

**NETAŞ TELEKOMÜNİKASYON A.Ş. BOARD OF DIRECTORS INTERIM  
REPORT  
FOR THE PERIOD ENDED JUNE 30, 2022**

Trade Registration Number: 94955/403045

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## REVIEW REPORT ON COMPLIANCE OF INTERIM OPERATING REPORT

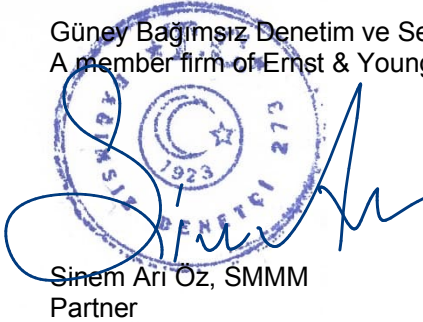
To the Board of Directors of Netaş Telekomünikasyon Anonim Şirketi

We have been engaged to perform a review on the compliance of the financial information included in the accompanying interim operating report of Netaş Telekomünikasyon Anonim Şirketi (the Company) and its subsidiaries (the Group) as of June 30, 2022, with the interim condensed consolidated financial statements, which we reviewed. Interim operating report is the responsibility of the Group management. Our responsibility as the auditors is to express a conclusion regarding if the financial information included in the accompanying interim operating report is consistent with the the interim condensed consolidated financial statements and explanatory notes, which we reviewed as the subject of the review report dated August 18, 2022.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial information included in the accompanying interim operating report is not consistent, in all material respects, with the information disclosed in the interim condensed consolidated financial statements and explanatory notes, which we reviewed.

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



Sinem Ari Öz, SMMM  
Partner

August 18, 2022  
İstanbul, Türkiye

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### ORGANIZATION AND OPERATIONS OF THE GROUP

Netaş Telekomünikasyon A.Ş. (the “Company”) and its’ subsidiaries (together the “Group”) are engaged in the manufacture and trade of telecommunication equipment, project installation services, technical support, repair and maintenance services, IT services, strategic outsourcing services, implementation activities, and associated services. The shares of the Company are quoted on the Borsa İstanbul (“BIST”) since 1993. The headquarter of the Group was registered at Yenişehir Mah. Osmanlı Bulvarı No:11 34912 Kurtköy-Pendik/İstanbul at Istanbul Trade Registry Office as of 23 July 2013.

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

As of June 30, 2022, The Group’s largest and the controlling shareholder is ZTE Cooperatief U.A.

The average number of personnel employed in the Group as of June 30, 2022 is 1.974 white-collar (31 December 2021: 2.171), and the Group has no blue-collar employees for both periods, March 31, 2022 and December 31, 2021.

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

- **Netaş Bilişim Teknolojileri A.Ş**

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

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

- **BDH**

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

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

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

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### • Netaş Telecom LLP

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

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

### • Netaş Telecommunication Malta

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

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

### • Netaş Telecommunication Algeria

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

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

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

(\*) The control of the management of this Company, in which the Company owned 49% of the shares, belongs to 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.

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### SHAREHOLDER'S STRUCTURE

Shareholder's structure of the Company as of June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022		December 31, 2021	
	Share Amount (TL)	Share Amount (%)	Share Amount (TL)	Share Amount (%)
<b>ZTE Cooperatief U.A.</b>	31.168.351	48.05%	31.168.351	48.05%
<b>Turkish Armed Forces Foundation (TFF)</b>	9.729.720	15.00%	9.729.720	15.00%
<b>Free Float</b>	23.966.729	36.95%	23.966.729	36.95%
<b>Paid in Capital</b>	64.864.800		64.864.800	
<b>Ticker</b>	NETAS		NETAS	

### BOARD OF DIRECTORS

The Members of Board of Directors as of June 30, 2022 are as follows:

Aiguang Peng	Chairperson
Şuay Alpay	Vice-Chairperson
Ding Minzhongxia	Member
Ming Li	Member
Bowen Mei	Member
Ali Zülfü Tigrel	Independent Member
Özer Karabulut	Independent Member

### THE GROUP'S MANAGEMENT

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

# NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

## VISION, CORE VALUES, QUALITY POLICY

### Vision

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

### Core Values

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

### Quality Policy

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

## RESEARCH & DEVELOPMENT (R&D) STUDIES

### **Thanks to research and development activities carried out since 1973, Turkey's most established private sector R&D**

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 50 million lines of code in 49 years, develops real-time operating systems, signalling protocol software, service software in microservice architecture, 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.

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### Activity area

- Telecommunications Technologies
- Defense Technologies
- Smart Solutions
- Software Testing and Quality Assurance Services
- Software Test Automation Products and Solutions

### 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 50 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

### Academic R&D Outputs

- Pioneer in continuous innovation and patent application
- A total of 533 patent applications
- 201 registered patents, 60 registered trademarks
- \$500 million software exports in the last decade
- 195 scientific publications, 153 of which are international
- 17 - Number of universities with which Framework Agreement signed
- 46 - Number of academic consultancy received

### Experience and Competence

- Deep-rooted R&D culture and competent engineering staff, agile structure
- International software development and testing competence
- 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
- TÜSİAD EU and International Incentives Group Presidency
- Current projects: 1 H2020, 1 Celtic Plus, 1 ECSEL, 1 EUROGIA, 1 QNRF
- 69 EU Project Applications (38 H2020)
- 130 collaborations with 25 countries, 29 universities within the scope of EU project partnerships

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### R&D OF NEXT GENERATION TECHNOLOGIES

#### Globally competitive domestic products

Netaş R&D develops unique technologies specific to sectors from finance to entertainment, from public to defense, from energy to transportation, from health to 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 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. In the project, server room and control center installations have been completed, integration with other systems and system operation tests are on going.

#### Localization Projects and Products

Aiming to be a pioneer in digitizing Turkey's communication infrastructure with domestic opportunities, NETAŞ accelerated localization projects, which has started in 2020, with a new organization structure in 2022. The teams formed from the R&D, design, software, sales and manufacturing departments came together in the focus of localization studies and started intensive work. In addition, localized ZTE's world-leading technologies has been exhibited in N.visionLab, which was opened at the Headquarters of NETAS in Istanbul. These products are produced for Turkey's localization needs and then exported to the world.

Within the scope of localization projects, NETAŞ took the first step for the ZTE server R5300 G4, which was selected to be used in virtualization and big data applications. NETAŞ Native Cloud Server has been developed within the scope of localization studies like menu Turkishization, disc tray design, device flap mechanics design and domestic production test software. With the “domestic certificate” obtained, the domestic server needs of the public and private sectors will be met.

It received its first order from Turkcell in April 2022 for this domestic server, which will close a significant gap in the server and data storage market of 450 million dollars in our country.



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The first order, production and delivery of our Wifi 6 Home Gateway product, whose were localized, has been completed.

Netaş localized solutions in telecommunication technologies are as follows:

- Local Server
- Next Generation Base Station
- DC Power Supply
- Smart Lithium Battery module
- Wifi 6 Home Gateway
- Fiberoptic Cabinet (FTTX Systems)
- VDSL Modem.

In addition, with the products developed by R&D engineers, 17 products have been localization certified, these are:

- 1) Event Management System- Eventizer
- 2) Field Operation Management System (Mobi-Fi)
- 3) VoIP Application Firewall ( Nova V-Gate)
- 4) Modem (VDSL HGW (fiber optic) LTE Router (Cat 6 WTTx))
- 5) Test Management Tool Visium Manage
- 6) Server
- 7) Messaging Application Software- DRIP
- 8) Next Generation IoT Platform- ION
- 9) Intelligent Lighting Management- Neos Photon
- 10) Automatic Water Meter Reading System-Neos Hydra
- 11) Media Security Platform - Nova S/COM
- 12) Smart Home Apps - Smart Home
- 13) Cloud-Based Traffic Generator-Visium Load
- 14) Mobile Device Farm Management Software (Visium Farm)
- 15) Fiberoptic Cabinet (FTTX Systems)
- 16) Next Generation Base Station with Multiple Radio Technology
- 17) Wifi 6 Modem

### Structure Health Monitoring Project

Within the scope of the Structure Health Monitoring Project, advanced technology products will be produced with completely domestic and original software-hardware design, to be used for simultaneous monitoring of the changes in the dynamic characteristics of the buildings and the detection of possible dangerous situations.

Establishment of National Network for Monitoring and Evaluation of Disaster Impacts in Low-Medium-Storey Residential Buildings is a project accepted within the scope of Tübitak ARDEB 1001 - 2020 Earthquake Calls. The project has been carried out under the management of Gebze Technical University, in partnership with NETAS.

Natural disasters, unfavourable ground conditions, unplanned construction, construction faults, wrong interventions to the building cause damage and/or destruction in engineering structures, thus causing loss of life and/or property. The behaviour of engineering structures under both their own loads and external

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factors such as earthquake and wind causes changes in the dominant frequency value of the constructions. Monitoring the changes in the dynamic characteristics of the building simultaneously is important in terms of detecting possible dangerous situations. The device to be used for this purpose will be produced by NETAS based on MicroElectroMechanical Sensors (MEMS) within the scope of the project. The device will transmit the data obtained by the calculations specific to the building, to the data center to be established; and the dominant frequency change that occurs under the influence of internal or external loads that will occur in the building will be detected in the data center.

With 20 devices to be produced within the scope of Internet of Things Applications for Smart Cities System and a data center to be established at two separate points, data transfer from devices to the center will happen. With the decision-making algorithms that will work at the center, information about the change in the dominant frequency, which is an indicator of building damage, will be produced in case of disaster or non-disaster cases. It will also be possible to transmit this information to the authorities/decision mechanisms (AFAD-Disaster Management and Decision Support System (AYDES)).

The strongest aspect of the project is that it is a local network application that has the effect of creating social awareness in terms of cost-effective, sustainable urbanization. Since the target audience that will use the device is planned as flat residents for residential buildings, widespread use of the device to be developed in the project will be effective in increasing disaster sensitivity.

The device to be produced as a project output will be a commercial product with an Internet of Things (IoT) application, with its original software and up-to-date technological hardware, with a high market value and potential to be purchased. Similarly, the data center, which has the potential to serve on a national scale, is the commercial output of the project.

### ZTE Digital Transformation Projects

#### ZTE HROM

Human Resources Outsourcing Management Application:

The HROM application is a Human Resources Application where ZTE's project-based outsourcing personnel can be managed from their recruitment to termination. ZTE has planned to use the HROM application actively in many countries, so the application has been developed with common requirements of all sites. It is supporting English and Chinese languages. By communicating with other systems of ZTE, HROM provides mutual integration regarding processes and candidates to be recruited. Relevant Human Resources personnel complete the procedures and processes of candidate search, interview, approval/rejection and recruitment through HROM. They can manage processes such as continuity tracking and performance management for recruited resources via HROM. It also has flexible functions where extra documents that Human Resources may need can be created and entered to the system easily. Off-boarding procedures of the personnel can be completed via HROM also. Project development and delivery has been successfully completed for the HROM project.

#### ZTE DCMS

Distributor and Sales Channels Management System:

DCMS is a software platform that ZTE uses to manage its own sales and distributor channels. It includes application, tracking, approval and administration user interfaces used by external users and ZTE employees. Companies that want to become distributors submit their requests to ZTE by making their applications through these interfaces. If the requests pass the approval stages, the certification process is started for the relevant account. Periodic targets of accounts with certificates are determined. In line with

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these targets, their performance over time is measured, and at the end of the term, there may be promotion or reduction in certificates. During the term, such applications and changes are managed by ZTE through the management interface called PRM, while the accounts' own applications and status follow-up are carried out through the interface called iChannel. It consists of sub-modules that include main topics such as registration, certification, performance calculations and tracking, requests and document management. System has developed in English and Chinese languages and use data bidirectional on the backhand through integrations with other business units of ZTE. The first part of the project development was taken live by the customer. Additional development of the project continues.

### ZTE IPTV

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.

NETAS, which undertook Turkey's largest IPTV infrastructure transformation project together with ZTE in 2020, has largely completed the development and installation work on the IPTV infrastructure, and gradual transitions to live have 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 in this project, which is ZTE's largest IPTV project outside of China, will also be a reference point for the European IPTV market.

### TRNC E-Government Projects

#### TRNC E-Population Project

The TRNC (Turkish Republic of Northern Cyprus) Electronic Population System is a system that enables the TRNC population records to be kept in an electronic environment and in a centralized structure, and the collected information to be evaluated for many different purposes for public services and citizens.

The TRNC E-Population System aims to deliver the Population services provided by the government to TRNC citizens in the easiest and most effective way, in a quality, fast, uninterrupted and safe manner.

With the TRNC E-Population System Project, the Population Registration System (PRS) and Address Registration System (ARS), which were developed in line with the needs of the TRNC, are associated with population records and address information. In addition, citizens are given a "TRNC Identity Number", which is assigned electronically and automatically by the system and cannot be changed, enabling access to population records, establishing links between them, and easy access to records related to individuals through this key number.

With this system, great convenience will be provided for citizens receiving services in many areas of life and institutions providing services, bureaucracy will be reduced, and many expenses that burden the national economy are saved. TRNC E-Population System is a web application. E-Population software serves multiple purposes by hosting more than one software module. TRNC E-Population System web access has developed with considering security aspects and with up-to-date Java technologies. The data required by external institutions are shared with web services.

Citizens can perform various transactions via e-Government. If a birth certificate is requested, e-Government Module transfers the request to Population Module. The document can be issued after the transferred request receives the necessary approvals and signatures. Authorized Officers can approve these document requests and get documents again later. Authorized Officers can make and follow up their Identity Card requests. The Population Officer will direct this request to the KYS Module. The KYS

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Module will update the record in Population System in case of a change in the card. Authorized Officers can receive the documents and reports they want through the Report Processing Module. Authorities can perform e-signature transactions. Transactions can be made by sending these incoming requests to the KYS Module.

### **TRNC E-Legal Project**

The TRNC Companies Central Registry System web application consists of the following modules and their related transactions:

- Admin Operations Module
- General Legal Entity Listing Module
- Authorized Officer General Operations Module
- Company Module
- Cooperative Company Module
- Association Module
- Political Party Module
- Union Module
- Federation Module
- Municipality Module
- Ministry Institution Module
- Foundation Module

### **TRNC E-Customs Project**

The Customs Information System(CIS) is a web application and consists of the modules defined below.

- Summary Declarations Module
- Detailed Declaration Module
- Collection Module
- Tariff Module
- Risk Analysis Module
- Vehicle, Container and Passenger Tracking Module
- Liquidation Module
- Warehouse Stock Tracking Module
- Information Management and Support Module

Among these modules, the Summary Declaration and Detailed Declaration modules enable customs processes to be initiated and the necessary data to be obtained for the formation of import, export and transit processes. Users are referred to here as brokers and are intended as persons working within the CIS software of real or legal persons who bring or transport customs subject goods into the country. Authorized officers, on the other hand, are designed as people who work in the TRNC Customs and Duty Office and take charge in the CIS software, responsible for customs processes at customs gates or customs offices in the country. Authorized officers can carry out warehouse inventory tracking, summary declaration and liquidation operations over the warehouse, tracking of vehicles entering and leaving the country, passengers and containers, creation of accruals and collection processes with the relevant modules.

In addition, with the Risk Analysis module that will work on declarations and declarations, it is possible to dynamically create rules and direct data related to declaration registration and approval processes. Through the tariff module, it is possible to reflect the legislation to the software and to define conditional transactions.

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The information management and support module offers the management of the reference data to be included in the CIS and the identification and authorization infrastructure in a manageable way.

### ASOS Project

ASOS application is an application prepared for the Ministry of Health to provide emergency health automation and has been developed by NETAS since July 2017.

Through this application, the first aid stations, vehicles, ambulances, and personnel of the 112 Emergency Health Services are tracked. In this context, it is mainly carried out in the following processes:

- Starting from the call of the ambulance, information such as the transportation of a patient, the equipment, drugs and materials used in the ambulance for the patient, which hospital the patient was transported to are recorded via ASOS and the data can be monitored. Billing procedures of ambulance services are followed in connection with patient information,
- Determination of quality standards of emergency aid stations,
- Carrying out human and organ transplants by aircraft,
- Inter-hospital patient transfer, search for available convenient place and ambulance assignment processes, from the request for a referral by the hospitals to the transfer of the patient to the relevant institution by arranging available place in the hospital,
- Planning the shifts of 112 personnel and calculating payrolls according to their working hours,
- Monitoring of vehicle/ambulance and other 112 inventory, vehicle/ambulance breakdown and maintenance processes,
- Follow-up of 112 / UMKE personnel assigned in emergency situations and patients related to the event,
- Following the patient through smart devices in ambulances,
- Transporting stroke patients to stroke centers within intervenable times through stroke algorithms
- Inquiry of risk situations before intervention in patients within the scope of Covid measures.

ASOS application exchanges data with all hospitals in Turkey with 15+ integrations in addition to all these. It allows making future projections with the reports it produces.

### 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.

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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 infrastructure required for tests in 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. By the end of the second quarter of 2022, the number of customers using the product reached 12.

#### 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. By the end of the second quarter of 2022, the number of customers using the product reached 8.

#### Test Management Tool: Visium 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.

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### 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 needs 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, contributes to the export of floating and flying platforms carried out by Turkish defense industry companies with its solutions in the critical parts of the platforms.

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 test engineers and experts, Netaş offers testing services to a total of 30 companies, including three telecom operators and the top five largest banks in Turkey. In the first 6 months of 2022, 4 new customers (Agricultural Credit Coop., Yıldız Holding, Boyner, Snapbytes) started to be served.**

### 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

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

- 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
- International business partners

### **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.



## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### 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.

### Smart Farming Project for Qatar

The 5GPPGreenhouse 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.

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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-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.

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### **GOVERNMENT GRANTS**

For the period ended 30 June 2022 the Group has received approved, well deserved and accrued incentive from TÜBİTAK TL 161.755 (31 December 2021: TL7.857.752)

The Group is qualified for the incentives and exemptions provided by Support of Research and Development Act, numbered 5746 effective from 24 November 2008.

As of 30 June 2022, the Group has a corporate tax benefit of TL 1.444.802.970 due to research and development disbursement and this amount has been transferred (As of 31 December 2021, the Group has a corporate tax benefit of TL 877.420.853 due to research and development disbursement and amount is not utilized by the year end). The Group has booked deferred tax assets for unused R&D tax benefit. The unused tax advantages of the Group related to research and development activities has unlimited maturity.

For the period ended 30 June 2022, the amount of income tax incentive within the scope of Act numbered 5746 is TL 3.871.096 (31 December 2021: TL 12.921.557) and the total amount of social premium incentive within the scope of Act numbered 5746 and Social Security and General Health Insurance Act numbered 5510 is TL 6.624.589 (31 December 2021: TL 14.557.898).

### **DONATIONS MADE DURING THE PERIOD**

The Group made donations of TL 3.400 for the interim period ended June 30, 2022.

### **REMUNERATION PROVIDED FOR BOD & TOP MANAGEMENT**

Top management of the Group comprised of, the members of the management and executive committee, General Managers and Deputy General Managers. For the period ended 30 June 2022, total remuneration for the directors and management board of the Group is TL 7.725.979 (30 June 2021: TL 17.887.913).

As of 31 March 2022, and 31 December 2021 there is no credit granted to the Group's Management.

## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

### FINANCIAL PERFORMANCE

#### 1H 2022 Summary;

- Sales revenues increased by 61% and reached to 1.579 million TL,
- Consolidated orders booked was 1.618 million TL with a 73% increase,
- Orders on hand was 2.123 million TL with 60% growth.

In 1H22, the Company's orders, orders on hand and sales revenues increased significantly. Orders received reached TL 1.618 mn as of period ended June 30, while orders on hand increased by 60% to TL 2.1 billion level.

In addition to 61% percent annual growth in sales revenues, improvements in the Company's gross and operating profit margins, both quarterly and annually, were notable over the current period. The Company's gross profit climbed from TL 40 million in 1H21 to TL 161 million, with a gross margin rising to 10% from 4% in the first half of previous year.

Furthermore, as a result of the Company's operational expense savings, the ratio of operational expenses to sales reduced from 11% in 1H21 to 9% in 1H22, and the EBIT margin returned to positive territory and was realized as TL 16 million. The Company's EBITDA margin turned positive as well in the current period, reaching 4%, and the Company reported an EBITDA of TL 63 million as of 1H22 versus negative TL 25 million of EBITDA in the comparative period of last year.

#### Financial Highlights

TL Million	1H 2022	1H 2021	y/y %
<b>Revenue</b>	<b>1.579</b>	<b>979</b>	<b>61%</b>
Cost of Sales	(1.418)	(939)	51%
<b>Gross Profit</b>	<b>161</b>	<b>40</b>	<b>302%</b>
<i>Gross margin %</i>	<i>10,2%</i>	<i>4,1%</i>	<i>612</i>
<b>Operating Expenses</b>	<b>(145)</b>	<b>(111)</b>	<b>30%</b>
General Administrative Expenses	(71)	(50)	42%
Sales, Marketing & Distribution Expenses	(71)	(50)	42%
Research & Development Expenses	(3)	(11)	(72%)
<b>EBIT</b>	<b>16</b>	<b>(71)</b>	<b>123%</b>
<i>EBIT margin %</i>	<i>1,0%</i>	<i>-7,3%</i>	<i>830</i>
Depreciation	47	46	2%
<b>EBITDA</b>	<b>63</b>	<b>(25)</b>	<b>350%</b>
<i>EBITDA margin %</i>	<i>4,0%</i>	<i>-2,6%</i>	<i>659</i>

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

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

*EBITDA= EBIT + Depreciation and Amortization*

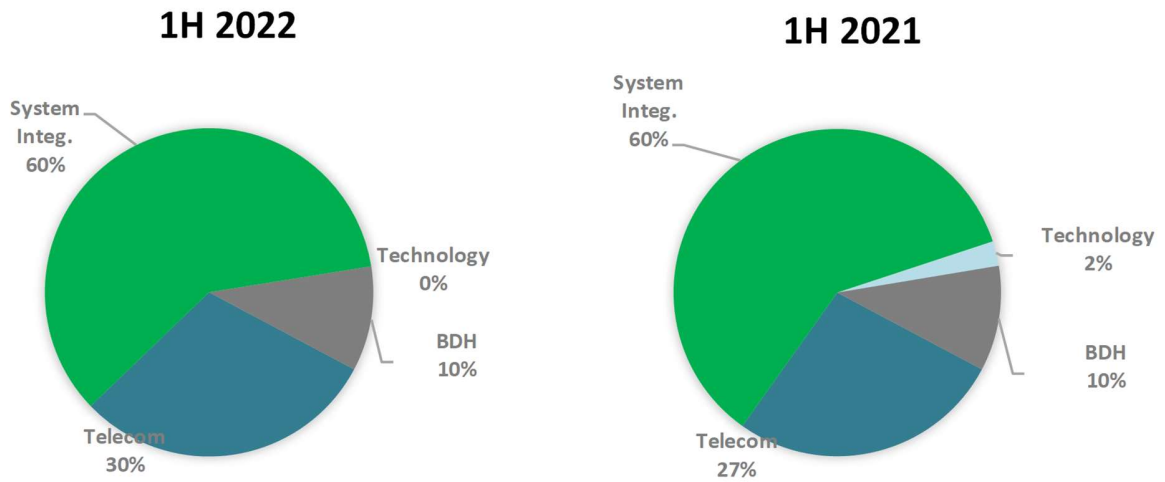
# NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

## Orders & Sales Revenue

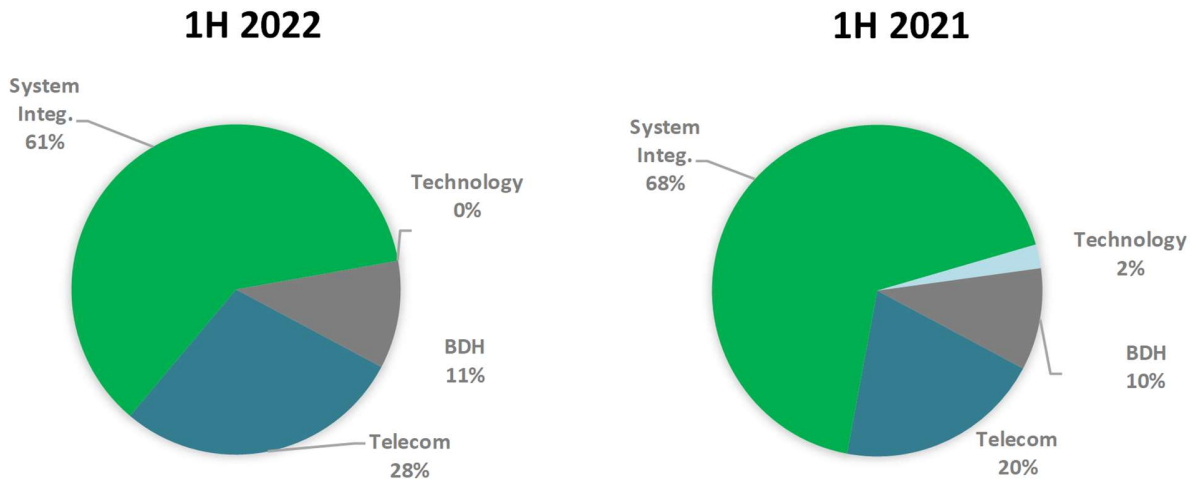
**Orders:** In 1H22, TL1.618 million (US\$ 109 million) orders were received, up 73% from the same period the previous year. The Company's registered orders to be fulfilled in the coming periods increased by 60% to TL 2.1 billion at the end of 1H22 (USD 143 million).

**Sales Revenue:** The Group's sales revenues in the first half of 2022 increased by 61% compared to the same period of the previous year, reaching TL 1.579 million from TL 979 million in 1H21.

### Orders Breakdown



### Revenues Breakdown



## NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED JUNE 30, 2022

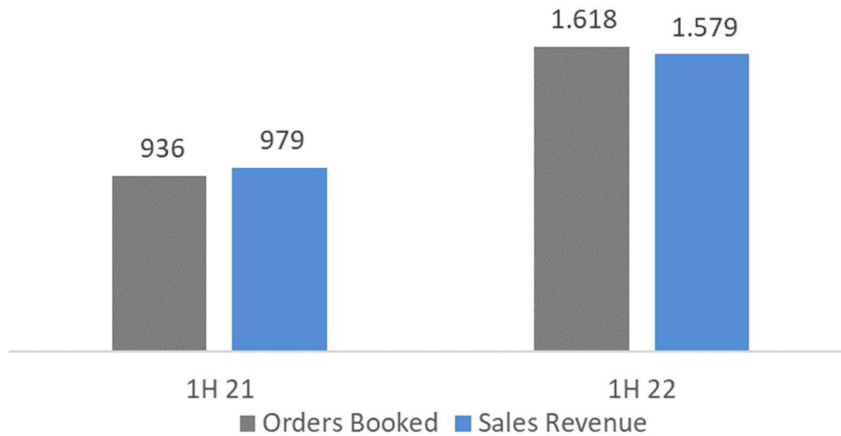
### CONSOLIDATED FINANCIAL PERFORMANCE

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

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

The systems integration (SI) segment accounted for 61% of the Company's sales revenues and 60% of orders in 1H22, taking the largest share in both sales and orders received. As in previous periods, the SI segment, which constitutes the largest portion of the Company's orders and sales, has also contributed greatly to the company's gross profitability in the current period, thanks to its jumping gross profit margin from 2% to 12%.

The SI segment was followed by the telecom segment with 28% and 30% share in sales and orders. As a result, the SI and telecom segments accounted for 90% and 89% of the Group's consolidated orders received and sales, respectively.



In addition to the increase in the Company's sales in the first half of 2022, the Company displayed a much more positive performance in terms of operations and achieved significant increases in profit margins on a quarterly and annual basis. Compared to the same period of the previous year, the Company's gross margin increased from 4% to 10%, and its EBITDA margin increased from -3% to 4% in 1H22.

In the current period the Company recorded other operating expenses of approximately TL 71 million, the majority of which consists of foreign exchange expenses.

In line with the decision of the Board of Directors dated April 29, 2022, the Company sold its 10% A Group shares in Kron Telekomünikasyon A.Ş. for a total value of TL 52.080.098 making a sales profit of TL 30.469.944 which was reflected to its 1H22 financial results.

As a result, Netaş's profit loss of TL 90 million TL in 1H21 declined to TL 19.692.598 in 1H21 and on a quarterly basis, it announced a net period profit of TL 29.731.526 in the second quarter of 2022.

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**SEGMENT BASED FINANCIAL PERFORMANCE**

1H 22 (Million TL)	System					Total
	Telecom	Integration	Technology	BDH	Unallocated	
<b>Orders Booked</b>	486,1	965,5	-	166,9	-	1.618,4
<b>Sales Revenue</b>	447,9	964,7	-	166,9	-	1.579,5
Cost of Sales	(426,4)	(852,3)	-	(139,5)	-	(1.418,1)
<b>Gross Profit</b>	21,5	112,4	-	27,4	-	161,3
<b>Gross Profit Margin</b>	5%	12%	-	16%	-	10%
Sales, marketing and distribution expenses	(19,8)	(33,5)	-	(17,9)	-	(71,2)
General administrative expenses	-	-	-	-	(70,8)	(70,8)
Research and development expenses	-	-	(3,1)	-	-	(3,1)
<b>Operating profit/ (loss) of segment</b>	1,8	78,8	(3,1)	9,5	(70,8)	16,2
<b>Operating profit margin</b>	0%	8%	-	6%	-	1%

1H 21 (Million TL)	System					Total
	Telecom	Integration	Technology	BDH	Unallocated	
<b>Orders Booked</b>	253,2	562,6	22,8	97,4	-	936,0
<b>Sales Revenue</b>	197,3	661,9	22,8	97,4	-	979,5
Cost of Sales	(186,2)	(646,5)	(24,4)	(82,2)	-	(939,3)
<b>Gross Profit</b>	11,1	15,4	(1,6)	15,2	-	40,1
<b>Gross Profit Margin</b>	6%	2%	-7%	16%	-	4%
Sales, marketing and distribution expenses	(15,2)	(22,3)	-	(12,6)	-	(50,2)
General administrative expenses	-	-	-	-	(49,9)	(49,9)
Research and development expenses	-	-	(11,3)	-	-	(11,3)
<b>Operating profit/ (loss) of segment</b>	(4,1)	(6,9)	(13,0)	2,6	(49,9)	(71,3)
<b>Operating profit margin</b>	-2%	-1%	-57%	3%	-	-7%

**System Integration**

In 1H22, received orders and sales revenues for the system integration segment increased by 72% and 46%, respectively. While the order amount of the relevant segment was realized as TL 966 million, the system integration segment made up the biggest part of the consolidated sales with its sales revenues of TL 965 million and had a share of 61% in total sales. The gross and operating profitability of the relevant segment were realized as TL 112 million and TL 79 million in the relevant period, making a sound effect on the company's overall profitability.

**Telecom Segment**

Volume of the telecom segment is growing with the contribution of projects received with ZTE products. Orders booked of telecom segment increased 92% y-o-y in 1H22 and reached 486 million TL. Sales revenue of the segment was up by 127% y-o-y and realized as 448 million TL. The share of the telecom segment in total sales was realized as 28%, and the telecom segment took the second largest share in sales after system integration. In current period, the gross profit of the segment was realized as TL 21.5 million with a gross margin of 5%.

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**BDH**

The amount of orders received and sales revenues of BDH increased by 71% y-o-y and realized as 167 million TL. The segment's gross profits were realized as TL 27 mn as of 1H22.

**DEBT STRUCTURE**

Group's cash and cash equivalents was TL 652 million as of end 1H22.

Net debt of the Group was realized as 560 million TL (34 mn USD) as of end 1H22. The Group's net debt position improved compared to YE21, falling from TL 600,7 million (USD 45 million) to USD 34 million.

<b>(million TL)</b>	<b>Consolidated Total Financial Debt</b>	<b>Cash and Cash Equivalents</b>	<b>Net Debt (TL mn)</b>	<b>Net Debt (US\$ mn)</b>
<b>1H 22</b>	1211,8	652,2	559,6	33,6
<b>YE2021</b>	1142,7	542,0	600,7	45,1

In 1H22, the Group's total financial debt stood at TL 1.2 bn, 63% of which is in TL and the remaining 37% is in US Dollars. As of June 30, 2022, almost all of the Group's total consolidated financial debt has a maturity less than one year.

<b>1H 2022</b>	<b>TL mn.</b>	<b>USD mn.</b>
Short Term Financial Debt (Bank Loans)	1211,8	72,7
Long Term Financial Debt (Bank Loans)	0,0	0,0
<b>Total Debt</b>	<b>1211,8</b>	<b>72,7</b>