TÜRK TELEKOM GROUP

2022 SECOND QUARTER

FINANCIAL AND OPERATIONAL RESULTS

August 8, 2022

BALANCED GROWTH AMID MULTIPLE CHALLENGES

Türk Telekom Group announced its financial and operational results. Overall, the Group delivered a balanced performance in the second quarter. Consolidated revenues increased by 31.2% YoY to TL 10.7 billion. EBITDA rose to TL 4.4 billion with an EBITDA margin of 41.0%. Net income of TL 1.4 billion grew by 9.4% YoY. Net Debt/EBITDA increased to 1.54x from the previous quarter as the upward trend in FX rates continued.

Türk Telekom CEO Ümit Önal said: *"Q2'22 has clearly demonstrated a fresh set of adversities. Inflation has proven to be an even bigger problem to tackle with for individuals, corporates, governments and central banks alike across the globe. Consumers were highly challenged by the pricing environment in general which has dictated more scrutiny on typical baskets. In this backdrop, we implemented our plans to weather the storm with highest focus on mitigating risks while generating healthy growth on a sustainable basis. Managing our subscriber base was an uneasy task but our steadfast priority for quality services, customer experience and value maximisation has lent great support to our satisfying operational and financial performance. The second half of 2022 will continue to be tough, we think. Therefore, we maintain caution and keep ourselves fit to remain resilient and financially sound. Our very goal to play our part perfectly in Turkey's transformation into a digital society stays intact. We are confident that, that path assures the fulfilment of our responsibility to all our stakeholders too."*

2nd Quarter 2022 Financial Highlights

Consolidated revenues increased to TL 10.7 bn, up by 31.2% YoY. Excluding the IFRIC 12 accounting impact, revenue growth was 30.8% YoY.

Consolidated EBITDA grew by 9.5% YoY to TL 4.4 bn with an EBITDA margin of 41.0%, down 810 bps YoY largely owing to last year's high base and continued inflationary pressures on opex but also to faster growth in lower-margin mobile business when compared to fixed broadband. Excluding the IFRIC 12 impact, EBITDA margin was 43.5%.

TL 2.5 bn operating profit was flat YoY.

Net income was TL 1.4 bn, up 9.4% YoY and 148.3% QoQ despite another 10% average rise in USDTRY and EURTRY rates amid continued weakness in lira. On the other hand, TL 1.2 bn of tax income has supported the bottom-line performance.

Capex was realised at TL 2.5 bn in Q2'22.

Unlevered free cash flow[1] was TL 1.5 bn in Q2'22 vs negative TL 456 mn in Q1'22 and TL 1.8 bn in Q2'21.

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

Long FX position[2] was USD 414 mn by the end of Q2'22 vs USD 389 mn by the end of Q1'22. Excluding the ineffective portion of the hedge portfolio, mainly the existing PCCS contracts, the FX exposure was USD 643 mn short position.

2nd Quarter 2022 Operational Highlights

Total number of Türk Telekom subscribers remained flat at 52.2 mn with 53K net subscriber additions in Q2'22. The increase in fixed broadband and mobile bases was largely offset by the decline in fixed voice. Net subscriber additions were 1.5 mn during the last twelve months.

Fixed broadband subscribers inched up to 14.6 mn with slower quarterly net additions of 87K amid normalisation and price revisions. Broadband ARPU growth of 19.1% YoY was visibly higher compared to both Q1'22 and Q2'21 levels.

Fibre subscribers reached 10.7 mn with 387K quarterly net additions. The number of FTTC subscribers reached 7.6 mn, while the number of FTTH/B subscribers increased to 3.1 mn. The share of fibre subscribers in our fixed broadband base increased to 73.5% from 58.5% a year ago.

Fibre cable network length increased to 381K km as of Q2'22 from 372K km as of Q1'22 and 345K km as of Q2'21. Fibre network covers 30.8 mn households as of Q2'22 compared to 30.6 mn as of Q1'22, reflecting the continued focus on fibre rollouts. FTTC homepass made it to 21.4 mn while FTTH/B homepass increased to 9.4 mn.

Mobile subscriber portfolio reached 24.6 mn with 246K of net additions during the quarter. Postpaid segment grew by 338K while prepaid contracted by 92K.

Share of LTE subscribers[3] in mobile subscriber base increased to 69% in Q2'22 from 62% in Q2'21. Average monthly data usage per LTE user increased by 20.6% to 11.5GB in Q2'22 from 9.5GB in Q2'21.

Number of fixed voice subscribers declined by 264K 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 fixed access lines increased to 17.1 mn.

In Q2'22, the number of TV Home subscribers remained flat QoQ at 1.5 mn.

Self-service online transactions app 'Online İşlemler', has been downloaded almost 61.8 mn times by the end of Q2'22. The number of unique subscribers[4] using the application peaked to 17.8 mn.

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[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] Mobile subscribers who registered for LTE and have LTE compatible device and sim card.

[4] 3-Month active user

2022 Guidance Revision

Our revised guidance for 2022 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 33%
- Consolidated EBITDA to be around TL 18.5 billion
- Consolidated CAPEX to be around TL 13.0 billion

	Previous Guidance	Revised Guidance
Consolidated Revenue Growth (exc. IFRIC 12)	23-25%	Around 33%
Consolidated EBITDA	TL 17.5-18.3 bn	Around TL 18.5 bn
Consolidated CAPEX	Around TL 12.5 bn	Around TL 13.0 bn

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

Healthy first half but uncertainties ahead urge maintaining caution

While China has faced a new wave of Covid-19, Turkey finally entered into a measure-free period in the second quarter after a considerable decline in number of new cases. The world has been struggling with the conflicts and economic impacts of the pandemic as well as the Russia-Ukraine war before a rising risk of global recession took centre attention. Climbing inflation expectations pushed central banks to severely tighten their monetary policies, posing crucial and varying implications for the emerging economies. Rising prices, especially in food and energy, has become a shared grief for the consumers worldwide.

Statements from central banks and global interest rate hikes affected the lira. A 10% average increase in USDTRY and EURTRY rates QoQ continued to negatively affect business environment and costs. A new regulation introduced by the BRSA now requires non-financial corporates to keep their FX holdings below a 10% threshold if they wanted to utilise new lira loans[5].

Inflation in Turkey touched its 24-year-peak of 78.6% as of June. Weaker lira and rising global oil prices pushed annual energy inflation to 151.3%, while food inflation reached 93.9%. Meanwhile, government raised minimum wage for the second time this year, by approximately 30%, effective from July 1, 2022. As usual, this has triggered a broad-based wage increase which surely came in as a relief to households. The incremental incomes should partially cycle into different forms of consumption in the coming period, we think.

Demand for telco products remained reasonably sound amid post-pandemic normalisation and continued pricing actions across the board. A measure-free environment benefited the mobile segment, but it finally took its toll on fixed broadband additions which has continuously enjoyed pandemic-supported growth rates for several quarters. As the leader of the fixed internet, our pro-active pricing strategy versus competition's rich appetite for promotional campaigns has also limited our net add performance.

Data usage was strong with slight decline in fixed broadband QoQ owing to normalisation but still significantly above the pre-pandemic levels. Mobile data consumption on the other hand continued an upward trend with increased mobility and we saw a higher utilisation rate of GBs in packages by subscribers.

We observed more caution this quarter in consumer preferences in both fixed and mobile, but we think this should be rather expected given the sizeable inflationary pressures. Still, we managed a good performance in re-contracting and upselling thanks to our customer-oriented strategies and strong engagement with subscribers, both of which largely mitigated the impact of adversities.

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[5] *Banking regulator's, the BRSA, recent legislation requires non-financial companies which are subject to independent auditing to keep their FX holdings to total asset ratio below a 10% threshold if they wanted to raise new lira borrowing. The FX holdings to be taken into consideration the ratio include FX cash, gold, FX deposits and FX swap accounts.*

Fixed broadband additions slowed to 87K but remained in positive territory despite normalising demand and the reflection of new price points on consumer behaviour. With 246K net additions, mobile segment maintained its strength since the beginning of the year thanks to higher mobility in addition to our effective strategies. Going into summer, short-term campaigns were typically in and out the mobile sector, but operators' motivation to stick to inflationary pricing remained intact. In line with our expectation, ARPU growth took a visible leap both in fixed broadband and mobile with the cumulative impact of multiple price revisions and healthy upsell performance.

Macroeconomic challenges weighed on our financial performance. Most importantly, the upward trend in opex, led by high inflation, continued QoQ and another 10% rise in FX rates in the quarter significantly pressured the bottom-line. On annual comparison our net financial expense was significantly higher than the Q2'21 figure. On the bright side, the operating performance has kept up with careful management of our diversified portfolio through our timely and balanced actions.

A resilient Q2 performance hinting further improvements ahead

Revenue growth accelerated from last quarter as the re-pricing of our subscriber base continued progressively. Consolidated revenues increased by 31.2% YoY in Q2'22 while operational revenues grew by 30.8%, well ahead of our earlier target of 23% - 25% for the full year. Most importantly, operating revenue growth picked-up to 36.7% in the month of June, when revisions in both fixed internet and mobile prices took effect. As expected, the regulatory hike in wholesale port prices did trigger the tariff revisions in the retail fixed internet market.

Fixed broadband revenue rose by 26.1% along with the subscriber growth but more so with the ongoing pricing actions. Mobile revenue growth reached a new peak of 32.5% YoY thanks to our robust strategies driving the healthy expansion of subscriber base and consecutive price revisions. Growth in corporate data revenue accelerated further to 26.3%, while the 91.8% increase in other revenue was largely driven by equipment sales, ICT project and call centre revenues. Finally, international revenues increased by 36.1%.

Consolidated EBITDA rose by 9.5% YoY to TL 4.4 billion with an EBITDA margin of 41.0%, lower both QoQ and YoY. As expected, EBITDA margin continued contracting annually from a high base, primarily on inflating costs. A faster growth in lower-margin mobile segment compared to fixed broadband also pulled the EBITDA margin lower both annually and quarterly. Seasonality and higher IFRIC 12 cost, driven by larger capex spending in Q2 were the other drivers of lower EBITDA margin QoQ.

As of the end of June, USDTRY and EURTRY rates increased by 14% and 7%, respectively, compared to the previous quarter's close. As implied by the FX sensitivity analysis reported in Q1'22 financials, we incurred sizeable FX losses in the second quarter. On the other hand, TL 1.2 bn of tax income partly offset the increase in net financial costs to drive the growth in net income both quarterly and annually. As a result, Q2’22 net income improved by 9.4% YoY and 148.3% QoQ.

Net Debt/EBITDA increased to 1.54x from 1.24x a quarter ago owing to the recent FX volatility as well as the planned payment of TL 4.95 bn of dividend out of 2021 earnings in May.

Revising 2022 guidance in light of the first half performance

We recorded higher than expected top-line growth and EBITDA in the first half of the year driven mostly by our dynamic pricing and customer centric strategies. We are confident that the top-line growth will be progressive in the remainder of the year. Opex on the other side, still bears risks and urges us to maintain caution in our forward-looking statement. Most importantly, we have raised staff salaries following the latest c.30% hike in minimum wage effective from 1 July, 2022. Energy, network and commercial costs are the likely items to pursue a trend in tandem with the inflation in the coming periods. Therefore, we now expect operating revenues to grow 33% YoY, EBITDA to be TL 18.5 billion and capex to be TL 13.0 billion[6], compared to 23-25%, TL 17.5-18.3 billion and TL 12.5 billion respectively, in our prior guidance. While the change in EBITDA is driven by higher top-line and opex outlook, the upward move in capex reflects the impact of continued lira weakness and higher inflation.

Higher focus on ARPU growth and margin management in fixed broadband

As announced earlier, we adjusted our wholesale tariffs as per the regulator’s approval of the 67% hike in port prices effective from June 1, 2022. Simultaneously, we revised our retail tariffs both for the new and existing customers, in line with our dynamic pricing strategy, not only to lead the market but also to manage our margins. The other ISPs followed suit, but at different times within the quarter; some earlier than June 1, when the regulator’s decision was announced and some later. Still, it would be fair to say that competition in the fixed broadband market remained elevated and the other ISPs’ widespread promotional campaigns despite inflationary pressures, distorted the market. This, combined with the impact of the post-pandemic normalisation on demand for new connections, has clearly limited our net add performance, particularly on the retail side. As such, we observed some limited pick-up in churn ratio, which was in line with our expectation and base management plans.

We finished the quarter with 87K subscriber additions expanding the total base to 14.6 mn. Demand for higher speed was intact both in new acquisitions and re-contracting. 24 Mbps and above packages made 55.4%[7] of new acquisitions. As such, Q2’22 ARPA[8] was 7.0%[9] higher QoQ. Upsell performance stayed strong despite aforementioned conditions. As a result, annual ARPU growth climbed to 19.1% from 14.5% a quarter ago and lifted fixed broadband revenue

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[6] 2022 guidance expectations represent approximate values
[7] For consumer segment
[8] Average revenue per acquisition
[9] For consumer segment, excluding penetration campaign

increase to 26.1% compared to 22.3% in the first quarter. Revenue growth accelerated to 30.7% in June with the latest actions at the beginning of the month.

The substantial subscriber base acquired in 2H'20, the period when the support of the pandemic on fixed internet net adds was highest, will be coming off the 24-month contract period in the remainder of the year. Therefore, an intense re-contracting schedule in the second half should help our progressive ARPU growth in the upcoming periods, we think.

Besides, we launched our 200, 500 and 1000 Mbps packages for new acquisitions in June and for existing customers in August. We aim to increase the visibility of this portfolio through customised and segmented offers. We are readying ourselves to raise the portion of these sales in the coming periods, particularly around the back-to-school season.

Türk Telekom carries Turkey's progress in fiberisation to global league

We grew our fibre network running across 81 cities in Turkey to 381K km by the end of second quarter (372K km as of Q1'22), which corresponds to a 25.1% growth since end-2019. According to European FTTH Council's report "FTTH/B Market Panorama in Europe, September 2021", published in May 2022, Turkey ranks third in EU39 comparison in "number of FTTH/B homes passed" and fourth in "5 fastest growing markets (in both volume and %)". This clearly demonstrates Türk Telekom's leadership and passion for Turkey's fiberisation.

Our homepass increased to 30.8 mn compared to 30.6 mn as of Q1'22. FTTC homepass reached 21.4 mn, while FTTH/B is 9.4 mn. Total number of fibre subscribers grew to 10.7 mn, making up 73.5% of our total base, up by 15.0 points YoY and by 36.4 points since end-2019.

As the country's fibre powerhouse, we have been raising Turkey's fixed internet speed through our countrywide investments and customer-oriented strategies. Average package speed of our subscriber base[10] increased by 30% to 28 Mbps just over the last twelve months. 53% of our subscribers[11] are now on 24 Mbps and above packages. Still, we believe, demand for higher speed is a long-term theme with massive upside potential in the Turkish fixed internet space. We take on our duty to meet this need for our customers at the same time we create financial returns for our stakeholders.

Mobile continues overachieving

Similar to first quarter; tactical, short-lived campaigns were utilised by all operators in Q2, but the main theme remained to be inflationary pricing in mobile. Following the adjustments in March, both prepaid and postpaid segments introduced revised tariffs in the quarter starting from mid-June. The upcoming inflation data will continue shaping operators' pricing and subscriber base management strategies in the remainder of the year. MNP (Mobile Number Portability) market continued contracting both YoY and QoQ albeit at a decelerated pace. We

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[10] Total retail base including DSL and fibre subscribers
[11] Total retail subscribers including DSL and fibre

maintained our top rank in net subscriber acquisitions in the MNP market for the third quarter in a row.

We recorded a total of 246K net subscriber additions in Q2'22, marginally ahead of our target. In line with our expectation, churn rate moved slightly higher QoQ, but remained at historically low levels. 338K net subscriber addition in postpaid beat our target and dominated subscriber growth, while 92K net loss in prepaid also surpassed our forecast owing to an aggressive campaign launched in May and some quarterly pick-up in churn with seasonality. The share of postpaid subscribers in our mobile base touched a new high of 66.0%. Our Prime base reached 5.5 mn[12] subscribers with 36.8% YoY growth.

Annual blended ARPU growth moved up to 26.0% YoY with 8.5 points jump QoQ. Both postpaid and prepaid ARPU supported this acceleration with 21.4% and 36.5% annual growth rates respectively. Accordingly, mobile revenues grew beyond our projections by 32.5% this quarter in an accelerating pace which touched 36.9% in June.

Türk Telekom's 5G technology initiatives bear fruits

As announced earlier, we had entered an important market, by signing an agreement with Net Insight of Sweden on 5G synchronisation solutions. 5G synchronisation is a fast-growing market, expected to reach USD 1.5 bn in size by 2027. The new technology offers unique advantages, because it is GPS-independent and it can provide time synchronisation over existing networks without further need of replacement or upgrading of existing fixed access network equipment. It prevents the loss of service that may occur due to GPS signal interruptions, which is one of the biggest problems of operators that switch to 5G. Hence, this innovative solution offers important time and cost savings in addition to service continuity in 5G rollouts for mobile operators globally.

We are proud to share that mobile operator Three Sweden has placed an order with Net Insight for the 5G synchronisation solution developed by Türk Telekom and Net Insight. This is a remarkable validation of the product's competitiveness and visibility in the market. It also shows the unity of Net Insight and Türk Telekom to use their core technology, expertise, and experience in synchronisation at work. More work is in progress to extend the product's use to other operators' networks across varying geographies, in addition to Türk Telekom's and Three Sweden's.

As Türk Telekom, we highly value our international collaborations in 5G technologies. This deal supports our capability of producing advanced technology and high-end solutions and creating financial value through establishing robust partnerships around them.

[12] *Both consumer and corporate segment*

Financial Review

(TL mn)	Q2'21	Q1'22	Q2'22	QoQ Change	YoY Change
Revenue	**8,181**	**9,471**	**10,732**	**13.3%**	**31.2%**
Revenue (Exc. IFRIC 12)	**7,577**	**9,072**	**9,910**	**9.2%**	**30.8%**
EBITDA	**4,022**	**4,115**	**4,404**	**7.0%**	**9.5%**
Margin	*49.2%*	*43.5%*	*41.0%*		
Depreciation and Amortisation	**(1,519)**	**(1,817)**	**(1,910)**	**5.1%**	**25.7%**
Operating Profit	**2,502**	**2,298**	**2,494**	**8.5%**	**(0.3)%**
Margin	*30.6%*	*24.3%*	*23.2%*		
Financial Income / (Expense)	**(893)**	**(2,008)**	**(2,321)**	**15.6%**	**159.8%**
FX & Hedging Gain / (Loss)	(408)	(1,426)	(1,774)	24.4%	334.3%
Interest Income / (Expense)	(455)	(565)	(739)	30.7%	62.4%
Other Financial Income / (Expense)	(30)	(17)	191	n.m.	n.m.
Tax Income / (Expense)	**(337)**	**270**	**1,219**	**350.8%**	**n.m.**
Net Income	**1,272**	**561**	**1,392**	**148.3%**	**9.4%**
Margin	*15.6%*	*5.9%*	*13.0%*		
CAPEX	**1,407**	**1,467**	**2,488**	**69.5%**	**76.9%**

Revenues

In Q2’22, consolidated revenues increased by 31.2% YoY to TL 10.7 bn. Excluding IFRIC 12, top line growth was 30.8% YoY with 26.1% increase in fixed broadband, 32.5% increase in mobile, 36.1% increase in international, 26.3% increase in corporate data and 91.8% increase in other revenues.

Operating Expenses Excluding Depreciation and Amortisation (OPEX)

In Q2’22, operating expenses increased by 52.1% YoY to TL 6.3 bn. Annual increase was 41.6% in the first quarter. Excluding IFRIC 12 cost, growth in operating expenses was 54.5% YoY.

- Interconnection costs increased merely by 5.8% YoY and declined 17.6% QoQ, along with our decision to minimise TTI’s low margin hubbing services in voice traffic going forward.

- Tax expense increased by 30.6% YoY in tandem with revenue growth.
- Provision for doubtful receivables declined by 27.9% YoY and 25.8% QoQ with slower litigation activity in Q2’22, which is expected to pick-up in Q3’22.
- Cost of equipment and technology sales grew by 111.0% YoY and 71.0% QoQ along with the pick-up in number of projects acquired and the revenues generated from them both by Türk Telekom and İnnova.
- Other direct costs grew by 66.5% YoY and 21.3% QoQ, with the pick-up in commissions paid on prepaid loading, shared revenues and VAS revenues.
- Commercial costs increased by 47.0% YoY and 20.7% QoQ along with inflation and normalisation after pandemic.
- Network and technology expenses rose 96.3% YoY and 25.2% QoQ mainly due to increased energy prices, maintenance works and weaker lira.
- Personnel expense increased by 56.6% YoY but 4.5% QoQ, with the effect of minimum wage and inflation-adjusted salary increase at the beginning of the year. The renewed agreement signed with the labour union in March lifted the personnel cost base higher QoQ, but this has been partly balanced by lower provisions for paid personnel leave.

Operating Profit Before Depreciation and Amortisation (EBITDA)

In Q2’22, consolidated EBITDA increased by 9.5% YoY to TL 4.4 bn with an EBITDA margin of 41.0%, which contracted 810 bps YoY due to an inflated opex base mainly by personnel, network (including energy), commercial and equipment & technology sales costs. Excluding the IFRIC 12 accounting impact, EBITDA margin was 43.5%, down 870 bps YoY.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 25.7% YoY to TL 1.9 bn in Q2’22.

Operating Profit

Operating profit remained flat YoY at TL 2.5 bn. Operating profit margin declined to 23.2% in Q2’22 from 30.6% in Q2’21.

Net Financial Income/Expense

Net financial expense was TL 2.3 bn in Q2’22 compared to TL 2.0 bn in Q1’22 and TL 0.9 bn in Q2’21. As implied by the sensitivity analysis in Q1’21 financial statements, we incurred further FX losses amid a 10% average increase in FX rates QoQ. A volatile interest rate environment throughout the quarter also affected short term derivative costs. We utilised short-term instruments in Q2 in order to support the hedge portfolio. As a result, net FX & hedging loss climbed to TL 1.8 bn in Q2’22 from TL 1.4 bn in Q1’22 and TL 0.4bn in Q2’21.

According to the sensitivity of P&L statement to FX movements, 10% depreciation of TL has negative TL 1,159 mn impact on P&L as of Q2'22 assuming all else constant (negative TL 1,133 mn impact as of Q1'22 and negative TL 1 mn impact as of Q2'21). We aim to go back to FX-neutral position, when financial markets present a more stable outlook.

Tax Income/Expense

In Q2'22, the Group reported TL 1.2 bn of tax income vs TL 337 mn of tax expense in Q2'21 due to further deferred tax gain driven by revaluation of fixed assets and investment incentives where high inflation has been a supporting factor.

Net Income

Q2'22 net income was TL 1.4 bn compared to TL 1.3 bn in Q2'21. Higher net financial losses YoY was largely offset by the tax income recorded in Q2'22 vs the tax expense incurred in Q2'21.

Capital Expenditures

Capex was TL 2.5 bn in Q2'22 compared to TL 1.4 bn in Q2'21.

Cash Flow and Leverage

In Q2'22, unlevered free cash flow was TL1.5 bn vs negative TL 456 mn in Q1'22 and TL1.8 bn in Q2'21.

Net debt[13] increased to TL 26.6 bn as of Q2'22 compared to TL 16.1 bn as of Q2'21 along with weaker lira. Excluding the IFRS 16 impact, net debt was TL 24.9 bn.

Net Debt/EBITDA[14] ratio increased to 1.54x in Q2'22 from 1.24x a quarter ago, as a result of the currency fluctuations in Q2 and the planned payment of TL 4.95 bn dividend out of 2021 earnings in May.

Net debt (excluding the IFRS 16 impact) increased to USD 1,497 mn equivalent as of Q2'22, up by USD 169 mn QoQ (Q1'22: USD 1,328 mn; Q2'21: USD 1,693 mn).

As of Q2'22, FX based financial debt (excluding the IFRS 16 impact) declined YoY to USD 1,958 mn equivalent (Q1'22: USD 2,115 mn; Q2'21: USD 2,228 mn). The share of TL financing was 14.8% as of Q2'22, up from 11.7% in Q1'22.

Including the FX based cash of USD 193 mn, the net FX exposure was USD 414 mn long position as of Q2'22 (USD 389 mn long position as of Q1'22). Excluding the ineffective portion of the hedge portfolio, mainly the existing PCCS contracts, the FX exposure was USD 643 mn short position.

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

[14] *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.*

Operational Performance

	Q2'21	Q1'22	Q2'22	QoQ Change	YoY Change
Total Access Lines (mn) [15]	**16.5**	**17.0**	**17.1**	**0.2%**	**3.2%**
Fixed Voice Subscribers (mn)	10.5	10.4	10.1	(2.5)%	(3.7)%
Naked Broadband Subscribers (mn)	6.0	6.6	6.9	4.6%	15.3%
Fixed Voice ARPU (TL)	**21.5**	**22.1**	**23.6**	**6.7%**	**9.6%**
Total Broadband Subscribers (mn)	**13.8**	**14.5**	**14.6**	**0.6%**	**5.5%**
Total Fibre Subscribers (mn)	**8.1**	**10.3**	**10.7**	**3.8%**	**32.5%**
FTTH/B (mn)	2.5	3.0	3.1	4.2%	24.7%
FTTC (mn)	5.6	7.3	7.6	3.6%	36.0%
Broadband ARPU (TL)	**63.3**	**69.9**	**75.4**	**7.9%**	**19.1%**
Total TV Subscribers (mn) [16]	**3.0**	**2.9**	**2.9**	**(0.6)%**	**(3.7)%**
Tivibu Home (IPTV + DTH) Subscribers (mn)	1.5	1.5	1.5	(0.8)%	(2.4)%
TV ARPU (TL)	**21.6**	**24.3**	**25.7**	**6.0%**	**19.2%**
Mobile Total Subscribers (mn)	**23.4**	**24.4**	**24.6**	**1.0%**	**5.4%**
Mobile Postpaid Subscribers (mn)	15.2	15.9	16.3	2.1%	7.0%
Mobile Prepaid Subscribers (mn)	8.2	8.5	8.4	(1.1)%	2.3%
Mobile Blended ARPU (TL)	**39.6**	**42.8**	**49.8**	**16.5%**	**26.0%**
Mobile Postpaid ARPU (TL)	46.8	50.1	56.8	13.3%	21.4%
Mobile Prepaid ARPU (TL)	25.4	28.2	34.7	23.2%	36.5%

[15] *PSTN and WLR Subscribers*

[16] *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 17.1 million fixed access lines, 14.6 million broadband, 2.9 million TV and 24.6 million mobile subscribers as of June 30, 2022. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 38,798 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 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

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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.

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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