TÜRK TELEKOM GROUP
2022 THIRD QUARTER
FINANCIAL AND OPERATIONAL RESULTS

November 8, 2022

IMPROVED GROWTH WITH CAREFUL MANAGEMENT OF RISKS

Türk Telekom Group announced its financial and operational results. Overall, the Group's growth performance improved in the third quarter. Consolidated revenues increased by 45.3% YoY to TL 12.6 billion. EBITDA rose to TL 5.0 billion with an EBITDA margin of 40.1%. Net income of TL 1.2 billion contracted by 42.9% YoY. Net Debt/EBITDA stayed flat QoQ at 1.54x although the upward trend in FX rates continued.

Türk Telekom CEO Ümit Önal said: *"Q3'22 preserved most of the challenges we have been tackling for the last few quarters now. Macro and geopolitical risks remained at the centre of attention globally. Margin management has been equally tough as inflation continued its upward trend. On the bright side, finally the deadly spread of Covid-19 was almost absent in the headlines. Holidaying extended to the whole period with elevated need for a proper break after a long period of lockdowns and measures. Both domestic and international tourism were lively from June to September. Supported by that spirit, although the pressure of rising prices was still on, the consumer sentiment was in some ways better than the second quarter. That, accompanied by our ongoing actions bearing fruits, has pleasingly resulted in visible improvement in third quarter growth figures. We keep aiming for balanced growth with careful management of risks. Our trusting customers, high quality human capital and superior technology are by far the richest resources we possess to succeed in our goals."*

3rd Quarter 2022 Financial Highlights

Consolidated revenues increased to TL 12.6 bn, up by 45.3% YoY. Excluding the IFRIC 12 accounting impact, revenue growth was 43.3% YoY.

Consolidated EBITDA grew by 17.4% YoY to TL 5.0 bn with an EBITDA margin of 40.1%, down 950bps YoY largely owing to last year's high base, continued rise in opex which included a broad-based salary adjustment triggered by the minimum wage increase in July and to faster growth in lower-margin mobile and other businesses when compared to fixed broadband. Excluding the IFRIC 12 impact, EBITDA margin was 42.1%.

TL 3.0 bn operating profit was up 9.7% YoY.

Net income was TL 1.2 bn, down 42.9% YoY and 15.9% QoQ along with another 8% average rise in USDTRY and EURTRY rates amid continued downward trend in lira. While higher net financial costs led annual decline, a lower tax income largely explained the quarterly change.

Capex was realised at TL 3.1 bn in Q3'22.

Unlevered free cash flow[1] was TL 2.2 bn in Q3'22 vs TL 1.5 bn in Q2'22 and TL 2.5 bn in Q3'21.

---

[1] Unlevered free cash flow defined as net cash provided by operating and investing activities from operations.

Long FX position[2] was USD 450 mn by the end of Q3'22 vs USD 414 mn by the end of Q2'22. Excluding the ineffective portion of the hedge portfolio, mainly the existing PCCS contracts, the FX exposure was USD 521 mn short position.

3rd Quarter 2022 Operational Highlights

Total number of Türk Telekom subscribers reached 52.8 mn with 609K net subscriber increase in Q3'22 on healthy additions from both fixed broadband and mobile, in which the latter has been a bigger contributor. Net subscriber additions were 1.4 mn during the last twelve months.

Fixed broadband subscribers rose to 14.8 mn with 214K of quarterly net additions following the slower performance in the first half, which was dominated by the post-pandemic normalisation and pricing differences. Broadband ARPU growth continued its upward trend for the third quarter to reach 28.8% YoY.

Fibre subscribers reached 11.2 mn with 468K quarterly net additions. The number of FTTC subscribers reached 7.9 mn, while the number of FTTH/B subscribers increased to 3.3 mn. The share of fibre subscribers in our fixed broadband base increased to 75.6% from 62.3% a year ago.

Fibre cable network length increased to 389K km as of Q3'22 from 381K km as of Q2'22 and 353K km as of Q3'21. Fibre network covered 31.1 mn households by the end of Q3'22 compared to 30.8 mn a quarter ago, reflecting the continued focus on fibre rollouts. FTTC homepass was 21.2 mn while FTTH/B homepass increased to 9.8 mn.

Mobile portfolio expanded to 25.3 mn by adding 682K subscribers on net basis with the best performance in fifteen quarters. Postpaid and prepaid segments grew by 322K and 360K respectively.

Average monthly data usage per LTE user increased by 25.6% to 13.0 GB in Q3'22 from 10.3 GB in Q3'21.

Number of fixed voice subscribers declined by 274K during the quarter in line with the strategy focusing on naked-DSL sales in new acquisitions, rather than WLR. Including nDSL, the number of total access lines increased to 17.2 mn.

In Q3'22, TV Home maintained its flat trend QoQ and closed the period with 1.5 mn subscribers.

Self-service online transactions app 'Online İşlemler', has been downloaded by 64.8 mn times by the end of Q3'22. The number of unique subscribers[3] using the application touched a new high of 18.7 mn.

---

[2] Net FX position is calculated as FX based financial debt (including FX based lease obligations) plus FX based net trade payables less FX financial debt hedging less FX net trade payables hedging less currency protected time deposits less net investment hedging less FX based cash and cash equivalents.
[3] 3-Month active user

2022 Guidance Revision

Our revised guidance for 2022 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 37%
- Consolidated EBITDA to be around TL 19.0 billion
- Consolidated CAPEX to be around TL 14.0 billion

	Previous Guidance	**Revised Guidance**
Consolidated Revenue Growth (exc. IFRIC 12)	Around 33%	Around 37%
Consolidated EBITDA	Around TL 18.5 bn	Around TL 19.0 bn
Consolidated CAPEX	Around TL 13.0 bn	Around TL 14.0 bn

Türk Telekom CEO Ümit Önal's comments on 2022 third quarter results:

Early to say the challenges are behind but we progress in the right direction

The heavy-weight issues on the global agenda remained mostly unchanged from the second quarter. While the inflation, tightening and recession debates went on, a deepened energy crisis ahead has become a bigger fear factor. On the bright side, the spread of Covid-19 has been least talked about since the break out of the pandemic back in 2019. That said, it is apparent that the social and economic impacts of Covid-19 will long be worked out.

Continued tightening by large central banks pushed global interest rates higher while the CBT pursued further rate cuts. An 8% average increase in USDTRY and EURTRY rates QoQ added to cost pressures.

Consumer sentiment helped by the broad-based salary increases in July as well as the holiday spirit that prevailed throughout Q3, was better than the second quarter in certain aspects. However, inflationary pressures continued weighing on the consumer as the CPI reached 83.5% as of September. On our side, a vibrant summer and tourism season benefited the mobile segment, while fixed broadband enjoyed the back to school period.

Fixed broadband net additions accelerated to 214K thanks to better than expected seasonality impact. Mobile segment geared up its performance to 682K net additions, even ahead of our ambitious target for the quarter. This has been the highest subscriber gain since Q4'18. Broadly speaking, operators' discipline on inflationary pricing in mobile remained unchanged with the third round of price revisions in the year introduced around mid-September. On the fixed internet side, third quarter was more a period of rebalancing of prices in the aftermath of the wholesale tariff revision introduced on June 1st. In line with our expectation, upward trend in ARPU growth continued both in fixed broadband and mobile through dynamic pricing and upsell focus.

Data usage picked-up QoQ in fixed broadband and stayed well above the pre-pandemic levels. Mobile data consumption recorded a significant 12.8% growth QoQ to 13.0 GB. Number of additional data package sales reached a historic high and overbundle revenues contributed significantly owing to high demand driven by seasonal factors and widespread mobility.

Once again, we managed to deliver a balanced financial performance amid macroeconomic difficulties. While, the increase in opex was predominantly led by the salary hike effective from July 1st and the ongoing rise in network costs, the bottom-line performance was limited by another 8% average rise in FX rates and higher interest rates incurred within the quarter. On annual comparison, our net financial expense was significantly higher than the Q3'21 figure. On the positive side, the upward momentum in ARPU and revenue growth confirmed the accuracy and timeliness of our actions so far, on both the pricing and base management fronts.

Our actions making an impact

The quarterly upward trend in revenue growth continued over the third quarter with the accumulating impact of price revisions and the ongoing re-contracting of the existing customer base. We expect a robust revenue trend in the remainder of the year considering the pricing actions in effect in the third and fourth quarters. Consolidated revenues grew by 45.3% YoY in Q3’22 while operational revenues recorded 43.3% increase.

Subscriber growth in addition to pricing supported the 35.5% annual increase in fixed broadband revenue. Mobile revenue growth on the other hand, touched a new high of 48.9% thanks to similar drivers fuelled by stronger than expected seasonal factors. Growth profiles of corporate data and other revenues were similar to the second quarter with respective 25.2% and 86.5% increase. Equipment sales, ICT project and call centre revenues remained as the primary drivers of other revenues. Finally, international revenue growth reached 67.7% with traffic growth and currency impact.

Consolidated EBITDA grew by 17.4% YoY to TL 5.0 billion with an EBITDA margin of 40.1%, lower both QoQ and YoY. Margin drivers were very similar to the second quarter. While high base, cost inflation and composition of revenue growth with higher contribution from relatively lower margin businesses led the annual change, a broad-based salary increase effective from July 1st and continued upward trend in network costs largely explained the quarterly evolution.

As of the end of September, USDTRY and EURTRY rates increased by 11% and 4%, respectively, compared to the previous quarter's close. As implied by the FX sensitivity analysis reported in Q2’22 financials, we incurred additional FX losses in the third quarter. We continued supporting the hedge portfolio through short-term instruments, as a result of which we recorded slightly higher interest expense QoQ. On the other hand, although lower QoQ, TL 0.8 billion of tax income partly offset the increase in net financial costs. Still, net income contracted by 42.9% from last year’s high base.

Net Debt/EBITDA remained flat QoQ at 1.54x despite further FX volatility in the quarter. Hard currency debt stayed on its declining trend.

Q3’22 performance triggers another guidance revision

The 9M’22 top-line and EBITDA performance urges another revision to our FY 2022 guidance. We now expect operating revenues to grow 37% YoY, EBITDA to be TL 19.0 billion and capex to be TL 14.0 billion[4], compared to 33%, TL 18.5 billion and TL 13.0 billion respectively, in our prior guidance.

While the change in top-line and EBITDA outlook can largely be attributable to pricing and better operational KPIs, the increment to capex reflects the impact of continued weakness in lira and our decision to accelerate Q4’22 investments in sync with a vigorous subscriber and

[4] 2022 guidance expectations represent approximate values

usage growth. We now project completing larger number of FTTH transformation projects as well as a higher number of overall homepass addition within the last quarter compared to earlier plans. Base station additions to meet additional capacity and coverage needs as well as mobile backhaul investments are the other items to move the needle. Finally, the capitalised SAC should increase slightly together with the larger than expected volume of subscriber additions.

New pricing structure in fixed broadband

Pricing parities continued balancing out through Q3’22 in the fixed internet market following our leading pricing actions both in the wholesale and retail segments starting from June 1st. The impact of low seasonality and new price levels were visible on consumer behaviour in July and August, but as usual, fixed internet sales gained momentum in September with back to school season. As such, churn ratio followed a stable trend in the retail business but picked-up slightly in wholesale in quarterly comparison.

We recorded 214K net subscriber additions in the third quarter expanding the total base to 14.8 mn. With almost half the gains driven by the retail side, the split of net adds amongst wholesale and retail segments was much more balanced compared to any quarter since Q3’21, owing to the elimination of price differences in the market as the other ISPs, sooner or later, followed our lead in pricing. Obviously, back to school sales and consumers’ gradual adaptation to higher pricing levels also helped. Demand for higher speed packages remained robust both in new acquisitions and re-contracting. 24 Mbps and above packages made as much as 63.1%[5] of new acquisitions. As a result, Q3’22 ARPA[6] was 14.8%[7] higher QoQ. Upsell performance was also strong in a heavy re-contracting period driven largely by the significantly high net subscriber additions of Q3’20. As a result, annual ARPU growth moved up to 28.8% from 19.1% in the second quarter and carried fixed broadband revenue increase to a new high of 35.5% from 26.1%.

An important post-Q3’22 development to share is another round of retail price revision we introduced on October 1st as part of our dynamic pricing strategy. This has been the third time we adjusted our retail tariffs since December 2021. In addition, we launched the 12+12 month contract structure for the first time in our fixed internet business. It is still a 24-month binding contract, but it introduces a pre-agreed raise starting from the second 12-month period. We now offer this contract to all our new and existing customers since October 1st. In other words, we removed the 24-month flat fee offerings from our portfolio. The impact of our new strategy both on the consumer and other ISPs’ behaviour is yet to be seen.

---

[5] *For consumer segment*
[6] *Average revenue per acquisition*
[7] *For consumer segment, excluding penetration campaign*

Building on the fibre network builds on our strength

Our fibre network running across 81 cities in Turkey reached 389K km by the end of third quarter (381K km as of Q2'22). Our homepass increased to 31.1 mn compared to 30.8 mn as of Q2'22. FTTC homepass was 21.2 mn, while FTTH/B homepass rose to 9.8 mn. Total number of fibre subscribers grew to 11.2 mn, making up 75.6% of our total base, up by 13.2 points YoY.

We build on our strength by continuously growing our fibre network. 57% of our subscribers[8] are now on 24 Mbps and above packages compared to 53% a quarter ago and 40% a year ago. Contribution from speed upsells will continue to be a robust and long-term driver of growth for our fixed internet business, we believe. We are highly motivated by bringing together our customers with quality connection whilst we take pleasure in seeing our leading investments in this field pay back.

Mobile contribution accelerates further

Mobile market maintained its discipline on inflationary pricing but the real focus was on seasonality. Operators raced to grab a bigger share from a growing market thanks to increased mobility and a robust tourism season in Turkey. Following the revisions in mid-June, both prepaid and postpaid tariffs were readjusted around mid-September. That said, one operator decided to keep old prices in postpaid open till mid-October, confirming that the periodic promotional activities remain part of the game. Once again, the upcoming inflation data will continue shaping operators' pricing and subscriber base management strategies in the remainder of the year. It is typical for the mobile sector to intensify competition for net adds in the last quarter of the year, but it is yet to be seen how this trend will play out in a high-inflation period.

MNP (Mobile Number Portability) market continued contracting YoY but remained almost flat QoQ as the ongoing widespread price revisions made it less meaningful for the consumers to move around. We maintained our top rank in net subscriber acquisitions in the MNP market for the fourth quarter in a row with the highest net ports within the same period.

We recorded a total of 682K net subscriber increase in Q3'22, ahead of our target for the period. Churn rate inched down both YoY and QoQ, and once again hovered around historically low levels. 322K net subscriber addition in postpaid and 360K in prepaid both surpassed our forecast, contributing similarly to overall base expansion. While postpaid made 65.5% of total mobile subscribers, our Prime base reached 5.6 mn[9] subscribers with some slight increase QoQ.

34.2% and 51.9% respective annual growth in postpaid and prepaid ARPU fuelled the 40.1% surge in blended ARPU, up from 26.0% in the second quarter. Successful ARPU management,

---

[8] *Total retail subscribers including DSL and fibre*
[9] *Both consumer and corporate segment*

alongside robust net additions of 1.4 million over the LTM has driven annual revenue growth to 48.9% in mobile, ahead of our forecast for the third quarter.

Financial Review

(TL mn)	Q3'21	Q2'22	Q3'22	QoQ Change	YoY Change
Revenue	**8,640**	**10,732**	**12,552**	**17.0%**	**45.3%**
Revenue (Exc. IFRIC 12)	**8,200**	**9,910**	**11,749**	**18.6%**	**43.3%**
EBITDA	**4,289**	**4,404**	**5,035**	**14.3%**	**17.4%**
Margin	*49.6%*	*41.0%*	*40.1%*		
Depreciation and Amortisation	**(1,552)**	**(1,910)**	**(2,031)**	**6.3%**	**30.8%**
Operating Profit	**2,737**	**2,494**	**3,003**	**20.4%**	**9.7%**
Margin	*31.7%*	*23.2%*	*23.9%*		
Financial Income / (Expense)	**(862)**	**(2,321)**	**(2,606)**	**12.3%**	**202.1%**
FX & Hedging Gain / (Loss)	(367)	(1,774)	(1,895)	6.8%	416.0%
Interest Income / (Expense)	(457)	(739)	(700)	(5.2)%	53.1%
Other Financial Income / (Expense)	(38)	191	(11)	n.m.	(70.8)%
Tax Income / (Expense)	**176**	**1,219**	**774**	**(36.5)%**	**340.1%**
Net Income	**2,050**	**1,392**	**1,171**	**(15.9)%**	**(42.9)%**
Margin	*23.7%*	*13.0%*	*9.3%*		
CAPEX	**1,658**	**2,488**	**3,128**	**25.7%**	**88.6%**

Revenues

In Q3’22, consolidated revenues increased by 45.3% YoY to TL 12.6 bn. Excluding IFRIC 12, top line growth was 43.3% YoY with 35.5% increase in fixed broadband, 48.9% increase in mobile, 67.7% increase in international, 25.2% increase in corporate data and 86.5% increase in other revenues.

Operating Expenses Excluding Depreciation and Amortisation (OPEX)

In Q3’22, operating expenses increased by 72.8% YoY to TL 7.5 bn. Annual increase was 41.6% in the first quarter and 52.1% in the second quarter. The drivers of annual or quarterly changes in most opex items were very similar to those we have seen in the second quarter. Excluding IFRIC 12 cost, growth in operating expenses was 71.8% YoY.

- Interconnection costs increased by 40.5% QoQ, along with the quarterly pick-up in TTI's traffic and the currency impact.
- Tax expense increased by 44.4% YoY in tandem with FBB and mobile revenue growth.
- Provision for doubtful receivables grew by 29.9% QoQ in line with our expectation for a pick-up in Q3'22 following a slower litigation activity in Q2'22.
- Increase in cost of equipment and technology sales slowed to 58.2% YoY from 111.0% a quarter ago, along with the normalisation in base effect as well as some normalisation in quarterly project revenues generated by Türk Telekom and İnnova.
- Other direct costs grew by 72.3% YoY and 23.6% QoQ, with very similar drivers to the second quarter, in which we had seen a pick-up in commissions paid on prepaid loading, shared revenues and VAS revenues.
- Commercial costs increased by 69.7% YoY and 20.6% QoQ along with inflated customer care and marketing expense.
- Network and technology expenses rose 97.7% YoY and 11.5% QoQ together with higher energy prices and cost of maintenance works in addition to weaker lira.
- Personnel expense increased by 27% QoQ largely owing to the broad-based salary increase undertaken starting from July. The impact of fresh hirings started in Q2'22 for a newly acquired third party project by our subsidiary AssisTT, has also contributed to staff cost growth inorganically.

Operating Profit Before Depreciation and Amortisation (EBITDA)

In Q3'22, consolidated EBITDA increased by 17.4% YoY to TL 5.0 bn with an EBITDA margin of 40.1%, which contracted 950 bps YoY due to three main reasons: (i) high base, (ii) significant cost inflation in large opex items including personnel, network (including energy), commercial and equipment & technology sales costs and (iii) bigger contribution to revenue growth from mobile and other businesses which have lower margin compared to fixed broadband. Excluding the IFRIC 12 accounting impact, EBITDA margin was 42.1%, down 960 bps YoY.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 30.8% YoY to TL 2.0 bn in Q3'22.

Operating Profit

Operating profit grew by 9.7% YoY to TL 3.0 bn. Operating profit margin declined to 23.9% in Q3'22 from 31.7% in Q3'21.

Net Financial Income/Expense

Net financial expense was TL 2.6 bn in Q3’22 compared to TL 2.3 bn in Q2’22 and TL 0.9 bn in Q3’21. As implied by the sensitivity analysis in Q2’22 financial statements, we incurred further FX losses amid an 8% average increase in FX rates QoQ. We continued utilising short-term instruments in Q3 in order to support the hedge portfolio. Net FX & hedging loss rose slightly to TL 1.9 bn in Q3’22 from TL 1.8 bn in Q2’22 and TL 0.4bn in Q3’21.

According to the sensitivity of P&L statement to FX movements, 10% depreciation of TL has negative TL 970 mn impact on P&L as of Q3’22 assuming all else constant (negative TL 1,159 mn impact as of Q2’22 and positive TL 1 mn impact as of Q3’21). We aim to go back to FX-neutral position, when financial markets present a more stable outlook.

Tax Income/Expense

In Q3’22, the Group reported TL 774 mn of tax income vs TL 176 mn of tax income in Q3’21 due to deferred tax gain driven by revaluation of fixed assets and investment incentives where high inflation has continued to be a supporting factor.

Net Income

Q3’22 net income was TL 1.2 bn compared to TL 2.0 bn in Q3’21 which was the highest quarterly figure in 2021. Higher net financial losses YoY was only partly offset by the tax income recorded in Q3’22.

Capital Expenditures

Capex was TL 3.1 bn in Q3’22 compared to TL 1.7 bn in Q3’21.

Cash Flow and Leverage

In Q3’22, unlevered free cash flow was TL 2.2 bn vs TL 1.5 bn in Q2’22 and TL 2.5 bn in Q3’21.

Net debt[10] increased to TL 27.6 bn as of Q3’22 compared to TL 15.1 bn as of Q3’21 along with weaker lira. Excluding the IFRS 16 impact, net debt was TL 25.9 bn.

Net Debt/EBITDA[11] ratio remained unchanged QoQ at 1.54x despite further weakness in lira.

Net debt (excluding the IFRS 16 impact) decreased to USD 1,400 mn equivalent as of Q3’22, down by USD 97 mn QoQ (Q2’22: USD 1,497 mn; Q3’21: USD 1,557 mn).

As of Q3’22, FX based financial debt (excluding the IFRS 16 impact) declined YoY to USD 1,867 mn equivalent (Q2’22: USD 1,958 mn; Q3’21: USD 2,249 mn). The share of TL financing was 15.3% as of Q3’22, up from 14.8% in Q2’22.

---

[10] Net debt includes MTM from FX to TRY Currency Swaps and FV of Currency Protected Time Deposits.

[11] Net debt includes MTM from FX to TRY Currency Swaps and FV of Currency Protected Time Deposits. Net Debt/EBITDA calculation excludes extraordinary claims on EBITDA calculation.

Including the FX based cash of USD 217 mn, the net FX exposure was USD 450 mn long position as of Q3’22 (USD 414 mn long position as of Q2’22). Excluding the ineffective portion of the hedge portfolio, mainly the existing PCCS contracts, the FX exposure was USD 521 mn short position.

Türk Telekom
Değerli Hissettirir

Operational Performance

	Q3'21	Q2'22	Q3'22	QoQ Change	YoY Change
Total Access Lines (mn) [12]	**16.7**	**17.1**	**17.2**	**1.0%**	**3.0%**
Fixed Voice Subscribers (mn)	10.5	10.1	9.9	(2.7)%	(6.3)%
Naked Broadband Subscribers (mn)	6.2	6.9	7.4	6.4%	18.8%
Fixed Voice ARPU (TL)	**21.7**	**23.6**	**26.3**	**11.3%**	**21.3%**
Total Broadband Subscribers (mn)	**14.1**	**14.6**	**14.8**	**1.5%**	**5.1%**
Total Fibre Subscribers (mn)	**8.8**	**10.7**	**11.2**	**4.4%**	**27.4%**
FTTH/B (mn)	2.6	3.1	3.3	6.4%	24.6%
FTTC (mn)	6.1	7.6	7.9	3.5%	28.6%
Broadband ARPU (TL)	**65.9**	**75.4**	**84.8**	**12.5%**	**28.8%**
Total TV Subscribers (mn) [13]	**3.0**	**2.9**	**2.9**	**(0.4)%**	**(2.9)%**
Tivibu Home (IPTV + DTH) Subscribers (mn)	1.5	1.5	1.5	(0.5)%	(2.7)%
TV ARPU (TL)	**22.1**	**25.7**	**28.1**	**9.2%**	**26.9%**
Mobile Total Subscribers (mn)	**23.9**	**24.6**	**25.3**	**2.8%**	**6.0%**
Mobile Postpaid Subscribers (mn)	15.5	16.3	16.6	2.0%	6.7%
Mobile Prepaid Subscribers (mn)	8.3	8.4	8.7	4.3%	4.7%
Mobile Blended ARPU (TL)	**42.2**	**49.8**	**59.1**	**18.6%**	**40.1%**
Mobile Postpaid ARPU (TL)	48.7	56.8	65.4	15.1%	34.2%
Mobile Prepaid ARPU (TL)	28.3	34.7	42.9	23.6%	51.9%

[12] *PSTN and WLR Subscribers*

[13] *Tivibu Home (IPTV, DTH) and Tivibu GO subscribers*

Notes:

EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortisation and impairment expenses, financial income/(expense) presented in other operating income/(expense) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).

Operating profit includes revenues, cost of sales, depreciation, amortisation and impairment expenses, marketing, sales and distribution expenses, general administrative expenses, research and development expenses, other operating income/(expense), and income/(expense) from investing activities, but excludes financial income/(expense) presented in other operating income/(expense) on CMB financial statements (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).

Net financial income/(expense) includes financial income/(expense) and FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings which are presented in other operating income/(expense) on CMB financial statements.

*Net FX Position used to be calculated by subtracting the sum of **i)** the hedge transactions and **ii)** FX-denominated cash and cash equivalents from **(iii)** FX-denominated financial debt. As per the resolution taken by the Board of Directors dated 03.02.2021, in order to carry out a currency risk management which takes into account all of the items that affect the consolidated profit / loss statement through exchange rate risk in the Net FX Position calculation, as of Q1 2021, in addition to the aforementioned items, Net FX Position includes **(iv)** FX denominated lease obligations **(v)** FX denominated net trade payables and **(vi)** the net investment hedge. Net investment hedge is the hedge amount against the financial risk of the net investment in the off-shore subsidiaries (Türk Telekom International) as per the Effects of Changes in FX Rate standard (TAS 21) of the Turkish Accounting Principles and has been used in the Group accounting reporting since 2011. Net FX Position is a non-GAAP financial measure. and the revision made in the calculation of the Net FX Position does not cause a change in the accounting reporting of the Group.*

About Türk Telekom Group

Türk Telekom, with more than 180 years of history, is the first integrated telecommunications operator in Turkey. In 2015, Türk Telekomünikasyon A.Ş. 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.

“Turkey’s Multiplay Provider” Türk Telekom has 17.2 million fixed access lines, 14.8 million broadband, 2.9 million TV and 25.3 million mobile subscribers as of September 30, 2022. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 38,953 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’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 100% of 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.

Disclaimer

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the "Company") in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. This presentation or any information contained herein cannot be used without the written consent of the Company.

This presentation does contain forward-looking statements that reflect the Company management's current views with respect to certain future events based on the base-case assumptions and estimated figures. The information provided by the Company is collected from sources believed to be reliable, but the accuracy and completeness of this information are not guaranteed. Although it is believed that the expectations reflected in these statements are reasonable, Company can give no assurance that such expectations will prove to be correct.

Neither the Company nor any of its shareholders, directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortisation and impairment expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings)

Türk Telekom Group Consolidated Financial Statements are available on
https://www.ttyatirimciiliskileri.com.tr/en-us/financial-operational-information/pages/quarterly-results