.071 related to system integration projects. (31 December 2019: TL 22.923.454 related to the defense projects and TL 38.395.849 related to system integration projects). These amounts are considered as contractual obligations under TFRS 15.

20. OTHER ASSETS

Other Current Assets	31 December 2020	31 December 2019
VAT receivable	18.651.655	35.388.518
Personnel and business advances	438.052	451.041
Other	410.565	1.573.164
	19.500.272	37.412.723

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21. SHAREHOLDERS' EQUITY

Paid in Capital

Shareholding structure of Company as of 31 December 2020 and 2019 are as follows:

Name	Share Class	Capital Nominal Value (TL)	Capital Amount (Number)	Shareholding Ratio (%)
ZTE Cooperatief U.A.	A	23.351.328	23.351.328	36,00%
ZTE Cooperatief U.A.	B	7.817.023	7.817.023	12,05%
ZTE Cooperatief U.A. (Total)		31.168.351	31.168.351	48,05%
Türk Silahlı Kuvvetlerini Güçlendirme Vakfı	A	9.729.720	9.729.720	15,00%
Other Shareholders	B	23.966.729	23.966.729	36,95%
Total		64.864.800	64.864.800	100,00%

The capital of the company is TL 64.864.800 which is divided into 64.864.800 shares with a nominal value of TL 1 each. The share capital of the Company is fully paid.

In accordance with the Capital Market Board Communiqué No. II-18.1 numbered Registered Capital System, the registered capital system of the Company has been expired due to the expiry date of the authorized capital ceiling (TL 300.000.000).

The shares of the company are divided into two groups, consisting of (A) and (B) group registered shares. 33.081.048 of these shares constitute the registered (A) group of shares, and 31.783.752 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 consolidated statement of financial position under "Share Capital Adjustments" in the Shareholders' Equity.

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

The details of restricted reserves are as follows as of 31 December 2020 and 2019.

	31 December 2020	31 December 2019
Primary legal reserves	11.997.507	11.997.507
Secondary legal reserves	22.899.853	22.899.853
Total	34.897.360	34.897.360

According to Turkish Commercial Code, legal reserves consist of primary and secondary legal reserves. The primary legal reserves appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid in share capital. The secondary legal reserve is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash distribution.

As of 31 December 2020, 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.

The total amount of the Company's net income and all available resources that can be distributed in its' statutory financial statements as of 31 December 2020 are TL 68.423.018 (31 December 2019: TL 136.353.124).

Retained Earnings

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.

22. REVENUE AND COST OF SALES

Revenue:

	1 January- 31 December 2020	1 January- 31 December 2019
Net domestic sales	1.550.389.284	1.159.949.992
United States	126.216.257	90.156.865
Asia	27.178.469	9.966.360
Africa	16.941.725	46.764.502
Europe	12.441.215	20.802.475
Net export	182.777.666	167.690.202
Total net sales	1.733.166.950	1.327.640.194

Cost of Sales:

	1 January- 31 December 2020	1 January- 31 December 2019
Equipment expenses	916.527.955	636.233.578
Personnel expenses	302.894.122	277.825.751
Service/Support expenses	267.351.513	184.432.169
Depreciation and amortization expenses	48.441.062	32.308.480
Transportation expenses	3.716.015	3.492.868
Other	17.204.540	33.306.647
	1.556.135.207	1.167.599.493

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22. REVENUE AND COST OF SALES (Cont'd)**1 January-31 December 2020**

Performance Obligations:	Enterprise	Public	International	Technology	Telecom	BDH	Total
Hardware performance obligation	136.375.894	124.921.303	20.797.428	-	226.273.781	-	508.368.406
Licence performance obligation	406.022.658	42.639.717	579.442	-	7.233.700	-	456.475.517
Maintenance performance obligation	95.688.084	54.996.170	17.531.378	-	16.919.983	155.079.897	340.215.512
Design performance obligation	385.002	70.366.077	1.560.480	124.991.516	947.375	-	198.250.450
Installation performance obligation	12.150.276	68.244.575	3.218.320	-	10.332.932	-	93.946.103
Other performance obligations	111.465.861	2.188.227	287.850	-	21.969.024	-	135.910.962
	762.087.775	363.356.069	43.974.898	124.991.516	283.676.795	155.079.897	1.733.166.950

Satisfaction of Performance Obligations:

At a point in time	722.806.046	39.702.350	28.426.397	124.991.516	257.168.890	155.079.897	1.328.175.096
Overtime	39.281.729	323.653.719	15.548.501	-	26.507.905	-	404.991.854
	762.087.775	363.356.069	43.974.898	124.991.516	283.676.795	155.079.897	1.733.166.950

1 January-31 December 2019

Performance Obligations:	Enterprise	Public	International	Technology	Telecom	BDH	Total
Hardware performance obligation	922.998	39.611.086	-	99.314.621	1.336.002	-	141.184.707
Licence performance obligation	200.168.110	88.836.791	33.972.759	-	118.590.623	-	441.568.283
Maintenance performance obligation	10.903.805	55.617.414	4.557.771	-	5.393.170	-	76.472.160
Design performance obligation	75.457.033	39.871.277	16.089.633	-	14.649.185	123.394.549	269.461.677
Installation performance obligation	212.209.587	76.837.551	9.408.918	-	2.670.085	-	301.126.141
Other performance obligations	78.992.012	2.450.216	482.039	-	15.902.959	-	97.827.226
	578.653.545	303.224.335	64.511.120	99.314.621	158.542.024	123.394.549	1.327.640.194

Satisfaction of Performance Obligations:

At a point in time	30.346.396	182.905.021	35.274.228	99.314.621	6.055.749	123.394.549	477.290.564
Overtime	548.307.149	120.319.314	29.236.892	-	152.486.275	-	850.349.630
	578.653.545	303.224.335	64.511.120	99.314.621	158.542.024	123.394.549	1.327.640.194

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23. RESEARCH AND DEVELOPMENT, SALES, MARKETING AND DISTRIBUTION, AND GENERAL ADMINISTRATIVE EXPENSES

The details of research and development, sales, marketing and distribution and general administrative expenses are as in the following:

	1 January- 31 December 2020	1 January- 31 December 2019
Sales, marketing and distribution expenses	100.689.126	97.234.551
General administrative expenses	71.317.470	87.612.151
Research and development expenses	5.657.782	7.405.105
	177.664.378	192.251.807
Personnel expenses	110.361.885	99.158.058
Depreciation and amortization expenses	29.000.965	29.121.681
Consultancy, audit and legal expenses	12.867.698	23.050.152
Software expenses	4.632.520	4.043.227
Fair and advertising expenses	2.983.369	4.833.012
Severance indemnity and pension provision expenses	2.977.469	2.412.164
Communication expenses	2.566.237	2.587.387
Travel and meeting expenses	1.826.496	7.594.942
Electricity,water and gas expenses	1.713.433	2.295.638
Private health insurance expenses	1.615.426	1.477.169
Personnel transportation expenses	1.557.558	1.830.546
Training expenses	1.543.658	589.908
Cafeteria expenses	1.407.905	3.089.366
Maintenance expenses	1.091.643	1.875.411
Other	1.518.116	8.293.146
	177.664.378	192.251.807

24. INCOME AND EXPENSES FROM OTHER OPERATING ACTIVITIES

	1 January- 31 December 2020	1 January- 31 December 2019
Income from Other Operating Activities		
R&D Incentives	4.599.472	4.041.069
Discount income, net (*)	19.016.532	10.331.894
Service income	-	221.915
Other income and gains	2.551.284	213.115
	26.167.288	14.807.993
Expenses from Other Operating Activities		
Foreign exchange expenses, net	41.052.468	34.541.890
Legal case expenses	8.465.001	5.249.144
Expenses for doubtful receivables provision (Note 7)	2.144.432	-
Other tax expenses	1.196.985	648.409
Other expenses and losses	3.520.590	4.009.500
	56.379.476	44.448.943

(*) Discount income/ (expenses) related to trade receivables are accounted under Other Income/ (Expenses) from Operating Activities.

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25. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from Investing Activities	1 January- 31 December 2020	1 January- 31 December 2019
Income from sales of property, plant and equipment	45.399	57.810
Income from scrap sales	19.643	27.627
	65.042	85.437

Expenses from Investing Activities	1 January- 31 December 2020	1 January- 31 December 2019
Loss from sales of tangible assets	263.073	316.717
	263.073	316.717

26. FINANCE INCOME / (EXPENSES)

Financial Income	1 January- 31 December 2020	1 January- 31 December 2019
Foreign exchange gains, net (*)	75.149.297	62.271.721
Interest income	1.376.462	9.838.767
	76.525.759	72.110.488

Financial Expenses	1 January- 31 December 2020	1 January- 31 December 2019
Bank interest expenses	90.505.597	169.617.949
Interest and foreign exchange loss on leases	14.795.262	10.432.017
Guarantee letter commissions	8.093.733	7.697.379
Other financial expenses	2.114.585	1.517.706
	115.509.177	189.265.051

(*) Foreign exchange gain and loss related to cash and cash equivalents, borrowings, and other financial liabilities.

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27. TAX ASSETS AND LIABILITIES

Corporate Tax

The Company and its subsidiaries in Turkey is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As of 31 December 2020, tax rate is %22. (31 December 2019: %22). Corporate tax rate is applied on taxable corporate income, which is calculated by adding non-deductible expenses and deducting tax exemptions and deductions to be commercial income, in accordance with the tax legislation. In Turkey, advance tax payments are filed on a quarterly basis.

Accumulated losses can be carried 5 years maximum to be deducted from the taxable profit of the following years. However, accumulated losses cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the fiscal year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. Tax legislation in Turkey does not allow to fill consolidated tax returns of the Company and its subsidiaries. Therefore, provisions for taxes, as included in the consolidated financial statements, it has been calculated based on individual companies.

Corporate tax rate in Malta is 35% (2019: 35 %). Corporate tax rate in Kazakhstan is 20% (2019: 20 %). Corporate tax rate in Algeria is 26% (2019: 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.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Law on the Amendment of Certain Tax Laws and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

Deferred tax assets	31 December 2020	31 December 2019
Trade and unbilled receivables	(79.448.602)	(66.230.393)
Tangible and intangible assets	(23.364.493)	(16.354.654)
Trade payables and cost provisions	(2.885.749)	(1.324.732)
Carryforward tax losses	50.744.135	31.897.095
Unused R&D tax exemption	131.847.448	111.071.314
Provision for unused vacation	3.097.280	3.188.438
Inventory and contract assets	26.338.977	21.990.689
Provisions for employee premiums	5.136.926	5.252.699
Deferred revenues	9.081.490	2.595.808
Contract liabilities	5.198.006	9.231.839
Severance indemnity and retirement provisions	5.186.122	4.034.934
Other	(12.989)	(582.461)
	130.918.551	104.770.576

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27. TAX ASSETS AND LIABILITIES (Cont'd)

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

Movement for deferred taxes is as follows:	31 December 2020	31 December 2019
Balance as of January, 1	104.770.576	22.195.919
Restatement Effect	-	54.968.767
Balance as of January, 1 (Restated)	104.770.576	77.164.686
Current charge deferred tax income	653.451	29.894.229
Accounting under equity	567.836	361.816
Translation difference	24.926.688	(2.650.155)
Closing	130.918.551	104.770.576
	1 January-	1 January-
	31 December 2020	31 December 2019
Current tax loss	(2.619.207)	(437.037)
Deferred tax income	653.451	29.894.229
Tax Income (Loss)/Income	(1.965.756)	29.457.192
The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually results from the recognition of revenue and expenses in different reporting periods for TFRS and Tax Laws.		
	31 December 2020	31 December 2019
Corporate tax	2.619.207	437.037
Prepaid taxes	(33.959.609)	(33.055.151)
Current tax liabilities/ (Current income tax assets)	(31.340.402)	(32.618.114)

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27. TAX ASSETS AND LIABILITIES (Cont'd)

Movement for deferred taxes as of 31 December 2020 and 2019 are as follows;

	1 January 2020	Charge to Period	Charge to Equity	Translation Difference	31 December 2020
Tangible and intangible assets	(16.354.654)	(2.743.256)	-	(4.266.583)	(23.364.493)
Trade receivables	(66.230.393)	2.286.331	-	(15.504.540)	(79.448.602)
Trade payables and cost provisions	(1.324.732)	(1.192.341)	-	(368.676)	(2.885.749)
Inventory and contract assets	21.990.689	(797.901)	-	5.146.189	26.338.977
Deferred revenue	2.595.808	5.608.504	-	877.178	9.081.490
Provisions for employee bonuses	5.252.699	(1.292.859)	-	1.177.086	5.136.926
Provision for unused vacation	3.188.438	(804.717)	-	713.559	3.097.280
Severance indemnity and retirement provisions	4.034.934	(808.978)	567.836	1.392.330	5.186.122
Contract liabilities	9.231.839	(5.929.631)	-	1.895.798	5.198.006
Unused R&D tax exemption (Note 15)	111.071.314	(5.162.836)	-	25.938.970	131.847.448
Carryforward tax losses	31.897.095	10.816.278	-	8.030.762	50.744.135
Other	(582.461)	674.857	-	(105.385)	(12.989)
	104.770.576	653.451	567.836	24.926.688	130.918.551

	(Reported) 31 December 2018	Restatement Effect	(Restated) 1 January 2019	Charge to Period	Charge to Equity	Translation Difference	31 December 2019
Tangible and intangible assets	(12.255.815)	-	(12.255.815)	(5.281.015)	-	1.182.176	(16.354.654)
Trade receivables	(68.069.323)	24.939.184	(43.130.139)	(9.950.994)	-	(13.149.260)	(66.230.393)
Trade payables and cost provisions	1.627.059	6.705.713	8.332.772	(9.335.417)	-	(322.087)	(1.324.732)
Inventory and contract assets	(5.863.091)	23.323.870	17.460.779	5.440.423	-	(910.513)	21.990.689
Deferred revenue	1.182.359	-	1.182.359	1.677.176	-	(263.727)	2.595.808
Provisions for employee bonuses	4.422.667	-	4.422.667	1.371.343	-	(541.311)	5.252.699
Provision for unused vacation	3.304.216	-	3.304.216	274.649	-	(390.427)	3.188.438
Severance indemnity and retirement provisions	4.031.681	-	4.031.681	197.589	361.816	(556.152)	4.034.934
Contract liabilities	11.909.608	-	11.909.608	(2.315.602)	-	(362.167)	9.231.839
Unused R&D tax exemption (Note 15)	75.684.494	-	75.684.494	24.452.599	-	10.934.221	111.071.314
Carryforward tax losses	4.930.763	-	4.930.763	25.180.701	-	1.785.631	31.897.095
Other	1.291.301	-	1.291.301	(1.817.223)	-	(56.539)	(582.461)
	22.195.919	54.968.767	77.164.686	29.894.229	361.816	(2.650.155)	104.770.576

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27. TAX ASSETS AND LIABILITIES (Cont'd)

Reconciliation between tax expenses for the years ended 31 December 2020 and 2019 and calculated tax expense using corporate tax rate in Turkey (%22) is as follows:

Tax reconciliation	31 December 2020	31 December 2019
(Loss) before tax	(68.967.247)	(178.236.957)
Tax rate	22%	22%
Computed tax expense	15.172.794	39.212.131
Tax effects of:		
Non-deductible expenses	(11.675.753)	(6.504.554)
Used R&D deduction	7.282.658	12.619.575
Unused R&D deduction	(27.411.163)	(35.386.821)
Tax effect of other adjustments	6.642.065	7.371.463
Other adjustment and monetary loss/gain	8.023.643	12.145.398
Total tax (loss)/ income	(1.965.756)	29.457.192

As of 31 December 2020, the Company has TL 629.465.806 unused R&D tax exemption provided by Support of Research and Development Act, numbered 5746 and the tax exemption is unlimited (31 December 2019: TL 504.869.613)

The Group's carryforward tax losses subject to recognition of deferred tax asset as of 31 December 2020 and 2019 are as follows:

Related year	Using year	31 December 2020	31 December 2019
2016	2021	-	3.012.410
2017	2022	-	2.094.794
2018	2023	-	16.923.357
2019	2024	253.720.675	125.470.611
		253.720.675	147.501.172

28. (LOSS) PER SHARE

	1 January- 31 December 2020	1 January- 31 December 2019
Number of shares	64.864.800	64.864.800
Net profit/ (loss) for the period	(70.933.003)	(148.779.765)
(Loss) per share (kurus)	(1,0936)	(2,2937)

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.

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29. RELATED PARTY DISCLOSURES

Due from and due to related parties as of 31 December 2020 and 2019 is as follows:

Due from Related Parties	31 December 2020	31 December 2019
ZTE İstanbul Telekomünikasyon(1)	41.210.643	8.265.318
ZTE Corporation(2)	1.786.854	-
Kron Telekomünikasyon A.Ş.(3)	-	21.720
	42.997.497	8.287.038

Due to Related Parties	31 December 2020	31 December 2019
ZTE Corporation(2)	117.460.722	92.831.650
ZTE İstanbul Telekomünikasyon(1)	27.243.179	236.966
Kron Telekomünikasyon A.Ş.(3)	477.756	524.861
	145.181.657	93.593.477

According to "IAS 24 Related Party Disclosures", providers of finance, trade unions, public utilities, departments, and agencies of a government that does not control, jointly control, or significantly influence the reporting entity, and a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence are not evaluated as related parties. The Group has a significant business relation with Aselsan Elektronik Sanayi ve Ticaret A.Ş. ("Aselsan") and evaluated in that context.

- (1) Other related party
(2) Main partner
(3) Associate

Main transactions with related parties are as follows for the year ended 31 December 2020 and 2019;

Sales	1 January- 31 December 2020	1 January- 31 December 2019
ZTE İstanbul Telekomünikasyon(1)	52.048.640	22.688.267
ZTE Corporation(2)	3.341.874	-
Kron Telekomünikasyon A.Ş.(3)	198.939	108.580
	55.589.453	22.796.847

As part of the normal activities of the Group, products are purchased from ZTE Corporation and products and services are sold to ZTE İstanbul Telecommunications. Due to the transactions, debts and receivables are unsecured and the average day maturity varies according to the projects.

Purchases	1 January- 31 December 2020	1 January- 31 December 2019
ZTE Corporation(2)	140.747.021	108.371.010
ZTE İstanbul Telekomünikasyon(1)	30.630.357	258.871
Kron Telekomünikasyon A.Ş.(3)	723.429	504.734
	172.100.807	109.134.615

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 year ended 31 December 2020, total remuneration for the directors and management board of the Group is TL 22.387.576 (31 December 2019: TL 19.904.131). As of 31 December 2020, and 2019 there is no credit granted to the Group's Management.

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of 31 December 2020, and 2019 the Group's net debt / total equity ratios are as follows:

	31 December 2020	31 December 2019
Short-term and long-term borrowings (*)	526.499.281	603.332.264
Cash and cash equivalents	(307.221.733)	(195.340.538)
Net financial debt	219.277.548	407.991.726
Equity	585.075.637	535.890.730
Net financial debt/ Equity Ratio	37%	76%

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

The Group's financial risk management policies are as follows:

Credit risk

Carrying values of the financial assets represents their maximum exposed credit risk. As of the date of balance sheet maximum credit risks are as follows:

31 December 2020	Trade Receivables		Contract Assets related to Goods and Services Provided	Other Receivables	Deposits at Banks
	Related Parties	Other	Other	Other	
Maximum credit risks as of balance sheet date (A+B+C+D)	42.997.497	1.051.100.612	173.169.862	571.632	307.221.733
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	42.997.497	863.270.102	173.169.862	571.632	307.221.733
(B) Net book value of overdue but not impaired financial assets	-	187.830.510	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	76.357.553	-	-	-
Impairment (-)	-	(76.357.553)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Credit risk (Cont'd)**

31 December 2019	Trade Receivables		Contract Assets related to Goods and Services Provided	Other Receivables	Deposits at Banks
	Related Parties	Other	Other	Other	
Maximum credit risks as of balance sheet date (A+B+C+D)	8.287.038	905.138.037	239.795.554	531.110	195.340.538
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	8.287.038	665.300.310	239.795.554	531.110	195.340.538
(B) Net book value of overdue but not impaired financial assets	-	239.837.727	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	57.401.650	-	-	-
Impairment (-)	-	(57.401.650)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

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

As of the date of balance sheet aging of overdue and undue but not impaired financial assets are as follows:

31 December 2020	Undue	1-30 days overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	1-5 years overdue
Credit loss ratio (%)	0,5%	1,4%	2,1%	3,6%	6,6%	16,1%
As of period	854.664.917	57.538.314	14.352.567	6.398.219	10.719.533	107.427.062
Expected credit loss	7.129.189	290.357	136.131	125.918	336.370	7.716.409

31 December 2019	Undue	1-30 days overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	1-5 years overdue
Credit loss ratio (%)	0,3%	1,1%	2,0%	3,3%	7,5%	21,6%
As of period	659.428.394	58.315.360	48.558.783	10.172.224	31.268.669	97.394.607
Expected credit loss	23.671.198	112.299	251.439	168.265	244.924	5.094.988

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Liquidity risk (Cont'd)**

Grup, mevcut ve muhtemel yükümlülüklerini zamanında yerine getirebilmek için yeterli tutarda nakit ve benzeri kaynağı bulundurarak likidite riskini yönetmektedir. 31 Aralık 2020 ve 2019 tarihleri itibarıyla Grup'un likidite riskini gösteren tablo sonraki sayfada sunulmuştur.

31 December 2020

Maturities due to agreements	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years	More than 5 years
Non- derivative financial liabilities	1.512.636.983	1.552.422.739	1.088.836.884	391.307.505	63.778.350	8.500.000
Financial liabilities	526.499.281	555.412.321	154.691.124	372.179.938	28.541.259	-
Lease Liabilities	59.409.133	70.281.849	7.417.191	19.127.567	35.237.091	8.500.000
Due to related parties	145.181.657	145.181.657	145.181.657	-	-	-
Other trade payables to third parties	741.237.022	741.237.022	741.237.022	-	-	-
Other payables to third parties	40.309.890	40.309.890	40.309.890	-	-	-

31 December 2019

Maturities due to agreements	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years
Non- derivative financial liabilities	1.194.870.628	1.277.260.256	804.528.963	185.483.041	287.248.252
Financial liabilities	603.332.264	664.390.729	269.990.320	149.376.270	245.024.139
Lease Liabilities	56.937.920	78.269.083	-	36.106.771	42.162.312
Due to related parties	93.593.477	93.593.477	93.593.477	-	-
Other trade payables to third parties	418.865.758	418.865.758	418.803.957	-	61.801
Other payables to third parties	22.141.209	22.141.209	22.141.209	-	-

Interest rate risk

Interest rate sensitive financial assets are placed in short term financial instruments to avoid any possible interest rate fluctuations. The Group has the following interest sensitive liability as of the balance sheet date.

	31 December 2020	31 December 2019
Fixed interest rate financial instruments	1.261.671.796	941.365.856
Cash and Cash Equivalents (*)	167.002.055	27.409.671
Trade Receivables	1.094.098.109	913.425.075
Other Receivables	571.632	531.110
Fixed interest rate financial liabilities	1.351.855.464	1.026.096.433
Short and Long Term Unsecured Loans	365.717.762	434.558.069
Lease Liabilities	59.409.133	56.937.920
Trade Payables	886.418.679	512.459.235
Other Payables	40.309.890	22.141.209
Variable interest rate financial instruments	154.325.870	163.675.800
Short and Long Term Unsecured Loans	154.325.870	163.675.800
Interest-free financial liabilities	6.455.649	5.098.395
Non Interest bearing unsecured spot loans	6.455.649	5.098.395

(*) As of 31 December 2020, and 2019 includes bank time deposits.

If the interest rate of the variable rate loans of the Group is 100 basis points higher / lower on December 31, 2020 and all other variables remain constant, the pre-tax profit effect of the high / low interest expense arising from the variable interest rate loans will be 154.329 TL (2019: 163.675 TL).

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Foreign currency risk**

The Group's foreign currency risk is mainly associated with change in value of US Dollar against TL and other currencies. To avoid possible losses due to fluctuations of foreign exchange rates, the Group places its assets with the same currency for liabilities and bears its contractual expenses in the same currency of contracts if possible.

As of 31 December 2020, and 2019, the Group's foreign currency position table is given below:

31 December 2020	Original Currency			
	TL Equivalent (*)	TL	Avro	Other
Current Assets	530.143.637	391.586.399	13.083.999	247.399.415
Cash and cash equivalents	71.872.394	44.302.306	2.098.897	148.582.313
Trade receivables, third parties	457.897.806	347.251.011	10.958.509	97.001.623
Other receivables, third parties	373.438	33.082	26.592	1.815.480
TOTAL ASSETS (A)	530.143.637	391.586.399	13.083.999	247.399.415
Short Term Liabilities	626.474.532	558.139.766	7.014.760	79.282.095
Financial liabilities	471.796.991	425.722.582	5.114.889	-
Lease liabilities	15.177.088	15.177.088	-	-
Trade payables, third parties	99.190.563	78.031.817	1.899.871	16.080.061
Other payables, third parties	40.309.890	39.208.279	-	63.202.034
Long Term Liabilities	65.608.465	65.608.465	-	-
Long term financial liabilities	21.376.420	21.376.420	-	-
Lease liabilities	44.232.045	44.232.045	-	-
TOTAL LIABILITIES (B)	692.082.997	623.748.231	7.014.760	79.282.095
Net Foreign Currency Asset / (Liability) Position (A-B)	(161.939.360)	(232.161.832)	6.069.239	168.117.320

(*) Since the functional currency of the Group is USD the currencies other than USD are shown in the table. Foreign currencies are denominated in their original currency amount and TL equivalents are calculated by using year end rates.

31 December 2019	Original Currency			
	TL Equivalent (*)	TL	Avro	Other
Current Assets	409.970.700	304.549.436	13.151.244	604.238.399
Cash and cash equivalents	32.387.818	16.555.359	472.729	468.726.068
Trade receivables, third parties	377.278.592	287.956.818	12.651.923	133.696.851
Other receivables, third parties	304.290	37.259	26.592	1.815.480
TOTAL ASSETS (A)	409.970.700	304.549.436	13.151.244	604.238.399
Short Term Liabilities	536.287.690	490.410.768	2.270.904	274.930.787
Financial liabilities	383.361.880	383.361.880	-	-
Trade payables, third parties	103.892.055	84.907.679	2.270.904	238.266.013
Other payables, third parties	22.141.209	22.141.209	-	36.664.774
Lease liabilities	26.892.546	26.892.546	-	-
Long Term Liabilities	226.254.958	226.254.958	-	-
Long term financial liabilities	196.209.584	196.209.584	-	-
Provision for employee benefit	30.045.374	30.045.374	-	-
TOTAL LIABILITIES (B)	762.542.648	716.665.726	2.270.904	274.930.787
Net Foreign Currency Asset / (Liability) Position (A-B)	(352.571.948)	(412.116.290)	10.880.340	329.307.612

(*) Since the functional currency of Group is USD, the currencies other than USD are shown in the table. Foreign currencies are denominated in their original currency amount and TL equivalents are calculated by using year end rates.

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Foreign currency risk (Cont'd)

31 December 2020		
	Profit /(Loss)	
	Appreciation	Devaluation
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	(23.216.183)	23.216.183
Hedged portion from TL risk (-)	-	-
(1) Net effect of TL	(23.216.183)	23.216.183
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	5.467.110	(5.467.110)
Hedged portion from EUR risk (-)	-	-
(2) Net effect of EUR	5.467.110	(5.467.110)
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	1.555.137	(1.555.137)
Hedged portion from other currencies risk (-)	-	-
(3) Net effect of other currencies	1.555.137	(1.555.137)
TOTAL (1+2+3)	(16.193.936)	16.193.936

31 December 2019		
	Profit /(Loss)	
	Appreciation	Devaluation
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	(43.900.884)	43.900.884
Hedged portion from TL risk (-)	-	-
(1) Net effect of TL	(43.900.884)	43.900.884
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	7.236.079	(7.236.079)
Hedged portion from EUR risk (-)	-	-
(2) Net effect of EUR	7.236.079	(7.236.079)
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	1.407.610	(1.407.610)
Hedged portion from other currencies risk (-)	-	-
(3) Net effect of other currencies	1.407.610	(1.407.610)
TOTAL (1+2+3)	(35.257.195)	35.257.195

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31. 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:

Financial Assets:

It is anticipated that the recorded values of financial assets, which are shown at cost including cash and cash equivalents, 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.

32. SUBSEQUENT EVENTS

Group management resolved in their meeting on March 5, 2021 to sign the Share Purchase Agreement and all other transaction documents under the Share Purchase Agreement and the Arbitration Agreement concerning sale all of the shares of NetRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NetRD"), 100% owned by Netaş Bilişim Teknolojileri A.Ş., of which our Company is 100% shareholder, to MERA Switzerland AG.

100% shares of NetRD with a total nominal value of TL 50,000 will be transferred to MERA Switzerland A.G., an affiliate of Orion Parent LLC., for USD 9,200,000. Net transaction value will be determined after further adjustments concerning net debt and working capital.

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33. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR CONSOLIDATED FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

Netaş Bilişim Teknolojileri A.Ş., that the Group has 100% shareholding rate, has signed an exclusivity agreement with Orion Parent LLC to evaluate strategic alternatives for NetRD Bilgi Teknolojileri ve Telekomünikasyon on 19 March 2019. As of the date of statement of financial position, the sales have not been completed.

Statement of financial position and statement of profit or loss of NETRD as of 31 December 2020 and 2019 are as follows:

	Current Period 31 December 2020	Previous Period 31 December 2019
ASSETS		
Current Assets	48.973.629	34.935.629
Cash and Cash Equivalents	5.069.012	2.891.921
Trade Receivables	33.096.208	26.685.956
<i>Trade receivables, third parties</i>	33.096.208	26.685.956
Prepaid Expenses	1.045.933	877.564
Other Receivables	30.001	-
Other Current Assets	9.732.475	4.480.188
Non-Current Assets	21.217.253	18.086.935
Property, Plant and Equipment	3.438.437	3.316.521
Right of Use Assets	5.263.124	6.312.211
Intangible Assets	2.364.280	2.501.959
Deferred Tax Assets	10.151.412	5.956.244
TOTAL ASSETS	70.190.882	53.022.564

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	Current Period 31 December 2020	Previous Period 31 December 2019
LIABILITIES		
Short Term Liabilities	17.827.154	35.314.103
Short Term Borrowings	4.190.244	11.505.538
<i>Bank Loans</i>	-	9.998.824
<i>Lease Liabilities</i>	4.190.244	1.506.714
Trade Payables	3.161.099	14.269.126
<i>Due to related parties</i>	901.722	11.843.701
<i>Trade payables, third parties</i>	2.259.377	2.425.425
Employee Benefit Obligations	5.066.721	4.032.226
Provisions	5.388.992	5.472.760
<i>Provisions for Employee Benefits</i>	5.171.992	5.323.958
<i>Other Short Term Provisions</i>	217.000	148.802
Other Payables	20.098	34.453
Long Term Liabilities	2.052.514	5.164.802
Long Term Borrowings	2.052.514	5.164.802
<i>Lease Liabilities</i>	2.052.514	5.164.802
SHAREHOLDERS' EQUITY	50.311.214	12.543.659
Share Capital	50.000	50.000
Net Profit for the Period	33.238.543	11.922.881
Currency Translation Differences	5.095.886	566.874
Retained Earnings	11.926.785	3.904
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	70.190.882	53.022.564
INCOME OR LOSS FROM OPERATIONS		
Revenue	124.991.525	82.043.178
Cost of Sales (-)	(92.716.342)	(71.375.019)
GROSS PROFIT	32.275.183	10.668.159
Research and Development Expenses (-)	-	(12.527)
Other Income from Operating Activities	2.415.512	28.660
Other Expenses from Operating Activities (-)	(373.881)	(1.897.886)
OPERATING PROFIT	34.316.814	8.786.406
Financial Income	142.332	382.751
Financial Expenses (-)	(3.885.642)	(2.932.399)
PROFIT BEFORE TAX	30.573.504	6.236.758
Tax Income	2.665.039	5.686.123
Current Tax Expenses	-	-
Deferred Tax Income	2.665.039	5.686.123
NET PROFIT FOR THE YEAR	33.238.543	11.922.881

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Netaş Telekomünikasyon A.Ş.

Company Name: Netaş Telekomünikasyon A.Ş.

Trade Registration Number: 94955/40304

Mersis No: 0632000106100010

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