



KAFEIN YAZILIM HIZMETLERI TICARET A.S.

**JANUARY 01 – SEPTEMBER 30, 2020
ACTIVITY REPORT FOR THE PERIOD BETWEEN**

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ABOUT KAFEIN

Kafein Yazılım Hizmetleri Ticaret A.Ş. (Kafein; the Company) was founded in 2005 to develop software solutions. Having always focused on customer satisfaction, Kafein offers Telecommunication BSS (Business Support System), application development, test / test automation, project management, turnkey software solution, consultancy, outsourcing and managed services as well as data analysis, data mining and data archiving services. Kafein has always maintained its growth since establishment and improved competencies each and every year. Kafein continues operations in strict conformance with quality standards and methodologies. Among the institutions that benefit from the services by Kafein, there are the biggest telecommunication companies, insurance companies, banks, international retail and manufacturing companies of Turkey.



- MISSION

To contribute to the development of the industry by offering high quality services and turnkey solutions and products to corporate firms based on Service Level Agreements (SLAs).

- VISION

To serve as the pioneering service and product provider company in all the telecommunication, energy and financial industries and be the most preferred company among the leaders of such industries.

- TARGET

To grow with clients by adding value to them.

I. GENERAL INFORMATION

a) Reporting Period

This report covers the information of the period between 01.01.2020 and 30.09.2020.

b) Registry Information

Trade Name	Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi
Date of Establishment	26.08.2005 - Istanbul, TURKEY
Paid Capital	TRY 19.750.000
Authorized Registered Capital Stock	TRY 50.000.000 (Fifty Million Turkish Lira)
Trade Registration No.	ISTANBUL - 563336
Tax Office and Number	ESENLER - 487 051 8539
Address	Head Office: Eski Londra Asfaltı Caddesi Ciftehavuzlar Mahallesi Yıldız Teknik Üniversitesi Davutpasa Kampusu C1 Blok Kat: 2 Numara 403 Esenler / Istanbul, Turkey
Telephone / Fax	0212 924 20 30 / 0212 483 70 27
Website	www.kafein.com.tr
Area of Activity	Software Development
NACE Code	62.01.01 (Computer Programming Activities)

c) Area of Activity

Kafein Yazılım Hizmetleri Ticaret A.S. is engaged in software services. The fields of activity of the Company can be analysed under the following five items:

- 1. Managed Services**
- 2. Turnkey Solutions**
- 3. Outsourcing Services**
- 4. Technology & Software Development**
- 5. Software Product (License) Sales**

Kafein carries out all the operational processes according to ISO 9001 quality management system and offers services in compliance with these processes. The Company provides turnkey solutions in insurance, transportation, banking, tertiary and, in particular, telecommunication industries.

1. Managed Services

Managed service is the management of a part of the IT system of a company on behalf of a client and rendering it as a service. All or a part of software development, analysis, test and operation services can be considered as managed services. Managed services also include personnel supply, employment and management. The difference between personnel supply under managed services and standard employment is;

Outsourcing	Managed Services
Personnel selection is made by the client.	Personnel selection is made by the supplier company.
Performance review is made by the client.	Performance review is made by the supplier company.
The number of personnel is defined by the client.	The number of personnel is defined mutually; the goal is to render services.
A mixed team is established for the same purpose and goal.	The team consists of a single company.
Fund of knowledge is transmitted in a limited way.	Fund of knowledge is created within the company.
Payment is made according to the days of work by personnel.	Payment is made according to rendered service.

Kafein offers managed services and assigns a team for software development, analysis, test and operation in accordance with a Service Level Agreement (SLA) to be concluded with the client. The quality of these services is measured with the comparison of key performance indicators mutually defined by the parties.

This approach attributes the cost of works and personnel to Kafein. Therefore, it serves not only as an approach to reduce management costs but also as a competitive element that improves performance and efficiency.

Thanks to the knowledge and experience acquired with managed services, Kafein has become one of the key suppliers according to the clients. This ensures longer terms of business and agreements for Kafein.

2. Turnkey Solutions

Kafein offers turnkey solutions tailored for the needs of clients. These solutions are implemented by a project team specially established for the purpose. With turnkey solutions, software development and integration requests are completed and offered for use within a particular time as defined by clients. These activities are performed with a certain discipline and method by a special team. With these projects, Kafein offers the softwares developed by

the Company or business partners to the clients of telecommunication, service, insurance and transportation industries, in particular.

In this sense, Kafein implements the project management methodologies that are accepted as the industrial standards. These methodologies are identified with the consideration of the complexity and size of projects, the profile and structure of clients, and the parameters to be regarded for project team. Similarly, project managers use various project management tools throughout the projects.

In general, a project management process consists of the following stages:

- Identification and analysis of client needs - Scope Analysis
- System analysis and design
- Solution development or adaptation, integration
- Tests
- Commissioning
- Formation and maintenance of operation and maintenance processes
- Project closing, lessons learned and process evaluation
- Observation process

3. Outsourcing Services

Kafein employs and assigns personnel according to the knowledge and experience levels required by clients. The personnel assigned to render services are selected by clients from among the proposed candidates. In this service, client is the party responsible for the management of a dedicated Kafein team and also undertakes the risk for the quality and completion of works

4. Technology & Software Development

Kafein evaluates client needs and technological developments and continues R&D activities in technology and product development areas. In this regard, the Company evaluates the support and incentives by TUBITAK, KOSGEB and similar other institutions, and aims to contribute to the national software vision of Turkey.

The developed products and technologies do not only meet the demands of the national market but are also intended for export. Kafein attaches great importance to the following 4 areas;

- Internet of things
- Big data analysis
- Mobile Applications
- Security

6. Software Product (License) Sales

Recently, Kafein has been engaged in license sales in Turkey as the business partner of many international software and technology companies such as Callidus Software Inc, Micro Focus (Former HP Software), IBM Global Services and SAS Middle East FZ-LLC. Having initiated license sales in Turkey by collaborating with the leading companies of the relevant industries, the Company desires to expand operations towards Central Asia, Middle East and Africa.

INNOVATIVE PRODUCTS AND SOLUTIONS

Robotic Process Automation

Robotic Process Automation refers to automatic processes and operations realized by employees through software robots. Robotic Process Automation reduces the errors in operations, enhances service quality and ensures cost and time saving for manual and repetitive procedures.

Who Can Benefit?

- Finance and Banking Industry • Telecommunication Industry
- Production Industry • Financial Affairs Departments • Invoicing and reporting departments
- Human Resources departments
- The departments of all institutions with repetitive procedures



End-to-end Solution for Personal Data Protection

End-to-end Solution for Personal Data Protection ensures sensitive data detection, accurate configuration, efficient processing and storing in compliance with Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR).

Who Can Benefit?

- Finance and Banking Industries
- Telecommunication Industry
- Insurance Industry • Retail Industry • Health Industry
- All the institutions and organizations that collect, process, share and store data



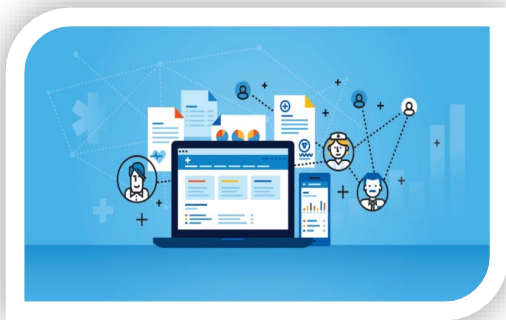


Smart Sentiment Analysis

Smart Sentiment Analysis enables the recognition, comprehension and classification of visitor sentiments with the immediate analysis of real-time images. Smart Sentiment Analysis makes it possible for institutions to understand their customers and offer the correct service.

Who Can Benefit?

- Retail Industry
- Health Industry
- Tertiary Industry
- Telecommunication Industry
- Finance and Banking Industry
- Public and private enterprises offering face-to-face service to customers



Insurance Management System

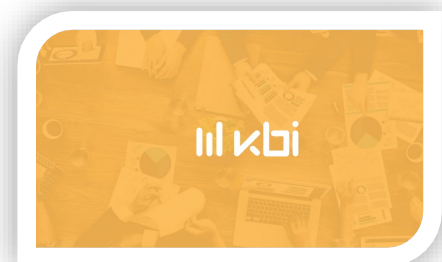
Enabling efficient insurance inventory and policy tracking, Insurance Management System also facilitates premium management and allows tracking with monthly reports.

Who Can Benefit?

- Human resources departments
- Insurance companies
- Institutions that necessarily offer insurance to their customers
- All the institutions that use an insurance inventory and manage premiums regardless of the industry

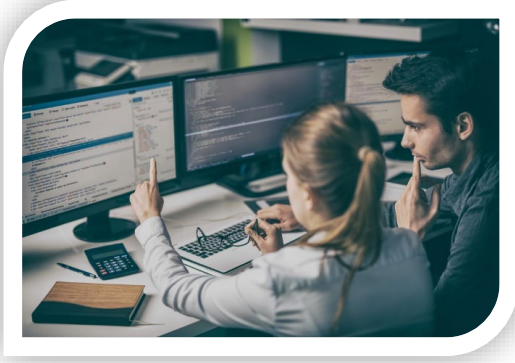
K-BI

K-BI is a business intelligence platform with which companies can automatically do performance analyses and reporting according to their needs. K-BI allows live data and 3D data visualization by creating graphics and comparisons.



Who Can Benefit?

- Finance and Banking Industries
- Production Industry
- Sales and marketing departments
- Finance and financial affairs departments
- All the institutions that desire to manage reporting and analysis processes from a single platform



K-Award

K-Award is an awarding system which uses a scoring method to measure the performance and in-house activities of employees. K-Award is integrated into the human resources system of companies and is based on the principles of playing.

Who Can Benefit?

- Production Industry
- Finance, Banking and Insurance Industries
- Retail Industry
- Health Industry
- All the institutions that desire to motivate employees

The Smart Platform Supporting the Treatment and Follow-up of Parkinson's disease

As part of “the Big Data Mining Applications for Health Data”, TUBITAK granted a project support on 21.01.2020. The project support covers the activities until 31.12.2020. The purpose of this project is to offer an analytical solution to support the remote follow-up of the treatment processes of Parkinson's disease which is a chronic disease. Supported with data mining, image processing and artificial intelligence, the target is to develop a mobile platform which can be used by patients, relatives and physicians.

d) Capital and Partnership Structure

The issued capital of Kafein Yazilim Hizmetleri Ticaret A.S. consists of 19.750.000 shares with TRY 1.00 as the nominal value of each share.

By 30.09.2020, the distribution of the issued capital of Kafein among the partners is as follows:

Partners	Group A	Group B	Group C	Total Capital Amount (TRY)	Capital Share (%)	Voting Right (%)
Ali Cem Kalyoncu	183.333	183.333	4.571.716	4.938.382	25.00	40.48
Public			14.811.618	14.811.618	75.00	59.52
TOTAL	183.333	183.333	19.383.334	19.750.000	100.00	100.00

e) Privileged Shares and Explanations for the Voting Rights of Such Shares

As specified under article 7 of the Articles of Association, the shares of the Company are classified under three groups as Group (A), (B) and (C) shares. Group (A) and (B) shares are registered shares and represent the special rights and privileges defined in the Articles of Association. Group (C) shares are bearer shares and are not furnished with special rights and privileges.

During a capital increase, Group (A), (B) and (C) shares will be issued in proportion to the amount of Group (A), (B) and (C) shares, respectively, to represent the increased capital. In case of a capital increase where new shares are restricted, only Group C shares will be issued.

According to article 9 of the Articles of Association, 2 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 6 or 7 members. Similarly, 3 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 8 members.

One among the Group A shareholders or a person assigned by them takes office as the Chairman of the Board while one among the Group B shareholders or a person assigned by them serves as the Vice Chairman of the Board.

As specified in article 15 of the Articles of Association, each and every Group A and B shareholder has 15 (fifteen) voting rights except for board member elections while each and every Group C shareholder has 1 (one) voting right in the ordinary and extraordinary general assembly meetings.

II. INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Information about the Board of Directors, Senior Management and Personnel

Board of Directors

Full Name	Role	Current External Assignments
Ali Cem Kalyoncu	Board Chairman	Netsite Iletisim ve Elektronik Sistemleri San. Ve Tic. A.S. Managing Partner Smartiks Yazilim A.S. Vice Chairman Intranet Yazilim A.S. Board Chairman KTEC Yazilim Teknolojileri Yatirim A.S. Vice Chairman Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Chairman
Neval Onen	Vice Chairwoman	Intranet Yazilim A.S. Board Member Smartiks Yazilim A.S. Board Member Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Member
Hatice Sevim Oral	Board Member	-
Kenan Subekci	Board Member	Birlik Insaat Otomotiv ve Bilisim Hizm. Controlling Shareholder
Ibrahim Semih Arslanoglu	Independent Board Member	Smartiks Yazilim A.S. Independent Board Member
Yuce Erim	Independent Board Member	Angular Velocity OY Board Member and Partner, Smartiks Yazilim A.S. Independent Board Member

Ali Cem Kalyoncu (Board Chairman - Director General)

Ali Cem Kalyoncu was born in 1960 and is an alumnus of the Electronics Engineering department, Istanbul Technical University. Later, he got his master's degree from the Autocontrol and Computers department Istanbul Technical University Institute of Science. As part of his professional career, he took office in Nixdorf A.S. as a Service Engineer, Digital Equipment Turkiye A.S. as Service Manager, and Datapro A.S. as a Director General and Managing Partner. Ali Cem Kalyoncu holds office as the Board Chairman and Director General of Kafein Yazilim Hizmetleri Ticaret A.S.

Neval Onen (Vice Chairwoman of the Board - HR & Administrative Affairs Manager)

In 1989, Neval Onen started her professional career as a part-time sales representative in Danisman Bilgisayar. Later, she also served as an Administrative Affairs Officer under the same company. In 1994, she was employed by 4K Bilgi Islem as a Sales Representative where, in 1997, she held office in the Oem Department as the Sales Manager. In 2000, she started to serve as the IT Sales Manager in Genpa. Subsequently, she started to work under the project sales department of Datapro A.S. in 2002. In 2003, she was assigned by Datapro as the Sales and Customer Services Manager responsible for the relations with IBM, Fujitsu Siemens, Kodak, Oki, Epso and HP companies. She holds office under Kafein Yazilim Hizmetleri Ticaret A.S. since 2008, and currently serves as the Vice Chairwoman and HR & Administrative Affairs Manager of the Company.

Hatice Sevim Oral (Board Member - Accounting Manager)

Hatice Sevim Oral was born on 22.12.1964, in Malatya. She graduated from Malatya Trade Vocational School in 1981, School of Economics and Administrative Sciences of Inonu University in 1982 and Business Administration Department (Open Education Faculty) of Anadolu University in 2019. She served as a Chief Accountant under Onur air - TK Air between 1992 and 1994; Financial Affairs Manager under Akdeniz Airlines between 1995 and 1996; Internal Auditor under Cenajans Grey Reklamcilik A.S. between 1997 and 1999; Specialist Accountant under the Banks Association of Turkey between 1999 and 2002; and Assistant Accounting Manager under Datapro A.S. Between 2005 and 2008. Since 2008, she holds office as the Accounting Manager of Kafein Yazilim Hizmetleri Ticaret A.S.

Kenan Subekci (Board Member - IT, Administrative Affairs and Purchasing Manager)

Kenan Subekci was born in 1979. Subekci graduated from the Department of Electrics of Abant Izzet Baysal University and the Department of Labour Economics and Industrial Relations of Anadolu University. He took office in Datapro A.S. as a Broad Service Officer, and in Probil A.S. as a Team Leader and Project Officer. Kenan Subekci currently holds office as the Board Member and IT, Administrative Affairs and Purchasing Manager of Kafein Yazilim Hizmetleri Ticaret A.S

Yuce Erim (Independent Board Member)

Having graduated from the Department of Mechanical Engineering of METU in 1984, Yuce Erim worked as a research assistant in the same university until 1986. Following his military service, Erim decided to work in the sales industry until 1987 and, during his 30 years of professional career, worked in NCR, Digital Equipment Corporation, Compaq Computer, Sun Microsystems and Software AG companies, respectively, as Sales Manager, Regional Manager, Director and Director General. The also played various other regional roles. Lastly, he held office under Oracle as the Regional Manager of Business Applications responsible for the Central Asia. He also improved himself as a professional Coach. In this sense, Yuce Erim completed the ICF ACTP Professional Coaching Certification (Management Coaching) in Flow Coaching International and acquired the titles FCPC (Flow Certified Professional Coach) and ACP, respectively.

Ibrahim Semih Arslanoglu (Independent Board Member)

Ibrahim Semih Arslanoglu was born in Adapazari in 1948. Arslanoglu currently holds office in mSolve Partners Turkey as a managing director and in Istanbul ISA Danismanlik as a manager. He previously acted as a manager in Intel, TeleMedia Grup, Digital Equipment Corporation USA, AT&T Capital Corporation and SeaChange International. Arslanoglu gave lectures on International Business ve Marketing and Computer Sciences for seven years in Boston University's Metropolitan College and got his master's degree from California State University after graduating from the department of "International Marketing and Computer Sciences".

Senior Management

The senior management of the Company consists of the Chairman of the Board, Board members and other managers acting as directors general.

Senior Management Staff	Title
Ali Cem Kalyoncu	Chairman of the Board; General Manager
Neval Onen	Vice Chairwoman of the Board; HR and Administrative Affairs Manager
Kenan Subekci	Member of the Board; IT, Administrative Affairs and Purchase Manager
Hatice Sevim Oral	Member of the Board; Accounting Manager
Yuce Erim	Independent Board Member
Ibrahim Semih Arslanoglu	Independent Board Member
Ozlem Tibet	Sales Manager
Ilker Kinaci	Sales Manager
Tugrul Gokcen	Sales Manager

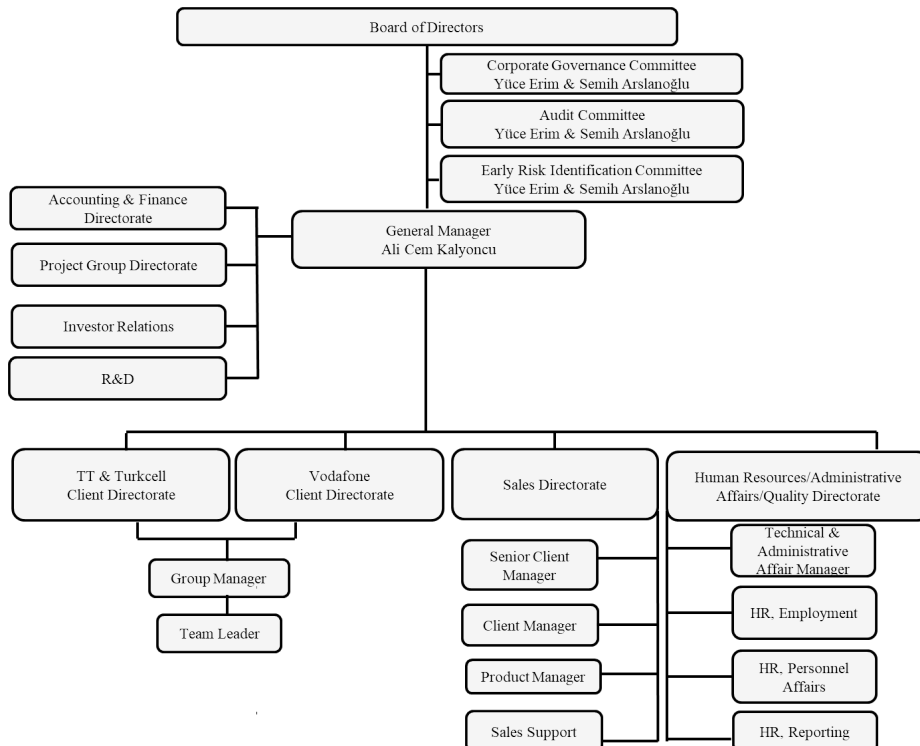
Personnel

On 30.09.2020, the Company employs a total of 607 employees. (December 31, 2019: 551)

a) The Rights and Benefits Provided to the Board of Directors and Senior Management

For the period ending on 30.09.2020, the total amount of the attendance fee and similar other benefits granted to the board chairman, board members and senior management is TRY 2.180.004.

b) Management and Administrative Structure



III. INFORMATION ABOUT THE OPERATIONS

a) Information about the Financial Condition (Summary)

The Company achieved TRY 13.313.167 period profit on 30.09.2020. Of this amount, TRY 11.057.061 belongs the Share of Main Partnership while TRY 2.256.106 belongs to the Non-Controlling Shares.

The total assets of Kafein are equal to TRY 238.191.764 as of 30.09.2020. The Equity Attributable to Parent Company corresponds to TRY 131.339.848 while the same of the Non-Controlling Shares is equal to TRY 60.821.828.

As of 30.09.2020, the sales revenue is TRY 113.381.663 while the same was TRY 87.160.024 for 30.09.2019.

b) Information about the Buy-Backed Shares

The Company has not acquired any share of its own.

c) Information about Private and Public Audits

The internal control system and internal audit activities of the Company is regularly checked and carried out by Finans Denetim Yeminli Mali Musavirlik A.S.

In the Ordinary General Assembly Meeting held on 01.06.2020, Kavram Bagimsiz Denetim ve Danismanlik A.S. was assigned as the Independent Auditor to perform the audit and other relevant procedures on the financial year of 2020 in accordance with Turkish Code of Commerce, Capital Markets Regulation and other relevant regulations.

d) Information about the On-going Legal Procedures

Currently, there is no initiated or pending case which may affect the financial condition or the activities of the Company.

e) Sanctions Imposed under the Regulations

Currently, there is no administrative or judicial sanction imposed on the Company or the Board members due to illegal procedures.

f) Donations and Grants

There is no donation or grant given between 01.01.2020 and 30.09.2020.

g) Information about the Group Involving the Company

The Company is not a part of an association of companies.

h) Information about the Affiliates and Subsidiaries

Smartiks Yazilim A.S.

Smartiks was established in 2006 to offer efficient business solutions to clients using high-tech components and to render software development and consultancy services with the specialized team. In general, Smartiks produces corporate softwares so as to meet the software requirements of institutions arising out of their special needs. The contents and scope of these softwares are tailored for the internal processes and requirements of clients. Smartiks also offers Data Warehouse, Data Integration, Data Quality and Consolidation and Dashboard services as well as a modern and optimized data management infrastructure which is consistent with analytical reports and score cards. The clients of Smartiks include the leading Turkish banks, computer companies, public institutions and international information technology companies.

Intranet Yazilim A.S.

On June 13, 2017, Intranet Yazilim A.S. was established by Kafein Yazilim Hizmetleri Ticaret A.S. The company was registered on the same date. The main fields of activity of Intranet Yazilim A.S. include research and consultancy services as regards to quality management, information technology and system integration; product and service design, development, manufacture and assembly in any field of computer industry and information technologies; consultancy in information technologies and similar other subjects and projects; and project management and control.

KTEC Yazilim Teknolojileri Yatirim A.S.

KTEC Yazilim Teknolojileri Yatirim A.S. was founded on 17.12.2018 by Kafein Yazilim Hizmetleri Ticaret A.S. and registered on the same date. The fields of activity of KTEC Yazilim Teknolojileri Yatirim A.S. include the performance of any and all online commercial activities such as e-commerce; and create, establish, process, grant the use of and trade any and all technological infrastructure (such as websites and other platforms) which ensure the environment for e-commerce.

i) Amendments to the Articles of Association within the Period

There are no amendments to the Articles of Association within the period.

IV. RESEARCH AND DEVELOPMENT ACTIVITIES

Carried out at the Technology Development Zone of Yildiz Technical University between 01.01.2020 and 30.09.2020, the projects conducted by Kafein as part of R&D works are as follows:

Project Name	Date of Commencement	Date of Completion	Project Summary/ Purpose
Telco Online Processing Centre, Phase III	02.06.2020	02.06.2022	The project aims to carry out the authentication, session management, asset management and similar other processes of the web applications of the online processing centres of telecommunication companies from a single centre by protecting and integrating Legacy systems with a secure system
Personal data protection law	4.12.2019	04.12.2021	The project covers all the technological procedures which are necessary for compliance with Personal Data Protection Law (KVKK), which is a version of GDPR (General Data Protection Law) of EU harmonized according to the conditions in Turkey. Client ensures full compliance with the Personal Data Protection Law at the end of the project.
Digitalization Infrastructure Project for Telecommunication Companies	18.07.2020	18.07.2022	The project aims to ensure consistency among all the data on SMS, Online, IVR, mobile and similar other channels which are created by telecommunication companies in order to render better service, and to create a common infrastructure so as to ensure consistent client experience.
Telco Generic Campaign Mechanism Project	3.9.2018	30.09.2020	The project refers to the automation of campaign definition and management using completely generic (configured) screens. The project aims to visualize campaign stream configurations so as to ensure that they can be comprehended by all the stakeholders.
Telco Transformation Project, Phase II	13.12.2019	13.12.2021	The project helps to create a play lists on the Mobile Music Application of the client according to the music played or streams listened to by end-users.
Telco Siebel Sales Force Module Replacement	1.10.2018	01.10.2020	The project aims to automatize the communication between the sales team management system and team leaders/managers and their sales personnel and, thus, to create a more efficient and affordable solution.
Smart Assistant	16.03.2020	16.03.2022	The project aims to use artificial intelligence in order to ensure the understanding of customer needs and appropriate response to such needs with a customer-based approach. The areas using smart assistant include reminder services, audible reading of messages, location services, voice calls and message writing processes.
Kafein Sentiment Analysis Project	13.07.2020	15.07.2022	The project aims to identify and categorize the sentiments expressed with facial mimics. For the algorithm to enable such categorization, we plan to use Convolutional neural network (CNN). Image processing parameters can comprehend and interpret data as designed beforehand. Using databases including various faces, the algorithm comprehends and analyses human sentiments by categorizing the shots received from video images.

Test Media Optimization	1.1.2019	01.01.2021	The project intends to prepare automatic scripts by making Unix and DB optimizations so as to ensure stable and uninterrupted operation of test media. The alarm systems in the project will refer possible issues to relevant teams using an early warning system. The project will also ensure automatic case opening thanks to the integration of tools tested with the alarm system.
Genesis ADM, Phase I	21.1.2019	21.01.2021	The project plans transition from on-premise systems to systems managed on cloud as part of the completion of new development requests and the transition to micro service infrastructure.
New Generation E-Commerce Platform Software Project	3.07.2020	3.07.2022	The project aims to develop the model which will ensure the best shopping experience according to the information collected from customers and products.
Marketing Solutions Modules Project	14.09.2020	20.09.2022	It is aimed to improve the harmonized infrastructure within ICT and Marketing Solutions Portfolio of Telco customers, and to reduce the workload of the customer's teams by decreasing the received bug number within the customer and to make the modules more stable.
Robotic Process Design	1.6.2019	01.12.2020	The project refers to the design and coding of all the procedures in Windows operated systems using RPA (Robotic Process Automation) technology. This project plans to minimize human errors in various procedures, finalize processes within a shorter time with robots and ensure continuous process standards.
Telco 1.5L Digitalization Automation Project	1.6.2019	01.12.2020	The project aims to perform Level 1.5 automation procedures with robotic processes without human intervention using Artificial Intelligence Integrations and UiPath tool. Human-free processing with robotic processes targets to reduce error margins, ensure saving on time and resources, allow faster standardization and realization of corporate processes, and, thus, improve efficiency.
Virtual Card Project	31.7.2019	31.01.2021	The virtual card project aims to ensure cost saving for customers and adopt an environment-friendly approach by saving on envelopes, plastic covers, documents and cargo packaging which are used in the issuance and delivery of physical cards. The project will also end delivery costs and various error processes such as delays and losses due to cargo delivery. Furthermore, virtual card ensures easy, fast and secure payment, customer satisfaction, previous period checks, earn cash-back points, shorten payment time, and saving on costs and labour due to physical POS error processes.
Telco Network Monitor Project	3.10.2019	03.04.2021	In order to prevent potential delays and damages which may arise due to human error especially as regards to Network, the project aims to track the network devices of customers and keep statistics with a system. In this regard, the project plans to take immediate and real-time actions against malfunctions, completely remove human error and improve efficiency. In consequence of the project, we expect a better workflow, zero error, increased satisfaction and decreased costs.

Digital Sales Automation Platform	12.12.2019	12.12.2021	The project aims to provide efficiency in sales operations by ensuring instantaneous field monitoring and customer visit route planning and direction with the use of IOT-supported systems. Present customer visits and customer needs and purchases will be stored at “Data Warehouse” systems, and potential new sales offers will be created and the field will be supported with data using the models in the Big Data.
Dealer Management System Project	18.05.2020	18.05.2022	The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency.
Collection Risk System Project	10.06.2020	10.06.2022	The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency. Furthermore, the project aims to re-develop former systems with new technologies.
Interface Project	10.06.2020	10.06.2022	The project intends to improve monthly sales figures by renewing customers’ cart and purchase screens on the website. Besides, the project ensures that customers are directed to desired subjects by using a webchat supported with artificial intelligence. This allows less labor and time for the call center.

V. FINANCIAL INFORMATION

a) Information about the Financial Condition and Operations

On 30.09.2020, the total assets of Kafein are equal to TRY 238.191.764 while total equities correspond to TRY 192.161.676.

b) Financial Information Summary

BALANCE SHEET (TRY)	30.09.2020
Current Assets	162.088.733
Cash and Cash Equivalents	96.716.368
Trade Receivables	39.579.905
Non - Current Assets	76.103.031
Total Assets	238.191.764
Short-Term Liabilities	30.752.429
Long-Term Liabilities	15.277.659
Equity Attributable to Parent Company	131.339.848
Equity Attributable to Non-Controlling Shares	60.821.828
Total Liabilities	238.191.764

INCOME STATEMENT (TRY)	30.09.2020
Sales Revenue	113.381.663
Gross Profit	32.609.370
Main Operation Profit	11.662.588
Other Operating Income	4.025.776
Other Operating Expense	(3.800.615)
Continuing Operating Profit (or Loss) before Financial Income/Expense	11.905.018
Financial Income/(Expense)	4.685.904
Net Profit for the Period	11.057.061

c) Information about Dividends

During the Ordinary General Assembly Meeting held on 01.06.2020, it was agreed to distribute a total of TRY 1.000.000 of gross dividend among the partners according to the proportion of their shares after the allocation of the amounts to be assigned/paid from the profit of 2019 under the laws and the articles of association. It was also agreed to identify the starting date of dividend distribution as 08.06.2020.

VI. RISKS AND EVALUATION BY THE BOARD OF DIRECTORS

The risks with possible effects to the Company and the financial investments are as follows:

a) Industrial Risks

- There are certain legal regulations and restrictions which Kafein should comply with. Kafein is a company engaged in software industry. The Turkish government grants certain privileges to the industry. However, these privileges may be removed in time, and the privileges granted to Kafein may decrease or completely disappear.
- The activities of Kafein may be subject to the effects of economic inconsistency. There may be political and/or economic inconsistencies in Turkey and the world. Kafein and the industry may be affected negatively and have retarded activities.

b) Operational Risks

- Kafein ensures sales revenue mainly from only a single industry. Although Kafein carries out sales transactions electronic communication companies for more than 10 years, the Company is still subject to the risk of sectorial condensation. Certain issues which may arise in the electronic communication industry may affect Kafein negatively.
- The bidding stage of tenders and the commencement periods of undertaken projects may exceed prescribed times. In general, Kafein makes sales revenue by winning tenders and making project offers to clients. In case of extended bidding stage or longer project periods due to uncontrollable reasons may create a negative impact on the expected profitability of Kafein.
- There may be delays in tender and project preparation and implementation processes: Material errors during the preparation or price and specification evaluation processes of the tenders wherein Kafein ensures participation may lead to a failure in timely performance and/or decrease in profitability from a project.
- There may also be risks due to the location of the head office: The head and the R&D offices of Kafein are situated in the Technopark of Yildiz Technical University which takes place in Esenler, Istanbul. The activities of Kafein may be affected in case authorized bodies decide to move the Technopark or amend the relevant regulation.
- The operations of the softwares and business support systems developed by the Company fail. The operations of the softwares and business support systems developed by Kafein may fail. The Company's personnel may need to put effort for long periods so as to remove these failures.

c) Other Risks

Apart from the foregoing, the Company may be subject to various financial risks due to the activities. These are credit risk, liquidity risk and interest rate risk.

Credit Risk: Credit risk becomes a question when the other party cannot perform its contractual liabilities. By 30.09.2020, the Company's short-term receivables from non-affiliated parties are TRY 68.699 while trade receivables are TRY 39.578.527.

Liquidity Risk: Liquidity risk refers to the risk of failure to perform funding liabilities and arises from various reasons that lead to a decrease in fund sources such as undesired market conditions and/or decrease in credit score. By 30.09.2020, the Company’s short and long term liabilities are TRY 30.752.429 and TRY 15.277.659, respectively, which correspond to TRY 46.030.088 in total.

Exchange Risk: Exchange risk is the effect of the changes in exchange rates. The Company is not under serious exchange risk since it has USD 1.386.898, EUR 1.045.029, CHF 205.151, GBP 101, and 1.317.152 other currencies (equal to TRY 24.903.152 in total).

Interest Rate Risk: Interest rate risk may occur when the changes in the interest rates of the market cause fluctuation in the price of financial instruments. Sensitivity to interest rate risk is associated with the inconsistency of the maturities of assets and liabilities to a great extent. The Company manages this risk with a natural measure which is ensured by balancing sensitive assets and liabilities. By 30.09.2020, the Company has TRY 96.716.368 cash and cash equivalents which are subject to interest risk.



d) Risk Management

The Company is under industrial condensation risk. Apart from that, the Company risk management plan focuses on the minimization of the negative effects of the uncertainties in financial markets on the Company’s financial performance.

VII. DEVELOPMENTS WITHIN AND FOLLOWING THE PERIOD

- On 11.02.2020, an Application Development Service Undertaking Contract had been concluded between Kafein and IBM Global Services Is ve Teknoloji Hizm. ve Tic. Ltd. Sti. which was to take effect until 30.06.2020.
- On 21.01.2020, TUBITAK served a project support letter for the project titled “The Smart Platform Supporting the Treatment and Follow-up of Parkinson’s Disease”. The project support covers the activities until 31.12.2020.
- On 24.02.2020, an agreement was concluded between Kafein and Turk Hava Yollari Teknik A.S. on “Software, Test and Analyst Outsourcing Services”.
- On 25.02.2020, a contract was signed between Kafein and a third party on “Test Support Outsourcing”. The total price of this contract is TRY 4,422,000.

- The Company became the data management partner of TIBCO Software Inc in January 2020 and the automatic automation partner of CA Technologies on 06.04.2020. Thus, Kafein became a data-centred system integrator thanks to the partnerships with SAS, TIBCO and CA Technologies.
- On 20.03.2020, the Company became the Gold Partner of UI Path, a company previously collaborated as regards to robotic process automation.
- On 26.03.2020, the Company won the “Data Analytics Centre of Excellence” tender of the Turkish Ministry of Commerce with a bid of TRY 13,800,000. The project is scheduled to last for 2 years and intends to make business intelligence (BI) analysis and offer solutions according to business analytics scenarios using various technologies (such as artificial intelligence and machine learning) in order to improve the maturity level of data analytics.
- On 03.04.2020, the Company concluded the contract on “Software Development and the Development of the Website of the Retirement and Provident Funds” with Turkey Garanti Bankasi A.S. which would expire on 01.08.2020.
- On 07.04.2020, the Company concluded the contract on “Data Discovery and GDPR (General Data Protection Regulation) Harmonization Project” with Tanı Pazarlama ve İletişim Hizmetleri A.Ş.
- On 13.04.2020, the Company concluded the contract on “Personnel Selection and Placement” which includes services of creating a personnel profile, creating a database and sharing the evaluation results with Sekerbank T.A.Ş for 1 year.
- On 30.04.2020, the Company and Sodexo Avantaj ve Odullendirme Hizmetleri A.S. signed a service agreement for product integration which will expire on 30.04.2021. The agreement is subject to compliance with Personal Data Protection Law and serves to Techsis Bilisim Hizm. San. ve Tic. Ltd., the end-user.
- On 30.04.2020, the Company concluded the contract on “GDPR (General Data Protection Regulation) Project” with NN Hayat ve Emeklilik A.Ş.
- During the meeting of the General Assembly on 01.06.2020, the Company accepted the proposal by the board of directors as regards to profit distribution. The General Assembly then agreed initiate the distribution of TRY 1,000,000 gross dividend on 08.06.2020.
- During the Ordinary General Assembly held on 01.06.2020, the Company decided to assign Kavram Bagimsiz Denetim ve Danismanlik A.S. for the auditing of the 2020 financial statements.
- On 01.06.2020, the company signed “Wipro’s Workforce Management Partner Agreement” with Value Leaf Bilgi İşlem ve Proje Yönetim Danışmanlığı Ltd. in order to provide outsourcing to Indian based Wipro Technologies.
- Our Company signed an contract on GDPR (General Data Protection Regulation) Implementation with Garanti Bankasi A.S. to take effect until 01.06.2020.

- The Company signed a personnel service agreement with Eureko Sigorta A.S. as regards to engineering, consultancy and software development. The agreement will take effect between 15.06.2020 and 15.06.2021.
- The Company concluded a “Marketing Solutions Module Development and Test Services Contract” with a telecommunication company which will take effect between 31.12.2019 and 31.12.2022.
- The Company concluded a “Dealer Management System Service Improvements” with a telecommunication company which will take effect between 01.04.2020 and 01.04.2021.
- The Company concluded an agreement with a telecommunication company which will take effect between 01.03.2020 and 01.03.2021. The subject of the agreement is rendering analysis, improvement, test and maintenance services as regards to the works required for Collection Risk applications.
- Titled “Service Contract for the Future of Academy Project”, the company signed a contract with a telecommunication company to take effect between 01.05.2020 and 01.05.2021.
- Titled “Development of User Interfaces”, the company signed a contract with a telecommunication company to take effect between 01.06.2020 and 01.06.2021.
- On 18.08.20 Titled “Additional Service Contract for the Developments of GO Application” which includes of providing services within the scope of the developments to be made in the applications of the screens used in the dealers and call center of the customer, the company signed with a telecommunication company to take effect between 15.08.2020 and 15.08.2021
- On 27.08.20, According to the ICT 500 Research conducted by BT Newspaper, Kafein is ranked #3 in Consultancy Category underneath the main category of Turkey Centred Main Producers among 500 IT Companies.
- On 27.08.20, within the scope of General Data Protection Regulation, “Data Governance Solutions Technical Consultancy Project” is signed with Ireland FTL Group Technologies to take effect between 31.08.2020 and 30.10.2020. The Purchase Order amount received for the first phase of the project is 22.400 Euro.
- On 27.08.20, the company signed a work order for Managed Services with a telecommunication company to take effect between 01.01.2020- 31.12.2020.
- On 01.09.2020, Titled "Data Discovery in Structured Environments and Maintenance, Support, and Consultancy of Management Software”, the company signed a contract within the scope of the GDPR (General Data Protection Regulation) project for 3 years.

- On 04.09.2020, the company concluded the contract on “Providing software development, unit testing, test finding solving, commissioning and maintenance services in the customer's Mainframe transformation projects” with Garanti Emeklilik ve Hayat A.Ş. which would expire on 31.12.2020.
- Company signed a Consultancy Agreement on RPA (Robotic Process Automation) with Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. for 1 year.
- In accordance with the article 4.2.8 of Principles of Corporate Governance; Executive Liability Insurance policy is extended with a validity from 03/09/2020 to 03/09/2021 with the total liability amount of USD 3.000.000 in 21.09.2020
- On 13.10.2020, our company signed Master Partner Agreement and Reseller Agreement with California based Couchbase Inc.
- In the Board of Directors' meeting held on 16.10.2020, It has been decided to open a branch at the address of “ Aşağı Öveçler Mah. 1309. Cad. No: 5/4 Çankaya Ankara” in order to extend our business operations.
- On 27.10.20, our company became the signatory of the UN Global Compact, which is based on ten principles in human rights, labour standards, environment and anti-corruption, stands out as the world's largest corporate sustainability initiative.

VIII. OTHER ISSUES

N/A