

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

As at and for the period ended 31 December 2023  
Consolidated financial statements and  
The independent Auditors' report

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



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9  
Levent 34330 İstanbul  
Tel +90 212 316 6000  
Fax +90 212 316 6060  
www.kpmg.com.tr

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO  
ENGLISH**

To the Shareholders of Netaş Telekomünikasyon Anonim Şirketi

**A) Audit of the Consolidated Financial Statements**

*Opinion*

We have audited the consolidated financial statements of Netaş Telekomünikasyon Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other 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 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

*Basis for Opinion*

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (*including Independence Standards*) ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### *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.

#### Revenue recognition

Refer to Note 2.4 and Note 21 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u><b>The key audit matter.</b></u>	<u><b>How the matter was addressed in our audit</b></u>
<p>The Group's main revenue consists of revenues from end-to-end IT solutions (such as broadband, cyber security, IoT, etc.), business applications and value-added services, including new generation wired, wireless, enterprise and optical network technologies.</p> <p>The Group recognizes revenue in the consolidated financial statements when it fulfills its performance obligation by transferring a promised good or service to its customer or as the transfer is completed.</p> <p>Due to the nature of the Group's activities and the size of its operations, determining the revenue amount accurately and including it in the consolidated financial statements in the relevant reporting period requires significant management judgment. The recognition of revenue has been determined as a key audit matter.</p>	<ul style="list-style-type: none"> <li>-Assessment of appropriateness of accounting policy in accordance with IFRS 15.</li> <li>-Evaluation of the journal entries made by the Group regarding revenue during the period,</li> <li>-Controlling the existence of trade receivables and the accuracy of receivable balances through external confirmations provided directly for the customers we have determined through sample selection,</li> <li>-Evaluating whether the control of the services and goods is transferred to the customers through the sales documents received for the sales transactions selected with the sample, and thus testing whether the revenue is included in the consolidated financial statements in the correct reporting period to which it relates,</li> <li>-Evaluating the compliance of the accounting policies applied by the Group with TFRS 15 by examining the contracts selected by a sample of sales contracts,</li> <li>-Performing detailed tests on returns realized after the reporting period and testing whether the revenue is included in the consolidated financial statements in the relevant period and correctly,</li> <li>- Conducting analytical examinations to detect the existence of transactions that occur at unusual levels or are not continuous,</li> <li>- Evaluating whether the footnote disclosures made by the Group regarding revenue in its consolidated financial statements comply with the disclosures required to be made in accordance with TFRS 15.</li> </ul>



### *Other Matter*

The consolidated financial statements of Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 8 March 2023.

### *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.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Responsibilities of auditors in an audit are as follows:

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 issued by POA 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 issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **B) Other Legal and Regulatory Requirements**

- 1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 28 March 2024.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer, SMMM

Partner  
28 March 2024  
İstanbul, Türkiye

<b>INDEX</b>	<b>Page</b>
<b>Consolidated Statements of Financial Position</b>	<b>1-2</b>
<b>Consolidated Statement of Profit and Loss and Other Comprehensive Income</b>	<b>3</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>4</b>
<b>Consolidated Statement of Cash Flows</b>	<b>5-6</b>
Note 1 Organization and Operations of the Group	7-8
Note 2 Basis of Presentation of the Consolidated Financial Statements	8-31
Note 3 Shares in Associates	32
Note 4 Segment Reporting	33-36
Note 5 Cash and Cash Equivalents	36
Note 6 Short Term Borrowings	37-38
Note 7 Trade Receivables and Payables	39
Note 8 Other Receivables and Payables	39
Note 9 Inventories	40
Note 10 Prepaid Expenses	40
Note 11 Contract Assets and Contract Liabilities	41
Note 12 Property, Plant and Equipment	42-44
Note 13 Intangible Assets	44-46
Note 14 Right of Use Assets	46
Note 15 Government Grants	47
Note 16 Provisions, Contingent Assets and Liabilities	47
Note 17 Commitments	48-49
Note 18 Employee Benefits	50-51
Note 19 Other Assets	52
Note 20 Shareholders' Equity	52-53
Note 21 Revenue and Cost of Sales	54-55
Note 22 Research and Development, Sales, Marketing and Distribution, and General Administrative Expenses	56
Note 23 Income and Expenses from Other Operating Activities	57
Note 24 Income and Expenses from Investing Activities	57
Note 25 Finance Income and Expenses	57
Note 26 Tax Assets and Liabilities	58-62
Note 27 Earnings Per Share	63
Note 28 Related Party Disclosures	63-64
Note 29 Financial Instruments and Risk Management	64-72
Note 30 Fair Value of Financial Instruments	73
Note 31 Subsequent Events	73
Note 32 Fees for Services Received from Independent Auditor / Independent Auditor's	74

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF**  
**FINANCIAL POSITION AS OF 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>ASSETS</b>			
<b>Current Assets</b>		<b>3.967.423.520</b>	<b>3.196.676.305</b>
Cash and Cash Equivalents	5	90.112.867	220.130.315
Trade Receivables		2.875.092.744	1.950.953.880
<i>Due from related parties</i>	28	9.686.111	70.128.043
<i>Trade receivables, third parties</i>	7	2.865.406.633	1.880.825.837
Other Receivables		4.944.536	3.125.482
<i>Other receivables, third parties</i>	8	4.944.536	3.125.482
Inventories	9	384.359.746	425.556.194
Contract Assets related to Goods and Services Provided		403.011.780	440.623.216
<i>Contract Assets related to Goods and Services Provided</i>	11	403.011.780	440.623.216
Prepaid Expenses	10	72.210.779	69.508.094
Current Income Tax Assets	26	66.385.058	39.417.852
Other Current Assets	19	71.306.010	47.361.272
<b>Non-Current Assets</b>		<b>1.764.475.865</b>	<b>983.142.061</b>
Property, Plant and Equipment	12	127.684.364	104.419.220
Right of Use Assets	14	213.423.126	88.396.034
Financial Investments	3	39.338.713	25.360.788
Intangible Assets		683.313.128	458.907.627
<i>Goodwill</i>	13	539.546.509	342.704.462
<i>Other intangible assets</i>	13	143.766.619	116.203.165
Deferred Tax Assets	26	700.716.534	306.058.392
<b>TOTAL ASSETS</b>		<b>5.731.899.385</b>	<b>4.179.818.366</b>

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF**  
**FINANCIAL POSITION AS OF 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>		<b>5.231.635.187</b>	<b>4.012.878.974</b>
Short Term Borrowings		1.297.908.289	1.131.510.175
<i>Short Term Bank Loans</i>	6	1.297.908.289	1.131.510.175
Short-Term Portion of Long-Term Borrowings		128.271.232	157.312.811
<i>Short-Term Portion of Long-Term Bank Loans</i>	6	-	61.218.489
<i>Short-Term Portion of Long-Term Lease Liabilities</i>	6	128.271.232	96.094.322
Trade Payables		2.655.598.301	1.980.523.062
<i>Due to related parties</i>	28	1.346.153.623	757.233.720
<i>Trade payables, third parties</i>	7	1.309.444.678	1.223.289.342
Other Payables		152.960.779	93.396.310
<i>Other payables, third parties</i>	8	152.960.779	93.396.310
Employee Benefit Obligations	18	125.514.331	43.250.541
Contract Liabilities		648.265.146	451.692.035
<i>Contract Liabilities</i>	11	648.265.146	451.692.035
Provisions		200.654.943	150.506.216
<i>Provisions for Employee Benefits</i>	18	88.422.594	50.090.562
<i>Other Short Term Provisions</i>	16	112.232.349	100.415.654
Current Income Tax Liabilities	26	22.462.166	4.687.824
<b>Long Term Liabilities</b>		<b>277.501.101</b>	<b>149.247.633</b>
Long Term Borrowings		156.295.182	65.409.415
<i>Lease Liabilities</i>	6	156.295.182	65.409.415
Provisions		121.205.919	83.838.218
<i>Provisions for Employee Benefits</i>	18	121.205.919	83.838.218
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>217.693.183</b>	<b>13.401.817</b>
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		87.378.230	9.570.710
<i>Currency Translation Differences</i>		87.378.230	9.570.710
Other comprehensive income not to be reclassified in profit and loss		565.091.392	538.278.161
<i>Remeasurement gain/ (loss) on defined benefit plans</i>		(59.553.558)	(41.158.337)
<i>Currency Translation Differences</i>		624.644.950	579.436.498
Restricted Reserves	20	34.897.360	34.897.360
Accumulated Losses		(675.821.374)	(645.253.804)
Net Profit / (Loss) for the Period		99.670.615	(30.567.570)
<b>Non-controlling interests</b>		<b>5.069.914</b>	<b>4.289.942</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5.731.899.385</b>	<b>4.179.818.366</b>

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 PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

		<b>Current Period</b>	<b>Previous Period</b>
	<b>Notes</b>	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>INCOME OR LOSS FROM OPERATIONS</b>			
Revenue	21	6.958.287.619	4.011.553.628
Cost of Sales (-)	21	(6.354.978.246)	(3.624.228.360)
<b>GROSS PROFIT</b>		<b>603.309.373</b>	<b>387.325.268</b>
Sales, Marketing and Distribution Expenses (-)	22	(228.152.785)	(150.985.067)
General Administrative Expenses (-)	22	(218.909.666)	(161.566.947)
Research and Development Expenses (-)	22	(2.386.154)	(6.557.959)
Other Income from Operating Activities	23	3.476.434	33.283.777
Other Expenses from Operating Activities (-)	23	(116.491.440)	(152.314.966)
<b>OPERATING PROFIT / (LOSS)</b>		<b>40.845.762</b>	<b>(50.815.894)</b>
Income from Investment Activities	24	624.106	31.089.521
Expenses from Investment Activities (-)	24	(949.592)	(337.789)
Income from Investments Accounted Using the Equity Method	3	-	317.606
<b>OPERATING LOSS BEFORE FINANCE INCOME AND EXPENSES</b>		<b>40.520.276</b>	<b>(19.746.556)</b>
Financial Income	25	261.779.493	167.137.791
Financial Expenses (-)	25	(358.161.363)	(231.011.494)
Monetary Gain / (Losses)		(2.812.760)	
<b>LOSS BEFORE TAX</b>		<b>(58.674.354)</b>	<b>(83.620.259)</b>
<b>Tax (Expenses) / Income</b>		<b>159.124.941</b>	<b>58.857.765</b>
Current Tax Expenses	26	(17.692.911)	(18.024.354)
Deferred Tax Income	26	176.817.852	76.882.119
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>100.450.587</b>	<b>(24.762.494)</b>
<b>Attributable to:</b>			
Non-controlling Interest		779.972	5.805.076
Equity Holders of the Parent		99.670.615	(30.567.570)
Earn/(Loss) per share	27	1,5366	(0,4713)
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSES)</b>			
<b>Other comprehensive income or (expenses) that will not be reclassified subsequently to profit of loss</b>		<b>26.813.231</b>	<b>(7.374.959)</b>
Currency translation differences		45.208.452	16.520.554
Remeasurement gain/ (loss) on defined benefit plans	18	(24.526.961)	(29.869.391)
Remeasurement gain/ (loss) on defined benefit plans, deferred tax	26	6.131.740	5.973.878
<b>Other comprehensive income or expenses that will be reclassified subsequently to profit of loss</b>		<b>77.807.520</b>	<b>14.420.936</b>
Currency translation differences other than the translation of businesses abroad		45.208.452	6.610.607
Currency translation differences arising from businesses abroad		32.599.068	7.810.329
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>		<b>104.620.751</b>	<b>7.045.977</b>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS)</b>		<b>205.071.338</b>	<b>(17.716.517)</b>
<b>Attributable to:</b>			
Non-controlling Interest		779.972	5.805.076
Equity Holders of the Parent		204.291.366	(23.521.593)

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**  
**CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023**  
(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		
<b>Balance as of 1 January 2022</b>	<b>64.864.800</b>	<b>41.612.160</b>	<b>(4.850.226)</b>	<b>562.915.944</b>	<b>(17.262.824)</b>	<b>34.897.360</b>	<b>22.958.336</b>	<b>(668.212.140)</b>	<b>36.923.410</b>	<b>(1.515.134)</b>	<b>35.408.276</b>
Transfers	-	-	-	-	-	-	(668.212.140)	668.212.140	-	-	-
Total comprehensive income	-	-	14.420.936	16.520.554	(23.895.513)	-	-	(30.567.570)	(23.521.593)	5.805.076	(17.716.517)
Net Loss for Period	-	-	-	-	-	-	-	(30.567.570)	(30.567.570)	5.805.076	(24.762.494)
Other Comprehensive Income	-	-	14.420.936	16.520.554	(23.895.513)	-	-	-	7.045.977	-	7.045.977
<b>Balance as of 31 December 2022</b>	<b>64.864.800</b>	<b>41.612.160</b>	<b>9.570.710</b>	<b>579.436.498</b>	<b>(41.158.337)</b>	<b>34.897.360</b>	<b>(645.253.804)</b>	<b>(30.567.570)</b>	<b>13.401.817</b>	<b>4.289.942</b>	<b>17.691.759</b>

			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 Profit / (Loss) for the Period	Equity Holders of the Parent		
<b>Balance as of 1 January 2023</b>	<b>64.864.800</b>	<b>41.612.160</b>	<b>9.570.710</b>	<b>579.436.498</b>	<b>(41.158.337)</b>	<b>34.897.360</b>	<b>(645.253.804)</b>	<b>(30.567.570)</b>	<b>13.401.817</b>	<b>4.289.942</b>	<b>17.691.759</b>
Adjustments due to change in accounting policy (Note: 2.1d)	-	-	43.836.671	-	-	-	-	-	43.836.671	-	43.836.671
<b>Recalculated 1 January 2023 balance</b>	<b>64.864.800</b>	<b>41.612.160</b>	<b>53.407.381</b>	<b>579.436.498</b>	<b>(41.158.337)</b>	<b>34.897.360</b>	<b>(645.253.804)</b>	<b>(30.567.570)</b>	<b>57.238.488</b>	<b>4.289.942</b>	<b>61.528.430</b>
Transfers	-	-	-	-	-	-	(30.567.570)	30.567.570	-	-	-
Total comprehensive income	-	-	33.970.849	45.208.452	(18.395.221)	-	-	99.670.615	160.454.695	779.972	161.234.667
Net Loss for Period	-	-	-	-	-	-	-	99.670.615	99.670.615	779.972	100.450.587
Other Comprehensive Income	-	-	33.970.849	45.208.452	(18.395.221)	-	-	-	60.784.080	-	60.784.080
<b>Balance as of 31 December 2023</b>	<b>64.864.800</b>	<b>41.612.160</b>	<b>87.378.230</b>	<b>624.644.950</b>	<b>(59.553.558)</b>	<b>34.897.360</b>	<b>(675.821.374)</b>	<b>99.670.615</b>	<b>217.693.183</b>	<b>5.069.914</b>	<b>222.763.097</b>

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 PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL.)

		<b>Audited</b>	
		<b>Current Period</b>	<b>Previous Period</b>
		<b>1 January-</b>	<b>1 January-</b>
	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>A. CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Net Profit / (Loss) for the Period</b>		<b>100.450.587</b>	<b>(24.762.494)</b>
<i>Profit/(Loss) from Continuing Operations</i>		<i>100.450.587</i>	<i>(24.762.494)</i>
<b>Adjustments to Reconcile Profit/Loss</b>		<b>78.292.365</b>	<b>(85.480.523)</b>
Adjustments for Depreciation and Amortisation Expenses	12-13-14	111.132.336	95.817.531
Adjustments for (Reversal of) Impairment Loss Recognised in Profit or Loss		(240.563)	1.845.147
<i>Adjustments for (Reversal of) Provision of Receivables</i>	7	<i>(3.476.434)</i>	<i>(894.022)</i>
<i>Adjustment for Reversal of Provision of Inventory</i>	9	<i>3.235.871</i>	<i>2.739.169</i>
Adjustments For Provisions		104.928.446	(94.959.456)
<i>Adjustments for Provisions Related with Employee Benefits</i>		<i>136.597.468</i>	<i>70.403.079</i>
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>		<i>7.475.631</i>	<i>5.338.797</i>
<i>Adjustments for (Reversal of) Other Provisions</i>		<i>(39.144.653)</i>	<i>(170.701.332)</i>
Adjustments for Interest (Income) and Expenses		271.427.573	161.612.942
<i>Adjustments for Interest Income</i>	25	<i>(11.862.741)</i>	<i>(6.547.374)</i>
<i>Adjustments for Interest Expense</i>	25	<i>301.156.989</i>	<i>200.550.071</i>
<i>Unearned Financial Loss/Income from Credit Sales</i>	25	<i>(17.866.675)</i>	<i>(32.389.755)</i>
Adjustments For Unrealised Foreign Exchange Losses (Gains)	25	(249.916.752)	(160.590.417)
Adjustments for Losses Tax Expense	26	(159.124.941)	(58.857.765)
Adjustments for (Gains)/Losses disposal of non-current assets		86.266	121.439
<i>Adjustments for (Gains)/Losses Arising From Sale of Property, Plant and Equipment</i>		<i>86.266</i>	<i>121.439</i>
(Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments		-	(30.469.944)
<b>Changes in Working Capital</b>		<b>369.310.541</b>	<b>95.952.735</b>
Adjustments for Decrease / (Increase) in Trade Receivables		199.923.375	(58.182.691)
<i>Decrease (Increase) in Trade Receivables from Related Parties</i>		<i>100.721.966</i>	<i>(46.939.163)</i>
<i>Decrease (Increase) in Trade Receivables from Third Parties</i>		<i>99.201.409</i>	<i>(11.243.528)</i>
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		3.234.710	420.846
<i>Adjustments for Decrease (Increase) in Other Receivables Related with Operations from Third Parties</i>		<i>3.234.710</i>	<i>420.846</i>
Adjustments for Decrease / (Increase) in Inventories		282.390.871	108.480.958
Decrease / (Increase) in Prepaid Expenses		37.221.264	(17.980.269)
Adjustments for (Decrease) in Trade Payables		(444.627.792)	(230.789.977)
Increase (Decrease) in Trade Payables to Related Parties		153.981.196	115.383.524
(Decrease)/Increase in Trade Payables to Third Parties		(598.608.988)	(346.173.501)
Increase (Decrease) in Payables due to Employee Benefits		57.421.613	6.395.284
(Decrease)/Increase in Contract Assets		290.695.902	357.803.536
Adjustments for Decrease in Other Operating Payables		5.919.644	(21.319.483)
<i>(Decrease) in Other Operating Payables to Unrelated Parties</i>		<i>5.919.644</i>	<i>(21.319.483)</i>
(Decrease)/ Increase in Contract Liabilities		(62.869.046)	(48.875.469)
<b>Cash Flows (Used in) Generated From Operations</b>		<b>548.053.493</b>	<b>(14.290.282)</b>
Payments Related with Provisions for Employee Benefits	18	(85.641.814)	(40.556.484)
Income Taxes Paid		(26.885.775)	(19.191.485)
Payments Related with Lawsuits	16	(2.343.324)	(1.706.215)
		<b>433.182.580</b>	<b>(75.744.466)</b>

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 PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL.)

		Audited	
		Current Period 1 January- 31 December 2023	Previous Period 1 January- 31 December 2022
Notes			
<b>B.CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>			
		1.480.507	1.450.581
		<i>1.480.507</i>	<i>1.197.730</i>
		-	252.851
		(7.670.467)	(9.960.915)
	12	<i>(7.454.807)</i>	<i>(9.610.538)</i>
	13	<i>(215.660)</i>	<i>(350.377)</i>
	3	-	52.080.098
		(13.977.925)	(7.434.571)
		<b>(20.167.885)</b>	<b>36.135.193</b>
<b>C.CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>			
	6	2.228.506.295	1.562.114.965
	6	(2.689.724.701)	(1.742.478.637)
		(265.281.562)	(183.544.251)
	25	11.862.741	6.547.374
	6	(57.839.924)	(38.081.052)
		<b>(772.477.151)</b>	<b>(395.441.601)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>			
		<b>(359.462.456)</b>	<b>(435.050.874)</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		229.445.008	113.210.462
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>			
		<b>(130.017.448)</b>	<b>(321.840.412)</b>
<b>E.CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
	5	220.130.315	541.970.727
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D+E)</b>			
	5	<b>90.112.867</b>	<b>220.130.315</b>

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**1 ORGANIZATION AND OPERATIONS OF THE GROUP**

Netaş Telekomünikasyon A.Ş. (the “Company”) and its’ subsidiaries (together the “Group”) is an incorporated company, registered in Istanbul. The Company is engaged in the manufacture and trade of telecommunication equipment, project installation services, technical support, repair and maintenance services, IT services, strategic outsourcing services, implementation activities, and associated services. The shares of the Company are quoted on the Borsa İstanbul (“BIST”) since 1993. The registered address of the Company is Yenişehir Mahallesi, Osmanlı Bulvarı No: 11, B Blok, Esas Aeropark, 34912 Kurtköy-Pendik/İstanbul.

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

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

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

The Company established Netas Telecom Limited Liability Partnership as a "Limited Liability Partnership" on 25 June 2012 in Almaty, Kazakhstan, with a founding capital of 161,800 Tenge (approximately US\$ 1,100), fully owned by the Company.

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

In the decision of the Board of Directors dated 29 April 2022, it was decided to sign the Share Purchase and Sale Agreement to sell all of 10% A Group shares in Kron Telekomünikasyon A.Ş. with a total nominal value of TL 1.426.852 to Zeynep Yenel Onursal for a share value of TL 36.5 and a total value of TL 52.080.098. Within the framework of the aforementioned Share Purchase and Sale Agreement, the share transfer was realized as of 29 April 2022, and the Group obtained a sales profit of TL 30.469.943 from the transaction and reflected it in the profit or loss statements. (Note 24)

It was established in Malta through the establishment of a capital of 1,200 EUR (Netaş Telecommunications Malta Ltd.), fully owned by the Company, and its registration was completed on 4 November 2014.

As of 12 June 2018, the Group’s contact office was established in Azerbaijan.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

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

The establishment of the Netas Telecommunications Algeria Sarl LLC, a joint venture company with 23.800.000 Algerian Dinars of share capital, has been registered and completed between the Company and Mohamed Karim Faraoun on 31 March 2019. The control of the management of this company, in which the Company owned 49% of the shares, belongs to Netas Telekomünikasyon A.Ş. in accordance with the agreement between the parties and therefore, Netas Telecommunications Algeria Sarl LLC is accounted with full consolidated method.

The Group's largest shareholder and the controlling shareholder is ZTE Cooperatief U.A. The capital structure of the Group is presented in Note 20.

As of 31 December 2023, the Group has no blue-collar employees (31 December 2022: None). The average number of white-collar personnel employed in the Group as of 31 December 2023 is 1.682 (31 December 2022: 1.885).

**Approval of Consolidated Financial Statements**

The financial statements were approved by the Board of Directors on 28 March 2024. The General Assembly has the right to change the interim consolidated financial statements.

**2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**a) Statement of Compliance**

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") which was adopted by Capital Markets Board of Turkey ("CMB") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published CMB based on the financial statement and disclosure formats of CMB.

**b) Basis of presentation of consolidated financial statements**

The details of the Company's subsidiaries as of 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	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
Netaş 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.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

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

**2.2 Basis of Presentation(Cont'd)**

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

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
- could use its power that can have an impact on returns.

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the 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 2023, the Group has no associates. (31 December 2022: the Group has no associates)

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.

**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)**

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

The company uses the hierarchical consolidation method. In other words, the subsidiaries are first converted into the functional currency of the 'direct investing company' and consolidated in the functional currency of the Company, and then the conversion to the presentation currency is made as explained in item c) below. Translation differences from the functional currency of the subsidiaries to the functional currency of the Company, to the US Dollar, are presented under "other comprehensive income to be reclassified to profit or loss". Conversion differences that occur during the conversion of the consolidated financial statements prepared in US Dollars to TL, which is the presentation currency, are presented under "other comprehensive income that will not be reclassified in profit or loss". In the event of the sale of a subsidiary or associate, if there is a translation difference carried under "other comprehensive income to be reclassified to profit or loss", this amount is reclassified to the statement of profit or loss as part of sales profit or loss.

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

**c) Functional Currency and Reporting Currency**

The Company maintains its books of account in accordance with accounting principles set by Turkish Commercial Code ("TCC") and tax legislation. The subsidiary in foreign countries prepares their accounting and financial tables in their currency and according to the laws and regulations of their countries.

Nevertheless, US Dollar (US \$) is the currency that the Group's operations are denominated and has a significant impact on the Group's operations. US \$ reflects the economic basis of events and situations that are important to the Group. In accordance with the analysis done by the Group's Management and current economical and operational conditions, the management has concluded that US \$ is the functional currency and TL is the reporting currency of the Group.

The effect of the US dollar in reflecting the basic economic environment in which BDH is located in terms of market and operating elements has decreased, therefore, the change of the Company's functional currency from US Dollars to Turkish Lira has been taken into consideration on a Group basis. In line with the decision to make actual sales collections predominantly in Turkish Lira in 2022, the functional currency of BDH was permanently changed to Turkish Lira.

In line with the developments mentioned above, the Company Management has decided to change the functional currency of the Company, which is currently US Dollar, to Turkish Lira within the scope of TAS 21 "Effects of Exchange Rate Changes".

Consolidated financial statements are presented in TL, which is Netaş' presentation currency.



## NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Unless otherwise stated the amounts are in TL)

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

### 2.1 Basis of Presentation(Cont'd)

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

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 2023 1 USD: 29,4382 TL (31 December 2022: 1 USD: 18,6983 TL)
- Statements of profit or loss and statements of cash flows have been translated to TL by using yearly average exchange rate (1 USD: 23,7662 TL) for the period ended 31 December 2023 (for the period ended 31 December 2022 1 USD: 16,5658 TL).

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

The functional currency of Netaş Telecom Limited Liability Partnership, a subsidiary of the Company operating in Kazakhstan is Kazakhstan Tenge and included in the consolidated financial statements by converting into TL, the presentation currency of the consolidated financial statements. The functional currency of the Netaş Telecommunications Algeria Sarl LLC, a subsidiary of the Company operating in Algeria, is Algerian Dinar and included in the consolidated financial statements by converting into TL, the presentation currency of the consolidated financial statements. The functional currency of Netaş Telecommunication Malta Ltd., one of the subsidiaries of the Company operating in Malta, is European Euro, and it has been included in the accompanying consolidated financial statements by converting to TL, which is the presentation currency.

#### d) Adjustment of Financial Statements in High Inflation Periods

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(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)**

**d) Adjustment of Financial Statements in High Inflation Periods(Cont'd)**

Date	Index	Conversion Factor
31 December 2023	1.859,38	1,00000
31 December 2022	1.128,45	1,64773
31 December 2021	686,95	2,70672

In accordance with the POA's "Implementation Guide on Financial Reporting in Economies with High Inflation", the financial statements dated 1 January 2022, which are the opening amounts of the comparative financial table for the consolidated financial statements of the enterprises ending on 31 December 2023, are accepted as the opening statement of financial position. Since the functional currency of the parent company is USD, the past period effects of the Companies subject to inflation adjustment are accounted for under foreign currency translation differences on 1 January 2023.

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

The main procedures applied for the restatements mentioned above are as follows:

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

**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.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(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**

Accounting policy changes resulting from the first application of a new TFRS are applied retrospectively or prospectively in accordance with the transition provisions of that TFRS, if any. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and restate the prior period financial statements. Changes in accounting estimates are applied prospectively in the current period when the change is made, if the change is related to only one period, and both in the period when the change is made and in future periods if it is related to future periods.

There has been no significant change in the accounting estimates of the Group in the current year.

**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 provides these performance obligations individually or together in the contracts.

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 period between the progress payments for the transfer of goods and services produced and the performance obligations made is longer than one reporting period, the group performs significantly in the period between the progress payments and the costs incurred are proportional to the progress made in the performance of the performance obligation while accounting for the performance obligations in such contracts. based input method is used for this performance obligations' revenue recognition.

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.1 Revenue(Cont'd)**

##### **Design Performance Obligation**

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

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

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

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

##### **Hardware Performance Obligation**

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

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

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

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

##### **Installation Performance Obligation**

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

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

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

## **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(Cont'd)**

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.

## **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 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS(Cont'd)**

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.2 Inventories**

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

#### **2.4.3 Plant, Property and Equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment. Properties during construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss.

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

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

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

#### **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**

Lisanslar, tarihi maliyetleriyle gösterilir. Lisansların sınırlı faydalı ömürleri bulunmaktadır ve maliyet değerlerinden birikmiş amortismanlar düşüldükten sonraki tutarıyla gösterilirler. Lisanslar, beklenen faydalı ömürlerine göre doğrusal amortisman yönetimi kullanılarak itfa edilir.

##### **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).

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.4 Intangible Assets**

##### **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.

#### **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.



## **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(Cont'd)**

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 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

##### **(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**

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.6 Financial Instruments(Cont'd)**

##### **Classification and Measurement(Cont'd)**

###### **(b) Financial assets carried at fair value(Cont'd)**

###### **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 29.

###### *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.

#### **2.4.7 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.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(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)**

**2.4.8 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 2023 (1 USD = 29,4382 TL, 1 EUR = 32,5739 TL, 1 CAD = 22,1962 TL, 1 GBP = 37,4417 TL, 1 BDT = 0,26487 TL, 1 AZN=17,2196 and 1 DZD=0,21796).

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.

**2.4.9 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.

**2.4.10 Subsequent Events**

Non-adjusting matters after the reporting period are disclosed in the footnotes of the consolidated financial statements if they affect the economic decisions of users of the financial statements.(Note 31)

**2.4.11 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.

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.11 Provisions, Contingent Liabilities and Assets(Cont'd)**

##### **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.

#### **2.4.12 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.

#### **2.4.13 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 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS(Cont'd)**

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.14. 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.

#### **2.4.15 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.

##### **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.

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.15 Taxes Calculated on Corporation Earnings(Cont'd)**

##### **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.

#### **2.4.16 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.

#### **2.4.17 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.

#### **2.4.18 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.

#### **2.4.19 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.

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.19 Leasing(Cont'd)**

##### **Group - as a lessee(Cont'd)**

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.

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

### **2.4 Summary of Significant Accounting Policies(Cont'd)**

#### **2.4.19 Leasing(Cont'd)**

##### **Group - as a lessee(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 activity as the lessor.

### **2.5 Significant Accounting Estimates, Judgements and Assumptions**

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and the assumptions underlying the estimates are constantly reviewed. Updates in accounting estimates are recorded in the period when the estimates are updated and in subsequent periods affected by these updates.



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

### **2.5 Significant Accounting Estimates, Judgements and Assumptions(Cont'd)**

Estimation uncertainties that have a significant effect on the amounts recorded in the consolidated financial statements are explained in the notes below:

- Note 7,29 Trade receivables: 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 12,13 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 13 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
- 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.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

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

**2.5 Significant Accounting Estimates, Judgements and Assumptions(Cont'd)**

Note 26 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 R&D incentives 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. In this context, profit estimations were made according to the Group's 5-year business plan. In these estimations, the focus is on new technology products and solutions with higher profit margins in 5 technology areas determined as the target areas in system integration, and domestic and national R&D solutions in the field of Defense, Telecommunication and Transportation, which are determined as strategic sectors. In line with these determined strategies, a domestic server was launched and sales started in 2023. On the other hand, in parallel with the developments in the sector, initiatives in the field of electric charging stations were started and were announced to the public in 2024. As a result of the evaluation, as of 31 December 2023, there is an R&D incentive amounting to TL 3.318.722.438 within the framework of the Law No. 5746 on Supporting Research and Development Activities, which has been concluded that the temporary differences arising from tax deductions can be foreseen and that the right to tax deduction can be utilized within the period during which the tax deduction right can continue. However there is a carryforward tax loss amounting to TL 834.275.439. A deferred tax asset was recognized over the R&D incentive and carryforward tax loss of TL 2.759.491.212. 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 qualified but not yet used have an indefinite lifespan.

**2.6 The New Standards, Amendments, and Interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**i) 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.

***Classification of Liabilities as Current or Non-current (Amendments to TAS 1)***

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as "TFRS 2023" on 3 January 2023. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2024 with earlier application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 1.

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

### **2.6 The New Standards, Amendments, and Interpretations**

#### **i) Standards issued but not yet effective and not early adopted(Cont'd)**

##### ***Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases***

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as “TFRS 2023” on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Group is assessing the potential impact on its [consolidated] financial statements resulting from the application of the amendments to Amendments to TFRS 16 Leases.

##### ***Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements***

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures. Related amendment was published by POA on 19 September 2023. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB’s amendments apply to supplier finance arrangements<sup>1</sup> that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in TAS 7 and another in TFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

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

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

**i) Standards issued but not yet effective and not early adopted(Cont'd)**

***TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 Climate-related Disclosures***

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on. Related standards were published by POA as “TSRS 1 and TSRS 2” on 29 December 2023.

Two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies’ future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. But it will be for individual jurisdictions to decide whether and when to adopt. Accordingly, POA announced in the Board Decision published in the Official Gazette dated 29 December 2023 that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024.

**ii) The new standards, amendments and interpretations that are issued by the IASB but not issued by POA**

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

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

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

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

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

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

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

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

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

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to IAS 21.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

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

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

**iii) Amendments are effective on 1 January 2023**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

- 1- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes
- 2- Definition of Accounting Estimates (Amendments to TAS 8)
- 3- Disclosure of Accounting Policies (Amendments to TAS 1)
- 4- Amendments to IAS 12- IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules AND Amendments to TAS 12 – International Tax Reform – Pillar Two Model Rules

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

**2.7 Going Concern**

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

On the other hand, the Group has not had any problems in the payment of its loans in the past, anticipates that it will not face any payment problems in 2024 and the following years.

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**3 FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED USING THE EQUITY METHOD**

As of 31 December 2023 and 31 December 2022, the details of financial investments and investments accounted for using the equity method are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Private Investment Capital Fund	39.338.713	25.360.788
<b>TOTAL</b>	<b>39.338.713</b>	<b>25.360.788</b>

**Associates**

**Details of significant associate:**

As explained in Note 2, in the decision of the Board of Directors dated 29 April 2022, it was decided to sign the Share Purchase and Sale Agreement to sell all of 10% A Group shares in Kron Telekomünikasyon A.Ş. with a total nominal value of TL 1.426.852 to Zeynep Yenel Onursal for a share value of TL 36.5 and a total value of TL 52.080.098. Within the framework of the aforementioned Share Purchase and Sale Agreement, the share transfer was realized as of 29 April 2022, and the Group obtained a sales profit of TL 30.469.943 from the transaction and reflected it in the profit or loss statements. (Note 24)

Selling Price	52.080.098
Affiliate amount on the date of sale	8.610.621
<b>Profit</b>	<b>43.469.477</b>
Currency translation difference reclassified as profit or loss	(12.999.534)
<b>Net Profit</b>	<b>30.469.943</b>

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

	<b>2022</b>
<b>As of 1 January</b>	8.621.337
Share from the profit of the period	317.606
Defined benefit plan	
remeasurement gains /(losses)	13.585
Selling of Associate	(8.610.621)
Currency translation difference	(341.907)
<b>As of 31 December</b>	<b>-</b>

**Financial Investment Funds**

The fair values of the investments in private equity ventures are determined over the net equity values determined on the basis of the fair value of the underlying asset determined by independent valuation experts.

The movement table of the Group's investments as of 31 December 2023 and 31 December 2022 is as follows:

	<b>2023</b>	<b>2022</b>
<b>As of 1 January</b>	25.360.788	17.926.217
Fair value increases	(475.324)	189.037
Foreign currency conversion differences	14.453.249	7.245.534
<b>As of 31 December</b>	<b>39.338.713</b>	<b>25.360.788</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**3 SEGMENT REPORTING**

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

The main activities of the Telecom segment are 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. Operating profit/loss is not a measure of financial performance defined in TFRS and may not be comparable to similar indicators defined by other companies. Since the company management does not monitor the company's performance according to geographical segments, reporting is not given according to geographical segments.

<b>For the period ended</b>	<b>System</b>					
<b>31 December 2023</b>	<b>Telecom</b>	<b>Integration</b>	<b>Technology</b>	<b>BDH</b>	<b>Unallocated</b>	<b>Total</b>
Revenue	2.162.162.740	4.080.837.169	-	715.287.710	-	6.958.287.619
Cost of sales (-)	(1.977.282.766)	(3.725.463.137)	-	(652.232.343)	-	(6.354.978.246)
<b>Gross margin</b>	<b>184.879.974</b>	<b>355.374.032</b>	<b>-</b>	<b>63.055.367</b>	<b>-</b>	<b>603.309.373</b>
Sales,marketing and distribution expenses (-)	(51.475.806)	(118.919.847)	-	(57.757.132)	-	(228.152.785)
General administrative expenses (-)	-	-	-	-	(218.909.666)	(218.909.666)
Research and development expenses (-)	-	-	(2.386.154)	-	-	(2.386.154)
<b>Operating profit / (loss) of segment</b>	<b>133.404.168</b>	<b>236.454.185</b>	<b>(2.386.154)</b>	<b>5.298.235</b>	<b>(218.909.666)</b>	<b>153.860.768</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**4 SEGMENT REPORTING(Cont'd)**

<b>For the period ended 31 December 2022</b>	<b>Telecom</b>	<b>System Integration</b>	<b>Technology</b>	<b>BDH</b>	<b>Unallocated</b>	<b>Total</b>
Revenue	1.259.243.722	2.347.798.152	-	404.511.754	-	4.011.553.628
Cost of sales (-)	(1.151.552.976)	(2.127.398.915)	-	(345.276.469)	-	(3.624.228.360)
<b>Gross margin</b>	<b>107.690.746</b>	<b>220.399.237</b>	<b>-</b>	<b>59.235.285</b>	<b>-</b>	<b>387.325.268</b>
Sales,marketing and distribution expenses (-)	(44.207.212)	(72.902.655)	-	(33.875.200)	-	(150.985.067)
General administrative expenses (-)	-	-	-	-	(161.566.947)	(161.566.947)
Research and development expenses (-)	-	-	(6.557.959)	-	-	(6.557.959)
<b>Operating profit / (loss) of segment</b>	<b>63.483.534</b>	<b>147.496.582</b>	<b>(6.557.959)</b>	<b>25.360.085</b>	<b>(161.566.947)</b>	<b>68.215.295</b>



**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**4 SEGMENT REPORTING(Cont'd)**

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

<b>31 December 2022</b>	<b>Telecom</b>	<b>System Integration</b>	<b>Technology</b>	<b>BDH</b>	<b>Unallocated (*)</b>	<b>Total</b>
Trade receivables	719.243.945	1.086.626.248	-	73.863.692	1.091.952	1.880.825.837
Due from related parties	70.128.043	-	-	-	-	70.128.043
Inventories	169.610.229	237.223.842	-	18.437.072	285.051	425.556.194
Contract assets	385.366.586	55.256.630	-	-	-	440.623.216
<b>Segments assets</b>	<b>1.344.348.803</b>	<b>1.379.106.720</b>	<b>-</b>	<b>92.300.764</b>	<b>1.377.003</b>	<b>2.817.133.290</b>
Trade payables (*)	59.664.328	1.015.383.009	-	83.211.992	65.030.013	1.223.289.342
Due to related parties	757.233.720	-	-	-	-	757.233.720
Contract liabilities	127.679.378	323.861.236	-	151.421	-	451.692.035
Other short term provision	7.399.544	80.277.520	-	-	12.738.590	100.415.654
<b>Segment liabilities</b>	<b>951.976.970</b>	<b>1.419.521.765</b>	<b>-</b>	<b>83.363.413</b>	<b>77.768.603</b>	<b>2.532.630.751</b>

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**4 SEGMENT REPORTING(Cont'd)**

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

	<b>For the period ended 31 December 2023</b>	<b>For the period ended 31 December 2022</b>
Operating (loss) of segment	153.860.768	68.215.295
Other (expenses)/income from operating activities (net)	(113.015.006)	(119.031.189)
Other (expenses)/income from investments (net)	(325.486)	30.751.732
Income from investments accounted using the equity method	-	317.606
Finance (expenses)/income (net)	(99.194.630)	(63.873.703)
<b>(Loss) before tax</b>	<b>(58.674.354)</b>	<b>(83.620.259)</b>

<b>Assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Segment assets	3.662.464.270	2.817.133.290
Other assets (*)	2.069.435.115	1.362.685.076
<b>Total assets</b>	<b>5.731.899.385</b>	<b>4.179.818.366</b>

<b>Liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Segment liabilities	3.416.095.796	2.532.630.751
Other liabilities (*)	2.093.040.492	1.629.495.856
<b>Total liabilities</b>	<b>5.509.136.288</b>	<b>4.162.126.607</b>

(\*) 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**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank- demand deposits	83.612.867	143.830.315
Bank- time deposits	6.500.000	76.300.000
	<b>90.112.867</b>	<b>220.130.315</b>

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

<b>Currency</b>	<b>Original Currency Amount</b>	<b>Interest Rate %</b>	<b>Maturity</b>	<b>31 December 2022</b>
TL	76.300.000	12,00	January 2023	76.300.000
				<b>76.300.000</b>

As of 31 December 2023, and 31 December 2022 there are no restriction / blockage on bank accounts.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**6 BORROWINGS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Short term financial liabilities</b>		
Short term unsecured loans	1.031.302.122	1.093.165.025
Financial borrowing from factoring transactions	266.606.167	38.345.150
	<b>1.297.908.289</b>	<b>1.131.510.175</b>

As of 31 December 2023, effective interest rate for TL loans is %45,16%, effective interest rate for USD loans is 10,23% and effective interest rate for EUR loans is 10,23%. (As of 31 December 2022, effective interest rate for TL loans is 17,06% and effective interest rate for USD loans is 8,1%)

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

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

<b>Original Currency</b>				
<b>Currency</b>	<b>Amount</b>	<b>Interest Rate(%) (*)</b>	<b>Maturity</b>	<b>31 December 2022</b>
TL	618.204.570	14,75-25,30	January 2023-December 2023	618.204.570
USD	25.401.264	4,90-13,25	January 2023-July 2023	474.960.455
				<b>1.093.165.025</b>

(\*) Presents the lower and upper rates.

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

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

<b>Original Currency</b>				
<b>Currency</b>	<b>Amount</b>	<b>Interest Rate(%) (*)</b>	<b>Maturity</b>	<b>31 December 2022</b>
TL	34.881.064	28,00-35,50	January 2023-May 2023	34.881.064
USD	185.262	13,50	January 2023	3.464.086
				<b>38.345.150</b>

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Short-Term Portion of Long-Term Financial Liabilities</b>		
Short-Term Portion of Long-Term Unsecured Bank Loans	-	61.218.489
Short-Term Portion of Long-Term Lease Liabilities	128.271.232	96.094.322
	<b>128.271.232</b>	<b>157.312.811</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**6 BORROWINGS (cont'd)**

As at 31 December 2022, the detail of short-term portion of long-term unsecured bank loans of the Group is given below:

<b>Original Currency</b>		<b>Interest Rate(%) (*)</b>	<b>Maturity</b>	<b>31 December 2022</b>
<b>Currency</b>	<b>Amount</b>			
TL	61.218.489	9,00-14,75	February 2023-April 2023	61.218.489
				<b>61.218.489</b>

(\*) Presents the lower and upper rates.

The details of long-term unsecured loans of the Group are given below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Long term financial liabilities</b>		
Long term lease liabilities	156.295.182	65.409.415
	<b>156.295.182</b>	<b>65.409.415</b>

The movement of banks loans and financial borrowing from factoring transactions of the Group is given in the table below. Cash flows arising from the borrowings of the Group are classified under the cash inflows/ outflows arising from financing activities in the consolidated statement of cash flows.

	<b>2023</b>	<b>2022</b>
<b>Opening-1 January</b>	1.192.728.664	<b>1.142.699.339</b>
Cash inflow under within borrowings received	2.228.506.295	1.562.114.965
Cash pouflow under within borrowings received	(2.424.443.139)	(1.742.478.637)
Interest accruals changes	264.204.770	167.907.876
Interest paid	(265.281.562)	(183.544.251)
Currency translations changes	302.193.261	246.029.372
<b>Closing-31 December</b>	<b>1.297.908.289</b>	<b>1.192.728.664</b>

The reconciliation of the Group's debts from lease transactions for the nine-month accounting periods ending on 31 December 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
<b>Opening-1 January</b>	161.503.737	115.041.653
Additions	85.810.900	40.773.618
Interest expenses and foreign exchange loss on lease liabilities	35.875.427	17.005.820
Lease payments	(57.839.924)	(38.081.052)
Foreign Currency Translation Difference	59.216.274	26.763.698
<b>Closing-31 December</b>	<b>284.566.414</b>	<b>161.503.737</b>

As of 31 December 2023, liabilities arising from leasing transactions are in TL and consist of liabilities accounted with fixed rate borrowing interest rates, which vary between 14,81% and 31%. The maturity structure of debts arising from leasing transactions and the exchange rate risk carried over are presented in Note 29.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**7 TRADE RECEIVABLES AND PAYABLES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Trade Receivables from Third Parties</b>		
Trade receivables	3.202.873.225	2.107.866.896
Discount on trade receivables (*)	(38.643.054)	(26.288.669)
Allowances for doubtful receivables (-)	(298.823.538)	(200.752.390)
	<b>2.865.406.633</b>	<b>1.880.825.837</b>

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

<b>Movement of Allowance for Doubtful Receivables</b>	<b>2023</b>	<b>2022</b>
<b>Reported as of 1 January</b>	<b>(200.752.390)</b>	<b>(143.495.538)</b>
Charge for the period	(665.151)	(17.097)
Provision no longer required	4.141.585	911.119
Currency translation differences	(101.547.582)	(58.150.874)
<b>As of 31 December</b>	<b>(298.823.538)</b>	<b>(200.752.390)</b>

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.

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Trade Payables to Third Parties</b>		
Trade payables	1.309.444.678	1.223.289.342
	<b>1.309.444.678</b>	<b>1.223.289.342</b>

**8 OTHER RECEIVABLES AND PAYABLES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Other Receivables</b>		
Receivable of tax return	3.458.246	2.119.706
Deposits and guarantees given	692.125	424.465
Other	794.165	581.311
	<b>4.944.536</b>	<b>3.125.482</b>

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Short Term Other Payables</b>		
Taxes and duties payables	152.007.691	92.799.127
Other	953.088	597.183
	<b>152.960.779</b>	<b>93.396.310</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**9 INVENTORIES**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Raw materials	131.414.493	101.289.497
Finished goods	74.676.366	39.537.456
Trade goods	151.615.849	271.994.517
Right of return assets	27.303.104	13.874.351
Allowance for inventory impairment (-)	(650.066)	(1.139.627)
	<b>384.359.746</b>	<b>425.556.194</b>

Movement table of provision for inventory impairment is as follows:

	<b>2023</b>	<b>2022</b>
<b><u>Movement for allowance:</u></b>		
Opening balance	(1.139.627)	(68.436.157)
Released for the year	4.159.563	86.784.634
Provision	(3.235.871)	(2.739.169)
Foreign currency translation difference	(434.131)	(16.748.935)
Closing balance	<b>(650.066)</b>	<b>(1.139.627)</b>

**10 PREPAID EXPENSES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Short term prepaid expenses</b>		
Short term prepaid expenses	36.199.891	29.557.829
Advances given for inventories	36.010.888	39.950.265
	<b>72.210.779</b>	<b>69.508.094</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**11 CONTRACT ASSETS AND LIABILITIES**

Details of the contract assets are given below;

Customer	31 December 2023			31 December 2022		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Telecom	53.944.800	-	53.944.800	385.366.586	-	385.366.586
System Integration	339.553.302	-	339.553.302	55.256.630	-	55.256.630
Technology	-	-	-	-	-	-
BDH	9.513.678	-	9.513.678	-	-	-
Other	-	-	-	-	-	-
	<b>403.011.780</b>	<b>-</b>	<b>403.011.780</b>	<b>440.623.216</b>	<b>-</b>	<b>440.623.216</b>

Details of the contract liabilities are given below;

Customer	31 December 2023			31 December 2022		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Telecom	334.474.247	-	334.474.247	127.679.378	-	127.679.378
System Integration	313.773.199	-	313.773.199	323.861.236	-	323.861.236
Technology	-	-	-	-	-	-
BDH	17.700	-	17.700	151.421	-	151.421
Other	-	-	-	-	-	-
	<b>648.265.146</b>	<b>-</b>	<b>648.265.146</b>	<b>451.692.035</b>	<b>-</b>	<b>451.692.035</b>

Contract assets represent the consideration that the Group deserves in return for goods or services transferred to the customer within the scope of ongoing customer contracts. The contract asset was evaluated for impairment in accordance with TFRS 9 and as of 31 December 2023, impairment in the amount of 37.689.050 TL was recognized (31 December 2022: 9.363.791 TL). (Note:29)

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**12 PROPERTY, PLANT AND EQUIPMENT**

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Total
<b><u>Cost</u></b>					
<b>1 January 2023</b>	<b>629.136.116</b>	<b>448.729</b>	<b>53.156.764</b>	<b>177.748.923</b>	<b>860.490.532</b>
Adjustments due to change in accounting policy (Note: 2.1d)	38.668.331	411.515	17.155.468	29.332.462	85.567.776
<b>Recalculated 1 January 2023 balance</b>	<b>667.804.447</b>	<b>860.244</b>	<b>70.312.232</b>	<b>207.081.385</b>	<b>946.058.308</b>
Translation difference	308.740.051	93.163	23.480.405	90.565.885	422.879.504
Purchases	3.703.769	-	267.976	3.483.062	7.454.807
Disposals	(75.269.162)	(10.190)	(3.933.976)	(2.312.615)	(81.525.943)
<b>31 December 2023</b>	<b>904.979.105</b>	<b>943.217</b>	<b>90.126.637</b>	<b>298.817.717</b>	<b>1.294.866.676</b>
<b><u>Accumulated Depreciation</u></b>					
<b>1 January 2023</b>	<b>(552.512.405)</b>	<b>(359.331)</b>	<b>(45.305.835)</b>	<b>(157.893.741)</b>	<b>(756.071.312)</b>
Adjustments due to change in accounting policy (Note: 2.1d)	(31.746.829)	(283.122)	(12.001.043)	(10.966.508)	(54.997.502)
<b>Recalculated 1 January 2023 balance</b>	<b>(584.259.234)</b>	<b>(642.453)</b>	<b>(57.306.878)</b>	<b>(168.860.249)</b>	<b>(811.068.814)</b>
Translation difference	(288.004.206)	(93.164)	(21.451.884)	(88.135.374)	(397.684.628)
Period charge	(20.674.826)	(137.584)	(4.073.699)	(13.501.931)	(38.388.040)
Disposals	74.590.051	10.190	3.400.882	1.958.047	79.959.170
<b>31 December 2023</b>	<b>(818.348.215)</b>	<b>(863.011)</b>	<b>(79.431.579)</b>	<b>(268.539.507)</b>	<b>(1.167.182.312)</b>
<b>Net book value at 31 December 2023</b>	<b>86.630.890</b>	<b>80.206</b>	<b>10.695.058</b>	<b>30.278.210</b>	<b>127.684.364</b>

As of 31 December 2023, depreciation charge is TL 38.388.040. TL 12.276.331 is accounted in cost of sales, TL 24.091.649 in general administrative expenses, TL 2.020.060 in sales, marketing, and distribution expenses.

As of 31 December 2023, the total insurance amount of the Group's asset values is TL 291.277.390.

Group Management has concluded that there is no indication of impairment in the amount of property, plant and equipment as of 31 December 2023.

As of 31 December 2023, there are not any mortgage and financial leasing on property, plant and equipment.



**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**12 PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Machinery and Equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Total
<b>Cost</b>					
<b>1 January 2022</b>	<b>484.272.315</b>	<b>402.153</b>	<b>44.441.552</b>	<b>132.463.853</b>	<b>661.579.873</b>
Translation difference	174.816.542	46.576	12.044.335	45.162.979	232.070.432
Purchases	9.217.097	-	250.863	142.578	9.610.538
Disposals	(39.169.838)	-	(3.579.986)	(20.487)	(42.770.311)
<b>31 December 2022</b>	<b>629.136.116</b>	<b>448.729</b>	<b>53.156.764</b>	<b>177.748.923</b>	<b>860.490.532</b>
<b>Accumulated Depreciation</b>					
<b>1 January 2022</b>	<b>(417.507.487)</b>	<b>(256.280)</b>	<b>(35.259.297)</b>	<b>(101.176.957)</b>	<b>(554.200.021)</b>
Translation difference	(151.628.933)	(46.576)	(10.459.906)	(40.331.558)	(202.466.973)
Period charge	(21.785.660)	(56.475)	(2.624.073)	(16.389.252)	(40.855.460)
Disposals	38.409.675	-	3.037.441	4.026	41.451.142
<b>31 December 2022</b>	<b>(552.512.405)</b>	<b>(359.331)</b>	<b>(45.305.835)</b>	<b>(157.893.741)</b>	<b>(756.071.312)</b>
<b>Net book value at 31 December 2022</b>	<b>76.623.711</b>	<b>89.398</b>	<b>7.850.929</b>	<b>19.855.182</b>	<b>104.419.220</b>

As of 31 December 2022, depreciation charge is TL 40.855.460. TL 9.230.247 is accounted in cost of sales, TL 29.699.812 in general administrative expenses, TL 1.925.401 in sales, marketing, and distribution expenses.

As of 31 December 2022, the total insurance amount of the Group's asset values is TL 316.436.032.

Group Management has concluded that there is no indication of impairment in the amount of property, plant and equipment as of 31 December 2022.

As of 31 December 2022, there are not any mortgage and financial leasing on property, plant and equipment.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**12 PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

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

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

**13 INTANGIBLE ASSETS**

**Goodwill**

The shares transfer of "Netaş Bilişim Teknolojileri A.Ş." ("Netaş Bilişim") and its subsidiary BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş. ("BDH") was completed on 11 October 2011. With the acquisition of these shares, the Group has acquired Enterprise and BDH operating segments. The Enterprise business unit consists of financial sector, general sector and telecom sector customers under the Systems Integration business segment.

During the acquisition, fair value of the customer relations has been identified as a separable intangible asset. Further, a write-up is made on the inventory based on the mark-up margin on the inventory. The difference between the net amount transferred and the total fair value of the net assets acquired is recognized as goodwill.

Changes in goodwill between the acquisition date and the balance sheet date is presented below:

<b>Cost</b>	<b>2023</b>	<b>2022</b>
Opening Balance	342.704.462	244.295.352
Translation difference	196.842.047	98.409.110
Closing Balance	<b>539.546.509</b>	<b>342.704.462</b>

With the estimated statement of profit or loss and potential projects of the future and revenue streams of related segments covering the period between 1 January 2023 and 31 December 2027, a valuation report has been prepared.

A valuation report has been prepared for the determination of the value to be used in the testing of impairment of goodwill as of 31 December 2023. The valuation report has been prepared by an independent valuation company. Income approach has been applied in the valuation study of related segments. The present value of cash flows expected to be generated by the Company in the future is calculated by discounting cash flows today using a discount rate appropriate to the Company's risk profile.

The result of income approach and sensitivity analysis indicates that, the firm value of related segments is between USD 40 million and USD 47 million. Considering the Company's adjusted net debt level of USD 8.9 million as of the valuation date, the share value is estimated to be between USD 31 million and USD 38 million.

Considering the future cash flows of the Group, the Company Management concluded that there is no impairment in the goodwill amount as of 31 December 2023.

***Significant assumptions used in discounted cash flow projections***

The significant assumptions used in the calculation of recoverable amounts are discount rates and final growth rates. The after-tax discount rate was used in the valuation studies. The Weighted Average Cost of Capital rate used in the study is variable and 12,7% (31 December 2022: 15%) over the years since the tax rate will be changed during the projection period. In the WACC calculation, 0.82 (31 December 2022: 0.86) was used as asset beta. Throughout the projection period, the company's debt / capital ratio is predicted to be 19,4% (31 December 2022: 18%) and a business risk premium of 1% (31 December 2022: 1%) has been considered in the WACC calculation.

The weighted average cost of capital used in the calculation of discounted cash flows is 0.5% higher or lower (13.2% or 12.2% instead of 12.7%), as of 31 December 2023 in the fair value calculation. It causes an increase of 5 million TL and a decrease of 70.6 million TL respectively. As a result of the impairment sensitivity test, it was determined that there was no impairment in the cash generating unit values.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**13 INTANGIBLE ASSETS(Cont'd)**

**Other Intangible Assets**

<b>1 January- 31 December 2023</b>				
	<b>Customer Relations (*)</b>	<b>Other Intangible Assets (**)</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	199.466.771	671.726.282	-	871.193.053
Adjustments due to change in accounting policy (Note: 2.1d)	-	22.022.083	-	22.022.083
<b>Recalculated 1 January 2023 balance</b>	<b>199.466.771</b>	<b>693.748.365</b>	<b>-</b>	<b>893.215.136</b>
Translation difference	114.569.410	49.486.907	33.649	164.089.966
Additions	-	74.665	140.995	215.660
Disposals	-	(25.916.774)	-	(25.916.774)
<b>Closing balance</b>	<b>314.036.181</b>	<b>717.393.163</b>	<b>174.644</b>	<b>1.031.603.988</b>
<b>Accumulated amortization</b>				
Opening balance	(199.466.771)	(555.523.117)	-	(754.989.888)
Adjustments due to change in accounting policy (Note: 2.1d)	-	(19.576.747)	-	(19.576.747)
<b>Recalculated 1 January 2023 balance</b>	<b>(199.466.771)</b>	<b>(575.099.864)</b>	<b>-</b>	<b>(774.566.635)</b>
Translation difference	(114.569.410)	8.923.943	-	(105.645.467)
Period charge	-	(33.542.041)	-	(33.542.041)
Disposals	-	25.916.774	-	25.916.774
<b>Closing balance</b>	<b>(314.036.181)</b>	<b>(573.801.188)</b>	<b>-</b>	<b>(887.837.369)</b>
<b>Net book value</b>	<b>-</b>	<b>143.591.975</b>	<b>174.644</b>	<b>143.766.619</b>

(\*) The purchase of shares of Netaş Bilişim Teknolojileri Anonim Şirketi ("Netaş Bilişim") and its subsidiary The contractual customer portfolio amount is related to this purchase.

(\*\*) Other intangible assets are included rights, computer software and licenses.

As of 31 December 2023, amortization charge is TL 33.542.041. TL 20.766.674 is accounted in cost of sales, TL 12.746.824 in general administrative expenses and TL 28.543 in sales, marketing and distribution expenses.

<b>1 January- 31 December 2022</b>				
	<b>Customer Relations (*)</b>	<b>Other Intangible Assets (**)</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	142.189.000	504.348.507	10.140.787	656.678.294
Translation difference	57.277.771	178.874.710	2.346.388	238.498.869
Additions	-	350.377	-	350.377
Disposals	-	(24.334.487)	-	(24.334.487)
Transfers	-	12.487.175	(12.487.175)	-
<b>Closing balance</b>	<b>199.466.771</b>	<b>671.726.282</b>	<b>-</b>	<b>871.193.053</b>
<b>Accumulated amortization</b>				
Opening balance	(142.189.000)	(412.222.899)	-	(554.411.899)
Translation difference	(57.277.771)	(144.225.020)	-	(201.502.791)
Period charge	-	(23.156.834)	-	(23.156.834)
Disposals	-	24.081.636	-	24.081.636
<b>Closing balance</b>	<b>(199.466.771)</b>	<b>(555.523.117)</b>	<b>-</b>	<b>(754.989.888)</b>
<b>Net book value</b>	<b>-</b>	<b>116.203.165</b>	<b>-</b>	<b>116.203.165</b>

(\*)The purchase of shares of Netaş Bilişim Teknolojileri Anonim Şirketi ("Netaş Bilişim") and its subsidiary The contractual customer portfolio amount is related to this purchase.

(\*\*) Other intangible assets are included rights, computer software and licenses.

As of 31 December 2022, amortization charge is TL 23.156.834. TL 13.657.489 is accounted in cost of sales, TL 9.492.039 in general administrative expenses and TL 7.306 in sales, marketing and distribution expenses.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**13 INTANGIBLE ASSETS(Cont'd)**

**Other Intangible Assets(Cont'd)**

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

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

**14 RIGHT OF USE ASSETS**

According to TFRS 16, the Group includes the right to use and the lease obligation in its financial statements at the date when the lease begins. The right to use asset is initially measured at its cost and then measures at accumulated depreciation and accumulated impairment losses at the cost adjusted for re-measurement of the lease liability. The right of use asset was initially measured at its cost value and is measured at its fair value in accordance with the Group's accounting policies after the lease started.

As of 31 December 2023, and 2022 the movement table of the right of use assets is as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b><u>Cost</u></b>			
<b>1 January 2023</b>	<b>157.616.557</b>	<b>104.840.101</b>	<b>262.456.658</b>
Adjustments due to change in accounting policy (Note: 2.1d)	40.501.802	64.290.855	104.792.657
<b>Recalculated 1 January 2023 balance</b>	<b>198.118.359</b>	<b>169.130.956</b>	<b>367.249.315</b>
Translation difference	75.861.795	33.118.260	108.980.055
Additions	44.923.026	40.887.874	85.810.900
<b>31 December 2023</b>	<b>318.903.180</b>	<b>243.137.090</b>	<b>562.040.270</b>
<b><u>Accumulated Amortization</u></b>			
<b>1 January 2023</b>	<b>(99.314.255)</b>	<b>(74.746.369)</b>	<b>(174.060.624)</b>
Adjustments due to change in accounting policy (Note: 2.1d)	(18.919.834)	(39.589.705)	(58.509.539)
<b>Recalculated 1 January 2023 balance</b>	<b>(118.234.089)</b>	<b>(114.336.074)</b>	<b>(232.570.163)</b>
Translation difference	(50.938.814)	(25.905.912)	(76.844.726)
Additions	(21.245.606)	(17.956.649)	(39.202.255)
<b>31 December 2023</b>	<b>(190.418.509)</b>	<b>(158.198.635)</b>	<b>(348.617.144)</b>
<b>Net book value at 31 December 2023</b>	<b>128.484.671</b>	<b>84.938.455</b>	<b>213.423.126</b>
	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b><u>Cost</u></b>			
<b>1 January 2022</b>	<b>97.577.941</b>	<b>81.400.088</b>	<b>178.978.029</b>
Translation difference	27.947.184	14.757.827	42.705.011
Additions	32.091.432	8.682.186	40.773.618
<b>31 December 2022</b>	<b>157.616.557</b>	<b>104.840.101</b>	<b>262.456.658</b>
<b><u>Accumulated Amortization</u></b>			
<b>1 January 2022</b>	<b>(59.626.294)</b>	<b>(51.420.486)</b>	<b>(111.046.780)</b>
Translation difference	(20.707.615)	(10.500.992)	(31.208.607)
Additions	(18.980.346)	(12.824.891)	(31.805.237)
<b>31 December 2022</b>	<b>(99.314.255)</b>	<b>(74.746.369)</b>	<b>(174.060.624)</b>
<b>Net book value at 31 December 2022</b>	<b>58.302.302</b>	<b>30.093.732</b>	<b>88.396.034</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**15 GOVERNMENT GRANTS**

For the period ended 31 December 2023 the Group has received approved, well deserved and accrued incentive from TÜBİTAK TL 1.128.515 (31 December 2022: TL 1.566.840)

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 2023, the Group has a corporate tax benefit of TL 3.318.722.438 due to research and development disbursement and this amount has been transferred (As of 31 December 2022, the Group has a corporate tax benefit of TL 1.743.342.214 due to research and development disbursement and amount is not utilized by the year end). The Group has booked deferred tax assets amounting to TL 483.486.412 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 period ended 31 December 2023, the amount of income tax incentive within the scope of Act numbered 5746 is TL 17.131.516 (31 December 2022: TL 10.937.438) 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 21.893.875 (31 December 2022: TL 14.434.715).

**16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

Provisions	31 December	
	2023	2022
Executory Contracts (*)	62.246.925	73.802.713
Provisions for return	27.303.104	13.874.351
Provision for legal cases	22.682.320	12.738.590
	<b>112.232.349</b>	<b>100.415.654</b>

(\*) 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.

For the year ended 31 December 2023, the Group has cash outflows of TL 2.343.324 for legal cases during the year (31 December 2022: TL 1.706.215).

	Executory Contracts (*)	Provision for returns	Provision for Legal Cases	Total
1 January 2023	73.802.713	13.874.351	12.738.590	100.415.654
Provision booked and released	(43.552.346)	4.407.693	7.475.631	(31.669.022)
Payments	-	-	(2.343.324)	(2.343.324)
Currency translations	31.996.558	9.021.060	4.811.423	45.829.041
31 December 2023	<b>62.246.925</b>	<b>27.303.104</b>	<b>22.682.320</b>	<b>112.232.349</b>

	Executory Contracts (*)	Provision for returns	Provision for Legal Cases	Total
1 January 2022	170.593.219	36.359.126	13.508.670	220.461.015
Provision booked and released	(146.634.217)	(24.067.115)	5.338.797	(165.362.535)
Payments	-	-	(1.706.215)	(1.706.215)
Currency translations	49.843.711	1.582.340	(4.402.662)	47.023.389
31 December 2022	<b>73.802.713</b>	<b>13.874.351</b>	<b>12.738.590</b>	<b>100.415.654</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**17 COMMITMENTS**

The Group's off-balance sheet commitments as of 31 December 2023 and 31 December 2022 are as follows:

**Guarantee Letters Given**

The off-balance sheet commitments and contingencies as of 31 December 2023 and 31 December 2022 are as follows:

<b>Commitments, Pledges, Mortgages, Sureties ("CPMS") are given by the Company</b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
A. Total amount of CPMS is given on behalf of own legal personality	-	-
B. Total amount of CPMS is given in favor of subsidiaries which are fully consolidated	-	-
C. Total amount of CPMS is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPMS	-	-
i. Total amount of CPMS is given in favor of parent company	-	-
ii. Total amount of CPMS is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPMS is given in favor of third party which C doesn't include	-	-
	<u>-</u>	<u>-</u>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**17 COMMITMENTS(Cont'd)**

**Guarantee Letters Received**

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

		Original Currency		
		TL	USD	EURO
<b>31 December 2022</b>	<b>20.459.829</b>	<b>2.368.513</b>	<b>967.538</b>	-

**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.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**18 EMPLOYEE BENEFITS**

**Employee Benefit Obligations:**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Social security payables	81.776.759	42.670.140
Payables to employees	43.737.572	580.401
	<b>125.514.331</b>	<b>43.250.541</b>
<b>Short Term and Long-Term Provisions for Employee Benefits:</b>		
<b>Short Term</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for employee premiums	88.422.594	50.090.562
	<b>88.422.594</b>	<b>50.090.562</b>
<b>Long Term</b>		
Unused vacation provision	26.673.944	17.083.671
Provision for severance indemnity	93.936.851	66.376.541
Provision for retirement benefits	595.124	378.006
	<b>121.205.919</b>	<b>83.838.218</b>
<b>Total</b>		
Provision for employee premiums	88.422.594	50.090.562
Unused vacation provision	26.673.944	17.083.671
Provision for severance indemnity	93.936.851	66.376.541
Provision for retirement benefits	595.124	378.006
	<b>209.628.513</b>	<b>133.928.780</b>

An actuarial valuation was performed by an independent and authorized company for the Company's total liability for severance indemnity and retirement benefit as of 31 December 2023. Expected interest and service charges for 2023 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 23.489,83 per year as of 31 December 2023. (31 December 2022: TL 15.371,40). 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.



**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**18 EMPLOYEE BENEFITS(Cont'd)**

**Severance Indemnity(Cont'd)**

The movement for severance indemnity provision is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Present value of severance indemnity provision	93.936.851	66.376.541
Net liability in balance sheet	<b>93.936.851</b>	<b>66.376.541</b>
Current service cost	16.347.512	7.215.669
Interest cost	6.260.168	5.864.699
Extra payment or loss / (gain)	2.985.796	1.241.665
Period charge at 31 December	<b>25.593.476</b>	<b>14.322.033</b>
<b>Movement for severance indemnity provision:</b>	<b>2023</b>	<b>2022</b>
1 January	66.376.541	35.512.436
Period charge	25.593.476	14.322.033
Severance indemnity paid	(22.560.128)	(13.327.319)
Actuarial (gain)/ loss	24.526.962	29.869.391
31 December	<b>93.936.851</b>	<b>66.376.541</b>

The assumption calculated to determine present value of severance indemnity and retirement benefit provision as of 31 December 2023 and 2022 are as follows:

<b>Assumptions</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Annual inflation rate	20,00%	7,50%
Annual discount rate	23,60%	10,96%
Net discount rate	3,00%	3,22%

**Provision for Employee Bonus and Unused Vacation**

The movement for employee bonus provision is as follows:

<b>Movement for employee bonus provision:</b>	<b>2023</b>	<b>2022</b>
1 January	50.090.562	26.573.697
Period charge	101.413.718	50.746.030
Payments	(63.081.686)	(27.229.165)
31 December	<b>88.422.594</b>	<b>50.090.562</b>
<b>Movement for unused vacation provision:</b>	<b>2023</b>	<b>2022</b>
1 January	17.083.671	11.748.655
Period charge	22.597.362	10.687.102
Payments	(13.007.089)	(5.352.086)
31 December	<b>26.673.944</b>	<b>17.083.671</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**19 OTHER ASSETS**

<b>Other Current Assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
VAT receivable	70.786.113	46.975.172
Personnel and business advances	348.445	244.707
Other	171.452	141.393
	<b>71.306.010</b>	<b>47.361.272</b>

**20 SHAREHOLDERS' EQUITY**

**Paid in Capital**

Shareholding structure of Company as of 31 December 2023 and 31 December 2022 are as follows:

<b>Name</b>	<b>Share Class</b>	<b>Capital Nominal Value (TL)</b>	<b>Capital Amount (Number)</b>	<b>Shareholding Ratio (%)</b>
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%
<b>ZTE Cooperatief U.A. (Total)</b>		<b>31.168.351</b>	<b>31.168.351</b>	<b>48,05%</b>
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%
<b>Total</b>		<b>64.864.800</b>	<b>64.864.800</b>	<b>100%</b>

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.

The Company's share in actual circulation in Borsa Istanbul is 36.95%. (31 December 2022: 36.95%)

In accordance with the Capital Market Board Communiqué No. II-18.1 numbered Registered Capital System, the registered capital system of the Company has been expired due to the expiry date of the authorized capital ceiling (TL 300.000.000).

The shares of the company are divided into two groups, consisting of (A) and (B) group registered shares. 33.081.048 (thirty-three million eighty-one thousand and forty-eight) of these shares constitute the registered (A) group of shares, and 31.783.752 (Thirty-one million seven hundred and eighty-three thousand seven hundred and fifty-two) shares constitute the (B) group registered shares. The differentiation of the shares in (A) and (B) groups, does not give the owners any rights or privileges, except as provided in Articles 9 and 15.

The proportion of (A) group registered shares within the issued capital shall be maintained in capital increases. Pre-emptive rights of shareholders shall be exercised within the respective share groups.

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

The required quorum for meetings and the required majority for resolutions of the shareholders at ordinary and extraordinary meetings shall be subject to the provisions of the TCC and Capital Markets legislation. However, resolution of the shareholders concerning amendments to the Articles of Association shall require the affirmative votes of the shareholders representing at least one half of the total number of shares within Group A.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**20 SHAREHOLDERS' EQUITY(Cont'd)**

**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.

**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 2023 and 31 December 2022:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Primary legal reserves	11.997.507	11.997.507
Secondary legal reserves	22.899.853	22.899.853
<b>Total</b>	<b>34.897.360</b>	<b>34.897.360</b>

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 2023, the primary legal reserve amount of the group is 18% of the paid-in capital and there is no limit to the secondary legal reserve amount. These reserves can only be used to cover losses, to maintain the company in times when things are not going well, or to prevent unemployment and to mitigate the effects of such losses, unless they exceed half of the paid-in capital of the company.

**Retained Earnings (Losses)**

Retained earnings other than net period profit are presented in this item. The extraordinary reserves that are retained by the nature of their accumulated profit and are therefore not restricted, are also recognized as retained earnings.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**21 REVENUE AND COST OF SALES**

The details of the Group's sales by geographies are as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Net domestic sales</b>	<b>6.707.471.980</b>	<b>3.857.632.006</b>
<b>Net export</b>	<b>250.815.639</b>	<b>153.921.622</b>
United States	18.981.117	13.098.944
Asia	225.427.796	122.547.054
Africa	612.119	15.182.917
Europe	5.794.607	3.092.707
<b>Total net sales</b>	<b>6.958.287.619</b>	<b>4.011.553.628</b>

The details of the Group's cost of sales are as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Equipment expenses	4.411.676.033	2.515.947.307
Personnel expenses	1.034.712.437	543.811.187
Service/Support expenses	752.809.533	485.836.475
Depreciation and amortization expenses	54.514.743	38.983.750
Transportation expenses	37.956.858	11.563.992
Impairment of provision in inventory	3.235.871	2.739.169
Other	60.072.771	25.346.480
	<b>6.354.978.246</b>	<b>3.624.228.360</b>

The distribution of the Group's sales according to the income types in the segments and the fulfillment times of the performance obligations is as follows:

	<b>1 January-31 December 2023</b>				
<b>Performance Obligations:</b>	<b>Telecom</b>	<b>System Integration</b>	<b>Technology</b>	<b>BDH</b>	<b>Total</b>
Hardware performance obligation	2.037.354.521	1.337.696.660	-	-	3.375.051.181
Licence performance obligation	-	1.648.659.236	-	-	1.648.659.236
Maintenance performance obligation	28.934.961	431.111.254	-	715.287.710	1.175.333.925
Design performance obligation	24.448.494	128.080.840	-	-	152.529.334
Installation performance obligation	46.476.875	101.108.276	-	-	147.585.151
Other performance obligations	24.947.889	434.180.903	-	-	459.128.792
	<b>2.162.162.740</b>	<b>4.080.837.169</b>	<b>-</b>	<b>715.287.710</b>	<b>6.958.287.619</b>
<b>Satisfaction of Performance Obligations:</b>					
At a point in time	2.128.877.563	3.264.721.102	-	715.287.710	6.108.886.375
Overtime	33.285.177	816.116.067	-	-	849.401.244
	<b>2.162.162.740</b>	<b>4.080.837.169</b>	<b>-</b>	<b>715.287.710</b>	<b>6.958.287.619</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**21 REVENUE AND COST OF SALES**

	1 January-31 December 2022				
<b>Performance Obligations:</b>	<b>Telecom</b>	<b>System Integration</b>	<b>Technology</b>	<b>BDH</b>	<b>Total</b>
Hardware performance obligation	1.110.141.107	620.520.119	-	-	1.730.661.226
Licence performance obligation	-	1.079.683.971	-	-	1.079.683.971
Maintenance performance obligation	49.818.410	294.611.195	-	404.511.754	748.941.359
Design performance obligation	55.211.611	47.531.629	-	-	102.743.240
Installation performance obligation	28.939.874	60.560.962	-	-	89.500.836
Other performance obligations	15.132.720	244.890.276	-	-	260.022.996
	<b>1.259.243.722</b>	<b>2.347.798.152</b>	<b>-</b>	<b>404.511.754</b>	<b>4.011.553.628</b>
<b>Satisfaction of Performance Obligations:</b>					
At a point in time	1.209.425.312	2.049.016.289	-	404.511.754	3.662.953.355
Overtime	49.818.410	298.781.863	-	-	348.600.273
	<b>1.259.243.722</b>	<b>2.347.798.152</b>	<b>-</b>	<b>404.511.754</b>	<b>4.011.553.628</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**22 RESEARCH AND DEVELOPMENT, SALES, MARKETING AND DISTRIBUTION, AND GENERAL ADMINISTRATIVE EXPENSES**

The details of research and development, marketing, sales and distribution and general administrative expenses are as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Sales, marketing and distribution expenses	228.152.785	150.985.067
General administrative expenses	218.909.666	161.566.947
Research and development expenses	2.386.154	6.557.959
	<b>449.448.605</b>	<b>319.109.973</b>
Personnel expenses	254.472.937	178.690.605
Depreciation and amortization expenses	56.617.593	56.833.732
Software expenses	42.028.636	23.786.014
Consultancy, audit and legal expenses	27.188.406	21.095.897
Outsourced service expenses	11.714.248	6.032.744
Electricity, water and gas expenses	9.806.564	5.321.081
Severance indemnity and pension provision expenses	7.725.688	3.877.332
Personnel transportation expenses	5.321.163	3.641.657
Travel and meeting expenses	6.615.624	3.550.174
Communication expenses	5.645.407	3.033.605
Fair and advertising expenses	2.893.529	2.151.429
Private health insurance expenses	4.961.600	2.039.133
Cafeteria expenses	2.436.158	1.767.802
Other insures expenses	2.713.442	1.629.871
Training expenses	1.709.130	1.506.047
Maintenance expenses	4.526.144	1.495.817
Consumable material expenses	1.489.948	576.827
Other	1.582.388	2.080.206
	<b>449.448.605</b>	<b>319.109.973</b>

The breakdown of personnel and depreciation expenses in cost of sales, research and development, marketing, sales and distribution and general administrative expenses is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Personnel expenses:</b>		
Cost of sales	1.034.712.437	543.811.187
Sales, marketing and distribution expenses	141.225.353	95.479.070
General administrative expenses	110.861.430	76.653.576
Research and development expenses	2.386.154	6.557.959
	<b>1.289.185.374</b>	<b>722.501.792</b>
<b>Depreciation and amortization expenses:</b>		
Cost of sales	54.514.743	38.983.750
General administrative expenses	46.590.891	48.482.010
Sales, marketing and distribution expenses	10.026.702	8.351.722
	<b>111.132.336</b>	<b>95.817.482</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**23 INCOME AND EXPENSES FROM OTHER OPERATING ACTIVITIES**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Income from Other Operating Activities</b>		
Reversal for doubtful receivables expenses	3.476.434	894.022
Discount income, net (*)	-	32.389.755
	<b>3.476.434</b>	<b>33.283.777</b>

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

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Expenses from Other Operating Activities</b>		
Foreign exchange expenses, net	41.304.776	127.828.342
Legal case expenses	12.248.032	6.181.381
Other tax expenses	24.552.156	5.090.546
Discount loss on receivables, net (*)	17.866.675	-
Other expenses and losses	20.519.801	13.214.697
	<b>116.491.440</b>	<b>152.314.966</b>

**24 INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

The breakdown of personnel and depreciation expenses in cost of sales, research and development, marketing, sales and distribution and general administrative expenses is as follows:

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Income from Investing Activities</b>		
Income from sales of property, plant and equipment	388.002	216.350
Income from scrap sales	236.104	214.191
Affiliate sales profit	-	30.658.980
	<b>624.106</b>	<b>31.089.521</b>

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Expenses from Investing Activities</b>		
Loss from sales of tangible assets	474.268	337.789
Financial investment fund valuations	475.324	-
	<b>949.592</b>	<b>337.789</b>

**25 FINANCE INCOME / EXPENSES**

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Financial Income</b>		
Foreign exchange gains, net (*)	249.916.752	160.590.417
Interest income	11.862.741	6.547.374
	<b>261.779.493</b>	<b>167.137.791</b>

(\*) Foreign exchange gains and losses related to cash and cash equivalents, borrowings, and other financial liabilities and currency translation difference.

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Financial Expenses</b>		
Bank interest expenses	265.281.562	183.544.251
Guarantee letter commissions	22.261.669	18.823.826
Interest and foreign exchange loss on leases	35.875.427	17.005.809
Bank loan commissions and expenses	21.607.913	7.843.822
Other financial expenses	13.134.792	3.793.786
	<b>358.161.363</b>	<b>231.011.494</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**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.

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

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.

As of 31 December 2021, the conditions required for the inflation adjustment of the financial statements as of 31 December 2021 have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated 29 January 2022 and numbered 31734:

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,
- The financial statements dated 31 December 2023 will be subject to inflation correction in a way that will not affect the corporate tax base.

According to the "General Communiqué on Tax Procedure Law No. 555" published in the Official Gazette dated 30 December 2023 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. The inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of 1 January 2024 and the effects of inflation will not be taken into consideration in the calculation of the period tax for 2023.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 December 2023 are included in the deferred tax calculation as of 31 December 2023.

Corporate tax rate in Malta is 35% (31 December 2022: 35%). Corporate tax rate in Kazakhstan is 20% (31 December 2022: 20%). Corporate tax rate in Algeria is 26% (31 December 2022: 26%).



**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**26 TAX ASSETS AND LIABILITIES(Cont'd)**

**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.

<b><u>Deferred tax assets/(liabilities)</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Trade receivables	(16.188.180)	(28.412.906)
Tangible and intangible assets	(62.444.832)	(51.994.926)
Trade payables and cost provisions	35.352.725	24.282.550
Carryforward tax losses and unused R&D tax exemption	692.055.272	350.850.912
Provision for unused vacation	5.702.006	2.377.074
Inventory and contract assets	(53.594.127)	(50.554.743)
Provisions for employee premiums	20.615.882	8.369.401
Contract liabilities	35.410.298	27.473.281
Legal provision	3.993.322	1.801.488
Severance indemnity and retirement provisions	42.715.603	21.010.220
Other	(2.901.435)	856.041
	<b><u>700.716.534</u></b>	<b><u>306.058.392</u></b>
	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
Deferred Tax Assets	700.716.534	306.058.392
Deferred Tax Liabilities	-	-
<b>Net Amount</b>	<b><u>700.716.534</u></b>	<b><u>306.058.392</u></b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**26 TAX ASSETS AND LIABILITIES(Cont'd)**

**Deferred Taxes(Cont'd)**

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

Movement for deferred taxes is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Balance as of January, 1</b>	<b>306.058.392</b>	<b>154.617.696</b>
Current charge deferred tax income	176.817.852	76.882.119
Accounting under equity	6.131.740	5.973.878
Translation difference	211.708.550	68.584.699
Closing	<u><b>700.716.534</b></u>	<u><b>306.058.392</b></u>

	<u>31 December 2023</u>	<u>31 December 2022</u>
Corporate tax	17.692.911	18.024.354
Prepaid taxes	(61.615.803)	(52.754.382)
<b>Current tax liabilities/ (Current income tax assets )</b>	<u><b>(43.922.892)</b></u>	<u><b>(34.730.028)</b></u>

	<u>31 December 2023</u>	<u>31 December 2022</u>
<u>Tax reconciliation</u>		
(Loss) before tax	(58.674.354)	(83.620.259)
Tax rate	25%	23%
Computed tax expense	14.668.589	19.232.660

Tax effects of:

Non-deductible expenses	(74.858.119)	(49.317.207)
Effect of legal tax rate change on deferred tax balance	3.536.357	2.306.464
Affiliate sale exception	-	5.256.065
Tax effect calculated from unused R&D tax exemption and carryforward tax losses	113.781.775	90.805.002
Tax income resulting from indexing legal records according to inflation	96.530.898	-
Functional currency difference and other adjustments	<u>5.465.441</u>	<u>(9.425.219)</u>
<b>Total tax (loss)/ income</b>	<u><b>159.124.941</b></u>	<u><b>58.857.765</b></u>

The Group has a total accumulated financial loss of TL 834.275.439 that can be offset against future years' profits, and a deferred tax asset of TL 208.568.860 has been recognized over this amount. In addition, the Group calculated a deferred tax asset of TL 483.486.412 based on the corporate tax deduction arising from the R&D incentive it did not use (Note 15).

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

<u>Year occurred</u>	<u>Year can be used</u>	<u>31 December 2023</u>
2019	2024	77.148.938
2021	2026	290.896.416
2022	2027	249.849.723
2023	2028	<u>216.380.362</u>
		<u><b>834.275.439</b></u>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**26 TAX ASSETS AND LIABILITIES(Cont'd)**

**Deferred Taxes(Cont'd)**

Movement for deferred taxes as of 31 December 2023 and 2022 are as follows;

	1 January 2023	Charge to Period	Charge to Equity	Translation Difference	31 December 2023
Tangible and intangible assets	(51.994.926)	12.752.142	-	(23.202.048)	(62.444.832)
Trade receivables	(28.412.906)	23.121.245	-	(10.896.520)	(16.188.181)
Trade payables and cost provisions	24.282.550	(2.080.075)	-	13.150.250	35.352.725
Inventory and contract assets	(50.554.744)	23.506.579	-	(26.545.962)	(53.594.127)
Provisions for employee bonuses	8.369.401	6.342.433	-	5.904.048	20.615.882
Provision for unused vacation	2.377.074	1.656.038	-	1.668.894	5.702.006
Severance indemnity and retirement provisions	21.010.220	6.551.243	6.131.740	9.022.398	42.715.601
Contract liabilities	27.473.281	(6.336.015)	-	14.273.032	35.410.298
Carryforward tax losses and unused R&D tax exemption (Note 15)	350.850.911	113.781.775	-	227.422.585	692.055.271
Legal Provision	1.801.487	934.154	-	1.257.679	3.993.320
Other	856.044	(3.411.667)	-	(345.806)	(2.901.429)
	<b>306.058.392</b>	<b>176.817.852</b>	<b>6.131.740</b>	<b>211.708.550</b>	<b>700.716.534</b>

	1 January 2022	Charge to Period	Charge to Equity	Translation Difference	31 December 2022
Tangible and intangible assets	(43.352.596)	6.865.200	-	(15.507.530)	(51.994.926)
Trade receivables	(88.452.339)	84.776.159	-	(24.736.726)	(28.412.906)
Trade payables and cost provisions	58.310.103	(50.795.003)	-	16.767.450	24.282.550
Inventory and contract assets	5.303.215	(49.792.655)	-	(6.065.304)	(50.554.744)
Deferred revenue	438.431	(544.899)	-	106.468	-
Provisions for employee bonuses	4.463.247	1.796.741	-	2.109.413	8.369.401
Provision for unused vacation	1.488.037	167.883	-	721.154	2.377.074
Severance indemnity and retirement provisions	8.918.415	3.635.313	5.973.878	2.482.614	21.010.220
Contract liabilities	28.002.883	(10.463.059)	-	9.933.457	27.473.281
Carryforward tax losses and unused R&D tax exemption (Note 15)	177.666.653	90.805.002	-	82.379.256	350.850.911
Legal Provision	2.539.641	(1.560.333)	-	822.179	1.801.487
Other	(707.994)	1.991.770	-	(427.732)	856.044
	<b>154.617.696</b>	<b>76.882.119</b>	<b>5.973.878</b>	<b>68.584.699</b>	<b>306.058.392</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**26 TAX ASSETS AND LIABILITIES(Cont'd)**

**Tax Advantages Obtained Within the Scope of Investment Incentive System**

As of 31 December 2023, the Group has calculated a deferred tax asset of TL 483.486.412 based on the corporate tax deduction amount arising from the R&D incentive that it did not use.

The periods in which deferred tax assets arising from investment incentives are expected to be used and the amounts expected to be recovered in these periods are explained below:

	<b>31 December 2023</b>
2026	151.751.526
2027	205.389.399
2028	126.345.487

The important judgments and assumptions used by the Group in reflecting deferred tax assets arising from investment incentives in the financial statements and the sensitivity analyzes related to these assumptions are explained below:

Significant judgments and assumptions used by the Group in reflecting deferred tax assets arising from investment incentives in the financial statements and the sensitivity analyzes related to these assumptions are explained below:

*Significant judgments and assumptions*

The partially or fully recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, future profit projections and expiration dates of other tax assets and tax planning strategies that can be used when necessary were taken into consideration. The following assumptions were used when calculating the recoverable value of deferred tax assets as of 31 December 2023:

- R&D incentives that are entitled but have not yet been used have an unlimited lifespan.
- Made based on tax profit projections prepared by the management.

As a result of the evaluations made according to the current analysis, it has been concluded that the deferred tax asset calculated within the scope of the R&D incentive is recoverable. It is anticipated that these deferred tax assets will be recovered within 5 years starting from 2024.

*Sensitivity analyzes*

If the assumptions used in the projection period are 0.5% higher or lower, it causes an increase of 828 thousand TL and a decrease of 827 thousand TL, respectively, in the deferred tax asset calculation as of 31 December 2023.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**27 LOSS PER SHARE**

Earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
Number of shares	64.864.800	64.864.800
Net profit/ (loss) for the period	99.670.615	(30.567.570)
(Loss) per share (kurus)	1,5366	(0,4713)

**28 RELATED PARTY DISCLOSURES**

Due from related parties as of 31 December 2023 and 31 December 2022 are as follows:

<b>Due from Related Parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
ZTE İstanbul Telekomünikasyon A.Ş. (1)	9.686.111	69.276.530
ZTE Corporation(2)	-	851.513
	<b>9.686.111</b>	<b>70.128.043</b>
<b>Due to Related Parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
ZTE İstanbul Telekomünikasyon A.Ş. (1)	1.132.047.133	538.866.535
ZTE Corporation(2)	214.106.490	218.367.185
	<b>1.346.153.623</b>	<b>757.233.720</b>

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) The company which controlled by main partner
- (2) Main partner
- (3) Associate

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**28 RELATED PARTY DISCLOSURES(Cont'd)**

Main transactions with related parties are as follows for the period ended 31 December 2023 and 2022.

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Sales</b>		
ZTE İstanbul Telekomünikasyon A.Ş. (1)	60.942.508	108.635.089
ZTE Corporation(2)	12.076.102	24.273.263
	<b>73.018.610</b>	<b>132.908.352</b>

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.

	<b>1 January- 31 December 2023</b>	<b>1 January- 31 December 2022</b>
<b>Purchases</b>		
ZTE İstanbul Telekomünikasyon A.Ş. (1)	1.454.012.033	512.228.174
ZTE Corporation(2)	-	3.995.948
Kron Telekomünikasyon A.Ş.(3)(*)	-	824.104
	<b>1.454.012.033</b>	<b>517.048.226</b>

(\*) As explained in note 2, the transfer of the shares owned in Kron Telekomünikasyon Hizmetleri A.Ş. was carried out on 29 April 2022. Kron Telecommunication Services Inc. as of 31 December 2022, it is not a related party. However, the trade payable to Kron Telekomünikasyon Hizmetleri A.Ş. may also include the balances from the transactions realized before the share transfer dated 29 April 2022.

(1) The company which controlled by ultimate parent

(2) Main partner

(3) Associate

**Benefits to Top Management:**

Top management of the Group comprised of, the members of the management and executive committee, General Managers and Deputy General Managers. For the period ended 31 December 2023, total remuneration for the directors and management board of the Group is TL 38.732.695 (31 December 2022: TL 21.770.541). As of 31 December 2023, and 31 December 2022 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 2023, and 31 December 2022 the Group's net debt / total equity ratios are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Short-term and long-term borrowings (*)	1.297.908.289	1.192.728.664
Cash and cash equivalents	(90.112.867)	(220.130.315)
Net financial debt	1.207.795.422	972.598.349
Equity	217.693.183	13.401.817
<b>Net financial debt/ Equity Ratio</b>	<b>%555</b>	<b>%7.257</b>

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)**

The Group's financial risk management policies are as follows:

**Credit risk**

Carrying values of the financial assets represents their maximum exposed credit risk. As of the date of balance sheet maximum credit risks are as follows:

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

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)**

**Credit risk (Cont'd)**

<u>31 December 2022</u>	<u>Trade Receivables</u>		<u>Contract Assets related to Goods and Services Provided</u>	<u>Other Receivables</u>	<u>Deposits at Banks</u>
	<u>Related Parties</u>	<u>Other</u>	<u>Other</u>	<u>Other</u>	
<b>Maximum credit risks as of balance sheet date (A+B+C+D)</b>	<b>70.128.043</b>	<b>1.880.825.837</b>	<b>440.623.216</b>	<b>3.125.482</b>	<b>220.130.315</b>
Maximum risk guaranteed by collateral	-	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	70.128.043	1.540.812.796	440.623.216	3.125.482	220.130.315
(B) Net book value of overdue but not impaired financial assets	-	340.013.041	-	-	-
Guaranteed by collateral	-	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	200.752.390	-	-	-
Impairment (-)	-	(200.752.390)	-	-	-
Guaranteed by collateral	-	-	-	-	-
Unexpired (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed by collateral	-	-	-	-	-
(D) Off balance sheet risks	-	-	-	-	-



**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**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. In order to measure the expected credit loss, the Group first classifies its trade receivables by taking into account the characteristics of credit risk and credit risk. Expected credit loss ratios for each class of commercial receivables grouped using past credit loss experience and forward macroeconomic indicators were calculated and the expected credit loss provision was calculated by multiplying the determined ratio by the trade receivable totals.

As of the date of balance sheet aging of overdue and undue but not impaired financial assets are as follows:

<b>31 December 2023</b>	<b>Undue</b>	<b>1-30 days overdue</b>	<b>1-3 months overdue</b>	<b>3-6 months overdue</b>	<b>6-12 months overdue</b>	<b>1-5 years overdue</b>	<b>TOTAL</b>
Credit loss ratio (%)	0,0%	1,8%	2,8%	4,8%	8,8%	21,4%	
As of period	2.862.361.701	232.909.290	22.021.806	1.894.853	665.979	164.130.167	<b>3.283.983.796</b>
Expected credit loss	-	1.304.046	337.613	126.424	15.015	13.782.285	<b>15.565.383</b>

<b>31 December 2022</b>	<b>Undue</b>	<b>1-30 days overdue</b>	<b>1-3 months overdue</b>	<b>3-6 months overdue</b>	<b>6-12 months overdue</b>	<b>1-5 years overdue</b>	<b>TOTAL</b>
Credit loss ratio (%)	0,0%	1,8%	2,8%	4,8%	8,8%	21,4%	
As of period	1.981.436.012	72.854.149	76.497.522	36.248.459	39.794.323	126.160.425	<b>2.332.990.890</b>
Expected credit loss	-	232.428	1.191.030	2.591.373	917.865	6.609.141	<b>11.541.837</b>

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(Cont'd)**

**Liquidity risk**

The Group manages its liquidity risk by having sufficient cash and similar resources to fulfill its current and potential obligations on time. The table showing the liquidity risk of the Group as of 31 December 2023 and 31 December 2022 is presented:

**31 December 2023**

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

**31 December 2022**

<b><u>Maturities due to agreements</u></b>	<b>Carrying amount</b>	<b>Cash outflows due to agreements</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b><u>Non- derivative financial liabilities</u></b>	<b>3.428.151.773</b>	<b>3.502.996.849</b>	<b>2.621.398.558</b>	<b>768.675.638</b>	<b>108.227.740</b>	<b>4.694.913</b>
Financial liabilities	1.192.728.664	1.248.511.461	525.029.647	723.481.814	-	-
Lease Liabilities	161.503.737	180.566.016	22.449.539	45.193.824	108.227.740	4.694.913
Due to related parties	757.233.720	757.233.720	757.233.720	-	-	-
Other trade payables to third parties	1.223.289.342	1.223.289.342	1.223.289.342	-	-	-
Other payables to third parties	93.396.310	93.396.310	93.396.310	-	-	-

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**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.

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Fixed interest rate financial instruments</b>	<b>2.876.851.169</b>	<b>2.030.379.362</b>
Cash and Cash Equivalents (*)	6.500.000	76.300.000
Trade Receivables	2.865.406.633	1.950.953.880
Other Receivables	4.944.536	3.125.482
<b>Fixed interest rate financial liabilities</b>	<b>4.391.033.783</b>	<b>3.428.151.773</b>
Short and Long Term Unsecured Loans	1.297.908.289	1.192.728.664
Lease Liabilities	284.566.414	161.503.737
Trade Payables	2.655.598.301	1.980.523.062
Other Payables	152.960.779	93.396.310
<b>Variable interest rate financial instruments</b>	-	-
Short and Long Term Unsecured Loans	-	-
<b>Interest-free financial liabilities</b>	-	-
Non Interest bearing unsecured spot loans	-	-

(\*) As of 31 December 2023 and 31 December 2022, it includes bank time deposits.

**Foreign currency risk**

The functional currency of the Company is US Dollars. Currency risk generally arises from the change in the value of the US Dollar against TL and other currencies. In order not to be affected by the appreciation or depreciation of the US Dollar against other currencies, the Group evaluates its assets in line with its liabilities to the extent possible and loads its contractual expenses in the contract currency to the extent possible.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**

**Foreign currency risk(Cont'd)**

As of 31 December 2023 and 31 December 2022 the Group's foreign currency position table is given below:

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

(\*) The functional currency of the Company is USD. The USD risk of those whose functional currency is other than USD is explained in the relevant column. In the table above, foreign currencies are shown with their original currency amounts, and their TL equivalents are calculated using period-end exchange rates.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**

(Unless otherwise stated the amounts are in TL)

**29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**

**Foreign currency risk(Cont'd)**

<b>31 Aralık 2022</b>	<b>TL Equivalent (*)</b>	<b>Original Currency</b>			
		<b>TL</b>	<b>Euro</b>	<b>USD</b>	<b>Other</b>
<b>Current Assets</b>	<b>701.859.080</b>	<b>453.370.239</b>	<b>1.722.267</b>	<b>2.737.785</b>	<b>154.586.570</b>
Cash and cash equivalents	98.961.560	93.988.991	38.466	-	7.925.202
Trade receivables, third parties	599.772.038	356.255.766	1.683.802	2.737.785	146.661.368
Other receivables, third parties	3.125.482	3.125.482	-	-	-
<b>TOTAL ASSETS (A)</b>	<b>701.859.080</b>	<b>453.370.239</b>	<b>1.722.267</b>	<b>2.737.785</b>	<b>154.586.570</b>
<b>Short Term Liabilities</b>	<b>1.573.116.071</b>	<b>1.476.023.372</b>	<b>1.710.277</b>	<b>1.064.576</b>	<b>33.286.629</b>
Financial liabilities	714.304.123	714.304.123	-	-	-
Lease liabilities	96.094.322	96.094.322	-	-	-
Trade payables, third parties	669.321.316	572.228.617	1.710.277	1.064.576	33.286.629
Other payables, third parties	93.396.310	93.396.310	-	-	-
<b>Long Term Liabilities</b>	<b>65.409.415</b>	<b>65.409.415</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lease liabilities	65.409.415	65.409.415	-	-	-
<b>TOTAL LIABILITIES (B)</b>	<b>1.638.525.486</b>	<b>1.541.432.787</b>	<b>1.710.277</b>	<b>1.064.576</b>	<b>33.286.629</b>
<b>Net Foreign Currency Asset / (Liability) Position (A-B)</b>	<b>(936.666.406)</b>	<b>(1.088.062.548)</b>	<b>11.990</b>	<b>1.673.209</b>	<b>121.299.941</b>

(\*) The functional currency of the Company is USD. The USD risk of those whose functional currency is other than USD is explained in the relevant column. In the table above, foreign currencies are shown with their original currency amounts, and their TL equivalents are calculated using period-end exchange rates.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)**

**Foreign currency risk(Cont'd)**

	<b>31 December 2023</b>			
	<b>Profit / (Loss)</b>		<b>Equity</b>	
	<u>Appreciation</u>	<u>Devaluation</u>	<u>Appreciation</u>	<u>Devaluation</u>
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>				
Net asset / (liability) in TL	(139.853.581)	139.853.581	(139.853.581)	139.853.581
Hedged portion from TL risk (-)	-	-	-	-
<b>(1) Net effect of TL</b>	<b>(139.853.581)</b>	<b>139.853.581</b>	<b>(139.853.581)</b>	<b>139.853.581</b>
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>				
Net asset / (liability) in EUR	2.906.328	(2.906.328)	2.906.328	(2.906.328)
Hedged portion from EUR risk (-)	-	-	-	-
<b>(2) Net effect of EUR</b>	<b>2.906.328</b>	<b>(2.906.328)</b>	<b>2.906.328</b>	<b>(2.906.328)</b>
<i>Effect of 10 % appreciation/devaluation in USD – TL exchange rate :</i>				
Net asset / (liability) in USD	124.093	(124.093)	124.093	(124.093)
Hedged portion from USD risk (-)	-	-	-	-
<b>(3) Net effect of USD</b>	<b>124.093</b>	<b>(124.093)</b>	<b>124.093</b>	<b>(124.093)</b>
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>				
Net asset / (liability) in other currencies	7.008.771	(7.008.771)	7.008.771	(7.008.771)
Hedged portion from other currencies risk (-)	-	-	-	-
<b>(4) Net effect of other currencies</b>	<b>7.008.771</b>	<b>(7.008.771)</b>	<b>7.008.771</b>	<b>(7.008.771)</b>
<b>TOTAL (1+2+3+4)</b>	<b>(129.814.389)</b>	<b>129.814.389</b>	<b>(129.814.389)</b>	<b>129.814.389</b>

	<b>31 December 2022</b>			
	<b>Profit / (Loss)</b>		<b>Equity</b>	
	<u>Appreciation</u>	<u>Devaluation</u>	<u>Appreciation</u>	<u>Devaluation</u>
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>				
Net asset / (liability) in TL	(108.806.255)	108.806.255	(108.806.255)	108.806.255
Hedged portion from TL risk (-)	-	-	-	-
<b>(1) Net effect of TL</b>	<b>(108.806.255)</b>	<b>108.806.255</b>	<b>(108.806.255)</b>	<b>108.806.255</b>
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>				
Net asset / (liability) in EUR	23.902	(23.902)	23.902	(23.902)
Hedged portion from EUR risk (-)	-	-	-	-
<b>(2) Net effect of EUR</b>	<b>23.902</b>	<b>(23.902)</b>	<b>23.902</b>	<b>(23.902)</b>
<i>Effect of 10 % appreciation/devaluation in USD – TL exchange rate :</i>				
Net asset / (liability) in USD	167.321	(167.321)	167.321	(167.321)
Hedged portion from USD risk (-)	-	-	-	-
<b>(3) Net effect of USD</b>	<b>2.941.228</b>	<b>(167.321)</b>	<b>2.941.228</b>	<b>(167.321)</b>
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>				
Net asset / (liability) in other currencies	2.941.228	(2.941.228)	2.941.228	(2.941.228)
Hedged portion from other currencies risk (-)	-	-	-	-
<b>(4) Net effect of other currencies</b>	<b>2.941.228</b>	<b>(2.941.228)</b>	<b>2.941.228</b>	<b>(2.941.228)</b>
<b>TOTAL (1+2+3+4)</b>	<b>(105.673.804)</b>	<b>105.673.804</b>	<b>(105.673.804)</b>	<b>105.673.804</b>

### **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 1

#### **Financial Assets:**

It is anticipated that the recorded values of financial assets, which are shown at cost including cash and cash equivalents and short term financial investments, are equal to their fair values because they are short term.

It is foreseen that the registered values of trade receivables reflect the fair value together with the relevant impairment provisions.

#### **Financial Liabilities:**

The fair values of fixed 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**

In accordance with the Competition Board's decisions dated 21.04.2022 and numbered 22-18/301-M, dated 23.11.2022 and numbered 22-52/791-M, dated 02.03.2023 and numbered 23-12/203-M(1) As a result of the investigation carried out against the Company on the grounds that Article 4 of the Law No. 4054 on the Protection of Competition was violated by being a party to anti-competitive agreements, the Competition Board announced a decision to impose an administrative fine of amounting to TL 5.243.243,58 TL on the Company.

The administrative fine imposed by the Competition Board will be paid by the Company within the legal period after the notification of the reasoned Board decision as amounting to TL 3.932.43,69 TL, benefiting from the 25% early payment discount. Regarding this penalty, an objection is open to the Administrative Court and the Company may take all legal remedies against this decision.

**NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR**  
**THE PERIOD ENDED 31 DECEMBER 2023**  
(Unless otherwise stated the amounts are in TL)

**32 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDITOR'S**

The Group's explanation regarding the fees for services provided by independent audit firms, prepared pursuant to the POA's Board Decision published in the Official Gazette on 30 March 2021 and whose preparation principles are based on the POA letter dated 19 August 2021, is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Independent audit fee for the reporting period	3.267.614	1.190.000
Fees for tax advisory services	734.400	659.000
Fee for other assurance services	640.000	395.000
Other services other than independent audit	404.957	230.000
	<b>5.046.971</b>	<b>2.474.000</b>