

**NETAŞ TELEKOMÜNİKASYON A.Ş. BOARD OF DIRECTORS INTERIM
REPORT
FOR THE PERIOD ENDED MARCH 31, 2022**

Trade Registration Number: 94955/403045

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ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

As of March 31, 2022, The Group’s largest and the controlling shareholder is ZTE Cooperatief U.A.

The average number of personnel employed in the Group as of March 31, 2022 is 1.975 white-collar (31 December 2021: 2.171), and the Group has no blue-collar employees for both periods, March 31, 2022 and December 31, 2021.

The Company’s affiliates and participations are as follows:

- **Netaş Bilişim Teknolojileri A.Ş.**

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

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

- **BDH**

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

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

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

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- **Netaş Telecom LLP**

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

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

- **Netaş Telecommunication Malta**

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

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

- **Netaş Telecommunication Algeria**

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

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

- **Kron Telekomünikasyon Hizmetleri A.Ş.**

As of 28 November 2013, an agreement is signed between Kron Telekomünikasyon Hizmetleri A.Ş. ("KRONT") and the Company for the acquisition of 10 % A group shares for TL 1.700.000.

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

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SHAREHOLDER’S STRUCTURE

Shareholder’s structure of the Company as of March 31, 2022 and December 31, 2021 is as follows:

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

BOARD OF DIRECTORS

The Members of Board of Directors as of March 31, 2022 are as follows:

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

THE GROUP’S MANAGEMENT

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

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VISION, CORE VALUES, QUALITY POLICY

Vision

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

Core Values

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

Quality Policy

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

RESEARCH & DEVELOPMENT (R&D) STUDIES

Netas R&D Center, with the knowledge and skills of 625 researchers provides solutions that has power to compete and lead globally. Netas R&D center contributes to economic growth of the Turkey and to companies for them to become global brands by its patent applications for ongoing projects and products in the field of mobile communication, cyber security, defense, multimedia, cloud computing, data center, managed services and IoT technology. Netas leads digital transformation of the companies and public institutions with its developed R&D projects.

Netas is a member of 5GIA infrastructure association and the company had been chosen for executive council of NetWorld200 platform which is one of the most effective European Union platform that direct studies like 5G and others. Netas, is in the vice president role in the Celtic Plus organization for 5 years, which manages technological cooperation in the field of ICT and Telecom, has been actively participating to organizations of all these working groups.

14% of Netaş's R&D Engineers completed their graduate studies and doctorate, whilst 6% continues to their graduate and postgraduate education.

Netas Operates its R&D studies in the following main domains:

- 1) Information Technologies R&D
- 2) Defense R&D
- 3) Research & Development Services
 - Netaş Test Center
 - Netaş Managed Services

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1) Information Technologies (ICT) R&D – One of the *largest software exporter of Turkey*.

New Technologies R&D – Our portfolio enriches with high-tech and value-added products

Netas focuses on enriching its portfolio with high-tech and value-added products, competitive on a global scale. Netas focuses on developing innovative solutions in the areas including but not limited to 4/5G, IoT and GSM, in order to offer higher connectivity and mobility.

4G/5G solutions

In 2015, Netas was the first company to have established a 4G laboratory after the operators, within the scope of its studies to develop 4G LTE Advanced technology. Studies to develop in 4/5G technologies continues.

As a 4G LTE and 5G technology application, the development of On Board Unit (OBU) and roadside unit (RSU) products for C-V2X (Cellular-Vehicle-to-Everything) applications continue in Netas R&D Center.

IPTV Technology, Highest Experience Quality

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

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

Undertaking Turkey's largest IPTV infrastructure transformation project with ZTE in 2020, Netaş carries out the software development of various modules of the IPTV solution with its own R&D engineers. Work on the IPTV infrastructure has also been completed to a large extent and gradual transitions to go live have begun. With this innovative infrastructure, advertisement integration will be possible according to the latest trends in the world and more focused campaign setups will be possible. The cooperation in this project, which is ZTE's largest IPTV project outside of China, will also be a reference point for the European IPTV market.

ULAK Project

Works on the development of ULAK, Turkey's first domestically developed 4.5G macro base station, continued. The project aims to reduce Turkey's dependency of on imports, through the development of local communications software and hardware components. The base stations designed for ULAK, serves over 1,600 site in "Evrensel" and commercial mobile operators network. While the delivery of the new base stations continues, field support is provided to the base stations in-service.

Netas IoT solution

The Internet of Things (IoT-Internet of Things), a network of physical objects that are connected to each other or larger systems, has been developing rapidly in recent years. The IoT market is expected to accelerate and grow, especially with the work done on 5G technologies and Industry 4.0 issues. Parameters such as data width, high speed and low latency to be provided by 5G technology are the key technology for M2M and IoT solutions. Netas provides solutions in line with this target and reflects its technological competence to the field in accordance with industrial designs.

Netaş IoT platform, ION by Netas: Developed 100 percent local by Netas, ION by Netas provides all device and data management services for large IoT networks. The platform was designed to ensure the

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end-to-end data security of IoT applications and to be automatically self-scalable depending on the changes of intensity in data traffic.

ION by Netas has been built in horizontal architecture to enable different IoT devices and application providers to operate under a common roof. ION by Netas, which can be installed on the cloud or in local systems, can easily adapt and customize any stitch with its customizable structure. Furthermore, IoT provides an easy-to-use interface to network and service managers.

UYGAR Project

Within the scope of this project, a military 4.5G Base Station is designed to provide radio communication services on the ANKA UAV (Unmanned Aerial Vehicle) platform, using our experience with the 4.5G Base Station developed in the ULAK project. This device provides radio communication capabilities for personnel performing their duties in the tactical field. Netaş provides BBU (Base Band Unit) design, development, integration and testing services for this device.

Localization Projects

The server which has the opportunity to be widely used in internet, cloud computing, big data, virtualization of infrastructure equipment of telecom operators (SDN - NFV); Base Station which is a New Generation Base with Multiple Radio Technology and critical in the 5G transformation as well as supporting existing mobile network technologies (2G & 3G & 4G); Fiber Optic Cabinet; Wifi-6 Fiber Modem (HGW) and VDSL Modem products were localized and domestic product certificate was obtained.

Digital Transformation with ZTE

Business applications developed by Netaş R&D team for both internal and group companies of ZTE have started to be used by ZTE China. In addition, joint software development projects continue with the ZTE Digital Transformation group.

The number of brands and patents are increasing rapidly

As Netas prioritizes the protection of intellectual property of the original products and ideas, and sharing the results of its R&D studies on scientific platforms, has applied for a total of 19 patents and 2 utility models in 2021. Thus, the number of patent applications made by Netaş since 2012 reached 515, the number of utility model applications reached 5, the number of registered patents reached 198 as of the first quarter of 2022, and the registered utility model reached to 3. Netaş, which made 2 trademark applications in 2021, has increased its trademark applications since 1984 to 144 and its registered trademark to 78, 20 of which are international.

Patent applications of Netaş also continue in 2022.

As Netaş R&D, one of the ways for gaining ground in the national and international arena is the publishment of scientific journals completed by our researchers. Netaş researchers published 82 scientific publications over the past four years, 13 of which are national, while the number of scientific publications since 2014 reached 178.

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- **NOVA S/COM**

Nova S/COM provides security for both inter-client communication and client-server communication. The S/COM Signaling Server, developed internally is able to perform all signaling operations including initiating calls and sending messages. The Nova S/COM Signaling Server, developed by Netas, carries out all signaling operations such as initiating calls and sending messages. Providing secure communication services for standard smartphones and providing services for all companies that need end-to-end secure communication, this product provides a secure environment for many industries from logistics to education with its secure vehicle tracking system and secure whiteboard application features.

One of the largest software exporters of Turkey:

Netaş proudly continues to develop local software and to be the largest software exporter of Turkey. The company design software solutions tailored for major projects and integrate them into different systems. Some homegrown R&D examples of Netas are as follows:

- **ZTE Digital Transformation Projects**

With a team formed within ICT R&D group and whose number of employees is increasing with new projects, contributions are made in the fields of software development and testing to the Digital Transformation projects carried out for ZTE and its subsidiaries.

- **AFAD - Disaster Management and Decision Support System (AYDES)**

Disaster Management and Decision Support System (AYDES), which was started in 2013, was commissioned in 2018. Developed to manage all stages of a disaster in a digital environment and to use resources efficiently, AYDES is among the few disaster management systems in the world. 2nd phase of the project, which started at the end of 2019, has been continuing successfully.

- **TRNC - e-government transformation projects**

Within the scope of e-government transformation projects of TRNC; 'e-Registration System Project', was launched. Maintenance and support phase of the project is ongoing. Other two important projects of the TRNC e-government digital transformation, e-Corporate (Central Registration System for e-Companies) Project and e-Customs - CIS (Customs Information System) Project are also successfully carried out by Netas. e-Customs pilot application has been started at TRNC Erçan Airport.

- **T.C. Ministry of Health - 112 Emergency Call Management System Project**

Within the scope of the Turkish Ministry of Health's 112 Emergency Line Management Systems project; supply of software, hardware, infrastructure, setup, test, and start-up activities were completed. The 3rd phase of the project, which started at the beginning of 2022, is planned to be completed by the beginning of 2025.

- **Automatic Train Supervision (ATS) Project**

The design and development of the ATS (Automatic Train Supervision) system continue. This system is a sub-system of the Gayrettepe-Istanbul New Airport-Halkalı Rail System line signaling system.

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2) Defense R&D – *High-tech communication solutions tailored for Turkish Armed Forces and Public Institutions*

By applying its know-how in the field of communication to defense sector, Netaş became the company that designed the most competent defense communication equipment provider not only in Turkey but also in the region. Having achieved a competitive advantage in communication devices, the Company has demonstrated its difference with its fast and high-quality service.

Netas develops switching and routing products, user terminals transmission devices, and power units, with local design and production capabilities to provide the audio, data and video communication for the Turkish Armed Forces. Developed by Netas engineers, these products come forward with their operability in the harshest environmental conditions.

Some of the prominent projects of Netas are as follows:

- **Projects for the Turkish Naval Forces Command**
Implementation works of the local Communication Control System (CCS), which includes hardware, software design, and manufacturing activities developed for all new and modernized platforms of Turkish Naval Forces, were carried out.
- **Identification Friend or Foe System**
Netas continued to produce its own local Identification Friend or Foe system, for Turkish Armed Forces.
- **Communication Systems**
The systems are designed to meet all communication requirements in the tactical field, offering a compact, portable, expandable, secure and easy to use solution to its users.

3) Research & Development Services – *Privileged and distinctive R&D services*

Netaş Test Center

Netas has been providing testing services since 2011 with its international R&D competency and experience. The company established its Test Center back in 2015, and currently conducts testing services with its team of more than 550 experts for 30 companies in different sectors including 3 telecom operators and top 4 banks in Turkey.

Netas Test Center, which supports customers in many industries from finance to telecom, or from retail to energy, insurance, and e-commerce, the services include software development support, quality and security checks and performance tests on the highest possible number of devices for mobile, internet and desktop applications developed on different platforms. Providing a large part of these services at its customer locations, Netas is flexible to offer services periodically as well as continuously. One of the most important factors that differentiate Netas Test Center in the industry is that it develops its own test solutions and takes responsibility in every stage of the service it provides by working as a part of companies, passing beyond the conventional service, in which only personnel is provided.

Having strengthened its presence in finance industry by starting to provide Banking Practice Test Services to İş Bank, Softech and also by starting provide outsource resources to Garanti Technology, Netas strengthened its successful cooperation with Akbank by setting up Device Farm solution within Akbank.

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In Finance Industry, Netaş Test Center is maintaining its strong presence with services being provided to Akbank, İşbank, Ziraat and Garanti Teknoloji. While maintaining its strong presence, Netaş Test Services enriched its service with in-house developed solutions and products, especially the Visium Farm (Mobile Device Farm).

In Public Sector, Test Services which is being provided to BELBİM is extended one more year and also same service is started to be provided to İBB(İstanbul Büyükşehir Belediyesi)

Netaş Test Center has started to provide test automation service to ZTE within DCMS project.

Netas Test Center has developed a product (Visium Load) and has used this solution for different customers in different industries like insurance, e-commerce beside telecommunication and finance. It was used by leading companies in the sector such as AXA, AkSigorta, MKK (Central Registration Agency) and SBM (Insurance Information Monitoring Center).

Netas increased its effectiveness in the insurance industry by starting to provide service AVIVASA in addition other other leading companies in the industry such as Ak Sigorta, Mapfre and HDI. While continuing to provide test service to Mapfre and Aksigorta, Visium Farm product has been installed and started to be used.

Netaş Test Center continues to serve all three operators in the telecom industry by extending service diversity and capability. Within the service scope, Visium Farm installations were completed in Vodafone Turkey and Türk Telekom. In this period, the scope of Türk Telekom Test Automation Service agreement was expanded and renewed for another year.

Netaş continued its successful cooperation with Turkcell's Digital Services and Solutions, Digital Channel Applications with Test, Automation and Crowd Testing services and extended to new products and applications.

Pentest services within Netaş Test Center have been touching to customers not only in Turkey, but also in international markets. Within local market, pentest services have been provided to Decathlon, SunExpress, Sahibinden.com and MNG Airlines, Yıldız Holding, Bantaş, Klimasan, Tekfen, Global Menkul Değerler. Beside those, in all subsidiaries of Ziraat Finance Group, Netaş continues to provide security and pentest services.

Netas now have “Domestic Goods Certificate” for its three products – VISIUM LOAD (Performance Tests), VISIUM SERV (Service Virtualization), VISIUM 5G (Telco Protocols Automation) - which are designed within ICT ARGE and being used as a part of tests services for the customers.

So far, Visium LOAD has been used in our 18 customers, Visium FARM has been used in 9 different customers and Visium GO has been used as a solution for our 6 different customers.

In the first quarter of 2022, we started to serve Tarnet-Agricultural Credit Cooperatives as a new customer. In addition, we renewed our existing contracts with Ziraat Teknoloji, Türkiye İş Bankası, SoftTech, Türk Telekom and Mapfre for 1 year.

Netas Test Center Product and Services

VISIUM GO (Test Automation Platform): Visium GO provides test automation platform for web, mobile and desktop applications of its customers. Visium GO can be also integrated with Visium FARM (Device Farm) solution which enables test automation of applications with various kind of mobile phones.

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VISIUM FARM (Device Farm): In 2018, Netas commissioned its device farm, which allows mobile apps to be tested on different devices. Performance tests of all types of mobile and internet applications developed on different platforms can be run on maximum number of devices at Netaş Test Center, which also identifies the system and security gaps of the applications.

VISIUM LOAD (Performance): With the help of this product designed by Netaş Test Center, it is possible to see operating performances of software and it helps determining response behaviors and time under excessive traffic conditions.

VISIUM MANAGE (Test Management): Visium Manage is a test management product designed by Netaş Test Center. With the help of this product, it is possible to manage test scenarios and suits, to make test plans, to correlate requirements with test scenarios and to track risks.

Testing Outsourcing Service: Providing test services at world-class standards, NETAS TestCenter reduces project costs and allows for the efficient use of resources and technologies.

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

M2M/IoT and Mobile Terminal Tests: Netas tests phones, tablets, M2M/IoT devices, PCs, modems and routers.

Penetration Tests: Netaş Penetration Testing (Pentest) Service analyses the status of the IT infrastructure and the steps to be taken in order to create a secure IT infrastructure.

Mobile Application Tests: Netaş Mobile Application Testing Service ensures increased end-user satisfaction through comprehensive tests on different mobile devices, using the maximum number of mobile devices available.

Netas Managed Services

Netas Managed Services Unit, taking the responsibility for managing companies' IT assets, provides proactive based management and control, to reduce the operational costs and improve the operational quality of enterprises.

In the scope of Smart Stadium Project of the Turkish Football Federation (TFF), Netas Managed Services Unit laid the IT infrastructure of data centers in more than 40 locations, including the installation of all components such as cameras and turnstile card reader, and managed the operation in relationship with more than 20 product suppliers. This Unit has implemented and managed the IT systems of Turkey's largest and most critical infrastructure investments, such as Elazığ, Yozgat, Bursa and Adana City Hospitals. In 2021, the Netas Managed Services Unit will focus on maintaining the vision of ensuring the companies focus only on their core business, as Netas manages all their systems in an end-to-end manner, from installation to monitoring, and resolving critical end-user issues. The team, which is agile in developing solutions even for the most exceptional cases, aims to maintain a high-performance uninterrupted service.

Consultancy and Test Services

Netaş Cyber Security Consultancy team work in accordance with the Turkey's regulatin authority such as EPDK, BTK and KVKK. In this sense, projects are developpt to meet the regulations and supervision of the applied security conditions. Testing, monitoring and information are essential in security. In test services, it is aim that detecting vulnerabilities and provide evidence of access to systems.

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With our experienced team, GAP Analysis and Security Tightening Program, KVKK and GDPR Consultancy, Risk and Compliance Management (ISO 27001, PCI / DSS etc.) and Advanced Testing Services (Function, Load, Source Code, DDoS, VoIP, intrusion testing) services can be customized or bundle according to organizations' needs.

Netas Network Operation Center (NOC)

For all companies, managing daily IT operations as well as relationships with multiple services and product suppliers are very difficult and tiring processes. Companies receive all the information and communication technology environment from a reliable service provider, which gives them great productivity. Netas provides privileged and high-quality services to companies according to their specific needs.

Netas Network Operation Center (NOC), provides 24/7 network monitoring and management services to companies to provide the highest quality service by keeping the necessary infrastructure installation and employment costs of staff in the most economical level. In this center, the system and network infrastructures that enable all business data of customers are constantly and centrally monitored. The necessary actions are taken as soon as possible, and a proactive approach is taken to manage network and system infrastructure in terms of business continuity.

GOVERNMENT GRANTS

For the period ended 31 March 2022 the Group has received approved, well deserved and accrued incentive from TÜBİTAK TL 55.448 (31 December 2021: TL7.857.752). The Group is qualified for the incentives and exemptions provided by Support of Research and Development Act, numbered 5746 effective from 24 November 2008.

As of 31 March 2022, the Group has a corporate tax benefit of TL 893.316.438 due to research and development disbursement and this amount has been transferred (As of 31 December 2021, the Group has a corporate tax benefit of TL 877.420.853 due to research and development disbursement and amount is not utilized by the year end). The Group has booked deferred tax assets for unused R&D tax benefit (Note 20). The unused tax advantages of the Group related to research and development activities has unlimited maturity.

For the period ended 31 March 2022, the amount of income tax incentive within the scope of Act numbered 5746 is TL 1.709.564 (31 December 2021: TL 12.921.557) and the total amount of social premium incentive within the scope of Act numbered 5746 and Social Security and General Health Insurance Act numbered 5510 is TL 3.420.564 (31 December 2021: TL 14.557.898).

DONATIONS MADE DURING THE PERIOD

The Group made no donations for the interim period ended March 31, 2022.

REMUNERATION PROVIDED FOR BOD & TOP MANAGEMENT

Top management of the Group comprised of, the members of the management and executive committee, General Managers and Deputy General Managers. For the period ended 31 March 2022, total remuneration for the directors and management board of the Group is TL 3.272.713 (31 March 2021: TL 13.644.642). As of 31 March 2022, and 31 December 2021 there is no credit granted to the Group's Management.

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FINANCIAL PERFORMANCE

1Q 2022 Summary;

- Sales revenues increased by 40% and reached to 687 million TL,
- Consolidated orders booked was 766 million TL with a 96% increase,
- Orders on hand was 2.1 billion TL with 73% growth.

In 1Q22, the Company's orders, orders on hand and sales revenues increased significantly. Orders received almost doubled and reached TL 766 mn while orders booked increased by %73 to TL 2.1 billion level.

In addition to %40 percent annual growth in sales revenues, improvements in the Company's profit margins, both quarterly and annually, were notable over the current period. The Company's gross profit climbed from TL 17 million in 1Q21 to TL 77 million, with a gross margin of 11.2%, up from 3.5 % in the first quarter of previous year.

Furthermore, as a result of the Company's operational expense savings, the ratio of operational expenses to sales reduced from 12% in 1Q21 to 10% in 1Q22, and the EBIT margin returned to positive territory. The Company's EBITDA margin turned positive as well in the current period, reaching 4%, and the Company reported an EBITDA of TL 28 million as of 1Q22.

Financial Highlights

TL Million	1Q 2022	1Q 2021	y/y %
Revenue	687	492	40%
Cost of Sales	(610)	(475)	29%
Gross Profit	77	17	346%
<i>Gross margin %</i>	<i>11%</i>	<i>3%</i>	<i>766</i>
Operating Expenses	(69)	(57)	22%
General Administrative Expenses	(33)	(28)	18%
Sales, Marketing & Distribution Expenses	(35)	(24)	46%
Research & Development Expenses	(2)	(6)	(61%)
Incentives	0	0	(4%)
EBIT	7	(40)	118%
<i>EBIT margin %</i>	<i>1,1%</i>	<i>-8%</i>	<i>914</i>
Depreciation	20	24	(16%)
EBITDA	28	(15)	281%
<i>EBITDA margin %</i>	<i>4,0%</i>	<i>-3,1%</i>	<i>715</i>

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

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

EBITDA= EBIT + Depreciation and Amortization

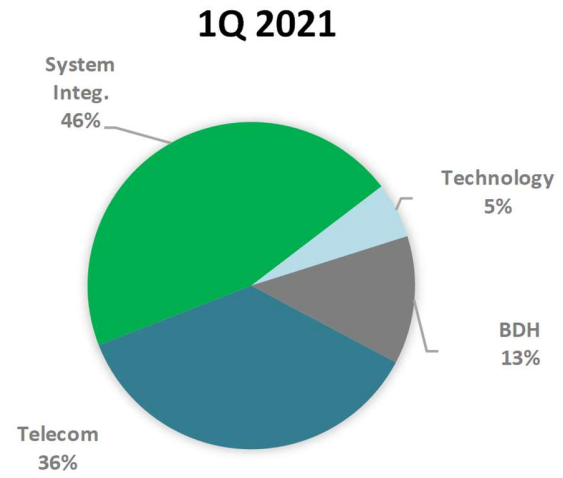
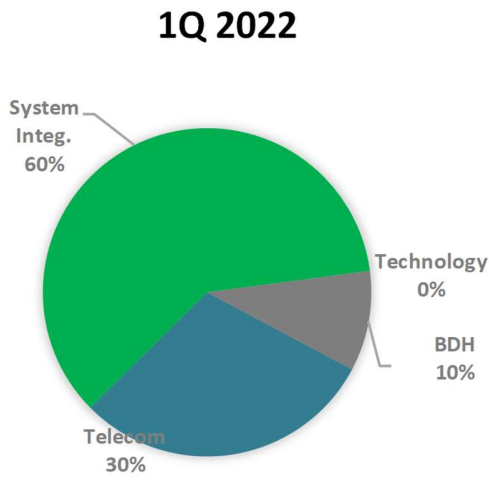
NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2022

Orders & Sales Revenue

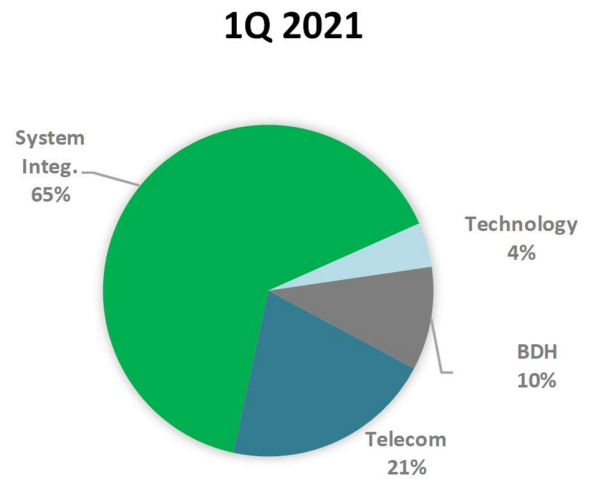
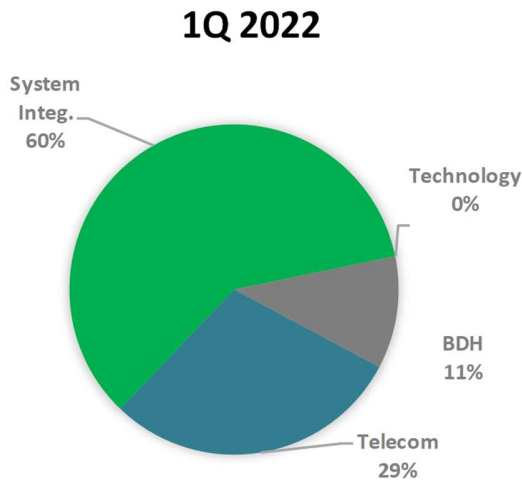
Orders: In 1Q22, TL766 million (US\$ 55 million) orders were received, up 96% from the same period the previous year. The Company's registered orders to be fulfilled in the coming periods increased by 73% to TL 2.1 billion at the end of 1Q22 (USD 148 million).

Sales Revenue: The Group's sales revenues in the first quarter of 2022 increased by 40% compared to the same period of the previous year, reaching TL 687 million from TL 492 million in 1Q21.

Orders Breakdown



Revenues Breakdown



NETAŞ TELEKOMÜNİKASYON A.Ş. INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2022

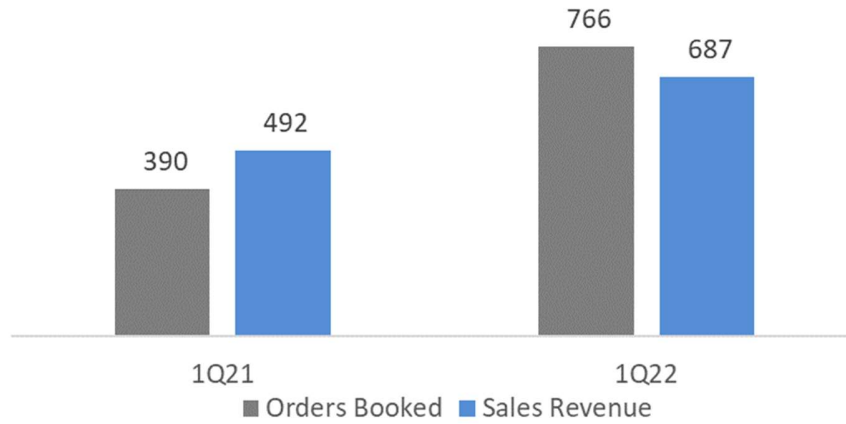
CONSOLIDATED FINANCIAL PERFORMANCE

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

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

The systems integration (SI) segment accounted for 60% of the Company's sales revenues and orders in 1Q22, taking the largest share in both sales and orders received. When the composition of sales in 1Q21 and 1Q22 is compared, the share of the SI segment has decreased from 65% to 60%, however, the largest portion of the Company's sales is still made by SI.

The SI segment was followed by the telecom segment with 29% and 30% share in sales and orders. As a result, the SI and telecom segments accounted for 90% and 89% of the Group's consolidated orders received and sales, respectively.



In addition to the increase in the Company's sales in the first quarter of 2022, the Company displayed a much more positive performance in terms of operations and achieved significant increases in profit margins on a quarterly and annual basis.

Compared to the same period of the previous year, the Company's gross margin increased from 3.5% to 11%, and its EBITDA margin increased from -3% to 4% in 1Q22. Despite the positive development in the Company's gross and operational profit margins, the Company recorded other operating expenses of approximately TL 45 million in the current period, the majority of which consists of foreign exchange expenses.

Despite a better operating performance than in prior quarters, the Company's EBT was lower in 1Q22 due to lack of one-time NETRD's sales profits reflected in 1Q21 and moreover its net financial income in the comparative period of the last year. NETRD sale made a one-time positive effect of TL 35 million in 1Q21 and the net financing income for the 1Q21 was at TL 23.6 million. As a result, the Company's loss before tax for the current period increased from TL 17.433.425 to TL 43.424.558. In the current period, the net loss of the Company was realized as TL 49.424.124.

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SEGMENT BASED FINANCIAL PERFORMANCE

1Q22 (Million TL)	Telecom	System Integration	Technology	BDH	Unallocated	Total
Orders Booked	228,6	461,9	-	75,7	-	766,2
Sales Revenue	201,7	409,4	-	75,7	-	686,8
Cost of Sales	(187,0)	(360,0)	-	(63,0)	(0,1)	(610,1)
Gross Profit	14,7	49,4	-	12,7	(0,1)	76,6
Sales, marketing and distribution expenses	(10,5)	(16,4)	-	(7,8)	-	(34,6)
General administrative expenses	-	-	-	-	(32,6)	(32,6)
Research and development expenses	-	-	-	-	(2,2)	(2,2)
Operating profit/ (loss) of segment	4,2	33,0	-	5,0	(34,9)	7,2
Operating profit margin	2%	8%	-	7%	-	1%

1Q21 (Million TL)	Telecom	System Integration	Technology	BDH	Unallocated	Total
Orders Booked	141,6	177,8	21,4	49,4	-	390,2
Sales Revenue	101,4	319,4	21,4	49,6	-	491,8
Cost of Sales	(97,4)	(313,1)	(22,9)	(41,1)	-	(474,6)
Gross Profit	4,0	6,3	(1,5)	8,5	-	17,2
Sales, marketing and distribution expenses	(6,9)	(10,7)	-	(6,0)	-	(23,7)
General administrative expenses	-	-	-	-	(27,7)	(27,7)
Research and development expenses	-	-	(5,7)	-	-	(5,7)
Operating profit/ (loss) of segment	(3,0)	(4,4)	(7,2)	2,5	(27,7)	(39,8)
Operating profit margin	-3%	-1%	-34%	5%	-	-8%

System Integration

In 1Q22, received orders and sales revenues for the system integration segment increased by 160% and 28%, respectively. While the order amount of the relevant segment was realized as TL 462 million, the system integration segment made up the biggest part of the consolidated sales with its sales revenues of TL 409 million and had a share of 60% in total sales. The gross profitability of the relevant segment was realized as TL 33 million in the relevant period.

Telecom Segment

Volume of the telecom segment is growing with the contribution of projects received with ZTE products. Orders booked of telecom segment increased 61% y-o-y in 1Q22 and reached 229 million TL. Sales revenue of the segment was up by 99% y-o-y and realized as 202 million TL. The share of the telecom segment in total sales was realized as 29%, and the telecom segment took the second largest share in sales after system integration. In current period, the gross profit of the segment was realized as TL 4 million.

BDH

The amount of orders received and sales revenues of BDH increased by 53% y-o-y and realized as 76 million TL. The segment's gross profits were realized as TL 5 mn as of 1Q22.

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DEBT STRUCTURE

Group's cash and cash equivalents was TL 694 million as of end 1Q22.

Net debt of the Group was realized as 508 million TL (34.7 mn USD) as of end 1Q22. The Group's net debt position improved compared to YE21, falling from TL 600,7 million (USD 45 million) to USD 35 million.

(million TL)	Consolidated Total Financial Debt	Cash and Cash Equivalents	Net Debt (TL mn)	Net Debt (US\$ mn)
1Q22	1202,3	694,3	508,0	34,7
YE2021	1142,7	542,0	600,7	45,1

In 1Q22, the Group's total financial debt stood at TL 1.2 bn, 55% of which is in TL, 42% is in US Dollars and the remaining 3% is in Euro. As of March 31, 2022, almost all of the Group's total consolidated financial debt has a maturity less than one year.

1Q 2022	TL mn.	USD mn.
Short Term Financial Debt (Bank Loans)	1202,3	82,1
Long Term Financial Debt (Bank Loans)	0,0	0,0
Total Debt	1202,3	82,1