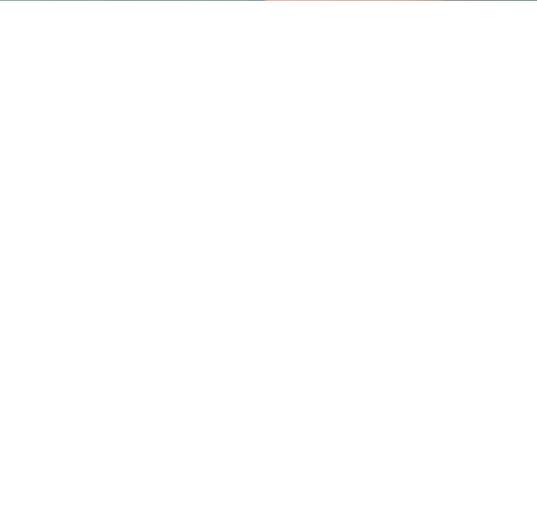
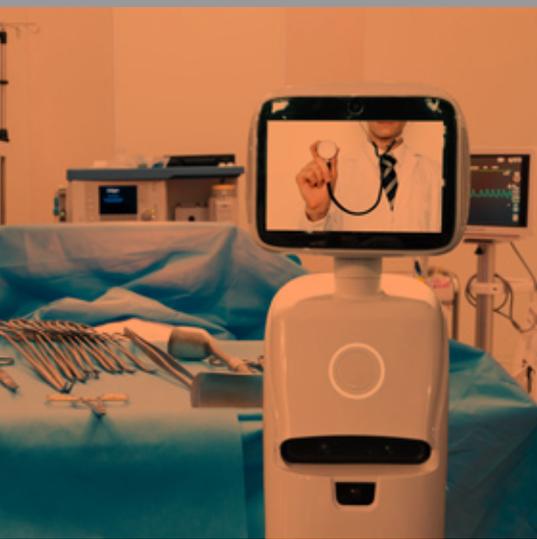




**ANNUAL
REPORT
2021**

**TRANSFORMATION
IN PROGRESS**



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CREDENTIALS

With its 55-year past in information and communication technologies, Netaş continues to realize end-to-end holistic digital transformation projects, with the perspective of "**digitalization and smart transformation**", in a wide range and geography with its "**human**" focused approach and commitment to "**innovation for a better and more sustainable life**".

MESSAGE FROM CHAIRMAN



Aiguang Peng

Dear Shareholders,

The pressure arising from the COVID19 pandemic continued to be felt on the economic and social life in 2021. Fortunately, the transformative power of technology played a crucial role in easing this pressure. However, these are not transitory times; we know that nothing will ever be the same again and this transformation will continue indefinitely.

With this fact in mind, we continue to go through a period in which organizations try to determine long-term transformation strategies as dictated by the unpredictable business environment and begin to switch to business models that allow them to manage their resources dynamically and effectively.

While the pandemic continued to be one of the top topics of the business world in the past year, changing consumer and employee expectations in line with sustainability and new technologies pushed the industries to develop new business models. Digitalization laid the base for the innovative business model needs that emerged in this process.

With its 55-year past in ICT, Netaş continues to work for Turkey's digital transformation with its focus on "human" and commitment to "innovation for a better/sustainable life". We accompany industries and companies in their journey to new business models and continue to renew the telecommunication infrastructure for uninterrupted communication.

We grow with synergy in network transformation

In 2019, we started to see the first results from the synergy of ZTE and Netaş in telecommunication technologies. In 2020 and 2021, this synergy gained pace and we have achieved a significant leap in line with our aggressive plans in telecommunication technologies.

We took part in the backbone infrastructure of different operators with ZTE's DWDM solutions, which enable the transmission of all types of voice and data on all mobile/fixed networks over GPON and fiber optic cables, and we have started to deepen the existing ones. Thanks to our success in IP/MPLS network projects, today we carry live traffic on ZTE devices on the IP networks of Turkey's two largest operators and an alternative operator. We are excited to start the virtualization of the mobile network infrastructure of one of the largest operators, while successfully carrying out the virtualization of Turkey's largest fixed network infrastructure.

In 2021, we provided mainly a modem-type end-user device (CPE) to provide internet and IPTV connections to 1.5 million households and offices. Hence, we maintained our strong position in the user (CPE) products market. We pioneered the arrival of WiFi6 technology to Turkey. We are starting to offer Homegateway (HW) WiFi-6, which we localized in the last quarter of 2021, as a "domestic product" in the coming period.

With the experience of Netaş in telecommunication technologies, we localized the ZTE's R5300' G4 to be used in virtualization and big data applications, and we received the "domestic goods certificate" for it.

In 2022, ZTE and Netaş will combine their strengths and work to bring an impact in the field of telecom R&D.

IPTV transformation, a model for Europe

In the past year, as ZTE and Netaş, we got closer to complete Turkey's largest IPTV infrastructure transformation project. The project is ZTE's largest IPTV project outside of China, and it brings the experience of Netaş and ZTE's IPTV solution with advanced multimedia capabilities together. Certain parts of the IPTV solution are being developed by Netaş R&D engineers, and we are working to increase the Netaş contribution in the solution. We believe that this cooperation will also be a good model for the European IPTV market.

Smart solutions with domestic R&D

With its domestic R&D, Netaş continues to develop smart solutions and focus on defence and telecommunication technologies. Field tests for both the private and public sectors have started for the On-Board Communication Unit and the Roadside Communication Unit (V2X), which collect data from all components of the traffic and make them talk to each other. Netaş continued to increase its role in the digital transformation of the Turkish Republic of Northern Cyprus and piloted the Customs Information Systems project at Ercan Airport in Nicosia.

Our goal is to add value to Turkey's future

The year 2021 passed in the shadow of the aftershocks of the pandemic. In these difficult days when the global economy was reshaped, Netaş responded effectively and quickly to the emerging digitalization needs of its stakeholders as well as the telecommunication sector.

On behalf of the Board of Directors, I would like to thank our Executive Committee and all our employees for fulfilling all their responsibilities towards our customers and shareholders, despite all the difficulties.

Netaş will continue to be beside all its stakeholders as a reliable partner in the post-pandemic process by adapting itself to the changing conditions in Turkey and in the world. With more than half a century of experience in information and communication technologies, Netaş will make the best use of the potential brought by this period by increasing its synergy with its main shareholder, ZTE.

Netaş will certainly be one of the critical players of the digital transformation that 5G and beyond technologies will take to another dimension, and will continue to create value for its customers, investors and the community it thrives within.

Kindest Regards

MESSAGE FROM CEO

Dear Shareholders,

We have left behind another year of uncertainty in the shadow of the pandemic. Despite all the difficulties, we continued to create value for all our stakeholders and our country in 2021 with the opportunities brought by innovative technologies, since we are Turkey's leading innovation and digital transformation company, serving in a sector of strategic importance for our country.

Today, with the impact of the pandemic, technology is in a constructive disruption. According to a McKinsey study, the global implementation of existing automation, artificial intelligence and digital technologies could affect 50 percent of the world economy. This corresponds to 1.2 billion employees.

Advances in automation, artificial intelligence and digital technologies are changing the way we do business, our activities, the skill sets required and they pave the way to new opportunities indeed. This allows people to create more value-added jobs with less effort. Similarly, automation has the potential to improve all verticals, from retail to education, healthcare to manufacturing, private and public. With an accurate and uninterrupted strategy, it is possible to reduce costs, increase efficiency and improve the value-added production process with investment in automation. According to calculations, 60% of productivity growth will be achieved by 2030 through the adoption of digital technology. At this point, it is inevitable that we take steps to transform this change into a competitive edge.

For this reason, as Netaş, we have determined a new digital transformation strategy based on five pillars starting from the last quarter of 2021: application transformation, network transformation, IT infrastructure transformation, security transformation, and end device transformation.

With our new model, we continued our work with the claim of being the technology brand that best describes, cascades and implements digital transformation in Turkey and its neighboring region. With the Smart Digitalization, Smart Transformation strategy, which we see as the new phase of digital transformation for institutions under the aforementioned model, we continued to be a technological business partner for organization, with our 55 years of knowledge in information and communication technologies, our deep-rooted R&D, nearly 120 business partners and our professional IT support services company, BDH.

We continue to grow with ZTE in telecom technologies

We continued to deepen our cooperation with our main shareholder, ZTE - one of the world's 5G patent leaders, in the field of telecommunication technologies.

We are transforming Turkey's telecommunication infrastructure from the core to the backbone infrastructures of operators, from households to workplaces with the top-notch technologies, while continuing the "localization" move we started in telecommunication technologies by establishing Turkey's first private telecom R&D.

With our half-century of know-how, talented engineer staff and ZTE's innovative telecommunication technologies, we contribute to Turkey's preparation for the future with 5G by bringing the telecommunication infrastructure to a more competitive level.

In 2021, while reinforcing our leadership in the end-user devices market, we started to take part in the backbone infrastructures of different operators with ZTE's fixed broadband internet solutions (GPON) and optical transmission solutions (DWDM) that enable the transport of voice and data transmission in all mobile/fixed networks.

While our cooperation with operators in 5G tests in Istanbul and Ankara continued, on the other hand, we were proud to commission one of the world's first 120 channel DWDM systems commercially installed in Turkey.

In 2021, we provided mainly modem type end user devices (CPE) for internet and IPTV connection to be delivered to 1.5 million households and offices. In this way, we maintained our dominance in the CPE products market. We pioneered the introduction of WiFi6 modem technology to Turkey, after we localized the technology in the last quarter of 2021. On this occasion, I would like to inform you that we will offer WiFi-6 as a "domestic product".



Sinan Dumlu

With the technical competencies of our engineers, we obtained the "Domestic Goods Certificate" by localizing the ZTE server R5300' G4 for use in virtualization and big data applications. We play an important role in renewing network infrastructures in order to offer faster fixed and mobile internet access to end users and to prepare operators for 5G with projects like this one. Consequently, we make it possible to provide higher capacity, lower latency and innovative data services to the end user.

Subscriber transitions started in Turkey's largest IPTV infrastructure transformation project, which we undertook as ZTE and Netaş last year. We believe that this successful synergy will also create new opportunities in international markets.

Together with ZTE, we continue to grow not only in Turkey but also in the region. We are making plans to further increase our business opportunities in different countries.

We continue to develop authentic solutions

The focus of our R&D is to develop smart solutions that support social benefit and sustainability, advanced defense technologies with potential at home and abroad, and modern telecommunication technologies.

We are getting ready to make a domestic and national mark in smart transportation with the On-Board Communication Unit and the Roadside Communication Unit (V2X), our smart transportation solutions that we developed by focusing on data. With the units that we have started field tests in the private and public sectors, we collect data from pedestrians, traffic lights, vehicles and all other traffic components and make transportation smarter by making them talk to each other.

In testing services, we provide service to 30 companies, including Turkey's three telecom operators and its top five banks, with our more than 500 engineers. We use the VisiumLabs products we developed in our R&D in these services.

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.

Netaş mark on Turkey's first local metro signalization system

Another important project this year was the development of "Automatic Train Supervision (ATS)" for the Halkalı-Istanbul New Airport Metro Line within the scope of the National Signaling System provided by ASELSAN. With the ATS solution, the sub-system of the developed metro signaling system, it will be possible to prepare and effectively manage train schedules, control and monitor all line traffic, and operators' intervention in the operation. With this project, where the operating speed will be 120 km per hour and the train service intervals will be 180 seconds, we are the ones who developed Turkey's first domestic subway signaling system.

BDH continues to grow with robust projects

We left behind another successful year in our IT support services company, BDH, which is capable of providing 24/7 professional service all over the country. BDH increased its effectiveness with new contracts in the fields of field operations, managed services, warranty services, test services, repair and maintenance.

We signed an agreement with Turkcell to carry out the infrastructure installation of the next generation 112 emergency call center project in 13 provinces.

With the agreement we made with the General Directorate of Population and Citizenship Affairs, we undertook central and provincial general maintenance, development and update services.

We signed a maintenance and repair agreement with VakıfBank, one of Turkey's largest banks. Within the scope of the agreement, BDH has started to provide maintenance and repair services for VakıfBank's Head Office buildings and its 935 branches, which has more than 16 thousand employees, and nearly 100 thousand IT units in inventory. Thanks to this and many other achievements, BDH increased the number of projects with field, warranty and managed services to 306 with an increase of 20 percent, and the number of its customers to 158 with a growth of 13 percent.

In addition, BDH was entitled to obtain a "Renewal Authorization Certificate" by the Ministry of Commerce's General Directorate of Consumer Protection and Market Surveillance. Accordingly, BDH Bilişim has gained the status of "Renewal Center" and it will expand its authorized service provider activities for the world's leading brands. With authorization, BDH will be able to renew mobile phones and tablets in accordance with the standards determined by the Turkish Standards Institute (TSE) and offer them for sale again as a "Refurbished Product" with a guarantee and certificate.

We will create value with smart digitalization and smart transformation

With the motivation we derive from the transformative power of technology, we are stepping into a period where we redefine digital transformation. Our aim is to create the highest value for our every stakeholder with the power we derive from our competent engineering resources in innovative technologies, through our Smart Digitalization, Smart Transformation strategy, which we built on five pillars.

In 2022, we will continue to work to ensure a fast and efficient digitalization and technology adaptation for our country, to create a sustainable future with innovative smart solutions and to attract talents to our company, with our deep-rooted R&D culture, our professional IT field services company BDH, our technology development capability, our global scale business partners and our high-tech training center n-telligent institute.

As Netaş, while focusing on creating more added value with our ecosystem and strong customer portfolio, we will continue our efforts for the development of our country with its own R&D and technology. In 2022, with an agile, flexible management approach, we will reinforce our footprint on society with our innovative perspective, and while doing all this, we will embrace the issue of shaping the "future of people and business" at the highest level.

I would like to express my sincere thanks to our employees, shareholders, customers and business partners who have supported us on the path we follow with determination to thrive and transform without compromising on quality, always pursuing the better, which is the core value of our business culture.

Best regards

SENIOR MANAGEMENT MEMBERS

Sinan Dumlu
CEO

Alp Söker
Chief People Officer

Alper Acındı
CFO

Bilgehan Çatalođlu
Chief Digital Officer

Börgehan Köksal
Chief Compliance Officer

Buket Okumuş
Chief Communications Officer

Burhan Metin
Board Member Responsible for Public & Defence

Bülent Elönü
Telecom Business Unit General Manager

Ersin Öztürk
R&D Deputy General Manager

Koray Otyam
BDH General Manager

Mei Bowen
Chief Operations Officer

Dr. Xi Guang Qing
CTO

NETAŞ AT A GLANCE

The technology brand that best describes, cascades and implements digital transformation in Turkey and the neighbouring region

Netaş redefined digital transformation on five pillars: Application Transformation, Network Transformation, IT Infrastructure Transformation, Security Transformation and End Device Transformation. It continues to work with this "smart transformation, smart digitalization" approach.

Founded 55 years ago to build Turkey's communication infrastructure with domestic means, Netaş has a strong R&D experience, technology production capability, professional service competence, a wide information ecosystem and business partnership network. The company implements end-to-end holistic digital transformation projects in a wide range and area with the perspective of "smart digitalization, smart transformation".

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

As a competent systems integrator adopting this new strategy, Netaş with its nearly 120 business partners, deep-rooted R&D and professional IT services company BDH, meets the end-to-end digitalization needs of companies from a single address. Complementarily, with its high technology training center, n-telligent institute, the company also provides support to keep the knowledge of the workforce of companies up-to-date with new generation technologies.

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.

PILLARS OF DIGITAL TRANSFORMATION

1

Application Transformation

Although applications running on old technologies somehow function, they cannot integrate with the internet of things (IoT), artificial intelligence (AI) and new generation mobile technologies. This creates a glass ceiling for operational efficiency. As the first pillar of digital transformation, Netaş transforms applications into container and micro service architecture, making them cloud-supported. Modernized with the most advanced cloud technologies, applications become compatible with new technologies as well as gaining an easy-to-manage, customizable and highly secure structure.

- Customized application development
- Cloud-based
- Container
- Microservices
- Enterprise applications

2

Network Transformation

In today's world, our work has become independent of space and device. In particular, new generation flexible approaches such as hybrid working have made it a necessity for users to be able to securely connect to corporate systems from different locations and devices. Network transformation solutions and services offered by Netaş add agility and security to corporate networks with technologies such as SDN, SDN-WAN, 5G and Wi-Fi 6. Modernized networks increase the efficiency and performance of enterprise applications, while showing full compatibility with new cloud computing and mobile technologies.

- SDDC
- Flash Storage & SDS
- Hyper convergence
- Cloud Computing
- IT Orchestration

3

Security Transformation

It is no longer possible to consider security separately from any process involving data and connection. Transforming applications and infrastructures are now more accessible and performant. Enterprise users can now participate in critical business processes using a wide variety of devices from different locations. With that, the risks and vectors of cyberattacks are on the rise. Cyber security solutions and services offered by Netaş ensure the end-to-end security of companies that gain competitive advantage through digital transformation and ensure that the benefits of transformation are permanent.

- DevSecOps
- Container Security
- Cloud/IoT Security
- OT/SCADA Security
- EDR/MDR
- UEBA

4

IT Infrastructure Transformation

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

- SDDC
- Flash Storage & SDS
- Hyper convergence
- Cloud Computing
- IT Orchestration

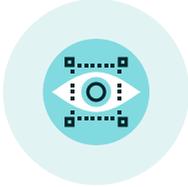
5

End Device Conversion

End devices, which are the tip of the iceberg, provide the benefits of all the digital transformation columns we mentioned above to their corporate users. With the products it offers, Netaş renews the end devices and software running on them of companies that adopt new generation competitive ways of doing business. With this modernization, employees can access corporate applications easily and securely, regardless of device and location, thus increasing their productivity.

- Mobile and endpoint devices
- Unified Workspaces
- Digital office applications

VISION



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

MISSION



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

VALUES



Perseverant

Bold

Innovative

National

Collaborative

Inclusive

Passionate

COMPETENCIES OF NETAŞ

Comprehensive Service Competence

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



Strong R&D

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



Strong Presence in the Technology Ecosystem

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



Competence in International Markets

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



Pioneer Systems Integrator

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



High Brand Reputation

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



Large and Robust Structure

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



Rich Talent Pool

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



SERVICE MAP

SCOPE OF ACTIVITY



1

Information Technologies
System Integrator

To be a leading information technology company by using developing technologies with strategic business partners

System Integrator

Corporate (+Telecom)

Public

International Markets

2

Communication Technologies
Telecom Infrastructure Solutions

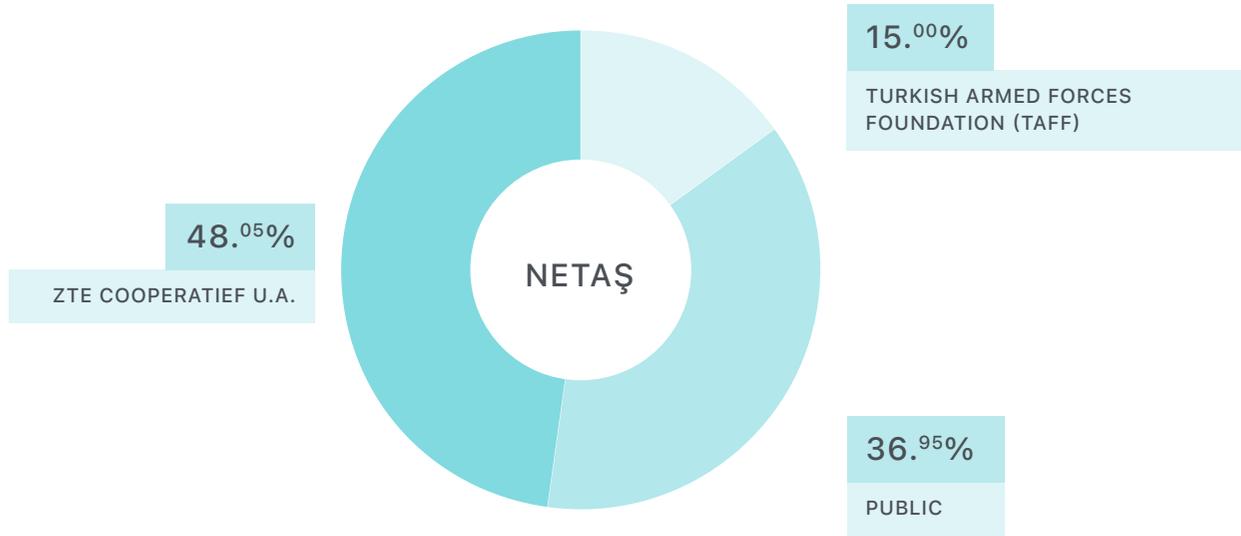
To be the leading telecom infrastructure solution company by using the global knowledge and leadership of our main shareholder ZTE

Operators

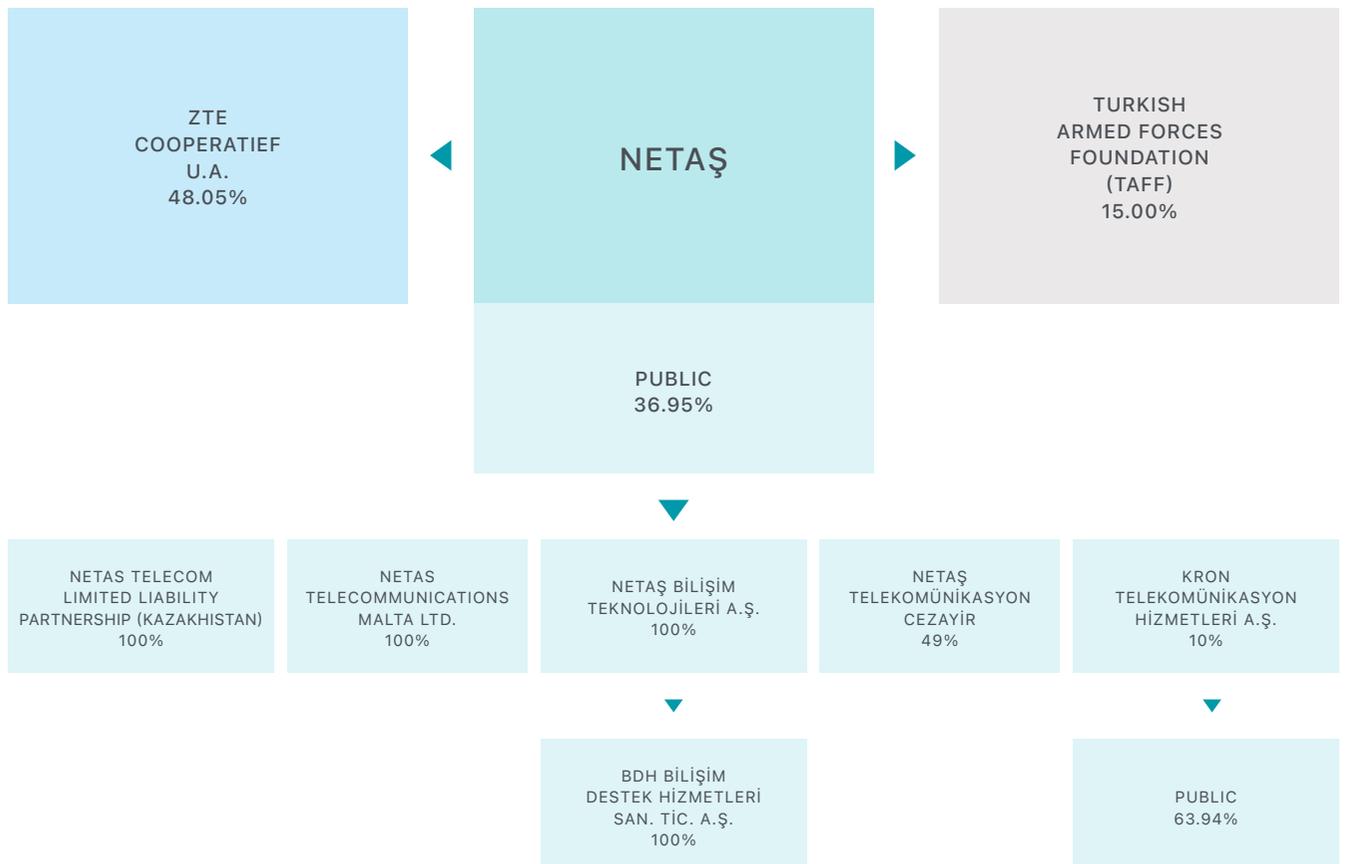
Localization

International Markets

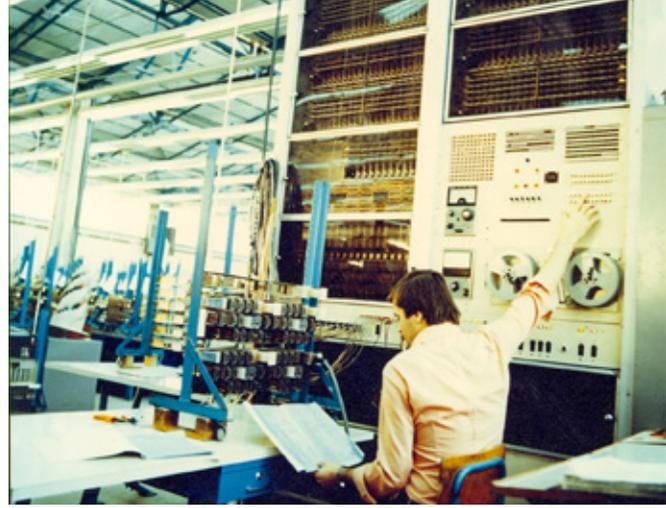
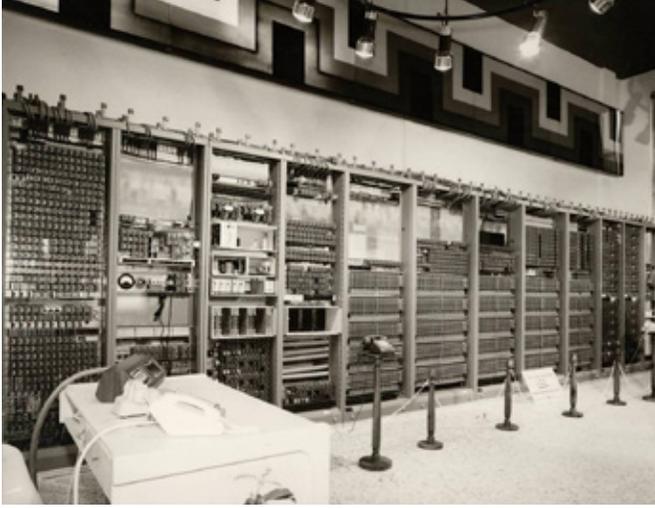
SHAREHOLDING STRUCTURE



OPERATIONAL STRUCTURE



MILESTONES



1967

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

1973

- Commissioning of Turkey's first private telecom R&D.

1982

- Development of Turkey's first electronic exchange: "SpaceNet."

1983

- Netaş switches into digital technologies.
- Foundation of Printed Circuit Board plant.

1986

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

1993

- Listed on Istanbul Stock Exchange, IPO for 23% of its shares.
- Started production of IFF Mod 4 through technology transfer.

1996

- The R&D for defense industry begins.
- Started the production of TASMUS (Tactical Field Communications System) for Turkish Land Forces.

1997

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

2006

- Named as Nortel's global R&D center.

2008

- Turkey's software export champion.

2010

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

2011

- Acquisition of Probil (Netaş Bilişim) and BDH.

2012

- Named as "Genband R&D Center of Excellence".
- Netaş Kazakhstan office established.

2013

- Acquisition of 10 percent Group A shares of Kron, Turkish software developer.
- Celebrating the 40th anniversary in R&D, Netaş moves to its new technology base in Kurtköy.
- Awarded the contract for the fourth generation (4G) communications technology development project (ULAK) for military, public security, and civilian applications under the leadership of the Undersecretary for Defence Industries.
- Becomes the highest growing company in the Turkish information technologies industry.

2014

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

2015

- 4G LTE (ULAK) Baseband Unit was developed at Netaş R&D.
- The foundations of the "Netaş Healing Forest" project were laid.



2016

- ▶ The "5G Technologies Consortium Cooperation Agreement" is signed with ASELSAN and HAVELSAN, under the leadership of the Turkish Armed Forces Foundation (TSKGV).
- ▶ The number of its employees since its foundation exceeds 10,000 people.
- ▶ Elected to the board of directors of NetWorld2020, which aims to steer the research of future mobile and fixed communication systems.

2017

- ▶ Celebrated its 50th anniversary with the motto of "Proud of its Past, Ready for the Future".
- ▶ World leader in telecommunication technologies ZTE acquired 48.04 percent of Netaş shares through its subsidiary ZTE Cooperatief U.A.
- ▶ Launch of a horizontal cloud-based IoT (Internet of Things) platform, ION by Netaş that provides the infrastructure for the IoT applications of objects.
- ▶ Opening of Netaş Cyber Security Operations Center, in order to provide cybersecurity operation services (SOC), network operation services (NOC), consultancy, and managed services.

2018

- ▶ Foundation of a representative office in Azerbaijan.
- ▶ 86 patents and 19 brand applications are made.
- ▶ Domestic Product Certificate is obtained for two software products/solutions: Nova V-Gate and Mobi-fi.

2019

- ▶ Foundation of a local subsidiary in Algeria.
- ▶ Listed in Borsa Istanbul's Sustainability Index.
- ▶ Participates in European Union's Health 5G Consortium, thanks to its expertise in cloud computing, IoT, and digital transformation.
- ▶ Reigniting its localization efforts, obtained Domestic Product Certificate for ZTE's FTTx fiber infrastructure systems.

2020

- ▶ Renewed its corporate logo with a new icon, with the motto "Future is at our core", referring to its core values and technology.
- ▶ According to Turkey Patent Map Report, ranked in the top 10 among institutions with 358 applications.

2021

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

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

AWARDS

1996

- European Quality Achievement Award

1998

- European Quality Achievement Award

2007

- "Software Export Champion" of Turkey

2008

- "Software Export Champion" of Turkey

2010

- "Software Export Champion" of Turkey

2011

- Microsoft - Enterprise Sales Partner of the Year Award

2012

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

2013

- Awarded "Best Global Partner in Enterprise Business" by Cisco
- Named as the "Most successful R&D Center in telecommunications business" by the Ministry of Science, Industry, and Technology
- Ranked 2nd in the telecommunications industry category of Turkish Patent Institute's "Companies with the Highest Number of National Patent Applications in 2013" and 7th in the country overall list
- Crowned "The Turkish Systems Integrator Partner of the Year" award by Microsoft

2015

- Ranked 1st at BT Haber Yayıncılık's ICT 500-Top 500 ICT Company survey in the following categories: 'Network Hardware of the Year', 'Software Export of the Year', and 'Systems Integrator and Hardware of the Year'
- Ranks first in two different categories at the 4th Private Sector R&D Centers Summit organized by the Ministry of Science, Industry, and Technology: 'R&D Employment' and 'Most Successful R&D Center in the Telecommunications Industry in 2014'
- "Highest Volume of Investment in the Expertise of the Year" and the "Fastest-growing Business Partner in Server Business of the Year" awards by HP

2017

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

2018

- The Systems Integrator of the Year award in Turkey's First 500 IT Companies survey, in "Hardware" and "IoT and M2M", "Network Hardware", "Service Exports", "Data Backup and Storage Hardware" categories. As to the "IT Service Exports" category, the company was awarded a Contribution to Economy Special Award.
- Received the "2018 - The Corporate Business Partner of the Year" and in the corporate segment "Architectural Excellence" awards from Cisco, a world leader in network technologies.
- Ranked among the top 10 companies of Turkey on the Turkishtime's Turkey's Top R&D Spending Companies list. Ranked in top 10 companies with the most R&D staff employment and maintained its leadership in Information Technologies category.
- According to 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 the country.

2019

- In Turkey's Top 500 ICT Companies survey, named as "ICT Services Export Champion of 2018", and was granted awards for "Business Applications", "Network Hardware" and "500+ Systems Integrator, IoT & M2M" categories.
- Chosen as the second-largest ICT services exporter in annual Turkey's 500 Largest Service Exporters survey of Turkish Exporters Assembly (TİM).
- Received the "Qualified Training" award during the 11th Corporate Social Responsibility Summit and SDG Awards with Netaş NextCoders and Coding Hour.
- "Digital Transformation of the Public Sector" Award during Microsoft Business Partners Summit 2019.
- Qualified in the first place in the 4th Quarter of 2018, and third place in 2018 during the 2018 EMEA Customer Care Cup of Hitachi Vantara.
- "5th Supply Chain Professionals Award" from Supply Chain Professionals Club for its blockchain-based project management and operation system project.
- "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.
- "Best Progress in Supplier Excellence Program 2019" award for the "Saving Spare Parts Used in Repairs" project of its BDH teams in the HP Supplier Excellence contest across country service partners of HP in the CEMA region.
- "Best Guarantee Service Provider" of 2018 by Vatan Computer for BDH.

2020

- Ranked 14th for R&D spending, second with 36 patent applications and sixth for the number of its women employees in Turkishtime's R&D 250 survey.
- In Turkey's Top 500 ICT Companies survey, named as "Systems Integrator and Business Partner of the Year" for "IoT & M2M", "Outstanding Contribution to Turkish Economy", "Network Hardware" and "Telecommunication Infrastructure Hardware" categories.

2021

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

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

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

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

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



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



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



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

2021 HIGHLIGHTS

After a productive and busy year

N.visionLab opened - the new generation communication technologies center

N.visionLab, the new generation communication technologies laboratory of Netaş and its main shareholder ZTE, was opened. The opening, hosted by the Information and Communication Technologies Authority (BTK), was attended by Deputy Minister of Transport and Infrastructure Dr. Ömer Fatih Sayan, Institution of Information and Communication Technologies President Ömer Abdullah Karagözoğlu, ZTE Corporation Europe and America Region President and Netaş Board Chairman Aiguang Peng. N.visionLab, designed as the new meeting point of the information and communication technologies ecosystem, started its activities at Netaş Headquarters in Istanbul. The center, which is expected to play a leading role in the development of 5G technology in Turkey, includes the areas of IPTV, 5G Experience, Smart Living and Localization.

Netaş in Qatar for the World Cup

Netaş completed its largest international digital transformation project of 2021 in Qatar. The digital sports and customer experience platform project undertaken by Netaş in Qatar, which will host the World Cup in 2022, was successfully put into use at the finals of the Emir Cup. It was also successfully used in the 2020 FIFA Club World Cup final, played between Bayern Munich and Tigres.

Netaş expands its borders with Microsoft Azure

With the "Windows Server and SQL Server Migration to Microsoft Azure" certificate, Netaş documented its know-how, extensive experience and expertise in migrating Windows Server and SQL Server-based workloads to Azure. Expanding its borders with Microsoft Azure, Netaş started to support institutions and organizations in Qatar with its competencies, after Algeria and Kazakhstan.

IDC research report published

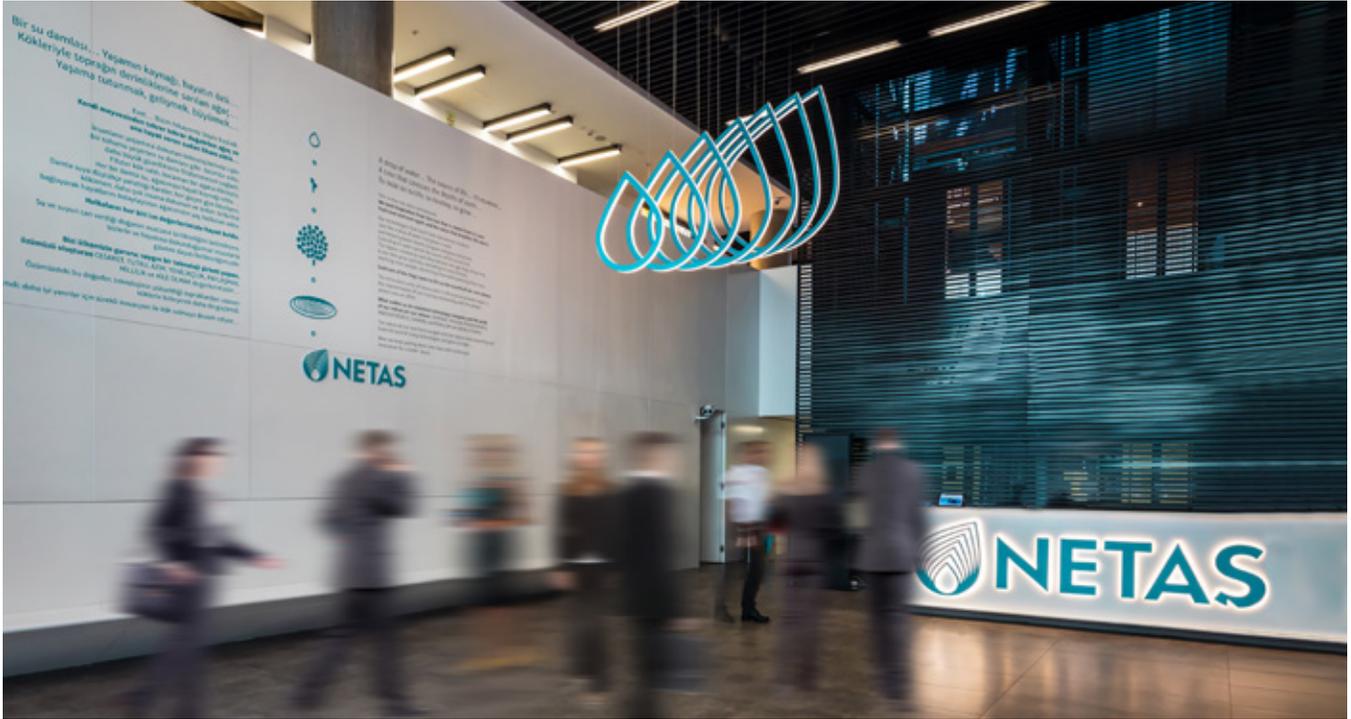
The IDC research report on "Drive Accelerated Innovation with Cloud Technologies", prepared in cooperation with Netaş and Microsoft, has been published. According to the report, total worldwide spending on cloud services, the hardware and software components that underpin cloud services, and professional and managed services around cloud services will grow to exceed \$1 trillion by 2024, at double-digit CAGR.

Netaş mark on Sustainable Urban Future

Netaş participated in the "National Coordination Event on Sustainable Urban Future" organized by TÜBİTAK and JPI Urban Europe. At the conference, Netaş presented its projects in the Smart City Consortium, Energy, Transportation, Health, Home-Building, Waste Management and Emergency Management verticals, developed under the leadership of Netaş.

The new address of the solution in business intelligence: RUBIQ

Netaş branded its business intelligence solution developed with its experience in international R&D platforms under RUBIQ. RUBIQ, which enables the analytical use and interpretation of many different types of data through integration to ION – the IoT platform of Netaş, includes features including artificial intelligence capability, user group permissions, multiple data sources and queries. RUBIQ offers high data visualization capabilities with low system requirements.



Maintenance and repair service to VakıfBank

Continuing its growth in maintenance and support services with BDH, Netaş signed a maintenance and repair agreement with VakıfBank, one of Turkey's largest banks. Within the scope of the agreement signed with VakıfBank, which has more than 16 thousand employees, maintenance and repair services are provided for an inventory of nearly 100 thousand IT units located in the Head Office buildings and 935 branches.

n-telligent institute provided technology training to Trendyol

Netaş has become a business partner in technology training of Trendyol, one of the 20 most visited e-commerce sites in the world. Continuing to respond rapidly to the ever-changing needs of digital transformation, n-telligent institute provided Kubernetes training to Trendyol's IT teams.

"Gear Up 4 HR" became a success story

In the webinar organized by SAP together with İKSAP, its HR solutions business partner, the digital transformation project of Netaş in the field of HR "Gear Up 4 HR" was discussed. The project, which is the first SAP project in which all processes were completed by remote management due to the pandemic, was considered as "Best Practice" at the event.

Localized server for virtualization and big data

Within the scope of localization projects, Netaş took action for the ZTE server R5300 G4, which was selected to be used in virtualization and big data applications. Accordingly, localization studies were carried out in areas such as the translation of the menu into Turkish, disc tray design, device ear mechanics design and test software. With the "domestic goods" certificate obtained, the domestic server needs of the public and private sectors will be met.

Digital transformation project for Ercan Airport

Increasing its footprint in the digital transformation of the TRNC, Netaş implemented the Customs Information System (GBS) project as a pilot application at Ercan Airport in Nicosia. With this application, it is ensured that the declarations submitted to the customs administration are made electronically, and thus, all customs processes from the entry to the exit of the goods in the customs area are carried out in real time in a digital environment.

Mapfre Sigorta preferred Visium Farm

Netaş has expanded its business partnership with Mapfre Sigorta, for which it provides testing and quality services. Accordingly, Mapfre Sigorta started to use Visium Farm, the device farm service of Netaş. Visium Farm offers many features such as a test environment for scalable architecture, as well as for manual and automation tests, device location change simulation, multi-language option, secure access to all devices from a single IP, captcha and two-step authentication support, detailed reporting. Thanks to Visium Farm, software products meet users with higher quality and faster.

Basic step in autonomous vehicle technology: C-V2x

Having the deepest rooted private R&D in Turkey, Netaş has implemented the C-V2X communication unit project for connected and autonomous vehicles, which is the first step in the development of Turkey's domestic autonomous vehicle. C-V2X, the communication unit for connected and autonomous vehicles, automatically detects the vehicle and traffic equipment, traffic flow and its surroundings, while at the same time enabling vehicles to communicate with each other without the need for a base station. With the communication units designed by Netaş R&D, safe transportation is ensured that prevents collisions, while vehicles are in constant communication by sensing the traffic flow and their surroundings.



Microsoft LSP Authorization in Azerbaijan and Kazakhstan

Netaş, the leading innovation and digital transformation company in Turkey and the region, has gained Microsoft Licensing Solution Provider (LSP) authorization in Azerbaijan and Kazakhstan. Thanks to this authorization, Netaş will be able to offer cloud services and software licensing to Microsoft and companies in different verticals in these countries.

Turkey's first domestic subway signaling system

Netaş undertook the development of "Automatic Train Control (ATS)" for the Halkalı-Istanbul New Airport Metro Line within the scope of the National Signaling System provided by ASELSAN. This project, where the operating speed will be 120 km per hour and the train service intervals will be 180 seconds, also hosts Turkey's first domestic subway signaling system. As a continuation of the Gayrettepe-Istanbul New Airport Project, which it started in 2020, Netaş will implement the second phase of the ATS project with the 32 km long Istanbul New Airport-Halkalı Metro Line, which includes 7 passenger stations. With the ATS solution, the sub-system of the developed metro signaling system, it will be possible to prepare and effectively manage train schedules, control and monitor all line traffic, and operators' intervention in the operation.

Success story of Turkish engineers and software developers: Logiwa

The software company Logiwa, founded by Turkish engineers and serving abroad, continues to grow with the investments it has received and the giant brands it has added to its customer portfolio. Netaş, together with its business partner Microsoft, supports the company in its growth, which has achieved significant success in the USA by serving Fortune 500 companies. Netaş manages Logiwa's servers in the USA. It prepares the authorization, reporting and non-technical infrastructures of the company, which keeps its software on Microsoft Azure. Thanks to the new environment design by Netaş, the transformation into container architecture takes place smoothly.

INDUSTRY DEVELOPMENTS

Information technology market continues to grow

The information and communication technologies market in Turkey reached approximately \$19 billion in 2021, according to the IDC data. The increase in hardware and information technology services draws attention in this growth. The information technology services market, which has reached \$1.2 billion, is expected to grow by six percent in 2022.

Business models that changed as a result of differing consumer demands and expectations in the second year of the pandemic continued to add new meanings and concepts to digital transformation. The "digital reflex" triggered by the pandemic drives the different competencies of the corporate information infrastructure forward. Many companies, independent of the industry, continue their investments with the awareness that their corporate goals are possible through the combination of digital tools, productivity increase, operational efficiency and sustainability.

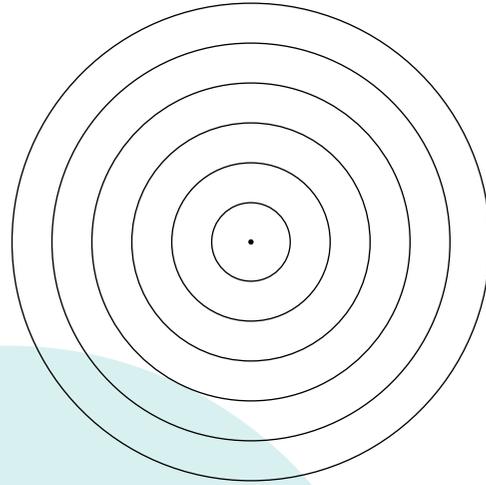
It is observed that this investment trend will continue unabated in the coming year. Companies are expected to focus on increasing operational efficiency, product and service innovation, new business models and developing partnerships.

5G and fibre internet, internet of things, artificial intelligence, cyber security and data privacy technologies are seen as the technologies that stand out with their market growth outlook and transformative effect on the industries. Around 75 percent of companies predict that their spending on information and communication technologies will increase in 2022. Big data analytics, security, robotic process automation and corporate applications are among the technology investments of companies in the upcoming period.

It is observed that the investment in cloud technologies will continue to increase as the cost of organizations goes down and the location-independent working model becomes increasingly permanent in terms of employee work efficiency. Therefore, the Turkish cloud services market, which reached approximately \$386 million in 2021, is expected to continue to grow by 22% in 2022. As the industry moves towards hybrid cloud, more than 50 percent of companies have integrated cloud technology for their business applications.

The Turkish enterprise infrastructure market size, which Netaş also provides services, reached \$960 million, growing by nine percent in 2021. This market is expected to grow by an average of two percent each year until 2025, especially with the expansion in the external storage segment.

In terms of spending on the information technology sector, the industries that will witness the fastest growth in 2022 are foreseen to be consumer services, retail and transportation. In terms of total expenditure, it is predicted that the telecommunications, finance, public and manufacturing industries will maintain their size.



TELECOMMUNICATION TECHNOLOGIES





Makes Turkey's telecommunications infrastructure ready for the future

Turkey's pioneering local brand in telecommunication technologies, Netaş transforms our country's telecommunication infrastructure and gets it ready for the future with its knowledge and synergy created with the innovative technologies of its main shareholder ZTE, the world's 5G patent leader.

Continuing its "localization" move that it started in telecommunication technologies by establishing the country's first private telecom R&D department, Netaş transforms Turkey's telecommunication infrastructure from the core to the backbone infrastructures of operators, from households to workplaces, with the most modern technologies.

With its know-how and the momentum, and the synergy it has with ZTE's innovative telecommunication technologies, Netaş contributes to Turkey's preparation for the future with 5G, by carrying the telecommunication infrastructure to a more competitive level.

Reinforcing its leadership in the end-user devices market in 2021, Netaş started to take part in the backbone infrastructures of different operators with ZTE's fixed broadband internet solutions (GPON) and optical transmission solutions (DWDM) that enable the transport of voice and data transmission in all mobile/fixed networks.

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

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

Dominant leader in the end-user (CPE) market

In line with the IPTV needs of the end users, modem type devices were required to provide internet connection to 1.5 million households and offices in 2021. Maintaining its dominance in the CPE products market in this context, Netaş also pioneered the introduction of WiFi6 technology to our country and continues to provide this technology with its business partners. Bringing more than 100 thousand WiFi-6 HGW products to homes and offices in 2021, Netaş started to offer WiFi-6 as a "domestic product" with a domestic product certificate.





LOCALIZATION

Accelerated its localization efforts, the number of domestically certified products rose to five

In addition to its R&D and engineering capabilities, Netaş has produced the world-leading technologies of its main shareholder ZTE and brought them to Turkey, and continues to grow with new generation technologies and localization efforts in telecom.



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

Localized Solutions in Telecommunication Technologies

- Server
- Fiberoptic Cabinet (FTTx Systems)
- Next Generation Base Station
- VDSL Modem
- Wifi 6

FTTX Broadband access networks for all service operations

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

WiFi 6 WiFi 6, the new generation standard of WiFi technology, is in Turkey with Netaş

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

5G Base Station Broadband Radio Access for All Mobile Communication Technologies

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

Server Solutions World champion server with high performance

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





IPTV

Top experience quality with IPTV technology

In today's increasingly digitalized and connected world, Netaş provides the top quality experience with its IPTV technology and makes our lives easier.



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

Undertaking Turkey's largest IPTV infrastructure transformation project with ZTE in 2020, Netaş has largely completed its work on IPTV infrastructure and gradual transition to live has begun. With this innovative infrastructure, advertisement integration will be possible according to the latest trends in the world and more focused campaign setups will be developed. The cooperation of Netaş & ZTE in this project, as it is ZTE's largest IPTV project outside of China, will also be a reference point for the European IPTV market.

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.

Best solution for larger organizations

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.



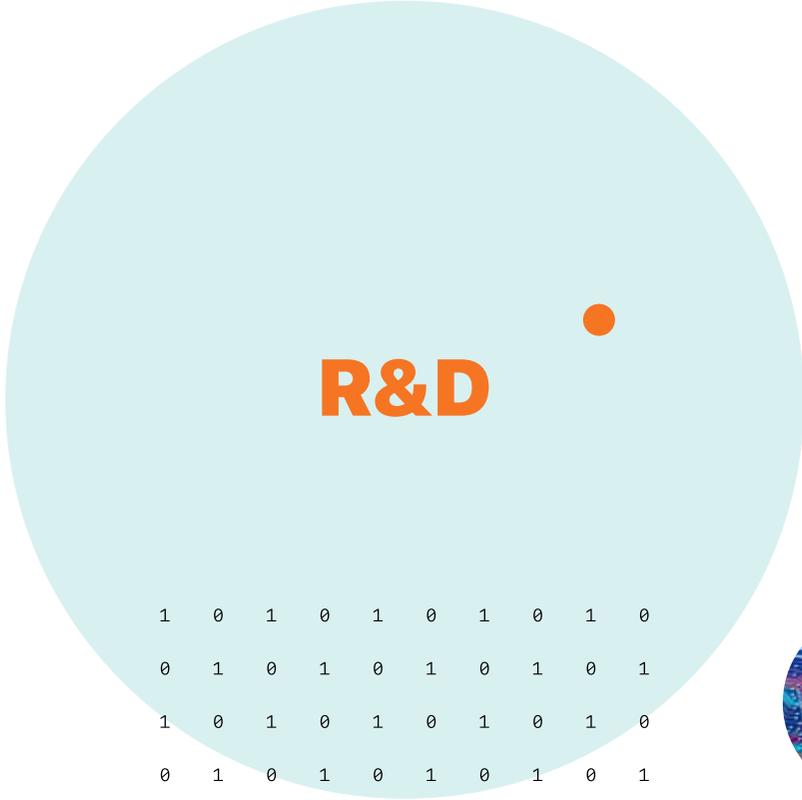
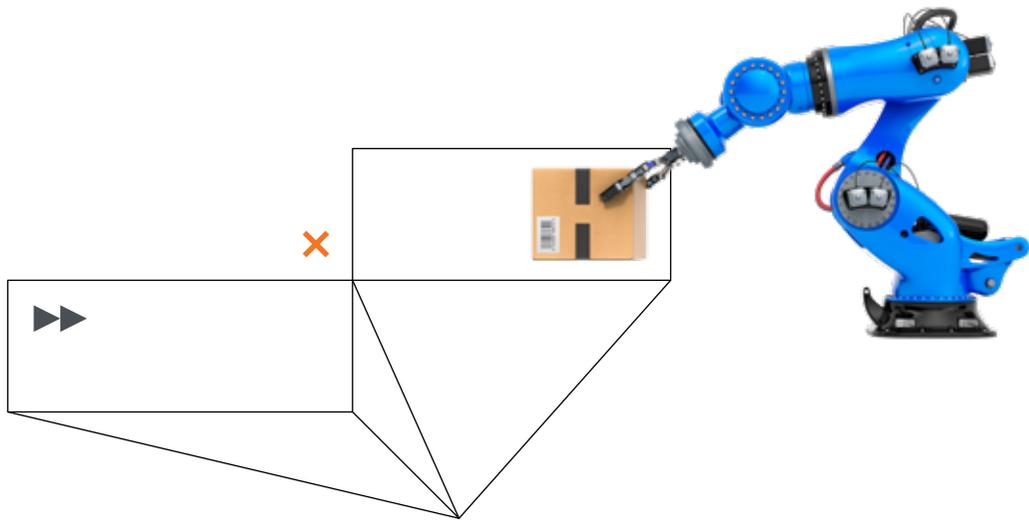
**CLOUD CORE
NETWORK SOLUTIONS**

An innovative, leading and competent solution provider

Continuing to achieve significant results in Cloud Core Network solutions, 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.

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.





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Turkey's most competent and deep-rooted R&D in telecommunication technologies

Turkey's most established private R&D, Netaş, focuses on defense technologies, smart solutions and telecommunication technologies, and supports the end-to-end digital transformation of the country with its domestic engineering power.

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

With its R&D, Netaş focuses on the development of telecommunication technologies, defense technologies and smart solutions. While providing consultancy services on innovative technologies, it provides support to institutions and organizations with all its experience in many fields from testing processes to software-application development, and undertakes reference projects.

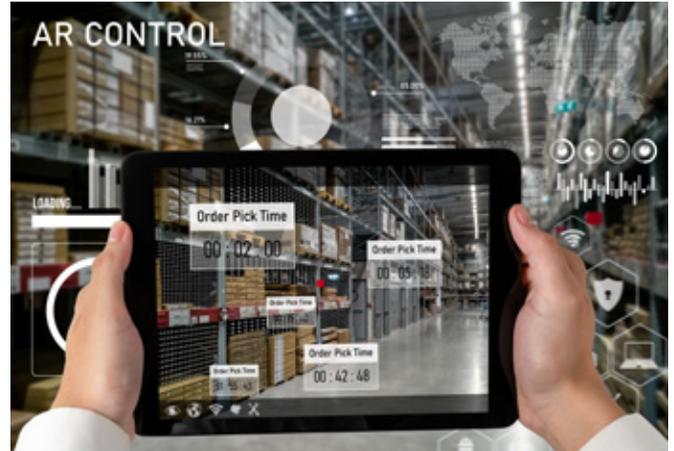
Netaş R&D, which has written more than 40 million lines of code in 49 years, develops real-time operating systems, signalling protocol software, embedded and desktop application software. It focuses on new generation technologies such as IoT, VoIP, big data analytics, cloud computing, multimedia, broadband communication, GSM-R, secure communication, unified communication, 5G and beyond. In addition, it supports sustainability with its smart solutions developed for effective management of energy and water resources, event management and field service management.

Activity area

- Telecommunications Technologies
- Defense Technologies
- Smart Solutions
- Test Services and Products

49 years in R&D

- Total of 5,000 projects
- +10,000 R&D engineers in 49 years
- Solutions used in more than 80 countries
- Region leader in digital signal processing
- More than 100 signalling protocols
- Developed 40 million lines of code
- Telecom software solutions for more than 200 global operators
- More than 1,000 card designs
- More than \$4 billion contribution to the national economy through localization



Experience and Competence

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

National and International Collaborations

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

Academic R&D Outputs

- ▶ Pioneer in continuous innovation and patent application
- ▶ A total of 525 patent applications
- ▶ 189 registered patents, 59 registered trademarks
- ▶ \$500 million software exports in the last decade
- ▶ 195 scientific publications, 153 of which are international
- ▶ 19 - Number of universities with which Framework Agreement signed
- ▶ 42 - Number of academic consultancy received



R&D OF NEXT GENERATION TECHNOLOGIES

Globally competitive domestic products

Bringing strength and added value to Turkey with the domestic products it has developed since its establishment, Netaş designs solutions in line with the software needs of large-scale projects and integrates them into different systems when necessary. Having a significant competitive advantage with its ICT ecosystem, the company brings innovation to every project it implements, thanks to its know-how and innovative approach in R&D.



Netaş R&D develops unique technologies specific to sectors from finance to entertainment, from public to defence, from energy to transportation and education. In the field of defense technologies, it offers domestic solutions for land, air and naval communication devices. As the developer of the baseband unit of ULAK, Turkey's domestic base station, with the experience it has gained in this field, Netaş now continues its studies for 5G and beyond technologies.

Smart Transportation Systems V2X

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

Automatic Train Supervision (ATS) Project

Netaş carries out the design and development studies of the ATS (Automatic Train Supervision), which is the sub-system of the signalling system of the Gayrettepe-Istanbul Airport-Halkalı Rail System Line. Railway traffic management server software and operator applications will be included in the ATS solution, which provides the necessary interfaces for the preparation and management of train schedules, control and monitoring of all line traffic, and operators' intervention. Thus, train movements will be managed in the additional metro system consisting of 16 stations of 70 km. This project, where the operating speed will be 120 km per hour and the train service intervals will be 180 seconds, is Turkey's first domestic subway signalling system.

Internet of Things (IoT) ION

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

Business Intelligence Solution RUBIQ

Developing the business intelligence solution RUBIQ with its experience in international R&D platforms, Netaş first started to use business intelligence software as a visualization tool in projects such as Smart PDM, Smart Wind, Critical Chains, which it carried out with international consortium partnerships in European Union R&D programs.

Using new open source technologies such as Python, Redis, React, SQLAlchemy, Camunda, Docker/Kubernetes, Jupyterhub and Binderhub, RUBIQ integrates with ION, Netaş's IoT platform, and provides analytical use and interpretation of many IoT data.

High Security Media Platform NOVA S/COM

Today, changes in the working conditions of companies have increased the need for remote communication tools. Employees had to share all kinds of business secrets through communication tools. Service providers obtained the right to access communication content with data usage consent agreements. Netaş has developed the High Security Media Platform NOVA S/COM, which allows companies to be service providers for their own employees and ensures the security of communication even on unsecured open networks.





Software Testing Tools VISIUMLABS

Performance and Load Test: Visual Load

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

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

Mobile Device Farm: Vision Farm

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

BDD-Based Test Automation: Visium Go

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

Test Management Tool: Visual Manage

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





DOMESTIC AND NATIONAL DEFENSE R&D

More than 25 years of defense R&D experience

Developing domestically and nationally the most advanced communication technologies for the defense industry in Turkey's most rooted telecommunications R&D, Netaş offers solutions for land, air and maritime communication devices in the field of defense technologies.

In addition to the modernization of Turkey's defense communication network, Netaş also takes an active role in export projects in this field. Netaş, which designs high-tech, world-class communication systems for the defense sector, especially in Turkey and the neighbouring region, plans to export its solutions to different countries.

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

Innovative Domestic Defense R&D Products

4.5G/LTE Advanced Communication Solutions

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

Tactical Field Communication Solutions

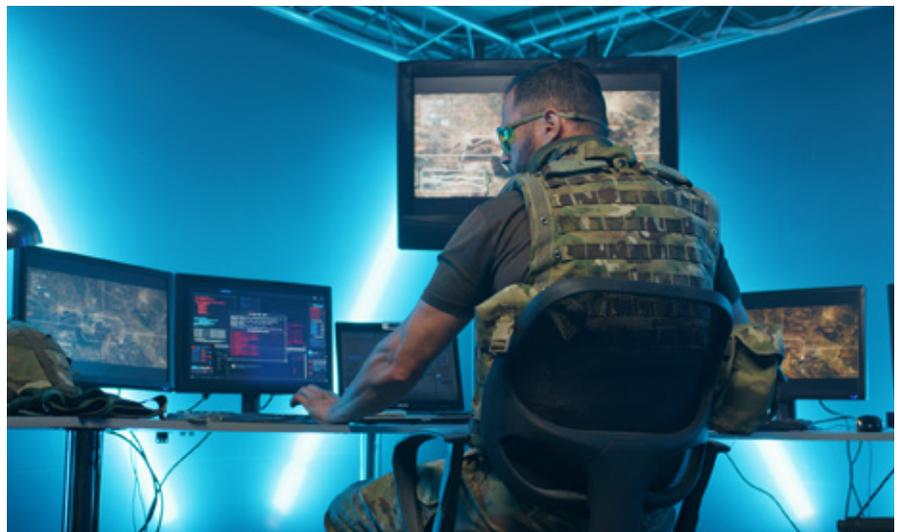
Communication solutions with system, hardware, mechanical, software and industrial design for a structure resistant to harsh environmental conditions

Tactical Ship Communications Solutions

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

Avionics Solutions

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





TEST SERVICES CENTER

Testing services that make a difference with the R&D power and competencies of Netaş

Making a difference with the products it has developed in its R&D, its international experience and over 500 competent engineers, Netaş offers testing services to a total of 30 companies, including three telecom operators and the top five largest banks in Turkey.





Services offered by Netaş Test Center

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

Differentiator Features

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

Test Process Consultancy Service

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

Managed Testing Service

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

Web/Mobile/Desktop Software Testing Service

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

Test Automation Service

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

M2M/IoT and Mobile Terminal Tests

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

Pentest (Pentest) Service

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

Performance tests

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

Continuous integration service

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

Mass Testing Service

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



EU PROJECTS

Netaş plays an active role in the development of the EU's R&D projects with its vision stated as "Technology for a Sustainable Future"

Netaş contributes actively to European Union R&D programs with its vision of developing smart technologies for a sustainable future. The company carries out significant projects in diverse fields, spanning from e-health solutions with high added value to applications that will increase efficiency in wind turbines, from smart agriculture projects to managing digital models of buildings on a digital platform, within the scope of EU R&D programs.

BIMy

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

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

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

Project benefits

Scenarios that may benefit end-users 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 easy access to all kinds of information with the real estate to be invested, including the foundation of the building, the strength of the building, and the materials used in its construction.
- ▶ It provides one-click convenience in notarization processes, with the ability to carry out the necessary legal processes for real estate purchases over the cloud.

- ▶ The building can be tested by simulating earthquakes and other disaster scenarios.
- ▶ The materials harmful to nature that may arise during the demolition processes of the building can be calculated in advance and measures can be taken.

5G PERFECTA

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

Smart Farming Project for Qatar

The 5GPP Greenhouse project of Netaş, started 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 a cloud in Istanbul.

Blockchain

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

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

Smart Fish Farm

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



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

Smart-PDM

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

Smart-WIND

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

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

HEALTH5G

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

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

MANAGED SERVICES

24x7 Business continuity under guarantee with managed services

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

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.

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.

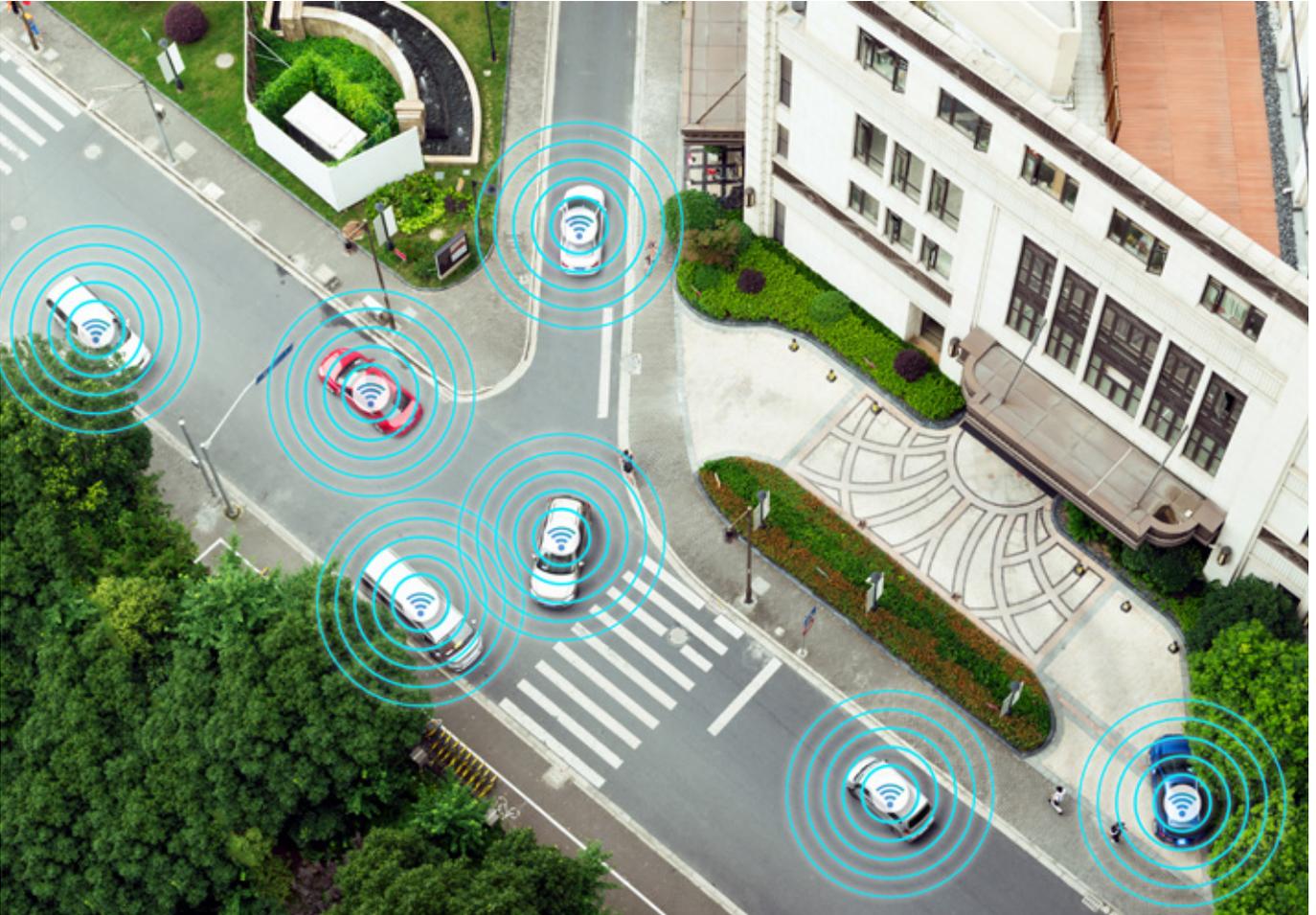
Event management: According to the IT incident management process that will be created by Netaş or outsourced from the company, it makes the right decisions for identification, analysis, and elimination of incidents occurring during the service.

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.

BDH

Turkey's competent IT support services company BDH

Continuing to grow in IT support services with its service structure all across Turkey, its expert team, and 24/7 field, warranty & managed services, BDH, a subsidiary of Netaş, increased its effectiveness in 2021.



With its 31 years of know-how in ICT, BDH supports companies in their digital transformation journeys with professional support services, while maintaining its claim to be the guaranteed maintenance and repair center of the world's top smart device brands in Turkey.

BDH, which provides professional support to more than 150 institutions and organizations in field operations, increased its effectiveness in field operations, managed services, warranty services, test services, repair and maintenance in 2021. It has increased the number of projects to 306 with 20 percent growth, and now have 158 customers with a 13 percent growth. The company also increased the total number of calls by 10 percent.

Business partner of Türk Telekom in 81 provinces of Turkey

BDH made one of its biggest business partnerships with Türk Telekom and signed a maintenance and repair center agreement. Accordingly, BDH, which has become the guaranteed repair-maintenance base of the world's most valuable smart device brands in Turkey, also started a new era in customer services with Türk Telekom. Within the scope of Türk Telekom business partnership, BDH started to meet the smart device maintenance and repair needs of Türk Telekom's VIP Smart Device Service Package customers in 81 provinces.

In addition, thanks to the high-quality services it provides to the brands it partners with, and its warranty services operation, BDH added one of the global brands, Dell, to its portfolio, and started to work with the three largest manufacturers in the PC and notebook market.

BDH, which acquired new telecom and retail customers in 2021 and continued to deepen its business with existing ones, also signed a field maintenance contract with Vakıfbank, one of Turkey's largest banks. Accordingly, BDH undertook the IT maintenance and device repair of nearly 1000 branches and general directorates of Vakıfbank across Turkey for three years.

Remote working drives demand for managed services

Demand for managed services has increased with the rise of remote working during the pandemic, as well as the shift to hybrid cloud. BDH stands out in managed services thanks to its expertise in different verticals, its ability to provide 7X24 support at every service level, the measurability of its service quality and its ability to adapt to current technologies independent of the manufacturer.

With business partners such as Microsoft, VMware, Cisco, Salesforce, Hitachi Vantara and Fortinet, BDH is involved in finance, transportation, online retail and public digital transformation projects of Turkey's leading companies. The company realized the transformation processes of companies with hybrid cloud products. BDH, which has implemented more than 130 projects within the scope of managed services, continues to provide services to companies that Netaş has transferred to digital.

Larger field of activity with the Renewal Authorization Certificate

BDH was awarded the "Renewal Authorization Certificate" by the Ministry of Commerce's General Directorate of Consumer Protection and Market Surveillance. BDH, which has gained the status of "Renewal Center" with the document, will expand its authorized service provider activities for the world's leading brands, which it currently maintains. It will be able to renew mobile phones and tablets in accordance with the standards determined by the Turkish Standards Institute (TSE) and offer them for sale again as a "Refurbished Product" with a guarantee and certificate. Thanks to its "Renewal Center" authority, BDH Bilişim aims to contribute to national capital and a sustainable future by bringing used mobile phones and tablets back to the economy in a "fast, high quality, safe" manner and with original parts.

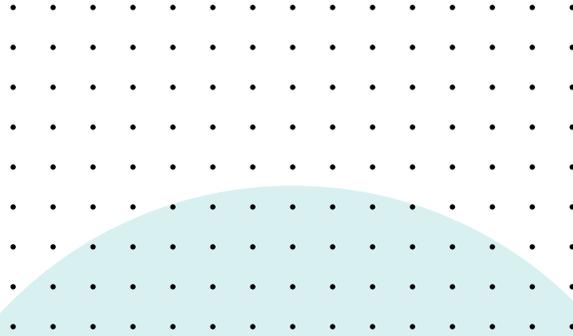
BDH will expand the market in Turkey and continue its expansion in the region

As one of the leaders in our country of the IT services market, whose size reached approximately 1.3 billion dollars in 2021, BDH aims to be the only preferred IT and support services company in the region. While ensuring the growth of the market in Turkey, the company wants to support our country's goal of being a sustainable base in information services in the nearby geography.

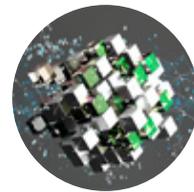
According to IDC Turkey data, it is estimated that the information and communication technologies market in our country will grow by 3 percent between the years 2020-2025 and will reach 11.8 billion dollars. It is predicted that the share of IT services will increase from 1.1 billion dollars to 1.5 billion dollars in the same period. Compared to the IT services market in Poland, which is worth 4 billion dollars today, it is seen that there is great potential in Turkey as well.

BDH, which will continue its growth in this market with its strategic business partners in 2022, will take firm steps towards its goals with its professional customer satisfaction approach, competent device repair service and advanced service network.





DIGITAL TRANSFORMATION PROJECTS





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A smart life shaped by Netaş

Having successfully implemented large-scale digital transformation projects across different industries, spanning from telecommunications to the public, and from finance to energy, Netaş continues to develop future technologies and put them at the service of a smart life by using its skills and experience.







SMART TRANSPORTATION

İstanbul Airport serves with Netaş technology

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

With its 1.3 million square meter terminal building, 42 km long belt conveyors, 6 runways with 500 aircraft capacity, and an annual passenger capacity of 200 million, İGA is one of the largest projects in the world, and an equally colossal technological infrastructure has been built for it. Having deployed the wired and wireless telecommunication network infrastructure of Istanbul Airport, Netaş has broken a new network coverage record in 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 also established İGA's data center cloud automation system and IT infrastructure for the world's largest airport hotel built within the airport. As a result of digitizing all processes and integrating technology at every point of the airport, İGA was selected as the best airport in the Best European Airport Award for digital transformation category within the scope of the "16th ACI Europe Awards" organized by the Airports Council International (ACI).

- ▶ 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 ports
- ▶ 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 the commercially used GSM-R lines, it also serves fast and conventional train lines with transmission projects.

Some of the projects that are still under construction in this sector, where Netaş is involved with a total of 12 projects, are as follows:

- ▶ **Sivas-Yerköy High Speed Train Project** (GSM-R Power Plant, GSM-R Radio Communication Network and Wired Network Communication infrastructure, (GSM-R Radio Communication Network and Wired Network Communication infrastructure, construction infrastructure for facilities like Tower) initial validation tests were successfully completed. Geographical redundant power plant installations will start in 2022.

- ▶ **Yerköy-Kayaş High Speed Train Project** (GSM-R Radio Communication Network and Wired Network Communication infrastructure, construction infrastructure for facilities like Tower) first phase validation tests were successfully completed.
- ▶ **First phase tests of Bandırma-Menemen Project** (GSM-R Radio Communication Network, construction infrastructure for facilities like Tower) have been completed.

Turkey's first domestic subway signalling system

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

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





SMART PUBLIC SOLUTIONS

Pioneering management system of disasters and emergencies

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

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

AYDES is being used by major institutions/organizations, NGO's and provincial organizations that also include eight ministries and Red Crescent and which play a role in national disaster management. AYDES works Working integrally with more than 50 internal and external systems.

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



SEGBIS project

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

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 provinces 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 provinces
- 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 counselling. 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, counselling, 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

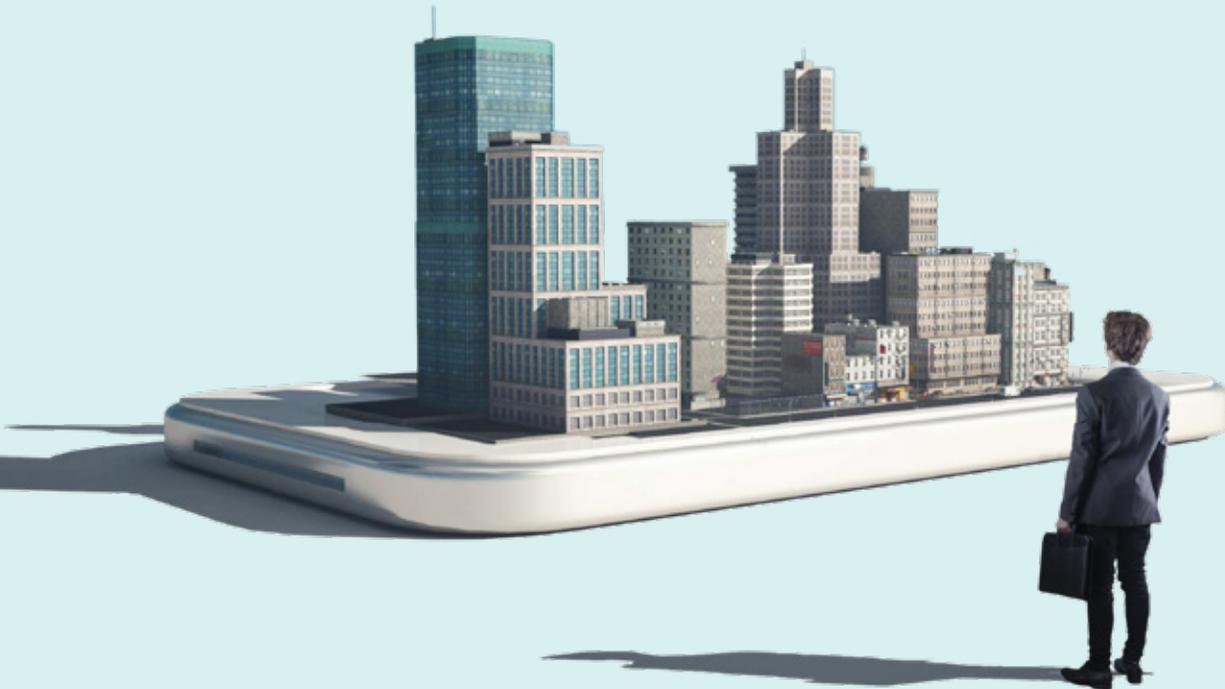




SMART CITY

Smart cities built on smart technologies

Implementing digital transformation best and building Turkey's cities with smart technologies, Netaş undertakes the leadership of the Smart City Consortium, which it established to flourish the smart city ecosystem in our country.



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.

Phase 2 application approved

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

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 healthcare
 - 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

Technology at the service of education

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

Education on 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 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.





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





SMART DATA & BUSINESS ANALYTICS



End-to-end solution opportunity 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. All solutions are applied by considering full compliance with business processes.

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

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 real-time 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 migration to the cloud.

Türk Telekom 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.

Customer service software development project

Netaş started a project for the development of customer service software for a leading operator in Turkey. Within the scope of the project, which is aimed to go live in 2022, problems from customers will be conveyed to the second and third level teams in a healthy way and quickly resolved with ZTE integrations. During the project, Netaş will carry out analysis work with the operator, and technical solutions and integrations will be carried out together with ZTE. The background customer service solution offered in the project, will be the first domestic solution in this field, in line with the localization strategy of Netaş and will be a reference in the sector for similar projects.

Internet at home project with "WiFi-6 HGW" and "VDSL Modem"

In addition to the WiFi-5 HGW and Cat 6 WTTx projects that it continues with a leading operator in Turkey, Netaş has become one of the most important business partners of the operator in home internet service with two new projects "WiFi-6 HGW" and "VDSL Modem".

WiFi-6 HGW (Fiber Modem) project

Netaş has become the largest supplier of this operator within the scope of supplying the HGW (Fiber Modem) product, which is one of the most important components of WiFi-6 technology, and which has been used for the first time in households with broadband internet access. Thanks to WiFi-6 HGW, ZTE's innovative technology, users receive ultra-high-speed internet service over the fiber network, while gaining wider a coverage indoors, compared to existing technologies. In addition, this technology enables the use of new generation services with its artificial intelligence-based software.

VDSL Modem project

Netaş is the sole supplier of the Dual Band (5GHz & 2.4GHz) VDSL Modem used by this operator, which provides internet service with VDSL/ADSL technology for households where fiber internet access is not available yet. The company provides this product in conjunction with ZTE.

End-to-end testing services in telecom

Continuing to expand its portfolio of "Test Services" in the telecom sector, Netaş will provide all end-to-end testing services and solutions for a leading operator in Turkey, thanks to its strategic cooperation with Amdocs, a global player in testing services. Netaş will also be responsible for creating solutions for test chapter lead, telecom, fintech applications functional testing, application release and commissioning management, DevOPS infrastructure and environment support, test automation and test efficiency, and quality improvement in the agile development process. Netaş will use its products such as Visium Farm and Visium Load in the project, it won thanks to its competencies in "Test and Quality Processes" and its expert staff.

Data center project

Netaş has successfully completed the data center infrastructure project for another leading operator in Turkey. Within the scope of the project started last year, 88 cabinets were installed. In addition to the cooling, air conditioning, energy and UPS infrastructure works of 400 square meters of white and gray areas, the mobile POD application with earthquake isolator was carried out. The operator's data center now has seismic isolators that can move in case of an earthquake, and ground impact in a possible earthquake will be minimal.



FINANCE



Tailored solutions for the finance and insurance industry

Netaş continues to provide highly tailored services such as software and application testing services, data center installation, transportation and maintenance, network setup, and cyber security services for the finance and insurance sectors.

TEST SERVICES

Banking applications testing service

Netaş provides test services to a total of nine financial institutions, including the top four banks of Turkey in its customer portfolio. The company 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.

Mapfre Sigorta testing and quality services

Continuing to deepen its businesses with its customers through its Test Center, Netaş started to use Visium Farm product in addition to the existing test and quality services of Mapfre Sigorta due to the satisfaction it provides.

Netaş continued its software quality and testing services project, which it transferred from abroad in 2019 and has grown exponentially, in 2021 with Visium products. Thanks to the competencies of the project teams and their rapid adaptation to the process, he successfully managed the project during the pandemic. In the project where the services provided are diversified, all manual, automation, load and performance tests related to software quality are carried out by Netaş Test Center. It also uses Visium Farm (mobile device farm), which enables mobile applications to be tested on different devices, for the tests of the Mapfre Sigorta mobile application.

INTERNATIONAL MARKETS

An international manufacturer and systems integrator

With its ability to deliver projects in different geographical regions, smart solutions and defense technologies it has developed, Netaş undertakes projects as a systems integrator, and aims to contribute to the technological and digital transformation of all countries in which it operates by modernizing their telecommunication infrastructures with ZTE.

Providing solutions in the fields of communication networks, cloud computing infrastructures, data centers and software development in many countries, Netaş works to be the technology brand that best describes, cascades and implements digital transformation in Turkey as well as in the neighbouring region.

As a business partner in the digital transformation projects of a wide geography from Asia-Pacific to the Turkic Republics, from North Africa to the Middle East, Netaş offers technological solutions and services in many fields from telecom to finance, from energy to public. Netaş, which has fully staffed office in Algeria, a representative office in Azerbaijan and a representative in Georgia, continues its structuring and growth in international markets.

Being an international manufacturer with the support of its main shareholder ZTE and its own R&D, Netaş is also a system integrator that can produce and implement turnkey projects with complementary products of other manufacturers. The ability to manage large projects on a global scale with its strong technical staff with expertise in both carrier network and information technology gives Netaş a competitive upperhand.

Plays an active role in defense technologies

In order to contribute to Turkey's defense technology exports, Netaş continues to design high-tech, world-class communication systems for the defense industry, especially in Turkey and the neighbouring region.

In international markets with domestic R&D

Stadium management solutions developed by Netaş R&D became operational in Algeria and Qatar, while "Customs Information System" and "Company Registry System" solutions became operational in the TRNC.

N.VISIONLAB

Next generation communication technologies center: N.visionLab

N.visionLab, next generation communication technologies laboratory of Netaş is designed as the new meeting point of the information and communication technologies ecosystem. The lab consists of IPTV, 5G Experience, Smart Living and Localization areas.

N.visionLab



The products that Netaş will develop through its R&D and start-ups, as well as localized ZTE products, at N.visionLab - operating at Netaş's Headquarters in Istanbul, will first be offered to Turkey's needs and then exported to the world. The center, which was opened for the development of local solutions, is expected to play a leading role in the development of 5G technology in Turkey.

Localization Solutions

In N.visionLab, the products that are localized and planned to be localized are also explained. Some of these solutions are:

- ▶ FTTx
- ▶ WIFI5 HomeGateway
- ▶ VDSL Modem
- ▶ WIFI6 HomeGateway
- ▶ Local Server

5G Experience Area

In N.visionLab, where 5G Core, 5G BBU and 5G AAU Radio systems and 5G CPE equipment are located, autonomous systems, NB-IoT devices and the management of their sensors can also be experienced.

- ▶ High speed, low latency, smart resource management
- ▶ Broadcast at 3.5 GHz, "multi-user MIMO" or "massive MIMO" technology
- ▶ Autonomous systems, NB-IoT devices, management of their sensors
- ▶ 64 receiver and 64 transmitter circuits in smart antenna

Next Generation IPTV

The IPTV solution has basic IPTV functions such as live TV broadcast, TSTV, MPVR, Time Shift TV, Catch-up TV, On-demand content.

- ▶ The highest quality, fast and uninterrupted TV experience
- ▶ Easy access to Live TV broadcast, Catch-up TV, Time-shift TV and on-demand content with the voice command function on the remote
- ▶ Many new end-user experiences such as recommendation and search engine
- ▶ Innovative value-added services for operators with advanced advertising capability

Smart Life

Innovative solutions that provide savings and efficiency, developed on Netaş's IoT platform ION, are also presented in the laboratory. Under the Smart Cities Consortium, led by Netaş to be established within the scope of TÜBİTAK SAYEM, there will also be solutions to be developed with 24 project partners in the fields of energy, building emergency, healthcare, environment and waste management, parking lot and transportation.

- ▶ Netaş IoT Platform ION
- ▶ The smart field and service management platform Mobi-fi
- ▶ Smart energy management platform Neos
- ▶ Smart event management platform
- ▶ Smart city solutions

NEXT-GENERATION TECHNOLOGY TRAINING CENTER: n-telligent institute

The next generation education partner of the ecosystem in future technologies

Netaş offers dozens of different trainings on 6 main topics, including the contents of its main shareholder ZTE, under the n-telligent institute, which it has designed to support the entire ecosystem, from employees to companies from all sectors, from start-ups to students, to keep their competencies up-to-date.





Turkey's engineering school Netaş has opened all its know-how to its entire ecosystem, including institutions and organizations, under the roof of the high-tech training center: n-telligent institute. With the n-telligent institute, which was established to strengthen the digital competencies of companies' human resources, Netaş aims to be a "business partner" in the training of human resources of companies in different verticals. In the next step, Netaş aims to export trainings by opening the n-telligent institute training center to the global with ZTE.

Built on lifelong education

Designed to respond quickly to the ever-changing needs of digital transformation, the n-telligent institute provides companies with a lifelong learning opportunity to integrate their workforce with the latest advances in technology. Focusing on educating engineer leaders, the n-telligent institute is designed to support the development of engineers' leadership skills in technical roles and to increase their social skills.

Global technology giant ZTE's trainings also integrated

With its 47 years of deep-rooted R&D experience in digital transformation projects, Netaş offers 20 trainings under six main topics, from cyber security to agile management, from testing services software to big data science and technologies of global business partners, under the roof of the n-telligent institute.

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

"Training the Trainer" now bears Netaş sign

n-telligent institute supports all trainers in the sector, especially their own internal trainers, in creating a trainer vision, preparing training programs and developing the necessary skills for an effective training with the "Training the Trainer" certificate program. In other words, n-telligent institute now certifies not only its own internal trainers, but also trainers from academies in different companies. n-telligent institute, which has prepared the content of "Digital Trainer's Training" under the title of Personal Development, provides this training both within the company and to different companies, empowers the internal trainer staff of the companies and

Digital capabilities also determine market value

The golden rule for companies to achieve success and stand out in an increasingly competitive environment is to keep digital competencies up-to-date. Research shows that there is a direct correlation between market value and skill resource. In other words, the way to economic progress and growth of companies is to develop skills resources.

Coursera's Global Skills Index 2020 report highlights that economic progress depends on high skills and proficiency. Countries with higher skills qualifications see greater GDP returns in the long run, according to the report. To cite data, the report explains that there is a 40 percent correlation between technology, business, and data science skill competencies and U.S. stock returns. The data show that every percentage of a country's skill qualifications attained is associated with an increase in GDP per capita of \$600. So countries and companies can counter this decline and make their economies more resilient by investing in skills development and updating. At this point, the n-telligent institute has an important role to play in Turkey and the region.

The training programs within the scope of n-telligent institute, which offers a lifelong learning opportunity in line with the developing technology, are designed to respond quickly to the needs of the ever-changing institutions and organizations on their digital transformation journeys. While training leading engineers, we work with competent ICT trainers. Technology content from ZTE is presented.

Dozens of different training opportunities are offered under 6 main headings

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

HUMAN RESOURCES

The pioneers of the digital transformation: The Netaş Team

At the core of the sustainability approach of Netaş, there is its internal stakeholders. Today, just like yesterday, the company inspires the technology sector in terms of equality of opportunity and diversity with its goals for the future

Human resources are at the core of the sustainability perspective of Netaş, which prepares its corporate structure for the "future of business", as well as other organizations in different verticals. The company maintains its prestige in the ICT industry and it aims to attract the very best talents, with the business environment and development opportunities it offers in a way that allows its employees to energize their potential at the highest level.

Life at Netaş

Netaş COOP Program

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

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

Within the scope of the program, 77 students from contracted universities participated in the long-term internship program in 2021, and 12 students had the opportunity to work with R&D teams in full-time and/or part-time engineering positions. To date, 250 out of 1,032 students who have participated in the program have joined the Netaş family on a part-time or full-time basis.

Benefit&Banafit Flexible Side Benefit Program

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

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.

Netaş Career & JOBSHOP

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

Netaş Theatre Company

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

Lunchtime Conversations

Netaş has been organizing Lunchtime Conversations in collaboration with different organizations and institutions, with speakers presenting on different topics. During the nine Lunchtime Conversations sessions held in 2021, 561 employees listened to experts covering various topics from health to sports, from technology to business life, and from personal development to diversity and inclusion.

NetaşTalks

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

Planetaş

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

E-Olympics

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

Art of Engineering

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

Tech To Non-Tech Trainings

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

Future with Netaş

BAU Netaş Techno Academy

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

n-telligent institute

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

Internal Trainer Program

The n-telligent institute training center has developed an Internal Trainer Program that will support talent and career management in line with its human resources goals, prioritize employee motivation and focus on increasing productivity. Training programs are designed according to the competence development needs of Netaş employees by training 37 internal trainers in 2021. Different training contents in the fields of technology, professional and self-improvement are placed in the live virtual classroom environment and training platforms.

NextCoders

"Artificial intelligence" training was added to the NextCoders program, which consists of mathematics and coding training for the children of Netaş employees, and it was extended to a total of 40 weeks. The NextCoders program, which gave its second semester graduates in December, moved online during this period.

Umutluyuz (We have hope)

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

Netaş Orphans Foundation

The Netaş Orphans Foundation, which was established 31 years ago within Netaş, supports the education of the children of their deceased colleagues.

Netaş migrates its HR processes to the most innovative structure

With SAP Successfactors, Netaş migrated its human resources processes to the most innovative structure. Designed to provide a better employee experience, the Successfactors application is built on an infrastructure that can offer an integrated employee lifecycle as well as end-to-end solutions covering the entire workforce. Standardization was achieved among group companies. Business units have been able to view candidate and employee data, while receiving reports without requesting any HR employees, within their authority, through the system.

Netaş employees in figures

The average age of Netaş employees is 32 and 30 percent of the employees are women. The total number of employees reached 2,140 by the end of 2021.



SUSTAINABILITY

The future begins by tomorrow with Netaş

Within the scope of rapid and agile sustainability-based transformation accelerated by digitalization, Netaş aims to create effective and long-term value for its stakeholders through its inherent technology competence.

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

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

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

Sustainable Development Goals We Support With Our Projects



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 entrepreneurs 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

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

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

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

Netaş Platform for a Better Life

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

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

Turns technology into equal opportunity in education

Netaş is using the power of technology to support the social equality of opportunity. Accordingly, within the scope of Fatih Project, it installed the internet infrastructure of thousands of schools in 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 a school built in Istanbul for children with disabilities and supported the Gören Göz Project, which aims to enable visually impaired people to act more independently and to facilitate their living conditions.

Strengthening its ecosystem

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

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

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

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

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. Accordingly, Netaş supported the ITU Robotic Search and Rescue Team in 2021.

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.

Diversity in the foundation of 55 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 55 years of Netaş culture, within a certain framework. All Netaş employees are committed to these principles.

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

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.

Joined forces for our forests

After the forest fires in 2021 in various regions of our country, which has a unique nature and ecological diversity, Netaş made a corporate donation to the "We Will Regenerate" campaign initiated by the TEMA Foundation for the reforestation of the areas damaged by the fire.

Volunteer for community development

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

Netaş Aid Foundation for the Education of Orphans

The Netaş Aid Foundation for the Education of Orphans, which is fully funded by Netaş employees, has been operating for 31 years. Providing scholarship to children who lost their parents while they were working at Netaş, the Foundation continued to provide scholarships to three students, one of whom was studying at high school, one at university, and the other doing graduate studies in 2021.

Vocational High Schools Mentoring Program

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

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.

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

"Open Letter to G20 Leaders" signatory

Respecting the world, trying to use natural resources in the most efficient way and focusing on circular economy solutions, Netaş has become a signatory to the "Open Letter to G20 Leaders" initiated by the "We Mean Business Coalition" to improve national climate targets.

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.

Good Ideas come to life in ideaLab

The ideaLab Platform is 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 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 2021, various meetings were held with various corporate investors and individual investors, mostly fund managers of asset management firms, and they were informed about the operational and financial performance of Netaş. 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

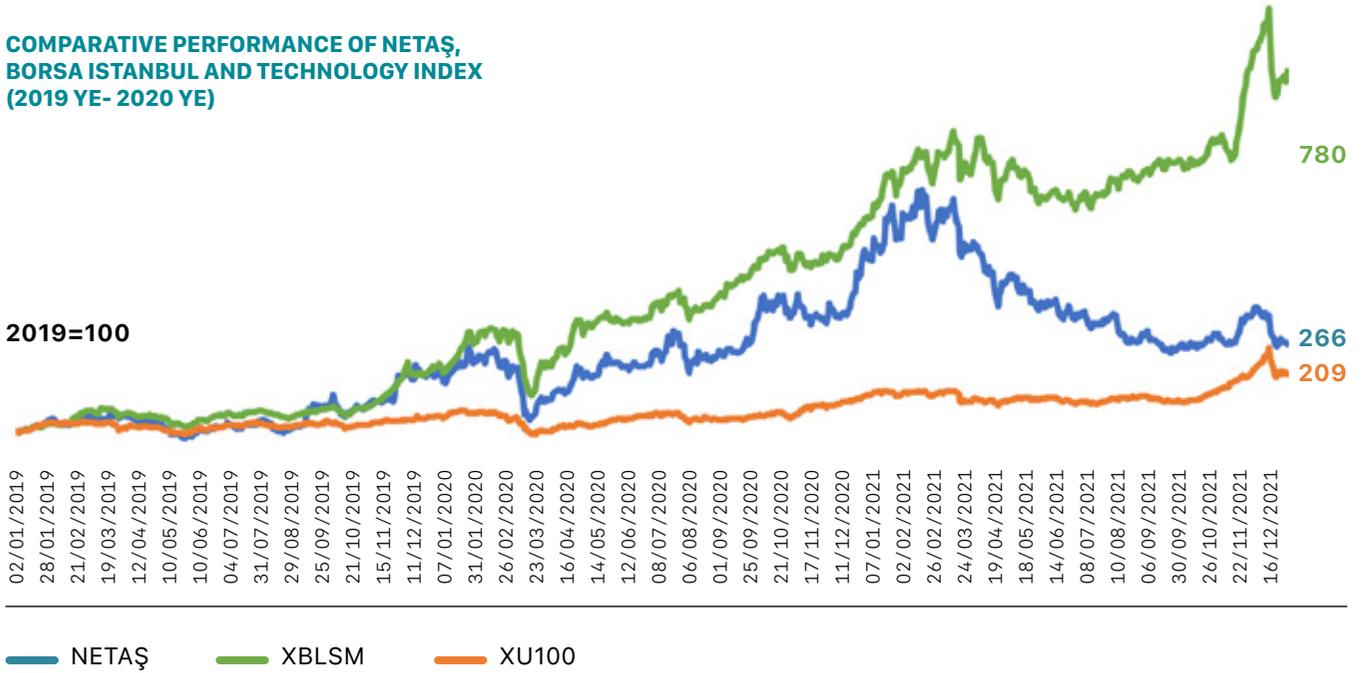
Investor Relations Department has responsibilities regarding the organization General Assembly Meeting; such as preparing the documents to be submitted to the perusal of the shareholders and taking necessary measures as to ensure that general meetings are held in compliance with the relevant legislation,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

In 2021, the General Assembly meeting for 2020 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, BORSA ISTANBUL AND TECHNOLOGY INDEX (2019 YE- 2020 YE)



*Stock and Index performance are taken account for 3 years between 02.01.2019- 31.12.2021.

Based on the performance of the last three years, Netaş stock performance was above the BIST100 benchmark index, though it remained below the ICT index.

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 2021 data, almost all institutional investors state that they consider "climate change" when making their investment decisions; the 17 "Sustainable Development Goals" are observed to have been playing a key role ensuring the global economic growth as revealed in the United Nations Development Program (UNDP). In the long run, sustainable economic growth triggers a turnover and profit growth for companies, which provide gains in stocks and other assets. Therefore, aligning investors and companies in line with the goals of the society is gaining importance day by day.

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

Continuing its gains in this field in 2021 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.

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NETAŞ - CONTACT INFORMATION

FINANCIAL PERFORMANCE

2021 Year Summary;

Sales revenues were 2,296 million TL with a 32% growth.

Orders booked increased by 14% and reached 2,254 million TL.

Order on hand was 1,418 million TL in 2020 with a 40% increase.

Financial Highlights

TL Million	YE 2021	YE 2020	y/y %
Revenue	2.296	1.733	32%
Cost of Sales	(2.559)	(1.556)	64%
Gross Profit	(263)	177	(248%)
Gross Margin %	-11,4%	10%	(2.156)
Operating Expenses	(232)	(178)	30%
General Administrative Expenses	(108)	(71)	51%
Sales, Marketing and Distribution Expenses	(109)	(101)	9%
Research and Development Expenses	(15)	(6)	160%
Incentives	3	5	-
EBIT	(491)	4	-
EBIT margin %	-21,4%	0%	(2.162)
Depreciation	95	77	23%
EBITDA	(396)	81	(588%)
EBITDA margin %	-17,3%	4,7%	(2.195)

EBIT=

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

R&D Incentives:

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

EBITDA =

EBIT + Depreciation and Amortization

SALES REVENUE & ORDERS

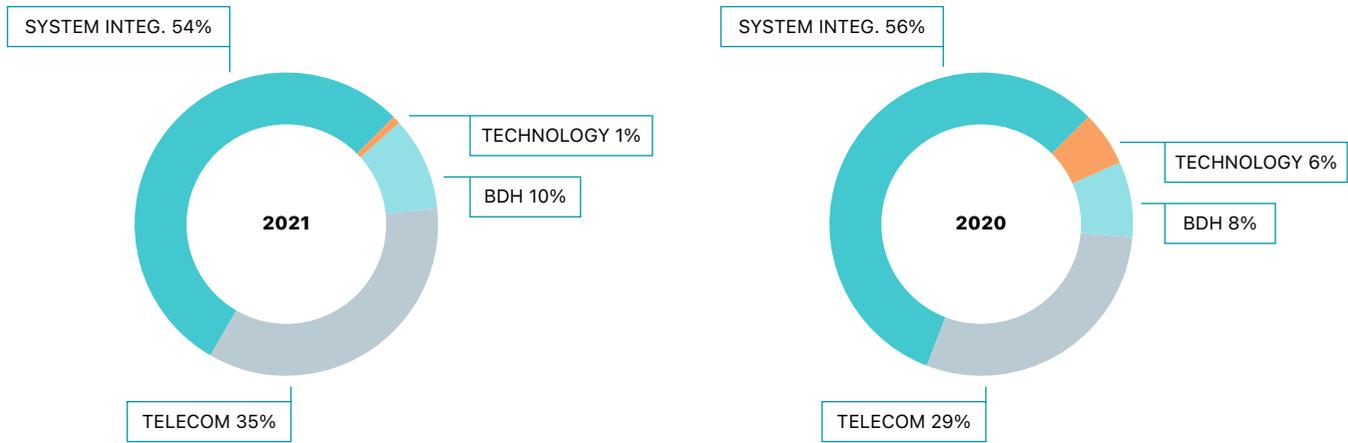
Sales Revenue

2021 year-end consolidated group revenues was recorded at 2,296 million TL with a 32% increase year over year.

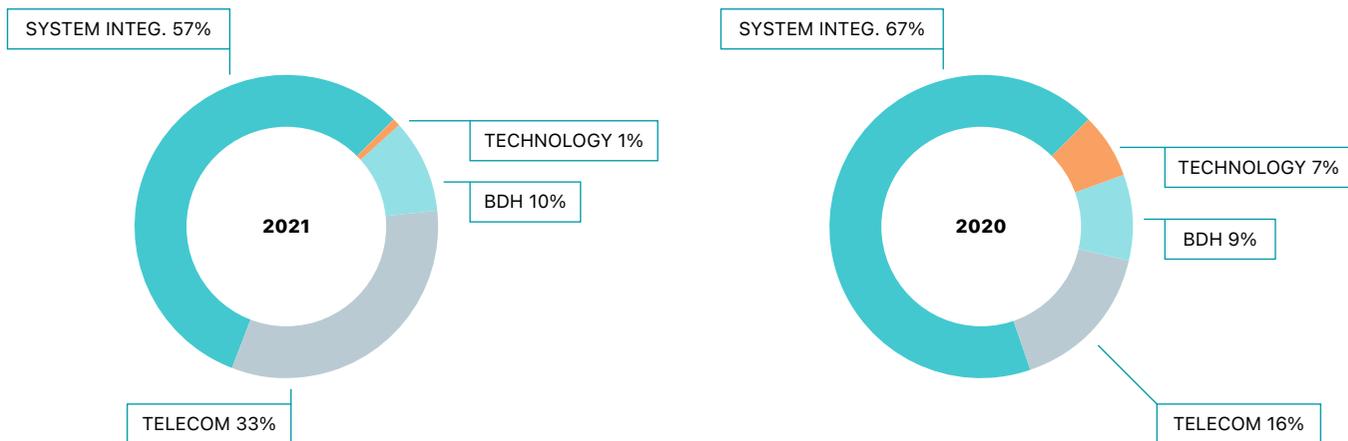
Orders

Orders booked in 2021 increased 14% year over year and recorded at 1,418 million TL

ORDERS BREAKDOWN



REVENUES BREAKDOWN



CONSOLIDATED FINANCIAL PERFORMANCE

The consolidated order amount of the Group increased by 14% in 2021 compared to the previous year and reached 2,254 million TL. While the business segments with the highest increase in the amount of orders received in 2021 were telecom and BDH, the largest part of the total orders was obtained from the telecom and system integration segments. As can be seen in the graphic above, the relevant segments comprised 35% and 54% respectively, of the total orders received.

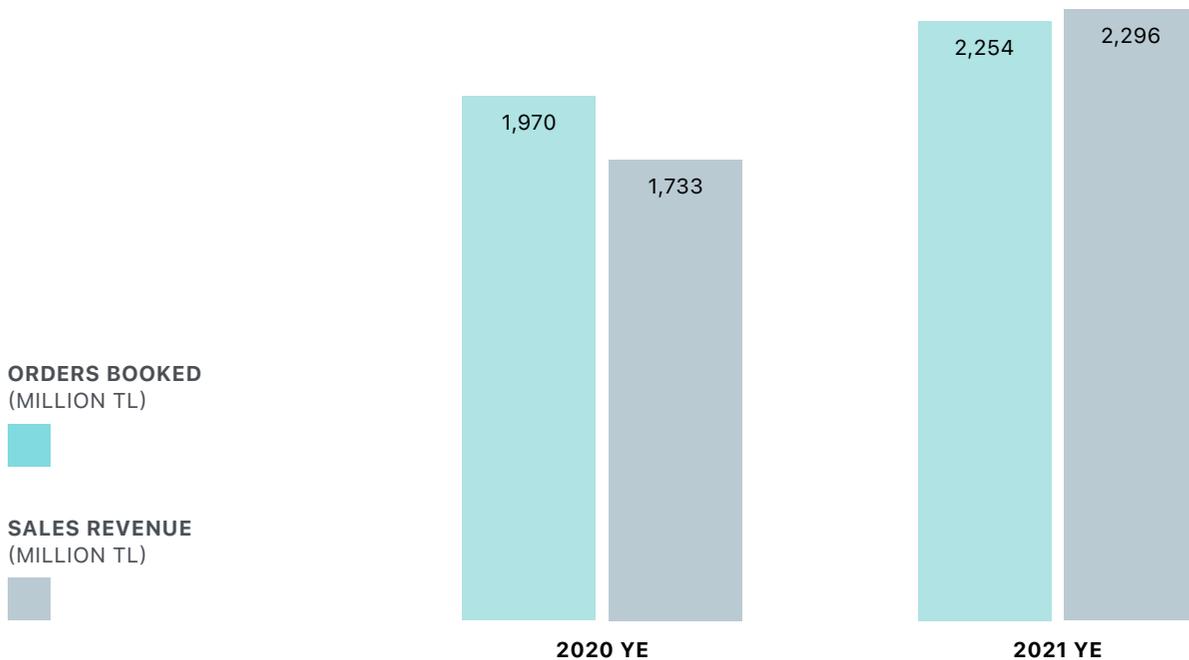
The Group's consolidated sales revenues increased by 32% year-on-year in 2021 and amounted to 2,296 million TL. The distribution of sales revenues by segments was in line with the order breakdown, and the telecom and system integration segments accounted for 33% and 57% of total sales, respectively.

In 2021, the largest increase in turnover on the basis of sales revenues was in the telecom segment with a year-on-year increase of 164%, and the sales volume of the telecom segment reached 749 million TL, from 284 million TL in the corresponding period. In the same period, the sales increase of the system integration segment was at 8%.

Despite the company's uninterrupted growth in sales and order volume, the sectoral conditions due to the pandemic in 2021, macroeconomic developments, and the increase in exchange rates beyond the forecasts caused the company's success in sales growth not to be reflected in profitability.

In the current period, the ratio of the Company's operational expenses to sales remained at the same level as the previous year, and stood at 10% of the sales. On the other hand, the Company's main operating loss was realized as 757 million TL due to 270 million TL in total other operating expenses, a significant part of which consists of foreign exchange expenses of 240 million TL.

The fluctuation in the exchange rate in 2021 adversely affected the financial performance of Netaş, a significant part of its costs in foreign currency. Despite the income from investment activities of 40 million TL, most of which resulted from the sale of NETRD, as well as a net financing income of 95 million TL, the Company's net loss for the year 2021 stood at 670 million TL.



FINANCIAL PERFORMANCE BASED ON SEGMENTS

YE 2021 (Million TL)	Telecom	System Integration	Technology	BDH	Unallocated	Total
Orders Booked	781,4	1.225,9	25,8	220,8	-	2.253,9
Sales Revenue	748,7	1.301,1	25,8	220,8	-	2.296,3
Cost of Sales	(688,2)	(1.578,2)	(57,0)	(237,1)	1,3	(2.559,2)
Gross Profit	60,5	(277,2)	31,2	16,3	1,3	(262,8)
Sales, marketing and distribution expenses	(35,6)	(46,0)	-	(28,0)	0,3	(109,4)
General administrative expenses	-	-	-	-	(107,5)	(107,5)
Research and development expenses	-	-	(14,7)	-	-	(14,7)
Operating profit / (loss) of segment	24,9	(323,1)	(45,9)	(44,3)	(105,9)	(494,4)
Operating profit margin	3%	-25%	-178%	-20%	-	-22%

YE 2020 (Million TL)	Telecom	System Integration	Technology	BDH	Unallocated	Total
Orders Booked	577,1	1.112,7	125,0	155,1	-	1.969,8
Sales Revenue	283,7	1.169,4	125,0	155,1	-	1.733,2
Cost of Sales	(262,0)	(1.070,7)	(98,0)	(125,4)	-	(1.556,1)
Gross Profit	21,7	98,7	27,0	29,7	-	177,0
Sales, marketing and distribution expenses	(19,4)	(59,8)	-	(21,4)	-	(100,7)
General administrative expenses	-	-	-	-	(71,3)	(71,3)
Research and development expenses	-	-	(5,7)	-	-	(5,7)
Operating profit / (loss) of segment	2,3	38,9	21,3	8,2	(71,3)	0,6
Operating profit margin	1%	3%	17%	5%	-	0%

Systems Integration (SE)

Orders received and sales revenues for the systems integration segment increased by 10% and 11%, respectively, in 2021. While the order amount of the relevant segment was realized as 1,226 million TL, with the sales revenues of 1,301 million TL, the SE segment constituted the largest part of the Group's consolidated sales and had a share of 56% in the total sales.

Telecom

New projects with ZTE products continue to increase the volume of the segment. At the same time, the telecom segment constitutes the profitable segment of the Company. In 2021, the order volume of the telecom segment increased by 35% and amounted to 781 million TL. The segment's sales revenues increased by 164% year-on-year in the same period and amounted to TL 749 million. The share of the telecom segment in total sales was 33%, with the telecom segment taking the second largest share in sales after systems integration. Gross profit of the segment in 2021 was registered as 61 million TL and the segment was the segment that made the highest contribution to the gross profitability of the Group. Telecom also stands out as the segment with the highest operating profitability.

Technology Segment

In the technology segment, the amount of orders received and sales revenues decreased by 79% in the current period and stood at TL 26 million. The decrease in sales and orders in the relevant segment is due to the sale of NetRD in the first quarter of 2021.

BDH

In 2021, BDH's order amount and sales revenues increased by 42% compared to the same period of the previous year and amounted to 221 million TL.

DEBT STRUCTURE

As of the end of 2021, the Group's cash and cash equivalents are 542 million TL and net debt is 601 million TL. The Group's net debt position which was \$30 million at the end of 2020, increased to \$45 million TL.

As of the end of 2021, the Group's total financial debt is 1.1 billion TL. As of year-end 2021, 99% of the Group's financial debt consist of short-term financial borrowings.

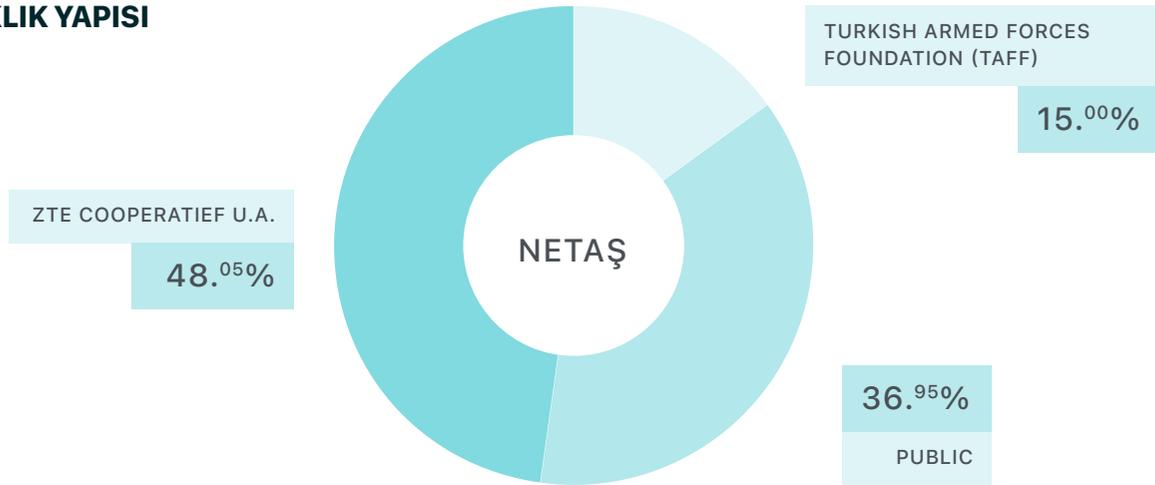
(million TL)	Consolidated Total Financial Debt	Cash and Cash Equivalents	Net Debt (TL mn)	Net Debt (USD mn)
2021	1.142,7	542,0	600,7	45,1
2020	526,5	305,8	220,7	30,1

YE 2021	TL mn.	USD mn.
Short Term Financial Debt (Bank Loans)	1.128,9	84,7
Long Term Financial Debt (Bank Loans)	13,8	1,0
Total Debt	1.142,7	85,7

CORPORATE GOVERNANCE

NETAŞ'S SHAREHOLDING STRUCTURE

ORTAKLIK YAPISI



As of 31 December 2021, 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 2021.

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 2021, capital structure of the company as in the following:		
31 December 2021	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.

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

BDH offers brand-independent consultancy, strategic outsourcing, hardware and support services in the IT sector to a wide range of customers from small-medium sized enterprises to large ones and public institutions. With a service team of experienced and certified professionals specializing in different areas of IT, BDH provides with 18 branches and 45 partners to its customers throughout 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 Algerie Sarl LLC" was established in Algeria, field of activity of the company is manufacturing of small installation and electric lighting equipments; registration of the company completed on 31 March 2019. In accordance with the agreement, Netaş Telecommunication A.S owns 49% of "Netaş Telecommunication Algeria" and has the management control.

Kron Telekomünikasyon Hizmetleri 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
Bowen Mei	Board Member
Ming Li	Board Member
Ali Zülfü Tigrel	Independent Board Member
Özer Karabulut	Independent Board Member

Members of the Board of Directors were elected to serve for 3 years at the General Assembly held on 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. The membership of Bowen Mei, who was appointed at the Board of Directors meeting on March 5, 2021, was approved and accepted at the General Assembly held on June 30, 2021.

BOARD COMMITTEES

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

AUDIT COMMITTEE

Chairman: Ali Zülfü Tigrel (Independent Board Member)

Member: Özer Karabulut (Independent Board Member)

COMMITTEE FOR EARLY DETECTION OF RISKS

Chairman: Ali Zülfü Tigrel (Independent Board Member)

Member: Özer Karabulut (Independent Board Member)

Member: Şuay Alpay

Member: Ding Minzhongxia

CORPORATE GOVERNANCE COMMITTEE

Chairman: Ali Zülfü Tigrel (Independent Board Member)

Member: Aiguang Peng

Member: Şuay Alpay

Member: Ding Minzhongxia

Member: Yeşim Bilginturan

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

REMUNERATION PROVIDED FOR BOARD OF DIRECTORS AND TOP MANAGEMENT

Total remuneration provided for the board of directors for the period ended 31 December 2021 is 27.1 million TL. It was 22.4 million TL for the period ended 31 December 2020.

As of 31 December 2021 and 31 December 2020 there is no credit granted to the Group's board of directors.

Total donations for the year 2021 were realized as 74.133 TL.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISMS

CREDIT RISK

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

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

LIQUIDITY RISK

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

CURRENCY RISK

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

INTEREST RATE RISK

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

INFORMATION 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 1 January 2020-31 December 2020 on 30 June 2021 and meeting quorum realized at 63.31%. 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 2020 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 June 30, 2021, the Proposal to Not Distribute Profit for the period (01.01.2020 – 31.12.2020) due to due to the fact that the company did not generate profit in the period and the economic uncertainties, presented by the Board of Directors, was submitted for the shareholders' information and approval and was accepted unanimously.

TRANSFER OF SHARES

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

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

PUBLIC DISCLOSURE AND TRANSPARENCY

CORPORATE WEBSITE AND CONTENT

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

ANNUAL REPORT

The annual 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 2021.

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 2021 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 2021. 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 sustainment of the company, responsible for taking measures, for detected risks and for risk management; has reviewed the risk management systems of the Company in accordance with the Corporate Governance Principles and the Early Detection of Risks Committee Regulations.

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 2021, 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 2021 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 2021.
- In the year of 2021, 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
1.2. Right to Obtain and Review Information	
The number of special audit request(s)	None
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1 (ad)	https://www.kap.org.tr/Bildirim/935354
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Documents presented only in Turkish.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	None
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	None
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations – Corporate Information–Articles of Association
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/Bildirim/945058
The number of the provision(s) of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Clause 8
Identified stakeholder groups that participated in the General Meeting of Shareholders, if any	Some of the shareholders and their representatives, Board Members, Auditor of the company, some members of the executive committee and the employees responsible for the general assembly attended to the General Assembly Meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	-
The percentage of ownership of the largest shareholder	48.05%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of association	No
If yes, specify the relevant provision of the articles of association	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance /Policies / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Chairman of the Meeting stated that the Board of Directors proposed not to distribute profits due to the fact that the Company did not make a profit in the 01.01.2020 - 31.12.2020 accounting period and due to economic uncertainties.
PDP link to the related general meeting minutes in case the board of directors proposed to the General Assembly not to distribute dividends	https://www.kap.org.tr/Bildirim/945058

General Assembly Meetings	
General Meeting Date	30.06.2021
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	88
The link to the related PDP general shareholder Meeting notification	https://www.kap.org.tr/Bildirim/945058

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	51
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Human Resources
The contact detail of the company alert mechanism	insan_kaynaklari@netas.com.tr

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

4. BOARD OF DIRECTORS - I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Görev dağılımı ile kendisine yetki devredilen yönetim kurulu üyelerinin adları ve söz konusu yetkilerin içeriği	None
Number of reports presented by internal auditors to the audit committee or any other relevant committee of the board	-
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Annual Report – Risk Management and Internal Control Systems
Name of the Chairman	AİGUANG PENG
Name of the CEO	SİNAN DUMLU
If the CEO and Chair functions are combined, provide the link to the relevant PDP announcement providing the rationale for such combined roles	The roles of the Chairman and CEO are undertaken by different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Year End Annual Report https://www.kap.org.tr/Bildirim/1000479
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no such policy.
The number and ratio of female directors within the Board of Directors	0

STRUCTURE OF THE BOARD							
Name/Surname of Board Member	Whether Executive Director or not	Whether Independent Director or not	The First Election Date to Board	Link to Pdp Notification that Includes the Independence 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
ÁIGUANG PENG	No	No	07.08.2020	-	-	No	No
ŞUAY ALPAY	No	No	29.05.2019	-	-	No	Yes
MINZHONGXIA DING	No	No	28.07.2017	-	-	No	Yes
MING LI	No	No	03.04.2019	-	-	No	Yes
BOWEN MEI	Yes	No	05.03.2021	-	-	No	No
ALİ ZÜLFÜ TİGREL	No	Yes	07.06.2018	https://www.kap.org.tr/tr/Bildirim/824792	Yes	No	Yes
ÖZER KARABULUT	No	Yes	29.05.2019	https://www.kap.org.tr/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)	All 5 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/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	-	AİGUANG PENG	No	Board Member
Corporate Governance Committee	-	ŞUAY ALPAY	No	Board Member
Corporate Governance Committee	-	MINZHONGXIA DING	No	Board Member
Corporate Governance Committee	-	YEŞİM BİLGİNTURAN	No	Not a Board Member
Audit Committee	-	ALİ ZÜLFÜ TİGREL	Yes	Board Member
Audit Committee	-	ÖZER KARABULUT	No	Board Member
Early Detection of Risk Committee	-	ALİ ZÜLFÜ TİGREL	Yes	Board Member
Early Detection of Risk Committee	-	ÖZER KARABULUT	No	Board Member
Early Detection of Risk Committee	-	ŞUAY ALPAY	No	Board Member
Early Detection of Risk Committee	-	MINZHONGXIA DING	No	Board Member

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

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

SUSTAINABILITY COMPLIANCE REPORT

	Compliance Status					Comments
	Yes	Partial	No	Exempted	Incompatible	
A. GENERAL PRINCIPLES						
A1. STRATEGY, POLICY, TARGETS						
The Board of Directors determines material ESG issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; internal directives, business procedures of Companies etc. can be prepared. The Board of Directors takes decisions for these policies, and they are publicly disclosed.		X				The Board of Directors started to review the ESG policies and to establish the necessary policies by determining the ESG material issues. Work continues to establish policies and procedures. Current ESG policies are included in the Investor Relations/Sustainability section of the Company's corporate website.
It determines the Company Strategy in line with the ESG policies, risks and opportunities. It determines the short- and long-term goals in line with the Company strategy and ESG policies and makes them public.		X				The Board of Directors has started to work to determine its short and long-term goals in relation to ESG policies and has started to organize its activities within this framework.
A2. IMPLEMENTATION / MONITORING						
It determines the committees / units responsible for the execution of ESG policies and makes them public. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.		X				Committees were established in the field of Corporate Governance, however no committee has yet been established for the field of sustainability, and related activities are carried out by the established work teams.
It creates and publicly discloses implementation and action plans in line with the short and long term goals determined.			X			The company has started to work on short and long-term goals, but the action plan has not yet been completed.
Determines Key ESG Performance Indicators (KPIs) and explains them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.			X			The Board of Directors has just started working on determining the KPI. Therefore, comparative data disclosure will be possible in the coming periods.
Explains the innovation activities that improve the sustainability performance for business processes or products and services.		X				Explanations regarding this area are made in the annual report and on the website.
A3. REPORTING						
It reports its sustainability performance, goals and actions at least once a year and makes it public. Explains the information on sustainability activities within the scope of the annual report.		X				Activities in this field are included in the website and annual activity reports. No separate Sustainability Reporting is available.
It is essential to share information, which is important for stakeholders in understanding the position, performance and development of the Company, in a direct and concise manner. It can also explain detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.		X				Sustainability practices are announced to the public in the annual report and on the website, corporate governance compliance reports are disclosed in the annual report and also on the Public Disclosure Platform.
It takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of the balanced approach.	X					The company attaches importance to transparent and reliable information.
It gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.			X			Information sharing is not done yet in this context.
Makes an explanation regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	X					The company includes relevant information in its annual reports and corporate governance reports.
A4. VERIFICATION						
If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.			X			Since the Sustainability Reporting has not been carried out yet, verification by 3rd parties is not performed.

	Compliance Status					Comments
	Yes	Partial	No	Exempted	Incompatible	
B. ENVIRONMENTAL PRINCIPLES						
Explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	X					The company has ISO 14001 quality certificate and complies with the relevant standard.
Complies with environmental laws and other relevant regulations and explains them.	X					The company carries out its activities in compliance with the relevant legislation and discloses the standards it complies with to the public.
It explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.			X			There is no separate reporting other than the one in the annual report and on the website.
Describes the highest responsible person, relevant committees and responsibilities in the Company on the issues of environment and climate change.			X			Establishment of the sustainability committee continues.
Describes the incentives it offers for the management of environmental issues, including the achievement of objectives.			X			It is not available yet.
Explain how environmental problems are integrated into business goals and strategies.		X				The company ensures that its objectives are compatible with long-term sustainability.
It explains the sustainability performance of business processes or products and services and the activities to improve this performance.			X			There is no separate reporting yet.
It explains how it manages environmental issues along the Company's value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations.		X				The company's policy regarding suppliers has been established and efforts are underway to improve it.
Whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); It explains the cooperation it has made with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.		X				The company includes this information under the heading of sustainability in its annual report and on its website. No separate reporting is available yet.
Reports information on its impacts in a periodically comparable manner within the scope of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	X					The company has a CDP (Carbon Disclosure Report) Report.
It describes the standard, protocol, methodology and base year details used to collect and calculate its data.		X				Our CDP Report has been filled in on a voluntary basis and is non-public.
Describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.			X			There is a separate reporting, but there is no such indicator.
Sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets set before, it provides information on the subject.			X			After determining the long-term targets, the relevant data will be reported.

	Compliance Status					Comments
	Yes	Partial	No	Exempted	Incompatible	
B. ENVIRONMENTAL PRINCIPLES (continued)						
Explain the strategy and actions to combat the climate crisis.			X			Strategy formation studies continue.
Describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.			X			Although the company has acted towards this purpose, it has not disclosed its program and procedures to the public yet.
It explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / revenues and cost savings they provide.			X			There is no separate reporting yet.
It reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.		X				Relevant data are available in the CDP report.
Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.		X				Relevant data are available in the CDP report.
It conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.		X				The company operates in parallel with this purpose. There is no report on this subject yet.
Explain the renewable energy production and usage data.			X			There is no separate reporting yet.
It makes energy efficiency projects and explains the amount of energy consumption and emission reduction thanks to these studies.			X			There is no separate reporting yet.
It reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).			X			There is no separate reporting yet.
It explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).			X			There is no separate reporting yet.
Describes the carbon credit information accumulated or purchased during the reporting period.			X			There is no separate reporting yet.
Explains the details if carbon pricing is applied within the Company.			X			There is no separate reporting yet.
It explains all mandatory and voluntary platforms where it discloses environmental information.		X				Relevant data are available in the CDP report.

	Compliance Status					Comments
	Yes	Partial	No	Exempted	Incompatible	
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND EMPLOYEE RIGHTS						
Forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, ILO Conventions which Turkey has confirmed and the legal framework and regulations governing the operation of corporate life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.		x				All regulations regarding the Company's Human Rights Policy are made available to all employees on the company portal. In addition, processes related to HR policy are included under the human resources heading of the website.
Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment, and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.		x				Netaş Inclusivity and Diversity Commitment has been prepared and submitted for the signature of our employees. In addition, each of our employees who start working at the company is asked to read and approve the related commitment.
Describes the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equality of opportunity.		x				Within the scope of Netaş Inclusivity and Diversity Commitment, it is shared that our employees embrace the differences in gender, ethnicity, age, language, religion, health status, family obligations, educational background and abilities regarding equal opportunities.
It reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Explains the regulations against child labor.		x				There is no separate reporting yet. The processes for not employing child labor are governed by the provisions of the labor law.
Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management.		x				Processes related to regulations in Human Resources are supported. There is no policy regarding unionization. In union matters, we act in accordance with the constitution and legislation.
Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution.		x				An Employee Engagement survey was conducted on January 2022, and processes and actions are organized in line with employee feedback. "We are listening to you" a mail channel has been created, suggestions/complaints/opinions are received and evaluated through this channel.
It regularly explains the activities carried out to ensure employee satisfaction.		x				An Employee Loyalty survey was conducted on January 1, 2022, and processes and actions are organized in line with employee feedback. 2. Steering Committee is created and followed up in order to follow the actions and plans. 3. The "We" program, which puts the employee at the center, was initiated and launched. 4. The developments in the "We" program will be shared with the employees through monthly newsletters as of July 2022.
It creates occupational health and safety policies and makes them public.	x					Our Health and Safety Policy is published on our website.
Explains the precautions and accident statistics taken to prevent work accidents and health.	x					It is provided in our ESG part at our web site.
It creates and publicly discloses personal data protection and data security policies.	x					The relevant policy has been created and announced via the corporate website.
It creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	x					The relevant policy has been created and announced via the corporate website. In addition, Netaş Communication protocol was prepared and published on the company portal. Expectations from employees on social media, events, and interviews with the press are clearly stated. It is also shared with employees via e-mail.
Explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.		x				Ongoing social responsibility activities are regularly featured on the corporate website and annual activity reports.
Organizes information meetings and training programs for employees on ESG policies and practices.	x					Work on updating and establishing ESG policies continues, and training programs are planned afterwards.

	Compliance Status					Comments
	Yes	Partial	No	Exempted	Incompatible	
C2. STAKEHOLDERS, INTERNATIONAL STANDARDS AND INITIATIVES						
It carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	X					Efforts continue to design social benefit activities in an inclusive way for all stakeholders based on UN's 17 development goals.
It regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.		X				There is a customer satisfaction policy. A customer satisfaction survey is conducted annually and the results are analyzed. Public disclosure is not made as there is no special reporting at the moment.
Conducts stakeholder communication continuously and transparently; It explains which stakeholders, for what purpose, on what issue and how often it communicated, and the developments in sustainability activities.		X				There is no separate reporting yet. Transparent information is provided by communicating with stakeholders through the annual report, press and social media channels.
It publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.).		X				Our CDP Report is available as non-public.
Discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) which it is a signatory or member of, and international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles).		X				The followed ones are explained in the annual reports and on the corporate website.
It makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	X					
D. CORPORATE GOVERNANCE PRINCIPLES						
It makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.	X					
It takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate management strategy.	X					
As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It applies to the opinions of stakeholders in determining the measures and strategies in the field of sustainability.	X					
It works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	X					
It strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	X					The company has been a signatory of the UN Global Compact since 2019. She is also a supporter of the HeforShe platform and a signatory to the Women Empowerment Principles.
Explains policies and programs for the fight against bribery and corruption and the principle of tax integrity.		X				Relevant studies are included in the annual reports and on the corporate website.

DECLARATION OF INDEPENDENCE

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

I hereby declare that;

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

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

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

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

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

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

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

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

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

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


 Ali ZÜLFİ TİGREL
 29.05.2019

To the Board of Directors of Netaş Telekomünikasyon A.Ş.;
I hereby declare that;

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

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

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

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

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

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


Özer KARABULUT
29.05.2019

NETAŞ TELEKOMÜNİKASYON A.Ş.

AND ITS' SUBSIDIARIES

AS AT AND FOR THE YEAR ENDED

31 DECEMBER 2021

CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION OF

THE REPORT AND THE CONSOLIDATED FINANCIAL

STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Netaş Telekomünikasyon Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Netaş Telekomünikasyon Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, 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, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

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

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

Key audit matter

Contract accounting and recognition of revenue

As explained in Note 21 of the consolidated financial statements as of 31 December 2021, the Group recognised revenue amounting to TL 2.296.349.584.

The Group’s business involves entering into contractual relationships with customers to provide a range of services and/or goods with a significant proportion of the Group’s revenues and results derived from long term contracts. The Group considers the goods or services that are promised within the scope of the contract and recognises revenue on contracts with customers when the Group satisfies the performance obligations by transferring the goods or services to the customer. The Group determines whether the identified performance obligations are satisfied over time or at a point in time, at the beginning of each contract.

Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made mainly to:

- assess the total contract costs;
- assess the stage of completion of the contract;
- identify the distinct performance obligations within the contract;
- forecast the profit margin after taking consideration of expected completion date, and variable consideration; and
- appropriately provide for loss making contracts.

The outcome of these judgements could lead to different profit and revenue being reported in the consolidated financial statements.

Accordingly, there are risks of miscalculation and misrecognition of revenue in the correct period due to inclusion of estimations of the management on the determination of revenue earned but not invoiced or invoiced but not earned and due to modifications of the contracts related to changes in price or scope of the contracts. For this reason, recognition of revenue in the correct period and in the correct amount requires significant judgment of the management and it is considered as a key audit matter.

How the matter was addressed in the audit

Among others, the following procedures have been performed for the audit of revenue:

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.

The appropriateness of the accounting policies applied by the management for the recognition of revenue for each type of revenue stream has been evaluated.

Selected samples of the contracts with customers, reviewed and inquired with the management to test whether the performance obligations are satisfied over time or at a point in time and tested the amount of revenue recognized and the period it is recognized, with the help of supporting documents.

Challenged whether provisions for onerous contracts appropriately reflect the expected contractual position, using the knowledge obtained from other testing and inquiring commercial responsables.

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.

Confirmation letters have been received for the selected samples of outstanding balances with customers and examined conformity with the financial statements.

In addition, the adequacy of the disclosures provided have been evaluated in accordance with the disclosure requirements of TFRSs.

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

Key audit matter	How the matter was addressed in the audit
<p>Goodwill impairment test</p> <p>As disclosed in Note 14 of the consolidated financial statements as of 31 December 2021, the Group has goodwill amounting to TL 244.295.352 provided in intangible assets. In accordance with TFRSs, the Group is required to test impairment of goodwill annually.</p> <p>Goodwill balance is significant to the consolidated financial statements in terms of the amount and besides the impairment tests conducted by the Group management includes significant estimates and assumptions. Such assumptions are; growth rate of earnings before interest tax depreciation and amortization ("EBITDA"), long term growth rate, rate used to discount cash flows to balance sheet date.</p> <p>The assumptions are highly sensitive to the expected future market or economic conditions. Thus, annual impairment testing of goodwill considered as a key audit matter.</p>	<p>Among others, the following procedures have been performed for the audit of goodwill impairment test:</p> <p>Assessment of appropriateness of cash generating units identified by the management has been performed.</p> <p>Discussion with Group management has been held for assessment related to the future projections, in the light of the macroeconomic data and sectoral developments.</p> <p>Assessment of the reasonableness of the cash flow projections for the cash generating unit and the comparison of the prior year actual financial performances has been performed.</p> <p>Assessment of the reasonableness of key assumptions incorporated in discounted cash flows such as long-term growth rates, discount rate has been evaluated by the comparison of these assumptions with the assumptions used in the sector with the support of our valuation specialist.</p> <p>The structure and the mathematical accuracy of the discounted cash flow model has been assessed.</p> <p>The sensitivity of the assumptions determined by the management to the market conditions has been performed.</p> <p>The adequacy of the disclosures provided including estimations and the judgements related to testing of and the results along with the sensitivities have been evaluated in accordance with the disclosure requirements of TFRSs.</p>

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

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

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

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

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

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

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- ▶ 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.

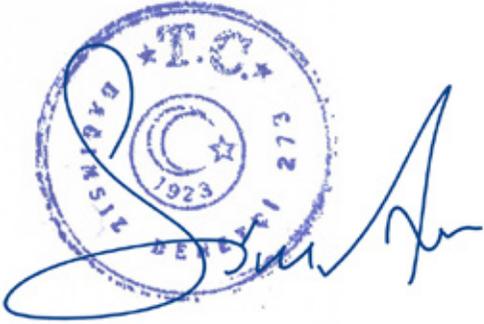
(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

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 9 March 2022.
- 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 2021 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

9 March 2022
İstanbul, Türkiye

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NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS OF 31 DECEMBER 2021 and 2020**

(Unless otherwise stated the amounts are in TL).

	Notes	Audited 31 December 2021	Audited 31 December 2020
ASSETS			
Current Assets		2.948.964.059	1.806.680.392
Cash and Cash Equivalents	5	541.970.727	305.858.010
Trade Receivables		1.348.616.225	716.161.169
<i>Due from related parties</i>	28	16.530.090	42.997.497
<i>Trade receivables, third parties</i>	7	1.332.086.135	673.163.672
Other Receivables		2.901.515	571.632
<i>Other receivables, third parties</i>	8	2.901.515	571.632
Inventories	9	379.632.146	183.412.626
Contract Assets related to Goods and Services Provided		572.161.427	525.517.175
<i>Contract Assets related to Goods and Services Provided</i>	11	572.161.427	525.517.175
Prepaid Expenses	10	36.731.381	21.702.469
Current Income Tax Assets	26	33.562.897	33.957.039
Other Current Assets	19	33.387.741	19.500.272
Non-Current Assets		717.962.787	604.413.687
Trade Receivables		-	26.953.350
<i>Trade receivables, third parties</i>	7	-	26.953.350
Property, Plant and Equipment	12	117.520.639	106.867.551
Right of Use Assets	13	67.931.249	48.320.124
Financial Investments		17.926.217	6.837.555
Intangible Assets		336.420.960	254.299.756
<i>Goodwill</i>	14	244.295.352	134.537.477
<i>Other intangible assets</i>	14	92.125.608	119.762.279
Investments Accounted Using the Equity Method	3	8.621.337	11.507.883
Deferred Tax Assets	26	169.542.385	149.627.468
TOTAL ASSETS		3.666.926.846	2.411.094.079

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS OF 31 DECEMBER 2021 and 2020**

(Unless otherwise stated the amounts are in TL).

	Notes	Audited 31 December 2021	Audited 31 December 2020
LIABILITIES			
Short Term Liabilities		3.508.145.330	1.700.482.641
Short Term Borrowings		1.115.963.022	348.366.261
<i>Short Term Bank Loans</i>	6	1.115.963.022	348.366.261
Short-Term Portion of Long-Term Borrowings		80.859.969	171.933.688
<i>Short-Term Portion of Long-Term Bank Loans</i>	6	12.919.150	156.756.600
<i>Short-Term Portion of Long-Term Lease Liabilities</i>	6	67.940.819	15.177.088
Trade Payables		1.599.148.842	886.418.679
<i>Due to related parties</i>	28	457.540.058	145.181.657
<i>Trade payables, third parties</i>	7	1.141.608.784	741.237.022
Other Payables		81.774.643	40.309.890
<i>Other payables, third parties</i>	8	81.774.643	40.309.890
Employee Benefit Obligations	18	26.272.106	31.526.502
Contract Liabilities		356.827.319	184.710.227
<i>Contract Liabilities</i>	11	356.827.319	184.710.227
Provisions		247.299.429	34.600.757
<i>Provisions for Employee Benefits</i>	18	26.573.697	25.684.627
<i>Other Short Term Provisions</i>	16	220.725.732	8.916.130
Current Income Tax Liabilities	26	-	2.616.637
Long Term Liabilities		123.373.240	124.840.393
Long Term Borrowings		60.918.001	65.608.465
<i>Bank Loans</i>	6	13.817.167	21.376.420
<i>Lease Liabilities</i>	6	47.100.834	44.232.045
Provisions		47.530.550	40.523.011
<i>Provisions for Employee Benefits</i>	18	47.530.550	40.523.011
Deferred Tax Liabilities	26	14.924.689	18.708.917
SHAREHOLDERS' EQUITY			
Equity Attributable to Equity Holders of the Parent		36.923.410	585.075.637
Share Capital	20	64.864.800	64.864.800
Share Capital Adjustments		41.612.160	41.612.160
Other comprehensive income to be reclassified in profit and loss		(4.850.226)	(445.568)
<i>Currency Translation Differences</i>		(4.850.226)	(445.568)
Other comprehensive income not to be reclassified in profit and loss		545.653.120	421.188.549
<i>Remeasurement gain/ (loss) on defined benefit plans</i>		(17.262.824)	(11.594.178)
<i>Currency Translation Differences</i>		562.915.944	432.782.727
Restricted Reserves	20	34.897.360	34.897.360
Retained Earnings		22.958.336	94.088.563
Net Loss for the Period		(668.212.140)	(71.130.227)
Non-controlling interests		(1.515.134)	695.408
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3.666.926.846	2.411.094.079

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER****COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

(Unless otherwise stated the amounts are in TL).

		Current Period 1 January- 31 December 2021	Previous Period 1 January- 31 December 2020
	Notes		
INCOME OR LOSS FROM OPERATIONS			
Revenue	21	2.296.349.584	1.733.166.950
Cost of Sales (-)	21	(2.559.191.128)	(1.556.135.207)
GROSS PROFIT		(262.841.544)	177.031.743
Sales, Marketing and Distribution Expenses (-)	22	(109.354.192)	(100.689.126)
General Administrative Expenses (-)	22	(107.506.666)	(71.317.470)
Research and Development Expenses (-)	22	(14.707.778)	(5.657.782)
Other Income from Operating Activities	23	7.656.204	26.167.288
Other Expenses from Operating Activities (-)	23	(269.823.591)	(56.379.476)
OPERATING LOSS		(756.577.567)	(30.844.823)
Income from Investment Activities	24	39.599.284	65.042
Expenses from Investment Activities (-)	24	(3.119.582)	(263.073)
Income from Investments Accounted Using the Equity Method	3	(823.495)	1.059.025
OPERATING LOSS BEFORE FINANCE INCOME AND EXPENSES		(720.921.360)	(29.983.829)
Financial Income	25	233.193.653	76.525.759
Financial Expenses (-)	25	(138.668.200)	(115.509.177)
LOSS BEFORE TAX		(626.395.907)	(68.967.247)
Tax (Expenses)/ Income		(44.026.775)	(1.965.756)
Current Tax Expenses	26	-	(2.619.207)
Deferred Tax Income	26	(44.026.775)	653.451
NET LOSS FOR THE YEAR		(670.422.682)	(70.933.003)
Attributable to:			
Non-controlling Interest		(2.210.542)	197.224
Equity Holders of the Parent		(668.212.140)	(71.130.227)
Earn/(Loss) per share	27	(10,3357)	(1,0936)
OTHER COMPREHENSIVE INCOME/ (EXPENSES)			
Other comprehensive income or expenses that will not be reclassified subsequently to profit of loss		124.464.571	120.756.461
Currency translation differences		130.133.217	123.041.367
Remeasurement gain/ (loss) on defined benefit plans	18	(7.033.419)	(2.839.178)
Remeasurement gain/ (loss) on defined benefit plans, deferred tax	26	1.406.684	567.836
Actuarial gain/ (loss) arising from investment accounted using the equity method	3	(41.911)	(13.564)
Other comprehensive income or expenses that will be reclassified subsequently to profit of loss		(4.404.658)	(261.832)
Currency translation differences		(3.007.189)	(3.758)
Currency translation differences from investments accounted using the equity method		(1.397.469)	(258.074)
OTHER COMPREHENSIVE INCOME/ (LOSS)		120.059.913	120.494.629
TOTAL COMPREHENSIVE INCOME/ (LOSS)		(550.362.769)	49.561.626
Attributable to:			
Non-controlling Interest		(2.210.542)	376.719
Equity Holders of the Parent		(548.152.227)	49.184.907
Earn/(Loss) per share		(8,4848)	0,7641

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 2021

(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	Remeasurement loss on defined benefit plans	Restricted Reserves	Retained Earnings	Net (Loss) for the Period	Equity Holders of the Parent		
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
Balance as at 1 January 2021	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
Total comprehensive income	-	-	(4.404.658)	130.133.217	(5.668.646)	-	-	(668.212.140)	(548.152.227)	(2.210.542)	(550.362.769)
Transfer	-	-	-	-	-	-	(71.130.227)	71.130.227	-	-	-
Balance as at 30 December 2021	64.864.800	41.612.160	(4.850.226)	562.915.944	(17.262.824)	34.897.360	22.958.336	(668.212.140)	36.923.410	(1.515.134)	35.408.276

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 2021**

(Unless otherwise stated the amounts are in TL).

	Notes	Current Period 1 January- 31 December 2021	Previous Period 1 January- 31 December 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss) for the Period		(670.422.682)	(70.933.003)
<i>Profit/(Loss) from Continuing Operations</i>		<i>(670.422.682)</i>	<i>(70.933.003)</i>
Adjustments to Reconcile Profit/Loss		312.403.278	135.695.621
Adjustments for Depreciation and Amortisation Expenses	12-13-14	95.931.594	77.442.027
Adjustments for (Reversal of) Impairment Loss Recognised in Profit or Loss		143.376.231	4.974.996
<i>Adjustments for (Reversal of) Provision of Receivables</i>	7	<i>5.243.479</i>	<i>2.144.432</i>
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets</i>	14	<i>97.918.687</i>	-
<i>Adjustment for Reversal of Provision of Inventory</i>	9	<i>40.214.065</i>	<i>2.830.564</i>
Adjustments For Provisions		186.385.182	47.730.054
<i>Adjustments for Provisions Related with Employee Benefits</i>		<i>45.267.484</i>	<i>44.354.194</i>
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		<i>3.373.252</i>	<i>4.637.277</i>
<i>Adjustments for (Reversal of) Other Provisions</i>		<i>137.744.446</i>	<i>(1.261.417)</i>
Adjustments for Interest (Income) and Expenses		96.438.360	79.593.079
<i>Adjustments for Interest Income</i>	25	<i>(4.213.728)</i>	<i>(1.376.462)</i>
<i>Adjustments for Interest Expense</i>	25	<i>106.489.249</i>	<i>99.986.073</i>
<i>Unearned Financial Loss/Income from Credit Sales</i>	25	<i>(5.837.161)</i>	<i>(19.016.532)</i>
Adjustments For Unrealised Foreign Exchange Losses (Gains)	25	(228.979.925)	(75.149.297)
Adjustments for Share of Profit of Investments Accounted for Using the Equity Method	3	2.886.546	(1.059.025)
Adjustments for Losses Tax Expense	26	52.727.341	1.965.756
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	32	(38.872.094)	-
Adjustments for (Gains)/Losses disposal of non-current assets		2.510.043	198.031
<i>Adjustments for (Gains)/Losses Arising From Sale of Property, Plant and Equipment</i>		<i>2.510.043</i>	<i>198.031</i>
		-	-
Changes in Working Capital		243.751.405	346.895.641
Adjustments for Decrease / (Increase) in Trade Receivables		(54.573.263)	1.704.263
<i>Decrease (Increase) in Trade Receivables from Related Parties</i>		<i>67.382.630</i>	<i>(31.277.613)</i>
<i>Decrease (Increase) in Trade Receivables from Third Parties</i>		<i>(121.955.893)</i>	<i>32.981.876</i>
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		157.636	32.080.936
<i>Adjustments for Decrease (Increase) in Other Receivables Related with Operations from Third Parties</i>		<i>157.636</i>	<i>32.080.936</i>
Adjustments for Decrease / (Increase) in Inventories		(86.802.564)	(31.343.162)
Decrease / (Increase) in Prepaid Expenses		2.676.317	(6.520.949)
Adjustments for (Decrease) in Trade Payables		(8.612.021)	241.723.371
<i>Increase (Decrease) in Trade Payables to Related Parties</i>		<i>193.916.830</i>	<i>28.191.761</i>
<i>(Decrease)/Increase in Trade Payables to Third Parties</i>		<i>(202.528.851)</i>	<i>213.531.610</i>
Increase (Decrease) in Payables due to Employee Benefits		(21.490.531)	1.005.714
(Decrease)/Increase in Contract Assets		382.380.539	117.591.710
Adjustments for Decrease in Other Operating Payables		8.579.285	12.364.479
<i>(Decrease) in Other Operating Payables to Unrelated Parties</i>		<i>8.579.285</i>	<i>12.364.479</i>
(Decrease)/ Increase in Contract Liabilities		21.436.007	(16.776.883)
Other Adjustments for Other (Decrease)/ Increase in Working Capital		-	(4.933.838)
		-	-
Cash Flows (Used in) Generated From Operations		(114.267.999)	411.658.259
Payments Related with Provisions for Employee Benefits		(43.039.521)	(39.529.212)
Income Taxes Paid	26	(2.222.495)	(34.396.646)
Payments Related with Lawsuits		(3.246.966)	(2.025.301)
		-	-
		(162.776.981)	335.707.100

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 2021**

(Unless otherwise stated the amounts are in TL).

		Current Period 1 January- 31 December 2021	Previous Period 1 January- 31 December 2020
	Notes		
B.CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		15.498.894	328.115
<i>Proceeds from Sales of Property, Plant, Equipment</i>		17.776.116	328.115
<i>Proceeds from Intangible Assets</i>		(2.277.222)	-
Purchase of Property, Plant, Equipment and Intangible Assets		(66.794.907)	(93.037.752)
<i>Purchase of Property, Plant, Equipment</i>	12	(25.278.055)	(42.185.228)
<i>Purchase of Intangible Assets</i>	14	(41.516.852)	(50.852.524)
Cash inflows from the sale of subsidiaries	32	88.574.295	-
Interest Received	25	4.213.728	1.376.462
Other Outflows of Cash		(11.088.662)	-
		30.403.348	(91.333.175)
C.CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
Inflows from Borrowings	6	1.316.876.199	949.186.155
Outflows from Borrowings	6	(770.411.281)	(966.344.572)
Interest Paid		(85.988.928)	(93.983.562)
Payments of lease liabilities		(27.739.849)	(29.099.652)
		432.736.141	(140.241.631)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		300.362.508	104.132.294
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(64.249.791)	6.385.178
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		236.112.717	110.517.472
E.CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		305.858.010	195.340.538
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D+E)		541.970.727	305.858.010

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(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" (Netaş 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 TL 1.700.000, 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 our disclosure made on 5 March 2021, it was disclosed that, our Board of Directors decided to transfer all the shares of NetRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NetRD"), wholly owned by Netaş Bilişim Teknolojileri A.Ş., of which our Company is 100% shareholder, to MERA Switzerland AG which is a group company of US based Orion Innovation Group for USD 8.000.000 of equity value and net transaction value to be determined following closing agreements. Following the closing transactions related to sale, the share transfer was completed with a total value of USD 11.607.277. As a result of all these transactions, the Group achieved a profit of USD 4.802.776 (TL 35.429.117) from the sale of subsidiaries and reflected into profit or loss statements. This amount, which is shown in the item of income from investment activities, has been converted into TL by using three-month average rate between 1 January - 31 March 2021. (Note 33).

The establishment of the Netaş 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 Netaş Telekomünikasyon A.Ş. in accordance with the agreement between the parties and therefore, Netaş Telecommunications Algeria Sarl LLC is accounted with full consolidated method.

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 2021, the Group has no blue-collar employees (31 December 2020: None). The average number of white-collar personnel employed in the Group as of 31 December 2021 is 2.171 (31 December 2020: 2.544).

Approval of Consolidated Financial Statements

The financial statements were approved by the Board of Directors on 9 March 2022. 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 2021

(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 2021 and 31 December 2020 are as follows:

31 December 2021	Place and establishment of operation	Group's shares in capital and voting rights	Main operating activities
Netaş Bilişim Teknolojileri A.Ş.	Turkey	%100	Consultancy of project installments and network solutions
BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş.	Turkey	%100	Technical supports and maintenance services
Netaş Telecom Limited Liability Partnership	Republic of Kazakhstan	%100	Consultancy of project installment, design and technical support services
Netaş Telecommunications Malta Ltd	Malta	%100	Supply of telecommunication equipment
Netas Telecommunications Algeria Sarl LLC (*)	Algeria	%49	Manufacture of small installation and electric lighting equipment

31 December 2020	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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(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)

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.

As of 31 December 2021, and 2020 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 of affiliate 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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(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

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.

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 2021 (1 USD: 13,329 TL), 31 December 2020; (1 USD: 7,3405 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: 8,8969 TL) for the year ended 31 December 2021 (for the year ended 31 December 2020 1 USD: 7,009 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.

d) Adjustment of Financial Statements in High Inflation Periods

In the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, TAS 29 Financial Inflationary Economies in 2021 financial statements. It has been stated that there is no need to make any adjustments within the scope of the Reporting Standard. In this respect, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2021.

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.

The Group has reclassified the amounting of TL 1.363.724 of credit card receivables in the money and cash accounts account in the statement of as of 31 December 2020.

The Group has reclassified the provision for unused vacation amounting to TL 5.609.830, which was shown in the provision for short-term provision of employee benefits to long-term provision of employee benefits in the statement of financial position prepared as of 31 December 2020.

The Group has reclassified advance balance amounting to TL 70.607.087, which was shown in the deferred revenue to contract liabilities in the statement of financial position prepared as of 31 December 2020.

The Group has reclassified unbilled receivables amounting to TL 352.347.313, which was shown in the trade receivables to contract assets in the statement of financial position prepared as of 31 December 2020.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Unless otherwise stated the amounts are in TL).

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

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 S

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.

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.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(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)

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.

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.

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(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)

Licence Performance Obligation

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

Outsourcing and Support Services Performance Obligation

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

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

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

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

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.

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.3 Plant, Property and Equipment

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

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

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

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

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

2.4.4 Intangible Assets

Intangible assets acquired separately

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

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).

Internally-generated intangible assets

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

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

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure

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

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

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

Contractual customer relationships

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

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.5 Impairment of tangible and intangible assets other than goodwill

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.

(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.

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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)

(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.

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.

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.9 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 2021 (1 USD = 13,329 TL, 1 EUR = 15,0867 TL, 1 CAD = 10,4579 TL, 1 GBP = 17,9667 TL and 1 BDT = 0,1510 TL, 1 AZN=7,7630, 1 DZD=0,0947).

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.

Provisions for executory contracts

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

Return provision

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

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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 form 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.

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

2.4 Summary of Significant Accounting Policies (Cont'd)

2.4.18 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.

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.

Right-of-use asset

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

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

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

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability. Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

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

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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)

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:

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

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

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

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

Practical expedients

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

Group - as lessor

The Group does not have any significant activity as the lessor.

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

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 7,29 Trade receivables and payables: Estimations and accounting judgments regarding to collectability of receivables. Trade receivables and payables: The Group allocates provision for doubtful receivables for the estimated losses caused by the inability of its customers to make the necessary payments. The Group calculates provision for doubtful receivables according to the prospective credit loss model. In this context, the loss is weighed according to the probabilities of realization and it evaluates how economic factors affect the expected credit loss. The provision is revised periodically. The provision expense calculated for trade receivables is calculated over the percentages determined for the aging group in which the receivable is included and increasing as the receivables age.
- Note 9 Inventories: Estimations regarding to inventory provision. Inventories: When the net realizable value of the inventories falls below its cost, the inventories are reduced to their net realizable value and charged to the income statement in the year in cost. It also requires significant judgment whether inventories are unsaleable. According to the calculations based on the judgments and estimations of the Group Management, since the net realizable value of the inventories fell below its cost, a portion of the inventories was reduced to their net realizable value.
- Note 12,14 Property, plant and equipment and intangible assets: If there is an indication of impairment of tangible and intangible assets, an impairment test is performed. In particular, in the analysis of intangible assets impairment, the actions taken by other market members and technological developments in the current period are taken into account. Assumptions on the balance sheet date, which have a certain risk that may cause significant adjustments to assets and liabilities in the next reporting period and are related to the future period, and sources of calculation uncertainty are explained below. In case of an indication of impairment, the Group determines whether there is impairment in property, plant and equipment by calculating the recoverable amount. This requires calculating the value in use of the cash-generating unit. Calculating the value in use requires the Group to calculate the estimated cash flows expected to be received in the future period of the cash generating unit and determine the appropriate discount rate to be used in calculating the present value of these cash flows.
- Note 14 Goodwill: Estimations regarding to impairment of goodwill. Goodwill: The assumptions used by the Group during the impairment test of goodwill have been disclosed. The group determines the useful life of an asset by considering the estimated useful life of that asset. This assessment is based on the Group's experience with similar assets. The Group also considers additional impairment in case the assets become technically or commercially unusable as a result of changes and developments in the market. The useful lives used by the Group are based on the judgment of Group Management and are disclosed in notes 12 and 14.
- Note 16 Provisions: Estimations regarding to provision amounts. Provisions, contingent assets and liabilities: The Group has become a party to multiple investigations, examinations and lawsuits, both as defendant and plaintiff, within the scope of its ordinary activities during the period. All these investigations, investigations and lawsuits were evaluated by the Group Management in TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and reflected in the consolidated financial statements or footnotes. Future results of these investigations, investigations and litigation may differ from the Group's assessments. As a result of the evaluations made under the current conditions as of the reporting date, the Group Management is of the opinion that the necessary information is presented in the accompanying consolidated financial statements in order to ensure that appropriate accounting criteria and measurement principles are applied to provisions, contingent liabilities and contingent assets, and that financial statement users understand their characteristics, timing and amounts.
- Note 21 Revenue and cost of sales: Estimation of revenue and cost based on project based analysis. Sales and cost of sales: The percentage project completion rate method is used in the accounting of project contracts, and since the ratio of the contract expense realized until a certain date to the estimated total cost of the contract is calculated, the total estimated costs and project profitability of the projects are determined within the scope of TFRS 15, and the loss provision is calculated for the projects that are expected to end with a loss. .
- Note 26 Tax Assets and liabilities: Estimations regarding to recoverability of deferred tax assets. Tax assets and liabilities: The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between its tax base financial statements and its financial statements prepared in accordance with TFRS. Group companies have deferred tax assets consisting of unused tax losses and other deductible temporary differences that can be deducted from future profits. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, the expiry dates of future profit projections, losses in current periods, unused losses and other tax assets and tax planning strategies that can be used when necessary are taken into consideration. As a result of the evaluation, as of 31 December 2021, corporate tax arising from R&D incentives amounting to 877,420,853 TL within the framework of the Law No. 5746 on the Support of Research and Development Activities, which can be foreseen on the temporary differences arising from tax deductions and that the right to tax deduction can be utilized within the period that the tax deduction right can continue. The Group has calculated a deferred tax asset over the corporate tax deduction arising from the R&D incentives that it has not used (Note 26). R&D incentives that have been vested but not yet used have an indefinite lifespan.

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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, 2021 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, 2021. 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, 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 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.

Amendments to IFRS 16 – Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 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. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted. Overall, the Group expects no significant impact on its balance sheet and equity

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.

TFRS 10 and TAS 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 TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 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 TFRS standards (March 2018).

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 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 TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 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.

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

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

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

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- ▶ TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- ▶ TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- ▶ TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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.

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2. KONSOLİDE FİNANSAL TABLOLARIN SUNUMUNA İLİŞKİN ESASLAR (devamı)

2.7 İşletmenin Sürekliliği

31 Aralık 2021 tarihli konsolide finansal tablolar "İşletmenin Sürekliliği" ilkesi uyarınca hazırlanmıştır. 31 Aralık 2021 tarihi itibarıyla Grup'un dönen varlıkları 2.948.964.059 TL, kısa vadeli yükümlülükleri ise 3.508.145.330 TL olup, kısa vadeli yükümlülükleri dönen varlıkları 559.181.271 TL aşmıştır. Bunun yanında aynı tarihte sona eren hesap dönemine ait Grup'un dönem zararı 668.212.140 TL, geçmiş yıllar zararları ise 645,253,804 TL olarak gerçekleşmiştir. Bu durum, işletmenin sürekliliğinin devamına ilişkin ciddi şüphe oluşturabilecek önemli bir belirsizliğin bulunduğuna işaret etmektedir. Grup yönetiminin bu duruma ilişkin planları ve tedbirlerine aşağıda yer verilmektedir.

Grup, 2021 yılında operasyonel karlılığını artırmak ve finansal giderlerini azaltmak amacı ile birçok önlem almış olup, bu önlemlerin bazıları, sistem entegrasyonunda hedef alan olarak belirlenen 5 teknoloji alanındaki daha yüksek kar marjlı yeni teknoloji ürün ve çözümlere odaklanması, Stratejik sektörler olarak belirlenen Savunma, Telekomünikasyon ve Ulaşım alanındaki, yerli ve milli ARGE çözümlerine odaklanması, yüksek mali ve operasyonel risk içeren projelerin alınmaması, yüksek finansman ihtiyacı olan ve kur riski içeren projeler alınmaması ve operasyonel giderlerde tasarruf sağlanması olarak sayılabilir.

Grup'un, yeni alınan siparişleri 2021 yılında büyümeye devam etmiş olup, 2021 yılında alınan toplam sipariş tutarı 253 milyon ABD doları seviyesinde gerçekleşmiştir. Grup'un 2022 ve sonraki yıllarda gelire yansıtacak 159 milyon ABD doları tutarında kayıtlı siparişi mevcuttur. Grup'un 2021 yılı içerisinde almış olduğu yeni siparişleri için kar marjı oranı 2021 yılı toplam gerçekleştirmelerine göre önemli oranda artmış bulunmaktadır. Diğer taraftan, Grup bu artışın 2022 yılı siparişlerinde de aynı şekilde artmaya devam edeceğini beklemektedir.

Pandeminin etkisinin geçmeye başlamasıyla birlikte yeni alınan siparişlerin önceki yıllara ait siparişlere göre yüksek karlılığı; pozitif faaliyet karlılığı ve pozitif operasyonel nakit akışı yaratılmasındaki temel etmen olacaktır.

Operasyonel giderleri düşürmek için aksiyonlar alınmış olup 2022 yılı faaliyet giderlerinde ABD doları bazında küçülme hedeflenmektedir.

Diğer taraftan Grup kredilerinin ödemesinde geçmişte herhangi bir sorun yaşamamış olup, 2022 ve sonraki yıllarda da ödeme sıkıntısı yaşamayacağını öngörmekte ve nakit ihtiyaçları doğrultusunda mevcut banka kredilerinin yenilenebileceğini düşünmektedir. Diğer taraftan, Şirket yönetimi toplam borçluluğun gelecek 12 ay içerisinde azaltılmasını hedeflemektedir.

Finansal tablolar aktiflerin gerçekleşebilir değerlerine ve taşınan değerlerinin sınıflamasına ilişkin ya da Grup'un süreklilik esasında devam edememesi halinde oluşabilecek yükümlülüklerin tutarları ya da sınıflamasına ilişkin herhangi bir düzeltme kaydı içermemektedir. Grup, söz konusu kısa vadeli yükümlülüklerin karşılanmasına yönelik olarak herhangi bir aksama öngörmemektedir. Söz konusu farkın Grup'un raporlama dönemini takip eden yıl içerisinde elde edeceği gelirlerinden ve ihtiyaç halinde çeşitli finansman metodları ile kapatılması planlanmaktadır.

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3. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

Associates

Details of significant associate:

As of 31 December 2021, 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 2021	31 December 2020
Current assets	99.732.161	60.453.113
Non-current assets	58.450.463	41.291.822
Short term liabilities	69.137.751	39.494.312
Long term liabilities	8.843.456	2.735.504
Net assets	80.201.417	59.515.119
Goodwill carried over at the group level	601.195	601.195
Share of the Group in net assets	8.020.142	5.951.512
Total	8.621.337	6.552.707

	1 January 2021- 31 December 2021	1 January 2020- 31 December 2020
Revenue	84.439.676	53.352.586
Cost of sales (-)	(12.834.070)	(9.428.027)
Net profit	35.080.099	10.590.254
Other comprehensive expenses	(14.393.800)	(2.753.219)
Total comprehensive income	20.686.299	7.837.035
Share of the Group in total comprehensive income	2.068.630	783.704

The movement of acquisition balance arising from Kron is given below;

	2021	2020
As of 1 January	11.507.883	9.401.553
Share from the profit of the period	3.508.010	1.059.025
Defined benefit plan remeasurement gains /(losses)	(41.911)	(13.564)
Currency translation difference	(6.352.645)	1.060.869
As of 31 December	8.621.337	11.507.883

Kron Telekomünikasyon A.Ş. traded in BIST. As of 31 December 2021 and 31 December 2020, the transaction price of the shares is 36.76 and 36.84 TL/share, respectively. The current value of the shares held by the Group, calculated over this price, is TL 52.451.053 as of 31 December 2021.

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4. SEGMENT REPORTING

Within the framework of the strategy of providing an integrated information and technology service and products, the Group divides its main business segments into four operating segments, namely "Telecom", "System Integration", "Technology" and "BDH", in order to ensure economic integrity. Activities are segmented so that Group Management can evaluate performance and decide on resource allocation, and each section is reviewed regularly. The decision-making authority regarding the activities of the Group is the Board of Directors.

The main activities of the Telecom segment are proving services and selling product to mobile operator companies.

The line of business followed in the system integration segment is system integration services to public and private sector organizations. In addition to these services, software licenses and hardware that the Group distributes are sold.

In the activities of the technology segment, services are provided for technological development and improvements for digital transformation of corporate and public institutions.

In the BDH segment, it provides consultancy, strategic outsourcing, hardware and support services to small-scale companies, large corporations and public institutions in the field of information technologies.

There are six business segments containing information that Group Management evaluates performance and uses to decide on resource allocation. The following table shows the information about each segment. The operational profit and breakdowns below are regularly considered in evaluating the performance of segments. To reach the operating profit/ loss amount used to evaluate the performance of the segment, other income and expenses from operating activities are deducted from the consolidated operating profit/ loss amount presented in the consolidated financial statements.

For the period ended 31 December 2021	Telecom	System Integration	Technology	BDH	Unallocated	Total
Revenue	748.673.680	1.301.065.012	25.768.452	220.842.440	-	2.296.349.584
Cost of sales (-)	(688.206.043)	(1.578.221.531)	(57.003.858)	(237.093.670)	1.333.974	(2.559.191.128)
Gross margin	60.467.637	(277.156.519)	(31.235.406)	(16.251.230)	1.333.974	(262.841.544)
Sales,marketing and distribution expenses (-)	(35.605.426)	(45.981.876)	-	(28.018.725)	251.835	(109.354.192)
General administrative expenses (-)	-	-	-	-	(107.506.666)	(107.506.666)
Research and development expenses (-)	-	-	(14.707.778)	-	-	(14.707.778)
Operating profit / (loss) of segment	24.862.211	(323.138.395)	(45.943.184)	(44.269.955)	(105.920.857)	(494.410.180)

For the period ended 31 December 2020	Telecom	System Integration	Technology	BDH	Unallocated	Total
Revenue	283.676.795	1.169.418.742	124.991.516	155.079.897	-	1.733.166.950
Cost of sales (-)	(261.989.571)	(1.070.707.358)	(98.012.086)	(125.426.192)	-	(1.556.135.207)
Gross margin	21.687.224	98.711.384	26.979.430	29.653.705	-	177.031.743
Sales,marketing and distribution expenses (-)	(19.427.012)	(59.824.807)	-	(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	2.260.212	38.886.577	21.321.648	8.216.398	(71.317.470)	(632.635)

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4. SEGMENT REPORTING (Cont'd)

31 December 2021	Telecom	System Integration	Technology	BDH	Unallocated (*)	Total
Trade receivables	479.539.242	816.204.121	342.124	35.151.763	848.885	1.332.086.135
Due from related parties	16.530.090	-	-	-	-	16.530.090
Inventories	183.103.048	186.597.921	2.153.219	7.777.958	-	379.632.146
Contract assets	37.136.737	517.333.476	-	17.691.214	-	572.161.427
Segments assets	716.309.117	1.520.135.518	2.495.343	60.620.935	848.885	2.300.409.798
Trade payables (*)	162.476.057	762.096.948	861.975	79.915.801	136.258.003	1.141.608.784
Due to related parties	457.540.058	-	-	-	-	457.540.058
Contract liabilities	92.028.083	260.272.053	2.323.799	1.177.739	1.025.645	356.827.319
Other short term provision	-	206.952.345	-	-	13.773.387	220.725.732
Segment liabilities	712.044.198	1.229.321.346	3.185.774	81.093.540	151.057.035	2.176.701.893
31 December 2020	Telecom	System Integration	Technology	BDH	Unallocated (*)	Total
Trade receivables	175.658.046	455.689.117	42.358.632	19.302.310	7.108.917	700.117.022
Due from related parties	41.210.643	1.786.854	-	-	-	42.997.497
Inventories	59.126.986	120.115.560	1.077.266	5.036.657	(1.943.843)	183.412.626
Contract assets	3.233.240	473.046.582	3.459.644	45.777.709	-	525.517.175
Segments assets	279.228.915	1.050.638.113	46.895.542	70.116.676	5.165.074	1.452.044.320
Trade payables (*)	98.207.258	542.782.715	2.410.066	57.171.314	40.665.669	741.237.022
Due to related parties	116.062.280	24.138.506	17.676	-	4.963.195	145.181.657
Contract liabilities	44.424.423	137.099.302	41.523	2.573.337	571.642	184.710.227
Segment liabilities	258.693.961	704.020.523	2.469.265	59.744.651	46.200.506	1.071.128.906

(*) 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 2021	For the period ended 31 December 2020
Operating (loss) of segment	(494.410.180)	(632.635)
Other (expenses)/income from operating activities (net)	(262.167.387)	(30.212.188)
Other (expenses)/income from investments (net)	36.479.702	(198.031)
Income from investments accounted using the equity method	(823.495)	1.059.025
Finance (expenses)/income (net)	94.525.453	(38.983.418)
(Loss) before tax	(626.395.907)	(68.967.247)
Assets	31 December 2021	31 December 2020
Segment assets	2.300.409.798	1.452.044.320
Other assets (*)	1.366.517.048	959.049.759
Total assets	3.666.926.846	2.411.094.079
Liabilities	31 December 2021	31 December 2020
Segment liabilities	2.176.701.893	1.071.128.906
Other liabilities (*)	1.454.816.677	754.194.128
Total liabilities	3.631.518.570	1.825.323.034

(*) Other assets consist of items such as unallocated cash, tax assets and prepaid expenses, as well as items such as tangible and intangible assets, right-of-use assets and goodwill that are benefited equally by all segments. Other liabilities consist of items such as unallocated bank loans, tax liabilities, payables from lease transactions, personnel payables and provisions.

5. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Bank- demand deposits	497.486.000	140.219.678
Bank- time deposits	44.484.727	165.638.332
Credit card receivables	541.970.727	305.858.010

Para cinsi	Original Currency Amount	Interest Rate %	Maturity	31 December 2021
USD	89.000	6	January 2022	1.186.281
TL	43.298.445	4,75-25,5	January 2022	43.298.446
				44.484.727

Para Cinsi	Original Currency Amount	Interest Rate %	Maturity	31 December 2020
USD	20.651.479	1-11,25	January 2021- September 2021	151.592.184
TL	14.046.148	16-18,15	January 2021	14.046.148
				165.638.332

As of 31 December 2021, and 2020 there are no restriction / blockage on bank accounts.

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6. BORROWINGS

	31 December 2021	31 December 2020
Short term financial liabilities		
Short term unsecured loans	929.999.574	341.910.612
Financial borrowing from factoring transactions	178.907.115	-
Non interest loans(*)	7.056.333	6.455.649
	1.115.963.022	348.366.261

As of 31 December 2021, effective interest rate for TL loans is 16,11 %, effective interest rate for USD loans is 5,08%, and effective interest rate for EUR loans is 3,55%. (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%).

(*) 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 2021
TL	334.237.976	9,0-20,0	January 2022- February 2023	334.237.975
USD	35.829.509	3,4-5,85	January 2022-February 2022	477.571.526
EURO	7.834.057	2,35-4,75	January 2022	118.190.073
				929.999.574

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2020
TL	419.266.933	9,0-19,5	April 2021-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

(*) Presents the lower and upper rates.

The details of the Group's payables from factoring transactions are given below:

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2021
USD	178.907.115	6,0-8,7	June 2022	178.907.115
				178.907.115

	31 December 2021	31 Aralık 2020
Short-Term Portion of Long-Term Financial Liabilities		
Short-Term Portion of Long-Term Unsecured Bank Loans	12.919.150	156.756.600
Short-Term Portion of Long-Term Lease Liabilities	67.940.819	15.177.088
	80.859.969	171.933.688

The details of short-term portion of long term unsecured bank loans of the Group are given below;

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2021
TL	12.919.150	9,00-10,00	December 2022	12.919.150
				12.919.150

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2020
TL	156.756.600	9,00-10,00	December 2021	156.756.600
				156.756.600

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6. BORROWINGS (Cont'd)

The detail of long-term unsecured loans of the Group is given below;

Currency	Original Currency Amount	Interest Rate(%) (*)	Maturity	31 December 2021
TL	13.817.167	9,00-10,00	December 2022- February 2023	13.817.167

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

(*) Presents the lower and upper rates.

The Group has no collaterals given for bank loans as of 31 December 2021 and 2020.

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.

	2021	2020
Opening-1 January	526.499.281	603.332.264
Cash inflow under within borrowings received	1.316.876.199	949.186.155
Cash pouflow under within borrowings received	(770.411.281)	(966.344.572)
Interest accruals changes	(29.491.487)	(16.164.337)
Currency translations changes	99.226.627	(43.510.229)
Closing-31 December	1.142.699.339	526.499.281

The reconciliation of the Group's debts from lease transactions for the twelve-month accounting periods ending on December 31, 2021 and 2020 is as follows:

	2021	2020
Opening-1 January	59.409.133	56.937.920
Additions	21.802.911	15.946.422
Interest expenses and foreign exchange loss on lease liabilities	20.500.321	14.795.262
Lease payments	(27.739.849)	(29.099.652)
Foreign Currency Translation Difference	41.069.137	829.181
Closing-31 December	115.041.653	59.409.133

As of December 31, 2021, 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 21%. The maturity structure of debts arising from leasing transactions and the exchange rate risk carried over are presented in Note 29.

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7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables from Third Parties	31 December 2021	31 December 2020
Trade receivables	1.502.504.348	761.675.388
Discount on trade receivables (*)	(26.922.675)	(12.154.163)
Allowances for doubtful receivables (-)	(143.495.538)	(76.357.553)
	1.332.086.135	673.163.672

Movement of Allowance for Doubtful Receivables	2021	2020
Reported as of 1 January	(76.357.553)	(57.401.650)
Charge for the period	(5.746.502)	(2.144.432)
Provision no longer required	503.023	-
Currency translation differences	(61.894.506)	(16.811.471)
As of 31 December	(143.495.538)	(76.357.553)

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

As of 31 December 2021, the Company has been factoring transaction with its trade receivables amounting to TL 15.496.857. These receivables are carried in the trade receivables account in the balance sheet and the collections from the interlocutor are accounted for in the payables from factoring transactions account.

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 2021	31 December 2020
Trade receivables	-	29.721.709
Discount on trade receivables (*)	-	(2.768.359)
	-	26.953.350

Trade Payables to Third Parties	31 December 2021	31 December 2020
Trade payables	1.141.608.784	741.237.022
	1.141.608.784	741.237.022

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables	31 December 2021	31 December 2020
Receivable of tax return	1.596.316	-
Deposits and guarantees given	330.012	312.205
Other	975.187	259.427
	2.901.515	571.632

Short Term Other Payables	31 December 2021	31 December 2020
Taxes and duties payables	81.348.943	40.309.890
Other	425.700	-
	81.774.643	40.309.890

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9. INVENTORIES

Inventories are stated at their cost values and allocated the provision for impairment on inventories.

	31 December 2021	31 December 2020
Raw materials	90.074.269	46.860.663
Finished goods	47.390.287	60.188.566
Trade goods	274.244.621	79.327.836
Right of return assets	36.359.126	-
Allowance for inventory impairment (-)	(68.436.157)	(2.964.439)
	379.632.146	183.412.626

Movement of inventory impairment provisions is as follows:

Movement for allowance:	2021	2020
Opening balance	(2.964.439)	-
Provision	(40.214.065)	(2.830.564)
Foreign currency translation difference	(25.257.653)	(133.875)
Closing balance	(68.436.157)	(2.964.439)

10. PREPAID EXPENSES

	31 December 2021	31 December 2020
Short term prepaid expenses		
Short term prepaid expenses	23.907.632	15.268.434
Advances given for inventories	12.823.749	6.434.035
	36.731.381	21.702.469

11. CONTRACT ASSETS AND LIABILITIES

Details of the contract assets are given below;

Customer	31 Aralık 2021			31 Aralık 2020		
	Kısa Vadeli	Uzun Vadeli	Toplam	Kısa Vadeli	Uzun Vadeli	Toplam
Telecom	37.136.737	-	37.136.737	3.233.240	-	3.233.240
System Integration	517.333.476	-	517.333.476	473.046.582	-	473.046.582
Technology	-	-	-	3.459.644	-	3.459.644
BDH	17.691.214	-	17.691.214	45.777.709	-	45.777.709
Other	-	-	-	-	-	-
	572.161.427	-	572.161.427	525.517.175	-	525.517.175

Details of the contract liabilities are given below;

Customer	31 Aralık 2021			31 Aralık 2020		
	Kısa Vadeli	Uzun Vadeli	Toplam	Kısa Vadeli	Uzun Vadeli	Toplam
Telecom	92.028.083	-	92.028.083	44.424.423	-	44.424.423
System Integration	260.272.053	-	260.272.053	137.099.302	-	137.099.302
Technology	2.323.799	-	2.323.799	41.523	-	41.523
BDH	1.177.739	-	1.177.739	2.573.337	-	2.573.337
Other	1.025.645	-	1.025.645	571.642	-	571.642
	356.827.319	-	356.827.319	184.710.227	-	184.710.227

Contract assets represent the Group's rightful consideration for goods or services transferred to the customer under ongoing customer contracts. The contract asset has been evaluated for impairment in accordance with TFRS 9 and as of 31 December 2021, an impairment of TL 31.819.935 has been recognized (31 December 2020: 12.951.424 TL).

Contractual obligations represent the Group's obligation to deliver goods and services in return for the price it collects from its customers.

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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 2021	270.918.613	397.627	31.993.436	86.158.219	32.033.966	421.501.861
Translation difference	207.045.626	324.395	26.100.769	70.289.285	25.891.422	329.651.497
Purchases	12.090.789	-	773.490	1.256.974	11.156.802	25.278.055
Transfers(*)	-	-	-	-	(57.744.393)	(57.744.393)
Disposals	(5.782.713)	(319.869)	(14.426.143)	(25.240.625)	(1.197.010)	(46.966.360)
31 December 2021	484.272.315	402.153	44.441.552	132.463.853	10.140.787	671.720.660
Accumulated Depreciation						
1 January 2021	(230.754.241)	(285.136)	(24.258.350)	(59.336.583)	-	(314.634.310)
Translation difference	(176.770.702)	(145.675)	(16.869.419)	(46.218.991)	-	(240.004.787)
Period charge	(11.658.754)	(38.977)	(2.072.120)	(9.226.410)	-	(22.996.261)
Disposals	1.676.210	213.508	7.940.592	13.605.027	-	23.435.337
31 December 2021	(417.507.487)	(256.280)	(35.259.297)	(101.176.957)	-	(554.200.021)
Net book value at 31 December 2021	66.764.828	145.873	9.182.255	31.286.896	10.140.787	117.520.639

(*) Assets with a cost of TL 57.744.393 were transferred from tangible fixed assets to other intangible assets (Note 14).

As of 31 December 2021, depreciation charge is TL 22.996.261. TL 228.866 is accounted in cost of sales, TL 21.635.887 in general administrative expenses, TL 1.131.508 in sales, marketing, and distribution expenses.

Machinery and equipment include of spare parts which will be used in long term. The total depreciation expenses for spare parts is TL 5.055.736, which is fully recognized under general administrative expenses (31 December 2020: The total depreciation expenses is TL 3.585.032, TL 2.736.132 is accounted in general administrative expenses, TL 848.900 is accounted in the cost of sales).

As of 31 December 2021, The Group has a tangible fixed asset with a cost of TL 669.300, which is used but has expired.

There are not any mortgage and financial leasing on 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.

As of 31 December 2020, The Group has tangible fixed assets with a cost of TL 9.665.320 that are used.

There are not any mortgage and financial leasing on property, plant and equipment.

(*) TL 2.855.895 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 2021, and 2020 the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

	Buildings	Vehicles	Total
Cost			
1 January 2021	58.951.108	35.420.256	94.371.364
Translation difference	35.201.627	27.602.127	62.803.754
Additions	3.425.206	18.377.705	21.802.911
31 December 2021	97.577.941	81.400.088	178.978.029
Accumulated depreciation			
1 January 2021	(24.426.091)	(21.625.149)	(46.051.240)
Translation difference	(22.030.275)	(20.178.655)	(42.208.930)
Additions	(13.169.928)	(9.616.682)	(22.786.610)
31 December 2021	(59.626.294)	(51.420.486)	(111.046.780)
Net book value at 31 December 2021	37.951.647	29.979.602	67.931.249
Cost			
1 January 2020	52.765.659	24.830.104	77.595.763
Translation difference	636.189	192.990	829.179
Additions	5.549.260	10.397.162	15.946.422
31 December 2020	58.951.108	35.420.256	94.371.364
Accumulated depreciation			
1 January 2020	(12.606.972)	(12.737.170)	(25.344.142)
Translation difference	(1.497.074)	(205.818)	(1.702.892)
Additions	(10.322.045)	(8.682.161)	(19.004.206)
31 December 2020	(24.426.091)	(21.625.149)	(46.051.240)
Net book value at 31 December 2020	34.525.017	13.795.107	48.320.124

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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:

Maliyet değeri	2021	2020
1 Ocak açılış bakiyesi	134.537.477	108.872.627
Yabancı para çevrim farkları	109.757.875	34.233.240
31 Aralık kapanış bakiyesi	244.295.352	143.105.867

According to the accounting policies, provided in Note 2.4.8, 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 2022 and 31 December 2026, a valuation report has been prepared.

A valuation report has been prepared for the determination of the value to be used in the testing of impairment of goodwill as of 31 December 2021. 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 46 million and USD 56 million. As of the valuation date, the value of the company calculated between USD 41 million and USD 51 million by considering the net debt of USD 5 million.

Considering the future cash flows of the Group, the Company Management concluded that there is no impairment in the goodwill amount as of 31 December 2021.

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.

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14. INTANGIBLE ASSETS (Cont'd)

Other Intangible Assets

	1 January- 31 December 2021		
	Customer Relations (*)	Other Intangible Assets (**)	Total
Cost			
Opening balance	78.305.825	287.352.475	365.658.300
Additions	-	41.516.852	41.516.852
Transfers	-	57.744.393	57.744.393
Translation difference	63.883.175	117.734.787	181.617.962
Closing balance	142.189.000	504.348.507	646.537.507
Accumulated amortization			
Opening balance	(72.432.888)	(173.463.133)	(245.896.021)
Transfers	-	-	-
Impairments	-	(97.918.687)	(97.918.687)
Translation difference	(62.637.927)	(97.810.541)	(160.448.468)
Period charge	(7.118.185)	(43.030.538)	(50.148.723)
Closing balance	(142.189.000)	(412.222.899)	(554.411.899)
Net book value	-	92.125.608	92.125.608

(*) 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 2021, amortization charge is TL 50.148.723. TL 38.066.660 is accounted in cost of sales, TL 11.101.408 in general administrative expenses and TL 163.033 in sales, marketing, and distribution expenses and TL 817.622 in Research and Development expenses.

	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
Translation difference	14.937.899	46.616.994	61.554.893
Closing balance	78.305.825	287.352.525	365.658.350
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	113.889.392	119.762.329

As of 31 December 2020, amortization charge is TL 34.222.094. TL 24.909.113 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.

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14. INTANGIBLE ASSETS (Cont'd)

Other Intangible Assets

Intangible fixed assets are amortized principally on a straight-line basis using the following rates, which amortize the assets over their expected useful lives:

	İtfa Oranı (%)
Softwares	20
Customer Portfolio	10
Licenses	3-15
Rights	20

15. GOVERNMENT GRANTS

For the year ended 31 December 2021 the Group has received approved and accrued incentive from TÜBİTAK TL 7.857.752 (31 December 2020: TL 8.990.067).

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 2021, the Group has a corporate tax benefit of TL 887.420.853 due to research and development disbursement and amount is not utilized by the year end (As of 31 December 2021, 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). The Group has booked deferred tax assets for unused R&D tax benefit (Note 26). The unused tax advantages of the Group related to research and development activities has unlimited maturity.

For the year ended 31 December 2021, the amount of income tax incentive within the scope of Act numbered 5746 is TL 12.921.557 (31 December 2020: TL 18.008.980) and the total amount of social premium incentive within the scope of Act numbered 5746 and Social Security and General Health Insurance Act numbered 5510 is TL 14.557.898 (31 December 2020: TL 16.230.680).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	31 December 2021	31 December 2020
Executory Contracts (*)	170.593.219	-
Provisions for return	36.359.126	-
Provision for legal cases	13.508.670	8.445.859
Other provisions (**)	264.717	470.271
	220.725.732	8.916.130

For the year ended 31 December 2021, the Group has cash outflows of TL 3.246.966 for legal cases during the year (31 December 2020: TL 2.025.301).

	Executory Contracts (*)	Provision for returns	Provision for Legal Cases	Other Provisions (**)	Total
1 January 2021	-	-	8.445.859	470.271	8.916.130
Provision booked and released	113.868.537	24.269.197	3.373.252	(393.288)	141.117.698
Payments	-	-	(3.246.966)	-	(3.246.966)
Currency translations	56.724.682	12.089.929	4.936.525	187.734	73.938.870
31 December 2021	170.593.219	36.359.126	13.508.670	264.717	220.725.732

	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

(*) The compulsory reasons created by the pandemic caused the Group's basic assumptions about the projects taken in the past to change. These changes, on the other hand, necessitated the expense of additional costs and similar provisions in previous projects. It has been evaluated within the scope of TAS 37 and a provision has been made for possible expenses.

(**) Dues, electricity, fuel, water, gasoline, communication etc. consists of provisions for general administration expenses.

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17. COMMITMENTS

The Group's off-balance sheet commitments and contingencies as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Guarantee letters given (*)	1.370.596.177	851.841.084
	1.370.596.177	851.841.084

(*) The Group has no off-balance sheet commitments and contingencies in favor of subsidiaries which are fully consolidated as of 31 December 2021 and 2020.

Maturities and the currencies of the letters of guarantees given are given below:

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2021	1.370.596.177	194.422.377	76.915.193	10.006.907

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2020	851.841.084	209.453.485	74.890.486	10.285.859

The off-balance sheet commitments and contingencies as of 31 December 2021 and 2020 are as follows:

Grup tarafından verilen Teminat, Rehin, İpotek ("TRİ")	31 December 2021	31 December 2020
A. Total amount of CPM is given on behalf of own legal personality	1.303.951.177	851.841.084
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	66.645.000	-
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	1.370.596.177	851.841.084

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 2021	18.057.797	3.534.081	967.538	107.870

	Original Currency			
	TL Equivalent	TL	USD	EURO
31 December 2020	2.673.639	1.600.068	23.538	100.000

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 2021	31 December 2020
Social security payables	26.079.772	12.936.648
Payables to employees	192.334	18.589.854
	26.272.106	31.526.502

Short- Term and Long-Term Provisions for Employee Benefits:

Short Term	31 December 2021	31 December 2020
Provision for employee premiums	26.573.697	25.684.627
	26.573.697	25.684.627

Long Term

Unused vacation provision	11.748.655	15.486.403
Provision for severance indemnity	35.512.436	24.888.216
Provision for retirement benefits	269.459	148.392
	47.530.550	40.523.011

Total

Provision for employee premiums	26.573.697	25.684.627
Unused vacation provision	11.748.655	15.486.403
Provision for severance indemnity	35.512.436	24.888.216
Provision for retirement benefits	269.459	148.392
	74.104.247	66.207.638

An actuarial valuation was performed by an independent and authorized company for the Group's total liability for severance indemnity and retirement benefit as of 31 December 2021. Expected interest and service charges for 2022 have also been calculated by the actuarial firm. Expected service and interest charges will be amortized on a periodic basis during the year.

Severance Indemnity

Under Turkish Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The retirement pay provision ceiling at the respective balance sheet dates, is subject to a maximum of TL 8.284,51 per year as of 31 December 2021. (31 December 2020: TL 7.117,17). The provision for employee termination benefits is not funded, as there is no funding requirement.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income.

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18. EMPLOYEE BENEFITS (Cont'd)

Severance Indemnity (Cont'd)

The movement for severance indemnity provision is as follows:

	31 December 2021	31 December 2020
Present value of severance indemnity provision	35.512.436	24.888.216
Net liability in balance sheet	35.512.436	24.888.216
Current service cost	4.690.040	3.547.409
Interest cost	3.307.313	2.390.322
Extra payment or loss / (gain)	1.298.787	677.925
Period charge at 31 December	9.296.140	6.615.656
Movement for severance indemnity provision:	2021	2020
1 January	24.888.216	19.799.908
Period charge	9.296.140	6.615.656
Severance indemnity paid	(5.705.338)	(4.386.359)
Actuarial (gain)/ loss	7.033.418	2.859.011
31 December	35.512.436	24.888.216

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 assumption calculated to determine present value of severance indemnity and retirement benefit provision as of 31 December 2021 and 2020 are as follows:

Assumptions	31 December 2021	31 December 2020
Annual inflation rate	14,80%	9,50%
Annual discount rate	18,80%	12,80%
Net discount rate	3,48%	3,01%

Provision for Employee Bonus and Unused Vacation

The movement for employee bonus provision is as follows:

Movement for employee bonus provision:	2021	2020
1 January	25.684.627	23.875.917
Period charge	30.593.264	33.944.831
Payments	(29.704.194)	(32.136.121)
31 December	26.573.697	25.684.627

The movement for unused vacation provision is as follows:

Movement for unused vacation provision:	2021	2020
1 January	15.486.403	14.492.893
Period charge	3.892.241	3.758.071
Payments	(7.629.989)	(2.764.561)
31 December	11.748.655	15.486.403

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19. OTHER ASSETS

Other Current Assets	31 December 2021	31 December 2020
VAT receivable	26.080.619	18.651.655
Personnel and business advances	239.248	438.052
Other	7.067.874	410.565
	33.387.741	19.500.272

20. SHAREHOLDERS' EQUITY

Paid in Capital

Shareholding structure of Company as of 31 December 2021 and 2020 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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20. 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 2021 and 2020.

	31 December 2021	31 December 2020
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 2021, the primary legal reserve amount of the group is 18% of the paid-in capital and there is no limit to the secondary legal reserve amount. These reserves can only be used to cover losses, to maintain the company in times when things are not going well, or to prevent unemployment and to mitigate the effects of such losses, unless they exceed half of the paid-in capital of the company.

Retained Earnings

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.

21. REVENUE AND COST OF SALES

Revenue:

	1 January- 31 December 2021	1 January- 31 December 2020
Net domestic sales	2.176.294.872	1.550.389.284
Net export	120.054.712	182.777.666
<i>United States</i>	28.429.995	126.216.257
<i>Asia</i>	56.197.804	27.178.469
<i>Africa</i>	17.640.870	16.941.725
<i>Europe</i>	17.786.043	12.441.215
Total net sales	2.296.349.584	1.733.166.950

Cost of Sales:

	1 January- 31 December 2021	1 January- 31 December 2020
Equipment expenses	1.416.737.744	916.527.955
Personnel expenses	410.826.225	302.894.122
Service/Support expenses	501.301.086	267.351.513
Impairment of tangible assets	97.918.687	-
Depreciation and amortization expenses	51.123.095	48.441.062
Impairment of provision in inventory	40.750.178	-
Transportation expenses	9.912.414	3.716.015
Other	30.621.699	17.204.540
	2.559.191.128	1.556.135.207

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21. REVENUE AND COST OF SALES (Cont'd)

1 January-31 December 2021					
Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
Hardware performance obligation	568.173.887	283.485.073	-	-	851.658.960
Licence performance obligation	46.245.672	463.241.880	-	-	509.487.552
Maintenance performance obligation	37.693.037	326.017.116	-	220.842.440	584.552.593
Design performance obligation	20.425.905	78.025.920	25.768.452	-	124.220.277
Installation performance obligation	25.336.891	44.035.601	-	-	69.372.492
Other performance obligations	50.798.288	106.259.422	-	-	157.057.710
	748.673.680	1.301.065.012	25.768.452	220.842.440	2.296.349.584

1 January-31 December 2021					
Satisfaction of Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
At a point in time	736.851.396	1.057.198.031	25.768.452	220.842.440	2.040.660.319
Overtime	11.822.284	243.866.981	-	-	255.689.265
	748.673.680	1.301.065.012	25.768.452	220.842.440	2.296.349.584

1 January-31 December 2020					
Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
Hardware performance obligation	226.273.781	282.094.625	-	-	508.368.406
Licence performance obligation	7.233.700	449.241.817	-	-	456.475.517
Maintenance performance obligation	16.919.983	168.215.632	-	155.079.897	340.215.512
Design performance obligation	947.375	72.311.559	124.991.516	-	198.250.450
Installation performance obligation	10.332.932	83.613.171	-	-	93.946.103
Other performance obligations	21.969.024	113.941.938	-	-	135.910.962
	283.676.795	1.169.418.742	124.991.516	155.079.897	1.733.166.950

1 January-31 December 2020					
Satisfaction of Performance Obligations:	Telecom	System Integration	Technology	BDH	Total
At a point in time	257.168.890	790.934.793	124.991.516	155.079.897	1.328.175.096
Overtime	26.507.905	378.483.949	-	-	404.991.854
	283.676.795	1.169.418.742	124.991.516	155.079.897	1.733.166.950

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22. 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 2021	1 January- 31 December 2020
Sales, marketing and distribution expenses	109.354.192	100.689.126
General administrative expenses	107.506.666	71.317.470
Research and development expenses	14.707.778	5.657.782
	231.568.636	177.664.378
Personnel expenses	139.850.017	110.361.885
Depreciation and amortization expenses	44.808.499	29.000.965
Consultancy, audit and legal expenses	18.970.425	12.867.698
Software expenses	10.353.529	4.632.520
Fair and advertising expenses	2.546.808	2.983.369
Severance indemnity and pension provision expenses	1.432.386	2.977.469
Communication expenses	3.207.707	2.566.237
Travel and meeting expenses	1.664.164	1.826.496
Electricity,water and gas expenses	1.014.043	1.713.433
Private health insurance expenses	1.489.045	1.615.426
Personnel transportation expenses	1.871.762	1.557.558
Training expenses	722.441	1.543.658
Cafeteria expenses	757.264	1.407.905
Maintenance expenses	2.203.192	1.091.643
Other	677.354	1.518.116
	231.568.636	177.664.378
Personnel expenses:	1 January- 31 December 2021	1 January- 31 December 2020
Cost of sales	410.826.225	302.894.122
Sales, marketing and distribution expenses	68.958.090	62.546.256
General administrative expenses	57.398.886	44.301.117
Research and development expenses	13.493.041	3.514.511
	550.676.242	413.256.006
Depreciation and amortization expenses:	1 January- 31 December 2021	1 January- 31 December 2020
Cost of sales	51.123.095	48.441.062
Sales, marketing and distribution expenses	5.541.397	2.030.068
General administrative expenses	38.449.481	26.970.897
Research and development expenses	817.621	-
	95.931.594	77.442.027

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23. INCOME AND EXPENSES FROM OTHER OPERATING ACTIVITIES

	1 January- 31 December 2021	1 January- 31 December 2020
Income from Other Operating Activities		
Discount income, net (*)	5.837.161	19.016.532
R&D Incentives	-	4.599.472
Reversal for doubtful receivables expenses	503.023	-
Other income and gains	1.316.020	2.551.284
	7.656.204	26.167.288

	1 January- 31 December 2021	1 January- 31 December 2020
Expenses from Other Operating Activities		
Foreign exchange expenses, net	239.591.330	41.052.468
Legal case expenses	5.161.787	8.465.001
Expenses for doubtful receivables provision	5.746.502	2.144.432
Other tax expenses	3.017.987	1.196.985
Expenses of other consumables	462.640	-
Other expenses and losses	15.843.345	3.520.590
	269.823.591	56.379.476

(*) Rediscount incomes/ (expenses) from trade receivables (representing the interest component calculated using the effective interest method) are accounted for in Other Operating Income/ (Expenses).

24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 31 December 2021	1 January- 31 December 2020
Income from Investing Activities		
Subsidiary sales profit	38.872.094	-
Income from sales of property, plant and equipment	609.539	45.399
Income from scrap sales	117.651	19.643
	39.599.284	65.042

	1 January- 31 December 2021	1 January- 31 December 2020
Expenses from Investing Activities		
Loss from sales of tangible assets	3.119.582	263.073
	3.119.582	263.073

25. FINANCE INCOME / (EXPENSES)

	1 January- 31 December 2021	1 January- 31 December 2020
Financial Income		
Foreign exchange gains, net (*)	228.979.925	75.149.297
Interest income	4.213.728	1.376.462
	233.193.653	76.525.759

	1 January- 31 December 2021	1 January- 31 December 2020
Financial Expenses		
Bank interest expenses	85.988.928	90.505.597
Interest and foreign exchange loss on leases	20.500.321	14.795.262
Guarantee letter commissions	11.186.053	8.093.733
Other financial expenses	20.992.898	2.114.585
	138.668.200	115.509.177

(*) Foreign exchange gain and loss related to cash and cash equivalents, borrowings, and other financial liabilities.

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26. TAX ASSETS AND LIABILITIES

Corporate Tax

The Company and its subsidiaries in Turkey is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, the corporate tax rate will be applied as 25% for the corporate earnings of the 2021 taxation period and 23% for the corporate earnings of the 2022 taxation period, with the regulation dated April 22, 2021. It will be applied as 20% after the taxation period of 2022. The corporate tax rate is applied to the net corporate income by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and by deducting the exceptions and deductions in the tax laws. In Turkey, provisional tax is calculated and accrued on a quarterly basis.

Accumulated losses can be carried 5 years maximum to be deducted from the taxable profit of the following years. However, accumulated losses cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the fiscal year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. Tax legislation in Turkey does not allow to fill consolidated tax returns of the Company and its subsidiaries. Therefore, provisions for taxes, as included in the consolidated financial statements, it has been calculated based on individual companies.

Corporate tax rate in Malta is 35% (2020: 35 %). Corporate tax rate in Kazakhstan is 20% (2020: 20 %). Corporate tax rate in Algeria is 26% (2020: 26 %).

Withholding tax

In addition to corporate taxes, companies should also calculate withholding taxes surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15 % with the code numbered 5520 article 15 commencing from 23 July 2006. Transfer from retained earnings to share capital is not subject to withholding taxes.

Deferred Taxes

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in accordance with TFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and are set out below.

Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and are shown separately, as businesses in Turkey cannot declare consolidated tax returns.

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26. TAX ASSETS AND LIABILITIES (Cont'd)

Deferred tax assets	31 December 2021	31 December 2020
Trade and unbilled receivables	(88.452.339)	(79.448.602)
Tangible and intangible assets	(43.352.596)	(23.364.493)
Trade payables and cost provisions	95.495.006	(2.885.749)
Carryforward tax losses	-	50.744.135
Unused R&D tax exemption	177.666.653	131.847.448
Provision for unused vacation	1.488.037	3.097.280
Inventory and contract assets	(31.881.688)	26.338.977
Provisions for employee premiums	4.463.247	5.136.926
Deferred revenues	438.431	9.081.490
Contract liabilities	28.002.883	5.198.006
Legal provision	2.539.641	1.194.776
Severance indemnity and retirement provisions	8.918.415	5.186.122
Other	(707.994)	(1.207.765)
	154.617.696	130.918.551

	31 December 2021	31 December 2020
Deferred Tax Assets	169.542.385	149.627.468
Deferred Tax Liabilities	(14.924.689)	(18.708.917)
Net Amount	154.617.696	130.918.551

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

Movement for deferred taxes is as follows:	31 December 2021	31 December 2020
Balance as of January, 1	130.918.551	104.770.576
Restatement Effect	-	-
Balance as of January, 1 (Restated)	130.918.551	104.770.576
Current charge deferred tax income	(44.026.775)	653.451
Affiliate sales impact	(10.107.250)	-
Accounting under equity	1.406.684	567.836
Translation difference	76.426.486	24.926.688
Closing	154.617.696	130.918.551

	1 January- 31 December 2021	1 January- 31 December 2020
Current tax loss	-	(2.619.207)
Deferred tax income	(44.026.775)	653.451
Tax Income (Loss)/Income	(44.026.775)	(1.965.756)

	31 December 2021	31 December 2020
Corporate tax	-	2.619.207
Prepaid taxes	(33.562.897)	(33.959.609)
Current tax liabilities/ (Current income tax assets)	(33.562.897)	(31.340.402)

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26. TAX ASSETS AND LIABILITIES (Cont'd)

Movement for deferred taxes as of 31 December 2021 and 2020 are as follows;

	1 January 2021	Charge to Period	Charge to Equity	Sales Effect of NETRD	Translation Difference	31 December 2021
Tangible and intangible assets	(23.364.493)	(1.485.615)	-	479.994	(18.982.485)	(43.352.599)
Trade receivables	(79.448.602)	37.253.535	-	-	(46.257.271)	(88.452.338)
Trade payables and cost provisions	(2.885.749)	67.235.357	-	-	30.956.971	95.306.579
Inventory and contract assets	26.338.977	(53.204.241)	-	-	(5.016.425)	(31.881.689)
Deferred revenue	9.081.490	(10.714.406)	-	-	2.071.346	438.430
Provisions for employee bonuses	5.136.926	(1.381.304)	-	(755.793)	1.463.417	4.463.246
Provision for unused vacation	3.097.280	(2.771.321)	-	(294.377)	1.456.455	1.488.037
Severance indemnity and retirement provisions	5.186.122	(1.175.772)	1.406.684	-	3.501.372	8.918.406
Contract liabilities	5.198.006	12.391.377	-	-	10.413.499	28.002.882
Unused R&D tax exemption (Note 12)	131.847.448	(30.764.328)	-	(9.537.059)	86.309.022	177.855.083
Carryforward tax losses	50.744.135	(61.503.490)	-	-	10.759.355	-
Legal Provision	1.194.776	1.102.135	-	-	242.730	2.539.641
Other	(1.207.765)	991.298	-	(15)	(491.500)	(707.982)
	130.918.551	(44.026.775)	1.406.684	(10.107.250)	76.426.486	154.617.696

	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			24.926.688	130.918.551

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26. TAX ASSETS AND LIABILITIES (Cont'd)

Reconciliation between tax expenses for the years ended 31 December 2021 and 2020 and calculated tax expense using corporate tax rate in Turkey (25%) is as follows:

Tax reconciliation	31 December 2021	31 December 2020
(Loss) before tax	(626.395.907)	(68.967.247)
Tax rate	25%	22%
Computed tax expense	156.598.977	15.172.794
Tax effects of:		
Non-deductible expenses	(33.095.278)	(11.675.753)
Used R&D deduction	-	7.282.658
Unused R&D deduction	-	(27.411.163)
Effect of legal tax rate change on deferred tax balance	(13.445.017)	6.642.065
Affiliate sales impact	(9.718.024)	-
Usable losses for which no deferred tax has been calculated	(86.292.165)	-
Adjustments for which no deferred tax has been calculated	(29.214.610)	-
Other adjustment and monetary loss/gain	(28.860.658)	8.023.643
Total tax (loss)/ income	(44.026.775)	(1.965.756)

As of 31 December 2021, the Company has TL 877.420.853 unused R&D tax exemption provided by Support of Research and Development Act, numbered 5746 and the tax exemption is unlimited (31 December 2020: TL 629.465.806)

27. (LOSS) PER SHARE

	1 January- 31 December 2021	1 January- 31 December 2020
Number of shares	64.864.800	64.864.800
Net profit/ (loss) for the period	(670.422.682)	(70.933.003)
(Loss) per share (kurus)	(10,3357)	(1,0936)

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.

28. RELATED PARTY DISCLOSURES

Due from and due to related parties as of 31 December 2021 and 2020 is as follows:

Due from Related Parties	31 December 2021	31 December 2020
ZTE İstanbul Telekomünikasyon(1)	16.530.090	41.210.643
ZTE Corporation(2)	-	1.786.854
	16.530.090	42.997.497
Due to Related Parties		
ZTE Corporation(2)	441.757.867	117.460.722
ZTE İstanbul Telekomünikasyon(1)	11.472.963	27.243.179
Kron Telekomünikasyon A.Ş.(3)	4.309.228	477.756
	457.540.058	145.181.657

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

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28. RELATED PARTY DISCLOSURES (Cont'd)

Main transactions with related parties are as follows for the year ended 31 December 2021 and 2020;

Sales	1 January- 31 December 2021	1 January- 31 December 2020
ZTE İstanbul Telekomünikasyon(1)	58.830.242	52.048.640
ZTE Kangxun Telecom (1)	1.957.322	-
ZTE Corporation(2)	8.728.767	3.341.874
Kron Telekomünikasyon A.Ş.(3)	177.618	198.939
	69.693.949	55.589.453

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 2021	1 January- 31 December 2020
ZTE Corporation(2)	440.135.851	140.747.021
ZTE İstanbul Telekomünikasyon(1)	8.012.458	30.630.357
Kron Telekomünikasyon A.Ş.(3)	3.950.347	723.429
	452.098.656	172.100.807

- (1) Other related party
(2) Main partner
(3) Associate

Benefits to Top Management:

Top management of the Group comprised of, the members of the management and executive committee, General Managers and Deputy General Managers. For the year ended 31 December 2021, total remuneration for the directors and management board of the Group is TL 27.083.362 (31 December 2020: TL 22.387.576). As of 31 December 2021, and 2020 there is no credit granted to the Group's Management.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of 31 December 2021, and 2020 the Group's net debt / total equity ratios are as follows:

	31 December 2021	31 December 2020
Short-term and long-term borrowings (*)	1.142.699.339	526.499.281
Cash and cash equivalents	(541.970.727)	(305.858.010)
Net financial debt	600.728.612	220.641.271
Equity	36.923.410	585.075.637
Net financial debt/ Equity Ratio	1627%	38%

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

Grup'un finansal risk yönetimi konusundaki politikaları aşağıda belirtilmiştir.

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29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 2021	Trade Receivables		Contract Assets related to Goods and Services Provided	Other Receivables	Deposits at Banks
	Related Parties	Other	Other	Other	
Maximum credit risks as of balance sheet date (A+B+C+D)	16.530.090	1.332.086.135	603.981.362	2.901.515	541.970.727
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	16.530.090	1.093.295.295	572.161.427	2.901.515	541.970.727
(B) Net book value of overdue but not impaired financial assets	-	238.790.840	31.819.935	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	143.495.538	-	-	-
Impairment (-)	-	(143.495.538)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-

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	700.117.022	538.468.599	571.632	305.858.010
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	42.997.497	525.237.936	525.517.175	571.632	305.858.010
(B) Net book value of overdue but not impaired financial assets	-	174.879.086	12.951.424	-	-
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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29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Credit risk (Cont'd)**

The Group has applied the simplified approach stated in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for a lifetime expected loan loss provision for all commercial receivables. 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 2021	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	1.425.145.838	63.026.814	10.714.653	5.929.469	2.598.242	191.322.310
Expected credit loss	19.777.264	108.565	94.202	12.152	357.314	2.408.480

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	856.028.640	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

Liquidity risk

The Group manages its liquidity risk by having sufficient cash and similar resources to fulfill its current and potential obligations on time. The table showing the liquidity risk of the Group as of 31 December 2021 and 2020 is presented on the next page. In addition, information on how the Group will manage its liquidity position within the 12-month period following the balance sheet date is explained in Note 2.7.

31 December 2021

Maturities due to agreements	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years	More than 5 years
Non- derivative financial liabilities	2.938.664.477	2.962.829.997	2.682.429.784	195.219.300	72.993.244	12.187.669
Financial liabilities	1.142.699.339	1.155.272.252	986.945.199	154.509.886	13.817.167	-
Lease Liabilities	115.041.653	126.634.260	14.561.100	40.709.414	59.176.077	12.187.669
Due to related parties	457.540.058	457.540.058	457.540.058	-	-	-
Other trade payables to third parties	1.141.608.784	1.141.608.784	1.141.608.784	-	-	-
Other payables to third parties	81.774.643	81.774.643	81.774.643	-	-	-

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	-	-	-

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29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Interest rate risk**

Interest rate sensitive financial assets are placed in short term financial instruments to avoid any possible interest rate fluctuations. The Group has the following interest sensitive liability as of the balance sheet date.

	31 December 2021	31 December 2020
Fixed interest rate financial instruments	1.937.973.194	1.215.182.493
Cash and Cash Equivalents (*)	586.455.454	471.496.342
Trade Receivables	1.348.616.225	743.114.519
Other Receivables	2.901.515	571.632
Fixed interest rate financial liabilities	2.656.493.877	1.374.711.089
Short and Long Term Unsecured Loans	860.528.739	388.573.387
Lease Liabilities	115.041.653	59.409.133
Trade Payables	1.599.148.842	886.418.679
Other Payables	81.774.643	40.309.890
Variable interest rate financial instruments	308.397.934	154.325.870
Short and Long Term Unsecured Loans	308.397.934	154.325.870
Interest-free financial liabilities	7.056.333	6.455.649
Non Interest bearing unsecured spot loans	7.056.333	6.455.649

(*) As of 31 December 2021, and 2020 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, 2021 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 308.398 TL (2020: 154.329 TL).

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29. 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 2021, and 2020, the Group's foreign currency position table is given below:

	Original Currency			
31 December 2021	TL Equivalent (*)	TL	Avro	Other
Current Assets	937.359.274	619.249.031	8.410.157	738.777.853
Cash and cash equivalents	260.279.615	144.533.549	18.875	499.977.897
Trade receivables, third parties	675.839.809	474.049.125	8.364.689	236.969.277
Other receivables, third parties	1.239.850	666.357	26.592	1.830.679
TOTAL ASSETS (A)	937.359.274	619.249.031	8.410.157	738.777.853
Short Term Liabilities	1.248.191.559	671.433.743	37.632.956	280.931.003
Financial liabilities	901.523.346	360.974.293	35.829.509	-
Lease liabilities	67.940.819	67.940.819	-	-
Trade payables, third parties	196.952.751	160.743.988	1.803.447	280.931.003
Other payables, third parties	81.774.643	81.774.643	-	-
Long Term Liabilities	47.100.834	47.100.834	-	-
Lease liabilities	47.100.834	47.100.834	-	-
TOTAL LIABILITIES (B)	1.295.292.393	718.534.577	37.632.956	280.931.003
Net Foreign Currency Asset / (Liability) Position (A-B)	(357.933.119)	(99.285.546)	(29.222.799)	457.846.850

(*) 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.

	Original Currency			
31 December 2020	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 Group is USD, the currencies other than USD are shown in the table. Foreign currencies are denominated in their original currency amount and TL equivalents are calculated by using year end rates.

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29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**Foreign currency risk (Cont'd)**

31 December 2021		
	Profit / (Loss)	
	Appreciation	Devaluation
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate:</i>		
Net asset / (liability) in TL	(9.928.555)	9.928.555
Hedged portion from TL risk (-)	-	-
(1) Net effect of TL	(9.928.555)	9.928.555
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate:</i>		
Avro net varlık / (yükümlülüğü)	(44.087.560)	44.087.560
Avro riskinden korunan kısım (-)	-	-
(2) Avro Net Etkisi	(44.087.560)	44.087.560
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	18.222.803	(18.222.803)
Hedged portion from other currencies risk (-)	-	-
(3) Net effect of other currencies	18.222.803	(18.222.803)
TOTAL (1+2+3)	(35.793.312)	35.793.312
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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

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(Unless otherwise stated the amounts are in TL).

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methods. However, estimates are required in the interpretation of market data to determine fair value. Accordingly, the estimations presented here may not show the amounts that the Group can obtain in a current market transaction.

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

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.

31. SUBSEQUENT EVENTS

The tension between Russia and Ukraine since January 2022 has turned into a crisis and a hot conflict as of the date of the report. The Group does not carry out any activities in the two countries that are subject to the crisis. Considering the geographies in which the Group operates, no impact is expected on Group operations. Since the course of the crisis is uncertain as of the report date, the effects of possible global developments on the Group's operations cannot be reasonably estimated

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Unless otherwise stated the amounts are in TL).

32. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR CONSOLIDATED FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

The group management held Netaş Information Technologies at its meeting on March 5, 2021, of which 100% of the shares were held. A.Ş., a 100% subsidiary of NetRD Bilgi Teknolojileri ve Telekomünikasyon A.Ş. ("NetRD") Share Purchase in relation to the sales of all its shares to MERA Switzerland AG It has decided to transfer NetRD shares by signing the Arbitration Agreement with its contract and all transaction documents under it.

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

Before the sale, NetRD was presented under operating segment Technology in the segment reporting note.

	5 March 2021 Carrying Amount
ASSETS	
Current Assets	46.684.733
Cash and Cash Equivalents	1.007.669
Trade Receivables and other receivables	33.921.238
Other Current Assets	11.755.826
Non-Current Assets	15.629.336
Property, Plant and Equipment	3.244.864
Intangible Assets	2.277.222
Deferred Tax Assets	10.107.250
TOTAL ASSETS	62.314.069
LIABILITIES	
Short Term Liabilities	11.604.199
Trade Payables	1.812.677
Other Payables	8.540
Provisions for Employee Benefits	9.483.701
Other Short Term Provisions	299.281
TOTAL LIABILITIES	11.604.199
Fair value of net assets purchased	50.709.870
Transferred price as of 5 March 2021 (TL equivalent to USD 8.000.000)	59.619.200
Transferred price as of 6 May 2021 (TL equivalent to USD 3.607.277)	29.962.764
Calculated Profit	38.872.094
Profit calculated over the transferred price	38.872.094
Cash and cash equivalents disposed of with the sale transaction	(1.007.669)
Net cash inflow on sales transaction	88.574.295

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33. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDITOR'S

As of 31 December 2021, the Company's independent audit fee for the reporting period is TL 775.000 TL. (31 December 2020: TL 551.760).

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE FISCAL PERIOD OF JANUARY 1 – DECEMBER 31, 2021,
PREPARED IN ACCORDANCE WITH THE COMMUNIQUÉ ON PRINCIPLES OF
FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1)**

This report is in compliance with the provisions of the Capital Markets Board of Turkey's "Communiqué on Principles of Financial Reporting in the Capital Markets", no. II-14.1 and it has been prepared in accordance with the terms and conditions of the "Regulation on Determining the Minimum Content of the Annual Report of the Companies" published by the Ministry of Customs and Trade in the Official Gazette dated August 28, 2012, with issue number 28395; and it has been signed and approved by the members of the Board of Directors of the Company, whose names are written below.

AIGUANG PENG

Chairman of the Board

ŞUAY ALPAY

Vice Chairman of the Board

MINZHONGXIA DING

Board Member

MING LI

Board Member

BOWEN MEI

Board Member

ALİ ZÜLFÜ TİGREL

Board Member

ÖZER KARABULUT

Board Member

Netaş Telekomünikasyon A.Ş.

Company Name: Netaş Telekomünikasyon A.Ş.

Trade Registration Number: 94955/40304

Mersis No: 0632000106100010

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Twitter: <https://twitter.com/netastr>

Youtube: www.youtube.com/user/NetasTR

Linkedin: <https://www.linkedin.com/company/netas>

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