



# **KAFEIN YAZILIM HİZMETLERİ TİCARET A.Ş.**

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**JANUARY 01 – DECEMBER 31, 2020  
ACTIVITY REPORT FOR THE PERIOD BETWEEN**

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## **I. GENERAL INFORMATION**

### **a) 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.

## b) Reporting Period

This report covers the information of the period between 01.01.2020 and 31.12.2020.

## c) Registry Information

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

## d) Area of Activity

Kafein Yazılım Hizmetleri Ticaret A.Ş. 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**
- 6. Innovative Products and Services**

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;

<b>Outsourcing</b>	<b>Managed Services</b>
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. Turn-Key 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

## **5. 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.

## **6. 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**

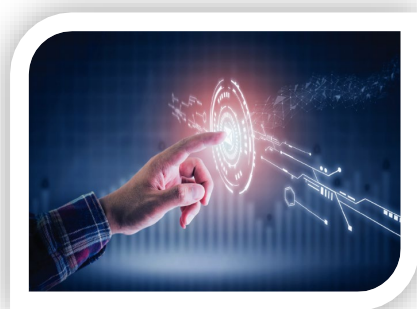
End-to-end Solution for Personal Data Protection ensures sensitive data detection, accurate configuration, efficient processing and storing in compliance with Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR).



#### **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



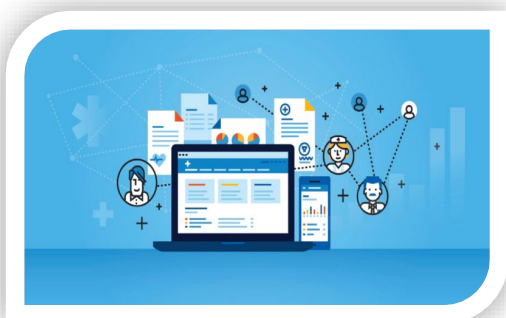


### **Smart Sentiment Analysis**

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**

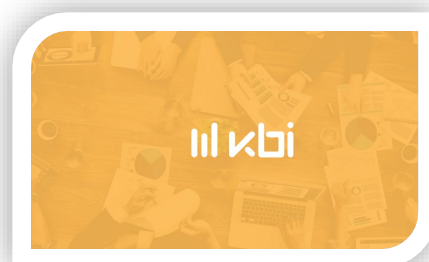
Enabling efficient insurance inventory and policy tracking, Insurance Management System also facilitates premium management and allows tracking with monthly reports.

#### 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

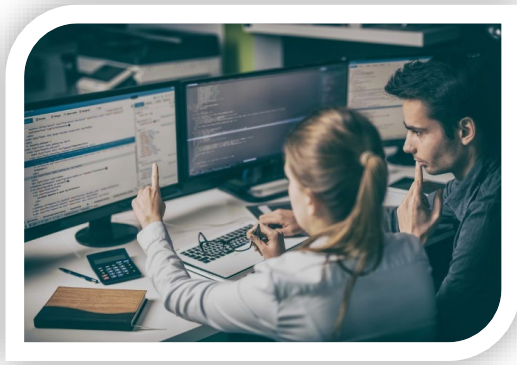
### **K-BI**

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

### **End-to-End Solution to Protection of Personal Data**

It enables organizations to discover, properly configure, process, and store sensitive data in compliance with the Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR), and in accordance with legal requirements.



### **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.

### e) 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 31.12.2020, 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
<b>TOTAL</b>	<b>183.333</b>	<b>183.333</b>	<b>19.383.334</b>	<b>19.750.000</b>	<b>100.00</b>	<b>100.00</b>

### f) 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**

30 Board Meetings were held during the period. Members of the Board of Directors attended the meetings at a rate of 94%.

<b>BOARD OF DIRECTORS</b>		
<b>Full Name</b>	<b>Role</b>	<b>Current External Assignments</b>
Ali Cem Kalyoncu	Board Chairman	Netsite Iletisim ve Elektronik Sistemleri San. Ve Tic. A.S. Managing Partner and Vice Chairman Smartiks Yazilim A.S. Board Chairman Intranet Yazilim A.S. Board Chairman Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Chairman Karmasis Bilisim Cozumleri 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 Karmasis Bilisim Cozumleri 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".

## b) Independence Statements of Independence Board Members

№ 40075

19 Ağustos 2016

**BAĞIMSIZLIK BEYANI**

Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi (Şirket) Yönetim Kurulunda mevzuat esas sözleşmesi ve Sermaye Piyasası Kurulu tarafından İlan edilen Kurumsal Yönetim İlkelerinde belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

- Şirket, şirketin ilişkili taraflarından biri veya şirket sermayesinde doğrudan veya dolaylı olarak %5 veya daha fazla paya sahip hissedarların yönetim veya sermaye bakımından ilişkili olduğu tüzel kişiler ile kendim eşim ve Üçüncü dereceye kadar kan ve sıhrî hisimlarım arasında, son beş yıl içinde doğrudan veya dolaylı istihdam, sermaye veya önemli nitelikte ticari ilişki kurulmadığını,
- Son beş yıl içerisinde, başta şirketin denetimini, derecelendirilmesini ve danışmanlığını yapan şirketler olmak üzere yapılan anlaşmalar çerçevesinde şirketin faaliyet ve organizasyonun tamamını veya belli bir bölümünü yürüten şirketlerde çalışmadığı ve yönetim kurulu üyesi olmadığımı,
- Son beş yıl içerisinde, şirkete önemli ölçüde hizmet ve ürün sağlayan firmaların herhangi birisinde ortak, çalışan veya yönetim kurulu üyesi olmadığımı,
- Şirket sermayesinde pay sahibi olmadığımı,

Ekte yer alan özgeçmişimde görüleceği üzere bağımsız yönetim kurulu üyeliği sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

Kamu kurum ve kuruluşlarında, mevcut durum itibarıyla tam zamanlı olarak çalışmadığımı,

\* Gelir Vergisi Kanunu'na göre Türkiye'de yerleşik sayıldığımı


\* Şirket Faaliyetlerine olumlu Katkılarda bulunabileceğimi, şirket ortakları arasındaki çıkar çatışmalarında tarafsızlığımı koruyacağımı, menfaat sahiplerinin haklarını, dikkate alarak Özgürce karar vereceğimi,

\* Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayıracığımı,

Mevzuat ve şirket ana sözleşmesi çerçevesinde beyan ve taahhüt ederim,

Bağımsız Yönetim Kurulu Üyesi Adayı  
YÜCE ERİM

19.08.2016





## Independence Statements of Independence Board Members - II

T.C.  
BAKIRKÖY 45. NOTERLİĞİ  
Oruç Reis Mahallesi Tekstil Kent Cad.  
10J Blok A-20 No: 17 Esenler-İST.  
Tel: (0212) 438 78 55 Faks: 438 78 38

No 0674 Z  
02 Mart 2018

### BAĞIMSIZLIK BEYANI

Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi (Şirket) Yönetim Kurulu'nda mevzuat esas sözleşme ve Sermaye Piyasası Kurulu tarafından ilan edilen Kurumsal Yönetim ilkelerinde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

Şirket, şirketin ilişkili taraflarından biri veya şirket sermayesinde doğrudan veya dolaylı olarak %5 veya daha fazla paya sahip hissedarların yönetim veya sermaye bakımından ilişkili olduğu tüzel kişiler ile kendim eşim ve üçüncü dereceye kadar kan ve sıhrı hısımlarım arasında, son beş yıl içinde doğrudan veya dolaylı istihdam, sermaye veya önemli nitelikte ticari ilişki kurulmadığını,

Son beş yıl içerisinde, başta şirketin denetimini, derecelendirilmesini ve danışmanlığını yapan şirketler olmak üzere yapılan anlaşmalar çerçevesinde şirketin faaliyet ve organizasyonun tamamını veya belli bir bölümünü yürüten şirketlerde çalışmadığı ve yönetim kurulu üyesi olmadığımı,

Son beş yıl içerisinde, şirkete önemli ölçüde hizmet ve ürün sağlayan firmaların herhangi birisinde ortak, çalışan veya yönetim kurulu üyesi olmadığımı,

Şirket sermayesinde pay sahibi olmadığımı, ekte yer alan özgeçmişimde görüleceği üzere bağımsız yönetim kurulu üyeliği sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

Kamu kurum ve kuruluşlarında, mevcut durum itibarıyla tam zamanlı olarak çalışmadığımı,

Gelir vergisi Kanunu'na göre Türkiye'de yerleşik sayıldığımı

Şirket faaliyetlerine olumlu katkılarda bulunabileceğimi, şirket ortakları arasındaki çıkar çatışmalarında tarafsızlığımı koruyacağımı, menfaat sahiplerinin haklarını, dikkate alarak özgürce karar vereceğimi,

Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayıracağımı,

Mevzuat ve şirket ana sözleşmesi çerçevesinde beyan ve taahhüt ederim

Bağımsız Yönetim Kurulu Üyesi Adayı

İBRAHİM SEMİH ARSLANOĞLU





### c) Senior Management and Personnel

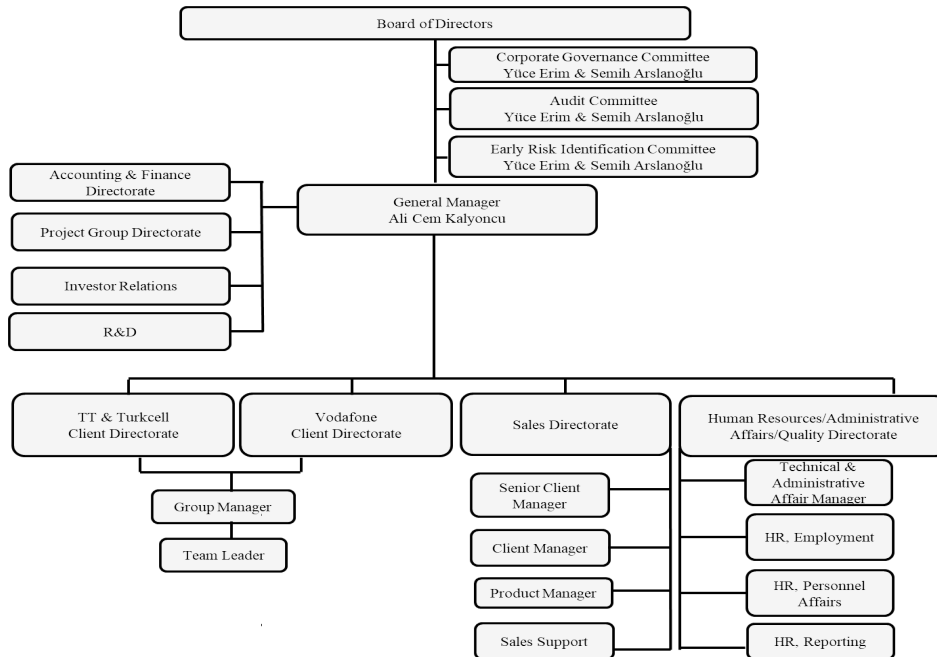
The senior management of the Company consists of the Chairman of the Board, Board members and other managers acting as directors general.

Senior Management	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
Erdogan Hakan Celik	Affiliates and Business Development Director
Ozlem Tibet	Sales Manager
Ilker Kinaci	Sales Manager
Tugrul Gokcen	Sales Manager

For the period ending on 31.12.2020, the total amount of the attendance fee and similar other benefits granted to the board chairman, board members and senior management is TRY 3.610.964.

On 31.12.2020, the company's average number of employees working during the year is 663 (December 31, 2019: 551)

### d) Management and Administrative Structure



### **III. INFORMATION ABOUT THE OPERATIONS**

#### **a) Information about the Buy-Backed Shares**

The Company has not acquired any share of its own.

#### **b) 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.

#### **c) 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.

#### **d) 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.

#### **e) Donations and Grants**

There is no donation or grant given between 01.01.2020 and 31.12.2020.

#### **f) Information about the Group Involving the Company**

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

#### **g) Legislative changes that may affect company activities**

Law No. 7263, which includes changes on R&D and innovation activities in Technology Development Zones and R&D / Design Centers, was published in the Official Gazette dated February 3, 2021. Accordingly, the incentive periods provided for Technology Development Zones and R&D / Design Centers have been extended until 31.12.2028.

#### **h) Information on conflicts of interest**

There is no conflict of interest between the company and the institutions from which it receives services such as investment consultancy and rating, nor the measures taken by the company to prevent these conflicts of interest.

## **i) Information about the Affiliates and Subsidiaries**

### **Smartiks Yazılım A.Ş.**

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 Yazılım A.Ş.**

On June 13, 2017, Intranet Yazılım A.Ş. was established by Kafein Yazılım Hizmetleri Ticaret A.Ş. The company was registered on the same date. The main fields of activity of Intranet Yazılım A.Ş. 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.

### **Karmasis Bilişim Çözümleri Ticaret A.Ş.**

The main activity of Karmasis Bilişim Çözümleri Ticaret A.Ş., which was established in 2003, is to produce information processing software, to sell the usage rights as the owner of these software, to carry out training activities on information processing and software, and to provide consultancy services on these issues if necessary. On 12 November 2020, Caffeine Yazılım Hizmetleri Ticaret A.Ş. purchased 51 percent of Karmasis for a price of 45.390.000 TL and included it in the scope of consolidation based on the financial statements of the period ending as of 31 October 2020.

## **j) Amendments to the Articles of Association within the Period**

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

## **k) Number, Structure and Operating Principles of the Committees Established by the Board of Directors**

In accordance with the Corporate Governance Communiqué II-17.1 published by the Prime Ministry Capital Markets Board; With the decision of our Board of Directors dated 21.01.2019 and numbered 2019/01, "Audit Committee", "Corporate Governance Committee" and "Early Detection of Risk Committee" are created; It is also authorized the Corporate Governance Committee to fulfill the duties of the Nomination Committee and Remuneration Committee.

The three committees that continue operations under the Board of Directors of Kafein Yazilim are as follows;

#### **Audit Committee:**

The Audit Committee was established upon the decision of the Board of Directors dated 21.01.2019. As per the decision of the Board of Directors dated 21.01.2019, Yuce Erim and Ibrahim Semih Arslanoglu were appointed as the Audit Committee Chairman and Audit Committee Member, respectively.

<b>Name</b>	<b>Title</b>	<b>State of Independence</b>
Yuce Erim	Head of Audit Committee	Independent member
Ibrahim Semih Arslanoglu	Member of Audit Committee	Independent member

Audit Committee oversees the company's accounting system, disclosure of financial information to the public, independent audit, and the functioning and efficiency of the company's internal control and internal audit system. The selection of the independent audit firm, the preparation of independent audit contracts and the initiation of the independent audit process, and the work of the independent audit firm at every stage are carried out under the supervision of the audit committee. Audit committee convenes at least once every three months, at least four times a year. The results of the meeting are recorded, and the decisions taken are presented to the board of directors.

#### **Corporate Governance Committee:**

The Corporate Governance Committee was established upon the decision of the Board of Directors dated 21.01.2019. As per the decision of the Board of Directors dated 21.01.2019, Ibrahim Semih Arslanoglu and Yuce Erim were appointed as the Committee Chairman and Committee Member, respectively.

<b>Name</b>	<b>Title</b>	<b>State of Independence</b>
Ibrahim Semih Arslanoglu	Head of Corporate Governance Committee	Independent member
Yuce Erim	Member of Corporate Governance Committee	Independent member
Zehra Uluc	Investor Relations Manager	Natural Member

The corporate governance committee determines whether the corporate governance principles are applied in the company, if not, detects the reasons and conflicts of interest that arise due to not fully complying with these principles, and advises the board of directors to improve corporate governance practices and oversees the activities of the investor relations department. Corporate Governance Committee meetings are held at least once a year.

#### **Early Detection of Risk Committee:**

The Early Risk Identification Committee of Kafein Yazilim was established upon the decision of the Board of Directors dated 21.01.2019. As per the decision of the Board of Directors dated 21.01.2019, Yuce Erim and Ibrahim Semih Arslanoglu were appointed as the Early

Risk Identification Committee Chairman and Early Risk Identification Committee Member, respectively.

<b>Name</b>	<b>Title</b>	<b>State of Independence</b>
Yuce Erim	Head of Early Detection of Risk Committee	Independent member
Ibrahim Semih Arslanoglu	Member of Early Detection of Risk Committee	Independent member

The purpose of the Committee is to identify, define, prioritize, monitor and review strategic, financial and operational risks and opportunities that may affect the activities of the Company; to make suggestions and recommendations to the Board of Directors about these risks and opportunities that may affect the company's risk profile and decision-making mechanisms. The Early Risk Detection Committee convenes once every two months and presents the meeting results to the board of directors.

## **KAFEIN YAZILIM HİZMETLERİ TİCARET ANONİM ŞİRKETİ COMMITTEE DUTIES AND OPERATING PRINCIPLES**

The fields of activity, working principles and members of the committees are determined by the board of directors and disclosed to the public. All members of the Audit Committee and the chairmen of other committees are elected from among independent board members. Chief executive officer / general manager cannot take part in committees. The composition of these committees, their fields of duty, working principles and the members to be composed are determined by the board of directors and disclosed to the public in accordance with the Capital Market Corporate Governance Principles and the principles set out in the relevant legislation.

### **A. DUTIES AND WORKING PRINCIPLES OF THE EARLY DETERMINATION OF RISK COMMITTEE**

The purpose of the Committee is to identify, define, prioritize, monitor and review strategic, financial, operational and risks and opportunities that may affect the activities of the company by calculating their effects and probabilities; To make suggestions and recommendations to the Board of Directors on the management of these risks and opportunities that may be exposed to, in parallel with the risk profile of the company, and their reporting and consideration in decision-making mechanisms. The Early Detection of Risk Committee convenes once every two months and presents the meeting results to the board of directors. Early Detection of Risk Committee;

- Establishes effective internal control systems in order to define, evaluate, monitor and manage the risk factors that may affect the achievement of the company targets, according to the effect and probability,
- Monitors the integration and effectiveness of risk management and internal control systems into the corporate structure of the company,
- Carries out studies on the risk management and internal control systems of the company to measure, report and use risk factors in decision-making mechanisms by observing appropriate controls,

d) The Committee periodically reviews its working principles and, if necessary, submits the proposals for changes to the board of directors for approval.

## **B. CORPORATE GOVERNANCE COMMITTEE DUTIES AND WORKING PRINCIPLES**

The corporate governance committee determines whether the corporate governance principles are applied in the company, if not, the reasons and conflicts of interest that arise due to not fully complying with these principles and advises the board of directors to improve corporate governance practices and oversees the activities of the investor relations department. Corporate Governance Committee meetings are held at least once a year. Corporate Governance Committee,

- a) Ensures that the Corporate Governance Principles are developed, adopted, and applied within the company,
- b) Makes the annual corporate governance evaluation of the board of directors and submits it to the approval of the board of directors,
- c) Supervises the work of the shareholders and investor relations unit,
- d) It makes recommendations regarding the functioning, structure, and efficiency of the board of directors and its committees.

## **C. COMMITTEE RESPONSIBLE FOR AUDITING DUTIES AND WORKING PRINCIPLES**

Audit Committee; Oversees the company's accounting system, disclosure of financial information to the public, independent audit, and the operation and efficiency of the company's internal control and internal audit system. The selection of the independent audit firm, the preparation of independent audit contracts and the initiation of the independent audit process, and the work of the independent audit firm at every stage are carried out under the supervision of the audit committee. Audit committee; It convenes at least every three months, at least four times a year, and the results of the meeting are recorded in the minutes and the decisions taken are presented to the board of directors. Audit Committee,

- a) Audits the accuracy, transparency, compliance of financial statements, footnotes and other financial information with the legislation and international accounting standards and notifies the Board of Directors in writing, taking the opinion of the independent audit board.
- b) Examines whether the independent audit committee and its employees are independent and their adequacy on behalf of the Board of Directors.
- c) Oversees the operation and efficiency of the company's accounting system, public disclosure of financial information, independent audit and internal control system of the company.
- d) Oversees the selection of the independent audit board, the preparation of audit contracts and the initiation of the independent audit process, and the work of the independent audit board at every stage.
- e) Examines and concludes the internal and external company complaints regarding the company's accounting, internal control system and independent audit within the framework of confidentiality principle.
- f) Observes the compliance with legal regulations and internal regulations.

#### **IV. RESEARCH AND DEVELOPMENT ACTIVITIES**

Carried out at the Technology Development Zone of Yildiz Technical University between 01.01.2020 and 31.12.2020, the projects conducted by Kafein as part of R&D works are as follows:

<b>Project Name</b>	<b>Date of Commencement</b>	<b>Date of Completion</b>	<b>Project Summary/ Purpose</b>
Robotic Process Design	1.06.2019	1.12.2020	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 Generic Campaign Mechanism Project	3.09.2018	31.01.2021	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.
Virtual Card Project	31.07.2019	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.
Test Media Optimization	1.01.2019	31.03.2021	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.

Telco 1.5L Digitalization Automation Project	1.06.2019	31.03.2021	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.
Telco Network Monitor Project	3.10.2019	3.04.2021	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.
Genesis ADM, Phase I	21.01.2019	30.04.2021	The project plans transition from on-premises systems to systems managed on cloud as part of the completion of new development requests and the transition to micro service infrastructure.
Smart Platform to Assist Treatment and Follow-up Process of Parkinson's Disease	1.06.2020	1.06.2021	The aim of the project is to produce an analytical solution that will support the remote monitoring of the treatment processes of Parkinson's, a chronic disease. Within the scope of this project, which can be used by patients, relatives, and doctors; A mobile platform supported by data mining, image processing and artificial intelligence is being developed.
Personal Data Protection Law	4.12.2019	4.12.2021	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.



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.
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.
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.
Reseller 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.
Telco Online Processing Centre, Phase IV	2.06.2020	2.06.2022	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
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.
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.
Telco Premium System Development Project (Callidus)	1.07.2020	1.07.2022	With the project, a platform will be created where the customer can automate the premium processes and transparently present the outputs to the dealers. With the source system analysis, areas that may be subject to premium will be determined, related data will be taken considering the large data volume, a structure will be designed in which the calculation engine can work with performance, reporting layers will be created that dealers can access within their authority, and dealers will be able to see their current status.
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.
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.
Digitalization Infrastructure Project for Telecommunication Companies Phase II	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.
Marketing Solutions Modules Project Phase II	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.

Income Practices Control Project	29.11.2020	29.11.2022	The problems in customer IT systems regarding the applications which are working integrated with each other is one of the problems that are constantly experienced. It is aimed to develop a system that will ensure controls and keep statistics by following the revenue practices of our customers in IT systems, and to automate the actions to be taken in case of inconsistencies, preventing human error and minimizing errors that may cause income losses. For this, it is aimed to increase the success rate by using machine learning and Big Data analysis techniques in addition to the methods in existing software in the market. These techniques will be used to improve the sample subscriber list chosen for invoice control, aiming to prevent human error, detect incompatibilities between systems more effectively and minimize revenue loss.
Telco Script Project	29.11.2020	29.11.2022	In the project, it is aimed to attract more users by adding new modules to the application in order to create a social media platform together with the Telco customer. It is planned to include filtering and story modules on the pictures.
Telco Siebel Sales Force Module Replacement	1.10.2018	1.01.2023	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.

## V. FINANCIAL INFORMATION

### a) Information about the Financial Condition and Operations

On 31.12.2020, the total assets of Kafein are equal to TRY 327.202.905 while total equities correspond to TRY 228.821.324. The Equity Attributable to Parent Company corresponds to TRY 161.380.600 while the same of the Non-Controlling Shares is equal to TRY 67.440.724.

The Company achieved TRY 33.390.882 period profit on 31.12.2020. Of this amount, TRY 30.489.433 belongs the Share of Main Partnership while TRY 2.901.449 belongs to the Non-Controlling Shares.

As of 31.12.2020, the sales revenue is TRY 171.973.987 while the same was TRY 123.768.574 for 31.12.2019.

### b) Financial Information Summary

<b>BALANCE SHEET (TRY)</b>		<b>31.12.2020</b>
Current Assets		100.504.842
Cash and Cash Equivalents		28.066.969
Trade Receivables		51.292.003
Non - Current Assets		226.698.063
<b>Total Assets</b>		<b>327.202.905</b>
Short-Term Liabilities		82.650.594
Long-Term Liabilities		15.730.987
Equity Attributable to Parent Company		161.380.600
Equity Attributable to Non-Controlling Shares		67.440.724
<b>Total Liabilities</b>		<b>327.202.905</b>

<b>INCOME STATEMENT (TRY)</b>		<b>31.12.2020</b>
<b>Sales Revenue</b>		<b>171.973.987</b>
<b>Gross Profit</b>		<b>48.735.502</b>
<b>Main Operation Profit</b>		<b>15.720.761</b>
Other Operating Income		4.798.792
Other Operating Expense		(4.446.494)
<b>Continuing Operating Profit (or Loss) before Financial Income/Expense</b>		<b>30.732.672</b>
Financial Income/(Expense)		5.451.173
<b>Net Profit for the Period</b>		<b>30.489.433</b>

### **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. RISK 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 31.12.2020, the Company's short-term receivables from non-affiliated parties are TRY 57.038 while short-term trade receivables from non-affiliated parties are TRY 51.224.581.

**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 31.12.2020, the Company's short- and long-term liabilities are TRY 82.650.594 and TRY 15.730.987, respectively, which correspond to TRY 98.381.581 in total.

**Exchange Risk:** Exchange risk is the effect of the changes in exchange rates. By 31.12.2020, Company is not under serious exchange risk since it has 1.423.283 USD, 345.812 Euro, 212.269 CHF, 101 GBP, 1.479.092 other currencies (equal to TRY 18.280.590 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 31.12.2020, the Company has TRY 28.066.969 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 a 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 11.06.2020, a 3-year software, license, maintenance and technical support contract on "Sensitive Content Discovery in Structured and Unstructured Data Fields" was signed with the third-party Telecom company.



- 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 a third-party information technology firm 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.
- A Cooperation Intent Protocol was signed on 01.10.2020 with Bahçeşehir University within the scope of the University-Industry cooperation within the framework of CO-OP (Cooperative Education Model).
- 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 in Ankara in order to extend our business operations. The said branch opening is registered with the Ankara Trade Registry Office on 01.12.2020 with the Trade

Registry Number of 453391, at the address of "Aşağı Öveçler Mah. 1309. Cad. No: 5/4 Çankaya Ankara".

- On 23.10.2020, an additional protocol on "Software Service on System Infrastructures" was signed with Garanti Emeklilik ve Hayat A.Ş. to be in effect until 31.12.2020.
- 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.
- On 02.11.2020, our company signed Master Services Agreement with the Dutch origin Portera B.V. Technology in order to work together in the field of GDPR and Data Security.
- On 17.11.2020, our company signed Master Services Agreement with the Milan-based Hogwart S.R.L. to offer GDPR project.
- On 01.12.2020, a contract on RPA (Robotic Process Automation) service was signed with a third party Holding to remain in effect between 01.12.2020 - 01.12.2021.
- On 02.12.2020, the agreement of "The Project of GDPR (Personal Data Protection Regulation) Software Supply Service" is signed with a third-party bank to take effect between 03.12.2020 and 02.12.2023. Total service amount is 4.411.940 TL and includes 3-year license, training, and maintenance support services.
- On 29.12.2020, the agreement of "The Project of GDPR (Personal Data Protection Regulation) Software Supply Service" is signed with a third-party bank to take effect between 01.01.2021 and 31.12.2021. Total service amount covers 662.750 USD License + 2.050.000 TL implementation services.
- On 30.12.2020, our company has signed an indefinite Service Agreement with a global U.S.A centered software company on the provision of testing service to a third party. The relevant service will proceed with the work orders and in the first stage, it is expected to cover a minimum of 3 years of services and to be extended based on customer demand.
- On 06.01.2021, our company has become a Micro Focus Platinum Partner by completing the "Reseller Partner Program" certifications within the scope of the Business Partnership Program for the Vertica which is an Integrated Data Analytics product of Micro Focus.
- On 08.01.2021, our company signed the GDPR Project Contract with Turcom İletişim Sistemleri San. ve Tic. A.Ş. to take effect between 11.01.2021 - 11.01.2022 with total service amount of 139.870 USD+VAT.

- Our company received the "Most New Logo (Customer) of the Year 2020" award given by our business partner Micro Focus on 21.01.2021.
- Our company has provided a Centralization Project Service with the content of "The Development of Microservice Architecture so that offline screens can work online with the use of new technologies and DevOps approach" to a third-party cargo company between 15.05.2020-15.09.2020.
- Our company has managed the Data Quality Project for a third-party Telecom company, which aims to "determine the poor-quality data in the customer's CRM systems within the framework of certain criteria and to take necessary actions such as deletion or adjustment" for 3 months.
- Our company has provided "RPA (Robotic Process Automation), Mobile Payment and Insurance Improvements and DWH (Data Warehouse) services to a third-party Telecom company during the operating period.
- Our company has signed a partnership agreement in the field of "Data Visualization" with a third-party technology company based in California USA. The contract will remain in effect until 31.03.2021, and then it will automatically be extended for one year, unless the parties are terminated.
- On 02.08.2021, our company signed a Reseller Agreement with California USA-based Diamanti, Inc. The term of the contract is 1 year and will automatically be extended by 1 year unless the parties terminate it.
- In the Board of Directors' meeting held on 19.01.2021 with the decision number of 2021/02, Due to the expiration of the current registered capital ceiling by the end of 2020; It has been decided to apply to Capital Markets Board and T.R. Ministry of Commerce in order to complete legal procedures for attached amendment of Article No. 7 of the Company's Articles of Association with the heading "Capital" for the purpose of the Extension of the Registered Share Capital Ceiling Validity Period from 2021 to 2025 (5 years) by increasing the current capital ceiling from 50.000.000 TL to 200.000.000 TL where our company adopts the registered capital system upon the permit no. 21/279 by the Capital Market Board dated 30.06.2016. The relevant application was approved by the Capital Markets Board on 12.02.2021.
- Our company is selected among the top 50 fastest growing technology companies of Turkey in the "Deloitte Technology Fast 50 Turkey 2020 Program" which is held on 16.02.2021.

## **VIII. OTHER ISSUES**

N/A

## **IX. KAFEIN YAZILIM HIZMETLERI TICARET A.S. CORPORATE GOVERNANCE COMPLIANCE REPORT FOR 2020**

### **PART I - CORPORATE GOVERNANCE COMPLIANCE STATEMENT**

The Corporate Governance Compliance Report of 2020 is attached to this statement as assessed by the Corporate Governance Committee.

Kafein Yazilim Hizmetleri Ticaret A.S., (“Kafein Yazilim” and/or “the Company”) adopts the rules of equality, transparency, accountability, and responsibility indicated under the Corporate Governance Rules issued by the Capital Markets Board (“CMB”) of Turkey and operates with the precise implementation of these rules.

As regards to the operations, the Company showed utmost care in 2020 for the compulsory/non-compulsory regulations under the Corporate Governance Rules which is an annex to “Corporate Governance Communiqué” no. II-17.1 of CMB. On 21.01.2019, CMB conducted the process for the determination of the committees under Corporate Governance Communiqué and held the election in accordance with the regulations. The established committees then actively proceeded with operations. With a General Assembly Information Letter, the issues regarding the General Assembly (such as privileged shares, voting rights and organizational changes which must be announced according to the rules) are submitted to the information of investors 3 weeks before General Assembly meetings. The policies and the working principles of the committees created under the Corporate Governance Rules can be found on our website.

Kafein Yazilim believes in the significance of strict compliance with the Corporate Governance Rules. Kafein Yazilim has not ensured full compliance with certain rules which are not necessarily required. However, full compliance has been established as of 31.12.2020 for the compulsory rules. The administrative, legal and technical infrastructure works are currently continued for the rules which are not effective yet. Upon the completion of such works, the compliance procedure regarding the regulations of the Corporate Governance Rules will be completed in every aspect.

## PART II – SHAREDOLDERS

### 2.1 Investor Relations

The Investor Relations Department of the Company operates as regards to the execution of shareholding rights and carries out activities for the communication between the Board of Directors and current and potential shareholders and the performance of the necessary procedures thereto in compliance with the Corporate Governance Rules of CMB. The information regarding the department carrying out investor relations is as follows:

Zehra Uluç

Investor Relations Manager

Tel: 0212 924 20 30

Fax: 0212 483 70 27

E-mail: yatirimci@kafein.com.tr

Capital Markets Board Activities, Level 3 License (License no: 903877)

Corporate Governance Rating License (License no: 903878)

Specific conditions are immediately announced to the public by the Investor Relations Department as well as the performance of the responsibilities before the regulatory authorities such as Istanbul Stock Exchange and CMB. The financial statements, footnotes and operational and financial activity results are quarterly submitted to the Public Disclosure Platform and are also published on the website of the Company. The partners, corporate investors and investment institutions reply to the requests for information during the year via telephone and e-mail. Due to the nature of the Company, the Shareholders and the Relations department do not submit a separate report to the Board of Directors. However, they show due diligence to inform the Board of Directors and the Senior Management in a timely manner.

#### **The Duties of the Investor Relations Department**

- Arising out of the regulations, the primary duties of the Investor Relations Department are as follows:
- To ensure sound, secure, and updated records of the correspondence between investors and the Company and other relevant information and documents,
- To provide response to the written information requests concerning the Company by the Company's shareholders, current and potential investors, and analysts,
- To prepare the documents to be submitted to the information and examination of the shareholders as regards to the general assembly, and to take necessary measures in order to ensure that general assembly meetings are held in conformance with the relevant regulations, the articles of association and other partnership regulations,
- To observe and monitor the performance of the liabilities under the capital market regulation including corporate governance, public disclosure and any other subject therein,

- To regularly review and, if necessary, update the contents of “Investor Relations” page on the website,
- To evaluate and reply to the questions by investors and analysts, make tete-a-tete interviews when necessary or attend to the conferences and meetings held in this context,
- To observe and monitor any and all developments regarding the public disclosure regulation and, in this context, prepare and submit specific condition explanations which must be served to the Public Disclosure Platform,
- To respond to the questions and information requests sent via telephone or e-mail by current and potential Turkish and foreigner investors to the extent permitted by the legal regulations,
- To prepare quarterly reports for the Company’s activities of a relevant period and the financial condition,
- To make a list of the persons who have access to internal information and ensure the updates thereto, and
- To monitor the information in the Central Registry Agency including the Entry System.

## 2.2 Execution of the Right to Information by the Shareholders

Any and all requests for information delivered to the Shareholder Relations Department are meticulously responded without any discrimination among the shareholders provided that such information is not a trade secret or undisclosed information. In this sense, clear, neat and detailed written and verbal information was provided via telephone and e-mail to information requests delivered by the shareholders in 2020. The Company made its best to respond to each and every question as long as these did not relate to trade secrets.

Apart from this, investors are able to access to any kind of complete, accurate and updated data from the “Investor Relations” page on ([www.kafein.com.tr](http://www.kafein.com.tr)) website of the Company. The instruments used in 2019 to announce the developments to investors which would affect the execution of the rights of the shareholders are shared on the Company’s website and with the specific condition statements made through the Public Disclosure Platform.

The request of the shareholders as regards to private auditor assignment has not been regulated as a personal right yet, and no private auditor assignment has been conveyed to the Company.

## 2.3 General Assembly Meetings

The ordinary general assembly of the Company comes together at least once in a year and, at the latest, within three months following the end of a financial period. The general assembly discusses and takes decisions about the agenda items prepared by the board of directors in consideration of article 413 of Turkish Code of Commerce. The notifications and notices for

the general assembly meetings are announced via any and all means of communication tools including electronic instruments, which can ensure that the highest possible number of shareholders are notified, by taking into consideration the minimum times defined by Turkish Code of Commerce, the Capital Markets Board and relevant legal regulations.

In this sense, the General Assembly meeting for 2019 was held at 09:00 o'clock on 01.06.2020 and at Yildiz Teknik Universitesi Teknoloji Gelistirme Bolgesi Davutpasa Kampusu C1 Blok Kat 2 No:403 Esenler, Istanbul, Turkey. The necessary quorum was present for the General Assembly meeting to be held. On such date, the meeting of the public Company was carried out under the observance of a Ministerial Representative and in conformance with the provisions of "the Regulation on the General Assemblies of Joint Stock Companies to be Held Online (EGKS)" and "the Communiqué on the Online General Assembly System to be Implemented at the General Assemblies of Joint Stock Companies".

The decisions taken during the meeting were as follows:

- 1) The Activity Report for the financial period of 2019 has been agreed.
- 2) The Independent Audit Report for the financial period of 2019 has been agreed.
- 3) The Financial Statements for the financial period of 2019 have been agreed.
- 4) The members of the Board of Directors are separately acquitted for their expenses and activities of 2019.
- 5) It has been unanimously agreed to distribute the dividend corresponding to TRY 1.000.000, in total, among the shareholders in proportion to their shares after assigning from the profit of 2019 the amounts to be reserved / paid according to the laws and the articles of association, and to establish the date of cash dividend distribution as 08.06.2020.
- 6) It has been agreed to pay TRY 5.000 to the independent board members as attendance fee. It has been agreed to reject attendance fee payment to the Chairman and the other members.
- 7) Concerning the financial period of 2020, it has been agreed to assign Kavram Bagimsiz Denetim ve Danismanlik A.S. as the Auditor to carry out auditing services and other activities under Turkish Code of Commerce, the Capital Markets Regulation and other relevant regulations.
- 8) In accordance with the Corporate Governance Principles, the shareholders were informed within the scope of footnote 6 of the financial statements that a payment of 5.450.325 TL was made within the scope of the wages and benefits provided to the members of the board of directors and senior managers within the scope of the company's wage policy.
- 9) The shareholders have been informed that no donation was made in 2019 An upper limit of TRY 100.000 has been determined for 2020 according to the submitted proposal.

- 10) The General Assembly was informed that our company did not have any income or benefits from guarantees, pledges, mortgages, and sureties given in favour of third parties in 2019.
- 11) As per articles 395 and 396 of Turkish Code of Commerce, the members of the Board of Directors can do business with the Company, perform the works under the fields of activity of the Company in person or on behalf of others and be partners with other companies that perform such works. As per the Corporate Governance Rule no. 1.3.6. issued by the Capital Markets Board, the shareholders are notified about the procedures carried out within 2019.
- 12) Members of the Board of Directors appointed within the scope of TCC 363. During the Activity Period, Mr. Hatice Sevim Oral and Mr. Neval Onen's memberships were approved.

## 2.4 Voting Rights and Minority Rights

Among the participants of ordinary or extraordinary General Assembly Meetings, each and every shareholder of Group A and B has 15 (fifteen) voting rights except for board member elections while each and every Group C shareholder has 1 (one) voting right.

The shareholders may decide to assign an attorney to represent them in General Assembly meetings. The attorneys who are also the shareholders of the Company can vote for the shares of the represented shareholders as well as for their own shares. The Capital Markets Regulation shall apply for the voting and proxy voting procedures.

Secret and written voting may be applied upon the request of the shareholders who represent shares equal to at least one-tenth of the capital.

## 2.5 Dividend Right and Profit Distribution Policy

After the deduction of the amounts which must be paid and reserved by the Company (such as the general expenses and sundry depreciation items), the amounts to be paid against compulsory taxes and, if any, the losses of a previous year, the remaining net profit of the revenues established at the end of a financial period is distributed as follows:



**General Legal Reserves:**

a) 5% is allocated as legal reserves.

**First Dividend:**

b) As per Turkish Code of Commerce and the Capital Markets Regulation and in accordance with the profit distribution policy of the Company, the first dividend is allocated on the amount to be calculated with the addition of donation amount, if any, to the remaining balance.

c) After the foregoing deductions, the General Assembly may agree to distribute the dividend to board members, partnership staff and other persons excluding shareholders.

**Second Dividend:**

d) After the deduction of the amounts specified under paragraphs (a), (b) and (c) herein, the General Assembly may decide to distribute, in part or as a whole, the remaining balance as the second dividend or, as per article 521 of Turkish Code of Commerce, to allocate as legal reserve.

**General Legal Reserves**

e) After deducting 5% of the capital as dividend from the amount to be distributed to the shareholders and other participants of the profit, ten per cent of the remaining balance is added to general legal reserves as per paragraph 2, article 519 of Turkish Code of Commerce.

As long as the legal reserves and the dividends are not allocated as specified in Turkish Code of Commerce, the articles of association or the profit distribution policy, no further legal reserve can be assigned or carried out to a next year and no dividend can be given to board members, partnership personnel and other persons excluding shareholders. Furthermore, the foregoing persons cannot receive share from profit as long as the dividend allocated for the shareholders are paid in cash.

Dividends are equally distributed for each and every share that are present on the date of distribution regardless the dates of issuance and acquisition of such.

As per the provisions of the articles of association, the dividends given by the general assembly are irrevocable.

As per the provisions of the relevant regulation, the Board of Directors can distribute one or more advance dividends within a financial year in compliance with Turkish Code of Commerce and the Capital Markets Regulation.

The mode and time of an established profit distribution must be decided by the general assembly upon the proposal of the board of directors in consideration of the Capital Markets Regulation.

The Board of Directors must distribute dividend advance in times prescribed by Turkish Code of Commerce, the Capital Markets Law, and the relevant regulations.

## PROFIT DISTRIBUTION POLICY

In accordance with the legislations, regulations and decisions issued under the Profit Distribution Policy, Turkish Code of Commerce, the Capital Markets Law and the Capital Markets Board and with the relevant provisions of Tax Procedure Law, Kafein Yazilim Hizmetleri Ticaret A.S. (Kafein) determines Corporate Governance applications in conformance with the strategies and financial plans of Kafein and in consideration of the Turkish economy and the sectorial conditions by paying regard to the sensitive balance between the expectations of the shareholders and the needs of Kafein.

The principles of profit distribution by Kafein are explained under article 17 of the Articles of Association.

As a principle, Kafein determines the amount of the dividends to be distributed in accordance with the decisions of the General Assembly which are taken in compliance with the provisions of Turkish Code of Commerce and the relevant provisions of the Capital Markets Law and the Articles of Association and ensures that these are equal to or higher than the amounts prescribed by the Capital Markets Board.

Kafein conforms to the regulations by the Capital Markets Board according to the term of profit distribution. No privilege applies for the profit distribution by Kafein, and profit is distributed equally for all the shares.

In case the Board of Directors proposes to the General Assembly that profit should not be distributed, the General Assembly informs the shareholders during meeting about the grounds of non-distribution and the mode of use of retained profit. Similarly, such information is also shared with the public by publishing it on activity reports and the website.

This policy entered into force with the Board of Directors Decision dated 31.01.2019 and numbered 2019/03 and was approved in the Ordinary General Assembly of 2018 dated 15.03.2019. Later on, the amendments are also disclosed to the public by showing them on activity reports or publishing on the website.

## 2.6 Share Transfer

The transfer of the Group A and B registered shares is subject to the approval of the Board of Directors, and the provisions of the article 493 of Turkish Code of Commerce shall apply thereto. On the other hand, Group C bearer shares can be transferred freely without any restriction. The article of association is available at [www.kafein.com.tr](http://www.kafein.com.tr) under the Investor Relations menu.

## PART III- PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1 Information Policy

Kafein Information Policy entered into force with the decision of the Board of Directors dated 28.05.2018 and numbered 2018/20.

The Information Policy of the Company has been issued to offer accurate, timely, complete, comprehensible, equal and easily accessible non-confidential information and the developments about the Company's former performance, future plans, expectations, strategy and target by observing the balance between transparency and the interests of the Company in order to help the shareholders and stakeholders make decisions. The Information Policy is available at [www.kafein.com.tr](http://www.kafein.com.tr) under the investor relations menu.

### 3.2. Corporate Website and its Contents

The Company's website is [www.kafein.com.tr](http://www.kafein.com.tr), and the Investor Relations menu incorporates the subjects specified under the Corporate Governance Rules of the Capital Markets Board (CMB). The website was created to provide clear, definite, and immediate information available for the shareholders, stakeholders and all the public. The information on the website is continuously updated.

The information on the website is offered in Turkish and English.

### 3.3. Activity Report

The Company's activity reports are prepared in compliance with the legal regulations so as to ensure that the public is informed in time, accurately and completely about the operations of the Company. As per the Item 8. of Corporate Governance Communique of the Capital Markets Board (II-17.1), Annual Activity Reports mentioned that whether the Corporate Governance and Sustainability Principles are implemented or not. It also covers the additional information which are requested in the annex of the same Communiqué with numbered 2.2. Corporate Governance Principle.

## PART IV- STAKEHOLDERS

### 4.1. Notification of Stakeholders

As specified under the relevant sections of the Corporate Governance Rules by the Capital Markets Board, stakeholders are provided with fair, reliable, and public information about the conditions of the Company in accordance with the public information rules. In this sense, the Company notifies the public with regard to all the significant developments in accordance with the relevant regulations. The Company shows utmost attention to comply with the provisions of the relevant regulations which safeguard the rights of stakeholders, and to protect the capital of the Company. The corporate governance applications and ethical rules of the Company secure the rights of stakeholders that are established with the regulations and contracts. Stakeholders may convey illegitimate and unethical transactions to the Company through the Corporate Governance Committee, Audit Committee, the heads of the committees and the independent members.

## 4.2. Participation of Stakeholders

The articles of association do not include any provision regarding the participation of stakeholders to the management. However, the directors evaluate the requests and recommendations transmitted through the employees and develop policies and applications thereto.

## 4.3. Human Resources Policy

The human resources policy of the Company aims to create a competent organization consisting of loyal employees and ensure that Kafein Yazilim Hizmetleri Ticaret A.S. is a preferred company. To this end, the Company dwells on continuous improvement principle as regards to the following main strategic priorities:

- *Ensuring equal opportunities to the candidates with equal conditions in employment, training, development, wage, and career planning*
- *Approaching equally to the employees with regard to development and promotion and creating development policies and plans so as to improve the knowledge, skills and experiences of the employees.*
- *Developing main organizational competencies which may potentially enhance competitive capacity.*
- *Promoting loyalty and performance*
- *Building a common company culture which incorporates variety and benefits from such tapestry.*

Kafein Yazilim Hizmetleri Ticaret A.S. ensures, promotes and rewards continuous development and high performance in all human resources systems such as labour requirement planning, employment, labour placement, performance management, talent management, training and development management, wage and allowance management, and reward management.

In this regard, employee development is a part of the personal goals of both the directors and the employees, and their performance is calculated according to this personal development.

Not only knowledge and skill development but also competence development is featured for development and high performance. We believe that it is significant to serve an example as a clear, fair, sensitive, and developing company which protects the pecuniary and non-pecuniary rights of employees and considers their opinion and advice to ensure continuous development and high performance.

## 4.4 Corporate Social Responsibility Policy

Kafein Corporate Social Responsibility Policy entered into force with the Board of Directors Decision No. 2018/20, dated 28.05.2018.

Kafein Yazilim adopts social responsibility awareness in all activities as a key element of the management concept. With sustainable growth, the original purpose of Kafein Yazilim is to perform the responsibilities towards the public and the environment. Kafein Yazilim pays regard to realize these responsibilities in all the relevant industries and in collaboration with the shareholders, employees, governmental and non-governmental organizations, and other stakeholders.

Kafein Yazilim prioritizes continuity, takes decisions based on economic criteria with the purpose of creating value for the shareholders and ensures the management of resources and assets in the most efficient way with an accountability approach.

#### 4.5. Quality Policy

Kafein Yazılım Hizmetleri Tic. A.Ş. The principles of the Quality Policy are as follows:

- To provide solutions and professional approaches to our customers' Software and Consultancy needs in the field of Information Technologies.
- To understand and interpret customer needs and expectations in the best way and to provide the necessary support in a fast and high-quality way.
- To ensure the participation of all our personnel to the requirements of the ISO 9001 Quality Management System, to work in accordance with the standards stipulated by the conditions.
- To complete all our services on time and within the framework of the conditions we undertake
- To adopt continuous improvement and development as our basic philosophy, rather than maintaining our current position.
- To ensure the participation of employees in necessary training, events, meetings, and seminars in order to support their professional and social development.

### PART V- BOARD OF DIRECTORS

#### 5.1. The Board of Directors and its Structure

To enable efficient and constructive activities, fast and rational decisions, establishment of committees and efficient organization of activities, the Board of Directors of the Company is assigned by the general assembly to consist of 6 to 8 members.

As of 31.12.2020, the Board of Directors of Kafein Yazilim consists of the following members.

<b>Kafein Yazilim Hizmetleri Ticaret A.S. Board of Directors</b>	
Ali Cem Kalyoncu	Board Chairman
Neval Onen	Vice Chairwoman
Hatice Sevim Oral	Board Member
Kenan Subekci	Board Member
Ibrahim Semih Arslanoglu	Independent Board Member
Yuce Erim	Independent Board Member

## 5.2. The Operation Principles of the Board of Directors

The Board of Directors manages and represents the company. The independent members of the board of directors reserve the duties, rights and authorities assigned by the Capital Markets Law and the relevant regulation. The Board of Directors is liable to establish the committees and commissions prescribed by the regulation. Apart from these, the Board of Directors may also create committees and commissions for the management and supervision of the decisions and policies regarding the activities. The regulations of the Capital Markets Law apply for such committees.

The meeting of the Board of Directors is held when it becomes necessary due to the activities and procedures of the Company. The meeting and quorum articles and provisions of Turkish Code of Commerce apply for the meetings. On the other hand, the regulations by the Capital Markets Law and Capital Markets Board are reserved.

Every year, a fixed wage is determined in ordinary general assembly meetings to be applicable for all the members of the Board of Directors. Regardless of short-term performance, the fixed wages to be made to the Board Members, Senior Management, and the employees of Kafein are determined in compliance with the ethical values, internal balance, and strategic targets of the Company.

30 meetings have been held by the Board of Directors within the period. The Members of the Board of Directors ensured participation by 94 % to these meetings.

On 25.10.2019, In accordance with the article 4.2.8 of Principles of Corporate Governance; Executive Liability Insurance policy is signed with the total liability amount of USD 5.000.000. The Policy is extended is extended with a validity from 03/09/2020 to 03/09/2021 with the total liability amount of USD 3.000.000.

## 5.3 Risk Management and Internal Control Mechanism

The Company's risk management procedure is carried out by the Early Risk Identification Committee established under the Board of Directors. The Committee includes two independent members from the Board of Directors, and the operational principle of the committee is available on the website of the Company.

## 5.4 Strategic Targets of the Company

The Company's Board of Directors pays attention to receive the opinion and advice of relevant departments while identifying strategic targets. The advices for strategic targets are reported to the Board of Directors, and the targets are implemented within the shortest time possible. In this sense, the rate of success is evaluated during financial statement terms and at the end of relevant years by reviewing operations. Once in every year, the Board of Directors holds a meeting to evaluate the rate of success, operations, and former performance of the Company.

## 5.5 Financial Rights and Remuneration Policy

The allowances allocated to the Board Members and the Senior Management in 2020 are as follows:

Total Financial Rights (TRY)	
<i>Board Members and Senior Management</i>	3.610.964 TL

- Wage Policy covers every managers and employees at all levels working in Kafein.
- Every year, a fixed wage is determined in ordinary general assembly meetings to be applicable for all the members of the Board of Directors.
- Fixed wages are cash payments in fixed amounts which are regularly and constantly made at certain periods of a year regardless of performance. Such wages are determined by considering the financial status of Kafein and are mainly paid to all employees according to the working time, title, and the nature of the job.
- It is essential that the fixed wages to be given to the Members of the Board of Directors, Senior Management, and employees of Kafein are compatible with the ethical values, internal balances, and strategic goals of Kafein and not associated with short-term performance.
- The senior management of Kafein is responsible to the Board of Directors for the effective execution and management of the company's remuneration practices within the framework of the relevant legislation and this Policy.

Kafein Remuneration Policy entered into force with the Board of Directors Decision dated 28.05.2018 and numbered 2018/20 and was approved at the 2018 Ordinary General Assembly dated 15.03.2019.

The total amount of any and all the rights, benefits and wages provided to the Board members and the senior management is quarterly disclosed to the public in the footnotes of Independent Auditor's Report and Activity Reports.