

TÜRK TELEKOMÜNİKASYON A.Ş.



**INTERIM ACTIVITY REPORT AS OF 30.06.2023
BASED ON NO:II-14.1 COMMUNIQUE OF CAPITAL MARKETS
BOARD**

August 14, 2023

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1. OVERVIEW OF TÜRK TELEKOM

Türk Telekom, with more than 180 years of history, is the first integrated telecommunications operator in Türkiye. In 2015, Company adopted a customer-oriented and integrated structure in order to respond to the rapidly changing communication and technology needs of customers in the most powerful and accurate way, while maintaining the legal entities of TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş. intact and adhering to the rules and regulations to which they are subject. Having a wide service network and product range in the fields of individual and corporate services, Türk Telekom unified its mobile, internet, phone and TV products and services under the single “Türk Telekom” brand as of January 2016.

“Türkiye’s Multiplay Provider” Türk Telekom has 17.3 million fixed access lines, 15.0 million broadband, 2.9 million TV and 25.6 million mobile subscribers as of June 30, 2023. Türk Telekom Group Companies provide services in all 81 cities of Türkiye with 38,021 employees with the vision of introducing new technologies to Türkiye and accelerating Türkiye’s transformation into an information society.

Türk Telekomünikasyon A.Ş., providing PSTN and wholesale broadband services, directly owns 100% of mobile operator TT Mobil İletişim Hizmetleri A.Ş., retail internet services, IPTV, satellite TV, Web TV, Mobile TV, Smart TV services provider TTNET A.Ş., convergence technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solution provider İnnova Bilişim Çözümleri A.Ş., online education software company SEBİT Eğitim ve Bilgi Teknolojileri A.Ş., call centre company AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., project development and corporate venture capital company TT Ventures Proje Geliştirme A.Ş., Electric Supply and Sales Company TTES Elektrik Tedarik Satış A.Ş., provider of combined facilities support activities TT Destek Hizmetleri A.Ş. with TT International Holding BV, wholesale data and capacity service provider TT International Telekomünikasyon Sanayi ve Ticaret Ltd.Şti., and financial technology company TTG Finansal Teknolojileri A.Ş. and indirectly owns Consumer Finance Company TT Finansman A.Ş., software programs retail and wholesale company TT Ventures Inc, subsidiaries of TT International Holding BV, TV Broadcasting and VOD services provider Net Ekran Companies, telecommunications devices sales company TT Satış ve Dağıtım Hizmetleri A.Ş. and payment and e-money services company TT Ödeme ve Elektronik Para Hizmetleri A.Ş., and web portal and computer programming company APPYAP Teknoloji ve Bilişim A.Ş.

2. CORPORATE STRUCTURE

Ownership Structure

Group	Shareholder	Paid-in Capital Amount (TL)	Share (%)
A	Türkiye Wealth Fund	1,925,000,000.00	55
B	Türkiye Wealth Fund	174,988,115.015	5
B	Republic of Türkiye Ministry of Treasury and Finance	875,011,884.975	25
C	Republic of Türkiye Ministry of Treasury and Finance	0.01	
D	Free Float	525,000,000.00	15
Total		3,500,000,000.00	100

Note: Türkiye Wealth Fund has 1.68% share in free float.

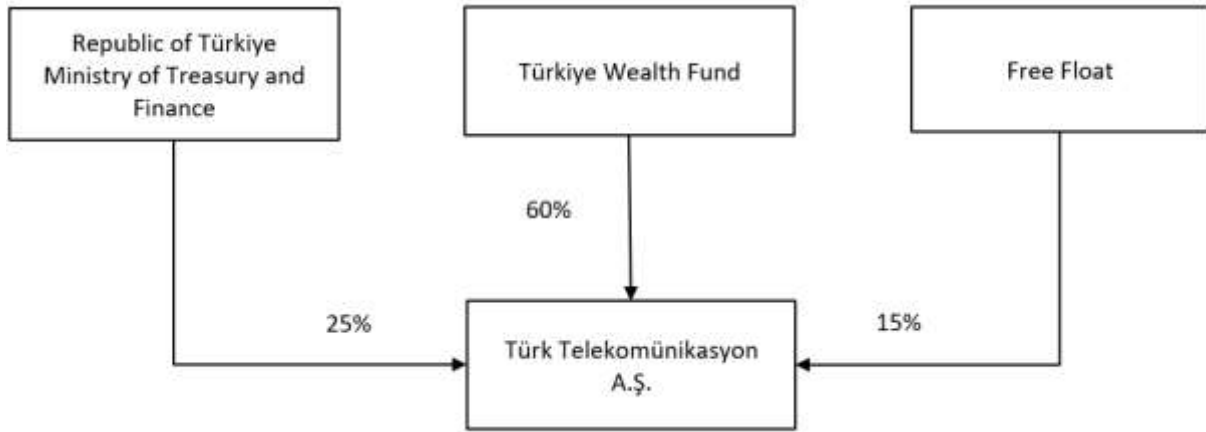
The share transfer between LYY Telekomünikasyon A.Ş. (LYY) and Türkiye Wealth Fund (TWF), for the sale of Türk Telekomünikasyon A.Ş.'s (Türk Telekom) 55% stake owned by LYY to TWF is completed as of March 31, 2022. Accordingly, TWF has become the majority shareholder of Türk Telekom with a 61.68% stake.

The Türk Telekom Shareholders' Agreement and the Articles of Association further state that the Turkish Treasury owns a "golden share" (Class C share). The "golden share" is entitled to nominate a Board Member and has the below rights as per article 6 of the Articles of Association;

"In order to protect Türkiye's national interests relating to national security and the economy, the Class C share's positive vote is required for the following matters regardless of the voting result in the Board or General Assembly, otherwise accepted as null and void."

- Any proposed amendments to the Articles of Association;
- The transfer of any of the Company's registered shares which would result in a change in management control;
- The registration of any transfer of the Company's registered shares in the shareholder ledger.

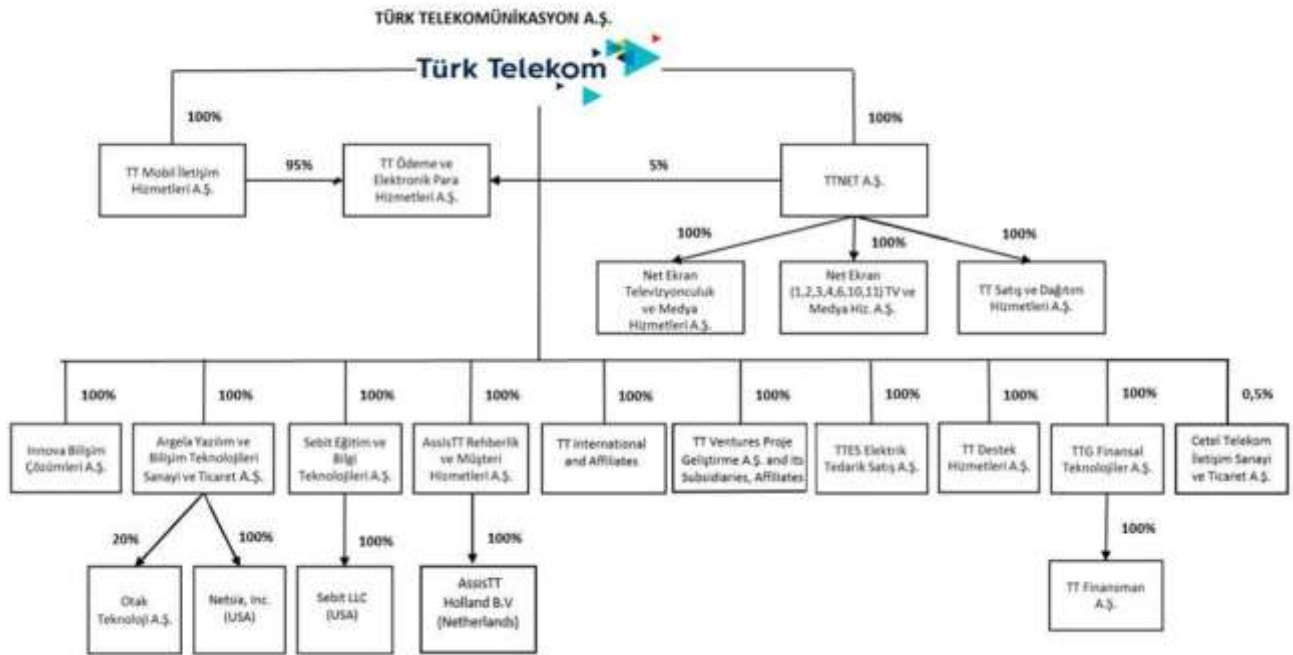
Natural and legal persons owning over 5% of our Company shares, directly or indirectly are stated below:



Note 1: There are no natural or legal persons whose shareholding exceeds 5% except those shown in the shareholder structure.

Note 2: Türkiye Wealth Fund has 1.68% public share ownership.

Subsidiaries and financial investments:



For detailed information on subsidiaries, affiliates and financial investments, you can visit <https://www.kap.org.tr/en/sirket-bilgileri/ozet/1473-turk-telekomunikasyon-a-s> website.

Management and Organisation

Board of Directors (*)

Dr. Ömer Fatih Sayan	Chairman of the Board of Directors and Member of the Board of Directors
Mehmet Ali Akben	Vice Chairman of the Board of Directors and Member of the Board of Directors
Yiğit Bulut	Independent Member of the Board of Directors
Selim Dursun	Independent Member of the Board of Directors
Enver İskurt	Independent Member of the Board of Directors
Salim Arda Ermut	Member of the Board of Directors
Ümit Önal	Member of the Board of Directors
Metin İlhan	Member of the Board of Directors
Deniz Yılmaz	Member of the Board of Directors

(*) At the Ordinary General Assembly meeting held on 09.08.2023, board members were elected and Mehmet Ali Akben and Deniz Yılmaz were appointed to replace Mahmut Gürçan and Cengiz Yavilioğlu, who were in office as of the reporting period ending on 30.06.2023.

Senior Management

Ümit Önal	CEO - General Manager
Kaan Aktan	Finance Assistant General Manager
Dr. Mehmet Beytur	Support Services and Procurement Management Assistant General Manager
İsmail Bütün	Consumer Sales Assistant General Manager
Mustafa Eser	Corporate Sales Assistant General Manager
Ali Gürsoy	Head of Enterprise Risk and Business Continuity
Tahsin Kaplan	Legal and Regulation Assistant General Manager
Zeynep Özden	Marketing and Customer Experience Assistant General Manager
Mehmet Emre Vural	Human Resources Assistant General Manager
Yavuz Yıldırım	Wholesale Assistant General Manager

3. SIGNIFICANT BOARD RESOLUTIONS

Significant Board Resolutions taken during the period are presented under Material Issues During the Period section.

4. PERSONNEL MOVEMENTS

Consolidated headcount as of the 30.06.2023 and 31.12.2022 are 38.021 and 39.433 respectively.

5. FINANCIAL RISK MANAGEMENT

Türk Telekom can be exposed to financial risks such as liquidity risk, currency risk, interest rate risk, and counterparty risk.

Within the framework of the strategy to minimise the liquidity risk, long-term financial debt is obtained from different geographical regions (the Americas, Canada, Europe, the Gulf, Japan, China, and Turkey) and from a diversified pool of creditors (commercial banks, international financial institutions, official export credit agencies, and bond markets). This strategy enables the Group to have access to long-term financing on competitive terms, without being dependent on a limited group of funding sources.

With regard to the Eurobonds issued by Türk Telekom, the Group actively monitors the price and return dynamics of these bonds, which are tradeable instruments in the secondary markets in order to ensure optimal cash management strategy on total return and cost basis.

The need to partially procure supplies in relation to capital expenditures from foreign vendors and the need for financing through long-term and diversified funding sources cause Türk Telekom to bear liabilities in foreign currency. Hence, excluding the hedge transactions, Türk Telekom has net liabilities in foreign currency and is exposed to FX risk due to the fluctuations in exchange rates, which may have an impact on the financial statements.

Türk Telekom aims to keep the impact of FX exposure on the financial statements to a minimum with its FX risk management transactions. In this respect, Türk Telekom has a total hedge position of USD 2,555¹ million equivalent, details of which are provided in the footnotes of its audited financial statements. The total hedge position including the cash in hard currency, which provides a natural hedge against FX exposure is USD 2,690 million equivalent.

With regards to its financial assets, Türk Telekom aims to minimise the counterparty risk in accordance with the established counterparty limits and diversification policy. Türk Telekom carries out its hedge transactions regarding financial risks within the framework of the guidance and authorisation set by the Board of Directors.

¹ Hedged amount includes hedging of FX financial debt, currency protected time deposit, hedging of FX net trade payables and net investment hedge. Currency protected time deposit included in hedged amount is worth USD 320 mn.

6. MATERIAL ISSUES DURING THE PERIOD

3 April 2023 Dated Regulatory Disclosure- S&P Global Ratings Credit Rating Announcement

On March 31, 2023, S&P Global Ratings (S&P) affirmed its unsolicited sovereign credit ratings on Türkiye and its transfer and convertibility (T&C) assessment as "B", and revised its outlook from "Stable" to "Negative".

S&P's ratings on Türk Telekom are capped by its T&C assessment on Türkiye. Accordingly, the agency has affirmed our Company's credit rating as "B", and revised the outlook from "Stable" to "Negative".

25 April 2023 Dated Regulatory Disclosure- The Coupon Payment and Redemption of TRFTTLK42319 ISIN Coded TL Financial Bond

The coupon payment and principal redemption of our Company's financial bond with ISIN code of TRFTTLK42319 was completed on 25.04.2023.

5 May 2023 Dated Regulatory Disclosure - About Türk Telekom Renewable Energy Investments

In line with Türk Telekom Group's strategic investment plans and sustainability agenda, our Company plans to accelerate its Solar Power Plant (SPP) investments in the near future, in order to reduce our carbon footprint, contribute to climate risk management, and create financial value.

As part of this agenda, Turkish Electricity Transmission Corporation (TEİAŞ) has informed our Company of allocation of an instalment capacity of 317.8 MWe within the framework of the relevant Article 5/1h of the Regulation on Unlicensed Electricity Generation in the Electricity Market. TEİAŞ will be providing its opinion about technical details in the next step of the process. This capacity corresponds to nearly 50% of our current total electricity consumption. Furthermore, we have pending applications for further capacity of which the assessment processes continue.

In our view, this development represents a turning point that enhances our Company's potential in areas such as contributing to environmental protection, creating energy efficiency, and increasing the use of renewable energy. We believe we will make significant progress towards achieving Türk Telekom Group's sustainability goals with the initiatives that we will implement in the coming period.

Investments in solar power plants are planned to be undertaken in Diyarbakır, Ağrı, and Sivas provinces, on lands to be leased for 29 years from the General Directorate of National Property of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye.

8 May 2023 Dated Regulatory Disclosure- 2023 1st Quarter Consolidated Financial and Operational Result Release

Our Company's 2023 Q1 consolidated financial and operational results earnings release attached.

More detailed investor presentation will be available on www.ttinvestorrelations.com on May 9, 2023.

<https://www.kap.org.tr/en/Bildirim/1148276>

<https://www.kap.org.tr/en/Bildirim/1148278>

10 May 2023 Dated Regulatory Disclosure- About Appointment of Independent Audit Firm

As per the decision of our Audit Committee, compliant with the corporate governance principle no 4.5.9 of Corporate Governance Communiqué of the Capital Markets Board, our Company's Board of Directors has resolved to sign an independent audit agreement with Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young) for the auditing of our Company's accounting period of 2023, pursuant to the Article 399 of Turkish Commercial Code and the article 17/A of our Company's Articles of Association. The decision will be submitted to the approval of shareholders at the 2022 Ordinary General Assembly Meeting.

17 May 2023 Dated Regulatory Disclosure- About Türk Telekom Renewable Energy Investments

In line with Türk Telekom Group's strategic investment plans and sustainability agenda, we shared that our Company plans to accelerate its Solar Power Plant (SPP) investments in the near future, in order to reduce our carbon footprint, contribute to climate risk management, and create financial value.

As part of this agenda, Turkish Electricity Transmission Corporation (TEİAŞ) has informed our Company that in addition to the 317.8 MWe installed capacity allocated within the framework of the relevant Article 5/1h of the Regulation on Unlicensed Electricity Generation in the Electricity Market, an additional 88 MWe of installed capacity has been allocated. TEİAŞ will be providing its opinion about technical details in the next step of the process. With the additional capacity granted, the total installed capacity of 405.8 MWe corresponds to nearly 65% our current total electricity consumption.

Investments in solar power plants are planned to be undertaken in Diyarbakır, Ağrı, and Sivas provinces, on lands to be leased for 29 years from the General Directorate of National Property of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye.

30 May 2023 Dated Regulatory Disclosure- Long Term Loan Agreement

Our company signed a long-term loan agreement with The Export-Import Bank of China (Original Lender and Facility Agent) under the insurance coverage of Sinosure in order to finance our Group's investments, strategic initiatives and growth plans. The amount of the facility is EUR 80 million, the final maturity is May 2028. The interest rate is EURIBOR + 140 bps p.a. and the total cost including the insurance premium and the other upfront costs is EURIBOR +279 bps p.a.

5 June 2023 Dated Regulatory Disclosure- Update on Insurance Against Management Responsibilities

In accordance with article 4.2.8 of the annex to Corporate Governance Principles published by the Capital Markets Board of Türkiye, the Insurance "Policy Against Management Responsibilities" of our Company has been renewed at a total liability limit which corresponds to more than 25% of the paid-in capital of our company.

7. MATERIAL ISSUES AFTER THE END OF THE PERIOD

17 July 2023 Dated Regulatory Disclosure- 2022 Ordinary General Assembly Meeting

Our Board of Directors has resolved that our Company's Ordinary General Assembly Meeting for the year 2022 shall be held at the address of Türk Telekomünikasyon A.Ş. Head Quarters the Cultural Center, Turgut Özal Bulvarı 06103 Aydınlikevler, Ankara and by electronic means on 09.08.2023 at 11:00 in order to discuss the attached agenda items. Agenda, invitation letter, proxy sample and information note for the 2022 ordinary general assembly meeting are linked below.

<https://www.kap.org.tr/en/Bildirim/1172774>

17 July 2023 Dated Regulatory Disclosure- Senior Management Change

Emre Şehsuvaroğlu, Head of Internal Audit in our Company, has decided to leave his post.

4 August 2023 Dated Regulatory Disclosure - Conclusion of the Related Party Transactions Report

Common and recurring transactions of asset, service and liability transfer between TTNET A.Ş. and Türk Telekom in 01.01.2022 – 31.12.2022 financial year exceeded 10% of the reported sales revenue of Türk Telekom as stated under its 2022 year-end financial tables and are projected to exceed the 10% level in 2023. These transactions are considered to be made in fair, reasonable and suitable manner in arm's length prices when considered the positive discrimination applied to the operators excluding TTNET A.Ş. through current pricing regulations.

There are no other asset, service and liability transfer transactions that exceed the determined threshold with other related parties and there is no expectation of transactions in such scale to be undertaken in 2023.

In addition, there is no non-recurring asset, service and liability transfers which reached or exceeded or are projected to reach or exceed 5% of the publicly announced sales revenue, total assets or adjusted daily weighted average market capitalization for the 6 months period prior to the related Board Resolution date, as defined by the Article 9 of the Communiqué.

9 August 2023 Dated Regulatory Disclosure - 2022 Ordinary General Assembly Meeting Result

2022 Ordinary General Assembly Meeting was held. Resolutions and List of Attendees are link bellowed.

<https://www.kap.org.tr/en/Bildirim/1183035>

9 August 2023 Dated Regulatory Disclosure - Ordinary General Assembly Decision for Profit Distribution

It is resolved at our Company's Ordinary General Assembly Meeting for the year 2022 that;

1- The Company's net profit calculated according to the independently audited consolidated financial tables prepared in accordance with the provisions of "Capital Markets Board (CMB) Communique About Financial Reporting in Capital Markets No.II -14.1" is TL 4,134,846,000 for the fiscal year of 2022,

2- Pursuant to the CMB Communique on Dividends No: II-19.1, the profit after tax amount of TL 4,134,846,000 shall be the base amount for dividend distribution,

3- The Company is not required to take any reserves for 2022 as per the Article 519 of Turkish Commercial Code because it has already reached the general legal reserve limit,

4- Accordingly, subject to the provisions of its Articles of Association of our Company, that the net profit amounting to TL 4,134,846,000, which is based on the independently audited consolidated financial statements, shall be recorded as extraordinary reserves.

9 August 2023 Dated Regulatory Disclosure - Appointment of Independent Audit Firm

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young - E & Y) has been appointed as our auditor company for the accounting period of 2023 in the Ordinary General Assembly dated 09.08.2023.

9 August 2023 Dated Regulatory Disclosure – Senior Management Change

Yusuf Kırac, Assistant General Manager of Technology (CTO) at Türk Telekom has left his post.

8. SUMMARY FINANCIAL RESULTS

Consolidated Summary P&L Statement

(TL mn)	Q2'22	Q1'23	Q2'23	QoQ Change	YoY Change
Revenue	10,732	15,253	17,947	17.7%	67.2%
Revenue (Exc. IFRIC 12)	9,910	14,432	16,660	15.4%	68.1%
EBITDA	4,404	4,781	6,036	26.2%	37.1%
Margin	41.0%	31.3%	33.6%		
Depreciation and Amortisation	(1,910)	(2,665)	(2,667)	0.1%	39.6%
Operating Profit	2,494	2,117	3,369	59.1%	35.1%
Margin	23.2%	13.9%	18.8%		
Financial Income / (Expense)	(2,321)	(1,730)	(5,190)	200.1%	123.7%
FX & Hedging Gain / (Loss)	(1,774)	(575)	(4,184)	627.3%	135.9%
Interest Income / (Expense)	(739)	(892)	(963)	7.9%	30.3%
Other Financial Income / (Expense)	191	(262)	(43)	(83.5)%	n.m.
Tax Income / (Expense)	1,219	258	1,221	372.8%	0.2%
Net Income / Loss	1,392	645	(601)	n.m.	n.m.
Margin	13.0%	4.2%	(3.3)%		
CAPEX	2,488	3,327	3,680	10.6%	47.9%

Consolidated Summary Balance Sheet

(TL mn)	30.06.2022	31.03.2023	30.06.2023
Total Assets	65,226	88,552	103,787
Cash and Cash Equivalents	5,231	6,808	9,009
Tangible Assets ^(a)	19,479	30,624	31,772
Intangible Assets	15,024	18,324	19,843
Right of Use Assets	1,856	1,970	2,111
Other Assets ^(b)	23,636	30,826	41,052
Total Equities and Liabilities	65,226	88,552	103,787
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	8,795	16,779	16,770
Interest Bearing Liabilities ^(c)	39,963	50,228	61,766
<i>Bank Borrowings and Bonds</i>	<i>38,300</i>	<i>48,604</i>	<i>59,923</i>
<i>Lease Liabilities</i>	<i>1,663</i>	<i>1,624</i>	<i>1,843</i>
Other Liabilities ^(d)	13,207	18,285	21,991

(a) Tangible assets include property, building or plant and equipment and investment property

(b) Major items within other assets are trade receivables, due from related parties, inventories, deferred tax asset and other current assets

(c) Includes short-term and long-term borrowings and lease obligations

(d) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, due to related parties, other current liabilities, provisions for employee termination benefits

Operational Performance

	Q2'22	Q1'23	Q2'23	QoQ Change	YoY Change
Total Access Lines (mn) ^(a)	17.1	17.2	17.3	0.5%	1.1%
Fixed Voice Subscribers (mn)	10.1	9.2	9.0	(2.6)%	(11.7)%
Naked Broadband Subscribers (mn)	6.9	8.0	8.3	4.1%	19.8%
Fixed Voice ARPU (TL)	23.6	33.1	34.4	3.8%	45.6%
Total Broadband Subscribers (mn)	14.6	14.8	15.0	1.0%	2.7%
Total Fibre Subscribers (mn)	10.7	11.8	12.2	3.6%	14.5%
FTTH/B (mn)	3.1	3.6	3.8	5.4%	24.3%
FTTC (mn)	7.6	8.2	8.4	2.8%	10.5%
Broadband ARPU (TL)	75.4	98.7	106.9	8.3%	41.7%
Total TV Subscribers (mn) ^(b)	2.9	2.9	2.9	(0.1)%	0.5%
Tivibu Home (IPTV + DTH) Subscribers (mn)	1.5	1.4	1.4	(0.3)%	(2.6)%
TV ARPU (TL)	25.7	33.1	36.2	9.4%	40.9%
Mobile Total Subscribers (mn)	24.6	25.6	25.6	(0.0)%	4.0%
Mobile Postpaid Subscribers (mn)	16.3	17.2	17.5	1.4%	7.5%
Mobile Prepaid Subscribers (mn)	8.4	8.4	8.1	(2.9)%	(2.8)%
Mobile Blended ARPU (TL)	49.8	71.0	86.3	21.5%	73.2%
Mobile Postpaid ARPU (TL)	56.8	78.3	94.3	20.4%	66.1%
Mobile Prepaid ARPU (TL)	34.7	54.2	65.3	20.4%	88.1%

(a) Includes PSTN and WLR lines

(b) Includes IPTV, DTH and Tivibu GO subscribers