



TURKCELL İLETİŞİM HİZMETLERİ

FIRST QUARTER 2023 RESULTS

“ARPU GROWTH OUTPACED INFLATION”



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- Please note that all financial data is consolidated and comprises that of Turkcell İletişim Hizmetleri A.S. (the “Company”, or “Turkcell”) and its subsidiaries and associates (together referred to as the “Group”), unless otherwise stated.
- We have four reporting segments:
 - “Turkcell Turkey” which comprises our telecom, digital services and digital business services related businesses in Turkey (as used in our previous releases in periods prior to Q115, this term covered only the mobile businesses). All non-financial data presented in this press release is unconsolidated and comprises Turkcell Turkey only figures, unless otherwise stated. The terms “we”, “us”, and “our” in this press release refer only to Turkcell Turkey, except in discussions of financial data, where such terms refer to the Group, and except where context otherwise requires.
 - “Turkcell International” which comprises all of our telecom and digital services related businesses outside of Turkey.
 - “Techfin” which comprises all of our financial services businesses.
 - “Other” which mainly comprises our non-group call center and energy businesses, retail channel operations, smart devices management and consumer electronics sales through digital channels and intersegment eliminations.
- In this press release, a year-on-year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for March 31, 2023 refer to the same item as at March 31, 2022. For further details, please refer to our consolidated financial statements and notes as at and for March 31, 2023, which can be accessed via our website in the investor relations section (www.turkcell.com.tr).
- Selected financial information presented in this press release for the first and fourth quarters of 2022 and the first quarter of 2023 is based on Turkish Accounting Standards (TAS) / Turkish Financial Reporting Standards (TFRS) figures in TRY terms unless otherwise stated.
- In the tables used in this press release totals may not foot due to rounding differences. The same applies to the calculations in the text.
- Year-on-year and quarter-on-quarter percentage comparisons appearing in this press release reflect mathematical calculation.

**NOTICE**

We are publishing financial statements as of March 31, 2023 prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS”/“TFRS”) only. These standards are issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and are in full compliance with IAS/IFRS Standards. In an announcement published by the POA on January 20, 2022, it is stated that TAS 29 “Financial Reporting in Hyperinflationary Economies” does not apply to TFRS financial statements as of December 31, 2021. Since then and as of the preparation date of our latest consolidated financial statements, no new statement has been made by the POA about TAS 29 application. Consequently, no TAS 29 adjustment was made to our consolidated financial statements.

Financial statements prepared in accordance with IFRS should apply IAS 29 “Financial Reporting in Hyperinflationary Economies” as of March 31, 2023. In this context, financial statements prepared in accordance with IFRS and TFRS would have significant differences and would not be comparable as of March 31, 2023. We intend to publish IFRS financial statements, compliant with IAS 29 to the extent that it remains applicable, with our Annual Report on Form 20-F that will be filed to the U.S. Securities and Exchange Commission.

Although we have not prepared a detailed comparison of differences between IFRS (unadjusted according to IAS 29) and TFRS, we have noted in our past financial statements that the most significant differences have appeared in the lines Other Operating Income/Expense, Finance Income/Expense, and Investment Activity Income/Expense. In the past, revenue, net income and EBITDA have generally not differed. While no assurance can be given that this will be the case for Q1 2023, we are not at present aware of changes that would cause other significant differences, other than those resulting from the application of IAS 29.



FINANCIAL HIGHLIGHTS

TRY million	Q122	Q422	Q123	y/y%	q/q%
Revenue	10,695	16,044	17,276	61.5%	7.7%
EBITDA ¹	4,302	6,671	6,759	57.1%	1.3%
EBITDA Margin (%)	40.2%	41.6%	39.1%	(1.1pp)	(2.5pp)
EBIT ²	2,217	4,156	4,073	83.7%	(2.0%)
EBIT Margin (%)	20.7%	25.9%	23.6%	2.9pp	(2.3pp)
Net Income	803	5,996	2,817	250.8%	(53.0%)

FIRST QUARTER HIGHLIGHTS

- Strong financial performance:
 - Group revenues up 61.5% mainly on increased ARPU growth, expanded postpaid subscriber base, the contribution of international operations, techfin business and digital business services. Excluding earthquakes' impact, revenue growth would have been around 65%* year-on-year
 - EBITDA up 57.1% leading to an EBITDA margin of 39.1%; EBIT up 83.7% resulting in an EBIT margin of 23.6%
 - Net income up 250.8% to TRY2.8 billion
 - Net leverage³ level at 0.9x; net short FX position of US\$31 million
- Robust operational results:
 - Turkcell Turkey subscriber base increased by 48 thousand quarterly net additions
 - 342 thousand quarterly mobile postpaid net additions; postpaid subscriber base share at 69.1%
 - 38 thousand fiber net additions
 - 160 thousand new fiber homepasses
 - Mobile ARPU⁴ exceeded the average of inflation rate and rose by 67.9% year-on-year in Q123 mainly on the back of gradual price adjustments over the last year, upsell to higher tariffs and larger postpaid subscriber base
 - Residential fiber ARPU growth of 31.4% year-on-year
 - Average monthly data usage of 4.5G users at 17.4 GB in Q123; smartphone penetration at 88%
- 2023 guidance⁵ maintained; revenue growth target of between 55-57%, EBITDA target of around TRY34 billion, and operational capex over sales ratio⁶ target of around 22%

(1) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(2) EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

(3) Starting from Q421, we have revised the definition of our net debt calculation to include "financial assets" reported under current and non-current assets. Required reserves held in CBRT balances are also considered in net debt calculation. We believe that these assets are highly liquid and can be easily converted to cash without significant change in value.

(4) Excluding M2M

(5) Please note that this section contains forward-looking statements based on our initial impact assessment of the earthquake. Factors such as changes in the state of emergency measures and potential aftershocks, as well as the risk factors disclosed in our Annual Report on Form 20-F for 2022 filed with U.S. Securities and Exchange Commission, could cause actual impacts to differ materially from our expectations.

(5) 2023 guidance figures are based on TFRS, and do not include the effects of a likely adoption of inflationary accounting in accordance with IAS 29.

(6) Excluding license fee

*Excluding the impact of cancellation of certain fees such as activation, cancellation and late payment fees

For further details, please refer to our consolidated financial statements and notes as at March 31, 2023 via our website in the investor relations section (www.turkcell.com.tr).



COMMENTS BY CEO, MURAT ERKAN

The wounds of the earthquake have begun to heal

The wounds of the February earthquake epicentered in Kahramanmaraş, one of the worst disasters in our history, have been swiftly addressed. While all resources are being mobilized for the reconstruction and recovery of the affected region, as Türkiye's Turkcell we, too, are supporting the region with various employment and education-focused projects. As part of the "Turkcell Employment Mobilization" project we will, in the first stage, provide employment to 1,100 citizens and their families affected by the earthquake across 11 provinces. In addition, with our Call and Vocational Training Center to be established in Hatay, we aim to support earthquake victims not only with training, but also by providing areas for socialization. Meanwhile, with the technical and personal development programs of Turkcell Academy, we aim to provide the region with a qualified workforce of 5,000 people. As Turkcell, we will continue our efforts at full speed to improve the conditions of those affected by the earthquake and alleviate their suffering.

Mobile ARPU growth outpaced inflation

In the first quarter, despite the new subscriber demand in the earthquake-affected region and regulatory tourist line closures, we saw a net total add of 48 thousand subscribers. On the mobile side, we achieved a net add of 342 thousand postpaid subscribers in line with our focus on this segment. On the other hand, we lost 367 thousand prepaid subscribers due to regulatory closures we made this quarter among such subscribers acquired in high numbers from tourists and visitors in 2022. The mobile churn rate slightly increased on an annual basis to 1.7%.

Regarding market competition dynamics, it is fair to state that the first quarter of the year was more balanced compared to the same period of last year due to the earthquake impact. We saw the year-end aggressiveness continue in the early months of the year. Yet as the MNP market volume decreased during the earthquake period and aggressive campaigns subsided in march, the market became more rational.

We continued our infrastructure investments to provide our citizens with the internet speeds they deserve, and aware that the digitalization of our country depends on the fiber internet infrastructure. Within the framework of our goal of reaching 300 thousand new homepasses in 2023, we extended our end-to-end fiber service to 160 thousand new homepasses this quarter reaching a total of 5.5 million households. As a result of our strategic investments, we gained a net 38 thousand fiber customers in the first quarter of the year. The strong demand for our high-speed packages continued in this quarter. On the fiber side, the share among new customers of packages with speeds of over 100 Mbps increased by 22 percentage points compared to the same period of last year to 44%. Again, in this period, our customers also appreciated the no-commitment packages we offered for the first time in the fiber segment. On the other hand, due to the earthquake effect, fixed churn rate rose slightly on an annual basis. The fixed and fiber residential churn rates were 1.5% and 1.2%, respectively. Despite the earthquake impact, the subscribers of IPTV, which we especially offer to our fiber customers, increased by 28 thousand this quarter.

In line with our inflationary pricing policy, the sequential price adjustments since the end of 2021 and the slowdown in inflation led mobile ARPU growth to outpace inflation, as expected. Mobile ARPU¹, which continued its upward momentum, increased by 67.9% in the first quarter of the year, while the average inflation rate during the period was 54.3%. On the fixed side, the revenue reflection of price adjustments is more extended when compared to mobile due to a longer contract period. In addition, with the actions we have taken for customers in the earthquake region, Residential Fiber ARPU grew 31.4% on a year-on-year basis.



In the first quarter of 2023, our consolidated revenues increased by 61.5% year-on-year to TRY17.3 billion, while EBITDA² rose by 57.1% to TRY6.8 billion compared to the same period of last year. Our net profit rose by 250.8% to TRY2.8 billion, thanks to our strong operational performance, lower FX losses and an effective cash management.

Strong performance from our focus areas continued

The stand-alone paid users of our digital services and solutions, which is among our strategic focus areas, rose 24% year-on-year to 5.2 million, while their stand-alone revenues rose 65.2%. TV+, which enriches its offering with domestic and foreign content, continues to strengthen its market position in the through consistent improvement in service quality. In this regard, TV+'s net promoter score (NPS) has steadily increased over the past four quarters, and as of this quarter TV+ leads the market. TV+ has been steadily raising its share in the paid TV market since the second quarter of 2014, and according to the fourth quarter ICTA report, it has increased its market share to 16.5%. Despite the earthquake impact, IPTV subscribers have reached 1.3 million on a 16% year-on-year increase, while OTT TV subscribers maintained a similar yearly increase sustaining 1.0 million subscribers.

The revenues of digital business services that offer solutions for companies' digital transformation increased by 103.9% year-on-year, exceeding TRY1.6 billion in the first quarter of 2023. The revenue of our data center and cloud business services, which increase their share in digital business services revenue each quarter, more than doubled in revenue year-on-year. In this quarter, we signed 1,163 new projects with a total contract size of 1.8 billion TRY, of which TRY1.2 billion comprised system integration and managed services projects. Through this project portfolio, we have a backlog of TRY2.5 billion in contract value to be collected after the second quarter of 2023.

Our third focus area, techfin, where we provide services under the Financell and Paycell brands, continued to support group growth. Financell³'s revenue reached TRY317 million, up 64.6% year on year. This performance was driven by a credit portfolio reaching TRY3.9 billion and an increase in average interest rates. Paycell, Turkiye's digital payment platform, saw its revenues rise 79.4% year-on-year to TRY294 million. "Pay Later", which accounts for 71% of Paycell revenue, doubled its transaction volume compared to the same period of last year, thanks to a rising number of users, being preferred in digital content such as transactions in Apple and Android markets.

The first deliveries of domestically produced smart device Togg T10X, for which pre-sales demand was exceed nine-fold of the production, began to be made in April. The T10X has the distinction of being the first vehicle in the world to be sold through an electronic wallet. During the presale period of T10X, which is the first vehicle to be sold via an electronic wallet, a volume of around TRY11 billion has been executed via Trumore wallet for which Paycell provided its infrastructure. Our Paycell virtual POS product, designed for corporate consumers, and enjoying high demand, will also mediate payments at "Trugo" charging stations.

I take this opportunity to thank our Board of Directors and all our team members for their support in making a strong start to the year, despite the challenges we faced and grief we suffered together this quarter. I also express our gratitude to our customers and business partners who remain with us on our journey towards success.

(1) Excluding M2M

(2) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income

(3) Following the change in the organizational structure, the revenues of Turkcell Sigorta Aracılık Hizmetleri A.Ş. (Insurance Agency), which was previously managed under the Financell, has been classified from Financell to "Other" in the Techfin segment as of the first quarter of 2023. Within this scope, all past data have been revised for comparability purposes.



FINANCIAL AND OPERATIONAL REVIEW

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Q122	Q422	Q123	y/y%	q/q%
Revenue	10,695.0	16,043.9	17,275.9	61.5%	7.7%
Cost of revenue ¹	(5,493.5)	(7,935.3)	(8,840.5)	60.9%	11.4%
Cost of revenue¹/Revenue	(51.4%)	(49.5%)	(51.2%)	0.2pp	(1.7pp)
Gross Margin¹	48.6%	50.5%	48.8%	0.2pp	(1.7pp)
Administrative expenses	(303.7)	(473.4)	(560.5)	84.6%	18.4%
Administrative expenses/Revenue	(2.8%)	(3.0%)	(3.2%)	(0.4pp)	(0.2pp)
Selling and marketing expenses	(540.7)	(899.8)	(911.8)	68.6%	1.3%
Selling and marketing expenses/Revenue	(5.1%)	(5.6%)	(5.3%)	(0.2pp)	0.3pp
Net impairment losses on financial and contract assets	(55.1)	(63.9)	(203.9)	270.0%	219.1%
EBITDA²	4,302.0	6,671.5	6,759.2	57.1%	1.3%
EBITDA Margin	40.2%	41.6%	39.1%	(1.1pp)	(2.5pp)
Depreciation and amortization	(2,084.5)	(2,515.7)	(2,685.8)	28.8%	6.8%
EBIT³	2,217.5	4,155.8	4,073.4	83.7%	(2.0%)
EBIT Margin	20.7%	25.9%	23.6%	2.9pp	(2.3pp)
Net finance income / (expense)	(3,038.4)	(3,424.2)	(2,104.2)	(30.7%)	(38.5%)
Finance income	72.3	(642.4)	4.6	(93.6%)	n.m
Finance expense	(3,110.7)	(2,781.8)	(2,108.8)	(32.2%)	(24.2%)
Other operating income / (expense)	1,494.1	1,028.9	1,070.6	(28.3%)	4.1%
Investment activity income / (expense)	299.2	157.6	510.1	70.5%	223.7%
Non-controlling interests	(0.0)	0.9	0.2	n.m	n.m
Share of profit of equity accounted investees	(23.4)	(10.0)	6.4	n.m	n.m
Income tax expense	(146.0)	4,087.3	(739.8)	406.7%	(118.1%)
Net Income	802.9	5,996.3	2,816.6	250.8%	(53.0%)

(1) Excluding depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(3) EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

Revenue of the Group rose 61.5% year-on-year in Q123. Turkcell Turkey played a significant role in this performance given its robust ARPU growth, which was positively impacted by price adjustments during 2022 aimed at reflecting inflationary effects, along with successful upsell efforts. Additionally, revenue growth was supported by our international operations and techfin business.

Turkcell Turkey revenues, comprising 78% of Group revenues, rose 69.7% year-on-year in Q123 to TRY13,491 million (TRY7,950 million).

- Consumer segment revenues rose 67.6% year-on-year on the back of an expanded postpaid subscriber base and price adjustments to offset the impact of inflation.
- Corporate segment revenues grew 85.1% year-on-year driven by the performance of digital business services, which grew 103.9% year-on-year.
- Standalone digital services revenues registered as part of the consumer and corporate segments rose 65.2% year-on-year in Q123. The primary drivers of this growth were the increased number of stand-alone paid users and adjustments to the prices of services.



- Wholesale revenues increased by 53.3% year-on-year to TRY894 million (TRY583 million), driven mainly by the positive impact of currency movements, as well as the traffic increase and capacity upgrades of customers.

Turkcell International revenues, comprising 11% of Group revenues, rose 31.0% year-on-year to TRY1,869 million (TRY1,427 million) due mainly to lifecell's performance.

Techfin segment revenues, comprising 4% of Group revenues, rose 71.7% year-on-year to TRY606 million (TRY353 million). This was driven by a 79.4% rise in Paycell revenues and 64.6% growth in Financell revenues. Please refer to the Techfin section for details.

Other subsidiaries' revenues, at 8% of Group revenues, including mainly consumer electronics sales revenues, digital channels, non-group call center and energy business revenues, were up 35.7% year-on-year to TRY1,310 million (TRY966 million).

Cost of revenue (excluding depreciation and amortization) decreased to 51.2% (51.4%) as a percentage of revenues in Q123. This was driven mainly by the decline in interconnection cost (2.2pp), despite the increase in employee expenses (1.6pp) and other cost items (0.4pp) as a percentage of revenues.

Administrative expenses increased to 3.2% (2.8%) as a percentage of revenues in Q123.

Selling and marketing expenses rose to 5.3% (5.1%) as a percentage of revenues in Q123. This was driven mainly by the increase in employee expenses (0.7pp) and energy expenses (0.1pp), despite the decline in selling expenses (0.4pp) and marketing expenses (0.2pp) as a percentage of revenues.

Net impairment losses on financial and contract assets was at 1.2% (0.5%) as a percentage of revenues in Q123.

EBITDA¹ rose by 57.1% year-on-year in Q123 leading to an EBITDA margin of 39.1% (40.2%).

- Turkcell Turkey's EBITDA grew by 64.1% to TRY5,391 million (TRY3,286 million) leading to an EBITDA margin of 40.0% (41.3%).
- Turkcell International EBITDA increased 41.1% to TRY1,007 million (TRY714 million) driving an EBITDA margin of 53.9% (50.1%) on 3.8pp improvement.
- Techfin segment EBITDA rose 36.3% to TRY248 million (TRY182 million) with an EBITDA margin of 40.9% (51.5%).
- The EBITDA of other subsidiaries decreased by 6.0% to TRY113 million (TRY121 million).

Depreciation and amortization expenses increased 28.8% year-on-year in Q123.

Net finance expense decreased to TRY2,104 million (TRY3,038 million) in Q123. This was driven mainly by lower FX losses from borrowings and issued bonds.

See Appendix A for details of net foreign exchange gain and loss.

Net other operating income decreased to TRY1,071 million (TRY1,494 million) in Q123.

See Appendix A for details of net foreign exchange gain and loss.

Net investment activity income was TRY510 million in Q123 compared to TRY299 million in Q122.

Income tax expense increased to TRY740 million (TRY146 million) due mainly to a higher deferred tax expense incurred in Q123.

Net income of the Group increased by 250.8% to TRY2,817 million (TRY803 million) in Q123. This was driven mainly by robust topline growth on the back of strong operational performance, lower fx losses from borrowings and issued bonds in addition to positive impact from currency-protected time deposits.

(1) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate adjusted EBITDA and its reconciliation to net income



Total cash & debt: Consolidated cash as of March 31, 2023 increased to TRY27,317 million from TRY25,961 million as of December 31, 2022. This was driven mainly by the positive impact of currency movements. Excluding FX swap transactions, 57% of our cash is in US\$, 15% in EUR, and 26% in TRY.

Consolidated debt as of March 31, 2023 increased to TRY58,486 million from TRY53,854 million as of December 31, 2022 mainly due to the impact of currency movements and new borrowings. Please note that TRY3,391 million of our consolidated debt is comprised of lease obligations. Please note that 44% of our consolidated debt is in US\$, 26% in EUR, 2% in CNY, 5% in UAH, and 22% in TRY.

Net debt¹ as of March 31, 2023 was at TRY23,166 million with a net debt to EBITDA ratio of 0.9 times. Excluding finance company consumer loans, our telco only net debt was at TRY19,284 million with a leverage of 0.8 times.

Turkcell Group had a short FX position of US\$31 million as at the end of the first quarter. (Please note that this figure takes hedging portfolio and advance payments into account). The short FX position of US\$31 million is in line with our FX neutral definition, which is between -US\$200 million and +US\$200 million.

Capital expenditures: Capital expenditures, including non-operational items, amounted to TRY5,439 million in Q123.

For Q123, operational capital expenditures (excluding license fees) at the Group level were at 19.9% of total revenues.

Capital expenditures (million TRY)	Q122	Q422	Q123
Operational Capex	1,845.3	4,454.3	3,442.7
License and Related Costs	-	317.5	14.4
Non-operational Capex (<i>Including IFRS15 & IFRS16</i>)	1,073.1	1,662.5	1,981.4
Total Capex	2,918.3	6,434.3	5,438.5

(1) Starting from Q421, we have revised the definition of our net debt calculation to include "financial assets" reported under current and non-current assets. Required reserves held in CBRT balances are also considered in net debt calculation. We believe that these assets are highly liquid and can be easily converted to cash without significant change in value.



Operational Review of Turkcell Turkey

Summary of Operational Data	Q122	Q422	Q123	y/y%	q/q%
Number of subscribers (million)	40.0	41.7	41.7	4.3%	-
Mobile Postpaid (million)	24.1	25.6	25.9	7.5%	1.2%
Mobile M2M (million)	3.5	4.0	4.1	17.1%	2.5%
Mobile Prepaid (million)	12.0	12.0	11.6	(3.3%)	(3.3%)
Fiber (thousand)	1,941.0	2,121.8	2,159.7	11.3%	1.8%
ADSL (thousand)	755.7	751.4	759.0	0.4%	1.0%
Superbox (thousand) ¹	612.4	670.7	676.5	10.5%	0.9%
Cable (thousand)	51.1	43.9	42.4	(17.0%)	(3.4%)
IPTV (thousand)	1,126.4	1,281.7	1,309.3	16.2%	2.2%
Churn (%) ²					
Mobile Churn (%)	1.6%	2.7%	1.7%	0.1pp	(1.0pp)
Fixed Churn (%)	1.4%	1.3%	1.5%	0.1pp	0.2pp
ARPU (Average Monthly Revenue per User) (TRY)					
Mobile ARPU, blended	54.6	83.8	90.3	65.4%	7.8%
Mobile ARPU, blended (excluding M2M)	59.8	92.6	100.4	67.9%	8.4%
Postpaid	67.0	101.6	107.4	60.3%	5.7%
Postpaid (excluding M2M)	77.3	118.7	126.2	63.3%	6.3%
Prepaid	29.8	47.9	53.0	77.9%	10.6%
Fixed Residential ARPU, blended	88.9	110.5	117.1	31.7%	6.0%
Residential Fiber ARPU	89.9	110.6	118.1	31.4%	6.8%
Average mobile data usage per user (GB/user)	13.4	15.7	16.2	20.9%	3.2%

(1) Superbox subscribers are included in mobile subscribers.

(2) Churn figures represent average monthly churn figures for the respective quarters.

Despite the negative impact of the earthquake, Turkcell Turkey subscriber base grew by 48 thousand net additions in Q123 to 41.7 million. On the mobile front, our subscriber base was at 37.5 million with 24 thousand net loss in the first quarter of 2023. Accordingly, postpaid subscribers reached 69.1% (66.7%) of the mobile subscriber base. During the quarter, our prepaid customers decreased by 367 thousand. This was due to the disconnection of 509 thousand prepaid customers in Q123 in accordance with the ICTA regulation because of significant tourist arrivals in Q322.

On the fixed front, our fiber subscriber base increased by 38 thousand net additions in Q123 supported by sustained demand for high-speed and quality broadband connections. Total fixed subscribers reached 3.0 million on 44 thousand quarterly net additions. Meanwhile, IPTV customers reached 1.3 million on 28 thousand quarterly net additions in Q123.

The average monthly mobile churn rate was at 1.7% in Q123. Meanwhile, the average monthly fixed churn rate was at 1.5% in Q123. Our customer-oriented approach and advanced analytic capabilities led to improved customer retention performance in both the mobile and fixed segments. This played a crucial role in maintaining a healthy level of churn.

Despite the negative impact of the earthquake, our mobile ARPU (excluding M2M) exceeded the average of inflation rate and rose by 67.9% year-on-year in Q123 driven mainly by price adjustments, upsell to higher tariffs and a larger postpaid subscriber base.

Our residential fiber ARPU growth was 31.4% year-on-year in Q123 due mainly to upselling our customers to higher tariffs. The earthquake had a negative impact on the gradual growth of our residential fiber ARPU.



Average monthly mobile data usage per user grew by 20.9% in Q123 to 16.2 GB with the increasing number and data consumption of 4.5G users. Accordingly, the average mobile data usage of 4.5G users reached 17.4 GB in Q123.

Total smartphone penetration on our network reached 88% in Q123 on a 1.5pp year-on-year improvement. 93% of those smartphones were 4.5G compatible.

TURKCELL INTERNATIONAL

lifecell ¹ Financial Data	Q122	Q422	Q123	y/y%	q/q%
Revenue (million UAH)	2,306.8	2,606.8	2,687.4	16.5%	3.1%
EBITDA (million UAH)	1,292.4	1,505.6	1,605.0	24.2%	6.6%
EBITDA margin (%)	56.0%	57.8%	59.7%	3.7pp	1.9pp
Net income (million UAH)	209.4	408.8	515.6	146.2%	26.1%
Capex (million UAH)	711.6	997.4	638.0	(10.3%)	(36.0%)
Revenue (million TRY)	1,112.6	1,326.1	1,386.2	24.6%	4.5%
EBITDA (million TRY)	623.6	765.8	827.9	32.8%	8.1%
EBITDA margin (%)	56.0%	57.7%	59.7%	3.7pp	2.0pp
Net income (million TRY)	101.0	207.8	266.2	163.6%	28.1%

(1) Since July 10, 2015, we hold a 100% stake in lifecell.

lifecell (Ukraine) revenues rose 16.5% year-on-year in Q123 in local currency terms. The growth in revenue is primarily driven by the increase in ARPU, which has been supported by the price adjustments. lifecell's EBITDA grew 24.2% year-on-year leading to an EBITDA margin of 59.7% improving 3.7pp year-on-year on the back of lower international interconnection expenses. In Q123, lifecell's positive net income was driven by strong topline performance.

lifecell revenues in TRY terms increased 24.6% year-on-year in Q123 with strong operational performance. lifecell's EBITDA in TRY terms grew by 32.8%, leading to an EBITDA margin of 59.7%.

lifecell Operational Data	Q122	Q422	Q123	y/y%	q/q%
Number of subscribers (million) ²	10.2	10.2	10.8	5.9%	5.9%
Active (3 months) ³	8.9	8.5	8.6	(3.4%)	1.2%
MOU (minutes) (12 months)	170.0	148.0	133.5	(21.5%)	(9.8%)
ARPU (Average Monthly Revenue per User), blended (UAH)	75.6	86.0	85.1	12.6%	(1.0%)
Active (3 months) (UAH)	84.3	104.5	104.6	24.1%	0.1%

(2) We may occasionally offer campaigns and tariff schemes that have an active subscriber life differing from the one that we normally use to deactivate subscribers and calculate churn.

(3) Active subscribers are those who in the past three months made a revenue generating activity.

The three-month active subscriber base of lifecell increased to 8.6 million in Q123 compared to previous quarter. Meanwhile, lifecell's 3-month active ARPU growth was 24.1% year-on-year on the back of price adjustments. As of Q123, lifecell maintained its leadership in the Ukrainian market with 84.6% smartphone penetration.

lifecell remained focused on employee safety and providing services to Ukrainian customers, with a largely operational network. On average, around 15% of nearly 9 thousand sites are temporarily down as of March 31, 2023 on a daily basis. The conditions of sites in occupied territories are unclear. On average, approximately 92% of our stores nationwide were open daily as of the end of March. Moreover, country's ICT systems, including payment and CRM, are functioning normally, and the country's banking system is operating without any issues. Additionally, with its improved cash generation, the company's net debt decreased 54% year-on-year, and lifecell's current cash position is sufficient to maintain its operations.



BeST ¹	Q122	Q422	Q123	y/y%	q/q%
Number of subscribers (million)	1.5	1.5	1.5	-	-
Active (3 months)	1.1	1.1	1.1	-	-
Revenue (million BYN)	34.3	38.8	39.3	14.6%	1.3%
EBITDA (million BYN)	10.7	12.4	18.2	70.1%	46.8%
EBITDA margin (%)	31.1%	32.0%	46.3%	15.2pp	14.3pp
Net loss (million BYN)	(8.5)	(103.1)	(9.2)	8.2%	(91.1%)
Capex (million BYN)	21.5	25.3	18.8	(12.6%)	(25.7%)
Revenue (million TRY)	175.8	288.1	269.4	53.2%	(6.5%)
EBITDA (million TRY)	54.6	92.1	124.7	128.4%	35.4%
EBITDA margin (%)	31.1%	32.0%	46.3%	15.2pp	14.3pp
Net loss (million TRY)	(43.7)	(745.4)	(62.8)	43.7%	(91.6%)

(1) BeST, in which we hold a 100% stake, has operated in Belarus since July 2008.

BeST revenues increased 14.6% year-on-year in local currency terms in Q123 supported by ARPU growth and upsell to higher tariffs. Due to the positive impact of the asymmetric mobile termination rates (MTRs), which came into effect on December 31, 2022, the EBITDA margin improved 15.2pp compared to Q122. BeST's revenues in TRY terms increased 53.2% year-on-year in Q123 with an EBITDA margin of 46.3%.

BeST provides LTE services to its customers in all six regions through reaching 4.1 thousand sites, and has increased the penetration of 4G services. Accordingly, 4G users comprised 79% of the 3-month active subscriber base as of Q123. Meanwhile, the average monthly data consumption of 4G subscribers rose 10% year-on-year to 18.4 GB.

Kuzey Kıbrıs Turkcell ² (million TRY)	Q122	Q422	Q123	y/y%	q/q%
Number of subscribers (million)	0.6	0.6	0.6	-	-
Revenue	96.9	147.8	162.8	68.0%	10.1%
EBITDA	38.3	65.2	53.0	38.4%	(18.7%)
EBITDA margin (%)	39.5%	44.1%	32.5%	(7.0pp)	(11.6pp)
Net income	21.8	106.8	21.6	(0.9%)	(79.8%)
Capex	34.9	361.2	92.2	164.2%	(74.5%)

(2) Kuzey Kıbrıs Turkcell, in which we hold a 100% stake, has operated in Northern Cyprus since 1999.

Kuzey Kıbrıs Turkcell revenues rose by 68.0% year-on-year in Q123 due mainly to the increase in mobile and roaming revenues, as well as fixed broadband and handset sales revenues. Kuzey Kıbrıs Turkcell recorded a 38.4% increase in EBITDA with a resulting EBITDA margin of 32.5% in Q123.



TECHFIN

Paycell Financial Data (million TRY)	Q122	Q422	Q123	y/y%	q/q%
Revenue	164.0	270.2	294.2	79.4%	8.9%
EBITDA	72.9	116.7	123.2	69.0%	5.6%
EBITDA Margin (%)	44.5%	43.2%	41.9%	(2.6pp)	(1.3pp)
Net Income	49.1	83.3	78.8	60.5%	(5.4%)

In Q123, Paycell registered a 79.4% year-on-year increase in revenue due to the sustained demand for digital payment services. This demand was addressed through our diversified product portfolio, which includes mobile payment services, POS solutions, and Paycell card, particularly the Pay Later solution. Paycell's EBITDA increased by 69.0% year-on-year, resulting in an EBITDA margin of 41.9% in the first quarter of 2023.

On the operational front, the quarterly transaction volume (non-group) of Pay Later service doubled year-on-year to TRY1.4 billion, which was utilized by 3-month active Pay Later users of 5.2 million in Q123. Meanwhile, the Paycell Card transaction volume almost doubled year-on-year to TRY2.8 billion in Q123. Additionally, in Q123 the transaction volume of POS solutions almost quintupled year-on-year to TRY10.1 billion supported by the Togg project (presale payments collected through Paycell wallet), Turkey's first domestic car designed as an electric vehicle, which marks an important and powerful initiative in the mobility sector. Paycell also maintained its position as a marketplace for the trading of gold, silver, and platinum in Q123. Overall, Paycell's total transaction volume across all services almost tripled to TRY18.2 billion year-on-year, driven mainly by a 12% year-on-year rise in Paycell's total 3-month active users to 7.7 million, and their increased usage.

Financell ¹ Financial Data (million TRY)	Q122	Q422	Q123	y/y%	q/q%
Revenue	192.8	307.4	317.4	64.6%	3.2%
EBITDA	110.9	162.3	133.5	20.4%	(17.7%)
EBITDA Margin (%)	57.5%	52.8%	42.1%	(15.4pp)	(10.7pp)
Net Income	67.1	98.4	108.9	62.3%	10.7%

Financell's revenue grew by 64.6% year-on-year in Q123. The main factors contributing to this growth were the expansion of the loan portfolio and a higher average interest rate on the portfolio as compared to the same period of last year. Meanwhile, Financell reported EBITDA growth of 20.4% year-on-year, resulting in an EBITDA margin of 42.1% in Q123. The decrease in EBITDA margin was due to higher funding costs compared to the Q122. Financell's net income increased 62.3% year-on-year.

Financell's loan portfolio increased to TRY3.9 billion at the end of Q123. Despite the continued installment limitation on consumer loans for telecom devices, the loan portfolio was supported by higher lending to corporate customers and greater mobility. Accordingly, Financell has extended loans to over 24 thousand corporate customers. Financell's higher loan portfolio, lower receivable sales, and the negative effects of earthquake were the main drivers behind the increase in its cost of risk from 1.0% in Q422 to 2.7% in Q123.

(1) Following the change in the organizational structure, the revenues of Turkcell Sigorta Aracılık Hizmetleri A.Ş. (Insurance Agency), which was previously managed under the Financell, has been classified from Financell to "Other" in the Techfin segment as of the first quarter of 2023. Within this scope, all past data have been revised for comparability purposes.



Turkcell Group Subscribers

Turkcell Group registered subscribers amounted to approximately 54.6 million as of March 31, 2023. This figure is calculated by taking the number of subscribers of Turkcell Turkey, and of each of our subsidiaries. It includes the total number of mobile, fiber, ADSL, cable and IPTV subscribers of Turkcell Turkey, and the mobile subscribers of lifecell, BeST, and Kuzey Kıbrıs Turkcell.

Turkcell Group Subscribers	Q122	Q422	Q123	y/y%	q/q%
Turkcell Turkey subscribers (million) ¹	40.0	41.7	41.7	4.3%	-
lifecell (Ukraine)	10.2	10.2	10.8	5.9%	5.9%
BeST (Belarus)	1.5	1.5	1.5	-	-
Kuzey Kıbrıs Turkcell	0.6	0.6	0.6	-	-
Turkcell Group Subscribers (million)	52.3	54.0	54.6	4.4%	1.1%

(1) Subscribers to more than one service are counted separately for each service.

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

The foreign exchange rates used in our financial reporting, along with certain macroeconomic indicators, are set out below.

	Q122	Q422	Q123	y/y%	q/q%
GDP Growth (Turkey)	7.6%	3.5%	n.a	n.a	n.a
Consumer Price Index (Turkey) (yoy)	61.1%	64.3%	50.5%	(10.6pp)	(13.8pp)
US\$ / TRY rate					
Closing Rate	14.6458	18.6983	19.1460	30.7%	2.4%
Average Rate	13.8778	18.6010	18.8577	35.9%	1.4%
EUR / TRY rate					
Closing Rate	16.3086	19.9349	20.8021	27.6%	4.4%
Average Rate	15.5203	18.9748	20.2424	30.4%	6.7%
US\$ / UAH rate					
Closing Rate	29.2549	36.5686	36.5686	25.0%	-
Average Rate	28.7685	36.5686	36.5686	27.1%	-
US\$ / BYN rate					
Closing Rate	2.9732	2.7364	2.8571	(3.9%)	4.4%
Average Rate	2.7118	2.5055	2.7505	1.4%	9.8%



RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS: We believe Adjusted EBITDA, among other measures, facilitates performance comparisons from period to period and management decision making. It also facilitates performance comparisons from company to company. Adjusted EBITDA as a performance measure eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates on periods or companies) and the age and book depreciation of tangible assets (affecting relative depreciation expense). We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating the performance of other mobile operators in the telecommunications industry in Europe, many of which present Adjusted EBITDA when reporting their results.

Our Adjusted EBITDA definition includes Revenue, Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses and Net impairment losses on financial and contract assets, but excludes finance income and expense, other operating income and expense, investment activity income and expense, share of profit of equity accounted investees and minority interest.

Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of our results of operations, as reported under TFRS. The following table provides a reconciliation of Adjusted EBITDA, as calculated using financial data prepared in accordance with TFRS to net profit, which we believe is the most directly comparable financial measure calculated and presented in accordance with TFRS.

Turkcell Group (million TRY)	Q122	Q422	Q123	y/y%	q/q%
Adjusted EBITDA	4,302.0	6,671.5	6,759.2	57.1%	1.3%
Depreciation and amortization	(2,084.5)	(2,515.7)	(2,685.8)	28.8%	6.8%
EBIT	2,217.5	4,155.8	4,073.4	83.7%	(2.0%)
Finance income	72.3	(642.4)	4.6	(93.6%)	n.m
Finance expense	(3,110.7)	(2,781.8)	(2,108.8)	(32.2%)	(24.2%)
Other operating income / (expense)	1,494.1	1,028.9	1,070.6	(28.3%)	4.1%
Investment activity income / (expense)	299.2	157.6	510.1	70.5%	223.7%
Share of profit of equity accounted investees	(23.4)	(10.0)	6.4	n.m	n.m
Consolidated profit before income tax & minority interest	948.9	1,908.0	3,556.2	274.8%	86.4%
Income tax expense	(146.0)	4,087.3	(739.8)	406.7%	(118.1%)
Consolidated profit before minority interest	802.9	5,995.3	2,816.4	250.8%	(53.0%)



NOTICE: This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. This includes, in particular, our targets for revenue, EBITDA and capex for 2023. More generally, all statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding the launch of new businesses, our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "will," "expect," "intend," "estimate," "believe", "continue" and "guidance".

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. For a discussion of certain factors that may affect the outcome of such forward looking statements, see our Annual Report on Form 20-F for 2022 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The Company makes no representation as to the accuracy or completeness of the information contained in this press release, which remains subject to verification, completion and change. No responsibility or liability is or will be accepted by the Company or any of its subsidiaries, board members, officers, employees or agents as to or in relation to the accuracy or completeness of the information contained in this press release or any other written or oral information made available to any interested party or its advisers.

ABOUT TURKCELL: Turkcell is a digital operator headquartered in Turkey, serving its customers with its unique portfolio of digital services along with voice, messaging, data and IPTV services on its mobile and fixed networks. Turkcell Group companies operate in 4 countries – Turkey, Ukraine, Belarus, and Northern Cyprus. Turkcell launched LTE services in its home country on April 1st, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. Turkcell offers up to 10 Gbps fiber internet speed with its FTTH services. Turkcell Group reported TRY17.3 billion revenue in Q123 with total assets of TRY109.8 billion as of March 31, 2023. It has been listed on the NYSE and the BIST since July 2000, and is the only NYSE-listed company in Turkey. Read more at www.turkcell.com.tr.

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Appendix A – Tables

Table: Net foreign exchange gain and loss details

Million TRY	Q122	Q422	Q123	y/y%	q/q%
Net FX loss before hedging	(1,077.5)	(383.0)	(432.4)	(59.9%)	12.9%
Swap interest income / (expense)	(70.8)	29.0	52.1	n.m	79.7%
Fair value gain on derivative financial instruments	58.8	(945.3)	(108.2)	(284.0%)	(88.6%)
Net FX gain / (loss) after hedging	(1,089.5)	(1,299.3)	(488.5)	(55.2%)	(62.4%)

Table: Income tax expense details

Million TRY	Q122	Q422	Q123	y/y%	q/q%
Current tax expense	(157.3)	192.8	(305.5)	94.2%	(258.5%)
Deferred tax income / (expense)	11.3	3,894.6	(434.3)	n.m	(111.2%)
Income Tax expense	(146.0)	4,087.4	(739.8)	406.7%	(118.1%)

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.
TURKISH ACCOUNTING STANDARDS SELECTED FINANCIALS (TRY Million)

	Quarter Ended	Quarter Ended	Year Ended	Quarter Ended
	Mar 31,	Dec 31,	Dec 31,	Mar 31,
	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
Consolidated Statement of Operations Data				
Turkcell Turkey	7,949.7	12,448.8	40,851.1	13,490.7
Turkcell International	1,426.6	1,812.6	6,353.6	1,868.8
Fintech	352.9	583.2	1,849.1	606.1
Other	965.9	1,199.4	4,824.7	1,310.3
Total revenues	10,695.0	16,043.9	53,878.5	17,275.9
Direct cost of revenues	(7,578.0)	(10,451.0)	(36,788.6)	(11,526.4)
Gross profit	3,117.0	5,592.9	17,089.8	5,749.5
General administrative expenses	(303.7)	(473.4)	(1,519.0)	(560.5)
Selling & marketing expenses	(540.7)	(899.8)	(2,700.1)	(911.8)
Other Operating income / (expenses)	1,494.1	1,028.9	6,800.9	1,070.6
Operating profit	3,766.7	5,248.5	19,671.6	5,347.8
Impairment losses and reversals of impairment losses determined in accordance with TFRS 9	(55.1)	(63.9)	(354.9)	(203.9)
Investment Income	299.2	157.6	1,779.9	533.5
Investment Expense	-	-	-	(23.4)
Share on (loss) profit of investments valued by equity method	(23.4)	(10.0)	(71.4)	6.4
Income before financing costs	3,987.3	5,332.2	21,025.2	5,660.4
Financial income	72.3	(642.4)	210.8	4.6
Financial expenses	(3,110.7)	(2,781.8)	(13,699.8)	(2,108.8)
Profit from Continuing Operations Before Taxation	948.9	1,908.0	7,536.1	3,556.2
Tax income from continuing operations	(146.0)	4,087.3	3,516.1	(739.8)
Profit for the period	802.9	5,995.3	11,052.2	2,816.4
Non-controlling interest	(0.0)	0.9	1.0	0.2
Owners of the Parent	802.9	5,996.3	11,053.2	2,816.6
Earnings per share	0.4	2.7	5.1	1.3
Other Financial Data				
Gross margin	29.1%	34.9%	31.7%	33.3%
EBITDA(*)	4,302.0	6,671.5	21,993.8	6,759.2
Total Capex	2,918.3	6,434.3	16,360.6	5,438.5
Operational capex	1,845.3	4,454.3	10,859.4	3,442.7
Licence and related costs	-	317.5	317.5	14.4
Non-operational Capex	1,073.1	1,662.5	5,183.6	1,981.4
Consolidated Balance Sheet Data (at period end)				
Cash and cash equivalents	18,804.0	25,960.7	25,960.7	27,316.6
Total assets	75,324.6	101,264.8	101,264.8	109,842.8
Long term debt	30,105.2	37,133.1	37,133.1	39,049.2
Total debt	40,855.4	53,854.4	53,854.4	58,486.4
Total liabilities	51,944.9	70,369.8	70,369.8	75,990.3
Total equity	23,379.7	30,895.1	30,895.1	33,852.5

(*) Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 15

For further details, please refer to our consolidated financial statements and notes as at 31 March 2023 on our website