

MAKES YOU FEEL VALUABLE



**ANNUAL REPORT
2020**

Türk Telekom
Değerli Hissettirir





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Türk Telekom has undertaken it as a duty to offer all its subscribers the latest and most advanced communication technologies, from isolated individuals living in the most remote corners of Turkey to urbanised crowded families, and from small businesses to the largest corporations.

Thanks to its strong infrastructure, agile management and competent field team, Türk Telekom successfully managed Covid-19 pandemic process without any disruption to its services. As Turkey's leading telecom operator, the Company continued to provide uninterrupted and secure communication with its fibre network, which extends to 331 thousand kilometres throughout Turkey and grows day by day.

Türk Telekom adopted the principle of “Türk Telekom Makes You Feel Valuable” as a guiding compass for itself in everything it does, from the way of doing business both internally and outside the organisation to its communication and relationship management processes.

With the goal of achieving a Turkey that will lead the world towards digital transformation, Türk Telekom has been working relentlessly to roll out the production and use of domestic and national technology, particularly in strategic sectors, to strengthen our country against cyber threats and to make the dream of a technologically and economically self-sufficient Turkey a reality.

TÜRK TELEKOM MAIN HIGHLIGHTS

Türk Telekom
Değerli Hissettirir

50.4 million subscribers' choice

“Turkey’s Multiplay Provider” Türk Telekom serves **16.3 million fixed access lines, 13.4 million broadband, 3.1 million TV and 23.2 million mobile subscribers as of 31 December 2020.**

LEADING OPERATOR

IN TURKEY
INTEGRATED TELECOM SERVICES OFFERS

YEAR OF RECORDS

2020
2.6 MILLION SUBSCRIBER INCREASE
20% REVENUE GROWTH
TL 3.2 BILLION NET INCOME

94%

LTE POPULATION COVERAGE

26.8

Million
FIBRE HOMEPASS IN
81 PROVINCES

331

Thousand Km
FIBRE NETWORK IN
81 PROVINCES

50.4

SERVING
Million
SUBSCRIBERS

45%

FIBRE CONNECTED
LTE BASE STATIONS

2ND
PLAYER

IN PAY TV MARKET

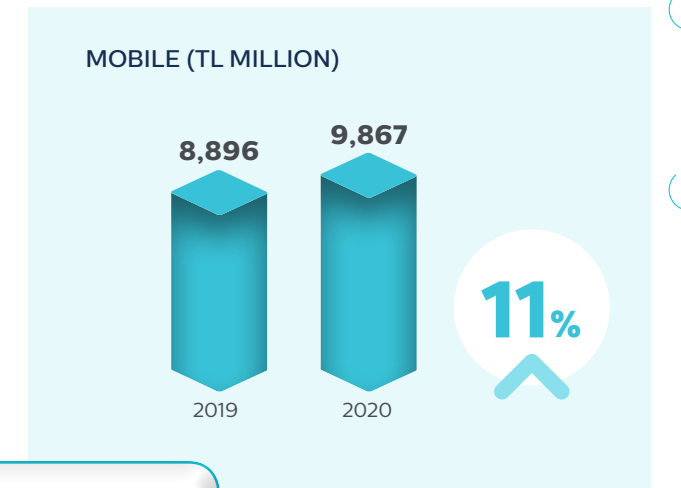
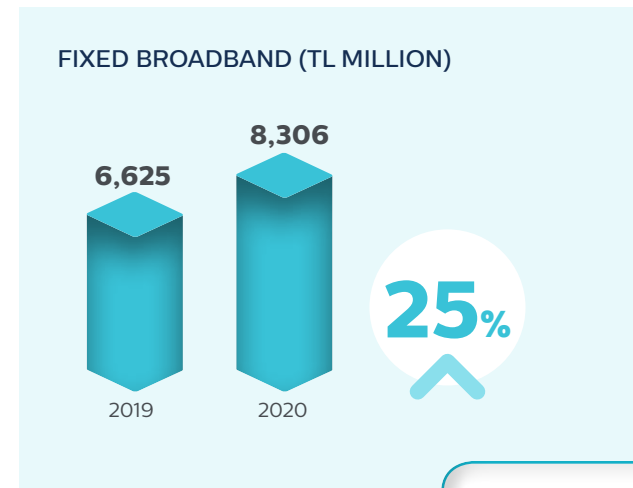
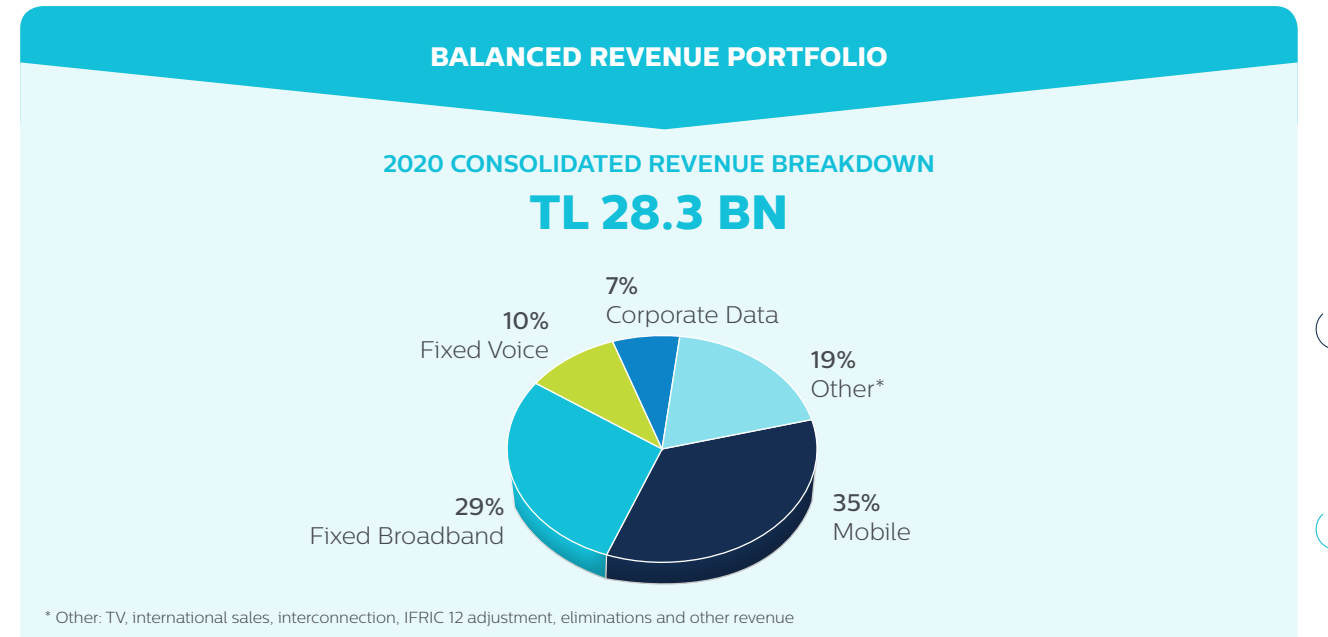
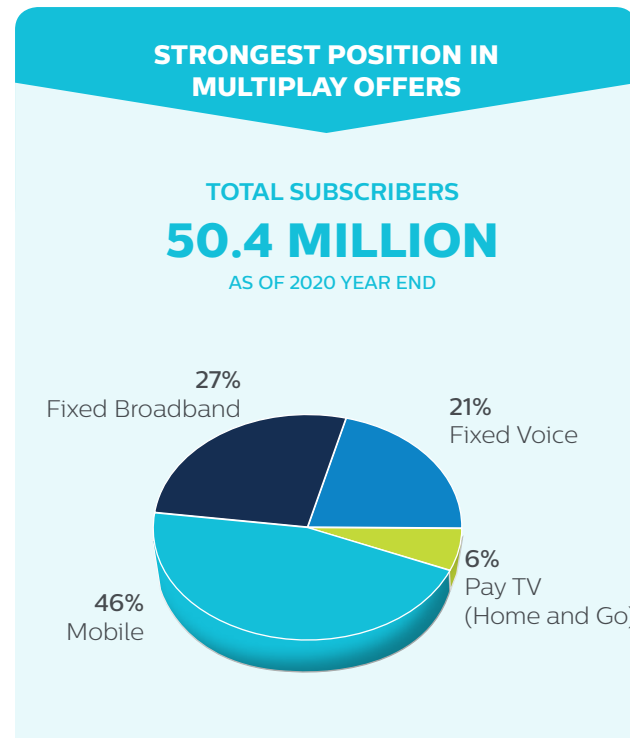
TÜRK TELEKOM AT A GLANCE

Türk Telekom Group Companies provide services in all 81 cities of Turkey with 34,748 employees with the vision of introducing new technologies to Turkey and accelerating Turkey's transformation into an information society.

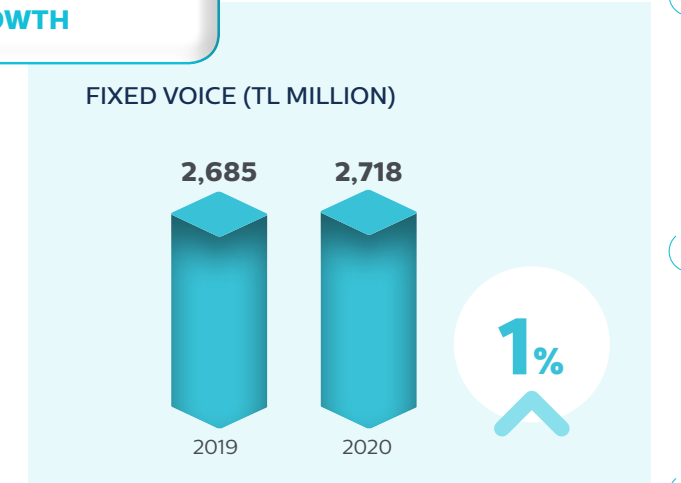
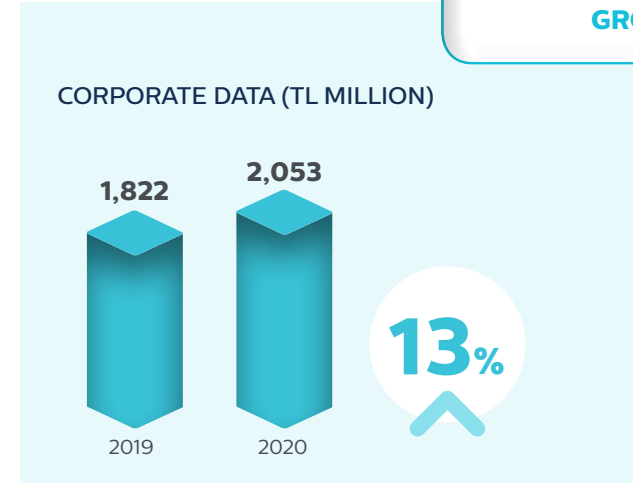
Türk Telekom, with 180 years of history, is the first integrated telecommunications operator in Turkey. In 2015, Türk Telekomünikasyon A.Ş. adopted a "customer-oriented" and integrated structure in order to respond to the rapidly changing communication and technology needs of customers in the most powerful and accurate way, while maintaining the legal entities of TT Mobil İletişim Hizmetleri A.Ş. and TNET 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 16.3 million fixed access lines, 13.4 million broadband, 3.1 million TV and 23.2 million mobile subscribers as of December 31, 2020. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 34,748 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 TNET A.Ş., convergence technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solution provider Innova 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., wholesale data and capacity service provider TT International Telekomünikasyon Sanayi ve Ticaret Limited Şirketi and provider of combined facilities support activities TT Destek Hizmetleri A.Ş. and indirectly owns 100% of subsidiaries of TT Holding BV, TV Broadcasting and VOD services provider Net Ekran Companies, telecommunications devices sales company TT Satış ve Dağıtım Hizmetleri A.Ş. and payment services company TT Ödeme ve Elektronik Para Hizmetleri A.Ş., counselling services company 11818 Rehberlik ve Müşteri Hizmetleri A.Ş. (in receivership) and web portal and computer programming company APPYAP Teknoloji ve Bilişim A.Ş.



FOCUSED ON HIGH GROWTH



GROUP COMPANIES



The 5G and Beyond Next Generation Telecommunication Technologies R&D Company

- vRAN: SDN (Software Defined Networks) based Radio Access Network technology for LTE and 5G with 40 patent applications (24 of which have been accepted)
- NPM/CEM: Network Performance Monitoring and Customer Experience Management solutions used by telecom operators in Turkey and in the world
- ULAK: Turkey's first and only LTE base station development project
- DEFINE: First domestic DPI (Deep Packet Inspection) solution development project of Turkey under the roof of OTAK A.Ş.
- SEBA+: Broadband access technology for fixed networks
- Commercialisation in R&D studies
- Member of BBF, member of ONF & ONAP with its subsidiary Netsia (USA)



Turkey's Leading Software Developer Company and System Integrator

- System Integration Solutions
- Fintech Solutions
- Smart City and Smart Store Solutions
- Health Solutions
- E-Transformation Solutions
- The IoT Platform and Solutions
- SAP, Business Intelligence, CRM, IT Governance, Project Management Services
- Managed Services, Outsourcing, Consultancy Services



International Arm of the Group that opens up to the World in Wholesale Data, Voice and Roaming Services

- A fibre network spreading over more than 45 thousand kilometres in Central and Eastern Europe (CCE), Turkey, the Middle East and the Caucasus region
- More than 110 points of presence (PoP) in 22 countries
- Billions of minutes of transit voice traffic per year, more than 800 mobile roaming agreements and over 320 LTE mobile roaming agreements with more than 200 business partners
- Value added unique solutions
 - AMEERS: New route connecting Western Europe to the Middle East
 - SEA-ME-WE-5: Submarine cable system connecting Europe to Africa, the Middle East and Asia
 - KAFOS: Submarine cable system extending from Black Sea to Europe
 - MEDTÜRK: Submarine cable system connecting Middle East, Turkey and Europe



A Leading Customer Service Solutions Company

- Beyond traditional call centre services, sales-marketing, social media management, face-to-face services, revenue management, quality management, customer experience management, new technologies and digital solutions
- Customer Experience Centre, offering solutions as a strategic fellow companion to large-scale private and public institutions with more than 13 thousand employees



Turkey's Leading and Long-Established Education Technologies Company

- E-education products covering all grades from pre-school to high school
- Leading education products: Raunt, SEBiT VCloud and Vitamin
- Content and platform provider to the Ministry of Education in national e-education transformation projects



A Payment Services and Electronic Money Company

- Electronic money license from the Banking Regulation and Supervision Agency (BRSA) for payment services
- A strong position in mobile payments
- Expansion plans in other payment services and products (Digital Wallet, Operator Billing, Money Transfer, Tax/Bill Payments, E-Money)



A Corporate Venture Capital Company

- Focus on investments which contribute to the growth of early-stage initiatives and scalable-target ventures especially in the areas of health, energy and education
- The first deal in health field vertical: DoctorTurkey
- The second deal in education sector vertical: MentalUP
- The third deal in energy sector vertical: Eltemtek

VISION AND VALUES

In line with the values that it adopted as its principles, Türk Telekom's priority is **to go beyond being a technology company and to make everybody that it comes to contact "Feel Valuable" in every field that it shows presence.**

Türk Telekom works for this country's future with the strength it derives from its deep-rooted past of nearly two centuries. Being the telecom operator that leads the digital transformation of our country, its most essential task is to carry Turkey into the future. Its priority is to go beyond being a technology company and make everybody that it comes to contact "Feel Valuable" in every field it operates. Türk Telekom aims to realise this vision with 17 values that it adopted as its compass.

OUR SHARED VALUES AND ATTITUDES

Türk Telekom;

1. is human-oriented: With this understanding, it works day and night with the principle of providing the best service to all corners of the country.

2. is brave: It knows no obstacles in running forward and adopts the principle of doing what would be considered impossible.

3. is honest: It stands behind every word, attitude, and behaviour of itself.

4. is sincere: It displays a loving and sincere approach in all of its relationships.

5. is lean: It adopts clarity in business and relationship processes.

6. is a leader: It proudly carries the pioneering qualities of being the driving force of its industry and acts accordingly.

7. is innovative: As a follower and practitioner of innovation brought about by technology, it works with the mission of carrying Turkey into the future.

8. is agile: Its capability to be flexible and take quick action lies behind its success in all business processes.

9. is young-spirited: It keeps up with the times and today's conditions.

10. is excited: It is excited about the achievements and firsts that mark Turkey's technology history.

11. works for social good in technology: It acts on the principle of "Accessible Communication for All".

12. understands social responsibility: It takes upon the problems of the country's people with its sensitivity to give back to the society what it takes from it.

13. is at peace with its past: It represents an institutional memory and spirituality that bear witness to Turkey's history.

14. is domestic and national: In line with Turkey's goals, it has the consciousness and sense for developing the most advanced technologies with domestic and national resources.

15. cares about its values: It always considers the priorities and sensitivities of the society in which it exists.

16. is productive: It makes a difference with what it produces by working and supporting.

17. is sharing: It is willing to share the values it owns and creates with the whole society.

Türk Telekom adopts these values as principles within and outside the corporation, from doing business to communication and relationship management processes, both inside and outside the organisation. Just because it leans on to these 17 values;

"Türk Telekom Makes You Feel Valuable."

HISTORY

1840

In order to meet postal needs, the Post Office was established, which started to provide telecommunication services in the following years.

1909

With the addition of telephone services, the institution was transformed into the PTT (Post, Telegraph, Telephone) Directorate.

1994

Türk Telekomünikasyon A.Ş. was established on June 30th, 1994.

1995

On April 24th, the telecommunications and postal services in the PTT were separated. All PTT staff, assets and liabilities related to the telecommunications services were transferred to Türk Telekom, which was fully owned by the Undersecretariat of Treasury affiliated to the Prime Ministry of the Republic of Turkey.

2004

On February 19th, TT&TIM İletişim Hizmetleri A.Ş. was established following the merger of Türk Telekom's GSM Operator Aycell and İş-TİM.

On October 15th, the trade-name of TT&TIM İletişim Hizmetleri A.Ş. was changed to Avea İletişim Hizmetleri A.Ş. (Avea).

2005

Work on the privatisation of Türk Telekom was completed on November 14th, and 55% share of the company was transferred to Ojer Telekomünikasyon A.Ş.

2006

On May 14th, TTNET, a subsidiary of Türk Telekom, was established and started its operations after being awarded an internet service provider license.

On September 15th, Türk Telekom purchased the 40.56% stake of İş-TİM for USD 500 million, and increased its stake in Avea to 81.12%.

2008

15% of the shares in Türk Telekom were offered to public on May 15th, and the shares started to trade on the Istanbul Stock Exchange. At the time, the transaction stood as the most successful initial public offering (IPO) to have taken place in Turkey over the last four years.

2009

Türk Telekom's subsidiary, Avea (renamed as TT Mobil) started to successfully provide 3G services.

2010

Türk Telekom acquired and incorporated Invitel International (renamed as Türk Telekom International), the leading wholesale capacity provider in the Central and Eastern Europe region.

2011

Türk Telekom became the first telecommunication company in Turkey to report carbon emissions to the CDP (Carbon Disclosure Project).

2012

Türk Telekom's total share in Avea's capital increased to 89.99%.

2014

Türk Telekom's bond issuance totalling USD 1 billion with maturities of 5 and 10 years got eight times oversubscribed by international investors. This transaction, which at that time was the largest corporate bond issuance ever made in Turkey, was also the first to be issued with two different maturities simultaneously.

TTNET A.Ş. purchased the broadcasting rights of the UEFA Champions League and the UEFA European League games in Turkey for three seasons, starting with the 2015-2016 season. The games were broadcast on Tivibu, Türk Telekom Group's broadcasting platform.

2015

Türk Telekom got the full ownership of Avea İletişim Hizmetleri A.Ş. with the completion of the transfer of

HISTORY

the shares of Avea owned by the İş Bank Group, to Türk Telekom.

Türk Telekom International became a full member of the SEA-ME-WE-5 submarine cable consortium, which would connect 17 countries.

The Company's subsidiary Avea, participated in the Authorisation Tender for IMT Services and Infrastructures (known as the LTE Authorisation Tender) held by the Information and Communication Technologies Authority (ICTA) on August 26th. Expanding its capacity with a number of packages that it had purchased in different frequency bands, Avea became the mobile operator to have the widest frequency per subscriber.

2016

Avea, Türk Telekom and TTNET brands were all integrated under the single brand of "Türk Telekom" in order to offer mobile, internet, fixed voice and TV services from a single channel.

Türk Telekom's subsidiary Avea (renamed as TT Mobil), started to successfully provide LTE services.

Türk Telekom became the first operator to integrate Turkey's first domestic and national LTE base station ULAK into its network which was developed, with the support of the Undersecretariat of Defence Industries, by Aselsan, Netaş and Türk Telekom's R&D subsidiary, Argela.

Türk Telekom introduced its new youth brand, Selfy, to young people.

Türk Telekom became the first operator to test the Narrowband IoT (Narrowband Internet of Things) technology on its network in Turkey in cooperation with Nokia.

The SEA-ME-WE-5 submarine cable system, of which Türk Telekom International is a member, entered into service at the end of the year, which connected 17 countries from Asia to Europe over a total distance of more than 20 thousand kilometres.

2017

Türk Telekom's subsidiary, TT Ödeme Hizmetleri A.Ş. (TT Payment Services) obtained a payment services official authorisation from the BRSA (Banking Regulation and Supervision Agency) in order to provide next generation payment services to its customers.

A total of 6.68% of Turkish Telekomünikasyon A.Ş. shares held by the Undersecretariat of the Treasury of the Republic of Turkey (5% Group B, 1.68% Group D), were

transferred to the Turkish Wealth Fund following the relevant decree of the Council of Ministers.

The 5G Centre of Excellence, which was designed by Türk Telekom's subsidiary Argela for the development of national 5G technologies, was opened in Ankara.

Türk Telekom introduced TAMBU, a platform-enabled digital keyboard, which it developed in line with its vision of developing domestic and national technology.

Türk Telekom introduced its digital music platform Muud to its users, which it renewed with improvements to its technological infrastructure.

Türk Telekom rose to second ranking in Pay TV market thanks to its superior technology and rich content.

Türk Telekom became the first Turkish company to join the ONF (Open Networking Foundation) platform which particularly designs 5G and beyond technologies with a founding member status and it also involved in the management of the platform to which global technology giants are members as well.

Türk Telekom became a platinum member of the Open Network Automation Platform (ONAP), which brings global leading operators and technology suppliers together.

"Netsia", the US subsidiary of Argela which is focused on R&D activities, successfully installed the test platform of "RAN Slicing" technology in Orange, Verizon and Telefonica.

2018

Turkey's largest Cyber Security Centre, which is home to the highest capacity DDoS protection infrastructure and the largest monitoring area in Turkey, was opened at Türk Telekom's new headquarter building in Ankara.

Türk Telekom established TT Ventures, the first corporate venture capital company in the Turkish telecommunications sector, in line with its focus on investing in early-stage and scalable companies. The Company undertook its first investment in Doctor Turkey, one of the first ventures in the field of online health services in Turkey.

The trademark of Türk Telekom's mobile communication company, Avea, was changed to TT Mobil İletişim Hizmetleri A.Ş. as of June 2018 in a way to support the emphasis on single brand perception.

A cooperation protocol was signed among Türk Telekom, Turkcell, Vodafone, Türksat and Telkoder on "Leasing of Fixed Electronic Communication Infrastructure", which aims to ensure effective use of fixed infrastructure and minimizing duplicated investments.

The first pilot project for active mobile network sharing with Vodafone was successfully completed.

Türk Telekom brought the Video Assistant Referee (VAR) system of the Turkish Football Federation (TFF) to life with its new MTN (Media Transport Network) technology infrastructure, which it established in Super League stadiums for the first time in Turkey.

55% shares of Türk Telekom held by Ojer Telekomünikasyon A.Ş. (OTAŞ), a shareholder in Türk Telekom, were transferred to Levent Yapılandırma Yönetimi A.Ş. (LYY) (renamed as LYY Telekomünikasyon A.Ş.), which was established as a special purpose vehicle (SPV).

2019

In collaboration with Nokia, Türk Telekom became the first Turkish operator to test 5G Artificial Intelligence, the Cloud Radio Access Network (Cloud-RAN), Wireless PON (Wireless Passive Optical Network) and Industry 4.0 Smart Factory technologies.

Türk Telekom successfully completed a USD 500 million bond issuance. The transaction, which attracted interest from 264 investors from 39 countries and was 5 times oversubscribed, was the first transaction carried out by Turkish companies between April 2018 and the actual transaction date.

Together with Huawei, Türk Telekom implemented Turkey's first 5G cloud application, where AR and VR based educational content was tested.

Türk Telekom's corporate venture capital company, TT Ventures, became partner with MentalUP, which is Turkey's first and only gamified digital education platform for children.

The Türk Telekom Group readied the technological infrastructure of the "Ankara City Hospital", the largest public-private partnership in the field of health in Turkey.

Türk Telekom completed the first phase of its "İnternetle Hayat Kolay" (Life is Simple with Internet) project which it had been working on since 2014. During this period, 50 thousand participants were taught internet literacy via more than 300 volunteers.

Mr. Ümit Önal became the new CEO of Türk Telekom. Prior to his appointment as CEO, Mr. Önal successfully served in the positions of Assistant General Manager responsible for Sales, Marketing and Customer Care of the Company for three years.

Türk Telekom became the first Turkish operator to use 400Gbps Ethernet technology, which quadruples the speed of data flow to its subscribers.

Türk Telekom broke the world 5G speed record by reaching speeds of more than 2.9Gbps in the 5G speed test that it conducted with Huawei.

Türk Telekom became the first operator in the world to test the 5G New Radio Carrier Aggregation Technology with commercial devices.

In cooperation with the Red Crescent, Türk Telekom implemented the Subscription Donation System via SMS for the first time in Turkey.

For the eleventh time in a row, Türk Telekom was selected as "Most valuable telecommunication brand of Turkey" by Brand Finance, the international brand valuation company.

2020

The first real time 5G live game broadcast of Turkey was conducted by Türk Telekom.

In January 2020, Türk Telekom became participating member to United Nations Global Compact, the world's largest corporate sustainability initiative.

TT Ventures became a partner in the domestic software company, Virasoft by investing in the digital health field.

Türk Telekom adopted the motto of "Değerli Hissettirir" (Makes You Feel Valuable) as its corporate promise.

Türk Telekom held Turkey's first "Online Cyber Security Camp".

The next generation XGS-PON technology was tested by Türk Telekom for the first time in Turkey.

Türk Telekom's lifesaving domestic eCall technology started to be used in Honda vehicles.

Türk Telekom implemented the e-Meeting system which digitalizes the Penal Execution Institutions.

Argela increased the total number of international patents obtained in the field of 5G to 40.

Argela signed a licensing and cooperation agreement with Juniper Networks, one of the leading network equipment manufacturers in the world, for the RIC product of its subsidiary Netsia, which is patented in the field of 5G.

After the successful Eurobond issuances in 2014 and 2019, Türk Telekom had the first domestic bond issuance of TL 150 million in December.

Human Oriented...

SINCERE AND HONEST

APPRECIATES ITS STAKEHOLDERS'
VALUES AS MUCH AS ITS OWN VALUES
AND MEETS IN A COMMON GROUND

THAT'S WHY TÜRK TELEKOM
"MAKES YOU FEEL VALUABLE"



KEY PERFORMANCE INDICATORS

Türk Telekom Group reached the highest annual revenue growth and net income since the IPO with an outstanding operational and financial performance in 2020.

Türk Telekom Group completed 2020 with an outstanding performance. Consolidated revenues increased by 19.6% YoY in 2020; the highest annual growth since the IPO. EBITDA rose to TL 13.2 billion with an EBITDA margin of 46.8%. Despite the unfavourable FX movements throughout the year, net income reached its highest level of TL 3.2 billion with 32% YoY growth.

Financial Indicators

Revenue, EBITDA and Net Income

Consolidated revenues increased to TL 28.3 billion, up by 19.6% YoY; the highest annual growth since the IPO. Excluding IFRIC 12¹ accounting impact, revenue growth was 17.2% YoY, ahead of the 2020 guidance of 16%.

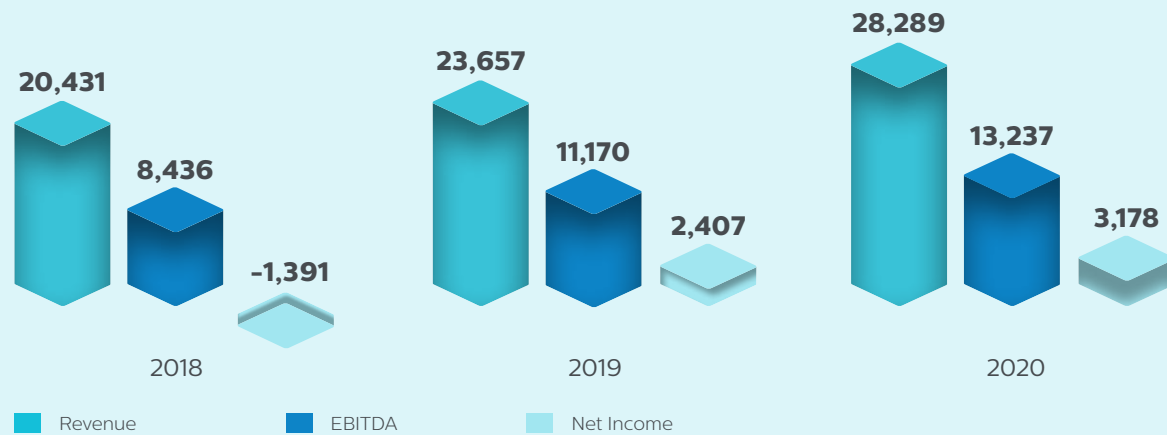
Consolidated EBITDA grew by 18.5% YoY to TL 13.2 billion, ahead of the 2020 guidance with an EBITDA margin of 46.8%. Excluding IFRIC 12 impact, EBITDA margin increased by 28 basis points YoY to 49.1%.

Operating profit increased by 22.4% YoY to TL 7.9 billion.

Net income reached TL 3.2 billion in 2020; its highest level, despite the unfavourable FX movements throughout the year.

¹ IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fibre network.

REVENUE, EBITDA AND NET INCOME (TL MILLION)

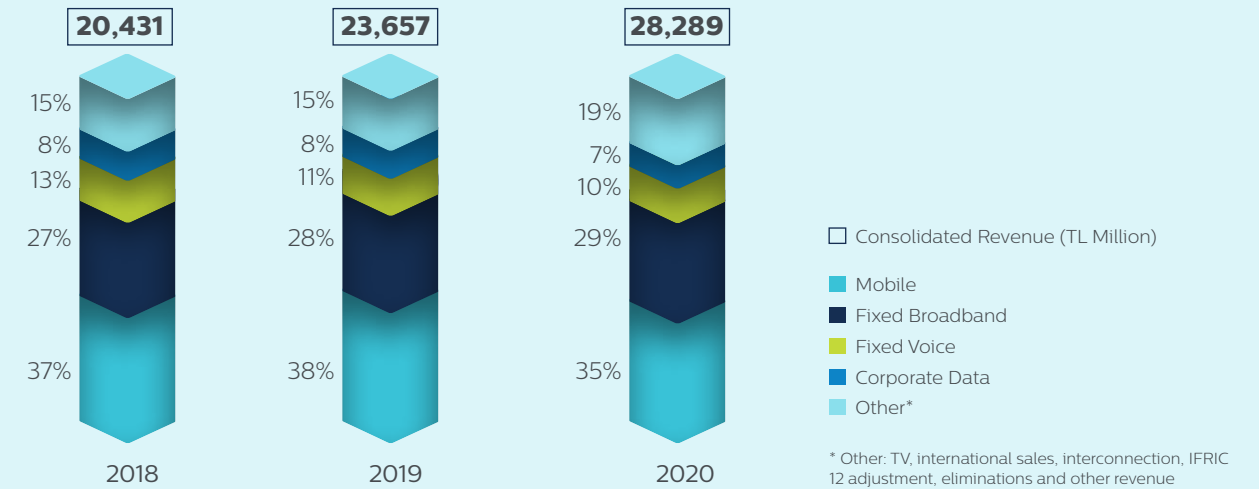


Breakdown of Consolidated Revenues

The share of the high growth businesses, namely mobile and broadband, in consolidated revenues was 64% in 2020, driven by subscriber number and ARPU (Average Revenue Per User) growth in both businesses.

The share of fixed voice revenues, the third largest revenue item, was 10% in 2020 compared to 13% in 2018. On the other hand, fixed voice revenues increased by 1% in 2020.

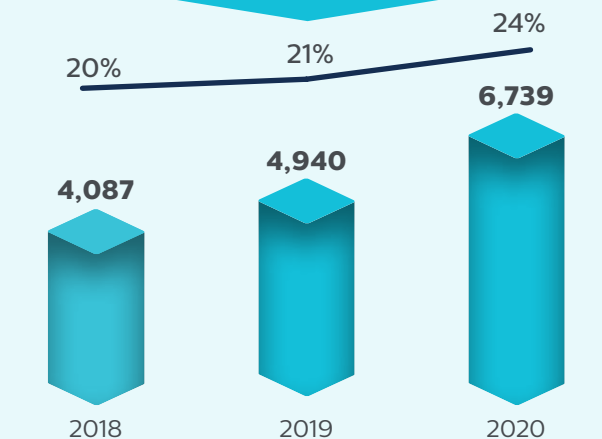
BREAKDOWN OF CONSOLIDATED REVENUES



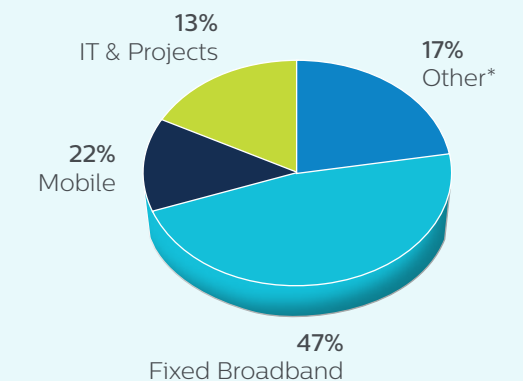
Capital Expenditures (Capex)

Capex increased to TL 6.7 billion in 2020 compared to TL 4.9 billion in 2019, reflecting the impact of increase in fibre investments and weaker Lira. Capex/Sales ratio was 24% in 2020 compared to 21% in 2019.

CAPITAL EXPENDITURES



CAPEX BREAKDOWN - 2020



* Other Capex includes IT related capex, Capex for subsidiaries, Capex for new revenue streams, IFRS 15 capitalisation and other.

KEY PERFORMANCE INDICATORS

Revenues

In 2020, consolidated revenues increased by 19.6% YoY to TL 28.3 billion. Excluding IFRIC 12, top line growth was 17.2% YoY with 25.4% increase in fixed broadband, 10.9% increase in mobile, 34.0% increase in international and 44.3% increase in other revenues.

Earnings before Interest, Tax Depreciation and Amortisation (EBITDA)

In 2020, consolidated EBITDA increased by 18.5% YoY to TL 13.2 billion with an EBITDA margin of 46.8% on the back of strong growth in broadband revenues and careful Opex management. Excluding IFRIC 12 accounting impact, EBITDA margin was 49.1%.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 13.3% YoY to TL 5.4 billion in 2020.

Operating Profit

Operating profit increased by 22.4% YoY to TL 7.9 billion in 2020.

Net Financial Income/Expense

Net financial expense was realised at TL 4.1 billion in 2020 compared to TL 3.7 billion in 2019 despite around 25% and

35% increase in USD/TL and EUR/TL, respectively in 2020; thanks mainly to active FX exposure and financing cost management throughout the year.

According to the sensitivity of P&L statement to FX movements, 10% depreciation in lira would have TL 59 million negative impact on pre-tax income as of Dec'20 assuming all else constant (vs TL 953 million negative impact as of Sep'20 and TL 455 million negative impact as of Dec'19).

Tax Income/Expense

The Group reported TL 624 million tax expense in 2020 compared to TL 328 million in 2019.

The main reason behind low tax expense in 2019 is related to deferred tax income attributable to the improved performance of TT Mobil in terms of profitability in 2019 leading to high probability to recover certain part of its previous years' statutory tax losses by offsetting with future statutory taxable profits. In 2020, this effect was more limited compared to the previous year.

Net Income/Loss

Net income reached the highest level of TL 3.2 billion in 2020 despite the unfavourable FX movements throughout the year.

Summary Income Statement (TL Million)	2018	2019	2020	2019-2020 Change (%)
Revenues	20,431	23,657	28,289	19.6
Net Operating Expenses excluding Depreciation and Amortisation	(11,995)	(12,487)	(15,052)	20.5
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	8,436	11,170	13,237	18.5
Depreciation and Amortisation	(3,735)	(4,746)	(5,375)	13.3
Operating Profit	4,701	6,424	7,862	22.4
Net Financial Income/(Expense)	(6,723)	(3,689)	(4,060)	10.0
Tax	631	(328)	(624)	90.3
Net Income/Loss	(1,391)	2,407	3,178	32.0

Summary Balance Sheet (TL Million)	2018	2019	2020
Cash and Cash Equivalents	4,495	4,946	5,008
Tangible Assets ^(a)	14,274	14,727	16,083
Intangible Assets	9,783	10,328	12,137
Rights of Use Assets	-	1,366	1,546
Other Assets ^(b)	7,647	8,543	9,948
Total Assets	36,199	39,909	44,723
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	4,193	6,183	8,777
Interest Bearing Liabilities ^(c)	19,921	20,783	21,235
Other Liabilities ^(d)	8,823	9,683	11,451
Total Equity and Liabilities	36,199	39,909	44,723

^(a) Tangible assets include property, 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 and provisions for employee termination benefits.

Balance Sheet and Cash Flow

Total Assets

In 2020, total assets rose by 12% YoY to TL 44.7 billion mainly due to the increase in tangible and intangible assets stemming from the investments during the year, increase in trade receivables due to growing sales volume, deferred tax assets and derivative instruments.

Total Equity and Liabilities

Total equities and liabilities increased by 12% to TL 44.7 billion mainly due to the increase in previous year's profit and loss and the effect of profit for the period.

Additionally, despite the depreciation of Turkish Lira against US Dollar and Euro, liabilities from bank loans and issued debt instruments increased by 1% with the increase in the share of TL-based financing and repayments throughout the year.

Unlevered free cash flow² generated in 2020 increased to TL 6.9 billion compared to TL 6.4 billion in 2019 thanks to robust EBITDA performance.

Net Debt/EBITDA ratio declined from 1.41x in Q4'19 to 1.15x due to strong operational performance and the decrease in debt level.

Including USD 2,318 million equivalent of FX financial debt, the USD 1,810 million equivalent of participating cross currency swap (PCCS) and forward contracts positions and the FX based cash of USD 554 million, the net short FX exposure³ turned to USD 46 million net long position as of year-end from USD 370 million short position as of Q4'19.

² Unlevered free cash flow is defined as net cash provided by operating and investing activities from operations.

³ Net short FX exposure is calculated as FX based financial debt less FX hedge position less FX based cash and cash equivalents. Debt calculation excludes lease obligations.

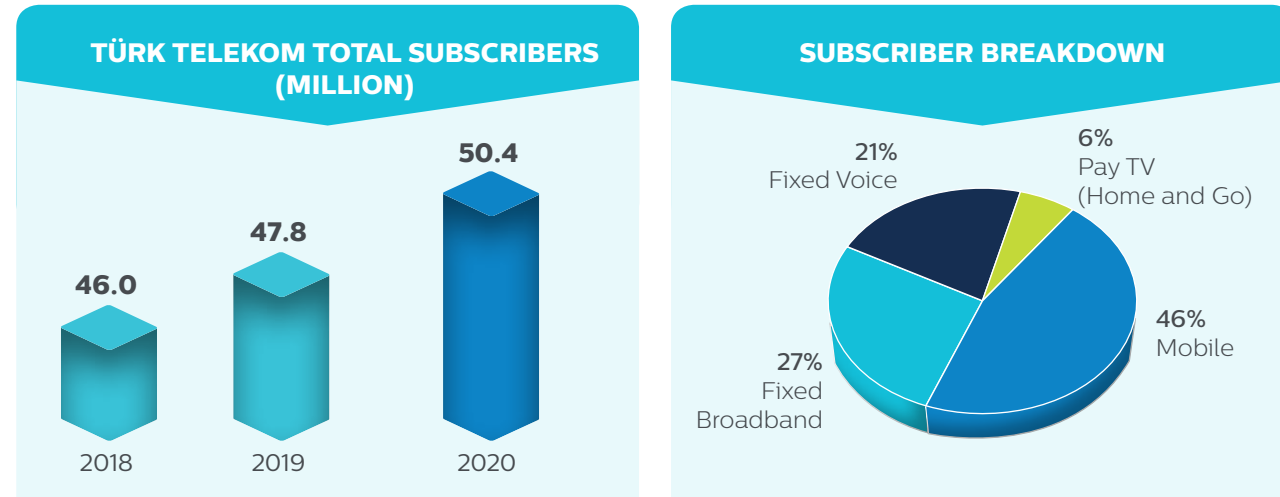
Ratios (%)	2018	2019	2020
Net Debt/EBITDA*	1.86	1.41	1.15
Net Debt/Total Assets*	0.44	0.40	0.34
Debt (Total Liabilities)/Total Equity	3.86	3.23	2.72
Debt (Financial)/Total Equity	2.67	2.20	1.76
Current Ratio	0.81	0.88	0.93

* Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions. Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation.

KEY PERFORMANCE INDICATORS

Operational Indicators

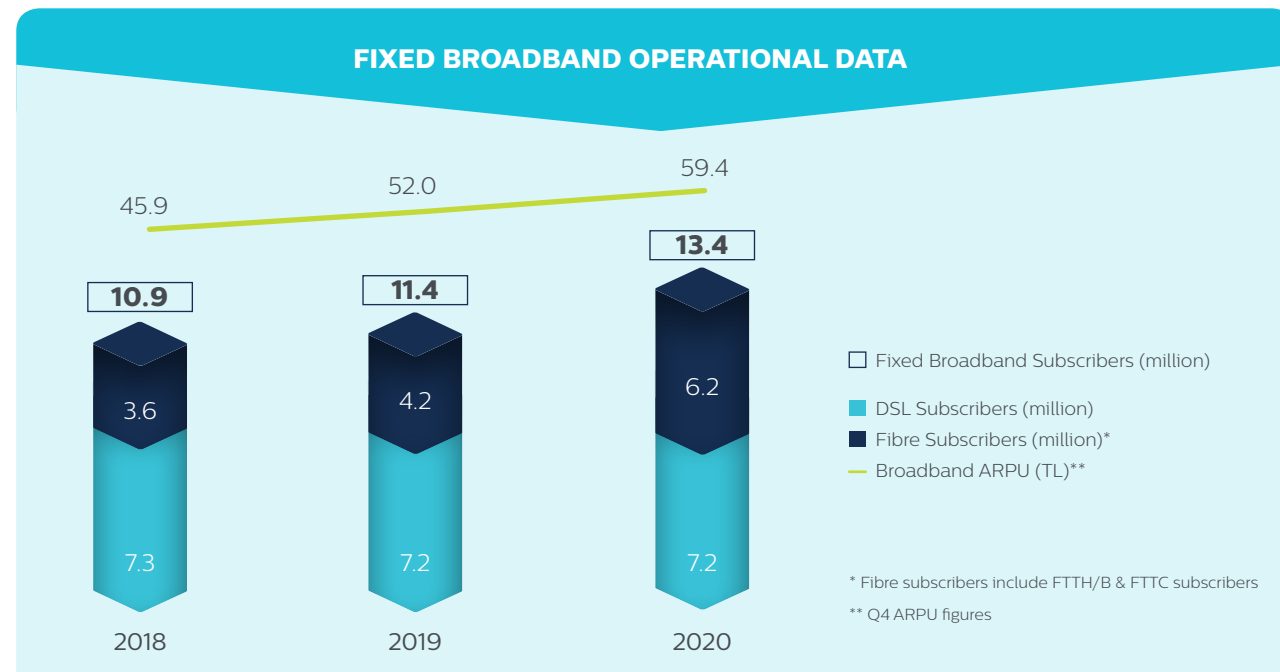
Total number of Türk Telekom subscribers reached 50.4 million as of 2020 with 827 thousand net additions in Q4'20. Net subscriber additions were 2.6 million in 2020.



Broadband Operational Data

Fixed broadband subscriber base increased by 17.9% annually to 13.4 million with over 2 million net additions in 2020; the highest ever annually net additions since the IPO. Broadband ARPU growth continued its strong performance in the last quarter to reach 14.2% YoY in FY20.

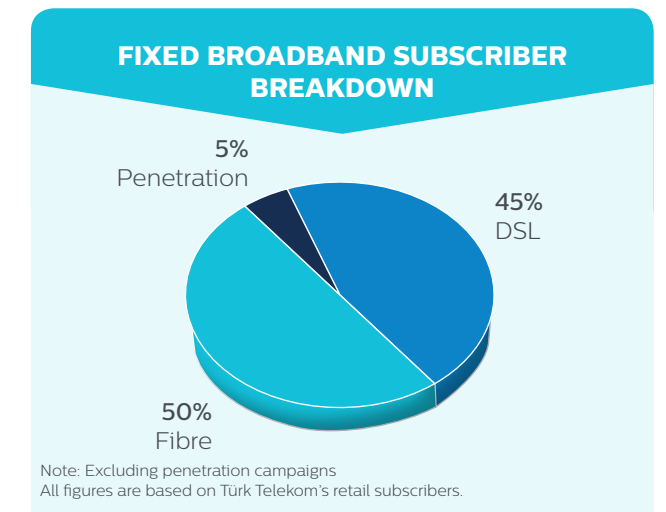
Fibre subscribers exceeded 6.2 million with around 2 million net additions in 2020; the highest ever net add performance in this segment.



The number of FTTC subscribers reached 3.9 million, while the number of FTTH/B subscribers increased to 2.3 million.

Fibre homepass increased over 26.8 million at the end of 2020 compared to 21.9 million as of 2019, reflecting the increased focus on fibre transformation. FTTC homepass reached 19.5 million and FTTH/B homepass increased to 7.4 million.

Fibre cable network length increased to 331 thousand km in 2020 from 304 thousand km in 2019.

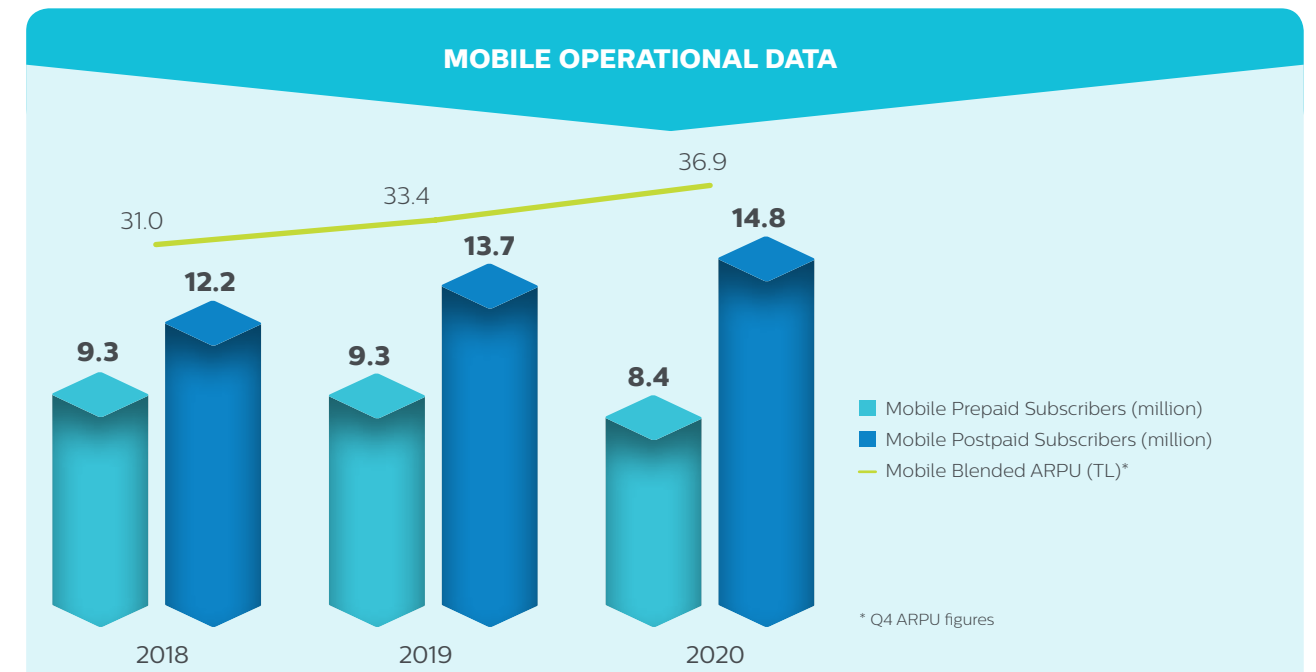


Mobile Operational Data

The mobile segment felt the pressure of the pandemic conditions on the key performance indicators throughout 2020. The lockdowns, travel restrictions and intensified competition weighed on the mobile market and Türk Telekom added 240 thousand net subscriber additions in 2020. Despite the unfavourable conditions, the number of postpaid subscribers increased by 1.1 million in 2020. On the prepaid side, lost 882 thousand subscribers, mainly due to the pandemic-driven distortions and the cancellation of some subscriptions as per the regulations.

The share of LTE⁴ subscribers among the customer base increased to 61% in 2020 from 55% in 2019. Although lockdown measures had a negative impact on mobile data usage, the average monthly data usage per LTE user increased to 9.0GB in Q4'20 from 8.6GB in Q4'19.

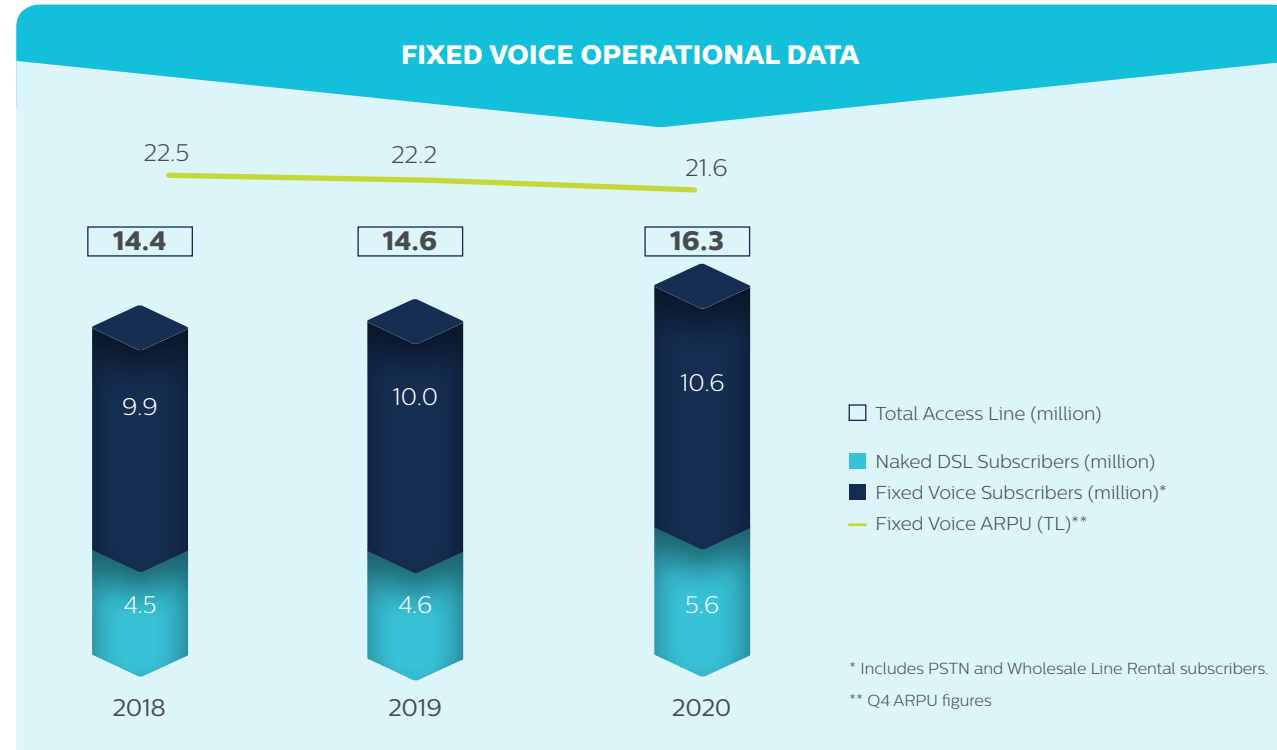
⁴ Mobile subscribers who registered for LTE and have LTE compatible device and sim card.



KEY PERFORMANCE INDICATORS

Fixed Voice Operational Data

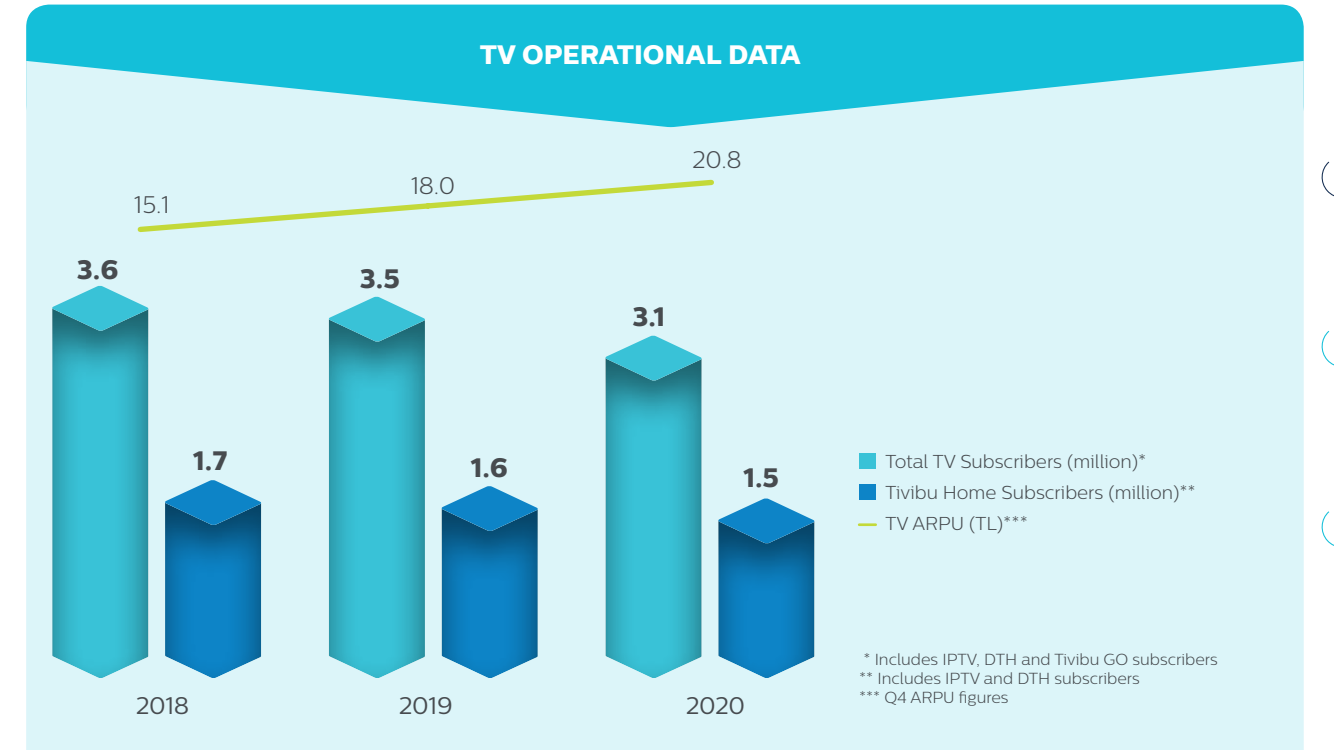
The number of fixed voice subscribers continued to increase with the strong trend in fixed broadband demand and net additions reached 631 thousand; the highest level since the IPO in 2020. Total number of fixed voice subscribers exceeded 10.6 million. Including nDSL, the number of total fixed access lines increased to 16.3 million; the highest level since Q3'10.



TV Operational Data

Tivibu Home subscribers was 1.5 million as of the end of 2020 while total Pay TV subscribers was 3.1 million.

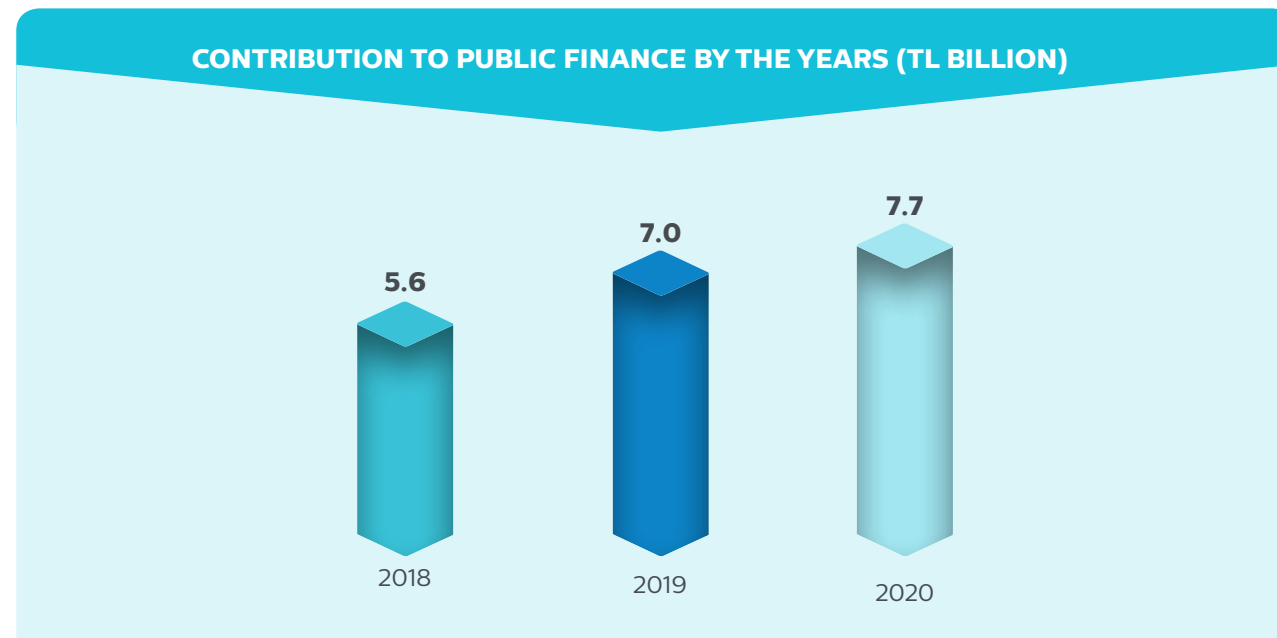
With the strong performance in 2017 and 2018, Tivibu Home moved from the fourth player position in 2016 to the second player position in 2018 in the Pay TV market and this position was maintained in 2020.



KEY PERFORMANCE INDICATORS

Contribution to Public Finance by the Years

In 2020, Türk Telekom Group made a contribution of TL 7.7 billion to Turkey's public finances through tax and Treasury share payments to the state.



Stock and Bond Information

Stock Information

Corporate Name	Türk Telekomünikasyon A.Ş.
Core Business	Telecommunication and Technology Services
Stock Exchange	Borsa İstanbul (BIST)
Average Daily Trade Volume (02/01/2020-31/12/2020)	TL 17.4 million
Market Capitalisation (31/12/2020)	TL 29.9 billion
End Price (31/12/2020)	TL 8.54
High Price (02/01/2020-31/12/2020)	TL 8.66
Low Price (02/01/2020-31/12/2020)	TL 5.71
Average Price (02/01/2020-31/12/2020)	TL 7.48

Bond Information

Stock Exchange	Irish Stock Exchange	
Type	Eurobond	
ISIN Code	XS1028951264	XS1955059420
Issue Amount	USD 500 million	USD 500 million
Maturity	10 Years	6 Years
Redemption Date	19.06.2024	28.02.2025
Redemption Plan	Fixed and semi-annual coupon payment each year, principal amount will be paid at the end of the expiry date.	Fixed and semi-annual coupon payment each year, principal amount will be paid at the end of the expiry date.
Coupon Interest Rate	4.875%	6.875%
Stock Exchange	Borsa İstanbul A.Ş.	
Type	Private Sector Bond	
ISIN Code	TRSTTLK12216	
Issue Amount	TL 150 million	
Maturity	402 Days	
Redemption Date	20.01.2022	
Redemption Plan	3 months coupon payments, principal will be paid at maturity.	
Coupon Interest Rate	Floating interest rate (1.75% over the TLREF Index return)	

Credit Ratings

Group has credit ratings from S&P Global Ratings and Fitch Ratings as of the end of 2019. Fitch Ratings positively assessed the Group's operational performance in 2020.

Credit rating agency, Fitch Ratings made a positive change in Türk Telekom's credit rating and outlook after its annual assessment in November 2020. Fitch ratings concluded its annual review of Türk Telekom and upgraded Türk Telekom's National Long Term rating to "AAA (tur)" from "AA+ (tur)". Fitch also affirmed Türk Telekom's local currency rating (IDR) and changed the Outlook to Stable from Negative. Türk Telekom's foreign currency rating (IDR) was affirmed at "BB-" and the senior unsecured foreign currency instrument rating was affirmed at "BB-".

S&P Global Ratings (S&P) affirmed the Company's credit rating at "BB-" and outlook at "Stable" with its last update in February 2019. On the other hand, S&P upgraded Türk Telekom's independent credit profile rating from "bb+" to "bbb-" due to its strengthened credit profile.

	Fitch Ratings	S&P Global Ratings
Last Update	20 November 2020	14 February 2019
Long term credit rating	BB-	BB-
Outlook	Negative	Stable
National Long Term Rating	AAA (tur)	

2020 HIGHLIGHTS

JANUARY

Türk Telekom, which has exemplary projects in sustainability area, became a participant member to United Nations Global Compact platform, the world's largest corporate sustainability initiative.

JANUARY 2020

Türk Telekom becomes a participant member to UN Global Compact

Türk Telekom, which has exemplary projects in sustainability area, became a participant member to United Nations Global Compact platform, the world's largest corporate sustainability initiative.

Free WiFi in İstanbul Airport

Türk Telekom started to offer free internet for all users visiting İstanbul Airport, one of the largest airports in the world. Türk Telekom established Turkey's largest indoor WiFi network with nearly 5 thousand access points located at İstanbul Airport for the benefit of guests from all over the world, airport employees and all visitors to İstanbul Airport, which can handle more than 200 thousand passengers daily and is the largest passenger terminal under a single roof.



Türk Telekom CEO Ümit Önal urged all operators to come together to bring fibre optic internet to points of Turkey lacking in infrastructure

During his visit to the field teams working in the fibre transformation field covered with snow at minus 15 Celsius degrees, Türk Telekom CEO Ümit Önal urged all operators to come together to bring fibre optic internet to the points of Turkey lacking in infrastructure.

Full support for Turkey's domestic and national energy policies

Marking the occasion of Energy Efficiency Week, Türk Telekom continues its investment and optimisation efforts to ensure the efficient use of Turkey's energy resources and dissemination of the renewable energy.

Türk Telekom installs solar-powered base station in Ağrı

Pressing ahead unwaveringly with its investments in Turkey with the understanding of "not just for some, but for everyone", Türk Telekom commissioned a solar-powered base station in Ağrı. With this application, Türk Telekom enhanced the quality of communication in the villages of the region, while ensuring efficient use of energy resources and dissemination of renewable energy.

Mobilisation for communication needs after the Elazığ earthquake

Türk Telekom mobilised in all respects to meet the communication need in the earthquake zone. Offering free domestic communication from pay phones, fixed and mobile lines, Türk Telekom implemented an unlimited WiFi internet service in gathering areas in Elazığ.

Türk Telekom also sent charging units to the region to meet the energy needs of the city's residents together with the fixed voice and internet support. The Türk Telekom Search and Rescue Team (TTAKE), which moved to the earthquake zone upon the invitation of AFAD (The Disaster and Emergency Management Presidency), provided effective support to the search and rescue activities.



FEBRUARY

Türk Telekom's 5-year maturity Eurobond transaction, worth USD 500 million, was awarded the "Corporate Bond Issuance of the Year" by Bonds & Loans Awards.

FEBRUARY 2020

Türk Telekom enables Turkey's first real 5G live match broadcast with the 360 degree camera angle experience

Using VR (virtual reality) technology with a 360 degree camera angle, Türk Telekom enabled Turkey's first 5G live match broadcast experience in the Fenerbahçe Beko-Türk Telekom Basketball match. Tivibu, the pioneer of TV broadcasting technology in Turkey, Türk Telekom, the owner of the Basketball Super League broadcasting rights, and the Turkish Basketball Federation broke a new ground in the Fenerbahçe Beko-Türk Telekom Basketball match. They broadcast the Basketball Super League match live by using Virtual Reality (VR) technology with a 360 degree live broadcast over 5G. Those who experienced this with VR glasses at the Türk Telekom Ümraniye Technopark watched the game as if they were inside the match.

Türk Telekom completed "Smart Technologies IoT Hackathon", the first phase of the "Next Generation Future" project

The first phase of Türk Telekom's "Next Generation Future" project was completed with the "Smart Technologies IoT Hackathon". Environmental issues, Internet of Things (IoT) and disasters were highlighted in the competition. In the project, which was implemented together with Habitat, the partner of the Next Generation Future project, trainings consisting of theoretical and practical knowledge in subjects such as the IoT, programming and cloud computing were provided to students enrolled in vocational schools and vocational high schools.

"Corporate Bond Issuance of the Year" award

Türk Telekom's, 5-year maturity Eurobond transaction, worth USD 500 million, was awarded the "Corporate Bond Issuance of the Year" by Bonds & Loans Awards. Türk Telekom's Eurobond issuance for foreign investors settled abroad, was carried out in February 2019.



2020 HIGHLIGHTS

MARCH

While Türk Telekom designates its corporate brand promise as “Makes You Feel Valuable”, it aims to realise this vision with 17 values it accepts as a compass.

MARCH 2020

“Makes You Feel Valuable” became Türk Telekom’s corporate promise

Türk Telekom made the kick off of the new era. Kenan İmirzalıoğlu became the new advertising face of Türk Telekom which determined its corporate brand promise as “Makes You Feel Valuable”.

Emphasis on uninterrupted communication during the pandemic period

Having managed to meet growing demand in all corners of Turkey at the pace of increased needs seamlessly, Türk Telekom conducted this challenging process flawlessly by adapting all its business lines to the remote working model, which it has implemented with its more than 34 thousand employees. In addition to its rich product and service portfolio, Türk Telekom Fitted Life into Home with its digital platform “Online İşlemler” and numerous digital applications that meet a wide variety of needs.

Türk Telekom emphasised that the Company was ready for working from home and distance education to enter our lives quickly with the pandemic. The Company stated



APRIL

Türk Telekom doubled data upload speeds to provide an improved experience for its users during the pandemic.

that the current system had all kinds of infrastructure and equipment to carry and manage the loads, increases in traffic and densities that may be placed on it.

With the EBA campaign, all Türk Telekom individual mobile subscribers were gifted with 8GB of data in their use of the EBA online social education platform established by the Ministry of National Education.

TL 40 million support for “National Solidarity”

Türk Telekom participated in the National Solidarity Campaign, initiated under the leadership of the President for the citizens who became victims of the pandemic, with a total donation of more than TL 40 million on behalf of all its employees.

APRIL 2020

Investment in digital health

Türk Telekom’s corporate venture capital company, TT Ventures, teamed up with Virasoft, a domestic artificial intelligence company developing innovative technologies in the field of digital pathology. Türk Telekom undertook a pioneering action in the sector with its cooperation with Virasoft, which increased its accuracy rate in cancer diagnosis from 60% to 96% with the state-of-the-art technology products it developed.

Türk Telekom doubles upload speeds

Türk Telekom doubled data upload speeds for its fibre and VDSL subscribers in April in order to provide an improved experience for its users during the period of working from home and distance education due to the coronavirus pandemic.

MAY

Türk Telekom achieved its highest first quarter revenue growth figure since its IPO in 2008, recording a revenue of TL 6.3 billion, with 17% growth in the first three months of 2020.

MAY 2020

Türk Telekom becomes main sponsor of 19th May Atatürk Rally

The world champion motorcyclist Kenan Sofuoğlu was accompanied by the national athlete Toprak Razgatlıoğlu, who successfully represented our country at the world championships, at the promotional tour launched in front of the Dolmabahçe Palace for the rally organised under the primary sponsorship of Türk Telekom as part of the 19th May Commemoration of Atatürk, Youth and Sports Day.

Net profit of TL 661 million in the first quarter of 2020

Türk Telekom recorded its highest first quarter revenue growth figure since its IPO in 2008, recording a revenue of TL 6.3 billion, with 17% growth in the first three months of 2020. Türk Telekom, which doubled its profitability compared to the same period of the previous year, made a healthy start to 2020 with a net profit of TL 661 million. Türk Telekom gained a net of 1.7 million subscribers in the last 12 months and its total number of subscribers reached 48.4 million.



JUNE

Employees of Türk Telekom, who carry out environmentally compliant and nature-friendly activities, collected 18 tons of electronic waste over three years and contributed significantly to recycling efforts.

JUNE 2020

Environmental financing agreement with the EBRD

Türk Telekom signed an important agreement ahead of the World Environment Day celebrated on June 5. In order to finance its investments within the scope of sustainability, especially energy efficiency projects, Türk Telekom reached an agreement with the European Development Bank (EBRD) for a USD 100 million loan with 6 year maturity at a total cost of LIBOR + 2.85%.

Huge contribution to recycling

Employees of Türk Telekom, who carry out environmentally compliant and nature-friendly activities, collected 18 tons of electronic waste over three years and contributed significantly to recycling efforts. In a statement released by Türk Telekom for World Environment Day on June 5, the Company revealed that some of the collected waste was being used in electronic workshop trainings for gifted children, and donations were made to the Turkish Red Crescent with the income gained from the recycling of electronic waste.

Türk Telekom’s contribution to the environment thanks to the use of e-invoicing in 2019, corresponds to approximately 66 thousand trees, 16 million kWh of energy and 125 thousand m³ of water savings. Türk Telekom donated 38,540 saplings on behalf of all its employees as part of the “A Breath for the Future” campaign implemented by the Ministry of Agriculture and Forestry with an aim to leave a greener Turkey to future generations.

2020 HIGHLIGHTS

Türk Telekom shines a light for 43 thousand children with low vision

Türk Telekom's social responsibility project "Günüşiği" continued remotely within the scope of the Covid-19 measures in the 2019-2020 academic year. Türk Telekom offered education to more than 43 thousand children with low vision and their families during the education process.

International collaboration with Integral Ad Science by Programattik

Türk Telekom's next generation digital advertising platform, Programattik, collaborated with Integral Ad Science (IAS), the world's largest digital advertising verification company.

Türk Telekom's technology supported digital advertising solutions service, Programattik, integrated DSP (Demand Side Platform) products with the IAS, which provides digital verification and optimisation services. The collaboration ensured that agencies and brands using Türk Telekom's Programattik platform were able to benefit from the IAS's services such as brand security, prevention of fraud in advertising, visibility measurements and reporting in all metrics.

JULY 2020**Turkey's data usage exceeded 178GB in the first half of 2020**

With the impact of the pandemic, data usage increased significantly in the first 6 months of 2020. In the new picture, demand for fixed lines was higher than the demand for mobile. The internet traffic became more spread throughout the entire day.

With Türk Telekom's "not just for some, but for everyone" understanding, the average monthly data usage of Türk Telekom's fixed broadband subscribers per subscriber in the first half of the year, increased by 42% compared to the same period of the previous year and reached 178GB.

JULY

The average monthly data usage per subscriber of Türk Telekom's fixed internet subscribers increased by 42% in the first half of the year compared to the same period of the previous year and reached 178GB.

Golden Award for EyeSense, a solution developed by Türk Telekom to bring ease to the lives of the visually impaired

Türk Telekom's EyeSense application, developed by Türk Telekom to bring ease to the lives of the visually impaired, won the Golden Award at the Golden Spider Awards, edging ahead of 10 competitors in the "Mobile Application-Service" category.

Women entrepreneurs go digital with Türk Telekom

Türk Telekom has reached nearly 3 thousand people since the beginning of 2020 with its "Life's Easy with the Internet for a Woman with Goals" project, which was made available to all women during the pandemic.

TL 1.2 million support for entrepreneurship

The start-ups of the 8th term of PILOT, established by Türk Telekom to support technology-oriented start-ups at an early stage were announced. Türk Telekom, which invested a total of TL 1.2 million in the 8 selected teams, also provides the start-ups with the opportunity to cooperate.

Hedefi Olan Kadına İnternetle Hayat Kolay

**Türk Telekom paid dividend for the first time in three years**

Türk Telekom continues to create value for its shareholders. Within the framework of the temporary dividend regulation, which entered into force in 2020 within the scope of Covid-19 measures and determined the maximum dividend rate that can be distributed from 2019 profits as 25%, Türk Telekom distributed TL 602 million, which corresponds to approximately 25% of its 2019 net distributable profit to its shareholders.

AUGUST 2020**Internship opportunities for young people with "START"**

The internship program of Türk Telekom's Young Talent Program, "Türk Telekom START", started online. Young talents had the opportunity to experience the telecommunications sector from a 360° perspective under the START program, which attracted a great deal of attention with more than 16 thousand applications from new graduates and more than 4 thousand applications from intern candidates.

Türk Telekom and its subsidiaries top the Bilişim 500

Türk Telekom won first prize in the categories of "Manufacturer-Service-Internet Service based in Turkey", "Manufacturer-Service based in Turkey" and the "Ankara Top 10 Companies" of Turkey's leading sector survey, the Bilişim 500. As for Türk Telekom subsidiaries, İnnova, received three awards and AssisTT received one award.

**AUGUST**

Having earned revenues of TL 13.3 billion in the first six months of 2020, Türk Telekom achieved the highest growth performance of the first six months.

Turkey's first online "cyber security camp" held

Türk Telekom implemented Turkey's first online cyber security camp. A group of 24 young people seeking to learn and advance their skills in the field of cyber security and direct the digital future, participated in the camp and received training from experts on Turkey's cyber security.

The first half-year record at Türk Telekom

Having recorded revenues of TL 13.3 billion in the first six months of 2020, Türk Telekom achieved the highest growth performance of the first six months. Having achieved its highest 6-month net profit since the IPO, Türk Telekom's net profit in the first half of the year rose to TL 1.6 billion. The total number of its subscribers reached 48.7 million.



2020 HIGHLIGHTS

SEPTEMBER

Türk Telekom 2019 Annual Report received a total of 18 awards at LACP and ARC. It became the only Turkish company report that succeeded to be one of the top 10 reports in the global ranking.

SEPTEMBER 2020

Türk Telekom brings together the PILOT entrepreneurship ecosystem at its Infoday events

At the first “Next Generation Start-Up Chats” panel held in June, executives of successful ventures such as Getir, Earlybird and Iyzico shared their inspiring success stories.

During the panel held in August, investment opportunities in the normalisation process were discussed with executives from Figopara, Tarvenn and Collective Spark.

In the Infoday event held in September, artificial intelligence technologies which will shape the future of the world were discussed with executives from Tazi Ai, Vispera and AI Ethics Lab.

S Sport2 on Tivibu with Türk Telekom and the Saran Group cooperation

Türk Telekom’s digital television platform, Tivibu, expanded its cooperation with the Saran Group, which holds the

broadcasting rights of some of the world’s most important sports content in Turkey.

Tivibu, which brings the excitement of basketball to TV screens in Turkey with the broadcasting rights of the Basketball Super League, the Women’s Basketball Super League and the FIBA Basketball Champions League, also brought the S Sport2 and EDGE sport channels to its audience for the new season.

2019 Annual Report wins 18 international awards

Türk Telekom 2019 Annual Report received a total of 18 awards at the League of American Communications Professionals (LACP), where the annual reports of hundreds of international companies are evaluated, and at the International Annual Report Competition (ARC), which is considered to be the “Oscars” of Annual Reports. Türk Telekom 2019 Annual Report, which was ranked 10th among the annual reports published on a global scale in 2019, also ranked 4th in the “Europe, Africa and Middle East Top 50 Reports” (EMEA). Türk Telekom’s report has succeeded in becoming one of the 4 telecommunications companies in the global telecommunications industry, which received a gold award.

Cooperation between Türk Telekom and Turkish Basketball Federation (TBF) continues in basketball

Turkish Basketball Federation and Tivibu, the digital television platform of Türk Telekom, continued their cooperation. In this context, both the ING Basketball Super League and the Herbalife Nutrition Women’s Basketball Super League matches were broadcast from Tivibu in the new season. Tivibu will also convey the excitement of the Basketball Champions League matches for the next two seasons and the EuroCup matches for one season.



eCall, saving lives with domestic technology

Türk Telekom rolled out the eCall technology, a “life-saving” domestic in-vehicle emergency call system, with Honda in Turkey. In the event of a traffic accident, the vehicle will call 112, the emergency number, with eCall and convey the necessary information to the eCall Emergency Call Centre.

Türk Telekom tests XGS-PON technology on platform with open source code

Breaking a new ground, Türk Telekom tested the next generation XGS-PON technology, which provides symmetrical 10Gbps download and upload speeds on the access platform with an open source code, which will accelerate domestic production. With this new technology, a 10GB film can be downloaded in just 8 seconds and a 75GB file can be downloaded in just a minute.

OCTOBER 2020

Güneşiği project rolled out to 81 provinces

The “Güneşiği” project, rolled out by Türk Telekom for children with low vision, reached 81 provinces with the addition of 19 new provinces. The training sessions for the new term are offered through a digital platform created specifically for the project.

Türk Telekom plants 39,276 saplings in Hatay

Türk Telekom donated 39,276 saplings, one on behalf of each Group employee, to the Ministry of Agriculture and Forestry in order to revitalize the forests ravaged by the fires in Hatay with a sense of social responsibility, and it invited Turkey’s major institutions to protect the forests.

AssisTT creates 5 thousand employment

AssisTT, Türk Telekom’s customer services and call centre company, provided new job opportunities for a total of 5 thousand people as of the end of the year, with 1,600 new jobs in 16 different provinces.



OCTOBER

Türk Telekom donated 39,276 saplings to the Ministry of Agriculture and Forestry in order to revitalize the forests ravaged by the fires in Hatay with a sense of social responsibility.

Smart technology for penal institutions

The Ministry of Justice, the General Directorate of Prisons and Detention Houses and Türk Telekom started a digitalisation project for penal institutions. The project, which started as a pilot in the Ankara Sincan Women’s Closed Penal Institution, works with smart multimedia devices and biometric data recognition system.

New Customer Centres became operational

Türk Telekom opened its Samsun-Atakum Customer Centre in 2020. Also in 2020, Osmaniye, Konya-Nalçacı, Sivas, Samsun-İlkadım, Alanya, Antalya-Muratpaşa-Güllük, İstanbul-Gayrettepe and İstanbul-Ümraniye Customer Centres were renewed. The new customer centres were restored aesthetically and architecturally with a contemporary retailing approach. The operation model and competencies of the centres were enhanced and their product and service portfolios were improved.



2020 HIGHLIGHTS

NOVEMBER

The credit ratings agency, Fitch Ratings made a positive change to Türk Telekom's credit rating and outlook after its annual evaluation.

NOVEMBER 2020

Strong growth in the first 9 months of the year

Türk Telekom posted its strongest growth performance in the first 9 months of the year with revenues reaching TL 20.6 billion. Türk Telekom's net profit exceeded TL 2 billion in the first 9 months of the year, with the highest increase for the 9 month period since the IPO. Its total number of subscribers reached 49.5 million, and the length of its fibre network connecting Turkey's 81 provinces rose to 321 thousand km.

AssisTT selected as the best call centre in the EMEA region

AssisTT achieved a notable success with two separate first prizes in the Contact Centre World Awards, a prestigious award ceremony attracting the widest participation in the call centre industry. AssisTT won the "Best Call Centre" and the "Best Customer Centre" awards in the EMEA finals.



Support for women entrepreneurs

Within the scope of Türk Telekom's "Life is Simple with the Internet for Women with Goals" project, an online charity bazaar event was held with entrepreneurial women developing their skills in the field of digital marketing.

Mobile base stations move by Türk Telekom

Türk Telekom opened its 1,000th mobile field in the Regional Directorate of Erzurum, covering 10 provinces in the east of Turkey.

Fitch Ratings upgraded Türk Telekom's rating

The credit ratings agency, Fitch Ratings made a positive change to Türk Telekom's credit rating and outlook after its annual evaluation. Within the scope of the evaluation, Türk Telekom's National Long Term rating was upgraded to "AAA (tur)" from "AA + (tur)". The agency also confirmed Türk Telekom's local currency rating (IDR-Issuer Default Rating) and revised its outlook from "Negative" to "Stable". Türk Telekom's foreign currency rating (IDR) was confirmed as "BB-" and the senior unsecured foreign currency debt rating was confirmed as "BB-".

"Cyber security" awards granted in the Idea Marathon

University students and recent university graduates competed in the Idea Marathon organised online by Türk Telekom with the theme of "cyber security". Awards were presented to the winners.

8th Term of PİLOT

PİLOT, established by Türk Telekom to offer innovative products and services to its customers by supporting technology ventures and cooperating with these entrepreneurs, while at the same time supporting national ventures, completed its 8th term. A total of 73 start-ups have graduated from PİLOT since 2013, with cash support of more than TL 5 million provided to ventures so far.



DECEMBER

Türk Telekom, which continues to work towards a Turkey which produces and exports technology, offered the domestic digital sim card, eSIM to its customers.

DECEMBER 2020

Medicine barcode reading - a first to remove barriers

Türk Telekom announced its medicine barcode reading feature for the visually impaired by activating the drug barcode recognition icon in the main menu of the Books on The Phone application in cooperation with RxMediaPharma ahead of the 3rd December International Day of Persons with Disabilities. With the application, instructions for over 6 thousand medicines could be provided in an audio format.



Investing in 30 PİLOT ventures

So far, 30 of the ventures graduated from PİLOT, which is established by Türk Telekom to support early stage ventures, have attracted external investment. Türk Telekom invested in four ventures, including the PİLOT graduates, with TT Ventures, Türk Telekom's corporate venture capital company.

Türk Telekom offers the domestic eSIM

Türk Telekom, which continues to work towards a Turkey which produces and exports technology, offered the domestic digital sim card, eSIM to its customers. In this way, Turkey became one of only four countries producing eSIM technology with 100% domestic technology.

Türk Telekom holds "Cyber Security Summit"

The online summit held by Türk Telekom within the scope of "Cyber Security Week" discussed cyber security solutions, the importance of which are growing every day. Investing significantly in the field of cyber security, Türk Telekom announced that it was offering its new security products and services to its customers and to the world at the same time. Türk Telekom presses ahead with its efforts for Turkey to become a country that can produce its own cyber security products and market them to other countries.



CHAIRMAN MESSAGE

Despite the challenges of the pandemic, 2020 was a year in which we achieved strong growth, **reaping the rewards of the investments that we have undertaken unwaveringly in the digital transformation of Turkey in recent years.**

331 thousand kilometres

We continued to provide uninterrupted and secure communication with our fibre network, which extends to 331 thousand kilometres nationwide and grows day by day.

2020 was overshadowed by the Covid-19 pandemic, which rapidly spread all over the world. The course of the pandemic was the main factor determining global economic and financial developments throughout the year. Governments struggled to implement measures to contain the pandemic while keeping economies moving. Turkey succeeded in minimising the economic impact by keeping the effects of the pandemic under control relatively with its determined and cautious approach right from the beginning of the outbreak.

As Turkey's integrated and leading telecommunications operator, Türk Telekom continued to work with an approach, which has focused on the health of its employees and customers during this challenging period, in line with our policy of putting "people" first. Despite the pandemic conditions, 2020 was a year in which we achieved strong growth, reaping the rewards of the investments we have undertaken unwaveringly in Turkey's digital transformation in recent years. With the responsibility of being the telecommunications company which established and developed the communication infrastructure of Turkey and enabled it to operate in a continuous manner, we demonstrated our readiness for all kinds of scenarios by properly overcoming the intensive traffic needs and increased demands of the pandemic period.

Shortly after the first case was recorded in our country, we switched the majority of our employees to a remote working model, in line with the priority we place upon the health of the society and our employees. Thanks to our strong infrastructure, agile management and competent field team, we successfully managed this process without any disruption to our services. We continued to provide uninterrupted and secure communication with our fibre network, which extends to 331 thousand kilometres throughout Turkey and is expanding day by day. We have made it our mission to offer all our subscribers the latest state-of-the-art communication technologies with the best customer experience, whether it is for a single individual living in the remotest corner of Turkey or in the newest satellite cities, small businesses or the largest corporations.



We achieved the highest annual subscriber and revenue growth our Company has recorded since its IPO in 2008, as a result of the outstanding efforts and performance of our employees both in the field, in the customer centres and on their phones, even under these extraordinary circumstances. We closed the year with a high performance in all segments, especially the fixed internet segment. We increased our fibre homepass by approximately 5 million to 26.8 million within the last one year. The number of total subscribers that we serve exceeded 50 million.

Thanks to our esteemed President's determined and guiding stance on digitalisation and in digital awareness, Turkey has elapsed a long way in digitalisation in the last 15 years. Türk Telekom alone has single-handedly invested USD 17.6 billion in the digital transformation of our country during this period. As we look towards Turkey in 2023, with the goal of ensuring Turkey to lead the world towards digital transformation, we will continue to work relentlessly to roll out the production and use of domestic and national technology, especially in strategic sectors, by setting out on the "National Technology Move" initiated by our President, strengthen our country against cyber threats and make the dream of a technologically and economically self-sufficient Turkey a reality.

With the responsibility of being the telecommunications company, which established Turkey's communication infrastructure, **we have demonstrated our readiness for all kinds of scenarios by properly overcoming the heavy traffic and increased demand seen during the pandemic.**

CHAIRMAN MESSAGE

Internet penetration

As a result of our efforts to deliver services all around the country, we increased Turkey's internet penetration from 47% to 66% over the last 4 years.

To achieve a healthy and stable process of digitalisation, the roll out of internet usage throughout the country is of tremendous importance. This can be achieved by making communication accessible to all by delivering services all over the country. In this respect, we have raised Turkey's household internet penetration from 47% to 66%¹ in the last 4 years as a result of our intensive efforts. We aim to increase this rate to 75% and above, to the levels our country deserves. We act with a service understanding of "Not just for some, but for everyone". For example, we started to work on the installation of solar powered base stations in our villages, which currently lack facilities providing a continuous power supply and therefore have difficulty accessing services. This way, our citizens in relevant regions and our students in the distance learning process are able to benefit from our services without interruption. Again, we provided 8GB of free monthly data to each of our students who continue their education through the EBA (Educational Informatics Network), the Ministry of National Education's online learning platform. Of course, we do not rest on our laurels with these achievements; we will continue to strive to fulfil our duties in order to ensure equality of opportunity in our country.

As Turkey's first integrated information and communication technologies company, we support our corporate customers in their digitalisation processes, from the largest companies in our country to public institutions and SMEs. We are the largest cyber security operator in Turkey in

terms of service and capacity. We protect Turkey's data and protect our national security. We shape the future of our country with technologies such as 5G, artificial intelligence, IoT (Internet of Things) and smart cities.

The pandemic, which - together with the rest of the world - we have been trying to overcome, has accelerated the transformation in the digitalisation process. New concepts such as working from home, home schooling, shopping from home and remote health services have now gained a permanent place in our lives. As Türk Telekom, we have demonstrated our contribution to this process, with the support of our group companies, Innova and SEBIT, by taking part in the development stages of the services in the field of distance learning and digital health applications, which are offered by our State to the general public. While supporting domestic technology ventures through our subsidiary, TT Ventures, and our platforms such as PİLOT and Santral, we have continued our support for the development and roll out of digital services throughout the year, which will create added value for both our country and our consumers.

With the responsibility of being the backbone of Turkey's digital transformation, in 2020 we were fully focused on 5G and building the infrastructure which will support the next generation technologies that will be brought about by 5G. We are ready to carry Turkey to 5G period with our technology and investments. Together with our group company, Argela and its subsidiary, Netsia, we have the technology and power to set the standards of 5G through the AI based work that virtualises the mobile and fibre networks, which have attracted attention around the world. At the end of 2020, we took the first concrete steps to export technology to the world by starting to commercialise these products.

For a sustainable world and environment, we took upon serious efforts in the name of using energy resources efficiently, rolling out renewable energy resources and reducing the negative impact on the environment. By systematically reducing our energy consumption and carbon emissions, we report our developments in this regard to global initiatives, and we support the "Zero Waste" project. With the product and services we have developed for our next generation cities, we provide high efficiency in all fields related to smart living in areas ranging from traffic, public safety and irrigation to lighting with more than 50 projects in nine provinces.

With our corporate social responsibility projects which add value to Turkey, we also support the access to information of those who cannot participate in social life for various reasons. Our "Life is Simple with Internet for the Woman with Goals" project marks a continuation of our "Life is Simple with Internet" project, where we have been providing training on internet literacy throughout Anatolia since 2014. Within the scope of the "Life is Simple with Internet for the Women with Goals" project, we are supporting the participation of women in economic life with digital marketing, enterprise and design-oriented thinking workshops which we have hosted online throughout the pandemic.

We strive to ensure everyone in our ecosystem feels valued, not just our customers and employees. In this context, this year we have taken upon the principle of "Türk Telekom Makes You Feel Valuable" as our guiding compass for ourselves in everything we do and everything we say, from the way we do business both internally and outside the organisation to our communication and relationship management processes. We are honoured

and proud to serve day and night in order to make sure every citizen living in this country is happy and feels valued.

I would like to express my sincere thanks to our valued customers, who have continuously increased their interest and confidence in Türk Telekom, our valuable employees, who have enabled us to overcome this challenging period with great success by enabling our organisation to chalk up one record after another, our business partners, our shareholders, who have demonstrated their support at every opportunity, our investors, who are partners in Türk Telekom's success story and all of our stakeholders, for whom we work hard to make them feel valued. As the founder and developer of Turkey's digital assets, we will continue to work hard to build a magnificent Turkey of the future with the strength we derive from our long established past and our nation.

Respectfully,



Dr. Ömer Fatih Sayan
Chairman of the Board of Directors

¹ Estimated calculation based on the ICTA 2020 3rd Quarter Market Report data.

ASSESSMENTS OF THE BOARD OF DIRECTORS

Türk Telekom closed the year 2020 with record subscriber and revenue growth, achieving its highest net income and free cash flow since the IPO.

Assessment on the Financial Status and Operational Results

The Türk Telekom Group rounded off the year 2020 with an extraordinary performance despite the uncertainties caused by the Covid-19 pandemic on a global scale and the volatility in the financial markets. The Company closed 2020 with record subscriber and revenue growth, posting the highest net income and free cash flow¹ recorded since the IPO.

Consolidated revenues increased by 19.6% YoY, the highest annual growth rate since the IPO. In 2020, operational revenues grew by 17.2% YoY, exceeding the revised guidance of 16%. The fixed broadband segment revenue grew by 25%, supporting consolidated revenue with the highest ever annual growth.

Excluding IFRIC 12, consolidated revenue growth was 17.2% YoY, with 25.4% YoY increase in fixed broadband revenue, 10.9% YoY increase in mobile revenues, 34.0% YoY increase in international revenues and 44.3% YoY increase in other revenues.

In 2020, consolidated EBITDA rose to TL 13.2 billion, with 18.5% YoY increase, thanks to strong growth in fixed broadband revenues and effective cost control, while the EBITDA margin was 46.8%. Excluding the effect of the IFRIC 12 accounting standard, the EBITDA margin was 49.1%.

In 2020, operating profit increased by 22.4% YoY to TL 7.9 billion.

In 2020, net income reached its highest level with TL 3.2 billion, despite the negative exchange rate movements throughout the year.

Net debt/EBITDA ratio declined from its 2019 level 1.41x to 1.15x, on the back of the strong operational performance, debt payments and the appreciation of the TL against the USD and Euro.

The Group's net short FX position, which stood at USD 370 million at the end of 2019, turned into a net long position of USD 46 million by the end of 2020.

Türk Telekom pressed ahead with its investments without interruption in 2020, spending a total of TL 6.7 billion on capital expenditure.

Operational Developments in 2020

Türk Telekom's total subscriber number reached 50.4 million at the end of the year, with 827 thousand net additions in the Q4'20. Net subscriber additions were 2.6 million in 2020.

The fixed broadband subscriber base recorded the highest level of net subscriber additions in last 12-month period with the addition of over 2 million new customers in 2020. The growth in fixed broadband ARPU maintained its strong course in the last quarter of the year, increasing by 14.2% YoY in FY20.

The number of fibre internet subscribers exceeded 6.2 million with an approximately 2 million subscriber addition in 2020, achieving the best net subscriber acquisition performance in this segment. The number of Fibre-to-the-Cabinet (FTTC) subscribers reached 3.9 million, while the number of Fibre-to-the Home/Building (FTTH/B) subscribers rose to 2.3 million.

With an increased focus on fibre transformation, fibre homepass increased from 21.9 million in Q4'19 to over 26.8 million by the end of 2020. FTTC homepass reached 19.5 million, while the FTTH/B homepass increased to 7.4 million.

The length of the fibre network, which was 304 thousand km as of 2019, increased to 331 thousand km at the end of 2020.

In a year dominated by the pandemic, in which restrictions, travel bans and increased competition put pressure on the mobile market, the mobile subscriber base expanded by 240 thousand net adds to reach 23.2 million by the end of 2020. The postpaid subscriber base grew by 1.1 million in 2020 and accounted for 64% of the total subscriber base. The blended ARPU growth was 7% YoY in 2020.

50.4 million Subscribers

Türk Telekom's total subscriber number reached 50.4 million at the end of the year, with 2.6 million new additions.

The share of LTE subscribers² in the mobile subscriber base, which stood at 55% in 2019, increased to 61% by the end of 2020. The average data usage per LTE user per month increased from 8.6GB in the Q4'19 to 9.0GB in the Q4'20.

With strong demand for fixed broadband, the number of fixed voice subscribers continued to increase, exceeding 10.6 million. In 2020, the number of net subscriber additions reached 631 thousand - its highest level since the IPO. Including naked broadband, the total number of fixed access lines amounted to 16.3 million, the highest level since the Q3'10.

The ratio of subscribers who provided consent for sharing and using their information within the Group reached 82% by the end of 2020. The share of multiple product ownership among the Türk Telekom subscriber base³, stood at 62% as of 2020.

Risks and Assessment of the Board of Directors

Enterprise Risk Management is a systematic process established in order to define potential events that may have an impact on the company, manage risks in line with the corporate risk appetite and provide a reasonable degree of assurance for the Company to achieve its objectives, shaped by the senior management and all other employees of the company and implemented across the entire company.

The Company Enterprise Risk Management Plan and the activities to be addressed within the scope of this plan have been developed in light of the Türk Telekom Enterprise Risk Management Approach. With an awareness of the value to be added through Enterprise Risk Management, Türk Telekom adopts international standards in Enterprise Risk Management and carries out the necessary work to develop risk management activities in line with best practices. The ISO 31000 standard is adopted in the establishment of the framework which includes the basis and general principles of Enterprise Risk management and the formation of the risk life cycle process. In this context, the Enterprise Risk Management Process consists of the following phases:

- Establishing the context,
- Risk identification,
- Risk analysis,
- Risk assessment,
- Risk treatment and communication/exchange of views to be carried out continuously in all these steps
- Monitoring, reviewing and reporting

Strategic Goals and Risk Management

The Board of Directors is authorised to evaluate the developments in the sector on both global and national levels, interpreting the technological developments, reviewing and approving the strategic plans and annual budgets that include the strategic goals determined on the basis of customer preferences rests with the Board of Directors.

The performance in achieving strategic goals is monitored by the Board of Directors on a monthly basis.

Risk Management aims to support the Company in achieving its strategic goals with its structure which creates added value and preserves the created value. In order to achieve the strategic goals, it is aimed to manage risks at all levels, from the long-term strategic goals of the Company to daily operations. With enterprise risk management integrated into all processes, decision makers will be able to act with risk awareness.

The principal risks faced by Türk Telekom Group are classified in three main categories: Financial Risks, Strategic Risks and Operational Risks.

¹ Unlevered free cash flow is defined as net cash provided by operating and investing activities.

² Mobile subscribers who registered for LTE and have LTE compatible device and sim card.

³ Among constant subscriber universe that provided consent for sharing and using their information within the Group last year.

ASSESSMENTS OF THE BOARD OF DIRECTORS

Proactive Risk Management

Türk Telekom carries out proactive risk management activities within the framework of its strategic priorities, which will contribute to both increasing its revenues and meeting customer expectations.

Hence, Türk Telekom has net liabilities in foreign currency and may experience FX exposure due to the fluctuations in exchange rates. The net FX exposure may have an impact on the financial statements.

By carefully planning foreign currency cash flow, Türk Telekom is able to keep the negative impact of FX exposure on the financial statements at a very low level. With respect to the fluctuations in the value of the TL against hard currencies, the Company has a hedge position which corresponds to USD 2,213 million, details of which are set out in the footnotes to its financial statements. In addition, Türk Telekom holds a significant portion of its cash assets in hard currency in order to provide a natural hedge against FX exposure.

In addition to the aforementioned derivative instruments, against change of interest rate risk, Türk Telekom entered an interest-rate swap position equivalent to USD 450 million, details of which are provided in the footnotes to the financial statements. Türk Telekom reduces its exposure to the floating interest rate risk with fixed cost financial items such as bond.

With regards to its financial assets, Türk Telekom maintains a position aimed at minimizing counterparty risk in accordance with the framework of the limits and diversification policy applied to the other parties. Türk Telekom carries out its hedge transactions regarding financial risks within the framework of the guidance and authorisation set by the Board of Directors.

Strategic Risks

Türk Telekom operates in a sector with high levels of technological innovation, competition and regulatory developments. With the awareness regarding the sector, Türk Telekom meticulously analyses both the positions of its competitors and technological developments in the market, as well as changing customer preferences.

Taking these factors into consideration, proactive risk management activities are carried out within the framework of the Company's strategic priorities, which will contribute to both increasing the Company revenues and meeting customer expectations.

Financial Risks

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

Within the framework of the strategy of minimizing liquidity risk, financial debts are obtained from different geographical regions (the Americas, Europe, the Gulf, Japan, China and Turkey) and from a diversified pool of investors (commercial banks, international financial institutions, official export credit agencies and bond markets) with long-term maturities. This strategy enables the Group to have access to long-term financing on competitive terms, without being dependent on a limited number 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 strategies on total return and cost basis.

The need to work with foreign suppliers with the long-term and diversified loan maturities for capital expenditures causes Türk Telekom to carry liabilities in foreign currency.

Cyber Security Risk

Türk Telekom ensures the implementation of correct practices and policies to protect itself and its subscribers against business disruptions and security breaches.

In line with strategic goals, Türk Telekom develops solutions to facilitate the lives of individuals and the public sector by using information and communication technologies. To this end, it has achieved a number of firsts in the sector and continued to bring the latest state-of-the-art communication technologies to its customers. In order to prepare for the future and focus on its strategic goals, the Company decided to provide the infrastructure required for the high-performance products and technologies and to use risk management products and models which will turn competitive advantage into opportunities in preserving and improving its market position and brand value.

The Company seizes opportunities in both the domestic and foreign markets by substituting the areas it might lose market share with new products and services, against the possibility of developments that may cause changes in the legislation and the market, with its structure strengthened with its subsidiaries.

Operational Risks

Operational risks are defined as the risk of loss arising from the inadequate or failed internal processes, employees and systems, or external events.

Türk Telekom provides services which are dependent on technological infrastructure. Therefore, it is important to correctly identify the risks exposed by these services and to manage them successfully in order to achieve the business targets. Incidents such as malfunctions, power cuts and natural disasters, which may have an impact on Türk Telekom's communication infrastructure and critical systems, may weaken the Company's capacity to provide services to its subscribers.

Business Continuity Management can be defined as a holistic management process determining the potential threats which the Company is exposed to and if realised, their impacts on key activities, and which provides protection to internal and external stakeholders, the Company's reputation, brand value and its value-adding activities as well as providing a framework for corporate flexibility. Critical products and services are subject to the Business Impact Analysis and Risk Assessment. Necessary performance improvements are undertaken in the light of continuity objectives following performance assessment.

Cyber security risk may arise as a result of a combination of threats and vulnerabilities in the digital environment. It may impact the delivery of strategic goals by disrupting confidentiality, integrity and accessibility of information. Events and their consequences such as interruption of critical systems (Denial-of-Service attack - DDoS), disruption of competitive power as a result of the loss of strategic data (such as the theft of trade secrets), loss of customer trust and reputation as a result of personal data breach, financial and operational losses due to the destruction of corporate data and systems and penalties which may be faced as a result of failure to comply with the applicable laws and regulations are assessed. All information technologies and network operations are carried out within the framework of security policies. Problems within this context are constantly analysed and monitored within the scope of early detection mechanisms.

Türk Telekom ensures the implementation of correct practices, standards and policies by undertaking extensive efforts to protect itself and its subscribers against business disruptions and security breaches. It takes significant steps including obtaining certificates such as ISO 22301 and ISO 27001. Additionally, the Company holds the PCI-DSS certification for the mobile network.

ASSESSMENTS OF THE BOARD OF DIRECTORS

Covid-19 Crisis Management

The Business Continuity Covid-19 Crisis Management Committee, formed by Türk Telekom, made preparation and planning for the pandemic with the highest level of participation.

Human Rights Policy was approved by the Board of Directors and disclosed to the public. Türk Telekom aims to demonstrate its commitment to tackling bribery and corruption in its relations with its employees, customers, suppliers, business partners and all stakeholders, to establish principles and rules for the detection and prevention of possible actions in accordance with relevant national and international regulations, to determine responsibilities and to raise awareness of the employees. In this context, the “Türk Telekom Anti-Bribery Anti-Corruption Policy” was formed and entered into force in November 2020 with the approval of the Board of Directors

Risk Appetite

Risk appetite is defined as the extent and type of risk that the Company is willing to take/assume while carrying out its activities. Risk appetite may be defined as a set of limits which provide clear guidance to all levels of the organisation setting out the limits of the risks they can take.

The work to determine Risk Appetite was developed in line with the opinions of the senior management and evaluated by the Committee for Early Identification and Management of Risks. With the approval of the Board of Directors, a more effective risk/reward decision making in line with current risk appetite throughout the Company is aimed.

The Covid-19 Pandemic

Türk Telekom and its Group Companies serve in 81 provinces of our country and a wide geographical area of the world with more than 34 thousand employees. The Covid-19 pandemic, which has spread all over the world since the beginning of 2020, caused nearly 2 million deaths worldwide by the end of the year. Local and national lockdowns applied to keep the pandemic under control caused global economies to shrink and unemployment to increase.

Türk Telekom began working to manage the possible impacts of the pandemic before the first case was seen in our country. The Business Continuity Covid-19 Crisis Management Committee was set up and started to proactively prepare and plan steps to tackle the pandemic with the highest level of participation. In the pandemic, actions were taken primarily to protect the health of employees, customers and third parties and to prevent

It is often impossible to produce a product or service and make it available for the customers using internal resources on an end-to-end basis. The nature of the sector involves working with a certain number of suppliers producing advanced technology. In this context, realisation of risks pertaining to suppliers and subcontractors could result in an adverse effect on Türk Telekom’s business, negative customer experience due to reduced quality of service provided to customers, or a security breach and data leakage that causes disruption of service that could result in reputational damage. For this reason, an effective procurement is aimed by taking into account main factors such as TCO (Total Cost of Ownership), supply chain risks and sustainability.

The increased demand for a skilled and specialist workforce increases the importance of employees further. Finding, recruiting, training and retaining the right employees are the critical factors in the success of the organisation. Türk Telekom implements a number of human resources practices aimed at effectively managing its human resources. The Türk Telekom Academy continues to launch training projects which support the development of its employees.

Türk Telekom aims to create a working environment which respects human rights and acts in accordance with human rights in its operations. To this end, the Türk Telekom

Effective Measures Against The Pandemic

Türk Telekom took effective measures in line with the interests of all its stakeholders in order to ensure the continuity of its communication services.

the spread of the pandemic. In parallel with these efforts, the operational, customer and financial impacts of the pandemic were assessed, and necessary action plans started to be implemented rapidly.

The Business Continuity Covid-19 Crisis Management Committee continued to monitor the issue throughout the year, regularly evaluating the effects of the pandemic on Türk Telekom’s activities and resources, and ensured that the necessary actions were taken.

In order to ensure the uninterrupted continuity of the communication services offered by Türk Telekom in the event of a pandemic, the following measures have been taken in line with the mutual interests of all stakeholders:

- In line with the value attached to employee health, all employees with suitable roles and responsibilities started working from home.
- Within the scope of occupational health, an uninterrupted supply of the personal protective equipment needed by employees working in the field have been provided throughout the pandemic.

- In the offices and dealers where customers are served, hygiene measures have been stepped up and changes have been made to working hours and activity patterns, when necessary, depending on the course of the pandemic.
- Long-term shifts have been adopted for the teams that carry out critical activities, and the critical personnel redundancy and isolation have been ensured.
- In order to ensure the continuity of customer service, home-agent application is started for the customer representatives, who provide call centre services.
- In order to reduce physical contact, the customers are directed to alternative channels for their transactions, and the transaction diversity and scope of alternative channels are enriched.
- A comprehensive disinfection program for hygiene is implemented in all facilities and vehicles of the Company.
- Visitor entries to the Company locations are restricted. Until the pandemic is eliminated, it is ensured that the employees of business partners remotely supported the Company processes and participated in meetings through electronic platforms.
- Awareness and training programs on the pandemic and the rules to be followed during the pandemic are developed and employees’ awareness has been increased.

During the pandemic, adequacy of the measures taken to ensure that the customers, the employees and third parties are in a safe environment in the Türk Telekom buildings against the risk of Covid-19 transmission was certified by also the TSI (Turkish Standards Institute). In this context, the “TSI COVID-19 Safe Service Certificate” was obtained within the scope of TSI Covid-19 Hygiene, Infection Prevention and Control Certification Program.

While these measures were taken against the pandemic, with the operational continuity plans, the uninterrupted continuity of communication was ensured under all circumstances. The actions that would facilitate the lives of all customers, especially healthcare sector employees, students and senior people, were quickly implemented.

ASSESSMENTS OF THE BOARD OF DIRECTORS

Assessments of the Committees of the Board of Directors

Early Identification and Management of Risks Committee Activities

The Early Identification and Management of Risks Committee has effectively fulfilled the duties assigned to it within the framework of its working principles. In 2020, the Committee convened two times to review the identified risks, to notify the Board of Directors about the significant risks, to provide the necessary resources for the effective fulfilment of the Enterprise Risk Management function, to ensure the coordination of Enterprise Risk Management and Internal Audit and other business units.

Corporate Governance Committee Activities

The Corporate Governance Committee has effectively fulfilled the duties assigned to it within the framework of its working principles. It convened two times in 2020 and monitored and evaluated the Corporate Governance Rating process which is carried out every year and monitored the preparation process of the Corporate Governance Principles Compliance Report, which is part of the Annual Report and presented it to the Board of Directors. It also monitored the developments regarding the position of the company in Sustainability indices.

Audit Committee Activities

The Audit Committee was established with the decision of the Board of Directors dated 16.06.2008. The Committee was established to assist the Board of Directors in meeting its supervisory role related to its oversight requirements regarding the Company's financial reporting process, internal control system, audit process and compliance with laws and regulations and the code of conduct and other matters to be delegated to the Committee by the Board. Acting in accordance with the authority and responsibility granted to it by the Board, The Committee reports to the Board of Directors.

The Audit Committee consists of at least two independent members elected by the Board from among its members. The Audit Committee carries out its activities within the framework of the Audit Committee Working Principles approved by the Board of Directors. The Committee effectively fulfils the duties assigned to it within the framework of its regulation.

The Audit Committee meets at least once every three months and four of these meetings are held before the financial statements are announced; and the Committee may, if deemed necessary, convene more frequently.

The Audit Committee informs the Board of Directors about its meetings and activities during the year. The Committee convened five times in 2020 to effectively monitor the accounting, finance and auditing processes of the Türk Telekom Group and compliance with the laws and regulations and the code of conduct, and to review and monitor the other issues that are assigned by the Board of Directors from time to time.

Some of the Committee's activities within the year are as follows:

- During the process of disclosing Company's financial information to the public, the Committee examined whether this information contains sufficient and appropriate information and presented its opinion to the Board of Directors before it was disclosed to the public.
- Worked for the selection of independent auditors and presented its proposal to the Board of Directors.
- Having obtained information on matters such as audit work, significant findings, significant changes in accounting policies, etc. by conducting periodic meetings with the independent auditors, the Committee informed the Board of Directors in cases where necessary.
- Monitored the activities of the Internal Audit Department, reviewed the risk assessment results, approved the annual internal audit plan, obtained information about important internal audit findings and the actions taken by the management units regarding these findings, performance indicators of the Internal Audit Department and held meetings with the Head of Internal Audit Department.

Internal Control and Internal Audit Activities

At Türk Telekom, the internal control environment, required for achieving strategic targets, ensuring effectiveness and efficiency of operations, safeguarding the reliability and accuracy of financial information, protecting customer personal data and corporate assets, and ensuring compliance with laws, regulations, policies and procedures, is established.

Türk Telekom's Internal Audit Department conducts assurance and consultancy activities in Türk Telekom and all Group companies in an independent and objective manner by evaluating the effectiveness of risk management, internal control, and compliance with legislation and governance processes. In order to carry out its activities in an independent and objective manner, the Internal Audit Department works directly with the Audit Committee, which is a part of the Board of Directors, with the authority and responsibility emanating from the principles approved by the Board of Directors.

In the audit activities carried out, the effectiveness of the existing internal controls established to reduce the risks involved in business processes that may hinder the delivery of strategic goals is assessed. Causes and impacts of control weaknesses detected as a result of audits are analysed and action plans aiming to solve the problems are received from the relevant departments and the Internal Audit Department monitors whether these actions are implemented in a timely manner. In addition to the auditing activities, inspection and investigation activities are carried out where necessary.

The Department carries out its work in accordance with International Standards for the Professional Practice of Internal Auditing. As a part of compliance to those standards, an external assessment must be conducted at least once every five years by a qualified, independent assessment team from outside the organisation. In this context, as per the result of the quality assessment performed by an independent firm in 2017, Türk Telekom Internal Audit Department received a positive opinion that its activities conform to the International Standards for the Professional Practice of Internal Auditing.

The Department attaches importance to the professional competence and improvement of its employees and encourages auditors to gain internationally recognised certificates in the field of auditing. The majority of the auditors hold nationally and internationally recognised certificates such as CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor), CFE (Certified Fraud Examiner) and CPA (Certified Public Accountant) certifications. Audit teams carry out financial, operational, information technologies and compliance audits according to their competencies.

Nomination Committee Activities

Nomination Committee was established on 16.12.2019, and one meeting was held in 2020.

Nomination Committee will effectively fulfil the duties assigned to it within the framework of its working principles.

Remuneration Committee Activities

Remuneration Committee was established on 16.12.2019, and a meeting was not held in 2020.

Remuneration Committee will effectively fulfil the duties assigned to it within the framework of its working principles.

THE BOARD OF DIRECTORS

Dr. Ömer Fatih SAYAN

Chairman of the Board of Directors / Member of the Board of Directors

Dr. Ömer Fatih Sayan was born in İstanbul in 1977. He received his Bachelor degree from the Electronics Engineering Department of İstanbul University Faculty of Engineering; Faculty of Law of Bahçeşehir University and Diplomatic Studies of Oxford University – St Antony’s School. He completed his Master’s Degree at Electrical and Electronics Engineering and Communications Engineering Department of Technical University of Munich and at Biomedical Engineering Department of İstanbul University Institute of Science and Technology. He also received his PhD on Biomedical Engineering at the İstanbul University Institute of Science and Technology. Starting his career in İstanbul Metropolitan Municipality in 1995, Mr. Sayan worked in private companies in Turkey, Germany and USA in the fields of chip manufacturing, cell phone design and R&D after receiving his Bachelor’s Degree. He carried out studies in entrepreneurship by working under the initiative of Silicon Valley and he gave lectures on Information Law and New Trends in Informatics in many universities in Turkey and Germany. Ömer Fatih Sayan has given many lectures in conferences about research subjects and he has many articles published in scientific journals. He carried out his duty as Advisor to the Prime Minister and Chief Advisor to the Prime Minister between the years of 2007 and 2014. He has worked as Information and Communications Technologies Authority (ICTA) Chairman from June 2015 to July 2018. He has been assigned as the Deputy Minister of the Ministry of Transport and Infrastructure on July 21, 2018. He is married and father of 3. He speaks English, German and French.

Eyüp ENGİN

Vice Chairman of the Board of Directors / Member of the Board of Directors

Eyüp Engin joined Akbank in 1978 as an Assistant Internal Auditor. Following his auditing assignment, Eyüp Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was

appointed as the Executive Vice President in charge of Corporate Banking in 1996 and after 1998, Engin continued to serve as Executive Vice President in charge of International Banking and Overseas Financial Institutions Marketing.

Eyüp Engin was appointed to the position of Head of Internal Audit in 2007 and during 2007-2019 he served on Boards of Directors of Bank’s subsidiaries as the President of Audit Committee. He is a graduate of Middle East Technical University, Faculty of Economics and Business Administration. Engin was elected as Executive Board Member in March 2019.

Additionally, Eyüp Engin is a Board Member of TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş. and also Chairman of Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.

Yiğit BULUT

Independent Board Member

Chief Advisor of President, Economist, Financial Analyst, Banker, Journalist, Columnist. He worked as economy commentator in Kanal 6, Kanal E and CNN Türk and columnist in Radikal, Vatan, Referans and HaberTürk. He was the producer and the presenter of Parametre and Finans Analiz TV programs. He also worked as a lecturer in Doğuş University. Between 2009 and 2012, he was the Chief Production Director of HaberTürk TV, economy commentator in Bloomberg TR and columnist in HaberTürk Newspaper. Between 2012 and 2013, he was the Chief Production Director of 24 TV and columnist in Star Newspaper. He continued to present the TV discussion program “Sansürsüz” in 24 TV, transferring from HaberTürk TV. He has served as the Prime Minister’s Chief Advisor between July 2013 and August 2014 and has been serving as Chief Advisor of President since August 2014. He was graduated from Galatasaray High School and Bilkent University, Faculty of Banking and Finance. He studied for master degree in Sorbonne University. He speaks English and French.

Can YÜCEL

Member of the Board of Directors

Can Yücel was born in Ankara in 1978 and graduated from Middle East Technical University with a bachelor’s degree in Economics in 1999. He started his business life as an auditor in T. İş Bankası A.Ş. and in his 20 years of service for İş Bankası, he mainly worked on monitoring, underwriting and project finance in the Corporate Loans Department of the Bank. He also served as a member of the Board of Directors in several subsidiaries of İş Bankası and following his duty as the department head in Corporate Loans Underwriting Division, he’s currently heading Başkent Corporate Branch in Ankara. Can Yücel is married and he is fluent in English.

Selim DURSUN

Independent Board Member

Selim Dursun was born in İstanbul in 1957. He was graduated from Mechanical Engineering Department of İstanbul Yıldız Technical University in 1980. He worked in the private sector as Mechanical Engineer and served in executive positions between the years of 1980-2002. He served as Advisor to Minister in the Ministry of Transport between 2003-2005, as Executive Assistant of Ministry of Transport between 2005-2011, as General Manager and Chairman in TÜDEMSAŞ between 2011-2012 and as Advisor to the Minister in Ministry of Transport between the years of 2012-2015. He was elected as a Member of Parliament from Sivas province in the 25th and 26th Parliaments of Turkey. In the same period, he worked as the Chair of Peru Friendship Group of Parliament of the Republic of Turkey. He carried out various social activities in Non-Governmental Organisations as chairman, manager and member. He served as a Board Member of the Taekwondo Federation between 2004-2007, as the Chairman of Transportation Sports Club Association between 2006-2015 and as the president of Sivas Demirspor Club between the years of 2011-2012. He has been working as the Deputy Minister of the Ministry of Transport and Infrastructure of the Republic of Turkey since July 2018. He is married and father of 4.

Dr. Nureddin NEBATİ

Independent Board Member

Nureddin Nebati was born in Viranşehir, Şanlıurfa on January 1st, 1964.

He is a political scientist. He studied at the Department of Public Administration the Faculty of Social Sciences, İstanbul University. He took his Master’s Degree in International Relations at the Institute of Social Sciences,

İstanbul University. He took his PhD in Political Science and Public Administration at the Institute of Social Sciences, Kocaeli University. He gave lectures in political science, Turkish politics, state and political sociology at a variety of universities.

He is a businessman with a background in textile business. He served as a Board Member of MÜSİAD (Independent Industrialists’ and Businessmen’s Association) and a Member of the Disciplinary Board at İstanbul Chamber of Commerce. He is currently a Member of MÜSİAD’s High Advisory Board. He continues to act as a Member of the Alumni Foundation and Association of the Faculty of Social Sciences at İstanbul University, the Society of Scientific Dissemination, Ensar, TÜGVA, ÖNDER, UTESAV, TDED, BEK, IDD, IDV and similar foundations and associations.

He is currently the President of the Foundation UTEV and the Turkish President of the Inter-Parliamentary Jerusalem Platform, and a Member of the Scientific Board at Opinion Centre for Esenler Municipality. He was elected as a Member of the AK Party’s Central Decision Board at its 4th Ordinary Congress. He also served as the president of AK Party’s Central Financial and Administrative Affairs and the Deputy Party Leader. He was elected as a Member of the Parliament for İstanbul in the 24th term, for Şanlıurfa in the 25th term and for İstanbul once again in the 26th term.

Nureddin Nebati has taken office as Deputy Minister for the Ministry of Treasury and Finance as of September 6th, 2018.

He speaks English fluently, and knows some Arabic. Mr. Nebati is married and father of 4.

Dr. Muammer Cüneyt SEZGİN

Member of the Board of Directors

Cüneyt Sezgin received his undergraduate degree from Middle East Technical University, Department of Business Administration, his MBA from Western Michigan University and his PhD from İstanbul University Faculty of Economics. Having served in executive positions at several banks, since 2004 in addition to his membership at the Board of Directors of Garanti BBVA, Dr. Sezgin serves as the Board Member and Chairman of the Audit Committee at Garanti BBVA S.A. (Romania), Garanti BBVA Pension and Garanti BBVA Securities.

Since December 2018, Dr. Sezgin has been serving as a Board Member of Türk Telekomünikasyon A.Ş., Member of Corporate Governance Committee and Member of

THE BOARD OF DIRECTORS

Remuneration Committee, Chairman of TT International, Vice Chairman of TT Mobil and Board Member of TTNET. Dr. Sezgin is a Board of Trustees Member at Teachers Academy Foundation, World Wildlife Foundation Turkey, Kabataş Education Foundation and Board Member of Finance Executives Foundation of Turkey and Corporate Governance Association of Turkey, He has 33 years of experience in banking and business administration.

Aclan ACAR

Member of the Board of Directors

Mr. Aclan Acar started his career in 1974. After working for the state-owned Halkbank for three years, he joined the Central Bank of Turkey in 1978 where he served in different departments until 1990. During this period, Mr. Acar undertook several managerial responsibilities including establishing trading room, managing open market operations, reorganizing and managing foreign exchange transactions division of money markets and treasury department of the Central Bank.

Mr. Acar continued his career within the Doğuş Group, one of the leading conglomerates of Turkey, between September 1990–December 2018. First, he started at Garanti Bank, one of the leading private banks in the country, as the Executive Vice President in charge of Treasury and Financial Institutions. At this position, he also undertook administration of international branches and representative offices of Garanti Bank. Between 1994–1996 period, he served as the President and Chief Executive Officer of Bank Ekspres, then owned by the Group. Following acquisition of Ottoman Bank, the oldest and one of the most respected banks of the country, by the Doğuş Group in June 1996, Mr. Acar was appointed as the President and Chief Executive Officer of the Bank. Between April 2000–December 2018 he served as a Member of Board and the Executive Committee of

Doğuş Group. Between the years 2001–2005 he served as the Chairman of TANSAS and in the meantime as the Chairman of Garanti Insurance and Garanti Pension Company. Between January 2006–March 2018 he served as the Chairman of Doğuş Otomotiv. Between March 2018–December 2018 he served as the Chairman and CEO of Doğuş Media Group. In 2019 he established his own advisory company. Since 2019 he serves as Advisor of Global Exchange Company.

Mr. Acar took his Undergraduate degree from the Academy of Economics and Commercial Sciences in Ankara. Later on, he received his MS degree in Banking and Insurance from the same university. Between the years of 1985–1986, he attained his MA degree in Economics from Vanderbilt University, Nashville, Tennessee, U.S.A.

Ertuğrul ALTIN

Member of the Board of Directors

Born in 1967, Ertuğrul Altın graduated from Yıldız University with a degree in Mechanical Engineering. He started his career in 1990 in his family business. Between 1996 and 2004, he worked at İGDAŞ (Istanbul Gas Distribution Co.), and as General Manager of Bursagaz of the Çalık Group from 2004 to 2008. He worked as a Freelance Consultant in 2008 and 2009. He acted as General Manager of Trakya Gaz and GAZDAŞ companies at the Zorlu Group from 2009 to 2011. He worked as General Manager of TANAP from 2011 to 2013, and was involved in the negotiation process on behalf of SOCAR Turkey, and was a member of the Technical Contract Committee at TANAP on behalf of SOCAR in 2014 and 2015. He served as an Advisor to the Minister at the Ministry of Energy and Natural Resources between 2015 and 2017. Ertuğrul Altın serves as Advisor to the Minister at the Ministry of Treasury and Finance.

THE BOARD OF DIRECTORS COMMITTEES

The members of the Board of Directors were elected at the Extraordinary General Assembly Meeting held on 25.01.2019 for a three-year term.

Audit Committee

Independent Board Member Yiğit Bulut is the Chairman of the Committee and Independent Board Member Selim Dursun serves as Committee Member.

Corporate Governance Committee

Independent Board Member Dr. Nureddin Nebati is the Chairman of the Committee, while Independent Board Member Selim Dursun and Board Member Dr. Muammer Cüneyt Sezgin, and Investor Relations Director Gülşen Ayaz serve as Committee Members.

Early Identification and Management of Risks Committee

Independent Board Member Yiğit Bulut is the Chairman of the Committee, while Board Member Eyüp Engin serves as Committee Member.

Nomination Committee

Independent Board Member Dr. Nureddin Nebati is the Chairman of the Committee; Board Members Dr. Ömer Fatih Sayan and Aclan Acar serve as Committee Members.

Remuneration Committee

Independent Board Member Yiğit Bulut is the Chairman of the Committee; Board Members Eyüp Engin and Dr. Muammer Cüneyt Sezgin serve as Committee Members.

CEO MESSAGE

We have completed 2020 as a year full of records, with the strength we derive from our deep rooted history of 180 years and our projects which shape the future.

Infrastructure investments

We continued to invest in our infrastructure in 2020, adding new capacity for approximately 1 million customers, with an increase of 69Tbps in IP transmission.

Türk Telekom is carrying Turkey into the future

We left behind 2020, a year of extra-ordinary conditions, as a year of pride in which we achieved an exceptional performance strong enough to advance Turkey's digital transformation to the next stage. We managed to close the year with record subscriber additions, revenue growth and high profitability with our strength we derive from our 180-year history and projects which guide the future. The four factors which stood out in this success were our know-how in the field of "advanced technology", our people-centric "customer experience", our "uninterrupted communication" understanding and our "fibre investments".

The durability and capacity of telecom infrastructure took on a critical importance along with uninterrupted communication during this period of great change taking place all over the world due to the pandemic. While the data usage increased as homes have transformed into offices, schools and entertainment centres simultaneously, traffic on our core network has surged rapidly.

Retail customers demanded fast and continuous connectivity at home, while corporate customers focused on higher capacity, greater security and digital solutions. On the other hand, public institutions placed priority on uninterrupted connectivity and interconnected systems to keep the pandemic under control and protect public health.

As Türk Telekom, we played a vital role in meeting all these needs and keeping Turkey connected. We are proud to have shouldered this responsibility with tremendous success. We will continue to stand by our country and our customers as we carry forward our leading position in fibre to 5G and digitalisation.

A year of extraordinary operational and financial performance

In 2020, our consolidated revenues increased by 19.6% YoY, exhibiting the highest annual rate of growth since the IPO. In 2020, our operational revenues increased by 17.2%, YoY, outperforming our revised guidance of 16% growth. Revenues in the fixed broadband segment grew by 25%,



supporting consolidated revenue with the highest annual rate of growth since the IPO.

Our consolidated EBITDA rose by 18.5% to reach TL 13.2 billion with an EBITDA margin of 46.8%. Despite the unfavourable foreign exchange rate movements continued throughout the year, net income increased by 32% YoY to reach TL 3.2 billion in 2020. At the end of the year, we had a long FX position of USD 46 million, while our Net Debt/EBITDA ratio dropped to 1.15x. Capital expenditures amounted to TL 6.7 billion in 2020, reflecting the increase in fibre investments and the weak TL.

Our strong performance won acclaim from international rating agencies

Fitch Ratings upgraded Türk Telekom's Long Term National rating from "AA+ (tur)" to "AAA (tur)". The agency affirmed our Company's local currency rating (IDR) and revised its outlook from "negative" to "stable".

We are determined to continue our success in 2021

Our large subscriber base, rich portfolio and extensive network has allowed us to stand firm on solid foundations even in times of crisis. This is exactly why we believe in the power of our brand and look to the future with confidence.

Our consolidated revenues increased by 20% YoY in 2020, recording the highest annual growth since the IPO. Our fixed broadband segment revenues increased by 25%, supporting consolidated revenues.

CEO MESSAGE

Online İşlemler

The number of individual users of our self-service application, Online İşlemler, peaked at 25 million in 2020.

In 2021, we expect that our consolidated revenues will grow by 14% YoY, our consolidated EBITDA will be TL 15 billion and our capital expenditures will be TL 7.7 billion¹. The fixed broadband segment will continue to support total revenues with subscriber growth, upsell and fibre transformation opportunities. We believe the mobile segment will exhibit a better performance with the reduction of the negative impact of the pandemic around the world and the effect of the recovery in the mobile market. We will continue our investments in our main network and capacity.

A success story in the fixed line business

2020 was an impressive year for the fixed broadband segment. During the year, we gained over 2 million new customers, reaching the highest number of net subscribers in the last 12-month period. While our broadband revenues increased by 25% in 2020, marking the highest growth since the IPO, this figure reached 32% with an outstanding performance in the 4th quarter. The fixed broadband ARPU increased by 14% YoY in 2020, reflecting our efforts to find the right balance between pricing and mix effect.

Our upsell focus continues at full steam to achieve sustainable growth. Moreover, we offer value added services as well as the best connection by considering the changing needs of consumer and corporate customers.

We have long been investing in our network in order to deliver our fixed infrastructure to all parts of the country. This strategy has enabled us to meet both the unexpected 81% increase in our network traffic and the growing demand across the country from big cities to small towns throughout 2020. In 2020, we continued to invest in our infrastructure and we added a new capacity capable of handling approximately 1 million customers, with an increase of 69Tbps IP transmission. Our strong and widespread network, agile and effective decisions have been the biggest driving forces of this success story.

Net subscriber addition in the fixed voice segment reached the highest level since the IPO in 2020, with a net increase of 631 thousand in the number of subscribers, making 2020 a year in which fixed voice revenues increased.

Striving to be one step ahead of demand

At the beginning of 2020, we took the decision to accelerate our fibre investment plans for the whole year. Our financial and operational performance as well as the rapidly evolving trends not only confirmed the accuracy of the steps we have taken, but also encouraged us to continue with this precise strategy. In 2020, we increased our number of fibre subscribers by approximately 2 million to 6.2 million. We increased the length of our fibre network covering 81 provinces of Turkey to 331 thousand kilometres.

Focusing on medium-term goals in the mobile segment

In the mobile segment, we recorded a net gain of 240 thousand subscribers during the year, despite restrictions, travel bans and increasing competition putting pressure on the mobile market. In 2020, our number of post-paid subscribers continued to expand with an increase of 1.1 million. In the pre-paid segment, our subscriber base contracted by 882 thousand due to pandemic-related disruption in the market in general and the cancellation of some subscriptions due to regulatory requirements.

While our pre-paid ARPU grew by 11% YoY in 2020, thanks to price adjustments and new offers promoting high data usage, our blended ARPU posted 7% YoY growth. The share of LTE subscribers in the total subscriber base, which was 55% in 2019, increased to 61% in 2020. Average monthly data usage per LTE user increased to 9.0GB in the last quarter of the year.

Turkey's digital TV platform

In our TV business line journey, which we started in 2010, we provide services on all platforms today, including DTH, mobile and web.

In 2020, we continued to modernize our mobile network and fields across the country and increase capacity. After acquiring a highly advantageous spectrum portfolio, we wisely invested in our mobile services, strengthening our presence in the market with our strong leadership position in the fibre network. We will press ahead with our core network investments to increase our capacity and service quality as we prepare for 5G. As an integrated telecom operator, we have a strong position in the market. While creating balanced and sustainable growth in the mobile segment, we remain committed to our goal of increasing our market share in the medium term.

We are expanding our horizon to become Turkey's digital TV platform

In our TV business line journey, which we started in 2010, now we provide services on all platforms, including DTH, mobile and web. We rounded off 2020 as the second player in the market with 1.5 million Tivibu Home subscribers. Tivibu Home ARPU grew by 16% YoY in the last quarter, while our TV revenues increased by 10% YoY in 2020.

In the past year, we have enriched our sports, documentary and Video-on-Demand content. This year, we will focus on the renewal of our technical infrastructure in order to address changing preferences and trends in customer loyalty.

With this renewal, we aim to achieve higher capacity and improved campaign management competencies. While we focus on creating Turkey's leading digital TV/OTT platform with rich content and innovative features, we aim to make 2021 a year of transition and change for our TV product.

A near-50% jump in sales revenues from digital products and online channels

As Türk Telekom, we offer a superior digital experience with our services differentiated for all customer segments, from consumers to the SMEs, large corporations and public institutions. As a result, our digital product revenues increased by 48% YoY in 2020.

In 2020, online channels became an even more important component of the user experience. Customers now demand the ability to perform their transactions as quickly and easily as possible.

Our self-service application "Online İşlemler" (Online Transactions), where we offer personalised services, has been downloaded for 47 million times since its launch. The number of individual users of the app peaked at 25 million in 2020. In order to increase usage and efficiency, we consolidated subscription transactions for different services under one account in "Online İşlemler". Customers can now complete all subscription-related transactions on mobile and fixed services with a single login.

The sales revenues² we obtain from online channels increased by 50% YoY in 2020. TL loading and bill payments through online channels increased by 71% YoY in the same period. In the consumer segment, the share of collections through digital channels, including banks, increased by 5 points YoY to 77% in 2020. We expect a continued increase in demand for online channels, which will help us build a more balanced and low-cost structure.

We take responsibility to create a better world

In 2020, we broadcast Turkey's first 5G live match using 360-degree VR (Virtual Reality) technology and we continued to digitalise Turkey with our projects on next generation technologies such as 5G, artificial intelligence, the IoT, smart cities, autonomous systems and virtual reality. We have long-standing R&D studies in the field of 5G technologies. On the other hand, we continue our preparations for the use of 5G technology

¹ The shared 2021 predictions represent approximate values.

² Income from additional package sales obtained through the Online İşlemler (Online Transactions) web platform and mobile application.

CEO MESSAGE

Value added by our subsidiaries

In 2020, the Türk Telekom subsidiaries not only expanded their customer portfolios, but also contributed significantly to the growth of the Türk Telekom Group.

at Istanbul Airport. As well as mobile technologies, fibre infrastructure, which is the building block of 5G, will also play a major role for 5G. We are currently investing in fibre, connecting our base stations with the fibre infrastructure and upgrading our equipment with the state-of-the-art technologies in order to be the most 5G-ready operator. At the end of 2020, approximately 45% of our base stations were connected to the fibre network. We are committed to making Turkey a pioneer in this journey.

We add value to the national economy with our subsidiaries and our contribution to employment

2020 has been a year in which our subsidiaries clearly demonstrated their contribution to the Türk Telekom Group. Our subsidiaries Argela, Innova, SEBIT, AssisTT and TTI (Türk Telekom International) not only expanded their customer portfolios, but also successfully contributed to the growth of the Türk Telekom Group. Total third party revenues of our subsidiaries grew by 56% YoY in 2020. The share of these revenues in consolidated revenues increased from 6% in 2019 to 8% in 2020. 18% of the growth in consolidated revenues in 2020 was derived from the increase in the third party revenues of these

subsidiaries. The fact that our subsidiaries have reached a point of “creating value” for Turkey and reflecting this to our country’s economy is a source of pride for us.

Together with Argela, our group company in the field of virtualisation of the mobile and fixed access network, and its subsidiary Netsia in the USA, we have started to commercialise our work globally, which will change 5G standards worldwide. With the cooperation we made with Juniper Networks, one of the worlds’ leading network equipment manufacturers, we have taken another concrete step, demonstrating our commitment to export technology to the world. With our comprehensive collaboration, Netsia’s RIC-Radio Intelligent Controller product will be integrated into Juniper’s product portfolio, thus providing efficiency and flexibility to mobile networks around the world. We expect the knowledge and production capacity of these subsidiaries to increase significantly thanks to Juniper’s customer network and geographical reach.

Türk Telekom applied SEBA (Software Enabled Broadband Access), Argela’s other technology, on internet, IPTV and voice services on our live network for the first time in the world. This marked another important step in reducing the cost of hardware infrastructure and saving resources. We believe this new technology developed by our own engineers will accelerate domestic production by reducing our dependence on external resources. The global expansion of SEBA will support operators and positively impact the user experience.

Innova continues to contribute to the digital transformation of companies with its wide range of IT solutions and supports Turkey’s shift towards domestic and national technology. Directing the transformation in education, SEBIT helped many private schools to integrate with online platforms with its VCloud platform, as well as providing exam and content support for EBA. Today, the VCloud reaches around 100 thousand students, teachers and administrators in approximately 800 private schools. SEBIT’s online solutions, Vitamin and Raunt, continue to be the greatest supporter of students during the pandemic.

Concrete steps in sustainability

At the beginning of 2020, as a party to the UN Global Compact, we announced our commitment to supporting the 10 basic principles in the fields of Human Rights, the Environment, Labour and Anti-Corruption.

AssisTT has become a “Customer Experience Centre” that provides strategic solutions to its customers in many areas such as sales and marketing, social media management, face-to-face services, revenue management, quality management, new technologies and digital solutions, beyond traditional call centre services.

Our international arm, TTI, provides IP services to leading foreign based service and content providers, enabling companies with international content to reach Istanbul and keep their servers at our data centre in Istanbul. Thanks to this, in 2020, major cloud and content providers such as Microsoft, Amazon, Limelight, Cloudflare started their operations in Istanbul.

As one of the companies with the largest employee ecosystems in our country, creating sustainable employment is among our most important agenda items. More than 9 thousand new employees joined Türk Telekom in 2020, together with our group companies and outsourcing recruitments. At the beginning of 2021, we welcomed 500 new technicians to our workforce. Our contribution to employment and the country’s economy will continue unwaveringly in the upcoming period with an awareness of our national responsibility.

We support domestic and national technology ventures and aim to export technology

While digital services and technology ventures continued to grow rapidly during the year, as Türk Telekom, we stood by our entrepreneurs with our platforms such as PİLOT, Santral and TT Ventures. Since 2013, we have provided more than TL 5 million in cash support to early-stage technology ventures with PİLOT. With TT Ventures, we continued our services for the digitalisation of the healthcare sector by investing in Virasoft, which provides services in the field of digital pathology. Through our cooperation with technology ventures, while providing value added services to our customers, we also aim Turkey to produce more domestic and national technology, and thus become a country which exports technology to the world.

We take concrete steps on sustainability

In 2020, we stepped up our work on sustainability issues. At the beginning of 2020, as a party to the UN Global Compact, we announced our commitment to support 10 key principles in the fields of Human Rights, the Environment, Labour and Anti-Corruption. As part of this voluntary collaboration, we will shortly publish our 2021 progress report.

On the other hand, as Türk Telekom, thanks to the steps we took in the environmental, social and governance areas, we succeeded in increasing our ESG score in the FTSE4Good index for a third year in a row. In the 2020 report of this index, which measures the performance of companies on the basis of ESG standards, Türk Telekom’s ESG score exceeded the industry average.

With our sustainability report to be published for the first time in 2021, we aim to disclose Türk Telekom’s environmental, social and governance performance at regular intervals. With this report, we will have the opportunity to present our holistic approach towards sustainability and value creation for our employees, shareholders and stakeholders at the same time.

We continue to develop strategies to create value

Despite the difficult conditions and uncertainties of 2020, we continued to reduce our debt by generating strong cash flows. We proactively reduced the sensitivity of the income statement to exchange rate movements. As a result, we were able to achieve higher operational efficiency and further strengthened our balance sheet against risks.

CEO MESSAGE

The future of Turkey

We will continue to use all our know-how for the future of our institutions, our people and our country in 2021 with our investments and projects which will build Turkey's future.

As always, we continue to create value for our shareholders. In 2020, we decided to distribute 50% of our 2019 income, but due to the temporary legal arrangement put in place due to the pandemic, we were only able to distribute 25% of the net income for 2019. Immediately after the end of the restriction placed on dividend payments for 2019, we announced our proposal to distribute an additional TL 601 million in dividends in January 2021 to demonstrate our commitment to our responsibilities to our shareholders and our confidence in our Company's sound financial stance.

Our goal is to carry Turkey to the future

We will continue to support the local community and the environment while focusing on financial excellence, digitalisation, efficiency, a superior customer experience and agile management. Our performance and financials in 2020 speak volumes about our potential for future success.

Our primary goal for 2021 is the roll out of 5G and the fibre infrastructure, which will support it. With our innovative digital services and investments in national technology ventures, we will continue to digitalise the healthcare, education and energy sectors in particular.

We will continue to deploy all our know-how for the future of our institutions, our people and our country in 2021, with national technologies which reduce dependence on foreign resources in various fields ranging from defence to healthcare, from education to energy, from industry to cyber security, with our support for domestic technology ventures and our investments and projects which will build Turkey's future.

2020 has been an unforgettable year in which we achieved unprecedented successes in the history of Türk Telekom. I feel fortunate to have had the opportunity to lead such a dynamic and dedicated team. I would like to wholeheartedly thank our employees, who have worked devotedly under all conditions to ensure uninterrupted communication, and who deserve the utmost praise for their performance throughout the year, our Board of Directors, whose support we always feel, our business partners, with whom we progress together, and all of our customers throughout Turkey.

Respectfully,



Ümit Önal
CEO - General Manager

TÜRK TELEKOM SENIOR MANAGEMENT

Ümit ÖNAL
CEO - General Manager

Ümit Önal, a graduate of İstanbul University Faculty of Communication, started his professional life in media and communication sector. He joined Turkuvaz Media Group in 2007 and served as the General Manager of ATV, Advertising Group President and Executive Board Member, respectively, until 2015.

After being appointed as the Board Member and CEO of Digitürk in 2015, he managed Digitürk's sales process to BeIN Media Group.

Önal joined Türk Telekom family as the Assistant General Manager responsible for Sales and Customer Services at the end of 2016, and in December 2018, he was appointed as the Assistant General Manager responsible for Marketing and Customer Services, and in August 2019, he was appointed as the CEO of the Company. He is still serving as the acting Assistant General Manager responsible for Marketing and Customer Services.

Having more than 20 years of experience in the media and communication sector, Önal has contributed significantly to the process of radical change in the Turkish media, and he continues to lead the digital and technological transformation of Turkey in Türk Telekom.

Throughout his career, Ümit Önal has actively taken positions in national and international associations. Önal served as the Chairman of the Board of Mobile Telecommunication Operators Association (m-TOD) in 2020; he is still actively Chairman of TV Monitoring and Research Committee (TiAK AŞ); Board Member at Advertisers Association (RVD), member to Foreign Investors Association (YASED) and US Business Council Member of Foreign Economic Relations Board (DEIK); and he represents Türk Telekom at Association of TV Broadcasters (TVYD).

Kaan AKTAN
Finance Assistant General Manager

Kaan Aktan, after Galatasaray High School, graduated from Boğaziçi University, Economics in 1995. He started his career at Anadolu Group. He worked in PepsiCo Turkey Operation in 2002 and afterwards he worked at Texas Pacific Group Investment Fund Turkey Asset Management companies as finance manager since 2007. He joined Türk Telekom in 2010 as Director of Financial Projects. He was appointed as TTNET CFO in March 2013. During his successful term of employment, he has also taken on several management roles at Türk Telekom and Türk Telekom Group Companies. Mr. Aktan is serving as Finance Assistant General Manager since December 2016.

Dr. Mehmet BEYTUR
Support Services and Procurement Management
Assistant General Manager

Mehmet Beytur received his bachelor's degree in Electronics and Communication Engineering from İstanbul Technical University, then he completed his Master's Degree in Economics at Marmara University with his thesis on "Energy Resources and Cooperation Opportunities of Islamic Countries". In 2008, he received doctorate degree in Gebze Institute of Technology with his thesis on "Utilisation of Outsourcing" in the field of Business Administration.

He started his career as an access engineer at Türk Telekom (at that time PTT) in 1991 and after serving as chief engineer, manager, assistant regional manager and provincial manager, he has served as İstanbul Region Manager for more than 10 years. In this role, he carried out technical, commercial and all support functions.

He has worked in technology, customer, system and management based transformation projects in the Company and the sector.

Mehmet Beytur is the Chairman of the Board of Directors of the Türk Telekom SYS (Health and Social Aid Foundation), the Chairman of the Board of Directors

TÜRK TELEKOM SENIOR MANAGEMENT

of the Türk Telekom BYS (Saving and Aid Fund), as well as a member of the Board of Directors of Türk Telekom Basketball Club and Board Member in Türk Telekom Group Companies.

Mehmet Beytur (PhD) is serving as Support Services and Procurement Management Assistant General Manager since September 2019.

İsmail BÜTÜN Consumer Sales Assistant General Manager

Upon graduating from Business Administration Department of Boğaziçi University in 1996, İsmail Bütün started his professional career at Çuhadaroğlu Holding Moscow Office. Between 1997 and 2000, Mr. Bütün worked at Enka Group within Foreign Trade department in Moscow as Sales and Business Development Manager. After joining the marketing team of Nestle Turkey in 2000, he worked at Nestle as CPW Turkey Country Manager, Regional Marketing Director for Central Asia based in Uzbekistan, and as Head of National Key Accounts for Nestle Turkey respectively. After 2011, he served at Nestle's Global Headquarters in Switzerland, first as Business Excellence Manager at the Global Customer and Sales Management Unit and then he led global marketing projects as Marketing Manager at the NESCAFE Strategic Business Unit. Mr. Bütün returned to Turkey in 2015 and was appointed as the General Manager of NESCAFE and also as a Board Member of Nestle Turkey.

In January 2016, he joined Turkcell as "Senior Vice President of Retail Sales" in charge of Consumer Sales and also appointed as an Executive Committee Member. Between July 2016 and January 2019, he served as the Chief Marketing Officer and Executive Committee member. In January 2020, Mr. Bütün joined Türk Telekom International as Chief Commercial Officer.

He completed "New Frontiers" program at MIT (Massachusetts Institute of Technology) in 2017; and "Innovative Marketing for Strategic Advantage" program at Stanford University in 2018.

İsmail Bütün is serving as Chief Consumer Sales Officer since May 2020.

Mustafa ESER Corporate Sales Assistant General Manager

Mustafa Eser graduated from the Department of Physics of Hacettepe University in 1996. Between 1996 and 1998, he conducted his master's degree studies at the University of Cologne and Heinrich Heine University in Düsseldorf. Since 1998, he has been taking part in Information and Education sectors as an entrepreneur and a manager. Between 2007 and 2014, he worked at Türksat A.Ş. as Director. Between 2014 and 2017, he worked as the Manager responsible from Public Sector Relations and Regulation at Digitürk. Since May 2017, he served as the Public Sales Director at Türk Telekom. Furthermore, he is the president of the basketball branch of Türk Telekom Sports Club. Mustafa Eser is married and has three children.

Mustafa Eser is serving as Corporate Sales Assistant General Manager since April 2020.

Ali GÜRSOY Head of Enterprise Risk and Business Continuity

Ali Gürsoy graduated from Faculty of Management of Bilkent University in 1993. He started to work for Şişecam Group as Assistant Specialist in 1995 and continued his professional life at Esbank T.A.Ş. as Specialist in marketing department.

In 1997 he moved to USA and successfully completed his education at Pace University - M.S. in Investment Management, at Columbia University- Computer Science and M.S. in Financial Mathematics Departments, respectively.

He worked as a financial analyst at ATB Consulting in the United States and then worked as a Financial Risk Manager at Aragon Asset Management. After his return to Turkey in 2006, Ali Gürsoy worked as Assistant General Manager at Risk Türk Financial Software Company for five years. Currently, he is pursuing M.S. in Data Analytics at Sabancı University.

Continuing his professional life since 2011 at Türk Telekom Group as Director of Enterprise Risk Management, he was appointed as Assistant General Manager responsible from finance function at AssisTT A.Ş. in 2018 and he carried out two titles till the end of 2019.

Mr. Gürsoy is serving as Head of Enterprise Risk and Business Continuity at Türk Telekom since December 2019.

Barış KARAKULLUKÇU Strategy, Planning and Digital Assistant General Manager

Barış Karakullukçu graduated from İzmir Science High School and then Industrial Engineering Department of Bilkent University. She completed Management Information System Program of Boğaziçi University and Executive MBA program of Koç University.

Her career started in I-Bimsa company as a consultant in 1996 and she continued in PwC company as senior consultant in 1997. Between 2001 and 2005, she worked at Accenture company in charge of Global Business Solutions where she has served more than 25 countries. She has continued her career as a Partner at Accenture Turkey Office in 2005. Between 2012 and 2016, she worked as the CEO and Executive Committee Chairman of Mudo and managed the transformation journey of the company. This transformation has been studied in an academic case, which is called "A case of Successful Leadership" in Harvard Business School. From 2017 to 2018, she took over Chief Data and Analytics Officer Position in Turkcell. In 2018, she became the Strategy Director and CEO Advisor in Invent Analytics company and her most recent position was Global Business Services Country Leader in IBM.

She is lecturing for MBA programs in Özyeğin, Sabancı and Boğaziçi Universities and she is the Chairman of Technology and Innovation Study Group under Foreign Investors Association. She has been listed on 50 Most Powerful Women in Turkey by Fortune in 2012, 2014 and 2016.

Barış Karakullukçu is serving as Strategy, Planning and Digital Assistant General Manager at Türk Telekom since January 2020.

Yusuf KIRAÇ Technology Assistant General Manager

Yusuf Kırac graduated in Electrical and Electronics Engineering from Hacettepe University in 1994. Following his undergraduate studies, in 1996 he started working as a manager in planning and integration management at Siemens and Nokia Siemens Networks.

Mr. Kırac started to work in Türk Telekom in 2008, taking part in the team that carried out the successful transformation projects in Türk Telekom's All IP Architecture with Rural Transformation, Türk Telekom NGN

and Fibre Transformation projects. In 2010, he assumed the role of Network Director and led many projects that gave profitability and capacity to Türk Telekom such as Fiberkentt, DWDM, MPLS, DC Conversion and TTVPN. In addition to his current role, he also chaired the NANI Working Group of ETNO, European Telecommunication Operators Organisation, headquartered in Brussels, between 2010 and 2014. In his managerial role at ETNO, he worked closely with international organisations such as the European Commission, CoCom, ECC, ITU, ETSI, ICANN and RIPE for numbering and addressing issues; migrating from IPv4 to IPv6, number portability, and M2M's future strategies and policies. After the integration of Türk Telekom, AVEA and TTNET, he served as Core & Transport Network Director.

He served as Türk Telekom International General Manager between December 2016 and August 2018. Since August 2018, Yusuf Kırac is serving as Assistant General Manager of Technology (CTO) at Türk Telekom; leading in areas such as the Company's fibre and digital transformation architecture; transition to next generation wireless access networks such as LTE A, Wifiv6, 5G; NFV, SDN, IMS, product and channel singularisation, service and network optimisation, and cyber security. Yusuf Kırac also serves as Board Member of ESB (Access Providers Association), Board Member of NETSIA Company, Türk Telekom Group Company, headquartered in USA, Board Member of Innova A.Ş. and Türk Telekom Youth and Sports Club Chairman.

Emre ŞEHSUVAROĞLU Head of Internal Audit

In 1993, after graduation from Marmara University Business Administration (English), Mr. Şehsuvaroğlu started his professional career as an auditor in Deloitte financial services company. He took part in the audit and consulting projects of various clients across sectors for a period of 10 years until 2003.

He joined Arkas Holding in 2003, where he led the restructuring of Holding's internal audit function and the auditing of agency, marine and land transport, port and logistics service businesses. He established the auditing processes in overseas locations of Arkas including Spain, Ukraine and Algeria.

TÜRK TELEKOM SENIOR MANAGEMENT

Following his role in Arkas Holding, he joined Turkcell by late 2006, where he led the Sarbanes Oxley-SOX compliance efforts of the company as per the listing requirements in the New York Stock Exchange. Apart from Internal Audit, he led Enterprise Risk Management, Information Security and Business Continuity Programs until the end of his employment in Turkcell in late 2011. During this period, he was also the acting CFO in Turkcell's Ukraine subsidiary Lifecell simultaneously for a year.

In late 2011, he joined Yıldız Holding and restructured the existing Internal Audit functions of national and regional companies of the holding in accordance with the International Standards of Internal Auditing. Following that, he started the global auditing processes of global operations of the holding subsidiaries Godiva and United Biscuits. He led these efforts by establishing local audit teams based in New York and Shanghai to support existing team in İstanbul.

In October 2018, he left Yıldız Holding and assumed the role of Chief Compliance Officer of Netaş. During this tenure, he executed the adoption, monitoring and management of business processes in Netas as per the best practice standards of compliance.

Emre Şehsuvaroğlu is serving as Head of Internal Audit since September 2020.

Mehmet Emre VURAL Human Resources Assistant General Manager

After receiving bachelor's degree in Electrics & Electronics Engineering from Turkish Military Academy in 1990, Mehmet Emre Vural completed Artillery and Rocketry school in 1991.

He started his career in Kraft Foods Turkey (formerly Kar Gıda A.Ş.) in 1994 responsible for Human Resources, Administration, IT and Legal functions where he successively took chief, manager and coordinator positions. In 2002 he joined Ülker Group and served as HR Manager, Recruitment Manager, HR Business Partner, HR Director responsible for International Operations and Yıldız Holding HR Director. After joining Matlı A.Ş. in 2012 as General Manager and board member; he took CEO position in Destek Holding starting from 2014.

Through his career, he completed numerous re-organisations, renovation, implementation and launch projects.

Mr. Vural is serving as Human Resources Assistant General Manager since December 2019.

Uğur Nabi YALÇIN Legal and Regulation Assistant General Manager

Uğur Nabi Yalçın is graduated from İstanbul University Faculty of Law, and started his career in 1997 at Migros Türk T.A.Ş. as lawyer. He worked at BDO Denet Yönetim Danışmanlığı Şirketi, a sworn accounting and independent auditing firm, between 1998 and 2007 as lawyer and legal counsel. He worked as chief legal counsel in Aktif Yatırım Bankası A.Ş. between 2007 and 2015. He practices law as solo practitioner since 2015. Yalçın was appointed as board member in various companies throughout his legal career.

Uğur Nabi Yalçın is serving as Legal and Regulation Assistant General Manager at Türk Telekom since December 2019.

Yavuz YILDIRIM Wholesale Assistant General Manager

Yavuz Yıldırım graduated from Uludağ University in 1999 from the Faculty of Economics and Administrative Sciences, Department of Business Administration. Following his past work experiences in trading, he started his career in 2002 at Telsim, followed by various positions in sales and marketing units at Nortel Networks Netaş between 2004-2006 and then Vodafone between 2006-2009. Mr. Yıldırım joined Türk Telekom in 2009 as Director of SME Sales Operations and contributed to the establishment of SME sales channel. In November 2011, he undertook the Wholesale Sales Director role and served as the President of Türk Telekom Wholesale Clients Business Unit between April 2015-December 2016.

Mr. Yıldırım is serving as Wholesale Assistant General Manager since December 2016.

CEOs OF TÜRK TELEKOM GROUP COMPANIES

Bülent KAYTAZ Argela CEO

Bülent Kaytaç had a bachelor's degree on Electrical and Electronics from Marmara University in 1981. He also obtained his Master's degree in Management Information Systems and an MBA from European University in Belgium in 1994.

In addition to his business activities, Bülent Kaytaç served as a visiting lecturer in computer and communications engineering departments at Marmara and İstanbul Universities. In former roles, he had a five-year stint at Nortel and more than 10 years of experience at Alcatel, where he managed key software development projects in the areas of communications and internet in Belgium, Norway and Turkey. Mr. Kaytaç brings over 30 years of design, development, business development and successful leadership experience in the field of telecommunications. He founded two companies in the telecommunication technology area and led the innovation drive at both companies via intensive R&D activities.

He founded Oksijen Technology, which was formerly a provider of intelligent networks and core infrastructure elements for wireless and wireline communications networks. Within three years of operation, the company brought considerable recognition to the global and Turkish telecommunications industries through strong regional growth and worldwide visibility.

Bülent Kaytaç is the CEO and the founder of Argela. He also established Netsia, an Argela subsidiary based in California's Silicon Valley, which works on developing 5G technologies.

Haktan SARAN AssisTT CEO

Haktan Saran graduated from the Department of Statistics, Mimar Sinan University in 1998, then completed an MBA Program in İstanbul Bilgi University.

Starting his business career in 1995 in a call centre for Koçbank, Saran has held different positions in the field of the call centre business, and then served as Director, Alternative Distribution Channels, Denizbank between 1999 and 2004. He has held the position of Operations Manager, Customer Services, Turkcell Global Bilgi Information between 2005 and 2014, and then of Assistant General Manager in charge of Individual Operations. He has served as General Manager at Alonet Bilgi A.Ş. between 2014 and 2018. He also served as a Board Member and Vice President of the Call Centre Association between 2015 and 2018, and as of May 2020, he has reinstated as Vice President.

Haktan Saran joined the family of AssisTT as Operations Assistant General Manager in December 2018. As of December 2019, he holds the position of CEO at AssisTT.

Serdar TORAMAN Innova CEO

Serdar Toraman received his Bachelor's Degree from the İstanbul University Electronical Engineering department in 1999. He started his professional life in IBM and has served in various positions at Sentim, ServisNET Telekomünikasyon Hizmetleri, which was a NETAŞ subsidiary, and Eczacıbaşı Bilişim.

Toraman undertook important roles in leading tech companies and served in executive positions at Avnet Technology (TechData), Borsa İstanbul, and Information and Communication Technologies Authority (BTK).

CEOs OF TÜRK TELEKOM GROUP COMPANIES

He then served as IT Director and Consultant in a Türk Telekom subsidiary, AssisTT Rehberlik ve Müşteri Hizmetleri and lastly General Manager in PTT Bilgi Teknolojileri A.Ş. Serdar Toraman has been appointed as Innova CEO in December 7th, 2020.

Ahmet ETİ SEBİT CEO

Ahmet Eti received BS degree (1988) and MS degree (1991) in Electrical and Electronic Engineering Department from Middle East Technical University. He started his career as a researcher at TÜBİTAK in 1988 and there established the Computer Aided Education and Multimedia Research Laboratory. In 1996, after the privatisation of the Laboratory by the Science Council, he founded SEBİT and realised many award winning global projects such as Akademia and its Chinese version Tian-yi. With the acquisition of SEBİT by SBS, he acted as Global E-learning Director of Siemens and implemented the Malaysian Math and Science Teaching Courseware Development Project and iClass, the largest educational R&D project of the European Commission's 6th Framework Programme. "Adaptive Curriculum" developed after the transfer of SEBİT to Türk Telekom, was honored with several awards including; "The Best Online Educational Solution" and "The Best Virtual School Solution" of the CODiE Awards by The Software and Information Industry Association (SIIA), "Best Content Service" award at the World Communication Awards and "Distinguished Achievement Award" from the Association of US Educational Publishers. Mr. Eti was named Turkey's Most Creative and Innovative Young Entrepreneur in the World Junior Entrepreneur Businessman Contest; in 2004, he was honored with the Professor Mustafa Parlar Training and Research Association's Technology Encouragement Award.

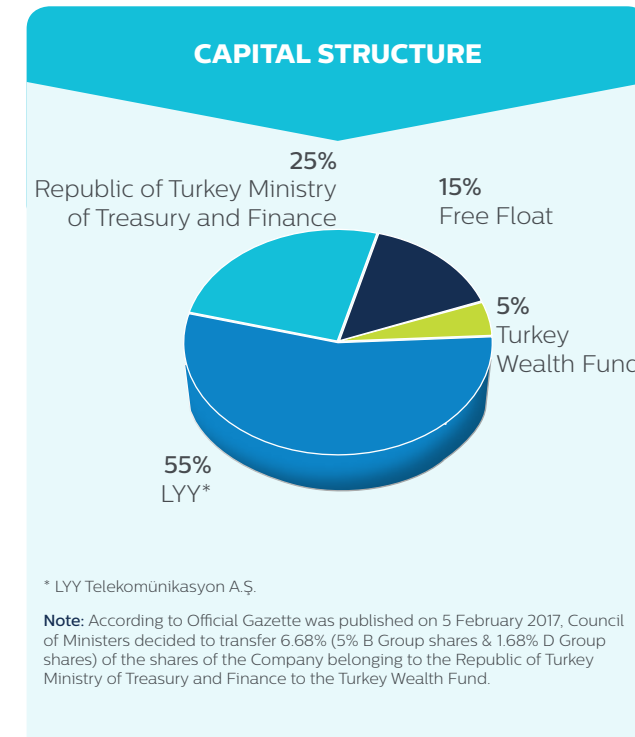
Ahmet Eti, the founder of SEBİT A.Ş. and SEBIT LLC (Arizona), the creator of the award winning Vitamin and Adaptive Curriculum, is the CEO of SEBİT and Chairman of SEBIT LLC.

Şükrü KUTLU Türk Telekom International Group CEO

Şükrü Kutlu graduated from the Faculty of Law at Ankara University in 1991. He completed his Master's Degree in the Department of Private Law at Gazi University with a thesis titled "Interconnection Contracts in Telecommunication". He started his career in 1992 as an Assistant Auditor in the Court of Accounts and then he continued his career by serving as the Auditor and Lead Auditor in the head office and for the regional on-site audits. In 2003, he started to work at Türk Telekom as the Human Resources, Regulation and Support Assistant General Manager, a position which he held for 12 consecutive years. Between February 2015 and April 2016, he served as the Board Member and the General Director of Gübretaş T.A.Ş. Mr. Şükrü Kutlu rejoined Türk Telekom in October 2016 and served as Human Resources, Regulation and Support Assistant General Manager until September 2019.

Kutlu has been working as Türk Telekom International Group General Manager since September 2019. He also holds Attorney, Notary License and Public Accountant Certificates.

CAPITAL STRUCTURE

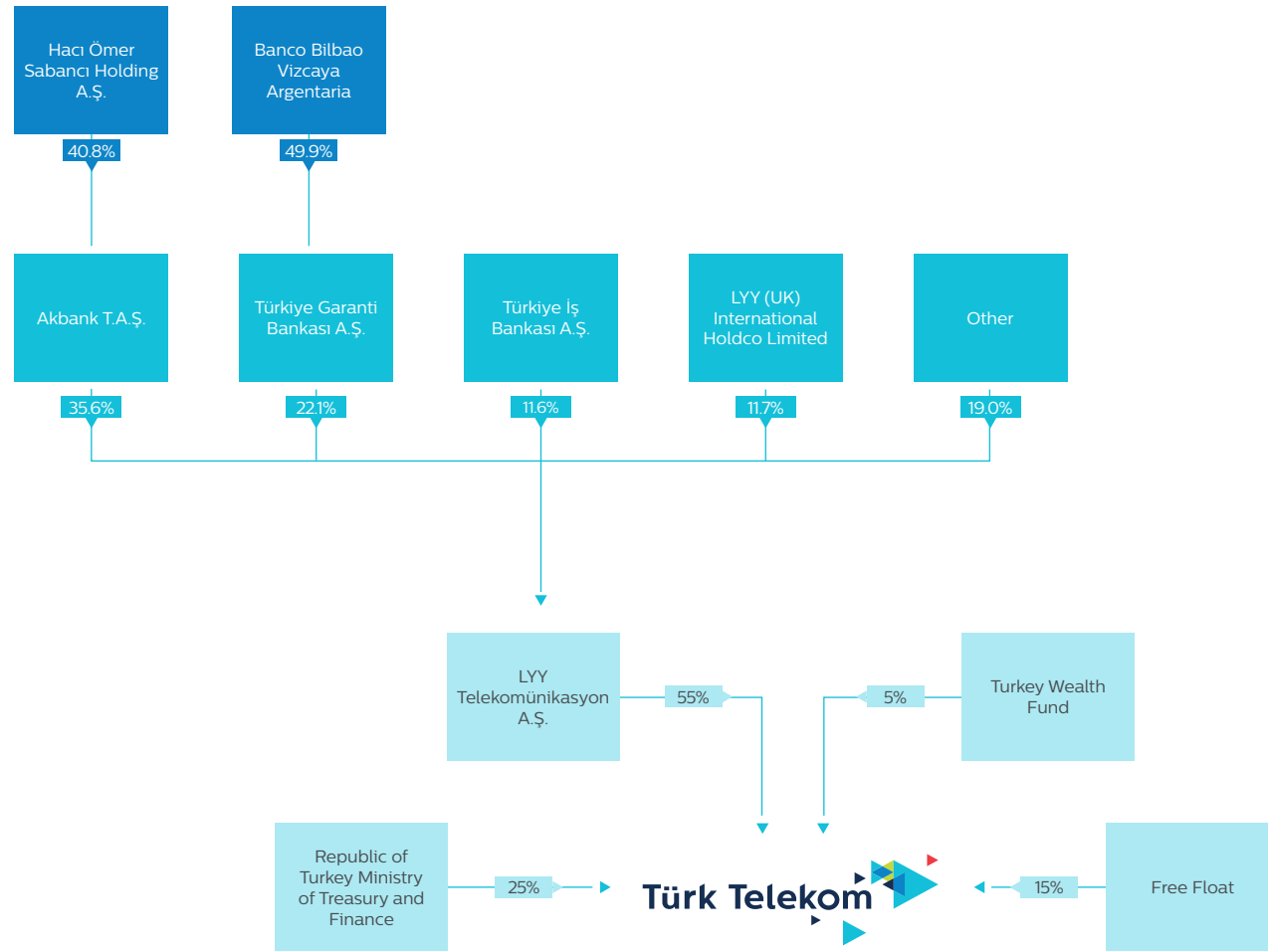


Capital Structure

Türk Telekom is among Turkey's leading companies with its strong capital structure. LYY Telekomünikasyon A.Ş. has 55% share, the Republic of Turkey Ministry of Treasury and Finance has 25% share, Turkey Wealth Fund has 6.68% share (of which 1.68% in free float) in Türk Telekom, while 15% of the shares are public.

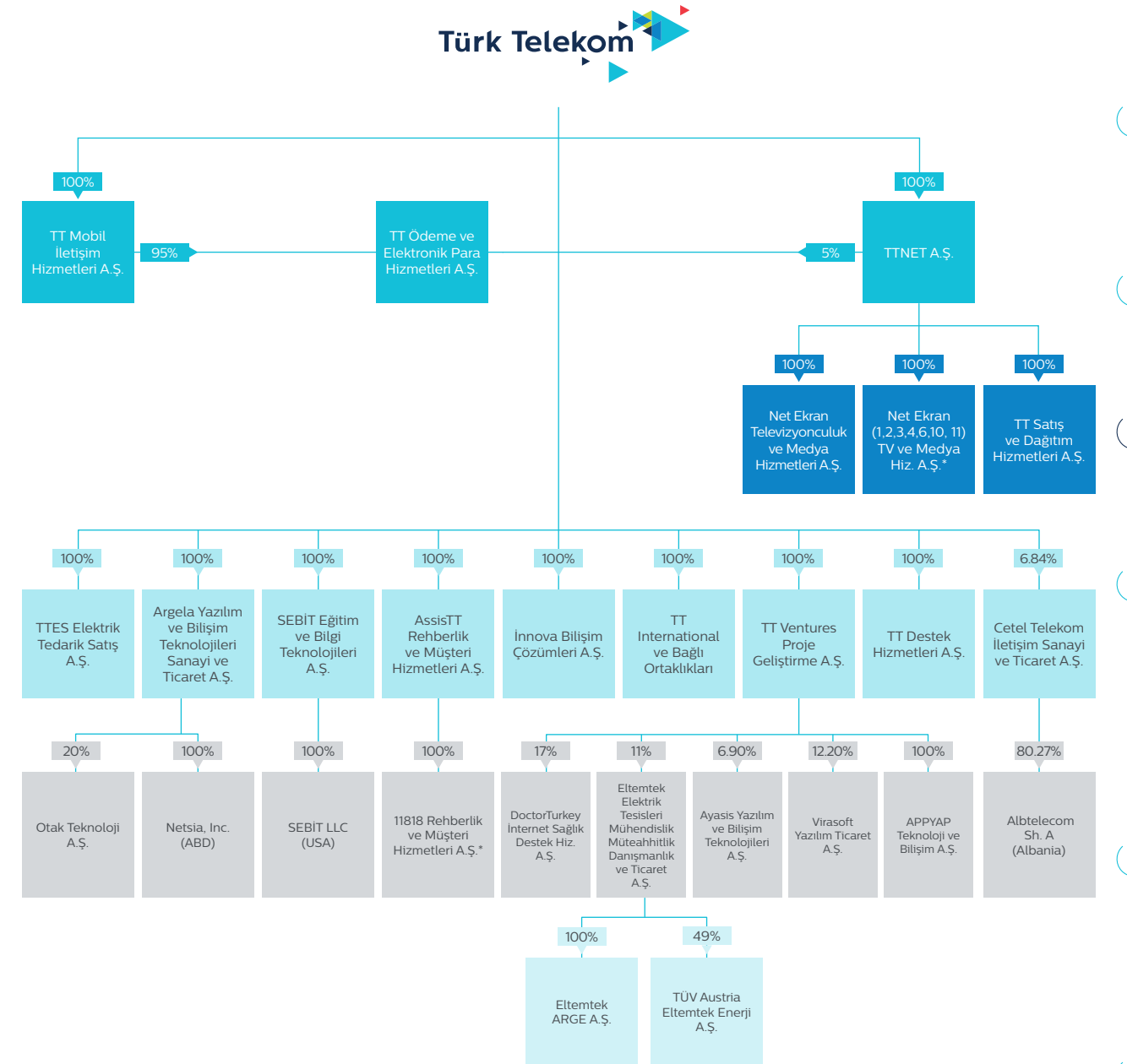
- The Republic of Turkey Ministry of Treasury and Finance's non-public share ownership is 25% (Group B). In addition, the Turkish Treasury owns a (Group C) "Golden Share" with nominal price of TL 0.01.
- LYY Telekomünikasyon A.Ş.'s (Group A) non-public share ownership is 55%.
- Non-public share (Group B) ownership of Turkey Wealth Fund is 5%, and Turkey Wealth Fund's (Group D) public share ownership is 1.68%.
- Public shares (Group D) constitute 15% of total capital.

SHAREHOLDER STRUCTURE



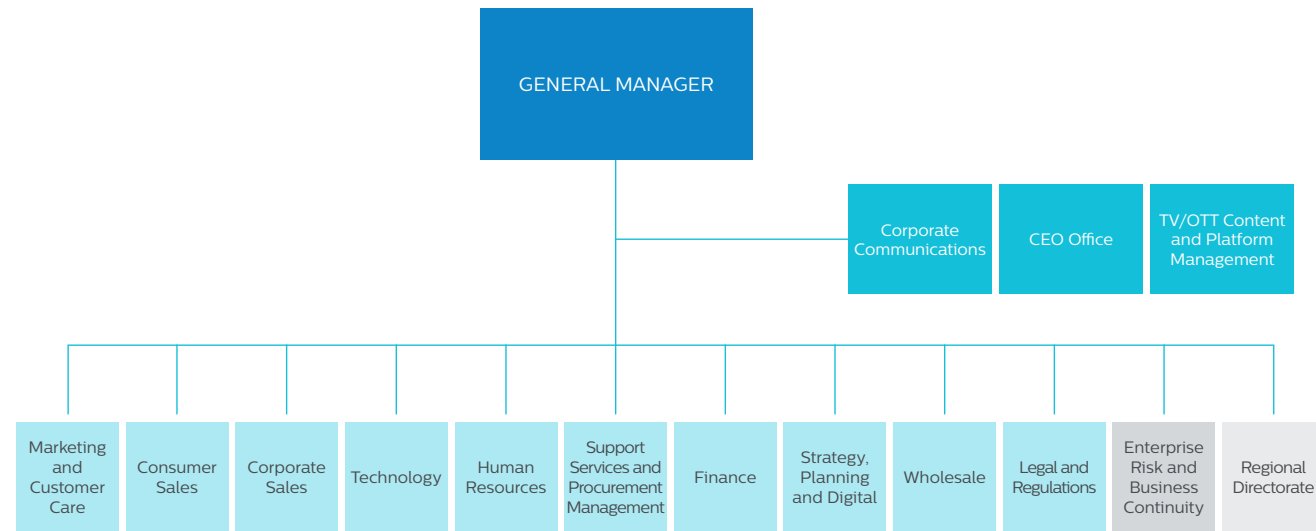
Note: 1) There is no natural or legal persons whose shareholding exceeds 5% except those shown in the shareholder structure.
2) Turkey Wealth Fund has 1.68% public share ownership.

SUBSIDIARIES, AFFILIATES AND FINANCIAL INVESTMENTS



* in voluntary liquidation

ORGANISATIONAL STRUCTURE



Organisational Changes

In 2020, the following organisational changes were carried out in the senior management structure at the Türk Telekom Group in a bid to contribute to its sustainable growth strategy, ensuring strategic coherence among the teams and increasing the synergy in response to the competitive sector dynamics:

Together with the changes announced on 17 December 2019 to be effective as of 1 January 2020, the “Sales Assistant General Manager” position was divided into the “Consumer Sales Assistant General Manager” and “Corporate Sales Assistant General Manager” in order to support Türk Telekom’s focus on the segments and its added value offered to its customers.

Together with the changes announced on 17 December 2019 that will take effect as of 1 January 2020, the individual positions of “Digital and Cyber Security Product Development” and “Strategy, Planning and Business Development” business units were consolidated with a view to extend the Company portfolio with strategic products and platforms, thus enriching the value chain of Türk Telekom, resulting in the creation of the “Strategy, Planning and Digital” business unit.

Organisational changes in the management started in 2019, followed by compliance and reorganisation of director and managerial level organisations in 2020.

Brave...

YOUNG-SPIRITED, AGILE AND
PRODUCTIVE

WHILE KEEPING UP WITH THE TIMES,
IT KNOWS NO OBSTACLES IN RUNNING
FORWARD AND ADOPTS THE PRINCIPLE
OF DOING WHAT WOULD BE CONSIDERED
IMPOSSIBLE

THAT'S WHY TÜRK TELEKOM
"MAKES YOU FEEL VALUABLE"



TELECOM MARKET IN THE WORLD AND IN TURKEY

Covid-19 pandemic reminded once again the importance of **the information technologies and cyber security infrastructures.**

Need for more communication than the new normal with the pandemic

With the increasing digital transformation due to Covid-19, the strategic importance of the telecommunication technologies has increased.

As the Covid-19 pandemic which left its mark on the year 2020 changed the way how business is done, the need for strong infrastructure and seamless services reminded again the importance of the telecom sector

While isolation and social distancing became inevitable in Turkey as in all around the world due to the pandemic, the amount of time people spent at home suddenly increased as a result of switching to working from home and education being moved to a virtual environment. With the need for strong infrastructure and uninterrupted service for the continuity of the ecosystem, there was an unprecedented increase in demand in the telecom sector. While the crisis has led to a surge in the use of existing services and a change in customer behaviour, customers also started to use new technologies.

During the Covid-19 pandemic, the number of fixed broadband users and data usage increased significantly due to the increasing demand for internet connection of households and businesses and the need for secure connections for businesses to support online working. During the period when people stayed at home, TV/OTT subscriptions increased significantly as a result of the high demand for entertainment. This demand is expected to continue growing in the coming period.

During the pandemic, there was no significant decrease in consumer segment customer sales, which account for approximately 70% of global telecom revenues, but the corporate market contracted due to the recession. The practice of postponing invoices, one of the measures taken against the impacts of the pandemic in some countries, negatively affected ARPU especially in the corporate segment with the general recession in the economy.

The Covid-19 pandemic process has once again confirmed the importance of information technologies and cyber security infrastructures around the world. Therefore, digital services are expected to continue to capture market share from traditional sectors going forward, with new opportunities arising in the fields of information technologies and cyber security.

Increased fixed broadband penetration and data consumption

While the demand for fixed internet in the world peaked during the pandemic, the investments undertaken and the customer-oriented campaigns carried out in Turkey got the fixed broadband household penetration to reach 66% levels.

While the increase in the fixed broadband penetration and increased data usage in the world accelerated revenue growth, the upward trend in Turkey continued under the leadership of Türk Telekom

The driving force of the global telecom sector in the coming period is expected to be the roll out of the next generation fixed broadband access services with the increased data usage in the mobile and fixed segments. The surge in demand, especially experienced in the usage of fixed broadband internet during the pandemic, has led global operators to pull forward scenarios of 100GB usage per person per month, with household data consumption amount per month reaching levels which can be measured in terabytes terms.

The rapid increase in smartphone penetration and expanding LTE coverage, along with increasing demand for mobile video and applications, are expected to be the most important factors affecting mobile data usage and revenue growth worldwide.

As pre-5G mobile network coverage continues to expand, mobile penetration rates are predicted to increase more rapidly in developing regions than in developed regions. Subscriber additions are expected to gain pace in developed markets such as South Korea, Asia-Pacific, North America and Europe, which had started their 5G commercial launches as of the end of 2018.

European operators, which have reached penetration rates above world average, are seeking to enter many new fields such as financial technology and content production. On the other hand, in emerging markets such as Latin America, the Middle East and Africa, higher revenue growth is predicted than in developed markets such as the Asia-Pacific.

Telecom revenues in Central and South Africa are predominantly growing in proportion to their economic growth. Telecom revenues are expected to record growth in the developing Asia-Pacific region, mainly due to rapid subscriber growth in the mobile sector. In Western Europe, North America and the developed Asia-Pacific regions, revenue and subscriber growths are expected to stagnate due to saturated penetration rates in the fixed and mobile services. Mobile data usage, an expanding LTE coverage and increased fixed broadband usage are supporting revenue growth in the Central and Eastern Europe, the Middle East and North Africa.

Türk Telekom provides high-capacity internet offers to increase household penetration and to encourage customers to use internet

Fixed broadband household penetration of Turkey, which is below the European average, increased from 47% from four years ago to 66% as of the third quarter of 2020 thanks to the initiatives taken by Türk Telekom. Türk Telekom maintains its goal of reaching to the European Union averages by increasing penetration to 75% levels.

New steps were taken with different speed and capacity options in the fixed broadband segment and positive results were obtained. Increasing the entry level speed from 8Mbps to 12Mbps significantly supported the Company's strategy of rolling out the uninterrupted and high-speed internet to a wider base.

"İnternet Bizden" (Internet on Us) campaign of Türk Telekom, which was launched at the wholesale level in April 2017 in order to increase internet usage and bridge the digital divide in the country, continued in 2020 as well. With demand being concentrated towards the high-speed packages, subscriber acquisition at the retail level in the İnternet Bizden (Internet on Us) campaign was discontinued in the last quarter of the year.

Taking the socioeconomic diversity of the country into account, by generating regional campaigns in order to meet customer needs, Türk Telekom presents special offers at discounted prices specifically for regions with low penetration. The high-speed unlimited internet offers that are customised with different packages support the growth in these regions.

TELECOM MARKET IN THE WORLD AND IN TURKEY

Fibre internet footprint is getting wider around the world and in Turkey

While the fibre internet has become more widespread in developed countries with the increase in demand for fast internet, Turkey continued to get fiberised under the leadership of Türk Telekom. The Company strengthened its leading position further, with its total fibre network reaching to 331 thousand km in 2020.

In Turkey, the number of fibre subscribers, which was 3.8 million as of the third quarter of 2020, has recorded double-digit growth over the last 3 years. There are 10.6 million xDSL subscribers and 1.2 million cable internet users in the market. With fixed broadband users consuming an average of 30GB of data per month in Turkey in 2013, data consumption reached 153GB in the third quarter of 2020. While in 2013, only around 20% of fixed broadband subscribers could access speeds of over 10Mbps, this proportion reached about 78% levels in the third quarter of 2020. (Source: ICTA)

The number of fixed broadband subscribers using Türk Telekom's infrastructure reached 13.4 million as of the end of 2020 (Q4'19: 11.4 million). Türk Telekom preserves its strategy of maintaining its market share in the fixed broadband market.

Fair usage quota (AKN) offers were removed in 2019 as a strategic and value-added step in Turkey. Türk Telekom also renewed its unlimited package portfolio in line with customer requirements and increased its high-capacity offerings. Excluding the Internet on Us subscribers, approximately 90% of new subscribers chose unlimited packages in 2020, with more than 60% switching to unlimited packages during the contract renewal period.

As high-speed internet grows around the world, fibre internet roll out is increasing in Turkey under the leadership of Türk Telekom

Fixed network investments, fibre and high-speed internet transformations and increased broadband household penetration have been the driving force of the growth in fixed broadband service revenues. Fixed broadband growth pace continues to increase in all around the world. The highest levels of fixed broadband household penetration are seen in developed countries with high-income and with high-speed next generation connection networks.

Hong Kong, Singapore and South Korea continue to lead in this area with fixed broadband household penetration of above 100%.

According to the European Union Digital Program which was announced within the framework of 2020 targets of the European Union, it is expected for 100% of the population to be able to access internet with a minimum speed of 30Mbps and 50% of the population to access a minimum speed of 100Mbps. The next generation access investments of the telecom operators in Europe are financed by government policies and EU funds.

EU-based operators target increased speeds and revenue growth in the fixed broadband segment with the digital program. FTTH/B (Fibre to the Home/Building) is predicted to be the most common technology in Central and Eastern Europe and the Asia-Pacific regions. The G-fast and VDSL technologies, which are common in the DSL network renewals in the Western Europe, especially in Germany and the UK, are expected to become more widespread, while in the USA, cable broadband solutions are expected to remain as the dominant access technology.

While the level of global competition in the broadband market is considered high, operators have been investing in infrastructure more rapidly than consumer demand can keep up in some regions, achieving increased speeds. The reduction in mobile broadband prices has further increased levels of competition in the fixed broadband market.

In Turkey, under the leadership of Türk Telekom, the number of households accessing fibre internet increased rapidly. As of the end of 2020, Türk Telekom owns by far the longest fibre infrastructure in the country with a fibre network extending to 331 thousand km (2019 YE: 304 thousand km). The total fibre length of alternative operators was 92 thousand km as of the third quarter of 2020. Türk Telekom connects its customers in all districts of Turkey's 81 provinces with high-speed internet, with its

5G launches continue to accelerate

5G tests and launches are being carried out rapidly by many operators around the world. Asian countries stand out with their rapid adaptation in this area.

fibre network accounting for approximately 78% of the fibre infrastructure in Turkey. (Source: the ICTA 3rd Quarter 2020 Market Data Report)

Infrastructure sharing and virtualisation models are becoming more widespread around the world due to their effect on increasing network quality and efficiency and at the same time reducing costs. Because of the infrastructure investment needs, which will increase with the transition to 5G, operators and countries have turned to different mobile infrastructure sharing models. After this orientation, while the operators have the opportunity to invest in strategic and high value-added areas thanks to the savings made, the incumbent operators are expected to increase their revenues.

Mobile revenues are growing on the back of an increasing number of subscribers, data usage and value-added services in the world and in Turkey

With the increase in the footprint of smartphones and the continued increase in the number of mobile subscribers, rising data demand and the transition from pre-paid lines to post-paid lines are expected to have a positive impact on mobile ARPU levels. The operators, which mainly concentrate on mobile segment, are projected to increase their revenues with innovative digital services while maintaining their existing customer base.

Subscriber numbers and revenues of the mobile operators are expected to grow in parallel with the expansion of the LTE coverage area and with increasing data usage due to services such as TV, gaming, music and the spread of smartphones at affordable prices. As of 2019, more than half of global mobile connections were using LTE technology, and it is projected that this rate will reach to at least 60% by 2023. (Source: GSMA-The GSM Association)

With the increasing mobile internet speeds in the world, mobile data usage is projected to increase 5.5 times by 2025. Mobile data consumption per user is expected to come close to 40GB in 2025, and the share of Mobile WiFi in total traffic is expected to rise to 13%. The share of 5G in total traffic is expected to rise to 50% levels by 2025. (Source: Analysys Mason)

As of the third quarter of 2020, there were a total of 82.8 million subscribers in the mobile market in Turkey. In the mobile market, where three operators provide services, as Türk Telekom, Turkcell and Vodafone, penetration on the basis of population exceeded 99%. (Source: the ICTA 3rd Quarter 2020 Market Data Report)

When the mobile market was analysed as of the third quarter of 2020, it was seen that Türk Telekom had a subscriber market share of 28%, Turkcell's market share was 41% and Vodafone had a market share of 31%. As of the third quarter of 2020, the rate of post-paid subscribers in the market had increased by 5 percentage points YoY to 64% with operators adopting a strategy to increase the share of the high ARPU post-paid subscribers in their total subscriber base. The fact that this rate is 70% in European countries indicates the growth potential of a higher ARPU post-paid subscriber base. (Source: the ICTA 3rd Quarter 2020 Market Data Report)

The average monthly data consumption per subscriber, which is one of the most important indicators of growth in the telecommunications sector, is increasing rapidly. Thanks to the LTE investments carried out, consumers can use applications which require high internet speeds and data usage at any time and in any place. In the third quarter of 2020, while monthly data consumption in the fixed broadband segment grew by 35% YoY and reached 153GB, monthly data consumption in the mobile segment grew by 45% YoY to 9.3GB levels.

TELECOM MARKET IN THE WORLD AND IN TURKEY

Global OTT players getting more powerful in TV

The OTT players, who have accelerated their strong growth in recent years during the pandemic period, continue to increase their market share and invest more in local content in regions with growth potential.

Some operators are forming new partnerships in order to offer high speed mobile broadband by using a part of their LTE spectrum in locations where there is no fixed broadband.

During the Covid-19 pandemic, mobile WiFi emerged as an alternative around the world, including Turkey. The fixed wireless access (FWA) product is expected to expand further with the roll out of 5G. The number of the 5G Mobile WiFi subscribers is projected to reach 5-10% levels of the number of fixed broadband subscriber in many countries, including countries such as USA, Germany, Turkey and Switzerland, by 2024. (Source: Analysys Mason)

5G technology, which has started to generate income, continues to grow its footprint

The digital transformation has already started in cities, industries and homes with the roll out of 5G technology in Asia, North America and Western Europe. Next generation technologies, such as the ones connecting billions of things to the internet, big data, virtual reality, augmented reality, artificial intelligence, machine learning and blockchain are expected to enter into daily life and make a difference to our lives, with the production and supply chain in the business world on course to become digitalised to a large extent.

5G tests and launches are being carried out rapidly by many operators around the world. Nearly 100 launches have been completed in 38 countries so far with operators preparing to commercially roll out their 5G services between 2021 and 2022. The scope of revenue growth areas, which had become increasingly sparse due to the high level of mobile penetration throughout Europe, is expected to widen especially in the corporate segment, with solutions to be offered on different platforms with 5G.

South Korea has been one of the fastest movers in this field, with the roll out of 5G, which had started in 2019, largely completed by the end of the second quarter of 2020, with 5G penetration reaching 11% level. Data usage in South Korea has increased by 65% since the transition to 5G, with a 30% increase in the mobile ARPU. (Source: Analysys Mason)

China is also progressing very fast in the field of 5G. China Mobile, the world's largest operator with about 1 billion users, reached 70 million active 5G users as of August. The company has a greater number of active 5G users than in all European countries put together, including the UK and Germany.

The data usage of 4.5G subscribers with SIM cards compatible with LTE services, stood at 11GB per month. (Source: the ICTA 3rd Quarter 2020 Market Data Report)

In addition to the trends towards high technology adaptation and consumption, the high proportion of the young population set a strong ground for opportunities in the sector to continue in the coming years as well.

The increased use of smart devices and the rise in mobile data usage on the back of increased LTE coverage is expected to continue in the coming period. With the increase in the number of connected devices, M2M revenues are projected to grow rapidly, thanks especially to the devices and applications dedicated to health, domestic safety, fleet and vehicle tracking. Türk Telekom, which strengthened its position with the 4.5G tender, stands out as the only operator with a wider share of the spectrum than its subscriber market share in its mobile services.

Mobile WiFi growth is expected to continue worldwide

In regions, where fixed broadband connectivity is weak due to inadequate infrastructure and access issues, demand for the mobile WiFi solutions, as an alternative to fixed broadband connectivity, is expected to accelerate globally.

25 billion IoT connections

The number of IoT connections which has been increasing rapidly, is projected to reach 25 billion by 2025.

Türk Telekom has strengthened its position as a leading integrated operator in Turkey with new subscriber additions, while continuing its 5G preparations by focusing on the country's technological and digital transformation. With its strong fibre infrastructure, Türk Telekom is the readiest operator to 5G in Turkey.

With the highest growth in the sector, Türk Telekom continued its fibre investments without a break after 2019. It increased its total fibre household coverage by approximately 5 million during 2020 to 26.8 million by the end of the year.

IPTV and OTT video services are expected to increase their weight in the Pay TV market

Satellite and cable technologies are currently the most common technologies in Pay TV services.

Global OTT players are expected to increase their market share as a result of investing more in local content in the regions with growth potential. OTT players, which have expanded their subscriber numbers and revenues during the pandemic, are expected to maintain this momentum in the coming years. The Analysys Mason report predicts that OTT revenues will increase by a further USD 8 billion annually worldwide in 2020. The increased market share and user loyalty in OTT services has made a reducing effect on revenues of the traditional Pay TV market. Moreover, the pandemic is expected to lead to a 3% YoY decline in revenues in the Pay TV market in 2020.

With the IPTV and OTT Video segments expected to be the main growth areas in the Pay TV market by 2023, telecom players are increasing their penetration with the IPTV technology in many countries.

In the global telecom market, the ratio of operators' Pay TV revenues within their total telecom service revenues is much higher than it is for operators in Turkey. Turkey's Pay TV household penetration rate, which is at 29%, is also below the world average. These two factors point to significant growth opportunities for Turkey.

DTH stands out as the most common TV technology in the Pay TV market in Turkey. While IPTV services are offered by Türk Telekom Tivibu and Turkcell TV+ in the Pay TV market, Türk Telekom maintains its position as the only telecom operator providing satellite platform services. Türksat is the only operator actively offering cable TV in Turkey.

As Turkey's first IPTV provider, Türk Telekom started to provide broadcasting services on its satellite platform in 2015 in order to reach wireless households. Türk Telekom, which aims to increase the penetration of Pay TV product, obtained a subscriber market share of 22% as of the third quarter of 2020. (Source: the ICTA 3rd Quarter 2020 Market Data Report)

Introduction of new technologies to SMEs created growth opportunities in the corporate segment

While the revenues of global telecom operators in their traditional products followed a horizontal course, revenues of services such as software, security, co-location, hosting and cloud services, whose importance is increasing day by day, are estimated to have grown by an average of 20% YoY in 2020. Leading operators are set to move their corporate services to cloud services, and make them more widely available for the access of small and medium-sized businesses. While global technology giants remain their leader position in co-location, hosting, cloud and security services, telecom operators continue to invest in growth opportunities.

TELECOM MARKET IN THE WORLD AND IN TURKEY

Virtual Reality and Augmented Reality

Virtual Reality (VR) and Augmented Reality (AR) applications have been used widely in recent years, but with the effect of the pandemic, the adaptation has been way faster than before.

The market size of the corporate segment is expected to grow with the surged demand for next generation access services with increased needs for uninterrupted and secure bandwidth, data localisation and cyber security of companies.

Digital transformation is playing a leading role in helping telecom operators increase customer satisfaction

Digital transformation is designed to increase efficiency in all areas of work processes, provide faster access and increase customer satisfaction. Operators are focused on rapidly implementing digital transformation by expanding their related infrastructures, improving their technology systems and user interfaces and enriching their portfolios with supporting products in order to provide an integrated, advanced and next generation customer experience in all aspects. Telecom players have started to roll out digital services with added value in their portfolios even more effectively in order to improve customer loyalty and satisfaction.

The strongest growth area in the field of the Internet of Things is expected to be in the automotive sector, smart cities and building services

The lion's share of the revenues of operators investing in various IoT solutions worldwide are derived from smart homes, smart vehicles, smart cities and smart factories. According to the GSMA report, the number of IoT connections is projected to triple and reach 25 billion by 2025, with revenues set to quadruple.

Globally, mobile operators aim to step up their ecosystem partnerships as well as network improvements in order to also become end-to-end solution providers for their customers in the field of IoT. The areas expected to exhibit the strongest growth in the coming period are connected cars, fleet management, smart buildings and healthcare.

Adaptation to Virtual Reality, Video Conferencing, Cyber Security and Digital Advertising technologies has accelerated

The concept of "social isolation", which became an essential part of preventing the spread of Covid-19, has led to changes in the ways of doing business, while teaching companies the culture of distance working. Video-conferencing and joint working practices have become crucial tools for individuals and companies as they carry out their work.

The new normal the world has met during the pandemic process, has enabled more people to test next generation technologies which go far beyond video and teleconferencing applications. Although the use of Virtual Reality (VR) and Augmented Reality (AR) applications had already been growing rapidly in the areas of shopping, entertainment, education and industry in recent years, the process of adaptation has significantly gained pace due to the outbreak of the pandemic.

While the surging digital adaptation with the pandemic has been increasing the use of data and the need for safe protection of these data, it also caused individuals and organisations prefer digital media when they want to promote their products and services. Fields such as Cyber Security and Digital Advertising, for which Türk Telekom has already been working on growth strategies and investing accordingly, offer significant growth potential.

* Sources of Analysys Mason, the OECD and the GSMA were used in compiling global telecom market data and the ICTA data was used with reference to Turkey.

TÜRK TELEKOM'S STRATEGIC PRIORITIES

While maintaining strong growth in its main business lines, **Türk Telekom has identified its strategic focus areas with the vision of taking advantage of the opportunities in new areas and maximising the customer experience.**

Leadership in digital and technological transformation

Carrying out its investments with determination, Türk Telekom continues to lead the digital and technological transformation of the country.

Türk Telekom's strategic focus areas in the process of integrating into the new normal with the goal of uninterrupted communication

Reviewing its assets, investment and product portfolio in accordance with the pandemic conditions, Türk Telekom also strives to take advantage of new opportunities. The provision of uninterrupted communication in this process is a national responsibility which is of strategically great importance for Türk Telekom. While maintaining its investments with determination to ensure that Turkey has fast and uninterrupted internet, the Company leads the country's digital and technological transformation.

In addition to the increase in demand for its key telecommunication products during the pandemic, Türk Telekom has effectively met growing demand in innovative areas such as customised enterprise solutions, online education, cyber security, cloud solutions, digital and online customer channels. This period was marked by an improvement in digital channels, and important innovations such as managing subscriptions through the e-government platform without the need to visit the dealers were also implemented.

Integrating its existing strategies into this extraordinary period, Türk Telekom will continue to meet Turkey's technological needs with its flexible and agile working model.

TÜRK TELEKOM'S STRATEGIC PRIORITIES

TÜRK TELEKOM'S STRATEGIC FOCUS AREAS

CORE SERVICES

Growth and digitalisation in the business lines

- Strong growth and leadership in retail and wholesale fixed broadband
- Provide high-quality and fast internet access nationwide by pioneering Turkey's fibre transformation
- Increase the number of access lines and expand household footprint
- Achieve fair market share in the mobile segment by encouraging data usage
- Journey to Turkey's leading digital TV/OTT platform with technological transformation and attractive content

CUSTOMER FOCUS

Redefining the customer experience

- A digital and end-to-end redesigned customer experience
- Develop customer-oriented, agile working models
- Provide personalised offers and content, in addition to digital products and services to enrich the customer experience

EFFICIENCY

Improving efficiency with digitalisation and new operational models

- Increase efficiency with digitalisation, virtualisation and new working models
- Disciplined management of capital expenditures by focusing on profitability
- Be ready for the technological transformation - 5G and next generation technologies

NEW INCOME AREAS

Growth in new areas supporting our main businesses

- TV/OTT and ICT/Cloud investments with high revenue potential to support the customer base
- Provide accessible cloud/ICT/IoT services for the digitalisation of companies
- Create added value with opportunistic initiatives

Strong and steady increase in fibre household coverage

As a result of Türk Telekom's investments, made with the awareness of its leading role in Turkey's fibre transformation, the number of homepass rose to 26.8 million in 2020, with an increase of approximately 5 million.

CORE SERVICES - Growth and digitalisation in the main business lines

Strong growth and leadership in retail and wholesale fixed broadband

Türk Telekom continues to grow strongly with infrastructure investments, an expanding coverage area, high internet speed, mobile applications requiring higher data usage and new revenue areas.

As a result of the increased need for internet with the vast implementation of distance learning and working models during the pandemic, Türk Telekom achieved a record increase in fixed broadband subscriber additions in 2020.

There is still significant growth potential in Turkey with low fixed broadband penetration compared with European countries. Accordingly, fixed broadband household penetration is expected to reach 75% in the medium term and to form a key plank of Türk Telekom's revenue growth.

Through penetration targeted campaigns at the retail and wholesale level, regional offers and affordable entry level campaigns, Türk Telekom aims to expand its subscriber base and increase penetration.

In a bid to attract customers seeking to enter the Internet at Home with affordable prices, and to increase the fixed broadband penetration in Turkey, Türk Telekom launched wholesale level its "Internet Bizden" (Internet on Us) and the retail level "Internetsiz Ev Kalmasın" (No Home without Internet) campaigns in 2017. Under Türk Telekom's leadership, fixed broadband household penetration has increased from 47% to 66% in the last four years. The transition of broadband customers gained through penetration campaigns to the premium packages, exceeded expectations and contributed significantly to growth.

Türk Telekom, which continued to expand its fixed broadband market in the fourth quarter of 2020, gained more than 2 million net subscribers annually, to reach a total of 13.4 million fixed broadband subscribers.

With the fair usage tariffs discontinued, about 90% of new subscribers opted for unlimited packages, while more than 60% chose unlimited packages during the re-contracting period.

In 2020, Türk Telekom updated its product portfolio with offers that will improve the customer experience, increasing its entry-level connection speed from 8Mbps to 12Mbps. In January 2021, the entry-level connection speed increased to 16 Mbps. With the effect of Covid-19, there was a significant change in customer behaviour. The internet usage of customers increased by approximately 46% in 2020 compared to the previous year, due to reasons like distance education, working at home, and spending more time at home.

Provide high-quality and high-speed internet access nationwide by pioneering Turkey's fibre transformation

Türk Telekom continues its network investments within the scope of its goals to provide high-quality and high-speed internet access, and increase the level of fibre transformation. In 2020, Türk Telekom pushed its fibre investments forward as high-speed, uninterrupted and secure communication became ever more important in the new normal of the pandemic.

Türk Telekom extended the length of its fibre infrastructure to 331 thousand km by the end of the 4th quarter of 2020 with new investments. It also increased fibre homepass approximately 5 million to 26.8 million in the same period.

Türk Telekom continued to be by far the leading player in the fibre subscriber market in 2020. 2020 was a year in which both high-speed and unlimited internet were rolled out to more new customers, thanks to Türk Telekom's widespread fibre infrastructure and unlimited internet package options.

TÜRK TELEKOM'S STRATEGIC PRIORITIES

Smart investments and effective strategies in mobile

Türk Telekom continues to grow stronger in the mobile market. As of the end of 2020, the number of post-paid subscribers increased by 8% year on year and reached 14.8 million.

By the end of 2020, the number of Türk Telekom fibre subscribers increased by approximately 2 million compared to the end of 2019 and reached 6.2 million. This increase was recorded as the highest subscriber addition on an annual basis in the history of the company.

Increase the number of access lines and establish a subscription relation with households

Türk Telekom aims to increase the number of household coverage and speed levels on the fixed broadband side, as well as to prevent access line loss by providing offers enriched with fixed voice products. Together with its multi-play package offer strategy, the Company aims to maintain the number of access lines and increase it in the long term.

Türk Telekom increased its total number of fixed voice subscribers by 6% to 10.6 million by the end of 2020, in contrast with global trends. With the inclusion of naked DSL lines, the total number of access lines increased to 16.3 million, and the total access line net subscriber addition stood at 1.7 million.

Türk Telekom reduced the risk of subscription cancellation by differentiating contract periods and prices by the customer groups and improving customer loyalty. The Company targets revenue growth through the continuation of migration to premium tariffs and price adjustments.

Achieve fair market share in the mobile segment by encouraging data usage

Türk Telekom aims to strengthen its position in the market by improving its network and service quality with its mobile frequencies and strong mobile infrastructure integrated with its fibre, and through investments.

Due to the pandemic, the prominence of isolation and decrease in mobility has caused the mobile activation market to contract in the second quarter of the year and subscriber gains to show a different trend compared to the previous periods. In this process, Türk Telekom's mobile subscriber gains slowed while the share of the post-paid subscribers with high ARPU increased. In 2020, while the level of competition was high in terms of new customer acquisition in the mobile market, Türk Telekom aimed to increase subscriber acquisition and improve its infrastructure and services with a value-oriented approach rather than an aggressive pricing strategy.

Mobility and mobile data usage are expected to increase with normalisation in the coming period. Türk Telekom will continue its core network investments to increase capacity and service quality and to be ready for 5G. Having a strong position in the market as an integrated telecom operator, the Company maintains its commitment to increase its market share while creating balanced and sustainable growth in the mobile segment.

Türk Telekom is focused on increasing the rate of post-paid customers in order to lift the ARPU to higher levels. In line with this goal, the number of post-paid subscribers increased by 8% year on year, reaching 14.8 million, while the total number of mobile subscribers was 23.2 million as of the end of 2020.

While Türk Telekom's mobile LTE population coverage rate reached 94% at the end of 2020, share of the LTE subscribers in total subscribers rose to 61%, increasing by 6% compared to the same period of the previous year.

Türk Telekom aims to use its value-added services more effectively in order to improve customer loyalty and satisfaction. The Company continues to improve its customer experience, while strengthening customer loyalty with value-added services such as Muud (music), Playstore (games), e-Dergi (digital publisher) and Tivibu GO.

ICT product portfolio has been diversified

In 2020, Türk Telekom continued to offer its data centre products and Turkey's richest solutions portfolio with a customer-oriented approach.

Journey to Turkey's leading digital TV/OTT platform with the technological transformation and attractive content

The ratio of Pay TV revenues to total service revenues of global telecom operators is well above Turkey, and Pay TV penetration in Turkey is well below the global average. These two factors point to significant growth opportunities for Turkey.

According to figures released by the Information and Communication Technologies Authority (ICTA), approximately 20% of households in Turkey use Pay TV via satellite, while approximately 70% opt to view free channels via satellite.

Türk Telekom aims to expand the Pay TV market in Turkey, become the best TV platform in Turkey and continue to grow by offering the best content with collaborations.

NEW INCOME AREAS - Growth in new areas supporting our main businesses

TV/OTT and ICT/cloud investments with high revenue potential to support the customer base

In addition to the telecom operators, OTT service providers are also key players in the distribution of content over the internet. In the Turkish market, telecommunications companies have begun to develop their own content, messaging and social media applications or to cooperate with OTT companies. In line with these developments, Türk

Telekom aims to achieve a better OTT experience with quality content by taking advantage of network ownership and scale in order to optimise quality and scope.

In this context, Türk Telekom creates new areas of revenue generation by diversifying its ICT product portfolio, and enhances customer loyalty. In 2020, with data centre products, Türk Telekom continued to offer Turkey's most extensive solution portfolio with a customer-oriented approach, and brought e-commerce companies throughout the country to its customer portfolio in the field of data centre services.

With its Cyber Security Centre, Türk Telekom meets the cyber security needs of both its customers and the Group by offering end-to-end solutions at global standards and ensures the continuity of uninterrupted access.

Türk Telekom aims to increase cross-selling and customer loyalty and accelerate the digital transformation by developing innovative digital services as well as basic services for individual customers. The Company has made several innovations in areas that offer high revenue potential, such as the following digital products in consumer segment products.

- Communication with Laff and Tambu
- Efficiency and security with McAfee, Fintech TT Ödeme (TT Payment)
- Education with Vitamin, Raunt, TT Academy
- Media with Tivibu, Muud, E-Dergi
- Consumer cloud products with Dijital Depo

Provide accessible cloud/ICT/IoT services for the digitalisation of companies

In the digitalisation process, which has taken on ever greater importance with the pandemic, Türk Telekom aims to increase its revenues by concentrating on Smart Vehicles, Smart Home/Building, Smart Cities and Industry 4.0, which stand out among the IoT verticals.

In line with this goal, Türk Telekom is working to create a strong ecosystem, where all vehicle-related needs from telemetry to entertainment, from fuel oil and to repair will be met by a single point.

The Company also aims to offer more safety, comfort and savings by collaborating with alarm monitoring, assistance and insurance companies in order to make living spaces smarter.

TÜRK TELEKOM'S STRATEGIC PRIORITIES

Customer Focus

Türk Telekom is also working to maximise the customer experience in digital fields, while aiming to improve the customer experience in all areas by developing service and products which bring ease to the lives of its customers.

Seeking to roll out the smart city solutions projects conducted in 9 provinces with the new additions of Kütahya, Elazığ and Denizli provinces throughout Turkey and provide income diversity with strong solution partnerships, Türk Telekom plans to grow its revenues with sector-specific infrastructure offerings and strategic partnerships with specialised companies. As a pioneer in the field of smart cities, Türk Telekom invests in the ecologies which will support the construction of sustainable and efficient cities with a high quality of life. The Company addresses next generation city technologies under the headings of transportation, safety, energy, health, environment and life.

Türk Telekom is working towards expanding its product and business partnerships by prioritising the digitalisation of SMEs in the corporate segment. The Company develops online management products on the bundle sales, payment, accounting and advertising platforms for SMEs to carry out their businesses online in the process which has gained momentum during the pandemic. Among the products in this scope, "Wix ile Online Ol" (Go Online with Wix) and "İşini Online'da Yönet" (Manage Your Business Online) focus on the e-invoice, e-ledger, e-archive, e-fax, e-mail and online accounting areas, while "Programattik" focuses on online advertising.

In line with the need for different working models brought by the pandemic that affects the whole world, the integration of robotic processes and desktop automation

systems of companies is aimed with the goal of efficient use of human resources and budgets. In line with this goal, pioneering steps have been taken to carry out many of the daily operations on digital platforms and to provide their controls.

Türk Telekom aims to provide more accessible cloud/ ICT services for all companies by focusing on the cloud and ICT ecosystem together with its subsidiary, Innova, and to achieve revenue growth by increasing segment penetration.

Türk Telekom aims to create a partner ecosystem with a wide portfolio specialised in various verticals in the corporate and public fields. The company expects a more efficient and dynamic platform to be created for all in this ecosystem.

Create added value with opportunistic initiatives

Founding the Ventures Project Development Company in 2018, Türk Telekom aims to help start-up and scale-up ventures achieve their long-term business goals, to support their growth and to develop projects. With this initiative, the Company focuses on the investments which will generate additional value by building the companies that will benefit large audiences and support core business lines in sectors such as healthcare, energy, education, artificial intelligence, the IoT and ICT.

Türk Telekom invested in Virasoft, which is Turkey's only domestic initiative in the field of digital pathology, standing out with its artificial intelligence-based software and communication systems developed in 2020. By investing in such innovative products in the digital healthcare sector, which is one of its areas of focus, the Company aims to both benefit the country's economy and create synergies with its current main business lines and products.

With social media turning into a very important communication and perception management tool today, it has become the main way of reaching the masses easily and quickly. Türk Telekom's social media platform, Yaay, has made a strong entrance to social media platforms as a domestic and national application.

Türk Telekom's venture acceleration program, PİLOT, launched with the goal of supporting entrepreneurship in Turkey, developing the digital ecosystem and transforming innovative ideas into businesses which will provide added value, continued in 2020. Türk Telekom has provided more than TL 5.2 million cash support to 73 ventures which have graduated from the program, which completed its 8th term in 2020.

Efficiency

Growth in efficiency will continue with digitalisation and new operational models.

CUSTOMER FOCUS - Redefining customer experience

A digital and end-to-end redesigned customer experience

Türk Telekom aims to achieve increased efficiency by providing its customers with a flawless end-to-end channel experience with the improvements carried out in the sales and customer services channels.

The Türk Telekom Office Channel is gradually increasing its ownership of a wide network and domain throughout the country. In order for the channel to focus on efficiency by making more sales at a lower cost, the processes of performance and premium systems were harmonised. Thus, all employees in the office channel were directed towards the same goals.

While simplification and optimisation continued in the dealer channels, offices and call centres, increased efficiency was also achieved in the retail exclusive dealer channel and wholesale channel. Costs were reduced by improving the use of the digital channel at the call centres and increasing the automation of processes.

The dealer premium system has been restructured to guarantee more effective management of dealer sales. In the Türk Telekom Exclusive Sales Channel (TTM), a transition to a performance-oriented premium system was carried out with the goal of increasing efficiency.

By optimising the Sales and Customer Service channels, Türk Telekom aims to reduce customer acquisition and retention costs. To this end, Türk Telekom addresses robotic process automation opportunities more comprehensively to improve the efficiency of its processes, primarily in the Finance, Customer Services and Call Centre functions.

Develop customer-oriented, agile working models

Prioritising customer processes in the face-to-face and digital channels, Türk Telekom carries out continuous and sustainable improvements in the field of operational efficiency with the projects it has undertaken.

The impacts of the pandemic have rendered the dissemination of digital channels more critical. By taking into account the priority of competitive customer experience in the field of customer experience, Türk Telekom continued its efforts for end-to-end improvement of the pre and post-sales processes, starting with basic services. Offered by the Company in line with the needs and expectations of its customers with the aim of maximising the customer experience in the digital fields, the Online İşlemler application serves with its new functions, exclusive advantages for digital channel, a renewed user-friendly interface and simplified user login.

The "Unified Online Transactions", the first digital joint online transactions channel that combines mobile, Internet at home, home phone (fixed voice) and TV products merge under the vision of "Single Channel, Single Login", was launched and started to serve customers through a single digital channel.

Within the scope of digitalisation for the face-to-face channels, subscription procedures with no paperwork were implemented in exclusive and semi-exclusive channels. In 2020, the process of subscribing over the internet was also improved.

Within the framework of Türk Telekom's customer satisfaction-oriented and differentiated service understanding, the after-sales needs of customers were met through the customer representative assigned in the corporate customer service call centre channel and the corporate customer service personnel in the face-to-face channel.

TÜRK TELEKOM'S STRATEGIC PRIORITIES

5G and next generation technologies

Türk Telekom is accelerating the work required for 5G in order to respond to customers' growing connectivity needs in the most effective manner and to use existing assets more effectively.

Provide customised offers and content, in addition to digital products and services to enrich the customer experience

Türk Telekom has determined areas of focus in order to maximise the customer experience in digital fields. As an integrated operator, Türk Telekom, which has enhanced the customer experience with customised offers and synergy campaigns, prevented capacity problems in communication by offering the "Wi-Fi Call" service, which allows calls to be made and SMS texts to be sent over WiFi.

Focusing on the end-to-end digitalisation of the consumer and corporate customer experience, Türk Telekom focuses on issues such as effective customer management in channels, holistic channel, social media customer relationship management integration and artificial intelligence in the consumer segment. In the corporate segment, the Company has focused on system automation, data quality and reporting, renewal of digital channels and redesign of service contracts in line with customer needs.

EFFICIENCY - Improving efficiency with digitalisation and new operational models

Increase efficiency with digitalisation, virtualisation and new working models

While the ways of doing business have changed rapidly in the changing and digitalising world order, Türk Telekom aims to ensure that the digital transformation is achieved

through the entire value chain. Türk Telekom is diversifying its technology, marketing, branding and communication, sales and customer services processes by end-to-end improvement.

Türk Telekom is carrying out comprehensive work for the following areas with the goal of realising the digital transformation.

- Digitalising customer processes,
- Ensuring an increase in operational efficiency,
- Developing innovative digital products which complement the basic services, and to offer them to the market,
- Contributing to the digital transformation of customers and the telecom ecosystem.

Türk Telekom aims to achieve significant savings with its vision of digitalisation and virtualisation in the Network and Information Technologies infrastructure. The company plans to reduce costs and achieve permanent savings through actions such as improving automation and resource usage - an area which met increased demand with the pandemic, reducing manual intervention, establishing the 5G base station with a goal reducing maintenance, rent and energy costs, simplifying and consolidating IT systems and switching from external resources to internal resources.

Disciplined management of capital expenditures by focusing on profitability

Türk Telekom, which aims to utilise its existing assets more efficiently and generate more value with the investments it undertakes through the disciplined management of investment expenditures, manages its expenditures in line with its revenues.

In the area of fixed access, the Company is prioritising its investments in new residential areas and in the regions where there is a high level of competition. Costs were reduced through the use of switch and service buildings which have been automated in line with the centralisation and new technologies, in accordance with the needs of the Headquarters and the region.

Türk Telekom aims to provide synergies by combining fixed and mobile regional field services. Savings are achieved through the use of switch and service buildings, the automation of which has increased through centralisation and new technologies, in line with the needs of the Headquarters and the region.

Digital Portfolio

Türk Telekom continues its investments in order to offer solutions in new business areas and needs that arise with digitalisation, along with the digital portfolio it offers and the one that will be newly developed.

Be ready for the technological transformation - 5G and next generation technologies

In order to provide a faster service and competitive customer experience to customers, Türk Telekom works on enabling lean technologies and developing SDN (Software Defined Networks)/NFV (Virtualisation of Network Functions) technologies. The Company is also extensively continuing its work on SEBA (SDN Enabled Broadband Access).

With automation, convergence and virtualisation initiatives, Türk Telekom envisages to improve its technological competencies and moving to a more agile and efficient network structure in parallel with these developments.

Türk Telekom is accelerating the work required for 5G in order to respond to customers' growing connectivity needs in the most effective manner and to use existing assets more effectively. With its participation in 5G PPP and ONF (Open Network Foundation) platforms, the Company works with global players as part of the development of 5G activities and the establishment of standards.

Digital strategy and transformation in Türk Telekom

Türk Telekom continues its efforts to meet all the basic and developing needs of its customers in the consumer and corporate segments regarding communication technologies in the most appropriate, most secure, fastest way and with high experience quality within the framework of changing market and requirements.

The Company continues its investments in order to offer solutions to its customers and the country, not only in the core telecom services layer and centralised structure, but also in new business areas and needs that arise with digitalisation, with the digital portfolio it offers and the one that will be newly developed. These investments are important for the growth of the local technology

ecosystem and for maintaining strategic national priorities. With the new digital services added to its consumer and corporate portfolio, Türk Telekom enriches usage experience of individuals in digital environments, while providing technology and content support for corporations to carry their existing businesses to digital platforms and reach more customers effectively.

The Company, the largest investor and supporter of digital transformation in Turkey with its digital products and services, aims to support the national economy by increasing its financial performance with its basic and developing digital portfolio.

Türk Telekom continues its activities within the scope of its digital transformation strategy with two different focuses: to achieve digital transformation in line with the commercial and national goals of the Company, accompanied by operational efficiency, organisational development and excellence in customer experience, and to offer differentiated digital products and services in both consumer and corporate categories.

Digital Transformation

Turkey's flagship in the field of technology, Türk Telekom has successfully implemented many initiatives in order to lead the digital transformation of the country and to ensure the internal digital transformation of the Company, in addition to its investments in technology and communication infrastructure. Digital channels, customer experience, big data and analytics as well as agile organisational transformation have been determined as the main themes of 2020 within this scope.

TÜRK TELEKOM'S STRATEGIC PRIORITIES

Agile Organisation

Türk Telekom prioritises agile organisational and operational transformation with the aim of bringing innovations in technology to our country quickly and effectively.

Digital channels and digital customer experience

Türk Telekom has made a significant improvement in the field of customer experience with the activities it has carried out in user interface and customer lifecycle phases of digital channels, the importance of which has emerged once again with the Covid-19 pandemic affecting the year 2020. As can be seen in the statistics of active single user and number of visits in the web and mobile Online Transaction Centre platforms, customers migrated to digital channels and used them more actively. In addition, implementing co-marketing strategies through different channels (digital and physical), the Company, develops targeted solutions by using today's technologies such as artificial intelligence in order to achieve excellence in customer experience on the digital platform and to have effective complaint management.

Big Data and Analytics

Türk Telekom carries out activities for data processing platform infrastructure, in line with the importance of big data-focused analytics transformation for Turkey and the

Company. Within this scope, end-to-end development of marketing and operation processes continues by identifying variable areas of use in the focus of excellence

in customer experience and operational efficiency. Furthermore, the Company has launched efforts to generate income by developing sector-leading innovative products and services in Turkey and in the global markets, with the insight derived from big data.

Agile Transformation of Organisation

Türk Telekom has prioritised agile organisational and operational transformation, and established pilot work teams in selected areas such as technology and digital product development, with the aim of bringing innovations in technology to our country quickly and effectively. The Company planned to change the culture in accordance with the digital age and to improve the processes in all main and support functions.

RPA RDA Operational Transformation (Robotic Process Automation/Robotic Desktop Automation)

Türk Telekom completed the integration of robotic process and desktop automation systems in line with the need for different working models brought by the pandemic, which has been effective all over the world since the beginning of the year, in order to use human resources and budget effectively and efficiently within the organisation. The Company also ensured that repetitive and resource-intensive operations are carried out and controlled in digital environments.

MARKETING ACTIVITIES

Türk Telekom, which notched up another success story in 2020, in a year when challenges and opportunities were intertwined, **increased its total subscriber base by 5% to above 50 million.**

Contribution to the growth of the market

Türk Telekom became the operator that contributed the most to the growth of the market in 2020 with its sales and operations network spreading throughout the country and its breakthroughs in fibre transformation.

Türk Telekom stood by the nation and all of its customers with its motto of "Makes You Feel Valuable". While continuing to rapidly fiberize all corners of Turkey, Türk Telekom expanded its leader position in fibre towards 5G and digitalisation.

Having connected almost half of its base stations with fibre, and by being the readiest operator to 5G, Türk Telekom has been carrying out its new investments with this perspective.

The effects of Covid-19 pandemic on the telecommunications industry will have a critical bearing in determining the course of trends for both 2020 and the future.

The Company met the needs of its customers by taking timely and correct actions in this period, when the requirements in the field of digitalisation have been changing and gaining momentum with each passing day.

With record breaking figures in fixed internet sales, Türk Telekom became the operator to contribute the most to market's growth in 2020 with its nationwide sales and operations network and its breakthroughs in the field of fibre transformation.

Increasing demand for fixed internet has supported fixed voice (WLR-Wholesale Line Rental) sales. Restrictions, travel bans and increased competition have been the factors putting pressure on the mobile market during the pandemic. Despite these negative effects, Türk Telekom succeeded in growing its mobile subscriber base within this year as well.

As the second player in the TV market the Company continued to meet the demands of its customers by adopting a value-oriented service policy along with attractive content and user experience featuring a range of technological specifications.

Consumer Marketing Activities

Putting high speed into focus was set as the main goal in the fixed broadband segment

In the fight against the pandemic, the impact of which was seen in Turkey like in the rest of world starting from the first quarter of 2020, Türk Telekom set its priorities in each area it serves. The Company's main priority in terms of fixed internet is to meet the need for home internet, which has

MARKETING ACTIVITIES

A focus on high speed

Focusing all of its revenue management activities on higher speed connections, Türk Telekom recorded an 18% YoY growth in its fixed broadband subscriber base in 2020.

become even more vital, and coordinate the infrastructure, installation and connection services in a way to be able to respond to all home internet demands.

During this period, Türk Telekom gained more than 2 million new fixed broadband subscribers. The fibre infrastructure continued to grow unabated, and Türk Telekom's leadership in the fibre internet segment continued in 2020 as well.

While accelerating the infrastructure work to meet the need for home internet, Türk Telekom also took upon the mission of increasing Turkey's internet speed.

In the mobile market, mobility decreased due to the measures taken during the pandemic period. The mobile subscriber base recorded a relatively limited increase throughout 2020 when compared to previous years lacking the pandemic effect.

Türk Telekom's market share in the Pay TV segment, which had stood at 18% at the end of 2017, reached 22% as of the end of the third quarter of 2020, while Tivibu Home maintained its position as the second player in the Pay TV market in 2020. Türk Telekom achieved an 18% YoY ARPU increase in 2020 by implementing the actions that are focused on creating value.

Internet at Home

The outbreak of Covid-19 has brought about a substantial shift in customer behaviour. There was a significant surge in customers' internet usage in 2020 compared to the previous year on the back of factors such as distance learning, working from home and spending more time at home.

Throughout 2020, Türk Telekom's total network traffic increased by 81% when compared to the previous year. In addition to data download, there was an increase in data upload as well in parallel with the usage trends during the

pandemic. During this period, Türk Telekom's first priority was to meet the increasing need for communication and ensure its continuity. The Company ended the 8Mbps package offering in April in line with the rollout of fast internet, which emerged as the most important customer need due to the shift in working and education conditions during the pandemic, and raised its lowest entry-level speed to 12Mbps in new sales.

Türk Telekom continued its efforts to expand its widespread fibre infrastructure in order to offer fast internet to its customers. In 2020, the fibre homepass increased by approximately 5 million and exceeded 26.8 million. The length of the fibre network covering Turkey's 81 provinces reached 331 thousand km by the end of the year. Türk Telekom carried out regional campaigns offering fast and unlimited internet in order to support internet ownership in districts with low penetration. Moreover, the increased need for internet during the pandemic period tended to result in very low cancellation rates.

Türk Telekom has turned the customer experience into its primary focus by working on every detail in order to provide better service to meet the increased need for internet usage from its current customers in line with the needs of the pandemic period. At the same time, the Company stepped up its efforts in market research in order to better understand customer motivations of the period and to meet their everyday life needs.

Türk Telekom strengthened its field operation teams and increased the number of transactions that can be carried out through digital channels in order to meet the intensive demands to prevent interruption to education and communication, and to avoid negative impacts on day-to-day routine of its customers.

Türk Telekom has improved the customer experience through the products and solutions needed by its customers with the rich product portfolio that it owns as an integrated operator. The Company contributed different needs of its customers by coupling its multi-play offers with internet at home. In 2020, more than 2 million new subscribers have met with Türk Telekom and millions of Türk Telekom customers switched to high-speed packages, thus enabling the Company to achieve significant revenue growth.

The pandemic brought about a significant change in customer behaviour. Türk Telekom focused on "High Speed Internet" in the second half of the year in order to provide a better experience to its customers with the increase in internet usage. The Company updated its new acquisition portfolio in line with its high-speed strategy and adopted this strategy in all its sales channels. As a result of these actions, the share of new acquisitions in high-speed connections, increased from 10% at the beginning of the year to 40%.

Internet with Tivibu

The Internet with Tivibu Campaign aims to maximise both speed and the TV experience with its structure which encourages premium packages in Tivibu.

Following a similar approach in its current customer strategy and focusing all revenue management activities on high speed, Türk Telekom expanded its fixed broadband subscriber base by 18% in 2020. In this context, the rate of switching to packages with speeds of over 24Mbps increased significantly compared to the previous year.

Turkey's fibre strength is growing with Türk Telekom

Türk Telekom's total number of fixed broadband subscribers reached 13.4 million as of the end of 2020. The fibre subscriber base accounted for 46% of the total base, increasing by 47% YoY to reach 6.2 million. Fixed broadband ARPU growth remained strong in the last quarter of the year, with ARPU increasing by 14% on an annual basis in the entire 2020. In 2020, consolidated fixed broadband revenues increased by 25% YoY to reach TL 8.3 billion.

The fibre offer portfolio was updated throughout the year by taking customer needs into account. Fibre internet sales were encouraged by working in coordination with all sales channels on fibre infrastructure and high-speed internet sales. Customers with appropriate infrastructure were informed in order to accelerate subscribers' transition to fibre packages. While only fibre communication was included in the mass campaigns, regional communication activities were carried out to increase fibre awareness as well.

In addition to new sales activities to support the acquisition of fibre subscribers, Türk Telekom initiated transformation efforts by conducting process improvements for the transition of existing customers with up-to-date infrastructure to fibre internet packages. In this context, the Company put its fibre transformation field team into action to execute the transition to fibre-optic

internet for its customers, primarily in big cities. In new sales, as of the fourth quarter, only fibre sales started to be offered to customers, where their infrastructure allowed.

As the fibre powerhouse of Turkey, Türk Telekom continued to offer Tivibulu Internet (Internet with Tivibu) campaign, which enhances the enjoyment of watching television at home with the Internet at Home and technological features in 2020. The campaign aims to maximize both the speed and TV experience with its high speed in the Internet at Home and its structure that encourages top packages in Tivibu. On the other hand, for the customers, who want to maintain uninterrupted communication at home, the home telephone and wireless device campaign continued in addition to the Internet at Home service. During this period, the share of multi-play offers in the new acquisitions increased to 10%.

During the pandemic, the trend towards digital platforms has increased with the effect of consumers being at home. Continuing its investments with its focus on digitalisation for many years, Türk Telekom provided end-to-end activation from the digital platform for those who want to become new customers. At the same time, the Company continued to provide services to its existing customers through the Türk Telekom Online İşlemler application, where customers may quickly perform a wide range of transactions such as package renewal, invoice tracking and payment.



MARKETING ACTIVITIES

6.2 million fibre subscribers

Extending its fibre network to 331 thousand km across the country, Türk Telekom maintained its market leader position with 6.2 million fibre subscribers in 2020.

Turkey's fixed broadband penetration is rising under the leadership of Türk Telekom

Aiming to acquire customers looking for an Internet at Home package at an affordable price and those with limited Internet at Home needs, and also to increase penetration in the country, Türk Telekom launched its "Internet Bizden (Internet on Us)" campaign at the wholesale level and the "Internetsiz Ev Kalmasın (No Home without Internet)" campaign at the retail level in April 2017. The campaigns continued to be highly popular among new customers in their 4th year.

Bringing internet access to more than a million households on its 4th year with this project, Türk Telekom ended the offer in the end of third quarter of 2020 due to the need for high tech services brought about by increased internet usage.

The broadband household penetration rate in Turkey rose to the 66% according to the Market Data Report for the 3rd quarter of 2020 announced by the Information and Communication Technologies Authority (ICTA). In addition to the ongoing developments which highlighted the need for the internet, such as working from home and online education with the pandemic, which broke out in the first quarter of 2020, the increase in penetration, which has gained momentum over previous years, was also effective in this trend.

Türk Telekom made upsells to 40% of its customers it acquired with this offer in 2020, improving their internet experience and increasing its commercial value.

Türk Telekom greets its new customers with digital services

Türk Telekom, fibre powerhouse of Turkey has been launching tailor-made offers with segmentation efforts conducted in line with customer needs and expectations. During the pandemic, the Company supported the families and students through the Digital Education campaign, which contributes to the development of students so they can continue their education from home, while also considering family budgets. Türk Telekom also launched Üniversitelinin İnternet Kampanyası (Internet of University Students Campaign) for university students, which along with the high-speed internet, was enriched with relevant content to meet the entertainment and learning needs of university students, and which aims to support the distance learning process.

The new normal has also led to a change in working needs and habits of companies and employees, and many companies switched to a working from home model. Türk Telekom addressed the internet needs of the employees working from home and launched its "My Office is at My Home" campaign for new and existing customers. This campaign offered employees the opportunity to use Türk Telekom's Digital Services for their development needs, as well as providing the opportunity for online shopping for their home office needs through e-commerce. By taking into account the individual entrepreneurs who are at home, monitoring business opportunities and seeking to be involved in e-commerce, Türk Telekom also launched the "Destekleyen Kampanya" (Supporting Campaign) specifically for this audience. By launching the "Evde Girişimci" (Entrepreneur at Home) campaign, Türk Telekom has been able to meet the needs of individual customers' initiatives with its fast and easy website set-up service, and their development needs with training services.

Continued growth in the mobile segment despite pandemic challenges

As in many other industries, Covid-19 had negative effects on the mobile market as well in 2020. The increased amount of time spent at home during the pandemic, together with the combination of working from home and online schooling, travel restrictions, limited flights and shrinking national and international tourism reduced activity in the mobile market. This adverse situation experienced on a global scale is expected to remain behind with the normalisation in 2021.

Increasing its self-confidence with its investments that it has undertaken in its infrastructure and service quality, Türk Telekom aims to sustain its growth with its value-oriented approach in 2021 as well.

Despite the negative effects of Covid-19 on the mobile market, Türk Telekom's mobile subscriber growth and its ARPU increase continued. In 2020, the number of

A renewed "Prime" portfolio

With the renewed "Prime" portfolio, the internet quotas within the tariffs were raised up to 40GB and also enriched with digital content.

its subscribers reached 23.2 million with 240 thousand annual net addition. Blended ARPU grew by 7%. Mobile revenues increased by 11% YoY and reached TL 10 billion in 2020.

In the first half of 2020, the mobile activation market was affected by intense price competition. As of the beginning of the second half of the year, all operators started to raise the prices of their new customer acquisition offers. Even though the competitors took new actions to reduce prices during the rest of the year, Türk Telekom carefully refrained from creating a new price-based competition environment by not responding to these actions.

In 2020, mobile subscribers continued to increase their ownership of LTE SIM cards and devices supporting this technology. The number of subscribers actively using LTE service increased by 12% compared to the previous year.

In 2020, Türk Telekom's main priorities were to undertake investments in its mobile network and to reinforce customers' perception of the network quality, to focus on the value gain performance rather than quantity, to use customer analytics more intensively and to maintain and step up its focus on digitalisation.

In line with these priorities, Türk Telekom launched a new image communication which emphasised the network investments in mobile and the improvements in network quality over the last 2 years.

Türk Telekom completely renewed its Prime tariff portfolio in order to create more value. With the renewed Prime portfolio, the internet quota within the tariffs were expanded up to 40GB and the tariffs were enriched with digital content. This way, the share of Prime tariffs in postpaid activation, which had stood at 25% in 2019, rose to 32% in 2020.

With Selfy, high data offers, enriched with digital content which intends to meet the needs of young customers were offered. With these efforts, the average monthly data usage of Selfy subscribers increased from 8.5GB in 2019 to 11.3GB in 2020.

The importance and use of digital channels increased during the pandemic period. In order to increase sales and revenues on digital channels, additional new packages specific to the digital channel were launched. Regular communication was carried out on digital media in order to direct customers to online activation. Customer interaction has been sustained with the digital application by offering prizes every week through the loyalty campaign Sil Süpür.

Thanks to the development of customer analytics models, Türk Telekom started to manage its existing customer base much more efficiently. The average uploading amount for downloads increased by 16% YoY. The Company's new upsell strategy, which offers customers higher GB quotas at affordable additional prices, encouraged customers to load higher volumes. The number of consumer segment postpaid customers switching to higher price tariffs increased by 22% YoY, with the number of additional internet packages sold to postpaid customers increasing by 23% YoY.

In line with the strategy of increasing the ratio of postpaid customers, the postpaid customer base grew by 1.1 million in 2020, accounting for 64% of all subscribers. The growth in the number of postpaid subscribers was also affected by switches from prepaid lines to postpaid lines. Türk Telekom designed new offers to satisfy the reservations of prepaid customers such as package overruns and commitments and to meet their expectations such as regular free internet campaign gifts. The Company launched Aşmayan Tarife (No Exceed Tariffs) which do not exceed package quotas, tariffs which do not impose cancellation fees for the first 3 months of the contract, and tariffs which offer the guarantee of free internet gifts from Sil Süpür every week.

Türk Telekom put new initiatives into effect to support communication needs of customers during the pandemic. In order to support the continuation of education from home, the Company gave a monthly 8GB internet quota for students and teachers for the Education Informatics Network (EBA), the digital education platform of the Ministry of National Education. The company provided 500 free minutes of calls to all directions for the fixed voice customers over the age of 65. It also gave 500 free minutes of calls and 5GB data to healthcare personnel, and 10,000 free minutes of calls to employees of the Family Health Centre for 2 months. The company also provided a gift of 15,000 free minutes and 5GB of data for the Health Centre field workers for 3 months. In the month of Ramadan, it awarded 1GB of data as a gift to all its customers for 1 month.

MARKETING ACTIVITIES

The eSIM era begins

With Türk Telekom's rollout of the domestic digital sim card, the eSIM, Turkey became one of the four countries producing the eSIM technology by using 100% domestic technology.

With its value-oriented approach, Türk Telekom will focus on creating healthy ARPU and revenue growth by making greater use of upselling and cross selling opportunities in 2021. The Company will focus on its efforts to step up the pace of valuable customer acquisition and retention performance by continuing network investments and communications, repositioning of sub-brands and diversifying the benefits offered to the customers with digital products and value-added services.

Collaborations also continue to contribute to mobile subscriber growth

Türk Telekom continues to grow with the mobile collaborations it enters into with companies and institutions which are pioneers in their industries. The Company addresses the mobile communication needs of its customers in different segments with the BIMcell, Pttcell, Teknosacell and Vestelcell brands. Within the scope of the ongoing cooperation with BIMcell since 2012, simple and affordable prepaid tariffs and packages continued to be offered to customers in BIM stores throughout 2020.

Pttcell, which was initiated as a collaboration between PTT and Türk Telekom in 2013, continues its activities with postpaid and prepaid tariff portfolios, which meet the needs of customers through the widespread channel power of PTT in 81 provinces of Turkey.

Launched in May 2015 in collaboration with the Sabancı Group, Teknosacell is offered to customers in all Teknosa stores throughout Turkey. Teknosacell, which initially provided only postpaid mobile offers, also launched prepaid offers in April 2018. Moreover, pilot studies were carried out during the pandemic at CarrefourSA stores, which are under the umbrella of the Sabancı Group, to sell Teknosacell lines.

Again during this process, online sales channels were launched by collecting sales demands through the teknosa.com and teknosacell.com websites, and the sale of postpaid lines started in these channels.

Vestelcell brand, offered jointly by Vestel and Türk Telekom, was launched as of 2020. Vestel customers will be able to access Vestelcell tariffs at Vestel dealers in line with their needs. In Vestelcell line purchases, Vestel products will continue to be offered to customers with cross-sell campaign setups, along with Vestel gift coupon opportunities.

The eSIM era begins with Türk Telekom

Türk Telekom prepared its infrastructure for the new eSIM technology and completed its integration processes with servers installed in Turkey. The domestic digital sim card, eSIM, started to be offered to customers in December 2020. This way, Turkey has been one of the four countries producing the eSIM technology with 100% domestic technology.

While the remotely programmable eSIM technology offers a next generation customer experience in devices such as mobile phones, tablets and IoT devices, it will also support Turkey's national data security.

Türk Telekom will continue to enrich the customer experience with environmentally friendly and safe eSIM technology. For its corporate customers, the Company plans to accelerate its work for the eCall service, which it provides especially in the automotive field, and the connected vehicles with the domestic eSIM.

Türk Telekom Tivibu maintained its position as the second player in the Pay TV market

Maintaining its position as the second player in Pay TV market in 2020, the number of Home TV subscribers of Türk Telekom stood at 1.5 million, while the total number of TV subscribers reached 3.1 million. The Company's share in Pay TV market, which had stood at 18% at the end of 2017, reached 22%² as of the end of the third quarter of 2020, according to the latest ICTA report. The TV business line recorded a 10% YoY increase in revenues that reached TL 383 million in 2020.

Türk Telekom has been developing various strategies to improve the TV experience of its existing customers, to diversify content and increase the value it derives from existing customers. The Company implemented many sales actions for TV products by deploying its large customer portfolio in all segments as a leverage.

Rich content

Tivibu strengthened its content diversity with a selection of new sports channels in 2020, bringing a total of 142 channels, 105 of which are in HD, to its audiences.

Offering innovative services on every platform, including IPTV, Satellite TV, Smart TV, Mobile TV and Web TV, having advanced broadcasting features and rich content, Türk Telekom Tivibu continued to offer advantageous prices to its users via the new campaigns added to its portfolio in 2020.

The Tivibu Internet campaign, which was launched in December 2019 by offering unlimited internet and IPTV as bundle with advantageous prices, reached high sales volumes in 2020. By combining Tivibu Satellite with unlimited internet, in July 2020 "Tivibu İnternet Uydu" (Satellite Service with Tivibu internet) campaign was launched.

Türk Telekom continued to offer the advantageous priced Tivibu Uydu Süper Paket (Tivibu Satellite Super Package) to its mobile postpaid subscribers with the "Tivibu Mobil İndirim" (Tivibu Mobile Discount) campaign.

With the Tivibu Uydu İkinci Bahar (Tivibu Satellite Second Spring) campaign which was launched in October 2020, Tivibu Satellite started to be offered to the fixed line subscribers at advantageous prices.

With new campaigns added to the existing customer TV campaign portfolio, Türk Telekom offered differentiated contract lengths and pricing to different customer groups in 2020, switching to a value-oriented offer structure and generating revenue growth.

Tivibu continues to offer customers diverse viewing options with its rich content

Tivibu appeals to all members of the family with its rich content ranging from sporting events to movies, documentaries and children channels. Meanwhile, the

Tivibu GO application provides customers with a four-screen experience by bringing such content to customers over their mobile phones, tablets and computers as well as on TV.

In 2020, Tivibu strengthened its content diversity with new sport channels and brought a total of 142 channels, 105 of which are in HD, to viewers. In addition, the Turkey Basketball Super League and Women's Basketball Super League games continued to be broadcasted on the Tivibu sports channels, while English Premier League games, the NBA tournament and Formula 1 racing continued to be presented to viewers on the S Sport channel.

In 2020, the FIBA Basketball Champions League and the Euro Cup Basketball League, as well as the Scottish, Dutch and Belgian Football Leagues were also added to the Tivibu Sport channels.

With the addition of the S Sport 2 channel to Tivibu in September 2020, Tivibu viewers could watch the Bundesliga, one of Europe's most prestigious leagues.

The BBC First series channel, which started to be broadcasted for the first time in Turkey with Tivibu in May 2020, the most popular and newest TV series of BBC were presented to Tivibu viewers both on the channel and on the watch-on-demand service.

İkinci Bahar Kampanyası ile evde keyfin tam zamanı

Ev telefonunuz varsa şimdi avantajlı fiyatlarla Tivibulu olun, televizyon izleme keyfinizi katlayın.



Tivibu Uydu Aile Paketi

18,90

TL/AY

tivibu | Türk Telekom

Değerli Hissettirir

Türk Telekom ev telefonu beşirli tarifelerinde 24 ay kalma sözü veren yeni gelen bireysel Tivibu abonelerine, 24 ay süreyle

Kampanyadan Türk Telekom'un beşirli tarifelerinde 24 ay kalma sözü veren mevcut ve yeni ev telefonu aboneleri; Tivibu'da yeni abonelik yapılıp, 24 ay kalma sözü verilen yararlanılır. Kampanyadan yararlanmak için ev telefonunuzun görülmeye elverişli olan kampanya başlımlı olması, Türk Telekom taşıyıcı ve 444 5 375 Tivibu Çağrı Merkezi kanallarına bildirimleri gerekmektedir. Uydu paketleri kapsamında yer almayan ücretli içerikler kullanılabildiği takdirde ayrıca ücretlendirilir. Tivibu uydu cihazı ethernet kablosu ile internet hizmetine bağlanmalıdır. Soru, taleb, fikirleri için Müşteri İletişim Çağrı Servisi üzerinden ulaşılabilir. Taahhüt bitiminde güncel fiyatlar uygulanır. Damga vergisi alınır. İşletme cihazına bedelli faturalandırılır. Kampanya koşullarında değişiklik yapma hakkı saklıdır. Ayrıntılar: www.turktelekom.com.tr - www.tivibu.com.tr ve 444 1 444

² Estimated calculation based on the ICTA 2020 3rd Quarter Market Report data.

MARKETING ACTIVITIES

Tivibu, the next generation TV experience

Türk Telekom's Tivibu is the second largest player in the Pay TV market with a 22% market share.

The Tivibu platform includes more than 1,800 select & watch and rent & watch movies (nearly 250 of which are under rent & watch service) and over 3,700 on demand content (select & watch series, documentaries, children's programs, lifestyle). In 2020, Tivibu introduced 55 "Special Show" movies to film lovers on the movie folder platform. At least 30 new movies are added to the select & watch service every month.

During the pandemic, the films that didn't have enough chance in the theatres were presented to the Tivibu audience with the concept of "at the same time with the cinemas" and "on Tivibu instead of the cinema".

Free TV entertainment with Tivibu, anytime, anywhere

With the promotional code feature, introduced for Tivibu IPTV and the Tivibu GO, Tivibu viewers were given the opportunity to watch movies which would normally be rent & watch, for free.

On Tivibu IPTV, a feature allowing boxes which had been inactive for long periods to switch to automatic standby mode was activated. With the automatic stand-by feature, Tivibu IPTV boxes offer a more ecologically sound service to users and a better TV experience by preventing deterioration in the performance of IPTV boxes.

The Live Score application showing the results of football games was launched on Tivibu IPTV.

The Muud Music application was added to the Tivibu IPTV interactive services in July 2020. With this new application, Tivibu viewers are also able to access the Muud music listening service from Tivibu screens, browse through their favourite songs and lists, and listen to lists in the Muud application.

Students learning on Tivibu with EBA TV

Students met with EBA TV on Tivibu during the distance education process. Tivibu offers students a range of important benefits which will contribute to their learning process. Needs-based technological features of Tivibu allow students to rewind and watch lessons on the EBA TV channels, watch them again, rewind to the beginning of any lesson which they missed, stop the lesson and resume watching from where they left off. At the same time, students are able to access recordings of key courses with the watch-on-demand service at any time of their choosing during the semester.

Türk Telekom will focus on the renewal of IPTV infrastructure

The increased number of customers necessitated the renewal of systems in order to raise the customer experience standards. Within this scope, the project phase was initiated for the renewal of the IPTV infrastructure in 2020. In 2021, Türk Telekom plans to focus on the renewal of its technical infrastructure in order to address changing preferences and customer loyalty trends. With this renewal, the Company aims to reach higher capacity and improved campaign management capabilities. Türk Telekom, which is preparing to create Turkey's leading digital TV / OTT platform with rich content and innovative features, anticipates that 2021 will be a year of transition and change for its TV product.



Core products and services

Türk Telekom offers core products and services such as fixed data, fixed broadband, fixed voice, mobile and Tivibu to both the main and sub-segments.

Consumer Fixed Voice

The increasing demand for the internet in 2020 also led to an increase in the fixed voice (WLR) sales. Special campaigns for customers purchasing Internet at Home with a fixed-line voice service helped increase new customer acquisitions in the fixed line segment. In addition to that, Türk Telekom encouraged its customers to use fixed voice communication with the wireless telephone, which it offered as a gift within the scope of its fixed internet campaign.

The Company aimed to increase sales with a customer-oriented focus in new acquisitions with packages offering 600 and 1,200 minutes of free calls in all directions, which it had prepared for home telephone (PSTN) customers at the beginning of 2020.

In 2020, Türk Telekom had a total of 10.6 million fixed voice subscribers, an increase of 631 thousand over the year, with fixed voice revenues reaching TL 2.7 million, marking an increase of 1.2%.

By taking advantage of the power of synergies within the group, Türk Telekom continues to provide integrated products and additional benefits to its customers. In this context, Türk Telekom offers free data in mobile to home telephone customers who accept to give commitment. The Company is implementing new sales setups at advantageous rates for home telephone customers who do not own Tivibu. The Company aims to meet all of the telecommunication needs of its customers under a single roof by enriching its home telephone offer portfolio.

In addition to telecom services, by offering Home Insurance, Home Support Service and White Goods Insurance for free, along with home telephone contracts, diversity is offered in the insurance portfolio, thus contributing to customer retention.

In order to increase the usage and ARPU of the customers who receive Internet at home with fixed line services, customers signing up to the service were offered a free cordless wireless telephone device.

Türk Telekom started upselling activities to upgrade its active customers to the higher packages with more minutes at advantageous prices.

Adopting an experience-oriented commitment renewal strategy on the home telephone (PSTN) side, Türk Telekom designs customer retention actions accordingly. In 2020, the Company achieved its lowest rate of customer loss recorded in the last 10 years.

Corporate Marketing Activities

Türk Telekom maintained its efforts in IP based next generation voice services throughout 2020 as it sought to meet needs of its customers in the corporate segment.

Türk Telekom separates its corporate customer base into key segments such as tradesmen/shopkeepers, SMEs, large-scale, strategic customers and the public and local administrations. The Company offers core products and services such as fixed data, fixed broadband, fixed voice, mobile and Tivibu to both key segments and the sub-segments that are under the main segments. In addition to that, it implements end-to-end technological solutions in many areas such as cyber security, ICT products, digital and value-added services.

The primary strategy for 2020 in the areas of corporate fixed broadband and voice, which are Türk Telekom's mass products, was to pursue strong ARPU growth. The extraordinary increase observed in the fixed broadband subscriber growth triggered new additions in the fixed voice products offered with the Internet. Pricing strategies were developed to promote ARPA growth as demand for fixed voice products sold with internet packages increased. With the effects of the pandemic added to the need for fixed internet connection in workplaces, which is growing each year, the focus on high-speed internet in both new customer acquisitions and the management of existing customers became a top priority. Internet package set-ups and pricing works were managed in a way to address this strategy.

For Türk Telekom, the focus on digitalisation is also a priority issue in fixed voice services. The Company continued to work on IP-based next generation voice services to ensure that customer needs were met in the corporate segment throughout 2020. During the year, the focus was both on gaining new customers and transforming the service offered to existing customers into the IP based next generation voice service.

MARKETING ACTIVITIES

Eco VPN

Türk Telekom continued its efforts to increase the recognition of its Eco VPN service in the market, which aims to meet the data needs of price sensitive customers such as retail chains.

2020 was a year when customer needs could change instantly due to the Covid-19 pandemic, which adversely affected some sectors. Türk Telekom offered periodical solutions to all businesses, including tradesmen/ shopkeepers, SMEs, the large-scale, strategic customers and public and local administrations in line with changing needs. The Company implemented comprehensive projects in corporate data services. Moreover, Türk Telekom enriched its corporate data product portfolio with SD-WAN technology, a software-based technology which allows customers to create their own VPN clouds over different access types such as data, internet and LTE.

In the mobile segment, the decrease in the number of field visits carried out to corporate customers due to the measures taken at the beginning of the pandemic affected subscriber addition. However, Türk Telekom closed the year 2020 with a healthy net subscriber and ARPU growth, despite the negativities experienced again in the second wave of the pandemic.

During this period, Türk Telekom focused on digital investments and analytical work, and the effects of this focus were reflected in the ARPU figures, especially in the last two quarters. In addition to that, with the support of the corporate mobile line tenders which were won, the year 2020 ended with healthy net subscriber increase and ARPU growth.

New product launches continued within the scope of Fixed Data and Managed Services

Secure and uninterrupted fixed data services, which are one of the top-priority needs for corporations, preserved its significance in 2020.

Türk Telekom maintained its efforts to increase the publicity of the Eco VPN service in the market, which it offers to meet the data needs of price-sensitive customers such as retail chains. End device and access campaigns were offered to ensure the delivery of the Eco-VPN product to customers under more attractive conditions.

Compared to 2019 numbers, the Company achieved 61% YoY growth in the TTVPN Global service revenues, which connects corporate customers' offices abroad with their domestic offices, on the back of new sales campaigns carried out in 2020.

In June 2020, Türk Telekom introduced the SD-WAN (Software Defined WAN) technology, under the brand of TT Smart Network, a software-based network architecture which allows corporate customers to transfer data by creating their own IPsec tunnels on any access (VPN, Internet, LTE, etc.) and allows centralised management of data transfer. With this product, security solutions with rich content, especially the SSL VPN, were provided to customers as well.

Esnafın yüzünü güldüren fiber güçlü internet Türk Telekom'da

Limitsiz internet ilk 6 ay 10 TL

Yönett WiFi Öne Çıkan Özellikler

- Kimlik yönetimi ve kullanıcı kota uygulamaları
- 9557 sayılı yasa ile uyumlu loglama hizmeti
- Kurumlara özel koruyucu sayfalar
- SMS üzerinden kullanıcı şifrelenmesi
- Wifi ağı yapısı için gerekli cihazların aylık vagon fiyatları Türk Telekom'dan yazılma imkanı

Numaramız: turktelekom.com.tr - 444 5 444

YöneTT WiFi

Extending its WiFi network throughout the country, Türk Telekom offers a WiFi service with high-quality and reliability to its corporate customers with YöneTT WiFi.

In 2020, the Company started to offer SD-WAN solutions to customers such as Petrol Ofisi, the Ministry of Agriculture and Forestry and Limak Holding, which did not prefer the shared SD-WAN product, thus keeping the control under their own locations and management.

Within the scope of the Metro Ethernet Internet product, new sales campaigns were organised with advantageous terms to increase market share. Furthermore, existing customer campaigns were also updated in order to meet customers' demands for increased speed and service continuity, as well as their access redundancy needs.

Türk Telekom'dan anahtar teslim güvenli internet

YöneTT WiFi ile internet kullanımınızı 9A7 menüden yönetti, uçtan uca çözümlere ile diğer suçlara karşı güvenimizi tam oldu.

BU İŞTE BERABERİZ

YÖNETT Türk Telekom

Activities and campaigns to increase sales of Metro Ethernet Internet services, particularly for large and strategic customers, are ongoing. The Metro Ethernet Internet service, offered with special campaigns, was enriched with cross selling setups such as security and ICT.

Türk Telekom continued to offer innovations in WiFi services in 2020 as well

Türk Telekom WiFi service is offered with 6,000 access terminals in approximately 3,000 locations throughout Turkey. This service ensures that the WiFi network is expanded throughout the country and that mobile and broadband customers currently receiving services from Türk Telekom are able to benefit from the WiFi service free of charge.

In addition to that, the YöneTT WiFi service provides a high-quality, reliable WiFi service to employees or customers of Türk Telekom's corporate customers. This enables customers to also receive services through mobile access in mobile locations, for example in vehicles as well as from their fixed locations where fixed access is not yet available. The added new setups and enhancements support both revenue growth and the Company's competitive advantage.

Customers who have long benefited from the WiFi service at airports through Türk Telekom's infrastructure may now also benefit from the WiFi service on Turkish Airlines flights thanks to the joint project carried out with Turkish Airlines.

Innovative solutions in fixed internet and voice services to meet the changing needs during the pandemic

Leading Turkey's digital transformation, Türk Telekom launched the Tekno İşyerim (My Techno Workplace) campaign, which is specifically geared towards the increasing needs of tradesmen and the SMEs during the pandemic period, and the "Tekno Paketler (Techno Packages)", which consist of digital solutions to meet customers' needs, and which are offered together with the unlimited fixed internet with strong fibre.

The My Techno Workplace campaign allowed tradesmen and SMEs to move their business to online platforms in a time span of a few minutes with WiX, which is one of the world's largest and most practical website creating platforms. Moreover, they were given the opportunity to access a secure package which protects both devices and workplaces, the pre-accounting program compatible with the requirements of the digital age and the Static IP product, which became even more important during the pandemic.

Türk Telekom launched its Esnafa Destek (Support for Tradesmen) campaign, which offers ease of payment for the tradesmen in sectors which have been hit hardest by the pandemic.

MARKETING ACTIVITIES

VoIP

Türk Telekom plans to enrich its value-added solutions with the VoIP and advanced video conferencing services.

Within the scope of this campaign, the unlimited internet packages powered by fibre are offered at TL 10 per month for the first 6 months and at advantageous prices for the remaining period of the contracted 24 months. In this process, line freezing solutions were provided to tradesmen and SMEs in the sectors which are struggling in order to be on the side of existing customers. With the effect of the actions taken and increased needs for fixed internet during the pandemic, the impact on corporate fixed internet sales was relatively limited despite the restrictions and measures.

Leading the corporate fixed voice market, Türk Telekom implemented the İşte Konuşuran (Talking at Work) campaign portfolio, which allowed tradesmen and SMEs to meet their communication needs at preferential rates during the pandemic.

A focus on valuable customers in the corporate mobile segment

Subscriber acquisition was negatively affected in 2020 due to the measures taken to tackle the pandemic and the fierce competition in general. Nevertheless, the Company focused on analytical efforts to address the growing data needs of businesses adapting to the distance working model, with emphasis placed upon actions aimed at increasing revenue per customer. Increased digital channel competencies and offers with rich content supported ARPU growth.

Offering customer-oriented integrated communication solutions in addition to traditional services

Türk Telekom remains its position as the leader of the fixed voice market by increasing customer satisfaction with its traditional fixed voice services, value added integrated communication solutions and next generation voice services. The Company continues to meet customers’

basic fixed voice needs with business phone tariffs which allow calls to be made in all directions, along with various tariff packages.

Within the scope of the next generation voice services, Türk Telekom offers end-to-end integrated communication services to all customer segments with value added solutions such as TT Virtual Switchboard and IP Multiline products, Local Access Redundancy, Voice Response System (IVR- Interactive Voice Response), Digital Fax (Fax Over IP), Voice Recording and Advanced Reporting (CDR).

The Company plans to enrich its value-added solutions with VoIP (Voice over Internet Protocol) and advanced video conferencing services.

The Central Call Management feature was commissioned, allowing customers with multiple locations on the IP Multiline to manage their incoming and outgoing calls through a single circuit.

In the TT Virtual Switchboard service, the complex tariff structure consisting of packages which differ according to internal and external line numbers was removed and it was replaced with a method to be charged over the fixed line fee.

Within the scope of the Call Centre Regulation published by Banking Regulation and Supervision Agency (BRSA), reports which contain the total call and successful call details for voice services would be provided by Türk Telekom to bank customers, and accordingly workflow presentations of the reports were created to be provided to these customers on a periodical basis.

By expanding the diversity of the infrastructure from which fixed voice services are provided, a number of campaigns focused on sectors, equipment, usage and volume were implemented, and advantageous offers were provided for new acquisitions and subscriber retention.

Türk Telekom plans to launch its Corporate Service Management in order to improve the service quality of corporate customers. This way, it will be possible to resolve circuit failures more rapidly in fixed data, internet and voice services, to meet the need for coordination by proactively monitoring lines and to provide instant notification where cases of potential faults are detected. Apart from that, comprehensive reports on service performance and fault detail will be available.

Firsts undertaken in the digital transformation of Organised Industrial Zones

Türk Telekom set out to meet the digitalisation needs of corporations, which have grown during the pandemic, with next generation technologies that best suit the existing technology infrastructures, ways of conducting business and companies’ digital transformation requirements from a single point within the scope of hardware, service

Turna

Türk Telekom launched its new product, “Turna”, designed within the framework of the Integration of Smart Technologies to Penal Execution Institutions (e-Visit) Project.

and consultancy services through its strong solution partnership ecosystem and it adopted all these as the fundamental perspective of the Company. Communication activities were stepped up in the last quarter of 2020, with a special emphasis on the digitalisation of SMEs.

As well as enabling Organised Industrial Zones (OIZs), which play the biggest role in the development of industrialisation in Turkey, to save resources with its applications for OIZs, Türk Telekom remains to be Turkey’s leader in communication and technology through modern, environmentally friendly, innovative and technological solutions.

In 2020, the Company listened to the needs of organisations and received their views by visiting OIZs throughout Turkey. Türk Telekom smart city components were separated in this respect and re-adapted in a way to meet the needs of the OIZs. In order to expand the range of offerings for the OIZs, new solution partners were interviewed and the smart OIZ catalogue, which includes smart OIZ concepts and components, was prepared and training was provided to the relevant sales teams.

Mega Digital projects were implemented in addition to the digitalisation addressing public sector and SMEs

Türk Telekom provided the Ministry of Agriculture with the opportunity to safely manage its network infrastructure from a single centre with the SD-WAN Smart Network Project, provided to the Ministry in 2020. Line quality performance and efficiency were maximised thanks to the system’s monitoring, application management and traffic prioritisation features.

Within the scope of the E-Exam Hall Equipment and the Machine Technology Area Workshop Equipment projects that it carried out with the Ministry of National Education, the Company also provided an important contribution

to digitalisation in education with end-to-end services provided by the network hardware and infrastructure.

Within the framework of the Integration of Smart Technologies to Penal Execution Institutions (e-Visit) Project, Türk Telekom put its new “Turna” product into effect, which it designed to support our country’s vision of digitalisation.

Through the 20,000 Turna (Crane Birds), which will serve in the penal execution institutions throughout the country, people who are unable to visit the prisons for various reasons, as well as children unable to see their parents, have found the opportunity to see their relatives by video call.

The “e-Visit” project is designed to provide all the security conditions required by the penal execution institutions. Thanks to the smart multimedia devices planned in cells or dormitories, inmates will be able to log into the system with their biometric data and obtain the services they wish from the touchscreen without the need for additional personnel.

It will be possible to perform a variety of procedures such as video and voice calls, online payment with canteen order management, video health services, library book requests and petition and application procedures through the system. The system, which includes features such as counting, information and announcement management with biometric data identification will also facilitate the work of the institution’s management organisation.

Alternative solutions are generated in all areas within its strong solution partner ecosystem

Working together with more than 200 solution partners and 100 manufacturers in its system, Türk Telekom offers its customers solutions which can meet all kinds of needs and demands of its corporate customers and additional products and services complementary to their communication services. Providing services from a single point ensures both increased customer satisfaction and the creation of new revenue streams for Türk Telekom. In this context, services such as installation, maintenance and technical support are offered along with hardware and software which complement the communication infrastructure. The pool of solution partners is gradually growing and increasing its capability.

Türk Telekom is increasing its share in the ICT product market with its corporate solutions, which are growing and developing day by day, and is positioned as one of the biggest players in this field. The Company also carries out new productisation studies to meet the heavy demand of its customers, and is expanding its product portfolio.

MARKETING ACTIVITIES

Protection against L7 attacks

Türk Telekom became the only operator in Turkey to provide protection against L7 attacks without needing to place devices to the customer.

Turkey's leading operator is a pioneer in cyber security with the latest technologies

With the rapid spread of information technologies during the pandemic, cyber security risks have increased for all customer groups. According to Türk Telekom figures, there were 3,740 attacks of 1Gbps and above in 2019. In 2020, the number of attacks increased 1.5 times compared to the previous year. All of these attacks were successfully prevented by the competent cyber security team.

The cyber security services offered by Türk Telekom are addressed in three main verticals:

- Shared Security Services offered over the shared platform from the Türk Telekom backbone
- Dedicated Security Solutions addressing all kinds of security needs in the locations of customers and consultancy services
- The Cyber Security Centre Management Service, which provides complementary solutions along with event monitoring on a 24/7 basis, SIEM (Security Information and Event Management) consultancy and test consultancy services within the scope of the Cyber Security Centre, started its operations in 2018.

Commanding the largest DDoS capacity of any service provider in Turkey, Türk Telekom offered protection against DDoS attacks in different layers with a hybrid structure at the backbone level in 2020. In addition to the volumetric DDoS attacks, the application layer (L7) Inline DDoS protection service was added to the shared security services to provide protection against application layer

attacks. Undertaking new leadership in cyber security with this service, Türk Telekom has become the only operator to provide protection against the L7 attacks without placing devices at customer locations in Turkey.

The Türk Telekom Cyber Security Centre monitors critical infrastructure in public institutions and private sector companies on a 24/7 basis and provides onsite response, consultancy and SOAR (Security Orchestration, Automation and Response) automatic response services with its specialised technical personnel. SOAR, which became a service in 2020, collects security threat data from organisations and events from different sources, conducts security measures with advanced intelligence and automates threat data. It thus enables the management of semi or fully automatic event response processes through collected and prioritised events.

Türk Telekom created its own DDoS Attack Simulation platform with its experience in the field of cyber security to provide solutions to meet customer requests for determining their maturity level against the network (L3), protocol (L4) and/or application layer (L7) DDoS attacks.

With this platform, organisations are offered the opportunity to measure their maturity level against DDoS attacks in different layers. The DDoS Attack Simulation platform was updated in order to adapt to the trend of increasing internet usage during the Covid-19 process, allowing customers to see how prepared they are against cyber threats in new attack types.

Developing its product portfolio to meet changing cyber trends, Türk Telekom also standardised its service levels. In 2020, the Cyber Security Service Level Agreement was published, which includes international standards in support, connection time and system accessibility levels

Yeni Nesil Şehir Yönetim Platformu



Digital Municipality

Türk Telekom supported the “Digital Municipality” vision with the Social Media Management Software, one of the Next Generation Life components which it added to its solution range.

for all services offered by the Company within the scope of Cyber Security Services.

Türk Telekom Data Centres

Türk Telekom offers a wide range of services, including cyber security and cloud services, through its data centres at three different locations.

The Esenyurt Data Centre was opened in May 2018 to serve all customers for the purpose of ensuring that data produced in Turkey stays in Turkey, and in line with the objective of “national technology, strong economy”.

The quality of the Türk Telekom data centres was certified by the Uptime Institute, the international data centre authority, with a Tier III certificate. The Türk Telekom data centres allow customers to access their servers at any time with an uninterrupted power supply, an appropriate air conditioning environment, infrastructure redundancy and high-capacity connection speeds.

In 2020, Türk Telekom received the Tier 3 Operational Sustainability Gold certificate, the highest level of Uptime Tier Certification, which defines and evaluates the underlying risks and behaviours which fall outside the scope of the data centre design and construction, but may have an impact on the long-term availability of the data centre.

Currently, Data Centre and Cloud solutions are offered to corporate customers through the Gayrettepe, Esenyurt and Ankara Data Centres, with server hosting, server rental, virtual server, backup and replication, storage and software (SaaS) being the principal services offered. In order to eliminate cybersecurity risks, which have gained importance with digitalisation, these services are offered in an integrated form with end-to-end security solutions and security of customers in the digital environment is supported.

Türk Telekom will continue to provide safe and uninterrupted support with its experienced, competent and specialised staff by moving the servers, which companies both use in their own operations and also offer to their own customers, to its own data centre. The Company maintains its investments in this direction, both to ensure the continuity of its geographical redundancy service and also to meet the needs of its public sector customers.

Türk Telekom is unwaveringly continuing its next generation city projects

Türk Telekom invests in smart city technologies to support the construction of sustainable, efficient cities which offer a high quality of life. It leads Turkey's largest smart cities projects with its solutions in line with the next generation city planning approach. Next generation urban technologies are addressed under the headings of transportation, security, energy, health, the environment and lifestyle. While Türk Telekom is rolling out the concept of smart city technologies in Turkey, it is also developing the ecosystem with its support for domestic and national solution partners.

The services within the scope of smart city solutions are managed through the city management platform. The platform enables the monitoring, management and integration of different city planning practices with each



MARKETING ACTIVITIES

Single Platform

The Online İşlemler application allows the mobile, internet at home and fixed voice line subscribers to perform all transactions related to their accounts on a single platform.

other. The data collected allows city governors to reach forward looking decisions.

In 2020, Türk Telekom brought its Next Generation City rollout to Denizli with the Electronic Inspection System, which is one of the Next Generation City Transportation components, to Kütahya with the Next Generation City Furniture and Mobile Application, and to Elazığ with the Smart Junction, which is a component of the Next Generation Transportation program.

At the beginning of 2020, with the aim of improving the communication between the public institutions and local administrations, Türk Telekom renewed its website on the next generation city concept, projects and applications, thus providing more user-friendly design and enriched content.

In addition to the projects carried out in 2020, Türk Telekom added new components to its range of solutions. The "Digital Municipality" vision was supported with the Social Media Management Software, which is one of the Next Generation Life components to be added. With the help of this system, which has been rolled out in 18 municipalities since the beginning of 2020, citizens could reach municipalities through each channel and submit their requests, complaints and wishes. By providing the opportunity for municipalities to rapidly respond to the citizens, an interactive relationship was established between the municipality and the citizens, and citizen satisfaction was increased.

TBB Smart Cities and Municipalities Congress

The "Smart Cities and Municipalities Congress and Exhibition" was held by the Union of Municipalities of Turkey (TBB) at the Ankara Chamber of Commerce (ATO) Congress Hall on 15-16 January 2020 under the auspices of the Presidency of the Republic of Turkey, in cooperation with the Ministry of Environment and Urbanisation and the Ministry of Industry and Technology.

Türk Telekom participated in the event attended by the Türk Telekom CEO, Mr. Ümit Önal, as a panel speaker, and Company strategies related to the Next Generation Cities were shared with the participants. Türk Telekom participated in the event also with its stand project, where visitors could see the next generation city solutions by experiencing them in the foyer area.

The congress and exhibition, which hosted approximately 15 thousand visitors during the event period, featured many next generation solutions within the Türk Telekom experiential stand area. Smart irrigation, smart junctions, smart lighting, smart stops, smart kiosks, chronic patient monitoring, smart waste management, smart city furniture, cyber security virtual reality solutions, Yönett WiFi solutions, panoramic city promotion systems, loud steps, emergency assistance solutions and camera solutions were exhibited during the event for visitors to experience.

Digital Products and Services

Taking important steps to maximise the customer experience, Türk Telekom continued to further increase its use of digital channels in 2020, having already ramped up their usage in 2019.

Digital transformation remains to be an important part of Türk Telekom's vision

Aiming to achieve a better customer experience with digital applications, Türk Telekom continues to work on digital transformation projects in order to create new revenue streams and increase operational efficiency.

Türk Telekom has been taking important steps to maximise the customer experience with its fast and innovative services.

Online İşlemler (Online Transactions) - All Türk Telekom accounts in one place

Online İşlemler, Türk Telekom's most visited channel, continues to facilitate the lives of its customers through a process of constant development and renewal.

The application allows customers to easily meet all of their needs from home, in the digitalisation process which has expanded at an unprecedented rate due to

Tivibu GO

Tivibu GO brought more firsts in the field of television broadcasting to its users and continued to lead the industry in 2020.

the pandemic that affected the whole world in 2020. The application received around 160 million visits per month from 25 million customers throughout the year and was downloaded 47 million times.

The application, which allows mobile, Internet at Home and fixed voice subscribers perform transactions for all of their accounts from a single platform, provides users with the ability to access their accounts simultaneously with a single login method.

To offer a more practical user experience, 1.8 million cards are securely stored in the Türk Telekom systems with the service of recording card information which is used during the Turkish Lira Loading and Invoice Payment transactions. This service has also started to be rolled out for Türk Telekom's collaborations.

With the aim of contributing to Türk Telekom's digital products, the Company ensured that all other applications were promoted and sold from the Online İşlemler application. The sale of Dijital Depo for Internet at Home customers was added to the application.

By analysing usage habits and internet consumption of mobile subscribers, Türk Telekom offers the most beneficial tariff and package offerings to its users and diversifies its offer structures according to users' needs. In addition, Türk Telekom has also started to offer user-specific advantageous offers for Internet at Home customers through the Online İşlemler application.

Türk Telekom designed an end-to-end process for users looking for a mobile line, or switch from a pre-paid line to a post-paid line, allowing users to carry out their transactions through Online İşlemler without physically having to go to a dealer.

In order to meet a range of needs in different areas in addition to the subscription transactions, many services such as Tramer (the Traffic Insurances Information Centre) Damage Record Inquiry and the Credit Rating Inquiry services started to be offered through a joint experience over the application.

Tivibu GO - The Online TV Platform

The Tivibu GO application has met the need for a second screen in homes during the pandemic period with its rich and diverse range of content appealing to all members of the family, from sports, movies and documentaries to children's channels, and was used for longer periods of time by the users.

The application offers customers a four-screen experience from their smartphones, tablets and computers as well as smart TVs. Tivibu GO, Tivibu's application, which offers innovative services on every platform, had a total of 1.6 million subscribers as of the end of 2020.

Türk Telekom provides mobile internet benefits exclusively on the Tivibu GO application every month over a 12-month period for customers with consumer segment subscriptions on post-paid or pre-paid mobile tariffs, and those who purchase the Tivibu GO tariff packages.

In 2020, an array of new features was put into effect with the aim of increasing interaction between the Tivibu GO application and its users. In this respect, it was possible to directly inform users of new content offerings with the rollout of push notifications and new features that are introduced to the platform.

Türk Telekom aims to increase its Apple and Android market scores, which are among the most important indicators of digital product quality from a user perspective. In line with this goal, the Company added the "app rater" feature to its applications. This way, users who are satisfied with the application are encouraged to rate the application on the market. At the same time, an improvement in user perception was achieved by developing a mechanism for receiving complaints and suggestions within the application. Thanks to these two features, the market score increased to 4.5 out of 5.

With the analytical features added to the Tivibu GO application, it became possible to analyse user behaviour more accurately. Moreover, Türk Telekom aims to increase customer satisfaction with the promotional code feature, which allows users to view Rent & Watch movies free of charge. The campaigns and collaborations that can be designed thanks to this feature will pave the way for new customer acquisition and a new tool will be obtained for customer retention.

MARKETING ACTIVITIES

Muud

In addition to providing the opportunity to listen to music offline, Muud offers to all its paying or non-paying members, the privilege of listening to 1,000 tracks per month as ad-free and with no limitation, which is something that is not available on other digital music platforms.

In addition to the Turkey Basketball Super League and the Women's Basketball Super League broadcasts, Tivibu Sports added the FIBA Basketball Champions League and EuroCup tournaments to its range of content in the 2020-21 season. At the same time, Tivibu Sports, which brought European football to TV screens with the broadcasting rights of the Scottish Premier League, the Netherlands Eredivisie League and the Belgian Pro League, strengthened its team of commentators with some popular faces from the sports world. With the addition of S Sport 2 to the sports channel portfolio, Tivibu offers a wide range of sports content such as the English Premier League, Bundesliga, the Portuguese League, the NBA, Formula 1 and the Moto GP.

Muud - Listen to millions of local and foreign tracks freely according to your "Muud"

The Muud digital music platform offers music lovers "music freely" experience according to their Muud (Mood) with its extensive music archive consisting of approximately 5 million local and foreign tracks, and which is constantly enriched with new additions. With exclusive content being added to the platform during the year, which was re-launched with its renewed technological infrastructure, users are offered the opportunity to listen to a number of tracks and albums for the first time exclusively on Muud. Enhanced with a number of innovations, Muud has become one of Turkey's largest and most popular digital music platforms, attracting new users.

Türk Telekom offers Muud, Türk Telekom Security, the Türk Telekom Academy English Package and Digital Depo services as a package with the Digital Bundle campaign which it prepared for customers receiving the Internet at Home service. This way, the number of Premium members and active users of the application was increased.

Thanks to the recommendation engine added in 2020, by using the AI technology, users are recommended tracks which they may like based on the content they listen to. This feature increased the duration of the users' stay on the application. The Accompaniment feature allowed users to see the lyrics of their favourite songs simultaneously. This feature, which provides a more enjoyable music listening experience, encourages users to spend more time on the Muud app.

Muud is an operator-independent, open platform open for everyone to use. The platform offers its members the opportunity to listen to music offline, and the possibility to listen to a thousand tracks per month without adverts or limits, a key advantage over many other digital music platforms.

Türk Telekom mobile subscribers using Muud are able to listen to millions of tracks for free without limitations wherever they wish, without consuming their data quotas.

e-dergi

The digital newspaper and magazine reading platform of Turkey, Türk Telekom e-dergi includes content of hundreds of magazines and newspapers which are renewed on a daily basis.

Users who are subscribing to Muud Premium can listen to an unlimited number of local and foreign tracks and use the offline features of the platform, while those who are not Premium subscribers can benefit from one month's free Premium subscription as part of the new campaign.

The Muud Premium subscriptions offered with the Sil Süpür (Clean-Sweep) campaign gained the appreciation of users. During the year, Muud Premium subscriptions started to be sold through the Online İşlemler application.

e-dergi - Turkey's digital magazine and newspaper reading platform

The Türk Telekom e-dergi is Turkey's platform for digital newspapers and magazines offering hundreds of magazines and newspapers, content of which is refreshed on a daily basis in several categories including fashion, economy, technology, and tabloid news. The application, which all mobile operator customers can subscribe to, is offered free of charge to Türk Telekom mobile customers within the scope of special tariffs and packages.

Reaching more than 500 thousand active users in 2020, the e-dergi continues to offer its users a unique reading experience with its new design and technological features. With the development and improvement project, the design of the e-dergi application was changed and new technological features were added to the application.

Performance studies were carried out to improve the reading experience of users, and the resolution quality was improved.

Thanks to the e-dergi application's preview feature, users could read the first five pages of content without purchasing a subscription. The Discover page features the most important news, with an option of continuing reading where they left off, and a screenshot feature allowing them to crop and save any part of the content they wish and share them via the e-dergi.

In 2020, users started to create their own profile within the e-dergi and manage their reading experience in their personal accounts. By asking users various questions with the "Get to Know Me" feature on the profile pages and in the application, users' reading habits started to be analysed, allowing the app to offer content of interest to the users based on their reading habits. By improving the newspaper reading experience within the app, the newspaper page was renewed, and newspaper supplements of national and local newspapers were organised.

In 2020, the "Evden de Güzel (Nice from Home Too)" campaign was carried out during the pandemic, and 75% of the content in the application started to be displayed free of charge.

MARKETING ACTIVITIES

Playstore

By offering attractive campaigns to meet the increased interest in gaming during the pandemic, gamers were given the chance to purchase games at attractive prices, and with instalments reflected on the internet bill.

Promotions were offered on social media to bring free content to more users. As a result, the number of app downloads exceeded 1.3 million in total. Efforts to improve the existing features within the application and to bring new features continue by taking the user feedback into account.

Playstore - Turkey's first and leading digital gaming platform

Turkey's digital gaming platform, Playstore, focused on offering a variety of products that would meet the expectations of gamers in 2020. The platform continues to improve the infrastructure technology and develop projects that will reach end-to-end players through alternative sales channels, in addition to attractive campaigns.

In order to address the interest in gaming, which has increased during the pandemic, periodic discount campaigns were offered. This allowed gamers to purchase games at an attractive price with instalments reflected on their internet invoice. In addition to PC games, hundreds of new products for consoles and mobile gamers were offered in the Playstore with new supplier agreements.

Within the scope of the Türk Telekom Internet at Home offering, the Gamer Pack was launched, which includes the Playstore wallet code with a free game gift every month.

Turkey's largest education platform, Vitamin, and the next generation university exam preparation platform, Raunt

Türk Telekom, which has taken upon a key role in the digitalisation of education in Turkey, continued to increase its product penetration in this field in 2020 as well.

Vitamin, Turkey's largest education platform, and Raunt, the next generation university exam preparation platform, are examples which embody Türk Telekom's contribution to education in meeting the demands of distance education during the pandemic.

Vitamin is the most comprehensive education platform of Turkey with the richest range of content that is in line with the curriculum of the Ministry of National Education. Vitamin, which helps primary and high school students prepare for their homework and examinations from home over the internet, is offered with the Digital Education campaign carried out on segment tariffs.

Raunt is an application that aims to help all students who are preparing for the Higher Education Institutions Exam (HIE) pass into the university and department of their choice. As a result of the effective communication activities carried out during the onset of 2020 school year, a new sales record was broken with the Raunt product.

Türk Telekom Security ensures safe use of all devices connected to the internet

Türk Telekom offers Türk Telekom Security solutions within the scope of its strategic business partnership with McAfee.

With the launch of the Total Protection product, Türk Telekom Security started to provide physical and software security for PCs and laptops as well as mobile devices.

Seç, al, oyna, sevdiğin oyunlar burada

Birbirinden popüler oyunlar ve en yeni oyuncu ekipmanları avantajlı fiyatlarla, Türkiye'nin en geniş kataloğuna sahip dijital oyun mağazası playstore.com'da.

Türk Telekom İnternet faturasına ek **12 AYA VARAN TAKSİT SEÇENEKLERİ**

Faturaya ek 12 aya varan taksit ayrıcalığından sadece Türk Telekom bütçesi öde internet abonemizin en az 400 TL'ye ulaşması şarttır. Abonemizin öde internet bütçesi faturaya ekli olmamalıdır. Seçimli veya Hazirnet abonemizin müşterileri yararlanabilir. Ayrıca Türk Telekom öde internet abonemizin en az 400 TL'ye ulaşması şarttır. Abonemizin öde internet bütçesi faturaya ekli olmamalıdır. Abonemizin bütçesi faturaya ekli olmamalıdır. Abonemizin bütçesi faturaya ekli olmamalıdır. Abonemizin bütçesi faturaya ekli olmamalıdır.

playstore

Dijital Depo

Türk Telekom continues to improve its cloud service, the Dijital Depo, which enables users to securely store their photos, videos, music and files.

The Safe Family package, provided to Türk Telekom fixed internet customers, offers parents the opportunity to keep control of their children's transactions in apps and on the digital environment.

The Türk Telekom Academy - Turkey's digital personal education platform

The Türk Telekom Academy, the training platform of Türk Telekom employees, is offered to all Internet at Home customers by expanding the scope of its education portfolio. The platform, which includes thousands of training programs with micro-MBA, foreign language and career packages, is offered to Türk Telekom customers at advantageous prices.

Dijital Depo - Integrated Cloud Service

Türk Telekom continues to develop its cloud service Dijital Depo (Digital Warehouse), which allows users to store photos, videos, music and files securely in line with the demands of users. All users of Türk Telekom are offered 2GB of free cloud storage with its Dijital Depo app, which can be downloaded from the App Store and Google Play.

The Dijital Depo, a modern designed and operator independent cloud storage application, has an automatic backup feature. Thanks to this feature, photos taken with a smartphone camera can be stored instantly and this way photos can be accessed even if the smartphone breaks down or is lost.

Throughout 2020, improvement and updating work continued on the Dijital Depo application. Throughout the year, user specific campaigns were offered along with competitions offering gifts to mark special occasions such

as the World Photography Day. In addition to that, regular notifications were sent to users, allowing them to update their photos and videos.

Türk Telekom plans to realise new investments aiming to advance in the digital payment sector in 2021

TT Ödeme ve Elektronik Para Hizmetleri A.Ş. (Payment and Electronic Money Services -TTÖHAŞ) was established in April 2013 with the aim of providing fast, safe and easy solutions to meet the payment needs of customers in the rapidly growing digital payment market and adding innovative payment methods to the Türk Telekom product portfolio. The company, which obtained its payment license in January 2017, continues its activities with the Türk Telekom Mobile Payment product.

In order to bring its customers together with safe, high-quality content, priority is given to collaborations with member businesses, which offer products and services within this scope. Huawei was added to the Apple, Google and Samsung app stores where in-app purchases take place, thus expanding the product portfolio.

Türk Telekom carried out a number of campaigns for popular games such as Pubg, Zula and League of Legends in the Apple and Google app stores and on the digital platform in order to introduce the mobile payment to their customers and enable them to take advantage of advantageous opportunities.

Anılar aklında kalmasın, Dijital Depo saklasın

Dijital Depo ile telefonundaki fotoğraf, video ve belgeleri silmene gerek kalmadan anılarını rahatça saklayabilirsiniz. Üstelik 2 GB depolama alanı ücretsiz.

2GB ücretsiz*

*2 GB ücretsiz depolama alanından yararlanabilmek için Dijital Depo uygulamasının cihazta yüklenmiş olması gerekmektedir. Ayrıca bilgi için www.dijitaldepo.com.tr

Dijital Depo | Türk Telekom | Değerli Hissettirir

MARKETING ACTIVITIES

Tambu

Tambu has been downloaded more than 11 million times as of 2020. The digital keyboard platform, Tambu, the sector leader in terms of penetration, is well ahead of its closest competitor.

Within the scope of the project carried out with BELBİM the service of providing top-up to the Istanbul card by reflecting payments to users' mobile phone invoices with a single SMS, without requiring cash or a credit card, was offered to Türk Telekom customers as of November 2020.

As of June 2020, electricity, water, natural gas and other utility bills could be paid from Türk Telekom dealers. Türk Telekom meticulously continues with its efforts to expand its dealer network. In 2019, Türk Telekom obtained a license from the BRSA for an authorisation to offer payment options through the digital wallet and prepaid card product, with the aim of strengthening Türk Telekom's position in digital payment systems. Within the scope of this authorisation, by activating the digital wallet and the related prepaid card product, on which TTÖHAŞ has been working, in 2021, users will also be provided with an e-money payment solution for all their online and physical purchases.

Tambu - Most downloaded digital keyboard platform of Turkey

Tambu is the most downloaded digital keyboard platform of Turkey, which is designed for smartphones to be used in messaging apps, search engines, social media platforms and internet browsers. Tambu has been available on the Google Play and Apple App Stores since 2017 free of charge for all users independent of their mobile operator. The number of Tambu downloads reached 11.5 million in 2020.

In addition to the features offered by Tambu 1.0, which stand out with its original local stickers, instant translation feature and themes which can be designed by the user, Tambu 2.0 also features an improved language engine, a directory of local food and drink outlets and web search engine, and keyword search systems for discovering and sharing its domestic and national content. With all its features, Tambu offers its users the opportunity to discover a vast range of content and easily share this content on all platforms. With a wide array of new features planned to be added, Tambu aims to become a digital assistant which goes far beyond just being mobile keyboard app.

Corporate Digital Transformation Services

Türk Telekom's corporate customers have the opportunity to create a website, start e-commerce, open an e-mail account, use e-invoices, digitalise their accounting and start a business much more efficiently without depending on traditional cost items and the need for prior knowledge with the portfolio offered to them.

Türk Telekom plans to enrich its existing portfolio together with its business partners and content providers in the coming period in order to increase the pace of digitalisation in SMEs, and to make the portfolio available for the utilisation of all existing and potential customers.



CONSUMER & CORPORATE SALES ACTIVITIES

The Covid-19 pandemic has demonstrated clearly that communication services are of critical importance in ensuring the continuity of social and economic activities. **Türk Telekom provided uninterrupted service in this process, and also continued to successfully meet the technology and communication needs of its customers.**

Measures and actions taken during the pandemic

Working standards were re-identified to protect the health of employees and customers and to ensure continuity of store services.



Consumer Sales Activities

2020 was a year marked by significant changes in consumer usage habits and market dynamics due to the measures taken to tackle the Covid-19 pandemic, the effects of which have been felt on a global scale. The pandemic, which began to spread in Turkey in March 2020, clearly demonstrated the critical importance of communication services, the telecom sector in particular, in ensuring the continuity of social and economic activities. In this context, Türk Telekom continued to meet the technological and communication needs of its customers, while maintaining service continuity with the actions taken in the Consumer Sales segment.

Measures taken within the scope of the pandemic have become the standard of work

Türk Telekom rapidly implemented all measures announced by the public authorities, in particular the Ministry of Health, and reduced the risk of transmission by updating the working standards of the stores accordingly:

- Social distancing signage and hygiene information were placed at store entrances and exits, all in-store areas and employee areas.
- Hygiene materials were placed in all stores for employees and customers.
- Separators were installed at customer contact points and thermometers were supplied.
- The most up-to-date visual and digital content on pandemic measures as published by public authorities were positioned in the relevant areas and on devices.

Tablets were distributed to Türk Telekom Contact Points (TTBN) to expand the use of digital documentation

Within the scope of digital transformation, which has gained importance with the pandemic course, Türk Telekom implemented the tablet distribution project in exclusive stores and at sub-points of main wholesale dealers (TTBN).

CONSUMER & CORPORATE SALES ACTIVITIES

Office Transformation Project

As of the end of 2020, the number of Türk Telekom Customer Centres (TTMM) within the scope of Office Transformation Project has reached 28.

The project aims to realise activations and related transactions for products such as fixed voice, fixed internet, mobile and Tivibu over tablets at points of high customer traffic. Thus, it will allow a faster and more effective customer experience in the digital environment.

Sales record in fixed internet

Türk Telekom achieved the highest sales figure in the Company's history in September, on the back of the accelerated fixed internet sales starting from the second quarter of 2020. Fixed internet sales gained momentum in 2020 due to the prolonged time spent at home, working and socialising from home and distance education. The share of high-speed fixed internet sales in total sales also increased.

The share of activations in Prime, the most valuable customer segment, was increased by focusing on mobile products revenues

Türk Telekom significantly increased the share of Prime segment customers in post-paid activation through campaigns in regions with low Prime Mobile activation rates at the beginning of 2020.

Fixed internet and fixed internet + Tivibu bundle were sold in chain channels, particularly in the energy companies

In 2020, sales accelerated with increasing demand due to the pandemic and channel campaigns. In addition, Tivibu sales increased with the campaigns carried out with a focus on Tivibu in 2020.

Türk Telekom implemented sorts of smart device offers to meet customer needs with a focus on value-added services and products

Türk Telekom renewed its "Eskiye Getir Yeniye Götür" (Bring Old, Get New), "Taksit Bizden" (Instalment on Us) and

"Peşine Kontrat" (Contract for Cash) campaigns to respond to different needs, thus tempting a mass audience to switch to smart devices.

In this context, the Company launched a project offering prepayment opportunity to fixed internet customers in the sales of smart devices.

Distance learning methods developed for employees during the pandemic

With the pandemic, the use of distance learning methods increased and its field expanded. Türk Telekom started to provide training in product, sales and competence areas in a virtual environment. It also offered face-to-face system training at the stores with taking all necessary protection. The Company updated the orientation training content and methods, with emphasis on distance learning. It also offered virtual classroom trainings with the content tailored to the needs on a regional basis.

Work focused on development and motivation of store employees

Türk Telekom carries out work to increase the motivation and commitment of dealer employees. In this context, in 2020, the Company organised award-winning competitions on special days and important topics, and started to communicate with employees through store screens with personalised digital content.

Within the scope of Office Transformation Project, the number of Türk Telekom Customer Centres (TTMM) is on the rise

The Office Transformation Project, aimed to renovate the commercial areas in Türk Telekom offices in accordance with the modern retailing approach and the evolving customer expectations, was launched in 2017. The TTCC, established within the scope of the project, continued its activities with a focus on efficiency in 2020.

The number of TTMMs which was 21 in 2019 reached 28 at the end of 2020.

Proactive Sales Channel continues its activities by increasing its performance at Türk Telekom offices

With the Proactive Sales Channel, established under the Office Channel in 2019, all communication requirements of a household are met through a single contact in line with its customer-oriented approach. The channel continued its activities by increasing its efficiency through high sales and low costs in 2020.

Quality Focus

Performance and quality focus in Retail, Office, Wholesale and sub-channel revenue systems has been increased.

Performance and product quality focus enhanced in all channels

Retail Channel

Türk Telekom launched support practices in its exclusive sales channel (TTM) from March to June in order to minimize the possible impact of the pandemic on dealer and personnel earnings.

With the transition to the normalisation process, the channel made changes in its earnings model. Sales premiums for high-speed packages were increased in line with the increasing customer demand in the fixed internet product.

Türk Telekom focused on high performance and quality in mobile line sales, where competition is intense. In line with this focus, the Company made product score revisions to increase the share of post-paid and pre-paid mobile line sales in the total store performance measurement. In terms of quality, the line vitality control time was updated as until the end of the month following the activation month.

Office Channel

In the office channel, a speed scale was imposed on the premium system to increase sales of high-speed packages for the fixed internet product in line with the Company's overall strategy.

Wholesale Channel

With the changing conditions and needs during the global pandemic, sales premiums for high-speed packages in the Türk Telekom wholesale channel (EDM) were updated in line with the increasing customer demand in the fixed internet product.

Sub Channel

The premium systems of sub-points of Türk Telekom Contact Points (TTBN) and the Integrated Sales Points (ESN) of the Türk Telekom main wholesale dealers (EDM) were updated to encourage mobile lines to remain active for a longer time and to sell high-income generating packages in the fixed internet segment.

Corporate Sales Activities

During the process when Covid-19 has accelerated the ongoing digital transformation, Türk Telekom offered technical and infrastructure support and end-to-end solutions intended for the differentiated needs of its corporate customers

With the separation of the Sales Department of Türk Telekom as Consumer Sales and Corporate Sales in 2020, focus on corporate products increased and the growth in corporate sales revenues gained a healthier structure.

A year of diversified customer needs due to the pandemic

In order to address the rising security concerns of customers within the process of working from home, SD-WAN solutions that are launched under the name of YönetAğ, with TTVPN and Eco VPN, which are Türk Telekom's closed-circuit communication infrastructure products, were welcomed with great interest by customers.

Traditional solutions in fixed voice were enriched with IP based solutions and value-added services. Cloud-based voice solutions, which increase customers' flexibility when utilising the service, continued to be in use.

In mobile operations, the "Faturanı Paylaş (Share Your Invoice)" model increased Türk Telekom's current revenues. Focusing on value-added services such as Mobile Promotion, Free URL, Intellimap and Talent Platform, particularly through SMS, the Company continued its work on the eSIM and vehicle tracking products.

Municipalities supported students who continued their education from home, with promotional packages which included minutes, SMS and data. This way, apart from the EBA package provided for free by Türk Telekom, additional data packages were offered to Türk Telekom subscribers. During this period, the prevalence of cloud products such as Digital Fax, Corporate E-mail, Mobile Academy increased in the market.

Together with its Group companies, Türk Telekom generates solutions to meet the technological training and call centre needs of its customers. The Company continued to work with its subsidiary İnnova on managed

CONSUMER & CORPORATE SALES ACTIVITIES

Trendyol Data Centre

The data centre internet access service with a total 10GB of storage is provided for Trendyol at Türk Telekom data centres.

services, digital signage, financial and legal solutions, software solutions and NMS (Network Management System) solutions. The domestic and national Digital Pathology product, which will serve the health sector, was made available for private hospitals.

Strategic Segment Projects

Trendyol Data Centre

As a continuation of the existing Trendyol cabins located in the Türk Telekom data centre, a 100-cabin hall of 500 sqm was sold exclusively for Trendyol.

With this sale, customer's demand for both high level of accessibility and diversification at different data centres has been met. Moreover, a ring topology was created with three sheltered leased line services of 10GB to connect 3 data centres of Trendyol.

A total 10GB data centre internet access service is provided for Trendyol at Türk Telekom data centres.

Garanti Bank

Türk Telekom has been providing service in all locations of Garanti Bank via its TTVPN for many years. Within the scope of the long-term contract that is renewed in 2020, technological transformation has been made with higher speeds in locations that are deemed suitable in order to meet Garanti Bank's demands such as video conference, education and speed.

Sisal Şans

Upon winning the National Lottery tender of Şisal Şans, a Demirören Holding Group Company, Şisal Şans was provided with server hosting, access and security services in Türk Telekom's data centres for the infrastructure of the new period. Moreover, together with Innova, end point

device, terminal and UPS installations were made in 5 thousand National Lottery Dealers. Within the scope of ICT, system hardware sales were realised for end point device and data centre infrastructure. And for Phase-2, the installation process of 5 thousand additional dealers is ongoing.

Petrol Ofisi

Türk Telekom won the tender made for Petrol Ofisi fuel automation systems communication to be provided with SD-WAN technology and to be managed for 4 years. The company has provided access to 1,800 fuel stations via land, mobile and satellite lines by selling end devices within the scope of ICT. 24/7 monitoring and maintenance of the entire system will be carried out by Türk Telekom throughout the project period.

Honda

With Türk Telekom's domestic eCall solution that will take place in new generation Honda vehicles, in the event of a traffic accident, even if the victims are unconscious, the vehicle will automatically call 112 and transmit information such as the location and direction of the accident to the eCall Emergency Call Centre established by the Ministry of Interior. Türk Telekom will provide this service for 10 years.

Large Scale Customer Projects

Balıkesir Metropolitan Municipality

Türk Telekom sold smartcity poles powered by solar energy to the Balıkesir Metropolitan Municipality, which allow installation without requiring any digging work and can be operated for energy and communication purposes. The smart poles have components such as the TT Mobile Yönett WiFi, high-resolution cameras and LED lighting on it. The Balıkesir Metropolitan Municipality provides services to citizens free of charge with these solutions, while controlling social distancing by monitoring through cameras.

Antalya Metropolitan Municipality

WiFi quality was improved with the poles incorporating WiFi cabin solutions in the Antalya Metropolitan Municipality. Within the scope of the project, the mobile application was commissioned and content such as news, city guides, municipality services, suggestions and complaints, weather forecasts, wholesale fruit-vegetable marketplace prices, taxi hire, on call pharmacies, free WiFi points were made available to residents on a single platform.

Mersin Metropolitan Municipality

Within the scope of Türk Telekom's In-Vehicle WiFi, In-Vehicle Passenger Information and Media Management

Türk Telekom and distance education

Türk Telekom is successfully managing the distance education process by offering virtualisation and security services to EBA over its data centres.

Project, all 280 buses belonging to the Mersin Metropolitan Municipality provide free onboard WiFi service and mobile access to passenger information screens.

ERG Otoyol (Highway)

Türk Telekom provided software support to the 330 km long Ankara-Niğde Highway project. The project, which includes the 275 km long highway and 55 km of linking roads, was undertaken by the ERG Highway Company and Türk Telekom provided the entire communication infrastructure for the toll booths.

Other Projects

With the Muğla, Trabzon, Kırşehir, Kütahya, Denizli and Elazığ Municipalities, studies were carried out on various subjects such as TT ICT (Data Centre and Corporate Security), smart city, smart intersection, smart furniture, thermal camera and mobile applications.



Public Projects

Health Campuses

While the Mersin City Hospital, which opened its doors in February 2017, has been serving with a capacity of 1,250 beds, Bilkent City Hospital, which was opened in February 2019, has a capacity of 3,360 beds. The Türk Telekom Group company, Innova, will provide the HIMS (Hospital Information Management System) software, IT infrastructure and other software in these hospitals for a period of 5 years.

The Credit and Dormitories Institution (KYK)

In addition to the equipment installed in the dormitories of the CDI (the Credit and Dormitories Institution), Türk Telekom is offering free WiFi services by installing WiFi infrastructure in Youth Centres under the Ministry of Youth and Sports. In this context, the Company, forming Turkey's largest wireless WiFi infrastructure, is providing service to 650 thousand students at 1,200 locations.

Due to the pandemic, citizens arriving from other countries were also able to benefit from the WiFi service free of charge during their stay in dormitories under quarantine.

Türk Telekom and distance education

Türk Telekom provided physical space to eba.gov.tr, which is our country's distance education platform, in its data centre. The Company, which provides virtualisation and security services to EBA through its data centre, is successfully managing the distance education process. In addition to the ongoing current structure at the data centre, Türk Telekom also provided server leasing, storage units, dedicated bandwidth, corporate security and end-to-end virtualisation solutions.

Other Projects

Türk Telekom's first SD-WAN public project, presented to the Ministry of Agriculture and Forestry and 7 of its affiliated institutions, was commissioned at 2,400 locations. 25% of the SD-WAN transformation project has been carried out with the ULAK domestic software within the scope of localisation policy of Türk Telekom and Turkey. In addition to the innovative technology transformation, ICT security products and standard telecom services are also provided within the scope of the project.

In Türk Telekom's General Command of Gendarmerie Project, fixed data & broadband, fixed voice and ICT products are offered bundled together.

All passengers travelling through the 44 airports under the General Directorate of State Airports Authority could benefit from Türk Telekom's high-quality WiFi service, regardless of the operator used.

WHOLESALE ACTIVITIES

With the vision of becoming the electronic communication infrastructure provider of Turkey at the wholesale level, Türk Telekom provides high quality communication services to operators authorised by the Information and Communication Technologies Authority.

Exceeding 13.4 million fixed broadband subscribers

As of the end of 2020, the number of customers receiving fixed broadband services over Türk Telekom infrastructure exceeded 13.4 million.

In order to best manage the impacts of the Covid-19 pandemic, diversity and improvement were provided to the customers at wholesale level

In order to mitigate the psychological impacts of the pandemic, the Company took action with the goal and awareness of "Uninterrupted communication in the fight against the virus". Operators carried out their work with the awareness that it is an essential task to keep the entire communication system in the country up and running. Türk Telekom also performs its duty with the same sense of national responsibility and the strong motivation brought about by this responsibility.

In this context, increasing demand of customers for fixed broadband internet was supplied with more than 2 million new connections.

The need for capacity, emerged due to the increase in the demand for high speed and internet with working-from-home and distance education models, were responded with fixed broadband and fibre investments. Fibre transformation accelerated in summer holiday destinations. With the increase in the focus on fibre transformation, the fibre homepass increased from 21.9 million in 2019 to over 26.8 million at the end of 2020. While the FTTC homepass reached 19.5 million, the FTTH/B homepass increased to 7.4 million.

The number of fibre subscribers exceeded 6.2 million with an increase of approximately 2 million subscribers in 2020, demonstrating the best net subscriber acquisition performance in the broadband segment. While the number of FTTC subscribers reached 3.9 million, the number of FTTH/B subscribers rose to 2.3 million.

Two million new internet subscribers

More than 2 million new fixed internet subscribers mark the highest net subscriber gain in a year.

Processes have been improved to better the broadband services offered through Türk Telekom infrastructure and to maximise the customer experience

Türk Telekom implemented process changes that allow multiple services to be transferred at once in case of address changes and that increase the efficiency of field resources by performing the installation in households at once.

In order to facilitate the follow-up of the applications submitted by the operators, a new system enabling the follow-up of the stages without a service number has been put into service.

Türk Telekom implemented new automations, which enable offering appropriate services to the households requesting them by facilitating the determination of the capacity and speed levels that can be offered to customers through its infrastructure.



Türk Telekom also introduced new automations that facilitate the determination of the capacity and speed levels that can be provided to customers through its infrastructure and provide appropriate service to the demanding households. The Company also introduced automation systems that monitor the effect of general infrastructure faults that affect multiple households simultaneously on service quality. Thanks to this system, the number of households affected by the faults and the downtime information were shared with the operators, providing the opportunity to improve customer satisfaction at all levels. The software that can anticipate possible faults on the broadband internet services, that suggests solution methods and that are used for the follow-up of resolved faults, have been localised through the resources of Türk Telekom. As a result of these efforts, there has been an increase in the data provided and a decrease in Türk Telekom's operating costs.

Within the scope of social responsibility projects, access to the "1 Million Software Developers Project", which is carried out through the ICTA Academy portal, was excluded from the internet quota limitation.

Wholesale broadband tariffs have been renewed

Türk Telekom revised its IPVAE (BSA) model, which covers more than 90% of the internet services offered to households at the wholesale level, by considering the wholesale costs.

In view of changing consumer needs, the Company significantly increased the support it offers to other ISPs within the scope of its fibre support campaign for the transition to high speeds and new technology types. In line with the changing port charges, the lean access fees for DSL and VDSL were revised in the Resale Model.

Operator needs are addressed in internet services via various campaigns and tariffs

Within the scope of the Metro Ethernet Internet service, the application period of Existing Customer/New Sales campaigns, which offer variable discount options, was extended in order to boost new sales and retain existing customers.

In order to ensure customer satisfaction and continuity of service quality, Türk Telekom continued its "Local Access Back-up Campaign", which will preserve the popularity of the Metro Ethernet Internet, Asymmetric ME Internet and Data Centre Connection services, which are among its main products in the corporate market.

WHOLESALE ACTIVITIES

Doubling the upload speeds

Türk Telekom doubled the upload speeds in fixed broadband to meet increased needs during the pandemic period.

The Company revised its scope in the SSG (Service Selection Gateway) Opportunity Application, which is offered to operators at the wholesale level for fixed broadband end-users to access the internet, allowing offers which will adapt to competitive market conditions. With this work, capacity and revenue continuity at the wholesale level was achieved.

In addition, the “Discount Campaign” in the Data Centre Connection (DCC) service was again put into practice to encourage the use of the DCC service by new operators and to retain existing operators.

A new process was implemented in order to rapidly meet the installation demands of customers

With the follow-up and coordination work aiming to accelerate the activation process for new circuit applications of customers, it was ensured that requests were met in a shorter period of time.

ISP modems are managed with a centralised system

Türk Telekom launched a new service which enables the remote management of end devices installed in households for DSL services. This way, the service offered through retail systems was moved to the wholesale level, eliminating the additional costs in the fibre-to-the-home infrastructure. With the end device management system, it will be possible to increase revenues by enhancing the service quality.

New systems are installed for infrastructure investments to meet the needs

Türk Telekom improved its systems and interfaces used for receiving and meeting investment demands from operators, in order to monitor demand for its products and services, and to increase efficiency and customer satisfaction.

Processes to prevent the use of Türk Telekom infrastructure in violation of regulations were put into use

Türk Telekom added the phase of terminating services provided to ISPs to the processes that are operated in cases where the fixed broadband internet infrastructure is used illegally by some ISPs over WiFi/port sharing solutions. Within the scope of this process, usage in violation of regulations has begun to be ceased at the detected points.

Sharing of infrastructure status reports with service providers has become more detailed, accurate and faster

Türk Telekom increased the detail in infrastructure status reports that are shared with the operators within the scope of wholesale obligations. With this change, households with the improved infrastructure were reported to ISPs, accelerating the improvements in the offered services, increasing customer satisfaction and reducing potential problems.

A new product in line with competitive market conditions was launched for fixed broadband subscribers

Türk Telekom started to offer Fixed Broadband Internet Termination Service and a discount campaign planned within this scope, to the operators. Thus, the Company achieved an increase in the capacities for existing customers and the number of circuits, with new customers entering the market for the first time. With this service, operators in the Resale model were directed to the Bit Stream Access (VAE) model and the continuity of the service they received at the wholesale level was improved by completing the transition of a total of 34 operators.

Preparations for 5G

With 5G, work is underway to find solutions which will proactively address operators’ need for high capacity and low latency.

A product is developed to provide internet services to countries in the region from border points and new revenue potential has been created

Positioning the content of large OTTs (Google, Facebook etc.) serving at a global level in the Türk Telekom network has increased the service quality and created a cost advantage. Deploying these advantages, Türk Telekom added the “TT IP Transit Service” to its portfolio to be offered at boundary points over the MPLS (Multi-Protocol Label Switching) network.

Work on new products continued within the framework of preparation for 5G technology

The need for traffic emission points following the rollout of 5G is expected to increase significantly. With this increase, it will become inevitable for the operators to seek savings in both device investment costs and transmission costs.



Moreover, the technological need for greater flexibility and lower latency in data transfer will be increased. Türk Telekom continues its efforts to add “Mobile Transport” and “Mobile Transport Same Switch Level” products to its portfolio in order to address all these needs.

Efforts to host global OTT servers on Türk Telekom network continue

With the positioning of global OTT content in Turkey, along with improved end-user experience, cost savings in overseas output are ensured. For this purpose, Türk Telekom, which made an agreement with Google and Facebook last year, continues its efforts to boost this benefit.

Project on resolving TT Mobil interconnection faults through the call centre

As of 28 December 2020, the Call Centre service started to be provided to operators that signed an interconnection agreement with TT Mobil, in order for them to be able to report interconnection faults to the relevant operation teams through the call centre and receive solutions.

Device Sale

Türk Telekom conferred with the device manufacturers so that ISPs can purchase the hardware they need at more affordable prices. Thanks to these negotiations, it was ensured that ISPs purchased hardware at affordable prices that could not be obtained through their own means.

Operators’ access to the Türk Telekom Esenyurt Data Centre

In line with the data centre access provider independent service contract, the operators willing to connect to the systems / devices in the Türk Telekom data centre buildings through their own fibre optic cable infrastructure were granted fibre access and the end user device hosting in the “Meet me Room” areas.

The system provides access to service providers through the data centre, which provides 99.995% carrier neutral services at international standards.

CUSTOMER CARE ACTIVITIES

The Türk Telekom Call Centre achieved a score of 7.6 out of 10 in the customer satisfaction survey conducted through the fixed voice, fixed internet, mobile and TV channels.

Call Centre

The Türk Telekom Call Centre provides services for all products, including its mobile, internet, fixed voice and TV segments, with its wide staff consisting of 9,709 consumer segment and 948 corporate segment customer representatives in 28 provinces.

Türk Telekom structured its Customer Services business processes and organisation in line with its vision of “becoming the solution centre to offer the best customer experience in all channels”

Türk Telekom’s Customer Care Services consist of customer care personnel across a widespread office and dealer network, call centre customer representatives providing 24/7 support and strong self-service channels. Moreover, with the customer representatives specifically dedicated to VIP and corporate customers within the Customer Services organisation, customer needs are addressed in the fastest way.



The Türk Telekom Call Centre provides uninterrupted service during the working from home arrangement, which has been implemented in response to the pandemic affecting the whole world

It offers services for all products, including mobile, internet, fixed voice and TV segments, with its wide staff consisting of 9,709 consumer segment and 948 corporate customer segment representatives in 28 provinces.

The Türk Telekom Call Centre received 135 million calls in 2020. Notably, incoming calls for the Internet at Home product group increased by 13%, YoY. While providing the products and solutions needed by its customers during the pandemic, Türk Telekom sold internet packages to 590 thousand households through its call centre in 2020.

In response to the increased workload, Türk Telekom raised its call centre volume by 20% compared to the previous year in order to avoid disruption to call centre functions. By increasing the capacity of the interactive voice response by 70%, customer dissatisfaction which may arise due to capacity constraints has been prevented. With the needs-oriented improvements, customers have been provided with easy access to information and proactive solutions.

Türk Telekom continues to provide uninterrupted, face-to-face services to its customers from all of its offices throughout the pandemic

A total of 1,117 consumer and 403 corporate customer care personnel provide services in the Türk Telekom offices. In 2020, a total of 1.8 million customer service requests processed in the offices.

Türk Telekom manages its customer services with AssisTT A.Ş., which provides the most appropriate solutions in a way to meet changing requirements

Türk Telekom transferred all its call centre operations, 66% of which was conducted by it, to its subsidiary AssisTT A.Ş. as of July 1, 2020, and switched to a new business model.

In 2020, Türk Telekom started to use robotic automation technologies, particularly in customer care processes

Türk Telekom aims to both increase customer satisfaction and ensure savings while meeting customer needs quickly with its new technologies.

Innovative...

WORKS FOR SOCIAL GOOD IN
TECHNOLOGY

EXCITED AND LEADER

WITH THE MISSION OF CARRYING
TURKEY INTO THE FUTURE, IT PROVIDES
THE FASTEST ACCESS AND SERVICE FOR
ALL ITS STAKEHOLDERS, ANYTIME AND
ANYWHERE NEEDED

WORKS PASSIONATELY FOR SOLUTIONS
CONTAINING THE LATEST TECHNOLOGY

THAT'S WHY TÜRK TELEKOM
"MAKES YOU FEEL VALUABLE"



INVESTMENTS AND INFRASTRUCTURE PROJECTS

Türk Telekom continues its new investment and infrastructure development activities in order to provide the best experience to its more than 50 million customers with its rich product portfolio and high service quality.

Superior Performance

All Türk Telekom field teams demonstrated a superior performance in order to ensure there was no disruption to the education of students and the work routine of employees in the home-office environment, with demands from customers met rapidly.

Field employees put forward a superior performance during the pandemic on the face of significantly increased demand

During the pandemic, time spent at home increased with the transition to home-office working, the implementation of remote education model by schools throughout the country and with the frequently repeated “stay at home” recommendations. As a result of these developments, demand for fixed broadband, voice and TV services increased significantly.

In this process, all Türk Telekom field teams demonstrated a superior performance in order to ensure there was no disruption to the education of students and the work routine of employees in the home-office environment, with demands from customers met rapidly.

Working with great dedication, the average daily work rate of field staff and teams, who managed to meet this intense demand, increased by 20%.

Between March and December 2020, there was a 21% increase in requests received for all field services compared to the same period in 2019. Totally 18.7 million installation, transfer and fault and operational demands were received.

On the other hand, the Company increased the rate of remote fault resolution by 42% compared to the previous year for the same period by increasing the artificial intelligence-supported digitalisation developments in its operational processes.

Türk Telekom continued its infrastructure investments and the fibre infrastructure transformation unabated in 2020

Türk Telekom has been investing in its fibre network to make sure it reaches all parts of the country for a long time. This strategy allowed the Company to meet the 81% unexpected surge in its network traffic and seamlessly meet the increased demand coming from all corners of the country, from big cities to small towns. In 2020, the year which Türk Telekom continued to invest in its infrastructure; the company realised around 1 million additional capacity with 69Tbps IP transfer capacity

Fibre infrastructure transformation

The transformation of fibre infrastructure of around 1 million broadband subscribers was completed and the number of FTTC/B/H passed households reached 26.8 million by increasing around 5 million in 2020.

increase and it completed access works for around 1 million households through its fibre investments for the areas lacking infrastructure. The strong and widespread network of the company and the agile and effective decisions taken, have been the biggest supporters of this success story.

Türk Telekom continued with its fibre network investments which are among its key priorities, in 2020 as well. With the new investments, the total length of fibre infrastructure reached 331 thousand km as of the end of 2020. In 2020, the Company increased the number of sites through which customers can access high-speed broadband services, and accelerated the projects enabling the transformation of copper infrastructures to fibre on switch sites, compared to previous years.

The transformation of fibre infrastructure of around 1 million broadband subscribers was completed and the number of FTTC/B/H passed households reached 26.8 million by increasing around 5 million in 2020.

Thanks to the fibre transformation works that it continued throughout the year, Türk Telekom offered its customers options for connection speeds of up to 1Gbps depending on tariff demands and network infrastructure.

The investments translate into significant improvements in network quality and customer experience

In 2020, Türk Telekom continued to modernise its mobile network and sites and increase capacity in all around the country. As a result of this effort, there has been significant improvement in parameters such as download and upload speeds, call drops and outages.

Proportion of fibre-connected LTE base stations in total has reached 45% on the back of investments

As of the end of 2020, while LTE population coverage ratio in Türk Telekom’s mobile network reached 94%, the ratio of fibre connected LTE base stations stood at 45%.

In 2020, compared to the previous year, the total mobile data traffic had reached;

- 993PB in the LTE network up by 61%
- 511PB in the 3G network up by 11%.

Even though it has been relatively a short period of time since the launch of LTE in Turkey, the share of data traffic on the LTE infrastructure has exceeded 72%, supported by mobile network investments. The number of LTE access points has doubled in the last two years as a result of the investments undertaken. The total number of Türk Telekom’s mobile sites has come close to 23 thousand as of the end of 2020.

Within the scope of the infrastructure renewal efforts that have been carried out over the last 5 years, the renovation of 5,684 locations were successfully completed in 2020.

Following the mobile infrastructure renovation work which started and was completed to a large extent in Aydın, Balıkesir, Bursa, Çanakkale, İzmir, Manisa and Yalova provinces in 2020 covering a total of 3,186 sites, the number of 4.5G transmission points increased by 78% and 4.5G services were provided to users in 84% of the sites. With the new state-of-the-art infrastructure, data connection speeds available to subscribers increased at around 50%.



INVESTMENTS AND INFRASTRUCTURE PROJECTS

WiFi call service

The WiFi call service, which was put into effect as of 2020, allows HD + voice calls, in-flight voice calls (phone calls in airplane mode), and voice calls from WiFi points abroad.

Petition Application: Convicts and detainees will be able to send petitions which have already been drafted in print to the units involved in the internal operations of the penal execution institution through the MMC.

Canteen application: The canteen system and the UYAP canteen software was prepared by the Ministry of Justice and the Directorate of Workplaces Institution and is in operation. Thanks to the MMC canteen application, which will work in integration with the canteen system and UYAP canteen software, convicts and detainees will be able to place their canteen orders through the MMC using their credit.

E-Library application: Books in penal institutions will be listed, with convicts and detainees able to request books on these lists within the limits specified by the institution.

E-Letter application: Convicts and detainees will be able to send e-letters to their relatives that are previously confirmed by the penal execution institution, via the MMC.

E-Doctor application: The application will allow convicts and detainees to communicate with a specialist doctor by video and/or voice calls.

Fingerprint identification application: Penal institutions will be able to record the fingerprints of convicts through the multimedia device as well as the fingerprint identification devices, which are included in the prisoner admission units.

Key activities carried out on network infrastructure

Türk Telekom achieved a 100% increase in capacity for its customers to speak at the same time through investments carried out on the mobile voice network. It also has made VoLTE ready, (a voice service that provides data speed continuity to 4.5G subscribers), on systems with virtual infrastructure (NFV-Network Functions Virtualisation) for the customers whose devices support VoLTE.

Mobile network coverage area to be expanded with WiFi call service

As of March 12, 2020, Türk Telekom put the WiFi call service project into effect that it had started to work on in the first quarter of 2019; and by doing so, Company expanded its mobile network coverage area. Thanks to the WiFi call service, it is possible to make HD voice quality calls over TT Mobile network through wireless access points even in environments where there is no mobile signal at all. This way, the mobile network load is distributed over wireless access points.

Local LTE base station installations continue

In 2020, Türk Telekom continued to contribute to the ULAK base station project, which is one of the most important components of the localisation and nationalisation process of high-tech communication infrastructure.

The Company has launched a project for the installation of a total 384 new ULAK base stations in Rize, Giresun, Gümüşhane, Artvin and Bayburt provinces. As of the end of 2020, 212 mobile sites are serving with ULAK. Moreover, the installation of a total of 286 base stations was completed within the scope of the Universal 2.0 project.

All closed and open prisons in Turkey will be equipped with MMC (Multi Media Device) units

Türk Telekom will provide the following services to 300 thousand convicts and detainees in approximately 450 prisons throughout Turkey by installing 20 thousand MMCs (Multi Media Devices) along with all its infrastructure.

Video and voice call application: Convicts and detainees will be able to make voice and video calls to their relatives. Moreover, the guardians will also be provided with the opportunity to carry out video calls with their relatives.

Counting application: In penal execution institutions, counting can be performed via fingerprint reading through the MMCs located in the prison wards at any time.

SD-WAN

The SD-WAN service, which started to be provided by Türk Telekom in 2020, will play an important role in the delivery of fast, flexible and expandable new access services to Türk Telekom customers.

On Türk Telekom's mobile data network, installation work for Mobile Data Core Network systems with Virtual Infrastructure (NFV-Network Functions Virtualisation) at four internet output locations continues. With the commissioning of these systems, the Mobile Data Core Network Infrastructure, ready to offer 5G service with up-to-date technology will be ensured.

Türk Telekom completed the project of renewing the fixed voice network infrastructure, used by customers receiving services with internet protocol (IP) from fibre infrastructure on the fixed voice network, with virtual infrastructure (NFV-Network Functions Virtualisation) systems.

The transformation of the Fixed Smart Networks platform infrastructure, on which 444 and 0800 services run, into virtual infrastructure was realised. With this transformation, capabilities such as capacity management, rapid response to service requests, the ability to provide next generation services and adaptation to new technologies are added onto the platform.

The infrastructure, on which the transferred number query was performed prior to the call setup on Türk Telekom's fixed and broadband infrastructure, was localised.

Türk Telekom transformed the AAA (Authentication, Authorisation and Accounting) server system, which provides identity authentication, authorisation, pricing and service management of the fixed broadband subscribers, with new technology and high capacity local and national products to make it local, and to provide geographical redundancy with all of its software and hardware. By doing so, subscribers were provided with IPV6 IP assignment support through multi-product support for the fixed data network.

Carrier network continues to provide service with more flexible and higher capacity

Türk Telekom completed the renewal of its backbone DWDM network, which it rolled out to provide a high capacity, long distance and seamless service, to cover 37 major centres in Turkey. The network, which uses fibre optic infrastructure extending to 21 thousand kilometres has a direction-wavelength-content independent and flexible spectrum usage (flexi-grid) infrastructure. Furthermore, the network is planned to support additional protection methods with its Automatically Switched Optical Network (ASON) feature.

With new fibre optic cable infrastructure and additional output points, the Company continues its work to increase the route and location redundancy of Turkey's international traffic.

The importance of internet, which is a critical element of infrastructure, has increased due to distance working and education, amidst the pandemic. During this period, Türk Telekom performed the capacity increases necessary to prevent the occurrence of bottlenecks. In 2020, IP transport core port capacity of the Company has been increased by 69Tbps.

SD-WAN

Türk Telekom completed its preparations for the SD-WAN service in 2020 and started to provide the SD-WAN service to its customers. This service will play an important role in the delivery of fast, flexible and expandable new access services to Türk Telekom customers.

Segment Routing

Segment Routing stands out as an emerging and important innovation on IP Backbone networks in terms of facilitating traffic management, network slicing and quality management in customer services. In 2020, workshops were held with manufacturers for the use of Segment Routing on the TT IP network and tests were carried out on the network applications for this technology with a laboratory installation at the Türk Telekom Centre of Excellence.

INVESTMENTS AND INFRASTRUCTURE PROJECTS

Solar energy systems

Continuing its investments and optimisation efforts in energy efficiency without any slowdown, Türk Telekom installed solar energy systems at a total of 1,701 locations.

with Solar Energy System (SES) on an area of pasture land in Güneysöğüt, part of the Taşlıcaay District in the province of Ağrı, which is located within the servicing area of the Erzurum Regional Directorate. Thanks to the 50-metre high solar energy powered base station serving 7 villages in the region, the communication quality of the villages in the region has improved.

On the other hand, a 20-hour backup period was secured with SES, which is built on an area of 100 sqm, in order to prevent disruptions in mobile services which could result from the harsh winter conditions in the region.

Solar energy systems have been installed at 1,701 locations

Türk Telekom continues its work to provide resource saving at the highest level and to serve the needs of a sustainable society by providing new generation communication technologies in energy, agriculture, industry, transportation, health, buildings and cities.

Working with the aim of reducing its carbon emissions systematically and maintaining its investments and optimisation efforts in energy efficiency without slowing down, Türk Telekom installed solar energy systems at a total of 1,701 locations. The Company with its renewable energy systems with a total installed power of 2.35 MW throughout Turkey, it aims to contribute to the clean and nationally sourced energy with these projects, and to roll out similar SES applications in other appropriate locations in Turkey.

Türk Telekom has won the Best SAM project award

The Software License Inventory Management (SAM-Software Asset Management) project, which was developed in order to manage Türk Telekom's software license inventory, was awarded the "Best SAM Project" award in Europe's largest organisation held in this field. The project was chosen first by live voting among the

OTT capacities

In order to bring content closer to the customer and improve the customer experience, Türk Telekom realised an installation of 7.2Tbps of capacity on Türk Telekom network within the scope of the agreements made with the content networks.

Türk Telekom brings solar energy powered base station to Ağrı

Moving forward unwaveringly with its investments in Turkey, Türk Telekom commissioned a solar energy powered base station in Ağrı. With this practice, Türk Telekom improved the quality of communication in the villages throughout the region, while adding value to the efficient use of Turkey's energy resources and the rollout of renewable energy.

With the aim of raising awareness on energy efficiency and contributing to reduce the dependency on foreign sources of energy, Türk Telekom installed a base station working



Omni Channel Program

The Omni Channel Program will allow users to maintain an end-to-end experience between different channels and the customer journey to be tracked along all touch points.

A holistic channel experience with the Omni Channel Program

With the Omni Channel program which started in the first quarter of 2020, it is aimed to provide a personalised digital customer experience in line with the 360-degree customer outlook for Türk Telekom Group customers and users by providing multi-channel interaction and more useful interfaces.

The program will allow users to maintain an end-to-end experience between different channels and the customer journey to be tracked along all touch points. With the integration of the Cash Sale of Devices Project into the program, customers will be able to start purchasing devices and accessories, either with additional payments on their bills or by paying upfront via credit card through the e-commerce platform which will be offered to the Türk Telekom customers in the first quarter of 2021.

Real-time billing and quota management with the instant pricing system

With the Turquoise program, Türk Telekom aims to provide instant pricing and information experience for its mobile customers.

With the first phase of the program, which was commissioned at the end of 2019, "Non-Exceeding" tariffs were opened for use. As of the end of 2020, all post-paid Türk Telekom subscribers have become eligible to receive service through instant pricing system.

With the efforts started in 2020 and scheduled to be completed at the end of 2021, pre-paid subscriptions will be ported to the same platform.

With the completion of all progressing phases of the project, all mobile subscriptions will be charged on a common and single platform, and customers will be offered a real-time billing, quota monitoring and management experience.

3 projects nominated for the award following the jury's evaluations at the SAMS Europe event held in Berlin on 28 September 2020.

Free WiFi from Türk Telekom at the İstanbul Airport

Türk Telekom set up Turkey's largest indoor WiFi network at İstanbul Airport, which welcomes more than 200 thousand passengers on a daily basis.

Nearly 5 thousand points were established inside the airport, which are available to passengers arriving from around the world, airport employees and visitors.

The WiFi service is available to everyone for one hour free of charge, regardless of whether they are Türk Telekom subscribers or not. Moreover, Türk Telekom also provides passengers with the opportunity to continue to access the in-flight WiFi on board during their flight.

The Company offers a high quality and fast communication experience to passengers connecting to the state-of-the-art fixed and mobile communication network, which is supported fully by the fibre infrastructure at İstanbul Airport.

Türk Telekom, which provides end-to-end solutions with its services offered through its strong infrastructure, also created a field team providing round-the-clock technical support at İstanbul Airport to ensure the most efficient use of these services.



INVESTMENTS AND INFRASTRUCTURE PROJECTS

Telecommunication Digital Forensics Laboratory

At Turkey's first Telecommunication Digital Forensics Laboratory, all digital forensic informatics work can be carried out on a 24/7 basis.

world. All digital forensic informatics work can be carried out on a 24/7 basis in the Telecommunication Forensic Informatics Laboratory, which was prepared in accordance with the TSE 17025 standard.

Digital evidence analysis, malware analysis, mobile device forensic analysis, incident response analysis, analysis of computers and similar devices, network forensic analysis, data analysis, database analysis, telecommunication device tests and cyber security tests are carried out in the laboratory.

Phishing Platform

The domestic and national phishing platform, ALTAY, developed by Türk Telekom, allows phishing drills and social engineering tests, which had been carried out with foreign products, be performed completely with domestic and national resources. The phishing service is offered to Türk Telekom's corporate customers.

Security test services

Türk Telekom offers its customers security test services (penetration tests, source code analysis and vulnerability tests) through its internal resources. The teams (Pentest teams) conducting security tests during the year completed OSCP and CEH penetration test certifications and the number of certified personnel within the Company has increased.

Türk Telekom conducts the TSE Type A Certification process for personnel who are able to conduct penetration tests.

Service infrastructure of Cyber Security Anti-DDoS has been expanded

Türk Telekom renewed Turkey's largest DDoS attack prevention infrastructure with its investments undertaken in 2020 and increased the capacity of its infrastructure. The Türk Telekom Security Operation Centre fended off 5,440 attacks of over 1Gbps in 2020. The Company ensures that its customers receive uninterrupted access service by preventing related attacks on its corporate customers and public institutions.

Cyber Security DDoS attack simulation is completed

Türk Telekom has started to serve its customers with the DDoS attack simulation product developed by its own engineers. The Company is thereby able to offer improvement recommendations by uncovering institutions' vulnerabilities to attacks without being exposed to real DDoS attacks.

Cyber Security Centre

The Cyber Security Centre provides end-to-end solutions to meet all the cyber security needs of Türk Telekom customers at global standards.

Cyber security product/service infrastructure of Türk Telekom continues to grow

Türk Telekom readied the infrastructure for services such as Web Application Firewall, L7 DDoS and Secure SD-WAN for security services infrastructure. In this context, the Company provides its customers services with 15 different service infrastructures under the heading of cyber security services.

Türk Telekom continues its efforts to provide services such as Threat Intelligence, Cloud Logging and Secure Backup which will provide added value to its customers in the field of cyber security.

Business continuity endeavours and drills

In 2020, Türk Telekom conducted drills aimed at guaranteeing business continuity within technology to get prepared for possible disasters and interruptions. In this context, preparatory work is ongoing for the "Earthquake

Simulation", which was planned to be conducted during the year.

The Company participates in earthquake drills coordinated by AFAD (Disaster and Emergency Management Presidency) and makes the necessary improvements. Moreover, actions for development are discussed by evaluating requests received within the scope of the Great Istanbul Earthquake drill which is planned to be carried out by AFAD in 2021.

Türk Telekom prepares plans for a potential earthquake, with a particular focus on the activities which would be needed to carry out after an earthquake.

Risk management practices

Türk Telekom conducts activities in the workshops held regularly every year in order to identify technological risks, evaluate related risks and create and implement effective risk treatment actions. Adopting ISO 31000 standards in technology risk management processes, the Company continues to perform its risk management activities under a flexible structure in accordance with rapidly developing technology and the changes in the organisation. In order to enrich business continuity efforts by feeding them with the outputs obtained from risk management activities, important risk topics are evaluated from a business continuity perspective and risk-oriented additions are made to business continuity plans as of 2020.

Information Security Products and Services

Cyber Security Activities

Türk Telekom brought its Corporate Security Services together under the umbrella of Turkey's largest Cyber Security Centre, which it established in Ankara in 2018.

The Cyber Security Centre provides end-to-end solutions to meet all the cyber security needs of Türk Telekom customers at global standards, ensuring the continuity of uninterrupted and secure access for customers.

In addition to the existing corporate security services, the Centre has the largest portfolio of cyber security services in Turkey, offering Cyber Security Management Services and Cyber Threat Intelligence Services, which can be provided separately in the form of security incident monitoring, as well as analysis and intervention services and consultancy services.



Türk Telekom Cyber Security Camp

Türk Telekom put into practice the "Türk Telekom Cyber Security Camp" project, Turkey's first online cyber security camp, with the aim of meeting the need for qualified human resources in the field of cyber security and to prepare young people for the emerging cyber security profession which is the trend of the future.

The objectives of the Türk Telekom Cyber Security Camp include reaching out to qualified candidates in the field of cyber security, training qualified personnel for the sector, employing successful individuals following the camp and increasing employer brand perception.

A total of 2,499 people applied online to enter the Türk Telekom Cyber Security Camp.

Held for the first time in Turkey, the Türk Telekom Cyber Security Camp was held online between 17 and 28 August 2020 with the participation of 24 individuals who successfully passed all stages. Nearly 100 hours of training were provided free of charge by experts at the Cyber Camp, which took place over a ten-day period.

Within the scope of the closing program, the first three participants to successfully complete the Cyber Camp were presented with Teknosa Gift Vouchers, including a TL 6,000 voucher to the winner, a TL 4,000 voucher to the runner-up and a TL 2,000 Voucher for the third ranking participant.

Turkey's first Telecommunication Digital Forensics Laboratory

A laboratory was established in Türk Telekom which marks a first in Turkey and is one of the few of its kind in the

INVESTMENTS AND INFRASTRUCTURE PROJECTS

WAF

The WAF provides protection against harmful content and vulnerabilities which may present security threats in web applications and affect the accessibility of the application.

Türk Telekom Cyber Security Services

With the rapid spread of information technologies, cyber security risks are increasing for all customer groups. Potential cyber-attacks on the infrastructures of corporate and public customers and access to personal data belonging to the general public and customers can have serious consequences such as misuse of the information obtained, and the deterioration and deletion of the integrity of the information.

The cyber security services, which reflect the experience and quality of Türk Telekom, Turkey's first telecom operator owning a position as the cyber security service provider, are set out as below.

Network Security Services

DDoS (Distributed Denial of Service) Attack Prevention Service: The DDoS attack prevention service protects data traffic by ensuring that attacks on internet traffic are scrubbed before they reach the organisation's line. This service prevents both line disruption and depletion of network infrastructure resources.

Cloud DDoS: Cloud DDoS, which is an extra layer of security for the large volume of DDoS attacks originating from abroad, provides protection by directing traffic to international scrubbing points.

Cloud Signalling Service: The Cloud Signalling Service provides protection with the Türk Telekom infrastructure against the attacks detected through the device at the customer's location by offering the opportunity for communication with the Türk Telekom DDoS infrastructure to customers who have A10 or Arbor branded devices at their locations.

Layer 7 (L7) DDoS Service: This service provides backbone level protection against application layer DDoS attacks. With L7 inline protection, all traffic coming over the internet continuously passes through the L7 DDoS device, which is on the Türk Telekom backbone, and contaminated traffic is treated and delivered to the customer.

Intrusion Prevention System (IPS): The *Intrusion Prevention services* examine internet traffic according to the digital signature base and traffic anomalies. When an attack is detected, attack traffic is cut, preventing its transfer to the network. Since threats are blocked before they reach the network, there is no bandwidth throttling.

Content Filtering Service: The content filtering service allows website content to be scanned and it also helps to determine the scanning rules. Any harmful content detected according to the specified rules is prevented from reaching the network.

Firewall Service: With the firewall service, traffic going from the network to the internet and coming from the internet to the network is managed according to the specified rules. A shared service is offered at the backbone level.

IPSEC VPN Service: This service is provided to customers who have servers in the Türk Telekom data centre, so the resources at their locations communicate with resources at the data centre on a secure connection over the firewall service.

Advanced Threat Prevention Service (Anti-APT): The Anti-APT service provides protection against unknown types of cyber-attacks, which are described as advanced cyber-attacks. It prevents files which are detected as being potentially harmful from infecting the network by performing file-based traffic analysis. This way, it offers effective protection against phishing attacks and zero-day attacks. With the service offered from the backbone, fast commissioning and ease of installation are provided without requiring additional investment.

Antivirus: With the antivirus service, traffic coming to the servers is scanned for viruses and worms. If any virus is detected, the passage of harmful traffic is prevented and the virus is cleaned at the backbone level before it reaches the network.

WAF (Web Application Firewall) Service: The WAF Service offers protection against harmful content and vulnerabilities which may present security threats in web applications and which may affect the accessibility of the application. It provides global intelligence specific to the OWASP Top 10 and web applications. With the managed WAF solutions, customer web applications are monitored on a 24/7 basis and a rule definition service is provided on a proactive basis. With add-on services, customers

SOAR

The automatic response service with SOAR allows organisations to collect security threat data and events coming from different sources.

can benefit from an array of services such as file security and daily license usage. With the customer management interface, users are able to perform operations such as traffic analysis and viewing and creating rules.

Shared Security Services Standard SLA (Service Level Agreement): Within the scope of Corporate Security Services, these agreements are standard SLA packages which include support and solution durations determined to be valid for the services provided with management service.

Dedicated Security Services

Dedicated Security Services: With the Türk Telekom Dedicated Security Services, Firewall, Active Defence System, Content Filtering, Antivirus and data storage services in accordance with the law 5651 can be used simultaneously through the security devices to be located at the desired location.

SiberKale: Through the integrated security SiberKale, logging can be performed in accordance with the 5651 standards, in addition to simultaneously benefiting from Firewall, *Intrusion Prevention services*, Content Filtering and Antivirus services.

SiberLog: With the SiberLog device, users connecting to the corporate internet can be logged in accordance with the provisions of law 5651.

Cyber Security Centre Management Service

Cyber Security Centre Management Service: The service is offered with versatile and specialised technology consultants to facilitate the daily operations of organisations in tackling cyber threats.

Management Services: The following services are provided for all cyber security needs; 24/7 security event monitoring, security tightening, use case consultancy, SIEM (Security Information and Event Management) consultancy and event response services for SIEM infrastructures:

- **24/7 Security Event Monitoring:** This service provides monitoring and anomaly analysis in line with the service. The service covers 24/7 monitoring of any alarms which occur within the scope of correlation rules for customers with the SIEM infrastructure, as well as false / positive analysis of the alarms that occur from there, determination of the type of attack together with advanced analysis of the events and root cause analysis.
- **SIEM Consulting:** The service includes all process consultancy including examining the customer's network topology, determining the sources to be logged and writing the correlation rules.
- **Intervention Service:** A solution document is prepared setting out the solution to the problem by determining the root cause of any event. As a result of the analysis, the event is responded to on-site by Türk Telekom and the problem is resolved.
- **Automatic Intervention Service with SOAR:** Automatic intervention service with SOAR (Security Orchestration, Automation and Event Intervention) allows the collection of organisations' security threat data and events coming from different sources before performing security arrangements with advanced intelligence and automates the threat data. It manages the event response processes through the collected and prioritised events.
- **Test Consultancy Services:** Türk Telekom's specialist teams work on many security testing services such as pentest, vulnerability test, gap analysis and red team, and their output is reported.

Professional Security Services

Vulnerability Analysis and Penetration Tests: With this service, the security vulnerabilities of organisations are detected and reported. Information is provided on the necessary security solutions to protect against potential cyber-attacks that could be carried out by taking advantage of the found security vulnerabilities.

Consultancy Services: Information Security Management System Consultancy, the ISO 27001 Audit, Compliance and Consultancy, SOME (CIRT - Cyber Incident Response Team) Installation Consultancy and Training services are provided in order to help organisations to ensure the data and infrastructure security.

RESEARCH AND INNOVATION ACTIVITIES

Always standing by its customers with its wide network infrastructure as well as its extensive range of products and services, **Türk Telekom develops innovative approaches and solutions to meet the changing needs of its customers, backed by its strong R&D ecosystem and collaborations.**

Strong R&D ecosystem

Türk Telekom has established a strong ecosystem, encompassing universities, SMEs with intensive R&D activities and international R&D partners, with the aim of utilising the potential offered by the existing know-how in Turkey to the maximum.

Türk Telekom is the driving force behind Turkey's digital transformation

Türk Telekom ranks among the world's leading information and communication companies with its strong infrastructure, increasingly diversified portfolio of value-added innovative services, its ability to rapidly integrate technology into its services and its international partnerships.

Türk Telekom plays a driving role in next generation communication services based on its mission to carry communications to the future, in addition to adding value to traditional telecommunication services. In this context, Türk Telekom is also the driving force of Turkey's digital transformation.

Türk Telekom created a strong R&D ecosystem including its stakeholders

Türk Telekom's extensive R&D and innovation efforts aim to provide novel solutions to customers through the research of next generation technologies, their development and commercialisation. Türk Telekom has established a strong ecosystem, encompassing universities, SMEs with intensive R&D activities and international R&D partners, with the aim of utilising the potential offered by the existing know-how in Turkey to the maximum.

R&D activities carried out by Türk Telekom are focused on the strategic areas listed below:

- **Big Data technologies:** Data visualisation, data analysis, data mining, machine learning technologies and artificial intelligence applications
- **Experience driven networking and service quality management:** Innovative applications for customer experience and service management, virtualisation-oriented technologies (SDN, NFV), 4.5G, 5G and beyond technologies, Cloud-RAN and visible light communication (VLC/LiFi)
- **Smart digital platforms and services:** Cloud-based services, Internet of Things (IoT) and smart home/city/ life applications

Ankara R&D Centre has become operational

The Türk Telekom Ankara R&D Centre, which started its activities in January 2020, focuses on the next generation service technologies and artificial intelligence technologies supported by cloud/ICT/Internet of Things, especially 5G technologies.

Türk Telekom R&D On-Site Master's/PhD Program started

"Türk Telekom R&D On-Site Master's/PhD Program" began in the field of Computer Engineering as of the fall semester of the 2020-2021 academic year. This program marked an important step in the name of investing in people, which is one of the most important steps of investment in innovation.

Aimed at building Türk Telekom's experience within the scope of innovative research areas and at the same time strengthening its human resources infrastructure equipped with academic and technological knowledge, this program will help Türk Telekom achieve its strategic goals. Within the scope of the program, it is aimed to increase the number of personnel with post-graduate degree in the Türk Telekom R&D Centres, as well as providing training opportunities to R&D centre personnel on innovative technologies, expanding their knowledge and competencies.

Ankara R&D Centre has become operational

The Türk Telekom Ankara R&D Centre started its activities in January 2020 upon the approval of Ministry of Industry and Technology of Republic of Turkey. The R&D Centre, located in Aydınlıkevler, Ankara was established on a total area of 3,909 sqm. Following the opening, the number of R&D personnel in Türk Telekom increased by 74%.

Focusing on the next generation service technologies and artificial intelligence technologies supported by cloud/ICT/Internet of Things, especially 5G technologies, the Centre will continue to develop innovative solutions with high added value to customers through its R&D studies. It is aimed to increase the number of R&D projects and to improve university-industry-public partnerships with the set-up of R&D Centre; and to increase the effectiveness of R&D activities by promoting the training of personnel.

Türk Telekom aims to strengthen its commercial success and strategic position in both national and international markets with the intellectual property of innovative products which it will obtain from R&D activities.

Significant results achieved within the scope of the R&D Centre activities in 2020

In 2020, seven European Union and TUBITAK funded R&D projects were carried out at the Türk Telekom R&D Centre. One of these projects, the "Machine Learning Based Mobile Traffic Prediction" was completed in 2020. Within the scope of the project, a software was developed to be used within Türk Telekom, which estimates voice and data traffic for mobile networks with a low margin of error thanks to different machine learning methods.

Türk Telekom filed 116 patent applications in 2020, 1 international application and 115 national applications. 10 patent applications lodged in previous years were registered by the Turkish Patent Institution in 2020.

Türk Telekom continues to carry out notable studies in the area of intellectual property with patent proposals prepared in a variety of fields ranging from the transformation of its powerful network to innovative services and platforms offered and to be offered to its customers, from the analysis of rich data sources to data centres. For the international patents aimed at synchronisation of the IP networks of 5G and beyond technologies, the Company submitted applications to the Eurasian patent, Australia, China, ARIPO (African Regional Intellectual Property Organisation), Japan, European patent and United States for transition to the national stage.

In 2020, Türk Telekom presented a total of 17 academic studies in various journals and conferences, including international scientific journal publications such as "IEEE Access" and national publications such as "Signal Processing and Communications Applications Conference". With these publications, the Company shared its employees' knowledge on the topics of network and innovative products/services with the academic community.

RESEARCH AND INNOVATION ACTIVITIES

XGS-PON technology

Türk Telekom tested the next generation XGS-PON technology, which provides symmetrical 10Gbps download and upload speeds on an open-source code access platform.

Türk Telekom's support for 5G and Beyond Joint Post-Graduate Support Program keeps growing

Türk Telekom maintains its contributions to the 5G and Beyond Joint Post-Graduate Support Program, which started in the 2018-2019 academic year. In 2020, the Company not only provided financial support to the research projects carried out by 13 students, within the scope of the program, but also with the shared experience and knowledge, it prepared them in the best possible way for the rapidly developing telecommunication sector.

Türk Telekom manages its network operations with "100% Domestic" Artificial Intelligence and Machine Learning

Türk Telekom developed its existing rule-based reports and controls with various artificial intelligence and machine learning based scenarios in order to achieve the highest customer satisfaction in its network operations. In 2020, the Company handled 40 different scenarios on a platform developed entirely by the Türk Telekom engineers by using hundred percent open-source software. Thanks to the scenarios constructed with anomaly detection, fault prediction and decision support systems; operational costs were reduced, customer satisfaction was increased and network outages were reduced.

Türk Telekom applied for two national patents within the scope of its work on artificial intelligence, and the project qualified as a finalist in the Artificial Intelligence category at the TM Forum Excellence Awards and the Global Telecom Awards, both of which are among the world's most prestigious awards.

Türk Telekom broadcast Turkey's first real 5G live match with the 360-degree camera angle experience

Türk Telekom offered Turkey's first 5G live match broadcasting experience in the Fenerbahçe Beko-Türk Telekom basketball game by using the VR (virtual reality) technology with the 360-degree camera angle. With the VR glasses used by the spectators of the match at the Türk Telekom Ümraniye Technopark, the spectators were made to feel themselves in the match.

The 4K resolution broadcast was transmitted via the live 5G test network established by Türk Telekom with Huawei, with the 360-degree camera provided by the local software company, Garage Atlas.

Türk Telekom tests XGS-PON technology on an open source coded platform

Achieving another first in Turkey, Türk Telekom tested the next generation XGS-PON technology, which provides symmetrical 10Gbps download and upload speeds on an "Open-source code", access platform, which will ramp up domestic production. Thanks to this new technology, it will be possible to download a 10GB film in about 8 seconds, and a 75GB file in just one minute.

With the XGS-PON technology, tested on the open-source code platform developed in the Türk Telekom Innovation Centre in Ankara as a result of the studies carried out with the Open Networking Foundation (ONF), an international organisation where Türk Telekom is the only member that takes part in its management from our country, speeds up to 10Gbps have been reached.

Türk Telekom, which plays an active role in international events attracting the participation of some of the world's leading operators and open-source code suppliers, and its subsidiary Argela, which provides next generation telecommunication solutions, continue to provide significant contribution to domestic product development with the knowledge and experience gained from their work there. In this context, Türk Telekom, which includes open-source code platforms in the ecosystem, furthers the opportunity of national products for a domestic and national communication infrastructure.

End-to-End Domestic and National 5G Communications Network Project

On July, 2020, the first call with domestic and national 5G infrastructure was made within the scope of the project and the first data transfer was performed through the developed radiolink device.

Given the size of the investments undertaken in access networks, such efforts are aimed at contributing to the development of the domestic ecosystem and reduction of the dependence on foreign products in Turkey.

First call made on domestic and national 5G infrastructure

The Communication Technologies Cluster (CTC) was established in order to increase the share of domestic and national production in communication technologies and to ensure that in the process which began with 4.5G, investments to be made for communication technologies are domestic and national.

In 2020, Türk Telekom's support for the "End-to-End Domestic and National 5G Communications Network Project", which was carried out within the scope of the CTC studies and supported by TÜBİTAK, and the 4.5G domestic base station ULAK continues to grow.

During the Executive Board meeting held on July 23, 2020, the first call with domestic and national 5G infrastructure was made within the scope of the End-to-End Domestic and National 5G (UUYM5G) Network Project, initiated by the Communication Technologies Cluster (CTC) with the support of the Information and Communication Technologies Authority (ICTA), OSTİM and TÜBİTAK. The first data transfer was performed through the radiolink device.

First application of 5G at İstanbul Airport

Türk Telekom and two other operators set up their 5G testing sites and completed their tests within the scope of the permits obtained from the ICTA for 5G, which will be implemented at the İstanbul Airport for the first time in Turkey. The work carried out on live site installations required to render 5G available for the use of passengers reached its final stage.

Türk Telekom continues its preparatory work on the pilot 5G test networks established in Ankara and İstanbul, and expanded in 2020

Türk Telekom continues its work to develop, test and implement all next generation technologies, not just 5G, on its live 5G test network in compliance with international 3GPP standards.

Türk Telekom rolls out "Life-saving" domestic technology

Türk Telekom implemented the eCall technology, a "life-saving" domestic in-vehicle emergency call system, in cooperation with Honda in Turkey. Within the scope of this technology, it will be possible for a vehicle involved in a traffic accident to call 112 (the Emergency Hotline) automatically or manually with eCall and convey the necessary information to the eCall Emergency Call Centre.

With Türk Telekom's domestic eCall solution, which will be installed in next generation Honda vehicles, in the case of a traffic accident, vehicle will call 112 automatically even if the survivors are unconscious, and will transmit information such as the location and direction of the accident to the eCall Emergency Call Centre, established by the Ministry of Interior. The eCall Emergency Call System, whose test drive has completed, enables rapid action to be taken with an early response to traffic accidents.

The SIM cards, which will be embedded in the vehicles in the eCall system, will not only send out calls for help in the event of an accident in the future, but will also be used for connected solutions that will bring ease to the lives of drivers. Many additional features such as in-vehicle internet, navigation systems with live traffic data, driving performance reporting and fault reporting will be rolled out in next generation vehicles in the near future.

HUMAN RESOURCES

Viewing its employees as its most important asset, Türk Telekom continues to implement **its strategic steps taken towards Turkey’s digital transformation in all of its business processes, especially in human resources management.**

34,748 employees

Throughout Turkey, Türk Telekom Group operates as a big family with a total of 34,748 employees, consisting of 16,143 Türk Telekom employees and 18,605 employees working in Türk Telekom subsidiaries, who are experts in their respective fields.

Viewing its employees as its most important asset, Türk Telekom continues to implement its strategic steps taken towards Turkey’s digital transformation in all of its business processes, especially in human resources management.

In line with its target to lead Turkey’s digital transformation in 2020, Türk Telekom implemented the principle of “Makes You Feel Valuable” in all of its Human Resources policies, systems and processes with a human-focused approach.

In order to ensure that the digitalisation process, which has gained pace due to the pandemic, is continuous and sustainable, the company has taken strategic steps which popularise the principle of “digital human resources”, placing the health of its employees as its utmost priority. Türk Telekom has automated all of its systems and processes, moved its recruitment, interview, evaluation, training and development processes to online platforms, and started to implement remote and flexible working models.

Aiming to perpetuate the feeling of being part of a family through events and activities which strengthen the bond between employees and make them feel valuable, Türk Telekom contributes to the development of employees’ knowledge and skills, their adaptation to new technologies and increasing their performance and competencies with the training opportunities it offers. With the Türk Telekom Academy, one of largest corporate academies in Turkey, the Company pressed ahead with its employees’ training activities without interruption in virtual classrooms and on online platforms.

Türk Telekom also takes steps to make its organisation much more “agile, lean and efficient” with its continuous improvement approach. Restructuring its organisation with an emphasis on employee experience, the Company implemented process improvement projects such as the Agile Transformation Plan.

Staff with expertise in their field across Turkey

With its innovative human resources practices, Türk Telekom aims to gain a qualified workforce aligned with its corporate culture and values and to become

The Right to Collective Bargaining Agreement

Türk Telekom supports its employees’ freedom of association and right to Collective Bargaining. The number of unionised employees was 10,063 within the Türk Telekom Group.

the most preferred company for employees in the telecommunication sector.

Throughout Turkey, the Group operates as a big family with a total of 34,748 employees, consisting of 16,143 Türk Telekom employees and 18,605 employees working in Türk Telekom subsidiaries, who are experts in their respective fields.

34% of Türk Telekom employees are in the age group of 21-35, 45% in the age group 35-45, and 21% in the age group of 45 and over. In Türk Telekom subsidiaries, 70% of employees are between the ages of 21-35, 25% are between the ages of 35-45 and 5% are 45 or older. While the average age for Türk Telekom employees is 38, it is 37 for Türk Telekom subsidiaries.

20% of the employees at Türk Telekom are female, with 80% being male. In Türk Telekom subsidiaries, 55% of the employees are female and 45% are male.

In order to provide a high-quality and uninterrupted service throughout Turkey, Türk Telekom ensures that the number of field employees is particularly high. When the field teams are excluded, the rate of female employees within the headquarter stands at 37%.

Türk Telekom prioritises women candidates in its recruitment processes in line with the goal of increasing the employment of women employees. In 2020, 37% of the hired employees and 45% of those employed under the Young Talent Program Start were female. In order to increase the representation of women in the senior management, women candidates are prioritised in the recruitment and promotion processes.

11% of Türk Telekom employees have a Master’s degree or PhD. 37% have undergraduate and 40% have associate degrees. The corresponding figures at Türk Telekom subsidiaries are 3%, 37% and 27%, respectively.

Labour peace through social dialogue and cooperation

Thanks to the effective social dialogue and cooperation between Türk Telekom, which supports its employees’ freedom of association and right to Collective Bargaining, and the Turkish Haber-İş Labour Union, labour peace has been sustained.

By the end of 2020, the number of unionised employees in the Türk Telekom Group throughout Turkey was 10,063. The 13th Collective Bargaining Agreement, which is effective between 1 March 2019 and 28 February 2021, determines the wages, other social benefits, and work conditions of unionised employees, continued to be implemented. In 2020, there were no occurrences of strike, suspension of business or work stoppage at Türk Telekom workplaces.

The employee experience

The employee experience approach at Türk Telekom includes the work to design a high-value, integrated and end-to-end experience which forms the entire perception of employees with regard to their interactions with the Company, by putting employees at the centre of its business strategies.

In 2020, Türk Telekom added the Employee Experience Department in its Human Resources organisation based on the principle that “A strong employee experience creates a strong customer experience”. Accordingly, activities aimed at understanding the needs and expectations of the employees in order to increase their interactions with the Company were stepped up.

The employee experience was formed to design the needs and expectations of the employees in line with organisational priorities with “organisational empathy”. The aim here was to understand the needs of employees, increase their business efficiency and motivation, reduce employee churn, increase the attractiveness by strengthening the employer brand perception and create the equation of ‘happy employees mean happy customers’.

The Employee Experience Department pioneered 18 projects by identifying three focal points under the headings of “Employee Experience, HR Digital Transformation and the Sustainable Working Model”.

With a holistic view of “from candidate to a graduate”, seven main contact points with the greatest impact on

HUMAN RESOURCES

“Organisational empathy”

The employee experience was formed with “organisational empathy” in order to align the needs and expectations of the employees with organisational priorities.

the working life cycle of the employee were determined in order to understand and strengthen the Company experience of candidates, employees and graduates who had different characteristics, priorities and expectations in different processes and points. Accordingly, employee-focused designs were developed and restructured in all human resources processes and applications such as the Candidate Experience, Recruitment/Orientation to work and the Company (On-boarding), Training, Career Management, Performance & Feedback, Transition to a New Career & Retirement Incentive (Outplacement) and Exit Process (Off-boarding).

In 2020, the approach to the processes related to the employee experience was restructured and improved with the projects of Retirement Incentive, New Candidate Recruitment Experience, and Program for Adapting to the New Position, the Manager Orientation Program, Exit Process & TT Alumni Club.

In addition to all of these processes, new focus points were identified under the headings of Employee Interviews, the Remote and Flexible Working Model, Employee Wellbeing, Focus Group Interviews and Employee Pulse Surveys.

Agile organisational improvements focused on strategy and growth

Türk Telekom identified and redesigned the processes which needed improvement to serve its strategic goals, supporting them with more efficient, agile working models.

With the organisational changes carried out in 2020, Türk Telekom’s Agile Transformation Process was initiated. In order to implement agile approaches within the scope of the next generation project management methodologies, application teams from pilot teams were determined and the Agile Transformation Process was launched in the middle of the year. In this context, internal awareness was increased in the Company by offering informative sessions regarding the agile working culture to the relevant units and Human Resources teams at Türk Telekom.

In support of the agile transformation process, the Türk Telekom Academy broadcast the Learn Break (Öğren Molası) online seminar on Agility to all employees. Moreover, the Competency Development Schedules on Agility in July 2020 and Agile Transformation in December 2020 were prepared and action recommendations and resources for development were shared with all employees.

Efforts to expand feedback culture with a performance-oriented approach

As part of the 2019 Performance Management Schedule, the assessment process of 7,243 employees was completed in 2020 within the scope of the “2019 Year-End Assessment and Feedback Period” and employees received feedback from their managers. This year, the average score for employee satisfaction with the

A pioneering approach in educational technologies

In 2020, the share of e-learning in the personal training hours increased to 34.8% with the use of alternative education technologies.

managerial feedback increased by 2% compared to the previous year, to 4.29 out of 5.

In addition to the satisfaction of employees who received feedback from their managers, their strengths and/or development areas were also identified.

Analyses were carried out to examine the detail of the assessments made in past years and their relationship with other processes. The targets entered into the system were examined in order to improve the quality of the performance targets. Unlike the target analyses carried out in past years, function-based target pools were designed.

Communication activities, the key drivers of process, system and analysis studies, were shared with the relevant audiences. Communication activities for the Target Review Period were enriched with the Feedback Checklist prepared for the use of managers, thus contributing to the spread of the feedback culture.

The 2020 Year-End Assessment Period schedule was moved from February 2021 to December 2020 with the decision of the Senior Management. The target assessments of managers and employees in the system were completed at the end of the year, earlier than in previous years. The performance of 7,416 employees was assessed within the scope of the “2020 Year-End Assessment Period”.

Türk Telekom Academy: A pioneering corporate academy with the philosophy of “People for technology, development for people”

The Türk Telekom Academy provided training and development services by using up-to-date education technologies in 2020. A total of 2,017 in-class and online training sessions were provided. The training prevalence rate was recorded as 57.5% with 10,439 employees participating at least once in these training sessions. An average of 18.7 hours of training was provided per employee in 2020. The Türk Telekom Academy has a total of 264 training classes with 417 active internal trainers in 81 provinces of Turkey.

The Türk Telekom Academy Training Management System interface was renewed and made more user-friendly in order for the training programs to continue during the pandemic. During this period, 216,295 hours of distance training was provided on 726 different subjects with “Digital Trainings”. In 2020, the average e-learning hour per person was 12 hours. With the use of alternative education technologies, a 34.8% increase was achieved in this period compared to the previous year.

Training and development videos were provided free of charge by the Türk Telekom Academy over the Tivibu platform and 125 items of educational content were created in 4 different categories.

In order to support training in this process, the training content provided on the Türk Telekom Academy site for the general public was enriched.



HUMAN RESOURCES

Türk Telekom places priority on its employees' knowledge and qualifications

Viewing the personal and professional development of its employees as the key to a successful future, Türk Telekom continues to implement a wide array of programs in this field.

Making a difference in personal and professional development

Business Schools: Leaders School, Technology School, Marketing School, Sales School, Customer Services School, Human Resources School, Finance School, School of Occupational Health and Safety and Internal Trainers School, which are designed specifically for the core business functions for employee development, continued their activities. The new content designs of the Procurement School, Logistics School, Strategy School and Data Analytics School are scheduled to be implemented in 2021. During the pandemic, all programs were carried out in the form of live and synchronous virtual classroom training.

Personal and Professional Development: Distance learning was assigned to 6,345 employees on 95 subjects for the classroom trainings included in the Personal Development Catalogue. Within the scope of the professional and technical development training, the training needs of the business units were met with live and synchronised virtual classroom trainings. In April 2020, 9,359 employees were assigned Remote Efficient Work e-training, which was kept available until the end of the year.

The Star of Presentation Development Program: With the program specifically designed by the Türk Telekom Academy, it is aimed to help participants develop their public speaking skills and carry out effective presentations.

Orientation Program: In 2020, in order to ensure that newly recruited employees adapt to their jobs and corporate culture, 569 employees benefited from the training programs provided in 34 different groups in a virtual classroom environment due to the pandemic. During the pandemic, the Orientation Program was scheduled to take place online every 2 weeks, and newly recruited employees participated in the program on a live basis synchronously throughout the year. Moreover, the launching of the Orientation Team Room on the internal communication portal Türk Telekom Port helped new recruits access orientation content, the Türk Telekom Orientation Booklet and social learning processes. The Orientation E-Learning Package, consisting of distance learning content, was also regularly assigned to new recruits through the Academy portal.

Coaching and Internal Mentoring: In the Coaching and Internal Mentoring Programs in 2020, a total of 60 mentors from different business units shared their experiences with participants, providing them with support in their development areas.

Foreign Language Development: English speaking clubs were launched for all employees with the aim of improving the foreign language skills of employees. Private lessons were provided to senior managers.

Competency Development Schedule: The Schedule, which includes a range of different development tools such as book recommendations, articles, e-learning, videos and individual learning actions, and offers employees a structured development process, is published monthly.



Young Talent START

A total of 68 young talents, who will carry Türk Telekom to the future with a young outlook and innovative approach, started working full-time and joined the 18-month comprehensive START Development Program.

Türk Telekom Academy Internal Trainers School: There were a total of 417 active internal trainers under the roof of the Türk Telekom Academy in 2020. 41 of them were trained during 2020. The "Training of the Trainers" program, which was provided within the scope of the Internal Trainer Training Program, continued in the virtual classrooms during the pandemic. On 24 November 2020, Online Internal Trainers Day was organised for approximately 600 internal trainers with the participation of the Assistant General Manager of Human Resources.

Live Broadcasts: Within the scope of the seminars of "Technology Chair" and "Learn Break" which were awarded with "The Excellence in Technology Award" in the "Virtual Classroom and Conference Technology" category by Brandon Hall Awards, the international prestigious business accolade, a total of 26 programs were held in 2020, and the programs were watched by 5,752 employees. In the Learn Break seminars, live broadcasts were provided with content specific to the pandemic period. Useful information on prominent issues such



as anxiety management, health, hygiene, cleanliness, chronic diseases, domestic accidents and mindfulness at workplace was shared with employees.

Developing and expanding leadership culture

The Türk Telekom Leaders School: During 2019-2020 term, 112 Türk Telekom executives participated in the school, which was designed together with Turkey's pioneering universities in order to strengthen the leadership culture that will carry Türk Telekom forward. Eight sessions were completed during the pandemic, with a total of 24 hours of virtual classroom training.

2020-2021 programs for The Leaders School Vision and Leaders School Compass were launched in December 2020, in cooperation with Marmara University. The 72-hour Vision program was provided in four groups, while the 42-hour Compass program was held in two groups with the participation of 132 executives.

Manager's HR Framework: In 2020, 90 managers were given in-class training within the scope of the program, which was carried out to improve the team management competencies of managers, to enable them to view HR management from a broader perspective and to support the development of leadership culture. Work was initiated to hold the training program in a virtual classroom.

START Online Internship Development Program: More than 4 thousand internship candidates applied to the online program organised in August. 50 young people successfully completed the program as interns in 17 August-18 September.

START My New Job Online Development Program: Having passed difficult exams and interview rounds carried out within the scope of the program applied by 16,222 applicants, 18 successful applicants started to work on 21 September 2020. STARTs will participate in online training and development activities for 12 months and will be supported by the professional development training specifically planned for the units.

Engineer Adaptation Development Program: 54 employees, who were included in vocational and competency development training, prepared projects on the topics they determined with the support and guidance of internal mentors within the scope of the Türk Telekom Internal Mentoring Program.

HUMAN RESOURCES

Instant Awards

In 2020, 124 success stories were shared with the Instant Awards selection committee. 65 of those were deemed worthy of an award by the committee and 171 employees were rewarded.

Türk Telekom continues preparatory work for the technologies of the future

With the FTTX Certificate Program, which was prepared to provide all the knowledge and skills they need for the employees who carry out the malfunction and maintenance works of FTTH systems, 85 employees in 4 different phases were raised to the level of “admin” in 2020. 594 employees benefited from online Cisco Network Expertise Certification Program training. Within the scope of the Türk Telekom On-Site R&D Master’s Degree/Doctorate Program, 12 R&D employees started Master’s Degree and Doctoral programs in the fall semester of the 2020-2021 academic year. 58 employees within the Mobile Technologies Program and 70 within the Mobile Network Operations Certificate Program successfully completed their training. A total of 128 participants working in the Cyber Security Department



continue their basic level training at the Cyber Security School in the 2020-2021 period.

On the other hand, in 2020, the 5G Certification Program was designed to prepare employees for 5G technologies. Within the scope of the cooperation between the ICTA (BTK) Academy and TT Academy, training was provided to ICTA employees. In order to contribute to the “1 Million Employment Project”, online trainings on cyber security were prepared.

21 students who graduated with high grade point averages from the universities that were determined within the scope of the ICTA 5G Valley Joint Master’s and Doctorate program were entitled to take part in the Türk Telekom R&D department to conduct research in 5G technologies.

200 students received remote trainings at the Telecommunication Laboratories established in 14 universities within scope of the “Telecommunication from Masters” Certificate Program, in the 2020-2021 fall semester. In collaboration with Ankara Keçiören District Directorate of National Education, “Trainings for Coding Trainers” was provided to teachers in all branches in the Robotic Coding Workshops established in three schools.

Training, sales and business development activities of Türk Telekom Academy

In 2020, training programs in the field of personal and professional development were organised with organisations such as Turkish Airlines, Vakıf Katılım and the Presidency of Defence Industry.

With the training of Cyber Incident Response Teams and the Law on the Protection of Personal Data (KVKK), KVKK and Penetration Test Training Activities were held in 2 different regions, reaching more than 100 companies.

In addition, foreign language education, career and career plus training packages, certified training programs and rapid reading programs were offered to Consumer and the SME customers through the Türk Telekom Academy website, bundling them with internet products.

Orkestra: The Integrated Talent Management Process

Türk Telekom’s integrated talent management system Orkestra supports the recruitment of right people to right roles, boosting employee motivation for development, achieving sustained progress through emphasis on strengths, and bolstering effective employee performance.

360° Competency Assessments

The 360° Competency Assessments enable employees to increase their individual awareness and receive feedback by looking at themselves from different angles on their corporate competencies.

Orchestra consists of three basic phases, namely Performance Management, Talent Management (Potential Assessment) and Training/Development (Development Planning).

360° Competency Assessments, which enable employees to increase their individual awareness and obtain feedback on their corporate competencies from different perspectives, were completed for 6,726 employees in 2020. A total of 39 Talent Management Committee Meetings were held, where all employee assessment results were reviewed and development needs were evaluated, on a business unit basis.

Contingency plans were defined for executive positions above a certain level and Critical Position Succession Plans were prepared to ensure organisational continuity.

Thanks to the work carried out to support self-awareness and development of employees within the scope of the Türk Telekom Leadership Model, employee development needs are evaluated together with the employees themselves and their managers, with development actions planned and monitored.

Employer brand communications at Türk Telekom

Employer brand communication activities were carried out to ensure that Türk Telekom is a preferred company for potential employees and to increase the loyalty of existing employees.

Work on Strategy

In order to measure Türk Telekom’s perception in the eyes of university students as an employer and to determine the Employer Brand Roadmap by identifying the areas of development, a perception survey was carried out with the students of the Faculty of Engineering and Faculty of Economics and Administrative Sciences throughout Turkey under the leadership of leading pollsters. Focus groups were held with the same target audience. Work was carried out to determine the Türk Telekom Employer Brand Strategy and Roadmap based on the data and insights gained from this qualitative and quantitative polling.

Campus Communications

In 2020, 30,000 young talents came together in 46 campus events, eight of which were held in physical environment and 38 online, in order to contribute to Türk Telekom’s employer brand perception in the eyes of university students and to ensure that Türk Telekom was a preferred workplace.

Türk Telekom Career Live Broadcasts

In order to increase interaction on online channels during the pandemic and to transfer the knowledge and experience of pioneering figures in the field of career to young talents, live broadcasts were carried out on the Türk Telekom Career accounts. Weekly conversations were held on the Türk Telekom Career Instagram account with expert names, discussing the career trends of the future, technology predictions and development areas in the live broadcasts launched under the name of “Career Together (Birlikte Kariyer)”.

Türk Telekom Development Base

With the increase in the importance of online channels during the pandemic, the “Türk Telekom Development Base” project was implemented. The project aims to raise the employer brand perception of the Company, to draw on the wide range of training and development know-how of the Türk Telekom Academy in order to contribute to the development of university students, with an awareness of social responsibility.

Türk Telekom Cyber Security Camp: Under the umbrella of the Development Base, Turkey’s first online cyber security camp, the “Türk Telekom Cyber Security Camp” was held. Within the scope of the camp, initiated to meet the increasing need for qualified human resources to tackle cyber-attacks, the incidence of which has increased significantly with the pandemic, 24 young people, picked

HUMAN RESOURCES

Idea Marathon

The “Türk Telekom Idea Marathon” project was implemented through interaction with young people in order to promote opportunities for development presented by the Company as an employer more closely.

from 2,500 applicants following rounds of examinations and interviews, received training for two weeks. The trainees, who completed 24 applied courses on cyber security delivered by 23 instructors throughout the camp, received the “Türk Telekom Cyber Security Certificate”. The top three ranking trainees in the CTF (Capture the Flag) competitions received Technology Gift Vouchers.

Türk Telekom Idea Marathon: The “Türk Telekom Idea Marathon” Project was implemented in order to offer university students and young professionals a chance to share their innovative ideas in different themes, and to promote opportunities for development presented by the Company as an employer more closely by interacting with young people. The 2020 theme of the project which is designed as an online idea contest, was determined as “Cyber Security”, the importance of which has increased even further due to the pandemic. 120 innovative ideas applied to the project were evaluated according to the criteria and 10 teams were invited to the marathon. The top three ranking teams, which presented their final presentations to the jury by developing their ideas through training and mentor interviews were presented with Technology Gift Vouchers.

Social Media Communications

Employer brand communications for young talents and professionals are carried out through the “Türk Telekom Career” social media accounts and the Türk Telekom corporate LinkedIn account. Potential candidates are encouraged to get to know Türk Telekom through content under topics such as life at Türk Telekom, Human

Resources applications, current news, career advice, campus events and competitions.

In order to inform young university students and new graduates about career and development opportunities at Türk Telekom and to strengthen the employer brand perception, a series of video interviews under the title of “Value Adders” is published on the Company’s social media channels.

Türk Telekom Career Website

Those seeking to join the Türk Telekom family or to find information about Human Resources at Türk Telekom can have access to the information quickly and practically and apply directly to open positions with the newly developed recruitment application.

On the www.turktelekom.com.tr website, which can be viewed on all devices with its “responsive web design” approach, promotional films about Türk Telekom, in-house applications and videos which include employees’ comments about the Company can be easily accessed.

Employee communications at Türk Telekom

In 2020, alternative communication channels such as the instant notification application, the Türk Telekom Port and indoor digital screens were actively used within the scope of internal communication activities, ensuring diversity in employee communication.

New features that allow employees to interact with each other were added to the Internal Communication portal, the “Türk Telekom Port”. With the “Hobi Haritası” (Hobby Map) it is aimed that Türk Telekom employees can see other colleagues who share their hobbies and communicate with each other.

The Türk Telekom Port Mobile Project was implemented to allow employees to access the portal through their smartphones at any time from any location. The development of the mobile application, which was launched with its basic features in 2020, is aimed to continue in 2021, and to expand its use within the organisation.

Online game tournaments and knowledge contests were held during the pandemic. With FIFA 2000, kelimelek (scrabble) and chess tournaments, nearly 1,000 employees came together online for the fun-packed events, increasing employee satisfaction. This year, 2,015 employees participated in the knowledge contests which were organised in a series of events.

During the pandemic, the Türk Telekom CEO, Ümit Önal came together with the employees on the online platform

1,685 inventors,
3,555 new ideas

In the Inventor Idea Development System, 123 ideas, which were among the ideas submitted to the Innovation Committee, and their inventors were awarded.

and provided information on the issues of interest to employees, and he answered their questions.

Since March 2020, employees with suitable business continuity have continued to work from home. Communication plans for employees have been largely completed ahead of the decision for employees to return to the office, which will be taken in line with the course of the pandemic.

Türk Telekom Güncel Bülten (Up to date Bulletin): In order to inform employees about the latest internal events and developments in the world of technology and sector, to bring employees to the forefront with their roles outside the Company, to entertain them and to support their personal development, the Türk Telekom Güncel Bulletin is brought to employees every Friday. In order to improve the Güncel bulletin with employees’ ideas and recommendations, a survey was conducted and the content was enriched.



“Dr. Cavit” Covid-19 Communication: Due to the pandemic, a series of segmented communications were made by designing a cartoon character called “Dr. Cavit” in order to increase the awareness of employees at home, in the office and in the field regarding the measures to be taken against the Coronavirus pandemic and to strengthen their feelings of trust and loyalty towards the Company by increasing their business motivation.

Employee Motivation and Loyalty

Inventor Idea Development System Gamification Project

The Inventor Idea Development System is an innovative online platform which enables Türk Telekom employees to participate in the management of the Company, serving as a place where the ideas are collected and assessed. The system was implemented to reveal the innovation within the employees, encourage efficiency, save money and improve service quality. To date, 1,685 inventors have proposed a total of 3,555 new ideas.

During the pandemic, special themed contests such as the “Innovative Practices in Digital Platforms during the Pandemic” and “How to Overcome Disasters with Less Damage” were held, and the opinions of Türk Telekom employees’ on this issue were assessed.

It is aimed to transform the Inventor Idea Development system, which will take on a new dimension with the Gamification Project, into a fun-packed, live, interactive, dynamic and smarter innovation platform for Türk Telekom employees.

Appreciating success with “Instant Awards”

Improvement processes were carried out in the Instant Awards system that rewards innovative work and outstanding achievements. Accordingly, the evaluation criteria and representation structure of the selection committee were expanded.



INVESTOR RELATIONS

Acting on the principle of a transparent and close relationship with its stakeholders, **Türk Telekom prioritises building a relationship of trust with existing and potential investors based on the information it shares on a regular and comprehensive basis.**

First domestic bond issuance

Türk Telekom realised its first domestic bond issuance of 150 million TL in December 2020.

Türk Telekom issued a Lira bond for the first time in its history

Türk Telekom is an integrated telecommunication and technology services provider, whose main shareholders are LYY Telekomünikasyon A.Ş. (LYY) (55%), Ministry of Treasury and Finance of the Republic of Turkey (25%) and Turkey Wealth Fund (6.68% - 1.68% being publicly traded).

15% of the shares in Türk Telekom are publicly traded in the Borsa İstanbul (BIST) under the TTKOM ticker.

The market capitalisation of the Company as of the end of 2020 was TL 29.9 billion.

Türk Telekom completed its first domestic bond issuance in December 2020, following the successful Eurobond issuances that it realised in 2014 and 2019. The coupon rate of the bond, with a total amount of TL 150 million, was determined as the return of the BIST Turkish Lira Overnight Reference Interest Rate (TLREF) index plus 1.75%.

Türk Telekom's Credit Rating

The credit rating agency, Fitch Ratings, upgraded Türk Telekom's credit rating and outlook after its annual assessment in November 2020. Fitch Ratings completed its annual evaluation and raised Türk Telekom's Long Term National rating from "AA+ (tur)" to "AAA (tur)". Fitch also affirmed Türk Telekom's local currency rating (IDR) and revised its Outlook from "Negative" to "Stable". Türk Telekom's foreign currency rating (IDR) was affirmed as "BB-" and its priority unsecured foreign currency debt rating as "BB-".

S&P Global Ratings (S&P) affirmed the Company's credit rating as "BB-" and its outlook as "Stable" in its latest update conducted in February 2019. On the other hand, S&P upgraded Türk Telekom's independent credit profile rating from "bb+" to "bbb-" in view of its strengthened credit profile in its latest update.

370 investors

Türk Telekom held online meetings and conferences with more than 370 equity and bond investors during the pandemic.

Türk Telekom is engaged in a transparent and close communication with all its stakeholders

Türk Telekom's Investor Relations Department reports to the CFO with respect to management of relations with existing and potential shareholders and fixed income investors on a regular basis, to answer questions from investors and analysts in the most effective manner, and to carry out activities with the aim of increasing the value of the Company.

In 2020, investor conferences held with a number of countries in particular with the USA and the UK, were moved to online platform from March due to the Covid-19 outbreak. Even in this difficult period, Türk Telekom maintained the close relationship with its investors and ensured a timely and continuous flow of information by holding meetings with more than 370 equity and bond investors from all over the world in 2020.

Türk Telekom Investor Relations department attended 15 conferences during 2020, two of which were physical and 13 held online. In addition to that, the Company organised 5 virtual non-deal roadshows and also two deal-roadshows in regard to TL bond issuance.

Throughout 2020, following the disclosure of the quarterly financial and operational results, teleconferences were held in order to share the assessment of the Company's senior management for the relevant quarter and to provide

investors and analysts with the opportunity to direct their questions to the management of the Company. Moreover, online meetings were held with the aim of bringing analysts and Türk Telekom's senior management together and enabling effective face to face communication.

Türk Telekom pays utmost attention to the implementation of the principles set out in the Corporate Governance Principles issued by the Capital Markets Board, and monitors the interests of all shareholders and stakeholders at equal distance in a transparent and close relationship.

The Director of the Türk Telekom Investor Relations department is also a member of the Company's Corporate Governance Committee.

Türk Telekom continues to advance its position in national and international indices with its initiatives in the areas of Corporate Governance and Sustainability

Türk Telekom has been included in the BIST Corporate Governance Index since 2009 and is the only telecom company to be listed in the Index.

Moreover, Türk Telekom has been included in the BIST Sustainability Index since 2014, when the index was established. The importance that the Company places on environmental, social and corporate governance policies and its exemplary practices in these areas has played an important role in Türk Telekom's successful performance in the BIST Sustainability Index.

Türk Telekom is also included in the International FTSE4Good index, where the performances of companies with strong and exemplary applications in the field of environmental, social and governance (ESG) practices are evaluated. Thanks to the steps it took upon in 2020 in the areas of environmental, social and governance, and the developments accordingly, Türk Telekom's ESG rating has continuously increased for three years in a row since 2018. Thus, Türk Telekom's ESG rating was realised at a level above the sector average.

In 2021, Türk Telekom aims to disclose its environmental, social and governance performance in its first sustainability report. With this report, the Company aims to present its holistic approach to sustainability and value creation for its employees, shareholders and stakeholders simultaneously.

INVESTOR RELATIONS

Corporate Governance Rating

The corporate governance rating of Türk Telekom increased from 94.00 in 2019 to 94.03 in 2020.

In 2020, Türk Telekom continued its investments with a sustainability approach that is aware of its economic, environmental and social responsibilities, while acting with the principle of “accessible communication for all”. The Company signed a USD 100 million loan agreement with a 6-year maturity with the European Development Bank (EBRD) to finance its investments within this scope.

While leading Turkey’s digital transformation process, Türk Telekom integrates the universal principles of sustainability into its business model, strategies and corporate decision-making processes. In line with this, the Company carries out a wide array of projects and initiatives which it plans to implement, such as energy efficiency, efforts to reduce carbon emissions and optimisation studies in close cooperation with its internal and external stakeholders.

In 2019, a Human Rights Policy was prepared to ensure that Türk Telekom complies with human rights in its relations with employees, customers, suppliers, business partners and all of the Company’s stakeholders. The United Nations Universal Declaration of Human Rights, the Constitution of the Republic of Turkey, the International Labour Organisation (ILO) Conventions and other conventions ratified by the Republic of Turkey, as well as national legislation on human rights and work life formed the basis for this policy.

In addition, within the scope of the article 4.3.9 of the CMB Corporate Governance Principles, the “Women as Board Members Policy” was created in 2019 in order to give priority to women in the election of members for the Board of Directors of the Company and to strengthen the position of women in the Company’s highest level decision-making mechanism.

In 2020, Türk Telekom published its Anti-Bribery and Anti-Corruption Policy. This policy aims to present the Company’s approach to bribery and corruption and its commitments in a clear and transparent manner, to establish rules and responsibilities regarding the determination and prevention of possible actions which could be considered within this scope, to raise awareness among its employees and to protect the integrity and reputation of the Company by complying with national and international regulations.

Türk Telekom places great care on the implementation of the principles set out in the Corporate Governance Principles published by the Capital Markets Board. In this context, an independent corporate governance compliance assessment is carried out annually.

The Türk Telekom corporate governance rating report was prepared on 14th December 2020 by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. which has permission to operate in Turkey to provide ratings in accordance with the Corporate Governance Principles of the Capital Markets Board. As a result of this study, the Company’s rating was increased from 94.00 in 2019 to 94.03 in 2020.

Türk Telekom takes utmost care to ensure that internal processes function in compliance with CMB legislations. Online training programs are carried out within the Company in order to raise awareness regarding compliance with CMB legislation. Approximately 10 thousand employees completed the online training programs prepared within this scope in 2020.

The Company monitors its employees who have access to insider information through the system created for this purpose.

Türk Telekom shareholder profile

Türk Telekom regularly conducts studies analysing its shareholder base. These studies help analyse the shareholder base and track the shareholder changes between periods.

Versatile stakeholder communication

Pioneering in the field of investor relations, Türk Telekom implements the best-in-class practices in stakeholder communication.

According to the latest study conducted by an independent service provider in September 2020, Türk Telekom has nearly 120 institutional investors around the world. According to this research, the majority of the shareholder base consists of “GARP investors (growth at a reasonable price)”. The other areas of investment focus with high share are “Value”, “Growth” and “Index”.

A versatile and effective approach in stakeholder communication

Having adopted a leadership position in Investor Relations, Türk Telekom carries out the most advanced practices in this regard.

The content of the Investor Relations website has been prepared by considering the needs and expectations of both retail and institutional investors, analysts and stakeholders which constitute the target audience of the Company. In addition to Türk Telekom’s investment theme, the website offers access to important strategic, financial and operational information.

The content of the site, which enables shareholders and stakeholders to access information in the easiest way, is updated simultaneously in Turkish and English.



A “Contact Form” can be found on the Investor Relations website, where shareholders and stakeholders can communicate with Türk Telekom instantly.

Recent announcements such as regulatory disclosures issued by Türk Telekom on the Public Disclosure Platform (KAP) are sent simultaneously to the distribution list of the stakeholders, including analysts and investors who opt to receive them. These announcements are also shared on Twitter.

International awards for Türk Telekom’s 2019 Annual Report

Türk Telekom’s 2019 Annual Report received a total of 18 awards in the LACP where the activity reports of hundreds of international companies are evaluated and in the ARC awards, which is regarded as the “Oscars” of annual reports. The Türk Telekom 2019 Annual Report was the only Turkish company report to enter the top 10 ranking globally.

Türk Telekom’s 2019 Annual Report, which won a total of 16 awards in four different categories in which it competed, received 99 points out of 100 in three categories and 98 points in one category. Türk Telekom’s 2019 Annual Report, which was ranked 10th among the annual reports published on a global scale in 2019 by the jury, was the only Turkish company to succeed in being included in the top 10 on a global scale. Türk Telekom was also ranked 4th in the “Europe, Africa and Middle East Top 50 Reports” (EMEA) list with its Annual Report. Türk Telekom’s Annual Report has succeeded in being one of the four telecommunications companies to be handed the gold award in the global telecommunications industry.

The report, which won three platinum and one gold awards in the general classification, was evaluated by the LACP jury in the main sector of telecommunications as well as in the category of conglomerates and holding companies, with its features of activities and integrated reports. The report attracted a high level of acclaim from jury members in different categories such as “First Impression, Report Cover, Letter to Shareholders, Report Explanation, Report Financials, Creativity, Message Clarity, Information Accessibility”. The International Vision Awards have been held continuously since 2001 by the League of American Communications Professionals, which sets standards for excellence in the field of communication.

In addition to the LACP Vision Awards, the Türk Telekom 2019 Annual Report won two separate awards in the ARC (Annual Report Competition) Awards, which are accepted as the “Oscars” of annual reports by the business and finance world.

Sharing...

LEAN AND HAS AN UNDERSTANDING OF SOCIAL RESPONSIBILITY

INTERNALISING SOCIAL ISSUES, IT AIMS TO DELIVER HIGH SPEED INTERNET TO ALL OF TURKEY THROUGH FIBRE NETWORK AND TO BRING THE MOBILE SERVICES TOGETHER WITH PEOPLE IN THE REMOTEST CORNER OF TURKEY FOR A BRIGHT FUTURE

THAT'S WHY TÜRK TELEKOM
"MAKES YOU FEEL VALUABLE"



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Türk Telekom has adopted a sustainability approach focused on creating value for all of its stakeholders and shareholders, alongside a strong operational and financial performance.

Accessible communication for all

With the principle of “accessible communication for all”, Türk Telekom aims to reach all segments of society and eliminate the digital gap in society.

Sustainability

Türk Telekom’s Sustainability Approach

In addition to achieving a strong financial performance, Türk Telekom has acknowledged the creation of value for its stakeholders as one of the key pillars of sustainability and has adopted a long-term perspective on sustainability goals.

Identifying the sustainability effects of its activities on economic, corporate, environmental and social axes, Türk Telekom determines its policies by taking into consideration the expectations of all its stakeholders in these areas. The Company shapes its policies in the light of its responsibilities, obligations and duties to the environment, its employees, all stakeholders and society.

Türk Telekom aims to fully integrate the universal principles of sustainability into its business model, strategies and corporate decisions. The Company implements a wide array of projects and initiatives it has designed in this direction, within the framework of close cooperation with its stakeholders.

Aiming to touch all segments of society and eliminate the digital gap in society with the principle of “accessible communication for all”, Türk Telekom fulfils its corporate social responsibility by contributing to access to information for all segments of society who have difficulties in participating in social life due to economic, social, regional or physical reasons.

Türk Telekom continues to transform its business processes and office applications in line with sustainable innovation principles with the aim of leaving a habitable world to future generations. Believing in the importance of people-centric and environment-oriented working conditions, the Company views the inclusion of all its employees, their families, suppliers and customers - in short, its stakeholders - in this process as part of its strategy.

Beyond its function as a telecommunications operator, Türk Telekom, one of the key players in the transition to an information society, takes into account the principles and requirements of quality, the environment, occupational

A leading role in smart city applications

Türk Telekom leads the largest smart cities projects in Turkey with suitable urbanism approach.

health and safety and customer satisfaction management systems in all of its business processes.

With its strong corporate governance perspective, Türk Telekom exerts the utmost effort to protect the rights of stakeholders, regulated by the relevant legislation and mutual agreements, in its transactions and activities. In cases where the rights of stakeholders cannot be protected by legislation and mutual agreements, they are protected within the framework of goodwill rules and Universal Human Rights, and within the limits of Company’s possibilities.

In this sense, Türk Telekom’s cooperation with international initiatives increasingly continues. Türk Telekom is a member of the FTSE4Good index and the BIST Sustainability Index.

As a party to the United Nations Global Compact, the Company has made a commitment to act in accordance with the ten basic universal principles in the fields of Human Rights, Working Conditions, Environment and Anti-Corruption.

Türk Telekom also carries out studies aimed at using energy resources efficiently and reducing carbon emissions systematically. In this context, the Company carries out CDP reporting each year. According to the latest report which is based on 2019 data and prepared by the global e-Sustainability Initiative GeSI, which is active in the field of sustainability, the Company has become one of the few operators in the world that has reduced electricity consumption in recent years, despite the increase in customer number and bandwidth.

Türk Telekom aims to ensure the efficient use of resources with its “Next Generation Cities” initiative

Türk Telekom has embarked on many initiatives towards its sustainability goals. One of these initiatives, the Türk Telekom Next Generation Cities project, aims to generate integrated solutions tailored to the needs of each city thanks to an advanced understanding of urbanism and new technologies, thus serving for a sustainable society by saving resources.

The Türk Telekom Next Generation Cities project was established to permanently bring ease to the lives of citizens and public authorities through the use of information and communication technologies. The system enables forward-looking decisions to be made and the effective use of public resources by processing and interpreting the data collected from different channels such as sensors and vehicles on the Türk Telekom IoT (Internet of Things) platform.

Within the scope of the Next Generation Cities project, Türk Telekom develops concepts appropriate for the next generation urbanism approach by building sustainable and safe cities with high quality of life for citizens.

The projects aim to achieve increased efficiency, savings and interaction with citizens and energy savings in all public services related to smart life, from traffic and health to irrigation and lighting. With the Next Generation City Management Platform, 55 different solutions can be monitored and managed in the next generation transportation, environment, health and safety, life and energy verticals through a single interface from the operation centre.

- Thanks to the Next Generation Energy practices, savings of approximately 40% in electricity and up to 30% in irrigation have been achieved.
- With the Next Generation Transportation practices, about 35% of the time spent in traffic and about 30% of the fuel was saved and carbon emissions decreased by 25% due to the decrease in this period.



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Base stations

Electromagnetic field measurements are carried out before and after the installation of base stations to ensure that their operation is safe for people and the environment.

- With the Next Generation Health practices, the health conditions of more than 400 patients with chronic diseases have been monitored and periodic controls have been performed.
- With the Next Generation Life practices, 1.2 million users had the opportunity to benefit from the open area WiFi service free of charge, with a total data usage of 523TB.
- The Next Generation Security solutions are aimed at eliminating risk factors by making security elements traceable and manageable in every operation.
- With the Next Generation Environmental solutions, temperature, humidity, noise, smoke, flood, air/water quality monitoring, pressure, gas and waste material measurements are made, and the values obtained are reported and controlled, thus preventing environmental pollution.

Within the scope of the Next Generation Cities initiative, Türk Telekom started pilot studies in Karaman in 2015 and Kars in 2017, which continued with the addition of

Antalya, Kırşehir and Mersin in 2018. In 2019, the Edirne Municipality became the latest addition to the Next Generation Cities project.

The Denizli Metropolitan Municipality was included in the Next Generation Cities projects in 2020 with its Electronic Supervision System, which is one of the Next Generation Transportation components. The Elazığ Municipality, with its Next Generation Intersection, and the Kütahya Municipality, with its Next Generation City Furniture and Mobile Application were also included in the Next Generation City projects in 2020.

Türk Telekom takes measures to ensure efficiency and human health at its base stations

Türk Telekom has taken the following measures and developed the following solutions in order to achieve higher efficiency in base stations and to protect human health:

- Equipment with high energy consumption in use at Türk Telekom is replaced with models which consume less energy in line with the goal of increasing energy savings. This project, which is currently being carried out in the Izmir and Bursa regions, was largely completed in 2020. As of February 2021, the installation of models with lower energy consumption will be completed in the relevant fields as required by the project. Analysis processes continue for the final results of consumption reflections after the project.
- Direct current energy sources with a high energy loss were replaced with more efficient models. The old-type direct current backup units, which were idle after their replacement, were recycled in an environmentally-friendly manner in recycling facilities.
- Environmentally-friendly air conditioning gas is used in base stations to reduce greenhouse gas emissions. In 2019, air conditioning units in the field were dismantled, and following the software updates, old-type free-cooling devices were installed in the field for trial purposes, and energy consumption started to be monitored. Expansion work was carried out in 2020 in accordance with the project results.
- A contract was signed regarding the project in 2019, and the installations of free cooling devices got underway. Analytical processes of the equipment, the assembly of which was completed in January 2020, were operated and assessed. As a result of these positive achievements, a new contract was signed in November 2020 for additional material orders. Efficiency reports will be monitored in accordance with the analytical processes of the free-cooling devices to be commissioned in 2021. Energy losses have been minimised thanks to regular maintenance and repairs of base stations.

Renewable energy

Thanks to the solar energy system installed in 1,701 Türk Telekom locations, the Company's installed renewable energy capacity increased to 2.3 MW.

- Electromagnetic field measurements are conducted prior to and following the installation of base stations to ensure their safe operation both for people and the environment.
- Care is taken to minimise the intervention factor of people and the environment at the base stations during the planning, design, installation and operation stages, and all necessary precautions are taken.
- All necessary safety equipment is used and updates are performed, in order to prevent base stations from being affected by natural disasters and endangering the environment and public health in accordance with human health and environmental safety, which are considered as key priorities. In 2019, 750 base station towers were examined in detail and updates were made according to the needs.
- Base stations are monitored around 24 hours a day, with rapid field response provided in emergency situations and natural disasters, ensuring the highest level of operational competence.

Türk Telekom attaches importance to investments in energy efficiency and renewable energy

Aware of the impact of high energy consumption on society and the environment, Türk Telekom attaches importance to investments and studies in the area of energy efficiency and renewable energy. The work carried out in this context and the achievements are summarised below:

- Türk Telekom systematically reduces its carbon emissions with its activities and efficiency projects for the use of renewable energy. Solar energy system is used in approximately 1,701 Türk Telekom locations. The total installed power in this system is around 2.3 MW.

- The Company's low-efficiency cooling and voice communication systems are being replaced with high-efficiency equipment. Air conditioning units used in the system rooms are being replaced with new generation free-cooling air conditioning units with low energy consumption, thus helping to reduce carbon emissions. With the smart metering systems project, energy consumption is monitored in detail and real-time when necessary.
- Services in the old generation systems which have completed their technological life are transferred to the next generation transmission systems, thus providing ease of maintenance operation, energy savings and enhanced service quality.
- In Türk Telekom offices, space is being saved through building/system hall optimisation projects, bringing about a significant reduction in energy consumption in cooling.
- In addition to recycling and savings, reductions in carbon emissions is achieved with the use of energy efficient light bulbs, thermal insulation and sheathing, building automation, an environmentally friendly fleet of vehicles, paper recycling, the electronic document and documentation system (EDITT), central printing systems, e-learning, telepresence and video conferencing.

Türk Telekom sets annual targets to reduce electricity and fuel consumption. Senior management and related employees were given targets for reducing annual electricity consumption in 2020. The Company is one of the few operators in the world to succeed in reducing its electricity consumption when compared to the previous year, between 2016 and 2019. Considering the strong growth in its subscriber base, frequency bandwidth, capacity increases and the rise in electricity prices, the increase in 2020 has been limited.

Türk Telekom continues to take part in the Carbon Disclosure Project

Türk Telekom is included in the international Carbon Disclosure Project (CDP), which reports globally on how climate change risks are managed by companies every year, and possesses the world's largest climate change data.

The responses of companies participating in the project regarding the management of environmental risks are graded in accordance with the CDP's environmental data rating methodology.

Environmentally conscious companies share their greenhouse gas emissions, management of water resources and climate change strategies with investors



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

CDP

Türk Telekom continues to report to the CDP, which is considered to be the most comprehensive environmental initiative in the world, and to increase its score.

greenhouse gas emissions, the emission calculations created as a result of the Company's activities have been verified by Ernst & Young, an independent authorised organisation. The score of the CDP report prepared according to 2019 data reached the B- (Management) level.

Units across Türk Telekom have annual emission reduction targets and the realisations are checked on a regular basis.

Until the next reporting period, Türk Telekom aims to set strategic emission reduction targets for 5 and 10 year periods and further reduce carbon emissions which can be managed at the company scale.

Türk Telekom adopts a proactive approach to creating a healthy and safe working environment in its workplaces

Türk Telekom is required to take necessary measures in its workplaces as stipulated by the Occupational Health and Safety Law and the Environment Law, and the legislation published in line with these laws. Türk Telekom carries out wide range of studies on Occupational Health and Safety in order to prevent occupational accidents, ensure its employees continue their work in a safe and healthy work environment, and to instil a culture of occupational health and safety in its workplaces.

Türk Telekom takes a proactive approach to creating a healthy and safe working environment in its workplaces in order to eliminate dangers and risks arising from its activities, products and services. The Company conducts studies to identify risks and prevent and reduce occupational accidents, occupational diseases and eliminate environmental risks which may occur as a result of existing risks. In this context, risk and environmental impact assessment tables are prepared and reported.

Occupational health and safety boards, which are assigned to identify potential risks and notifications and to take necessary measures, are established within the Company's workplaces to ensure the health and safety of employees within the legal periods.

In order to spread awareness of occupational health and safety and environmental issues, competitions, training programs, announcements, visual displays and various activities are organised in Türk Telekom's workplaces for employees.

Türk Telekom purchased a software system to monitor occupational health and safety and environmental issues. The Company plans to monitor occupational health and safety and environmental issues at the General Directorate, Regional Directorate, Telecom Directorate and affiliated workplaces through the software system.

ISO 14001

Within the scope of ISO 14001 Environmental Management System Certificate, Türk Telekom carries out systematic work to improve environmental management, reduce environmental damage and improve the process.

Türk Telekom operates within the scope of the ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System.

With the ISO 45001 Occupational Health and Safety Management System it is ensured that the occupational health and safety performance is continuously improved, a better working environment for employees is created and occupational accidents are minimised. There were no fatal accidents in 2020.

Within the scope of the ISO 14001 Environmental Management System Certificate, the Company conducts systematic efforts to improve environmental management, reduce environmental damage and improve processes. Türk Telekom did not suffer any environmental accidents, and was not issued any environmental fines in 2020.

Water use and management in Türk Telekom

Türk Telekom cares about the use of water within the framework of its sustainability approach. The Company works to reduce water consumption and closely monitors consumption.

Türk Telekom's most important project in reducing water consumption is the Building Centralisation Project. In this context, the amount of water use has been reduced since 2013 by optimising the use of buildings and reducing the number of buildings in which people work, every year. In buildings where only space optimisation is carried out, wet areas are reviewed, and unnecessary areas are closed, while the amount of utility water and water used in cleaning these areas are reduced.

In addition, in 2012, a more efficient use of water was started by attaching a saving device cap (aerator) to the mixer batteries in all buildings across the country.

Although investment costs are high, photocell mixer batteries are used in new projects to reduce the amount of wasted water. In addition, a Gray Water System is also in use in the Ankara Headquarter "Tower Building in the Aydınlıkevler", which has been operational for 4 years. With this system, water expenses are reduced by re-using water used from sinks in the toilet reservoirs after the necessary treatment. Waste water is also stored in the Tower Building and used in landscape irrigation. In landscape irrigation areas, unnecessary water usage is prevented with timer-based automated sprinkler systems and irrigation is done at minimum levels according to the need.

As a result of the actions taken, the Türk Telekom Group has recorded a decreasing trend in water consumption. In 2019, water consumption decreased by 31% compared to its level 4 years ago, decreasing to 389 thousand cubic meters. In addition to the general declining trend in 2020, the pandemic and the intensive transition to home office system paved the way for a 35% decrease in usage compared to previous year, to 257 thousand cubic meters per annum.

Electricity use and management in Türk Telekom

Within the scope of efforts to reduce electricity consumption, Türk Telekom has implemented a number of savings and efficiency projects since 2013 and succeeded in reducing its electricity consumption by 8% between 2013-2020.

Despite the Covid-19 pandemic which threatened all humanity in 2020, Türk Telekom, pressing ahead unwaveringly with its efficiency projects, increased its installed power to 2.35 MW with its investments in the field of renewable energy. The Company also commissioned 148 low energy consumption free cooling box systems in 117 locations throughout Turkey for the efficient cooling of the system halls.

There was a limited increase in electricity consumption in 2020 compared to 2019 because of the increase in data usage on the back of the strong growth in the subscriber base, the increase in data centre loads, and increased FTTX installations.

through the organisation in order to determine their mitigation targets and increase their performance.

In this context, Türk Telekom, which completed its first reporting to the CDP in

2011, was the first Turkish telecommunications company to participate in this global initiative.

The Company has implemented an array of projects in the field of sustainability in order to use energy resources efficiently, expand the use of renewable energy resources and to reduce negative impact on the environment.

Within the scope of the 2020 CDP reporting carried out by Türk Telekom, which continues its efforts to reduce



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Recycling of waste

With the recycling of wastes, 790 Kwh of energy, 4 tons of raw materials, 22 thousand barrels of oil and more than 3 thousand trees were saved.

Türk Telekom provides qualified training for its employees to build a sustainable world

Since December 2011, Türk Telekom has been providing online trainings to all of its employees, covering subjects such as climate change, risks regarding the climate change and simple habits which can be changed in daily life to reduce these risks. The Company also provides in-class and remote trainings on energy efficiency and occupational health and safety legislation, as well as hygiene.

In 2020, a total of 17,389 Türk Telekom employees received occupational health and safety legislation training.

On October 5th, World Environment Day, a video of Türk Telekom's environmental activities such as zero waste, electronic waste and CDP activities were shared with all employees.

Waste management strategies to support sustainable development

Waste management strategies, aimed at preventing the rapid consumption of natural resources and transforming waste from being a threat to the environment and human health into an input for the economy, constitute the basis of the sustainable development approach that is becoming a priority policy target on a global scale.

Türk Telekom carries out extensive work in the area of waste management within the scope of its sustainable environmental policy.

Zero Waste Project

Within the framework of the principles for sustainable development, the Zero Waste Project was launched in Turkey with the aim of protecting the country's resources, curbing waste and leaving a clean and developed Turkey and a habitable world to future generations.

Within the scope of the "Zero Waste" activities initiated by Türk Telekom employees who voluntarily participated in the Zero Waste Project, waste was separated by type, collected and recycled.

As a result of 2018-2019 Zero Waste Project and the Company's waste management efforts in 2019, 186.2 tons of paper, 18.8 tons of glass, 1,372.5 tons of plastic and 3,006.7 tons of metal waste were recycled, helping to protect the soil, sea and air. The medical waste generated within the Company was sent to licensed disposal facilities, contributing to the generation of renewable energy.

Türk Telekom prevented water pollution and contributed to biodiesel production by recycling waste oils generated as a result of its activities in 2020.

Waste Recycling

Türk Telekom takes actions for recycling wastes in a manner which does not harm the environment and is in accordance with the standards and methods specified in the relevant regulations, and disposal of waste if recycling is not possible.

Highlights from the results of waste management projects carried out in Türk Telekom in 2019:

- 789.5 kWh of energy was saved by recycling 19 tons of glass waste.
- The recycling of 186 tons of waste paper saved 3,165 mature pine trees from being cut.
- By recycling 3,007 tons of waste metals, 4 tons of raw materials were saved, preventing emissions of 285.6 tons of greenhouse gasses.



e-Invoice and Digital Document

Türk Telekom carries out initiatives such as e-Invoice and Digital Documents which will contribute to the environment also in its sales channels.

- The recycling of 1,373 tons of waste plastic saved 22,371 barrels of oil.

Electronic waste collection campaign

In accordance with the Regulation on Waste Electrical and Electronic Goods Control, targets are set for manufacturers to recycle electrical and electronic devices they put on the market, with specified amounts for each year.

In line with its targets set in accordance with this legislation, Türk Telekom continues its campaign, which it started in 2017, to collect its modems in the market in some certain periods.

With campaigns and organisations such as the Waste Collection Competition carried out within the Company, employees were able to contribute to the process, and the revenues generated from the collected wastes are used to fund corporate social responsibility projects.

Türk Telekom is working to raise awareness about the damage caused by electronic waste to the environment, to reduce the damage caused by such waste by recycling electronic waste through proper means and to convert the obtained resources into value for Turkey. With this campaign, which was organised as a competition for the Company employees and their families, Türk Telekom aims to contribute to Turkey's future and sustainability.

With the organised campaigns;

- A total of 18 tons of waste was collected and sent for recycling.
- Contribution was made for the education of 55 children.

- It was ensured that the collected wastes were used in the electronic workshop training of gifted children.
- The income obtained from the recycling of electronic wastes was donated to the Turkish Red Crescent.

Türk Telekom takes initiatives to contribute to the environment in its sales channels as well

e-Invoice applications

Türk Telekom aims to increase the proportion of customers using e-invoices in order to reduce paper consumption and the corporate carbon footprint. The proportion of customers receiving their bills by e-mail or SMS at Türk Telekom has reached 84%.

Thanks to the use of e-invoices in 2020, Türk Telekom's contribution to the environment can be summed up as approximately;

- 54 thousand trees,
- 13 million kWh of energy,
- 101 thousand cubic meters of water savings.

Digital document application

The mobile subscription without paperwork was rolled out to sub-dealers in addition to the main dealers in September.

Apart from that, improvements have been made in the mobile post-paid line application through Online İşlemler. Thanks to this, the application and activation stages of the process were completed through the application. Thus, the digitalisation process was completed and brought into use in December 2020.

Thus, in mobile subscription applications made through the Online İşlemler channel, the process of obtaining identity information by scanning the identity image, verifying the compatibility of the ID photo with selfie from the application, and the document signature and sim card activation process after the delivery of the sim card have been digitalised from start to finish.

Meaningful support from Türk Telekom to Hatay

Türk Telekom donated 39,276 saplings to the Ministry of Agriculture and Forestry on behalf of Türk Telekom Group employees in order to revive the forests which had been destroyed by the fires in Hatay.

Contributing to the country's digital transformation with numerous projects, investments and collaborations which add value to Turkey, Türk Telekom, with this contribution, stood out with its support towards leaving a better and greener Turkey for future generations.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Türk Telekom sees everyone's equal participation in social life and access to information as its priority, and **considers its contribution to our country's digital transformation as its corporate responsibility.**



Corporate Social Responsibility

In its social responsibility activities, Türk Telekom focuses on providing equal opportunities by deploying the means offered by technology to eliminate the economic, social, regional or physical disadvantages in accessing information.

Türk Telekom sees everyone's equal participation in social life and access to information as its priority, and considers its contribution to our country's digital transformation as its corporate responsibility.

Working with the principle of "accessible communication for all", Türk Telekom, has adopted the Sustainable Development Goals of the United Nations as its guiding principles. The company carries out corporate social responsibility projects that add value to Turkey, particularly within the framework of the "Quality Education" and "Reduced Inequalities" goals.

Türk Telekom implemented various social responsibility projects under the "Türkiye'ye Değer" (Turkey is Worth All Our Efforts) mindset

Among the social responsibility projects Türk Telekom conducted in accordance with its motto of "Bir fark yeter,

"Türkiye'ye Değer" (Even the smallest difference matters, Turkey is Worth All Our Efforts), include "Hedefli Olun Kadına İnternetle Hayat Kolay" (Life is Simple with the Internet for the Woman with Goals), "Telefon Kütüphanesi" (Books on the Phone), "Güneşiği" (Sunshine), "Sesli Adımlar" (Loud Steps), "Okulumda Güneşiği" (Sunshine at Schools), "Yeni Nesil Gelecek" (The Next Generation Project), "Türk Telekom Okulları" (Türk Telekom Schools) and the "Türk Telekom Amatör Spor Kulüpleri" (Türk Telekom Amateur Sports Clubs).

Local social responsibility activities organised by the Türk Telekom Provincial Directorates are also conducted within the scope of "Türkiye'ye Değer".

The "Life is Simple with the Internet for the Woman with Goals" Project develops women's digital marketing knowledge and capacities

Türk Telekom launched the "İnternetle Hayat Kolay" (Life is Simple with the Internet) project in 2014 with the objective of making information technologies accessible for everyone, viewing information technologies as the main driving factor for sustainable development and economic growth. Within the scope of the project, the company provided internet literacy training to more than 50



thousand participants with 300 volunteers over 5 years. Türk Telekom supports the participation of women in the country's economy as entrepreneurs in the new phase of the Life is Simple with the Internet project.

In addition to being an important element of sustainable development, women's participation in the workforce and employment is also of great importance in ensuring continuity of economic growth and fully achieving social development and social justice. The existence of a sustainable economy is possible with the full and equal participation of men and women in all areas of social life.

These findings clearly reveal that women should make effective use of information and communication technologies and strengthen their digital skills in order not to be alienated from today's rapidly changing world.

Serving the country's digital transformation, Türk Telekom implemented the "Life is Simple with the Internet for the Women with Goals" project in September 2019 with the aim of improving women's knowledge in areas such as information and communication technologies, e-services and e-commerce. The Company carried out this project

in cooperation with the Union of Chambers and Commodity Exchanges of Turkey (TOBB), the United Nations Development Programme (UNDP) and the Habitat Association.

The "Life is Simple with the Internet for the Women with Goals" Project was initiated to introduce women who have an idea or product they wish to sell with the opportunities offered by online platforms, and to improve women's knowledge of e-commerce. The project is aimed at encouraging women with entrepreneurial potential to participate in the production economy by enhancing their skills to effectively use the information technologies and digital platforms.

With the "Digital Marketing Trainings" provided to project participants, women are expected to increase their knowledge and skills in regards to marketing, digital marketing, market research, social media tools, advertising and payment systems. The Design-Oriented Thinking Workshops are organised with the participants who benefit from the training and achieve progress. In these workshops, women develop their skills of generating innovative solutions, rational and analytical

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY



research, user-oriented perspective and problem solving. After the training and workshops, women are offered mentorship support to improve their businesses.

“Digital Marketing Trainings” provided within the scope of the project reached 4 thousand women by the end of 2020. Within the scope of the project, Türk Telekom aims to introduce digital marketing to 5 thousand women in Turkey’s 81 provinces by June 2021.

Another barrier-removing first by Türk Telekom: Now medicines are also talking thanks to the Telefon Kütüphanesi

The Telefon Kütüphanesi is a service provided free of charge which allows the visually impaired to access audio books and a variety of content via their phone. Turkey’s first Telefon Kütüphanesi, offered in cooperation with the Boğaziçi University Visually Impaired Technology and Education Laboratory (GETEM), has been removing barriers in accessing information for the visually impaired for 9 years.

The library has nearly 2 thousand audiobooks and content in more than 50 categories ranging from poetry, novels and history, to self-development, practice exams and audio described movies.

In addition to the books, the Telefon Kütüphanesi also includes audio-descriptions of 20 world-famous paintings, dubbed by some celebrities, instant news feeds served by the Anadolu Agency and the currency recognition function.

In 2020, in line with the needs of the visually impaired, users were provided with voice access to medicine package inserts by scanning medicine barcodes on the phone screen. Thus, the visually impaired were provided with the opportunity to access information about their medicines without the need for someone else’s help.

Users have spent a total of 12 million minutes listening to the Telefon Kütüphanesi since its launch in 2011. Launched in 2016, the mobile application has been downloaded 45 thousand times and the Kitaplara Ses (Voice to Books) application facilitating voluntary reading for the visually impaired has been downloaded 48 thousand times.

The Günışığı (Sunshine) project allows children with low vision to attend the same schools as their peers without disabilities, and thus participate in social life

Thanks to Türk Telekom’s technology and infrastructure, the Günışığı project can provide early intervention education remotely for the first time. The project stands out as the only example of its kind in Turkey and in the world.

Günışığı Project

The new term of the Günışığı Project was launched in September 2020, with the objective of expanding to Turkey’s 81 provinces. Five online workshops, which introduced Günışığı children to art, were held in cooperation with İstanbul Modern.

In 2014, the Company implemented the project with the Association for Living Without Obstacles (EyDer). The project aims to provide children with 1% to 10% vision, who are considered to be totally impaired visually, with early intervention education so that they can lead their lives without the help of others and continue inclusive education instead of attending the schools specifically for the visually impaired.

Within the scope of the Günışığı Project, Türk Telekom’s R&D unit designed the Günışığı Games, the first and only smartphone application developed specifically to support the education of children with low vision. Designed to help children with low vision to improve their functional visual skills and hand-eye coordination, the Daylight Games is an application which can also be used by the elderly with weakened vision.

The pictures drawn by the children included in the project were converted into holiday greeting cards by Türk

Telekom. Thus, what these children, who were considered to be totally impaired visually, can and will be able to do was shared with everyone through their own success stories.

Social impact of Günışığı Project measured in accordance with international standards

Türk Telekom chalked up another first in Turkey by measuring the effects of the Günışığı project with the SROI (Change Theory and Social Return on Investment) method in accordance with international standards.

The measurements made using the SROI method revealed the benefits of the project for the society and its impact on parents clearly in figures. It is proved that the value of the project’s social benefits almost tripled the investment amount.

According to the measurements made on children who participated in Günışığı project;

- the physical activity level of children aged five years and above improved by 32%, while the level of the use of existing vision improved by 12%,
- their literacy skills increased by 15%,
- their ability to act independently and self-care skills improved by 10%.

With regard to the families of these children,

- awareness of their child’s visual capacity increased by 29%,
- awareness of their child’s skills increased by 27%,
- confidence that their children could attend mainstream schools increased by 27%.

Additionally, there was a 24% increase in the parents’ sense of feeling stronger and a 20% increase in their peace of mind, and the time spent for childcare decreased by 15%.



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY



Thousands of teachers reached through “Okulumda Güneşli”

The “Okulumda Güneşli” (Sunshine at Schools) Project was launched as a component of the Güneşli project in 2018. Within the scope of this project, students, parents, teachers and administrators at primary education schools attended by low vision graduates of the Güneşli Project, with their peers without disabilities, are given seminars on low vision education.

The Okulumda Güneşli seminars aims to organize the classroom environments for students with low vision, to provide them with better quality education, to disseminate the low vision education and to systematically implement this education.

As of the end of 2020, the results of the seminars, which reached about 5 thousand teachers in 75 schools from 16 provinces, were planned to be reported to the Ministry of National Education on individual school basis.

The “TahtApp” software developed by Türk Telekom’s R&D unit offers an innovative solution which will facilitate the follow-up of in-class education for Güneşli children, who study in the same classes with their peers without disabilities.

Türk Telekom EyeSense program bringing ease to the lives of the visually impaired

Türk Telekom has achieved the first in Turkey with its EyeSense program, which has been specially developed to bring ease to the lives of the visually impaired. EyeSense program helps users to take photos and identify objects and colours shown in the camera via its audio instruction function.

Adopting a different perspective while developing the EyeSense program, Türk Telekom brought together a number of features such as “Object Recognition”, “Colour Recognition” and “Taking Photos” to bring ease to the lives of the visually impaired.

TahtApp

Developed by Türk Telekom R&D team, the “TahtApp” software, which makes it easier for the children with low vision to follow the lecture, detects content on the classroom board with a camera and transfers it to children’s tablets on a real time basis.

One of these features the “Object Recognition” which includes thousands of objects defined in the app, enables the visually impaired individuals who have difficulty in finding critical objects such as keys and purses to access these objects easily. In order to identify what the objects are and to listen their definitions, the users just need to direct their smartphone towards the object.

The EyeSense audio warning system provides audio guidance to users until they reach the correct angle with their front and back cameras of their smartphones, and allows the photos to be taken in the correct sized frame. Thus, EyeSense users can easily and actively use social media applications such as Instagram, and become a strong part of the social life.



The Türk Telekom EyeSense application won the Gold Award in the “Mobile Application-Service” category at the Golden Spider Awards in 2020.

“TahtApp” software - one of the innovative solutions by Türk Telekom

The “TahtApp” software developed by the Türk Telekom R&D unit is an application which detects content on the classroom board with a camera and transfers it to the tablets provided to the children within the scope of the project, on a real time basis. This transferred content is arranged by visual processing techniques on tablets and transformed to a format through which students can follow-up the lesson.

During this transformation process, actions such as the removal of the teacher standing in front of the board from the vision and increasing the contrasts of colours and font sizes are performed. Thanks to the application’s feature of automatic lesson recording, students have opportunity to review the lesson subjects later with the transfer of the lectured lessons to the device.

Thanks to TahtApp, the standardisation required for children who have differences in terms of reading and light detection capacity is achieved successfully. This also helps to ensure that the students no longer feel separated from their peers without disabilities. As of 2020, TahtApp installations had been carried out at 25 schools in 9 provinces.

Taking into account the conditions of the pandemic, Türk Telekom set up the Güneşli Open Learning Platform for children with low vision in April 2020. The platform contributes to children with low vision and their families with the trainings provided by different branch teachers through live broadcasts every weekday. In 2020, a total of 43 thousand children and families were reached by the Güneşli Open Learning Platform.

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Türk Telekom Schools

Within the scope of the Türk Telekom Schools Project, a modern educational environment is offered for students in 78 Türk Telekom education buildings, including 53 schools established across Turkey.

In February 2020, 352 students from different departments applied to take part in the “Smart Technologies IoT Hackathon”, which was hosted by the Information and Communication Technologies Authority (ICTA) in Ankara, with 88 projects. 16 of these projects passed the preselection, and in teams of four people they developed their projects within 48 hours. Awards were given to the top 3 projects determined by the jury, including the ICTA Chairman and the Türk Telekom Technology Assistant General Manager.

Support to education with the Türk Telekom Schools Project

Within the scope of the Türk Telekom Schools Project, Türk Telekom offers a modern educational environment for students in 78 Türk Telekom education buildings, including 53 schools established across Turkey.

Every year, thousands of students graduate from these schools and educational buildings, majority of which are located in the Eastern and regions and which have been transferred to the Ministry of National Education. In addition, Türk Telekom provides scholarships to successful students with financial difficulties studying in these schools every year.

Türk Telekom introduces Turkey's young people to sports

Türk Telekom continues to support the Türk Telekom Amateur Sports Clubs, which have been operating in all branches for 10 years.

Türk Telekom has extended its support to nearly 6 thousand athletes in 33 branches from 40 clubs in 44 provinces, from basketball and fencing to wushu and badminton.

In addition to the national athletes which the Company has supported so far, it has 63 national athletes who actively play sports in clubs.



The Günışığı Workshops of Art, which were held in cooperation with the İstanbul Modern within the scope of the Günışığı Project, introduced the children of the Company employees and the Günışığı Children to art. Five online workshops were held in the last quarter of 2020.

Projects to prepare young people for next generation technologies

Türk Telekom's “Yeni Nesil Gelecek” (Next Generation) project was launched in 2018 in cooperation with the Habitat Association in order to accelerate Turkey's adaption with the Industry 4.0 process, support the growth of the software industry in the country and invest in young people to produce the next smart technologies.

Accessible Life

Türk Telekom facilitates the participation of disabled people in everyday life with its Accessible Life mobile application.

The athletes supported by Türk Telekom represented Turkey abroad and gained significant achievements in the World, European and Balkan Championships, and they won many medals in national-international competitions in different branches.

The number of institutions using the Türk Telekom Subscription-based Donation System is increasing day by day

Türk Telekom has become first the operator that put the Subscription-based Donation System, which makes it easier for the user to make donations via mobile phone, into use in Turkey. The System, which was used by the Turkish Red Crescent for the first time in 2020, aims to ensure the continuity of the donations made.

The users just need to send an SMS in order to utilize the facilities provided by the system. Thus, the user can donate regularly every month throughout the subscription period. The amount of donations made is reflected to the user's invoice every month, or deducted from their remaining balance, and the user can unsubscribe at any time.

Türk Telekom's Subscription-based Donation System was also started to be used by the Turkish Aeronautical Association, the Turkish Religious Foundation and the Educational Volunteers Foundation of Turkey after the Turkish Red Crescent.

Concrete solutions for the problems of disabled individuals with the Accessible Life mobile application

Türk Telekom facilitates the participation of disabled people in everyday life with its Accessible Life mobile application. The application offers concrete solutions to challenges encountered by the disabled people in daily life, thanks to services such as Currency Recognition and Voice Readout.



YENİ NESİL
GELECEK

Cares about its values...

AT PEACE WITH ITS PAST, DOMESTIC AND
NATIONAL

IT REPRESENTS AN INSTITUTIONAL
MEMORY AND SPIRITUALITY THAT BEAR
WITNESS TO TURKEY'S HISTORY

THAT'S WHY TÜRK TELEKOM
"MAKES YOU FEEL VALUABLE"



TÜRK TELEKOM GROUP COMPANIES

ARGELA

Argela and its subsidiary Netsia located in Silicon Valley, conduct R&D and innovation activities for next generation telecommunication technologies, while developing technology, products and intellectual property for the 5G ecosystem.

A broad solutions portfolio

Argela offers the solutions and products it has developed to telecom operators in the global market, and to telecom companies, along with the public and defence industry organisations in Turkey.

Argela was established in 2004 and joined Türk Telekom in 2007. The Company is headquartered in Istanbul and has offices in Ankara and İzmir. Argela also has a subsidiary (Netsia), which was established in Sunnyvale, the USA in 2008 and operates in Silicon Valley. Together with Netsia, Argela conducts the R&D and innovation activities for next generation telecommunication technologies, and develops technology, products and intellectual property for 5G.

Argela offers the solutions and products it has developed to telecom operators in the global market and to telecom companies, along with the public and defense industry organisations in Turkey.

Argela continued its activities to increase its recognition abroad and expand its customer portfolio in 2020. It developed business partnerships in a number of countries such as the USA, Ethiopia, Azerbaijan, the UK, Germany and Taiwan.

Argela creates added value both in Turkey and in the world with patent applications and intellectual property it has developed in the USA regarding next generation telecommunications technologies and 5G technologies in particular. With the sales and cooperation agreement it has signed with Juniper Networks Inc., Argela has further advanced its position as a technology and patent generating player to a new level, as a company which markets its products and converts them into financial value.



vRAN

Argela and Netsia lead international consortia in developing this technology, which will play a key role in 5G base stations, and they collaborate with some of the world's leading companies.

A wide range of solutions for the high-tech needs for today and tomorrow

In addition to its innovative solutions in the field of telecommunications, Argela develops strategic projects in cooperation with defence industry organisations in Turkey. The first phase of the Fourth Generation Communication System Development (ULAK) Project, which was signed between the Company and the Presidency of Defence Industry in 2013, was successfully completed.

Argela's solution portfolio includes programmable base station solutions (vRAN), software defined networks, network performance monitoring, subscriber analytics, customer satisfaction management, LTE base stations solutions, software-defined fixed network access solutions and applications such as SEBA (SDN Enabled).



Argela and its subsidiary, Netsia, take an active role in BBF, 3GPP, GSMA, the Small Cell Forum and the Silicon Valley based ONF (Open Networking Foundation), which include the world's leading companies operating worldwide, and play a leadership role in directing technology and open-source development. In addition to these activities, the Company carries out joint projects with many universities and companies within the scope of the European Union's Horizon 2020 and Celtic projects. Argela, which has contributed to technological development of Turkey through these efforts, also receives funding for R&D activities with EU support.

Argela's collaboration with a number of universities in Turkey includes next-generation projects such as 5G, software-defined networks, virtualisation of network functions, cyber security, self-organizing mobile networks and big data processing.

vRAN - Leading solution in the next generation RAN Technologies

Argela, with the contribution of its subsidiary Netsia, continued to develop the vRAN (Software Defined and Sliceable Virtualised Radio Access Network) project, by building on the ProgRAN technology, which was successfully tested by many leading telecom operators in the international arena. With the vRAN technology, the Company targets the creation of a Radio Access Network, where some main or all basic band functions are separated from the remote radio unit and run as VNFs (Virtualised Network Function) on ready-made hardware.

With this approach, vRAN provides a wide array of operational benefits, including reductions in the total cost of ownership, increased performance and scalability. One common feature of the software-defined systems is the logical centralisation of network intelligence. By targeting this critical area, Argela and Netsia are developing O-RAN compliant RIC (Smart RAN Controller) and the RAN Network Slice Subnet Management Function (RAN NSSMF). In addition, the Company held partnership talks with a number of 5G radio manufacturers in 2020.

ARGELA

SEBA+

The SEBA+ product, developed by building on the work of ONF's SEBA project for effective and efficient use of the fibre-optic network, which will play a key role in the widespread use of 5G, proceeds with significant collaborations in the UK, Taiwan and Germany.

how and product development capacity are expected to increase significantly as it joins forces with Juniper's customer network and geographical reach.

Future broadband access technology SEBA+ for fixed networks

Argela and Netsia develop solutions for mobile operators as well as fixed internet providers. Actively involved in technology groups established within the ONF, Argela and Netsia lead the SEBA Reference Design team and thus contribute to SEBA's product development and the enrichment of the offered features.

On behalf of Türk Telekom, a Member of the Board of Directors of the ONF (the Open Networking Foundation), Argela and Netsia support the Open Source SEBA project, in which companies such as AT&T, Deutsche Telekom, Telefonica and NTT are contributors. Netsia, which is one of the five members of the SEBA Board of Directors, has been representing the Türk Telekom Group on the ONF Technical Board of Directors since 2018.

Argela has been part of the O-RAN consortium for many years with the aim of including the technologies owned by its subsidiary Netsia into the 5G standards. As a result of these efforts, in 2020, Netsia has begun to lead 5G standards as the head of the O-RAN slicing group and the co-chair of the working group on the use cases.

Argela and Netsia aim to achieve a world-leading commercial product by carrying out their own work on this joint project. The solution, which will carry the name of Netsia SEBA+, aims to achieve the software-defined management of today's passive optical network (PON), a fixed broadband access technology. The developed management system is based on the frontier cloud data centre. This will allow cloud/ICT, which has been used in information technologies for years, to be used in the switch offices of telecom operators.

To date, the vRAN testing platform has been installed in the laboratories of Telefonica in Spain, Verizon in the US, Orange in France and KDDI in Japan. In November 2020, as an important success for the vRAN project, Türk Telekom and Netsia signed a sales and cooperation agreement with Juniper Networks Inc. Juniper Networks, one of the industry's leading companies in network equipment and solutions, operates in more than 150 countries. With this agreement, Argela/Netsia's know-

At the same time, Netsia has been a member of the Broadband Forum (BBF) since 2019. Virtualised fibre network solutions around the world are shaped around two main organisations. One is the ONF, which Netsia has already been working with closely, while the other is the BBF. While the ONF is mainly active in ready-made open



source software, the BBF, which has a large number of members worldwide, is more active in terms of standards. Netsia closely follows the developments in these two fields and aims to combine the strengths of both organisations technically.

While many leading operators in their 5G roadmap and their architectural plans believe that the capacity and speed requirements needed for mobile access, will be achieved through fixed access infrastructure on the frontier cloud, Argela and Netsia plan to play a leading role among operators in the first field installations of SEBA in this context and achieve acclaim around the world.

Argela continues to add value to its domestic and international customers with NPM/CEM, one of its 100% domestic solutions

While serving Türk Telekom in Turkey, Argela has continued its efforts to sell its NPM (Network Performance Monitoring) and CEM (Customer Experience Management) products abroad. Argela continued to expand its geographical reach while adding value to its customers in 2020. Argela, which won the NPM/CEM tender opened by Ethio Telecom (Ethiopia), one of Africa's largest mobile operators, aims to begin acceptance tests in April 2021. The Company, which achieved a major success in 2019 by winning the tender opened by Azercell, Azerbaijan's leading operator, successfully passed acceptance tests and use of the product began.

Argela's NPM solution enables fixed and wireless service providers to monitor the end-to-end network performance, detailed customer behaviour and service quality and to maintain it at a certain performance level. For this purpose, signal and data probes have been developed for a number of protocols in the mobile, fixed and IP networks.

The NPM solution enables efficient use of network resources through end-to-end and real-time monitoring of the network via its real-time running probes.

The CEM solution provides meaningful analysis and behavioural information regarding customers experience in networks, such as voice, data access, data usage and messaging. This solution, which allows operators to observe their customer activity at an individual level in real time, is used for advanced analysis and, to accelerate and improve customer service.

Fourth Generation Communication System Development (ULAK) Project

For the first time in 2013, Argela moved to a sector outside of telecommunication, and was selected as the contractor of Presidency of Defence Industries' Ulak Project, the idea of which was developed by Argela.

ARGELA

Intellectual Property Rights

Argela and Netsia reflected their R&D ambitions to their success in intellectual property rights and obtained 40 patents in the field of 5G. They thus ranked in first place in the Intellectual Industrial Property Rights category at the Istanbul Technical University (ITU) Technocity's BEETECH 2020 awards.

Within the scope of Phase-1 of the project, Argela locally developed and successfully delivered all hardware and software components of fourth generation mobile communication technology base stations, together with other stakeholders NETAŞ and ASELSAN. The first series of the LTE technology base stations developed within the scope of the project were commissioned in Kars in May 2018.

With the delivery of the Phase-1 of the ULAK Project, the ULAK Base Stations were commissioned in the field within the scope of the Evrensel Project. The Phase-2 developments of Version-3, which began at the end of 2018, have been completed, and Version-4 activities are ongoing.

As of the end of November 2020, ULAK Base Stations have been operating on a total of 754 Evrensel sites, 467 in the Evrensel Phase-1 and 287 in the Evrensel Phase-2, and on a total of 619 commercial sites, 159 of which are owned by Türk Telekom. Within the scope of the project, activation activities for 182 ULAK Base Stations are ongoing.

Argela continues its investments to expand domestic and national solutions

Argela contributes significantly to the localisation of the technologies used in Turkey. At the beginning of 2019, Argela became a shareholder of Otak A.Ş., established by Turkish companies, with a 20% stake. Otak A.Ş. has started to work on producing domestic DPI (Deep Packet Inspection) device.

This work, progressing under the DEFINE Project, will involve the development of software which has the ability to work in both active and passive modes, can be used in public and commercial communication transmission networks, offers enhanced security features, will analyse traffic in detail on a package basis, will produce traffic-related metadata and will direct the desired content to other devices.



İNNOVA

In a year marked by the pandemic, Innova has provided its customers with increased efficiency and a competitive advantage in 2020, **along with undertaking critical projects thanks to its end-to-end high-tech solutions tailored for different sectors.**

Local and national products in digital transformation

Serving as the closest business partner to organisations in their digital transformation journeys, Innova offers sector-specific smart solutions as well as analytics, artificial intelligence, RPA, IoT and cloud-based technologies.

Innova makes a difference in the digital transformation of companies with its ICT solutions

Since the very first day of its foundation in 1999, Innova Bilişim Çözümleri A.Ş. has been one of the leading IT solutions company in Turkey with its innovative solutions, offering competitive, cost and profitability advantages to support corporations in their digital transformation journey.

With the vision of shaping the requirements of the sector and customers, Innova aims to maximize customer experience by offering end-to-end IT solutions.

Strengthening its position by becoming a 100% Türk Telekom subsidiary as of 2007, Innova continues its journey by expanding through its investments in new business lines.

Innova operates from its headquarter offices in İstanbul and Ankara, as well as its support offices in 12 different cities with over 1,400 expert team. Continuously investing in its qualified personnel, the Company pays great attention for its employees to hold the latest technology certifications.

Innova offers services in a range of areas, particularly the telecommunication, finance, banking, insurance, retail, energy, automotive, manufacturing, service and various public sectors.

With its competence in the fields of artificial intelligence technologies, big data and data analytics, Innova serves with the following brands;

- PayFlex Innova in the field of fintech solutions such as payment, loyalty and collection,
- SkywaveIoT in the field of internet of things,
- LEGA in administrative and legal receivables follow-up,
- HICAMP in the field of health IT and hospital management,
- AvioFlex in the field of aviation technologies

Moreover, the Company offers a wide range of end-to-end solutions regarding Mobile Wallet, Biometric Signature, E-Solution, Loyalty, Dealer Management

innova

İNNOVA

Three Grand Awards from Bilişim 500

According to the results of this year's survey conducted in Turkey, Innova won first place award in the ERP Software, Business Applications and Consultancy sub categories of the main category of System Integrator and Business Partner.

Services, Document Management, Treasury Portal, Portal Management, Enterprise Transaction Centre, Joint Bank and Credit Platform, Arena and Virtual POS (Point of Sale).

Innova also provides manageable services, outsourcing and consultancy services along with local and national product software. With respect to system integration, the Company operates in areas such as hardware, Kiosk & Digital Signage and infrastructure services. In terms of third-party products and services, the Company operates in areas such as SAP, Business Intelligence, CRM, IT Governance and Project Management.

Innova is contributing to Turkey's technological advancement with its domestic and national solutions

With its 100% domestic and nationally engineered technology solutions, Innova contributes significantly to Turkey's national technological move and the country's achievement of its export goals. Adding value to its customers, employees and society, the Company exports its products and services to 37 countries on 4 continents. Innova maintains its presence abroad with projects in Qatar, Kuwait, Lebanon, Bahrain, Algeria, Saudi Arabia and the United Arab Emirates as well as kiosks in Greece.

Innova is a member of the Cyber Security Cluster of Turkey, which was established under the leadership of the Presidency of Defence Industries to develop the cyber security ecosystem in Turkey. Innova continues to contribute to the cyber security of our country, while cyber security becomes more important with each passing day

in an era where technological developments and use of internet are increasing at a spectacular pace.

Innova crowned its 2020 performance with awards

Three Big Awards to Innova from Bilişim 500

In view of the 2020 results of the survey conducted on the basis of annual sales revenues of companies operating in the IT sector in Turkey, Innova won the first place award in the ERP software, Business Applications and Consultancy sub categories of the main category of the System Integrator and Business Partner. The Company rose to 24th rank (based on sales revenues) in the Bilişim 500 overall ranking, which includes leading technology companies.

"Artificial Intelligence in Operation" project took place among five finalists in the TM Forum Excellence Awards, the Data & Analytics category

The "Artificial Intelligence in Operation" project, carried out with Türk Telekom and being the first of its kind in the sector in Turkey, was among the five finalists in the category of "Artificial Intelligence, Data & Analytics" at the TM Forum Excellence Awards. The same project was published as a case study on the "Artificial Intelligence in Operation" TM Forum website.

Innova got accepted into IEEE International BlackSeaCom

Innova's academic article publication, which aims to capture the anomalies in the SSG (Service Selection Gateway) infrastructure in the broadband segment, gained acceptance from the "IEEE International Black Sea Conference on Communications and Networking" Conference, which will be held for the 8th time this year.

Featured Projects

FITAS (Contact and Isolation Tracing System)

The FITAS application, which was rapidly developed by Innova in 2020 to ensure regular monitoring of the health data of individuals who have been in contact



Next generation technologies in healthcare applications

The FITAS application ensures regular monitoring of the health data of individuals that have been in contact with those who are Covid-19 positive, and it aims to reduce the risk of patients transmitting the virus to others while also providing isolation conditions.

with Covid-19 positive people, aims to reduce the risk of patients transmitting the virus to others and provide isolation conditions.

Turkey was among the first countries to adopt and use a contact tracing application, adopting it as a principle. The filiation teams follow cases who are Covid-19 positive and the contacted individuals at the closest point to their location through the FITAS application. Physicians working with positive cases regularly monitor the health status of the patients' family members, colleagues at work, and those they have been in contact with. The FITAS application enables the teams to reach more cases by simplifying both the tracking and the testing of positive cases and those with whom they have come into contact,



and this way ensuring the testing teams to reach more cases.

The HES (Life Fits into Home) Application

The Life Fits into Home application, which was developed for citizens to live their lives safely in all social settings, was another project once again demonstrating Innova's agile structure and capacity in responding to needs.

The application allows citizens to view the risk status and disease intensity in the region where they live, or in the location where they wish to go through a map. In addition to the intensity of risk, the HES application also helps citizens find locations for urgent needs such as hospitals, pharmacies, stores and public transportation.

With the smart algorithms developed, the users can add their families or relatives to the lists in the application upon their approval and ensure their safety as well by keeping them away from risky areas. In addition to the daily coronavirus figures, the application also generates the HES Code which is used when traveling.

The Population and Citizenship Affairs Project

Innova provides maintenance and operational support for all hardware and software under the General Directorate of Population and Citizenship Affairs and 922 provincial organisations, enabling them to provide a 24/7 service.

Innova provides a seamless end-to-end service for:

- The Central Population Management System (MERNIS),
- Identity Sharing System (KPS),
- Address Registration System (AKS),
- E-Citizenship System (EVS),
- Biometric Data Path System (BVYS),
- Spatial Address Registration System (MAKS),
- Card Management System (KYS),
- Passport Management System (PYS),
- Driver's License Management System (SBYS).

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HICAMP ARC

HICAMP ARC, which provides integrated patient data collected from intensive care devices thanks to smart health technologies to healthcare professionals in the most accurate way and in the shortest time, is used in more than 100 intensive care beds

Under the project, an average of 80,000 applications are received and an average of 45,000 cards are printed on a daily basis.

HICAMP ARC (Integrated Health Campus Intensive Care Expert System)

The Intensive Care Expert System in Turkey recently assumed critical importance and has seen greater demand from both public and private Hospitals, particularly city hospitals. The rapidly increasing



importance of intensive care units during the Covid-19 pandemic is another indicator of the growing need for specialised systems.

The HICAMP ARC Next Generation Smart Intensive Care System has recently developed and put into use at the request of the Ministry of Health to provide an intensive care expert system in City Hospitals projects. Developed locally and nationally with the support of R&D engineers, academic consultancy and health professionals, HICAMP ARC delivers integrated patient data collected from intensive care devices to health-care personnel as accurately and rapidly as possible, thanks to smart health technologies. The HICAMP ARC is successfully used in over 100 intensive care beds.

SD-WAN (Software-Defined Wide Area Networking)

The Software-Defined Wide Area Networking project (SD-WAN) is a special application of software-defined networking (SDN) technology where it is applied to WAN connections such as broadband internet, 4G, LTE or MPLS. The application connects business networks, including branch offices and data centres, spreading over large geographical distances. The main objective of the project is to achieve flexibility, security, easy installation and management in meeting the access needs of remote office networks.

Innova targeted 24/7 installation on the 1,750 end locations with the Ministry of Agriculture SD-WAN Project which it carried out in this context. The rural locations under the auspices of the Ministry of Agriculture approached the Ministry through the General Directorate that they are affiliated to, and accessed the internet.

In the Petrol Ofisi SD-WAN Project, an end-to-end solution was provided by an installation on 24/7 basis with six different types of commissioning including DSL, LTE, satellite connection configuration, device supply and its logistics, daily reporting, post-installation monitoring and on-site support service at 1,780 locations.

Ministry of Customs RSS Project

Innova developed an appointment system to cut the vehicle queues forming at border gate crossings, which can extend for kilometers. With the web-based portal and mobile application developed, waiting times were brought down and a certain order was created thanks to the appointment system.

General Directorate of State Airports Authority (DHMI) Project

Innova offered solutions consisting of hardware and software that enable receiving, processing and recording

NOVA

Analysis on the Net Project NOVA makes KPI calculations by collecting over 100 different network parameters and automatically optimizes the user's internet bandwidth with a series of rules.

of digital and analogue signals with the "Signal Recording and Processing System" as the project it developed for the DHMI. Within the scope of the project, the system which is able to work round the clock, 365 days a year, offering the functions of recording, instant status monitoring, sound recording, advanced filtering methods and advanced voice recording, with ease of transition from analogue-based systems to digital systems thanks to the structure compatible with both analogue and digital systems, gone live.

For the "Signal Recording and Processing System" training and test VCS, VRS was installed at Dalaman APP/TWR, Bodrum APP/TWR, Antalya APP/TWR, Menderes APP/TWR, Yeşilköy APP/Atatürk TWR and Ankara ACC/Esenboğa APP areas.

Predictive Maintenance in Operation Project

The project which is developed by Innova aims to prevent faults from occurring or to resolve faults rapidly by

detecting potential faults in telecommunication devices used in the field in advance. With the project, which uses software with open-source coding and AI-supported big data platforms, it is aimed to ensure detection of more than 60% of the potential failures two days in advance, increasing the operational efficiency by 15% and reducing the service interruptions by 10%, thus providing customers with a more seamless service.

Analysis on the Net Project

NOVA is a Service Quality Management platform, which collects XDSL and FTTH service performance data from various DSLAM and GPON devices. NOVA collects over 100 different network parameters, performs key performance indicator calculations and automatically optimizes the user's internet bandwidth along with a set of rules. Under the project, more than 170 thousand DSLAM devices serving 10.5 million subscribers are managed. Within the scope of the project, the number of ports requiring optimisation was decreased from 6.75% to 1.63% within two weeks and up to 60% improvement in internet speed and 10% improvement in line stability and consistency are achieved.

The Health Tourism Project

The Health Tourism Portal offers the health tourism consumers worldwide the facility of being able to call health care providers or agencies, view the patient history as a registered user and to communicate and receive information concerning the health service cost and plan. The Usaş Patient Management Application, developed within the scope of the project, provides follow-up of processes for those receiving health-care services, including treatment planning, details of the service fees, travel and accommodation management, patient admission and the treatment and discharge management for the patients. The Portal contains 306 service providing facilities and 5 broker organisations. Data entry for 19 facilities was approved and the profiles of 18 facilities are



İNNOVA

PayFlex mWallet

PayFlex mWallet, which can be enjoyed by both the end users and member businesses, offers advantages such as discounted shopping and earning as you spend at member businesses.

under the approval process. The portal will be opened to patients, once the entry of hospitals' data is completed.

EASYS (Access Infrastructure Order Management System)

The EASYS application includes many modules, notably exploration, additional protocol and progress payment processes, which are carried out within the scope of the construction, maintenance and repair contracts of Türk Telekom access networks, amounting to a total 1 billion TL throughout Turkey. EASYS, which is actively used within Türk Telekom and is one of the Company's high-volume projects, allows for system automation and time saving while eliminating human error.

The IKA Lega Project

The IKA Lega project aims to manage the receivables of violated crossings on the İzmir-Çandarlı Highway (North Aegean). The project ensures effective follow-up of the tolls, fines and other receivables emanating from violations, starting with the actualisation of the violation and till the end of legal process. With the IKA Lega, over

60 thousand unpaid toll fees were collected in the first 4 months without entering into the legal process.

Vodafone Cyprus - Biometric Signature

Innova's Biometric Signature solution allows subscribers to digitalize contracts and forms filled in with wet signature on paper for after-sales transactions, and for these forms to be signed with a digital signature containing biometric data on the products such as tablets or smart phones. This solution in question allows the signature and document encrypted through cryptographic methods to become more secure, while also reducing paper consumption.

Channel Document Management System

The Channel Document Management System provides a time and cost advantage by automating document processes. Documents coming and going from different channels are followed up and archived through the same system. Within the scope of the project, 40,000 user logins, 22,355 page-scans, 18,749 e-signature submissions and 91,000 transactions are performed every day.

Mobile Wallet

Meeting the expectations of those who want to ensure the security of their information while completing their payment transactions smoothly, mWallet (mobile wallet) provides a strong and secure infrastructure for payment and money transfer transactions.

mWallet brings all payment instruments such as credit cards and debit cards together on a single platform while removing the need to carry cash. Available to both end-user and member businesses, the PayFlex mWallet offers an array of advantages to them at member stores such as discounted shopping and earning bonuses as they spend.

PayFlex mWallet has flexible and convenient functions with the multi-user support for multiple employees for member businesses, allowing to receive fixed or variable payments. Moreover instant notification on payments is sent to the relevant user.



AssisTT

Established in 2007, AssisTT determines the standards in the call centre sector with its **effective human resources management, strong technological infrastructure and perfectionist service approach.**

Contribution to employment

13,356 Employees
30 Locations
24 Cities

AssisTT, which offers solutions to its customers as a "strategic partner" in many areas such as sales and marketing, social media management, face-to-face services, revenue management, quality management, new technologies and digital solutions beyond traditional call centre functions, continues its activities as a "Customer Experience Centre".

AssisTT provides technical infrastructure, interactive voice response (IVR), seat rental, payroll services, training, recruitment, speech analysis, customer experience services to private companies and public institutions which are leaders in their fields with its expertise in the finance, e-commerce, transport and logistics, health, energy, media, consumption and retail sectors, in addition to its significant experience in the telecommunications sector.

Rapid adaptation and digital transformation

AssisTT quickly adapted to the new normal with its strong technological infrastructure during the Covid-19 pandemic that has taken hold of the whole world. Putting its digital transformation into practice in many areas before the pandemic, AssisTT provided all of its employees with the necessary technical equipment and infrastructure, and enabled them to work from home. AssisTT has been implementing the "work from home" model with all employees since March 2020 and has been redesigning its processes to take account of changing needs.

AssisTT adapts to the new normal with the digital bridges it builds

AssisTT, which moved its recruitment processes to digital platforms before the Covid-19 pandemic, put Turkey's first interview base, the "FAST TO FACE" platform into practice.

The "FAST TO FACE" platform, which provides communication with candidates from 81 provinces of Turkey without the need to be in the same place, has brought a great novelty to the sector and also minimised the effects of the challenging processes caused by the pandemic.

assisTT

AssisTT

Best Call Centre and Customer Service

AssisTT won first prizes in the EMEA finals of the Contact Centre World Awards in the categories of “The Best Call Centre” and “the Best Customer Services” with its Türksat Cable TV Project. In the Bilişim 500, it received the first prize of “Outsourcing Service of the Year Category”.



A first in the industry - the “Call Centre School”

AssisTT aims to contribute to the qualified workforce of our country by offering its know-how and experience to the service of the sector through the “Call Centre School” that it established within its organisation. The Call Centre School, the educational content of which is created entirely by the AssisTT Academy, plans to provide training to the sector professionals, the students of the call centre departments of universities and anyone who is interested in the sector.

The Call Centre School, established in line with the distance education model and moved to digital platform during the pandemic, provides training opportunities for all those seeking to develop themselves about the sector.

Rapid growth in the private sector and rollout in public sector continue

AssisTT continued to rapidly expand its portfolio of partnerships in the public and private sectors with new additions. In 2020, the Company started to serve D-Smart, Hepsiburada, Arçelik, BNP Paribas Cardif, Ziraat Bank, ZTE Netaş in the private sector and the Istanbul Metropolitan Municipality and the General Directorate of Mining and Petroleum Affairs in the public sector.



Call Centre School

Training starts in “Call Centre School” – a first in the sector. The School provides training opportunities for those who want to develop themselves in this sector.

AssisTT’s activities win acclaim in the national and global arena

AssisTT once again crowned its activities with a clutch of awards in 2020. The Company won two separate first prizes in the categories of “The Best Call Centre”, and “The Best Customer Services” with its Türksat Cable TV project in the EMEA finals of the Contact Centre World Awards, one of the most prestigious awards in the international call centre sector.

In 2020, AssisTT also qualified for the Great Place to Work 2020 Certificate

AssisTT was granted the first prize of “Outsourcing Service of the Year Category” in the main category of the “Turkey-Based Manufacturer” in the Bilişim 500, Turkey’s leading sector survey. AssisTT ranked 21st in the Bilişim 500 overall ranking (on the basis of sales revenues).

Contributions to employment continue at full pace

AssisTT, which contributes to the development of the economy by providing employment for thousands of people through its investments in Anatolia, opened up new locations in Van and Diyarbakır in 2020. The Company created 5,500 new jobs in 2020.

In addition to creating an important source of employment for the country with its approximately 14,000 employees, AssisTT also sets itself apart in terms of equal opportunity, with women comprising 58% of its employees.



SEBİT

With its 32 years of experience in educational technologies, **SEBİT is Turkey's leading education company with its comprehensive solutions ranging from educational content and smart measurement and evaluation to technological platforms and teachers' training.**

SEBİT

Pioneers a 21st century approach to education and designs the education of the future.

Solutions addressing the global transformation in education by SEBİT

With the educational solutions it has developed since its establishment in 1988 as an R&D laboratory under the roof of TÜBİTAK, SEBİT has taken on a leading role not only in Turkey but also abroad. In this context, the company develops national and international products and services that include social benefits and are tailored to the educational needs of individuals.

SEBİT leads the global transformation in education by continuously expanding its product and service portfolio with the power derived from its synergy with Türk Telekom and the innovative use of technology.

Continuing its work with its competent and creative human resources and proving its leadership with numerous awards, SEBİT is recognized as one of the best educational technology companies in the world by many international education authorities.

With its new services and products designed using mobile information and internet technologies, SEBİT aims to offer equality of opportunity and product diversity at every stage of education, as well as removing the barriers preventing students from actively participating in the learning process.

Working on national online education infrastructure

The course content, study plans, question-exam systems and the changes in the curriculum at all grade levels on the Education Informatics Network (EBA), the official portal of the Ministry of National Education, have been updated by SEBİT. Since March 2020, the need for access to live classes, which came to the forefront during the pandemic, has also been provided by SEBİT through this portal.

In order to meet the emerging need for mass use, software architecture of EBA has been parsed with functions to withstand instantaneous loads. The load reflected on the lower level hardware was reduced by processing in the upper software layers. In accordance with the services requested by the user. These updates are planned to continue in the upcoming activity period, and the system will be scaled for higher number of users.

SEBİT VCloud

The Next Generation Educational Sharing and Collaboration Platform, the SEBİT VCloud, offers a personalised learning platform which transcends the walls of the classroom with its innovative structure.

EBA Professional Development - an online professional development platform for teachers

EBA Professional Development is the official professional development portal developed by SEBİT, used by the Ministry of National Education to carry out teacher training online.

With the transition into distance learning throughout the country, a significant proportion of the trainings for teachers was offered through the professional development groups created within this platform. Functions aimed at improving efficiency were added to the portal, as well as reporting and collaboration tools. The development of the necessary functions for the transition to the "Continuous professional development" programs will also continue in the upcoming activity period.

SEBİT VCloud - supporting the educational and administrative processes of schools

SEBİT VCloud platform, which break a new ground in Turkey by moving the cooperation and sharing-based

education approach to an online platform, is designed to help private schools rapidly transform their educational platform.

With the transition to distance learning during the pandemic, the "virtual classroom module" was quickly integrated into SEBİT VCloud. Thanks to the virtual classroom module and featured interaction functions, the product reveals its value as the main platform of transformation in education even after the distance learning period. SEBİT VCloud is used by around 100 thousand students, teachers, and administrators in nearly 800 private schools.

SEBİT VCloud prevents students from being passive viewers during online education and engages them in the process with a personalized educational approach. Similarly, with SEBİT VCloud, it is possible for teachers to manage this process and create learning-oriented interactions with their students.

For both centrally managed school chains and institutions seeking to provide online professional development support, the studies of adding reporting and data analysis functions to the social learning infrastructure via VCollab, which is integrated into SEBİT VCloud, will continue during the new activity period, too. Similarly, big data analysis and reporting tools for performance improvements based on usage data and planning support for development activities with artificial intelligence techniques have also been included in the program of the upcoming period.

Raunt: the most innovative and result-oriented solution ever offered in preparation for university

Turkey's first and only personalized university entrance exam preparation product, Raunt is a pioneering product developed by SEBİT for both institutional use by private schools and for the students at open high schools and graduate students studying on an individual basis.

Utilizing the artificial intelligence-supported infrastructure of Raunt and the data accumulated since 2015, the entire high school program from the 9th to the 12th grade has been designed for the candidates to use their time



SEBİT

32 years of experience

Creating an educational ecosystem and constantly improving itself with its 32 years of experience, SEBİT, changes the “education” perspective of all stakeholders, from students and school principals to teachers and parents.

most efficiently in their studies in accordance with their goals. With a range of books from Turkey’s most long-established and experienced publishers in preparation for university and mobile application support, Raunt meets the needs of students with a single solution.

With the virtual assistant application to be developed with natural language processing and understanding technology in the upcoming activity period, it is planned to improve and scale the customer services, and then the course support services.

Ministry of National Education (MEB) Academic Support Program for university preparation

The MEB Academic Support platform has been added to the national education technology infrastructure in order to relieve pressure on the education system brought about by the transition exams between grades, announced in the MEB 2023 Vision. This platform played an important

role in supporting education with online tools during the pandemic.

The MEB Academic Support, implemented by SEBİT using the technology and content generated during the development process of the Raunt product, meets both the university preparation and academic support needs of 11th and 12th grade students in public schools. The measurement and evaluation capacity of the platform will continue to grow, with the publisher ecosystem created. In addition, R&D studies into the Turkish natural language processing and response evaluation system have been initiated in order to establish an open-ended examination infrastructure.

The transformative role of new digital technologies in the design and production of educational content

Developed by SEBİT in 2000, Vitamin is Turkey’s leading online education product. SEBİT instantaneously reflects changes made to the curriculum over the years on Vitamin and offers it to the use of students and teachers with some improvements to the platform as well as to the content. Vitamin is renewed in parallel with the development of the digital information and communication technologies.

The content of Vitamin, which is made available to public schools over the EBA and private schools via SEBİT VCloud, has been included in the learning process with the Vitamin Books and they were brought into use as both digital and printed materials with a holistic educational approach.

Meanwhile, efforts to enrich Vitamin content with a 360° video and AR/VR technologies in line with the possibilities offered by the upcoming 5G technology will continue during the upcoming activity period.

One of the other products of SEBİT in this activity period is DinamikMAT, Turkey’s first and only “smart question generation system”. With DinamikMAT students can have access to an unlimited number of examples of a problem, which measure the same knowledge and skills, in maths lessons.

Thanks to the BEACONING, a game based learning application, which is developed by SEBİT within the scope of the Horizon 2020 R&D Program and considered to be the most successful project developed by the European Commission’s Technology-Supported Education unit, a different type of educational content than the usual one has been formed.

Similarly, the VFabrika product, offering a visual programming language that is easy to use for both teachers and students, allows to create highly interactive content without the knowledge of coding. Thanks to VFabrika, the next generation e-content, which will allow



School Profile Evaluation

The works on web-based product SPE, which measures the added value provided by the schools and teachers to students and plans school improvement activities accordingly, continues under the leadership of SEBİT.

students to learn by practicing and have active learning experiences, can be transformed into a structure where physical environment data from sensors can also be processed with hardware elements such as embedded electronic systems (Arduino), MicroBit and MakeBlock.

Speed-reading and time saving Hızlıgo

Online speed-reading system, Hızlıgo, which increases the speed of reading using scientific methods, has been made available for mass use with its updated new interface, enhanced personalisation features and smart tutoring system adapted to the user’s level.

In Hızlıgo, which increases the speed of reading without any loss of meaning, the texts now have a library structure prepared in appropriate length and difficulty levels for the 5th to 12th grade students and adults. In addition, aiming to save time for students in answering long paragraph questions in central examinations such as the LGS (High School Entrance Exam) and YKS (Higher Education Institutions Entrance Exam), Hızlıgo also provides the opportunity for reviewing lessons while performing eye exercises with content appropriate for the grade levels in its library and compatible with the curriculum.

Data-driven continuous improvement in national education for MEB

The School Profile Evaluation (SPE) study, which brings a data-driven approach to “school development activities” with learning and educational analytic tools, continues under the leadership of SEBİT with the contribution of MEB specialists and academics.

The studies on SPE, a web-based product for the measurement of the added value provided by schools and teachers to students and for planning the school development activities accordingly have been carried out. In this study, the “learning analytics”, “school analytics” and “educational analytics” know-how developed by SEBİT with the R&D projects within the scope of the Horizon 2020 Program was also utilized. The School Profile Evaluation product, which is still in the process of development, is currently functioning as a prototype with sample data. Planned to be launched in the near future with its real-data version, this product aims to improve the quality of education. The SPE will also support improvement processes as a decision support software for self-assessment and planning.

SEBİT’s international activities and collaborations

With innovative and effective use of technology, SEBİT is on its way to becoming one of the world’s leading companies in education technologies. The products developed by the Company are used in many countries.

Within the framework of the global sales partnership program with Microsoft, the SEBİT VCloud product was rendered “Co-Sell Ready”. Studies on product sales carried out with Microsoft are still ongoing.

A study visit was organised in February 2020 within the scope of mutual contacts between the Ministry of National Education of the Republic of Turkey and the Ministry of Education of Qatar, and SEBİT was the only company to officially be invited to this visit. Within the scope of the visit, a memorandum of understanding was signed, in which cooperation and experience sharing on topics including distance learning was included. Bilateral meetings with the Ministry of Education of Qatar and efforts to turn the potential in the country into a project are ongoing.

In addition, as a result of the meetings held with a delegation under the chairmanship of the Minister of National Education and Culture of Turkish Republic of Northern Cyprus (TRNC), it was decided to identify the needs and to start working in order for TRNC to use a system similar to EBA in the TRNC. With the cooperation agreement signed in October, SEBİT and the Ministry of National Education and Culture of the TRNC took the first step towards the implementation of EBA in the TRNC.

Marketing and sales activities in the U.S. and Canada for SEBİT’s international product, the Adaptive Curriculum (AC) continue. In response to the growing interest and competition in the internet-based education support product market during the pandemic, alternative marketing strategies will be developed for the Adaptive Curriculum product in the upcoming periods.

TÜRK TELEKOM INTERNATIONAL

Türk Telekom International, an international member of the Türk Telekom Group, conducts its activities and operations **in the fields of international data, fibre infrastructure, international wholesale voice communication and mobile roaming through its subsidiaries located in 17 countries.**

45 thousand km of fibre optic network

With its fibre optic network extending to more than 45 thousand km, mainly located in the Central and Eastern European countries, Türk Telekom International contributes in Turkey's becoming a communication bridge between the European and Asian continents.

Türk Telekom International serves its customers in a wide geographical area with its rich product portfolio

Türk Telekom International, headquartered in Budapest, Hungary, serves its customers in a wide geographical region which includes Central and Eastern Europe, the Middle East, the Caucasus, Central and Southern Asia, Latin America and Far East as well as Turkey.

Among Türk Telekom International's major customers, there are fixed and mobile telecommunication operators, international alternative infrastructure operators, domestic and international internet service providers and corporations.

The Company provides services such as full range of internet and data communication services, IP transit services, direct and full access to Türk Telekom IP network, network planning and implementation, fibre optic infrastructure and access, international voice services at a wholesale level, international mobile roaming and mobile services, service product and market development, Global MTN, SD-WAN for corporate customers and allocated access specific to cloud service providers.

The communication bridge that connects Asia and Europe with its operations in the field of international data

With its fibre optic network extending over 45 thousand km, mainly located in Central and Eastern European countries, Türk Telekom International plays an important role in placing Turkey and Türk Telekom as a communication bridge and data junction between the European and Asian continents.

A regional power connecting continents

With its submarine fibre optic cable systems, Türk Telekom International strengthens Turkey's position as a data junction point between East and West.

Türk Telekom International provides internet and IP services to many operators and companies with more than 110 points of presence (PoPs) in 22 countries.

Apart from the communication services and products that it offers to the companies and operators abroad, Türk Telekom International also provides international data and internet access for Türk Telekom with a capacity of 10.1 terabits/second.

The Company continued to strengthen its global position in 2020 with the support of Türk Telekom brand, which has a high level of recognition not only in its own geographical region, but also in the global arena.

An important regional player in the field of international wholesale voice and mobile roaming

Türk Telekom International, which is an important regional player in international data services as well as international wholesale voice transport and international mobile roaming, is constantly increasing its activity in emerging markets such as Africa, the Far East and Latin America.

The Company has more than 200 partnerships with the world's most important telecommunications operators in international wholesale voice transport. In this context, billions of minutes of transit traffic are carried annually from Eastern Europe, Turkey, the Middle East, the Commonwealth of Independent States, Africa, Latin America and the Far East.

Türk Telekom International also has mutual agreements with more than 800 mobile operators in over 200 countries in the field of international mobile roaming. The Company, which has mutual international mobile roaming agreements with more than 320 operators within the scope of the LTE technology, ceaselessly continues its work on 5G mobile roaming.

Türk Telekom International connects continents with its submarine fibre optic cable systems

Türk Telekom International is a full member of the SEA-ME-WE-5 consortium, which consists of 19 operators that are leaders in their fields. The SEA-ME-WE-5 is the fifth-generation international submarine fibre optic cable system project within the SEA-ME-WE System connecting Southeast Asia to Western Europe.

The Company also actively uses the cable systems of MEDTÜRK connecting Turkey, Middle East and Europe, and KAFOS (Black Sea Fibre Optic System) opening from Black Sea to Europe. This way, Türk Telekom International preserves Turkey's strong position as a communication bridge and data junction between East and West.



TÜRK TELEKOM INTERNATIONAL

New Backbone Project

By strengthening its infrastructure with the New Backbone Project that it completed in the last quarter of 2020, Türk Telekom International started to offer services with higher speed and quality.

Türk Telekom International attains higher speeds and capacities with its New Backbone Project

Türk Telekom International started to offer services with high speed and quality to its customers by strengthening its infrastructure with the New Backbone Project that it completed in the last quarter of 2020.

The New Backbone establishes a connection to Sofia, Budapest, Vienna with the fibre networks, each of which extending to more than 3,000 km from two different protected routes in Europe, with Edirne and Frankfurt being the endpoints. Providing access to high capacities, the New Backbone enables the delivery of value-added services in the field of data.

Türk Telekom International's IP products put Istanbul in the forefront as a global attraction centre

The infrastructure and value-added services offered by Türk Telekom International strengthened Istanbul's position as a centre of attraction by providing access to high speeds and capacities. In this context, Türk Telekom International offers IP service to leading service and content providers based in overseas. The service allows companies with international content to reach Istanbul with Türk Telekom International's infrastructure, and host their servers at Türk Telekom International's Istanbul Data Centre.

In 2020, the world's major cloud and content providers such as Microsoft, Amazon, Limelight, Cloudflare started their operations in Istanbul.

On the other hand, with the IP Transit service offered from the points bordering the neighbouring countries, Türk Telekom International offers the opportunity to connect to the OTT traffic, which is widespread throughout the country, very quickly and safely.



IMPORTANT DEVELOPMENTS AFTER THE ACCOUNTING PERIOD

21 January 2021 dated Regulatory Disclosure - 2020 4th Quarter Financial Calendar

Our Company's financial reports for 01.01.2020 - 31.12.2020 accounting period will be disclosed to public on 03.02.2021.

25 January 2021 dated Regulatory Disclosure - Board of Directors' Resolution for Profit Distribution

Our Company's Board of Directors had resolved by its decision dated 03.03.2020 and numbered 31, to distribute a total gross amount of TL 1,203,020,000 which corresponded to approximately 50% of our Company's net distributable profit for the year 2019 from the previous year's profit under legal records.

According to the Provisional Article 13, which was added to the Turkish Commercial Code ("TCC") numbered 6102, with the Law No. 7244 published in the Official Gazette dated 17.04.2020 and numbered 31102, capital companies were allowed to pay up to 25% percent of the net profit for the year 2019 and were restricted to distribute the profits of previous year and legal reserves until 31.12.2020. In order to comply with the aforementioned restriction on dividend distribution, 25% of the distributable profit for the year 2019 was decided to be distributed at the Ordinary General Assembly Meeting dated 25.07.2020 and the dividend distribution commenced on 28.07.2020.

The dividend distribution restriction within the framework of TCC Provisional Article 13 and the provisions on Communiqué on the Procedures and Principles Regarding the implementation of the Provisional Article 13 of the TCC, has ended as of 31.12.2020; and no further regulation came into effect in this regard. Therefore, the TCC procedures which were in force before Provisional Article 13 shall apply.

Accordingly, our Company's Board of Directors has resolved to propose the following to the shareholders at the Company's first upcoming General Assembly Meeting:

- (i) An amount of TRY 601,370,000.00, which was decided to be distributed by the Board of Directors' decision dated 03.03.2020 and numbered 31, but was set aside within the Company as prior year's profit, because it could not be distributed within the year 2020 in compliance with the aforementioned dividend distribution restriction, shall be distributed to the shareholders.
- (ii) Withholding tax deductions shall be applicable during the distribution within the scope of relevant regulations.
- (iii) Thus, 0.17182 Kuruş (17.182%) gross cash dividend per each share worth 1 Kuruş nominally shall be distributed to our shareholders and total gross cash dividend distribution amount shall be TL 601,370,000.00.

03 February 2021 dated Regulatory Disclosure - Guidance for 2021 Consolidated Financial Results

Under current circumstances, guidance for 2021 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 14% YoY

- Consolidated EBITDA to be around TL 15 billion level
- Consolidated CAPEX to be around TL 7.7 billion level

04 February 2021 dated Regulatory Disclosure - Appointment of Independent Audit Firm

As per the decision of Audit Committee according to the corporate governance principle no 4.5.9 of Corporate Governance Communiqué of Capital Markets Board, our Company's Board of Directors has resolved pursuant to Article 399 of Turkish Commercial Code and the article 17/A of our Company's Articles of Association the signing of an independent audit agreement with Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young - E&Y) for the audit of our Company's accounting period of 2021, shall be submitted to the approval of shareholders at the Ordinary General Assembly Meeting.

24 February 2021 dated Regulatory Disclosure - Board of Directors' Resolution for Profit Distribution

The Board of Directors of our Company has resolved the following on 24.02.2021, pursuant to article 390/4 of Turkish Commercial Code:

Our Company's profit for the year 2020 has materialised as follows:

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) Communiqué About Financial Reporting in Capital Markets No.II-14.1" is TL 3,177,873,000 and the commercial profit calculated within the scope of the provisions of Turkish Commercial Code and Tax Procedure Law is TL 862,181,952.78, for the fiscal year of 2020.
2. Pursuant to the CMB Communiqué on Dividends N II-19.1, the profit after tax amount of TL 3,177,873,000 shall be the base amount for dividend distribution.
3. Since the Company has already reached the general legal reserve limit in accordance with the Article 519 of Turkish Commercial Code, this reserve is not required for 2020.
4. The base for the first dividend shall be TL 3,239,444,358.98 (Pursuant to the CMB regulations, this amount is calculated by adding the TL 61,571,358.98 of donations made in 2020, to the TL 3,177,873,000.00 of net distributable profit of 2020)
5. Pursuant to Board of Directors' decision no. 10 and dated 25.01.2021, it has been resolved that the distribution amount, ratio and payment schedule of the gross amount from TL 601,370,000.00 which was set aside within the Company as prior year's profit, because it could not be distributed within the year 2020 due to the restriction on dividend distribution and from the profit of the year 2020, shall be determined by the General Assembly at the Ordinary General Assembly Meeting to be held on the activity year of 2020.

DIVIDEND DISTRIBUTION PROPOSAL

25 January 2021 dated Board of Directors' Resolution for Profit Distribution

Our Company's Board of Directors had resolved by its decision dated 03.03.2020 and numbered 31, to distribute a total gross amount of TL 1,203,020,000 which corresponded to approximately 50% of our Company's net distributable profit for the year 2019 from the previous year's profit under legal records.

According to the Provisional Article 13, which was added to the Turkish Commercial Code ("TCC") numbered 6102, with the Law No. 7244 published in the Official Gazette dated 17.04.2020 and numbered 31102, capital companies were allowed to pay up to 25% percent of the net profit for the year 2019 and were restricted to distribute the profits of previous year and legal reserves until 31.12.2020. In order to comply with the aforementioned restriction on dividend distribution, 25% of the distributable profit for the year 2019 was decided to be distributed at the Ordinary General Assembly Meeting dated 25.07.2020 and the dividend distribution commenced on 28.07.2020.

The dividend distribution restriction within the framework of TCC Provisional Article 13 and the provisions on Communiqué on the Procedures and Principles Regarding the implementation of the Provisional Article 13 of the TCC, has ended as of 31.12.2020; and no further regulation came into effect in this regard. Therefore, the TCC procedures which were in force before Provisional Article 13 shall apply.

Accordingly, our Company's Board of Directors has resolved to propose the following to the shareholders at the Company's first upcoming General Assembly Meeting:

(i) An amount of TRY 601,370,000.00, which was decided to be distributed by the Board of Directors' decision dated 03.03.2020 and numbered 31, but was set aside within the Company as prior year's profit, because it could not be distributed within the year 2020 in compliance with the aforementioned dividend distribution restriction, shall be distributed to the shareholders.

(ii) Withholding tax deductions shall be applicable during the distribution within the scope of relevant regulations.

(iii) Thus, 0.17182 Kuruş (17.182%) gross cash dividend per each share worth 1 Kuruş nominally shall be distributed

to our shareholders and total gross cash dividend distribution amount shall be TL 601,370,000.00.

24 February 2021 dated Board of Directors' Resolution for Profit Distribution

The Board of Directors of our Company has resolved the following on 24.02.2021, pursuant to article 390/4 of Turkish Commercial Code:

Our Company's profit for the year 2020 has materialised as follows:

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) Communiqué About Financial Reporting in Capital Markets No.II-14.1" is TL 3,177,873,000 and the commercial profit calculated within the scope of the provisions of Turkish Commercial Code and Tax Procedure Law is TL 862,181,952.78, for the fiscal year of 2020.

2. Pursuant to the CMB Communiqué on Dividends N II-19.1, the profit after tax amount of TL 3,177,873,000 shall be the base amount for dividend distribution.

3. Since the Company has already reached the general legal reserve limit in accordance with the Article 519 of Turkish Commercial Code, this reserve is not required for 2020.

4. The base for the first dividend shall be TL 3,239,444,358.98 (Pursuant to the CMB regulations, this amount is calculated by adding the TL 61,571,358.98 of donations made in 2020, to the TL 3,177,873,000.00 of net distributable profit of 2020)

5. Pursuant to Board of Directors' decision no. 10 and dated 25.01.2021, it has been resolved that the distribution amount, ratio and payment schedule of the gross amount from TL 601,370,000.00 which was set aside within the Company as prior year's profit, because it could not be distributed within the year 2020 due to the restriction on dividend distribution and from the profit of the year 2020, shall be determined by the General Assembly at the Ordinary General Assembly Meeting to be held on the activity year of 2020.

CONCLUSION OF AFFILIATION REPORT

01.01.2020 - 31.12.2020 Accounting Period Conclusion of Affiliation Report

This Report is prepared and issued in reliance upon paragraph (1) of Article 199 of the Turkish Commercial Code No. 6102, to the extent of knowledge of the Board of Directors of our Company, with respect to the relations of our Company with its Controlling Company and with other affiliates of its Controlling Company in the 2020 fiscal year. Therefore, it is undersigned and hereby declared that each legal transaction mentioned in the Report is balanced with an appropriate counter performance, and that our Company has not incurred any damages or losses due to any measure taken or avoided.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Statement of Compliance with Corporate Governance Principles

Türk Telekomünikasyon A.Ş. ("Türk Telekom") pays utmost attention to implementing the Corporate Governance Principles published by the Capital Markets Board of Turkey ("CMB"). The Company updates its annual and interim activity reports and corporate website, and makes them available to its shareholders to meet the said principles. Shareholders have access to comprehensive information through the Türk Telekom investor relations website, which is constantly kept up-to-date, and may also direct their queries to the Investor Relations Department.

On 14 December 2020, the corporate governance rating assessment report of Türk Telekom was prepared by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA A.Ş.), which holds an operating license to perform rating assessment in Turkey in line with the CMB's Corporate Governance Principles.

The Company received an overall average rating of 9.40 as a result of a corporate governance rating assessment. The Company's Corporate Governance Rating was determined with the assessment undertaken under four main categories (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) with weightings assigned within the framework of the CMB's Corporate Governance principles. The breakdown of corporate governance rating under these major categories was as follows:

Sub Categories	Weight	Rating
Shareholders	25%	87.59
Public Disclosure & Transparency	25%	98.85
Stakeholders	15%	99.51
Board of Directors	35%	92.83
Total	100%	94.03

The rating of 9.40 assigned by SAHA A.Ş based on the Corporate Governance Principles is a clear indicator that the Company is largely compliant with the CMB Corporate Governance Principles and has brought the necessary policies and measures into effect. The Company will maintain its efforts to fully comply with the Principles of Corporate Governance.

Reasons for non-compliance with Corporate Governance Principles

Pursuant to the Communiqué No: II-17.1 dated 3 January 2014 of the Capital Markets Board on the Corporate Governance, and relevant regulations, the non-complied issues and their grounds are listed below. No conflict of interest has occurred to date due to the principles that are not complied.

Presence of voting privileges in shareholders

The privileges attached to the Golden Share held by the Ministry of Treasury and Finance of the Republic of Turkey are statutory (the law numbered 4673), and the Company is not authorised to amend these privileges.

Non-presence of an article in the Articles of Association regarding the procedures for the invitation of Board of Directors for a meeting by shareholders and stakeholders

Pursuant to the New Turkish Commercial Code numbered 6102, which entered into force on 1 July 2012, each Board Member may submit a written request to the Chairman of the Board to invite the members of Board of Directors for a meeting.

Furthermore, shareholders holding 5% of the shares have the right to ask the Board of Directors to call a General Assembly Meeting by stating the reasons for doing so and the agenda for the meeting in written form, and also insert additional topics onto the agenda in the event that a General Assembly Meeting is to be convened anyway.

There is no other method of invitation of Board of Directors for a meeting.

Mechanisms and models to encourage the participation of stakeholders, particularly Company employees, in the management of the Company are not regulated by the Articles of Association or the Company's internal regulations

Models for the participation of the Company's employees in the management have not been included in the Articles of Association; however, such models have been developed and put into practice within the scope of the Company's internal directives. Models for the participation of the Company's employees in the management, such as the Occupational Health and Safety Boards, Disciplinary Boards, the Dispute Resolutions Board and the Inventors' Idea System are being developed.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Non-Presence of articles in the Articles of Association to extend minority rights to shareholders, which hold less than one twentieth of the capital

The Articles of Association of the Company was prepared taking into account the ratio determined by the Turkish Commercial Code in relation to minority rights.

Board of Directors' participation is not limited to one committee

Due to the number of independent members of the Board of Directors of the Company, some independent members of the Board of Directors are assigned in more than one committee.

No performance assessments of Board of Directors have been conducted to evaluate whether the Board of Directors have fulfilled their responsibilities effectively

No assessment had yet been carried out as of the publication date of the Annual Report.

Shareholders

Investor Relations Department

At Türk Telekom, the activities with respect to regular management of relationships with existing and potential shareholders and fixed income investors, responding efficiently to queries from investors and analysts, and activities targeted at increasing the value of the Company are carried out by Investor Relations Department ("the Department") which reports to Assistant General Manager of Finance (CFO).

Execution of the responsibility arising from capital markets legislation and coordination of corporate governance practices is supervised by the Director of Investor Relations, Gülsen Ayaz, who holds Capital Market Activities Level 3 and Corporate Governance Rating licenses, and is also responsible for the management of investor relations activities.

The primary activities handled by the Department are as follows:

- Including all kinds of cases related to Corporate Governance and Public Disclosure, performing the requirements of the Capital Market Regulations, and handling necessary internal and external disclosures and monitoring related processes,
- Introducing and presenting the Türk Telekom Group to domestic and foreign; individual and institutional; equity and fixed income investors,

- Keeping existing and potential equity investors and fixed income investors regularly informed of the Company's activities, financial standing and strategies in a timely, equally, accurate and complete manner,
- To ensure that records related to correspondences between investors and the Company and other information and documents are maintained in a manner that is sound, reliable and up-to-date,
- Responding to written information requests from equity and fixed income investors related to the Company,
- Preparing documents required for submission for shareholders' review with regard to the General Assembly Meeting, and taking precautions to ensure the organisation of the General Assembly Meeting in accordance with related regulation, the Articles of Association and other regulations within the corporation,
- Responding to requests for information from research analysts; ensuring the best introduction of the Company and providing necessary information to ensure that reports for investors are prepared in an accurate and complete fashion,
- Sharing the interim and year-end statements, investor presentations, press releases and annual and interim activity reports regarding financial and operational results with investors and the press; updating the investor relations website regularly to ensure that shareholders have access to accurate and complete information,
- Keeping investors regularly informed of Türk Telekom and the Turkish Capital Markets by participating in conferences and investor meetings,
- Monitoring public disclosures that are carried out pursuant to the Company's Disclosure Policy and applicable legislation,
- Sharing stock related information within the Company, by monitoring the composition of domestic/foreign investors and significant changes in trading volume of the Türk Telekom shares which are publicly traded on the Borsa İstanbul.

Please contact the Corporate Governance and Compliance Manager, Eren Öner, for questions related to dividends, voting on General Assembly or transfer of shares.

The Department received over a thousand requests for information by telephone and email during 2020 and all these inquiries were responded to.

In 2020, investor conferences held with a number of countries in particular with the USA and the UK, were moved to online platforms due to the pandemic. Even in this difficult period, Türk Telekom maintained the close relationship with its investors and had a very active year in 2020. During 2020, the Company attended conferences, 2 of which were physical and 13 were online. In addition to that, the Company organised 5 virtual non-deal roadshows and 2 deal-roadshows regarding TL bond issuance. If one-on-one investor meetings are also included, Türk Telekom met with more than 370 equity and bond investors throughout the year.

Employees of Investor Relations Department

Name and Last Name	Job Title
Gülsen Ayaz	Director
Eren Öner	Manager
Nergis Gündoğdu	Manager
Gaye Yalçın	Expert
Selin Akar	Senior Associate
Tuğçe Cengiz	Assistant Associate
Hazal Koçoğlu	Assistant Associate

Phone: +90 212 309 96 30

E-mail: investorrelations@turktelekom.com.tr

Shareholders' Exercise of their Right to Obtain Information

Within the framework of the Turkish Commercial Code No. 6102, queries other than those relating to trade secrets and undisclosed information received from shareholders and analysts by the Investor Relations Department by letter, telephone, email or other means are answered to in the fastest and most effective way possible upon contacting the relevant person with the highest authority on the related matter. More than a thousand information requests were answered by Türk Telekom in the relevant period. Furthermore, information and developments related to Türk Telekom, which may be of concern to the shareholders, are published both in Turkish and English, and both in current form and retrospectively in order to ensure shareholders' exercise of their right to obtain information and quick and easy access to information through the investor relations website. They are also regularly communicated to those registered on the database through email.

The www.tyaytirimciliskileri.com.tr website with the relevant documents is periodically updated in accordance with the legislative requirements.

Further details related to the use of the shareholders' right to obtain information are presented under the heading of the "Corporate Investor Relations Website and its Content" that can be found below.

Company activities are periodically audited by independent auditors appointed by the General Assembly upon proposal by the Board of Directors. Independent audit services for the activities conducted in 2020 were provided by KPMG Bağımsız Denetim ve Serbest Mali Müşavirlik A.Ş..

There is no article related to the appointment of a special auditor in the Articles of Association. There was no request for the appointment of a special auditor in 2020 and no special audit was conducted. On the other hand, the Company is subject to the audit and inquiry of the Information and Communications Technologies Authority, the Capital Markets Board of Turkey and the Competition Authority within the scope of the relevant legislation of the sector. The results of inquiries and audits are disclosed to the public in the context of disclosure of material events regulated by the Communiqué on Material Events Disclosure.

Minority shareholders' rights regarding the appointment of a special auditor are regulated in accordance with the 438th and 439th articles of the New Turkish Commercial Code 6102.

General Assembly Meetings

The arrangements regarding the General Assembly Meetings of the Company, is in the Articles of Association of Türk Telekomünikasyon A.Ş., which is publicly available on the investor relations website of the Company.

Article 19 of the Articles of Association stipulates, "The General Assembly shall be the main decision body of the Company, possessing every kind of authority in relation to the business of the Company provided by law". Article 21 of the Articles of Association lists the "Material Decisions to be adopted by the General Assembly" as follows and a special quorum has been stipulated for these decisions:

- a. the presentation of any petition for winding-up;
- b. any change to these Articles of Association;
- c. any change in the corporate name of the Company;
- d. any change to the accounting reference date or accounting policies, other than as required by law;

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

e. any change in the share capital or the creation, allotment or issue of any shares, or of any other security or the grant of any option rights or rights to subscribe to the capital, or to convert any instrument into such shares or securities other than bonus shares;

f. any reduction of capital or variation of the rights attached to any class of shares or any redemption, purchase or other acquisition by the Company of any shares or other securities of that company;

g. any merger with or material acquisition of any other company;

h. the cessation of any major Business operation;

i. any material changes to the nature of its Business;

j. the payment or declaration by the Company of any dividend or distribution of any other kind relating to the shares other than in accordance with Article 30;

k. decisions on any of the matters referred to in Article 12 (a) to (f) above to the extent that such matters have not been approved in accordance with Article 12:

- the entry into of any contract or commitment not provided for in the Budget under which the Group Company may incur costs (per transaction) of more than USD 50 million;
- the acquisition of any assets or property (other than in the ordinary course of business) at a total cost (per transaction) of more than USD 50 million;
- the sale or disposition of any fixed assets for a total price per transaction of more than USD 10 million;
- the borrowing of amounts by a Group Company which when aggregated with all other borrowings of that Group Company would exceed USD 150 million, except for the loans obtained from banks in the ordinary course of business;
- entering into any agreement (other than any management agreement referred to in Article 12(g) below) between a Group Company and a Shareholder (other than the holder of the Group B Shares) or its Associates which (x) is not at arm's length terms or (y) involves the transfer of monies or goods and services of a value greater than USD 30 million;
- the appointment of any representative to act for the Company at any general assembly meeting of any Group Company (other than the Company and AVEA);

Pursuant to Article 18 of the Articles of Association, right holders who have right to join the General Assembly meetings of the Company may participate in these meetings electronically as well, in accordance with article 1527th of Turkish Commercial Code.

2020 General Assembly Meetings

On 25 July 2020, the Ordinary General Assembly Meeting convened at the address of Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara, where 92.91% of the Company shares were represented. During this meeting, no questions were raised by shareholders or their proxies attending either through the electronic platform or individually. Minutes of the Meeting can be accessed from <http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/general-assembly-meeting.aspx>. No proposals for agenda items were tabled by shareholders during the meeting other than the sub-agenda items.

Particulars related to the said Ordinary General Assembly Meeting dated 25 July 2020 were registered by Ankara Trade Registry Directorate on 5 August 2020, and were published in the Turkish Trade Registry Gazette dated 6 August 2020.

Furthermore, public disclosures announced by the Company regarding the General Assembly meeting were also published on the Public Disclosure Platform as of the date of the meeting. Press or stakeholders did not participate to the General Assembly Meetings.

According to Article 31 of the Company's Articles of Association, General Assembly Meetings are announced at least 21 days in advance of the meeting date, excluding the dates of announcement and meeting, in the Turkish Trade Registry Gazette and in two national newspapers in accordance with Article 414 of the Turkish Commercial Code, so as to inform the shareholders in advance of the General Assembly Meetings.

Information on General Assembly Meetings, General Assembly agenda, letters of invitation, proxy sample forms and information note, which includes detailed information regarding agenda items are also posted on the investor relations website and the E-Company portal of the Central Registry Agency.

Shareholders who wished to exercise their rights attached to their shareholding and who fulfilled the necessary procedures for participation in General Assembly Meetings pursuant to applicable legislation attended the General Assembly Meeting.

The announcement and explanations which the Company is required to disclose in accordance with the principles of corporate governance, the Information Set forth and the invitation to the General Assembly Meeting and the Minutes of the Meeting are made available for uninterrupted access to the shareholders on the website www.tinvestorrelations.com, the E-Company portal of the Central Registry Agency and the Public Disclosure Platform.

There were no transactions that required the positive vote of a majority of independent Board Members in order to be resolved by the Board of Directors, or which were left to the discretion of General Assembly due to the negative votes of independent Board Members.

In line with the donation policy of the Company, total donations in a fiscal year cannot exceed TL 40 million. In the Ordinary General Assembly Meeting held on 25 July 2020, the shareholders were informed of donations including education, health, sport, culture, the arts or humanitarian aid undertaken by the Company to associations and charitable institutions, which totalled TL 36,467,085 in the year 2019. Total donations and humanitarian aid made in 2020 amounted to TL 61,571,359. With the awareness of social responsibility, our company donated to support measures to mitigate the effects of Covid-19 in 2020.

As far as Company is aware, no shareholders holding management control, Board Members, insiders with administrative responsibilities or spouses and their relatives up to the second degree relation by blood or marriage were not engaged in any transaction that could cause a conflict of interest for the Company or its subsidiaries, or did not carry out any commercial transaction included in the operation of the Company and its subsidiaries on behalf of themselves or another individual, or did not join a partnership engaged in the same scope of activity in the capacity of a partner with unlimited liability. There was no General Assembly Meeting resolution that was not implemented in 2020.

The Company's Class A shares held by LYY Telekomünikasyon A.Ş. and Class C shares held by the Ministry of Treasury and Finance of the Republic of Turkey are registered, whereas the remaining shares are bearer shares.

Voting and Minority Rights

All Shares of Türk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative

vote of the holder of the C Group Privileged Share at either a meeting of the Board of Directors or the General Assembly. Otherwise, such transactions shall be deemed invalid.

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

Pursuant to the Articles of Association and the Telegram and Telephone Law numbered 406, the holder of the C Group Privileged Share appoints one member representing the Privileged Share to the Board of Directors of Türk Telekom. The C Group Privileged Share owner cannot participate in capital increases.

The Company's Articles of Association contain the provision that minority rights are to be exercised by shareholders representing at least 5% of the paid-in capital. However, minority shareholders are not represented on the Board of Directors.

There is no cross-ownership in the Company's share capital.

Dividend Right and Profit Distribution Policy

The Articles of Association do not grant any privileges regarding participation in the Company's profit. Each share is entitled to an equal profit share; however, the holder of the Class C share does not receive any share from the profit. Türk Telekom dividends are paid within the legally prescribed periods of time as set out by the applicable legislation.

The Company adopts a policy of distributing the maximum amount of distributable profit in accordance with Articles 28, 29 and 30 of our Company's Articles of Association. The Dividend Distribution policy was approved by shareholders' in the Ordinary General Assembly Meeting for 2013 convened on 27 May 2014. On the other hand, the Board of Directors considers the short-term financial liabilities of group companies and the conditions of those contracts signed with creditors in determining the Company's dividend proposal.

As stated in the Company's Articles of Association, the dates and the manner of distribution of the annual profit to shareholders is decided by the General Assembly upon the proposal by the Board of Directors, in accordance with the provisions of the Capital Market Law and applicable legislation.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Company's "Dividend Distribution Policy" is disclosed to the public through investor relations website (www.tinvestorrelations.com) and stated in Company's Annual Report.

In the Board of Directors meeting held on 3 July 2020, it was decided that a total gross amount of TL 601,650,000.00 which corresponds to approximately 25% of the Company's net distributable profit pertaining to year 2019 shall be distributed from 2019 net year profit, the withholding tax deductions shall be applicable within the scope of relevant regulations on the distribution date. In this context, it was decided to submit the proposal to distribute 0.17190 Kuruş (17.19%) gross cash dividend per each share worth for 1 Kuruş nominally to our shareholders, total gross cash dividend distribution amount to be TL 601,650,000.00 and 28 July 2020 to be the date to start the distribution of the cash dividend, for the approval of the General Assembly of the company. The proposal of the Board of Directors for dividend distribution was accepted in the general assembly meeting held on 25 July 2020. The distribution of the cash dividends to our shareholders took place between 28 July 2020 - 4 August 2020.

The Company did not buy back its shares in 2020.

Transfer of Shares

The provisions of the Company's Articles of Association restricting transfer of shares are as follows:

Without prejudice to Article 6/A of the Company's Articles of Association, all shares of Türk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative vote of the holder of the C Group Privileged Share at either a meeting of the Board of Directors or the General Assembly. Otherwise, such transactions shall be deemed invalid:

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

The transfer of shares are restricted until the expiration of the Strategic Commitment Period of 14 November 2008 as stipulated in Article 6.A.2 of the Articles of Association, which is as follows: "At any time after the later of the

expiry of the Strategic Commitment Period and the date on which the holder of the Group A Shares has paid in full for all of its Shares in the Company, the holder of the Group A Shares may transfer some or all of its Shares to a third party, subject always to the veto rights of the holder of the C Group Privileged Share." After the end of the aforementioned transfer restriction period, the transfer of the Company's Group A shares is always subject to the veto rights of the holder of the Group C Privileged Share. The Strategic Commitment Period ended on 14 November 2008 and the holder of Group A shares paid the amount in full for all of their shares in the Company. Accordingly, the Company's Group A shares may be transferred with the approval of the holder of the C Group Privileged Share. The Group A Shareholder may pledge, mortgage or charge those of its shares as shall from time to time not be subject to the Share Pledge to a financial institution for the purpose of security for borrowings incurred in respect of the purchase of such shares or otherwise. If that financial institution forecloses such a pledge, mortgage or charge then it may only transfer the Group A Shares subject to the pledge, mortgage or charge in the event that it obtains the prior written consent of the Treasury (such consent not to be unreasonably withheld).

According to Article 6.A.3 of the Company's Articles of Association, the restriction placed on the transfer of shares of Group B shareholders is limited to the strategic commitment period and there shall be no restrictions on the transfer of Group B shares after the end of the strategic commitment period on 14 November 2008.

Furthermore, according to the supplemental Article 17 of the Telegram and Telephone Law numbered 406 and paragraph 4 of the Article 6 of the Company's Articles of Association, the C Group Privileged Share shall not be sold.

Public Disclosure and Transparency

Company Disclosure Policy

The Türk Telekom Disclosure Policy has been formulated in line with the CMB's Communiqué on Principles Governing Disclosure of Material Events No: II-15.1 and CMB's Corporate Governance Principles. In line with the decision taken by the Company's Board of Directors, the policy was updated on 12 April 2018 and announced on the Public Disclosure Platform, and has been approved and brought into effect by the Board of Directors, with shareholders being informed during the Ordinary General Assembly Meeting convened on 28 May 2018. The disclosure policy is posted on the investor relations website (www.tinvestorrelations.com)

under the "Corporate Governance" heading. The Investor Relations Department is responsible for the monitoring and development of the said policies, and the names and duties of those with the relevant responsibility are listed under the heading of the Investor Relations Unit. These individuals closely cooperate with the Board of Directors and Corporate Governance Committee in the fulfilment of these responsibilities.

2020 Company Guidance

On 13 May 2020 and 4 November 2020, the Company revised the guidance for 2020, which was announced on 12 February 2020.

Guidance for 2020 Regarding Consolidated Financial Results announced on 12 February 2020 is as follows:

Under current circumstances, guidance for 2020 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 14% level over 2019,
- Consolidated EBITDA to be around TL 12.4 billion level,
- Consolidated CAPEX to be around TL 5.8 billion level.

Explanations related to the 2020 guidance revision made on 13 May 2020 are as follows:

Under current circumstances, guidance for 2020 is as below;

- Consolidated revenue growth (excluding IFRIC 12) to be around 13% over 2019,
- Consolidated EBITDA to be at TL 12.4 billion and 12.6 billion levels,
- Consolidated CAPEX to be around TL 6.4 billion level.

Explanations related to the 2020 guidance revision made on 4 November 2020 are as follows:

Under the current circumstances, the guidance for 2020 is as below;

- Consolidated revenue growth (excluding IFRIC 12) to be around 16% over 2019,
- Consolidated EBITDA to be around TL 13.0 billion level,
- Consolidated CAPEX to be around TL 6.6 billion level.

Realisation of 2020

While the consolidated revenue (excluding IFRIC 12) increased by 17% slightly higher than the Company's annual revenue growth guidance, the EBITDA recorded as TL 13.2 billion compared to the latest guidance of

TL 13.0 bn. During the same period, the Group invested TL 6.7 billion, slightly higher than the consolidated CAPEX guidance.

Guidance for 2021 Consolidated Financial Results

Under the current circumstances 2021 guidance is as follows:

- Consolidated revenue growth (excluding IFRIC 12) to be around 14% over 2020,
- Consolidated EBITDA to be around TL 15 billion level,
- Consolidated CAPEX to be around TL 7.7 billion level.

The Investor Relations Website and its Content

The Investor Relations website can be accessed from www.tinvestorrelations.com, and is actively used in achieving transparency and public disclosure in parallel with Capital Market legislation, CMB and BIST rules and regulations and the CMB's Corporate Governance Principles. The information on the website is provided in both Turkish and English. The main headings covered on the website are listed below:

- Detailed information about the company profile
- Vision, mission and values
- Company management and shareholding structure
- Information about the Members of the Board of Directors and Senior Management of the Company
- Company's Articles of Association and the Turkish Trade Registry Gazette where the amendments are published
- Trade registry information
- Financial statements and activity reports
- Public disclosures of material events
- Earnings releases
- Investor presentations
- Stock performance information
- Bond information
- Credit ratings
- Contact information of analysts
- Information about the General Assembly Meetings

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- Agenda
- Information set
- Meeting Minutes
- List of attendants
- Proxy sample
- Corporate Governance Principles compliance report
- Profit distribution policy, history and capital increases
- Disclosure Policy, Remuneration Policy, Women Membership in Board of Directors Policy, Human Rights Policy and other policies
- Ethic Codes
- Independent auditor information
- List of insiders with administrative responsibilities
- Internal Audit and Risk Management
- Information on committees established according to the Capital Markets Board Corporate Governance Principles
- Offering circular related to the public offering
- Türk Telekom Call Centre and contact information
- Investor Relations contact information
- Sustainability
- Information related to the social responsibility projects of Türk Telekom
- Frequently asked questions and answers
- Telecom glossary

Trade Registry Information

Date of Registration	30 June 1994
Date of publishing the corporation in Turkish Trade Registry Gazette	1 July 1994
Registration Number	103633
Trade Registry Office	Ankara Trade Registry Office
Central Registration System Number	0876005220500084

Disclosure of Ultimate Controlling Individuals

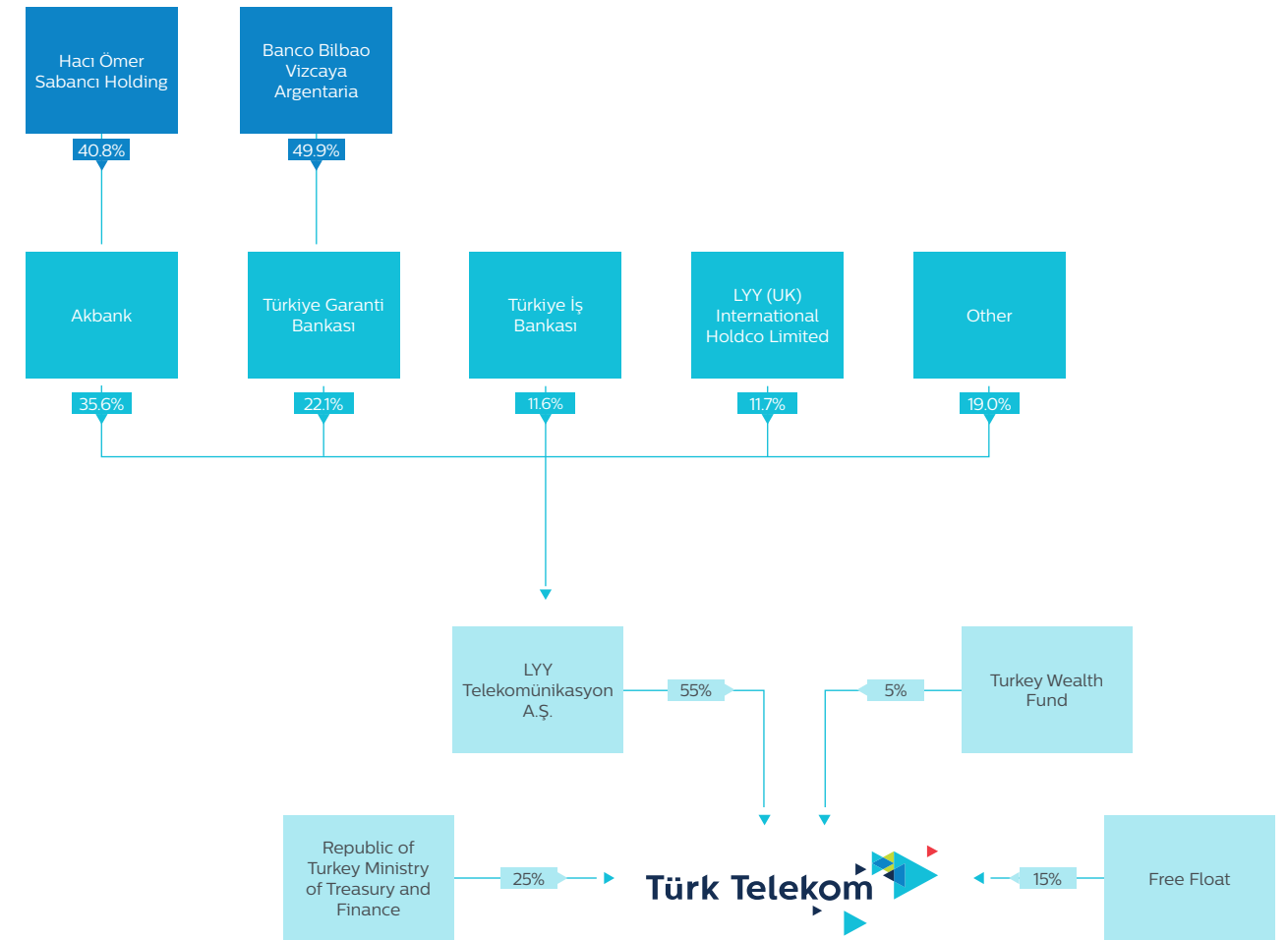
Not subject to the registered capital system, the Company has a share capital of TL 3,500,000,000 which is fully paid-in.

The distribution of the paid-in capital among the shareholders is as shown below:

Shareholders	Share in Capital		
	Amount (TL)	Group	Share (%)
LYY Telekomünikasyon A.Ş.	1,925,000,000.00	A	55
Republic of Turkey Ministry of Treasury and Finance	875,011,884.975	B	25
Republic of Turkey Ministry of Treasury and Finance	0.01	C	0.01
Turkish Wealth Fund	174,988,115.015	B	5
Free Float	525,000,000.00	D	15
TOTAL	3,500,000,000.00		100

Note: According to the Official Gazette which was published on 5 February 2017, the Council of Ministers decided to transfer the 6.68% stake (5% B Group shares and 1.68% D Group free float shares) of the Company belonging to Republic of Turkey Ministry of Treasury and Finance to the Turkish Wealth Fund. The share transfer transaction was completed in 2017.

Real and legal persons owning shares directly and indirectly in the Company are as follows:



Note: 1) There is no real or legal person whose shareholding exceeds 5% except those shown in the shareholder structure.

2) Turkey Wealth Fund has 1.68% share in free float.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Other Information In Accordance With Legislation

The content of the annual activity report is prepared in accordance with the New Turkish Commercial Code and the regulations of the Capital Market Board. There were no conflicts of interest arising between Türk Telekom and the related organisations which offer investment advice, investment analysis and rating activity.

The Chief Executive Officer is not the Chairman of the Board of Directors.

No administrative sanction or penalty has been imposed on any member of the Board of Directors.

As there is no cross ownership in the Company's share capital, no information regarding this issue is provided in the activity report.

The Board of Directors

Structure and Formation of the Board of Directors

During the Extraordinary General Assembly Meeting of the Company held on 25 January 2019, Article 8 of the Articles of Association of the Company, entitled "Board of Directors" was amended and the number of the members of the Board of Directors was set at nine, and members of the Board of Directors were elected for a term of 3 years.

In accordance with the Company's Articles of Association, members of the Board of Directors may be nominated as follows;

(a) The Group A Shareholder as all be entitled to nominate five (5) persons for election as Directors:

(b) provided that the Treasury and Turkish Wealth Fund, as Group B Shareholders shall hold;

- 30% or more of the shares, the Treasury shall be entitled to nominate three (3) persons for election as independent board members who carry the independence criteria as defined in the Capital Market legislation or
- 15% or more of the shares (but less than 30% of the shares), the Treasury shall be entitled to nominate two (2) persons for election as independent board members who carry the independence criteria as defined in the Capital Markets legislation:

- During the calculation of 15% and 30% of the shares mentioned above paragraphs, the amount of B Group shares and D Group shares held by the Treasury and Turkish Wealth Fund shall be considered together.

(c) As long as the Treasury and Turkish Wealth Fund holds 15% or more of the Shares (but less than 30% of the Shares), the Group A shareholder shall be entitled to nominate one (1) person, who carry the independence criteria as defined in the Capital Markets legislation, for election as independent Board Members and five (5) persons for election as Director.

(d) While the Treasury holds the C Group Privileged Share, the Treasury shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share.

As of the report date, the structure of the Board of Directors of the Company is as shown below:

Türk Telekomünikasyon A.Ş. Members of the Board of Directors			
Name - Surname	Date of First Appointment to the Board of Directors	Duties at Türk Telekomünikasyon A.Ş. Over the Last Five Years	Duties Outside Türk Telekomünikasyon A.Ş.
Dr. Ömer Fatih Sayan	Chairman of the Board - 21.12.2018 Board Member - 04.09.2018		• Deputy Minister at the Ministry of Transport and Infrastructure of the Republic of Turkey
Eyüp Engin	21.12.2018	• 28.12.2018-Still: Board Member of TT Mobil İletişim Hizmetleri A.Ş. • 28.12.2018-Still: Board Member of TTNET A.Ş. • 28.12.2018-Still: Chairman of the Board of Argela Yazılım ve Bilişim Teknolojileri San. ve Tic. A.Ş.	• Akbank T.A.Ş. Executive Board Member, Responsible for Internal Systems • Akbank T.A.Ş. Chairman of the Audit Committee
Yiğit Bulut	06.05.2014		• Chief Advisor to the President of the Republic of Turkey • Member of the Economy Policies Committee of the Presidency of the Republic of Turkey
Can Yücel	01.06.2020	• 01.06.2020-Still: Board Member of TT Mobil İletişim Hizmetleri A.Ş. • 01.06.2020-Still: Board Member of TTNET A.Ş. • 11.09.2020-Still: Board Member of AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş. • 11.09.2020-Still: Board Member of İnnova Bilişim Çözümleri A.Ş. • 11.09.2020-Still: Chairman of the Board of SEBIT Eğitim ve Bilişim Teknolojileri A.Ş.	• T. İş Bankası A.Ş. Başkent Corporate Branch Manager • Board Memberships in subsidiary companies of T. İş Bankası
Selim Dursun	04.09.2018		• Deputy Minister at the Ministry of Transport and Infrastructure of the Republic of Turkey
Dr. Nureddin Nebati	Group B - 27.12.2018 Group A - 02.11.2018		• Deputy Minister at the Ministry of Treasury and Finance of the Republic of Turkey

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Türk Telekomünikasyon A.Ş. Members of the Board of Directors			
Name - Surname	Date of First Appointment to the Board of Directors	Duties at Türk Telekomünikasyon A.Ş. Over the Last Five Years	Duties Outside Türk Telekomünikasyon A.Ş.
Dr. Muammer Cüneyt Sezgin	21.12.2018	<ul style="list-style-type: none"> 28.12.2018-Still: Deputy Chairman of TT Mobil İletişim Hizmetleri A.Ş. 28.12.2018-Still: Board Member of TTNET A.Ş. 28.12.2018-Still: Chairman of the Board of Türk Telekom International Group 	<ul style="list-style-type: none"> Board Member of Garanti BBVA. Board Member of Garanti BBVA Romania S.A. Head of the Audit Committee of Garanti BBVA Romania S.A. Board Member of Garanti BBVA Emeklilik Head of the Audit Committee of Garanti BBVA Emeklilik Board Member of Garanti BBVA Yatırım Head of the Audit Committee of Garanti BBVA Yatırım Member of the Board of Trustees of Teachers Academy Foundation Member of the Board of Trustees of World Wildlife Fund (WWF Turkey) Member of the Board of Trustees of Kabataş Boys' High School Education Foundation Member of the Board of the Turkish Finance Managers' Foundations Board Member of Turkish Corporate Governance Association
Aclan Acar	07.03.2019		<ul style="list-style-type: none"> Global Exchange Foreign Exchange Trade Authorised Corporation-Consultant TKYD - Member of the Corporate Governance Association of Turkey TÜYİD - Investor Relations Association Member YYKD - Member of the Women on Board Association Turkey Member of the Advisory Board of Turkish Education Foundation (TED) Member of the Board of Trustees of TED University Member of the Board of Trustees of TED İstanbul College
Ertuğrul Altın	12.03.2019		<ul style="list-style-type: none"> Advisor to the Minister at Ministry of Treasury and Finance of the Republic of Turkey Board Member of Boru Hatları İle Petrol Taşıma A.Ş.

Members of the Board of Directors were elected at the General Assembly dated 25.01.2019. In accordance with Article 10 of the Company's Articles of Association, the term of office of the members of the Board of Directors listed in the table above is 3 years from this date.

There are no executive Board Members in the Company.

Biographies of the members of Türk Telekom's Board of Directors are provided in the Board of Directors Section of the annual report and Investor Relations website. Pursuant to the 10th article of the Articles of Association, the members of the Board of Directors shall hold office for a term of 3 years.

In line with the Capital Markets Board legislation, the Corporate Governance Committee performed the member nomination responsibility of the Nomination Committee for the designation of the independent members of the Board of Directors whose nominations were discussed and decided at the Extraordinary General Assembly Meeting, which was held on 25 January 2019. B Group shareholders presented three independent board nominee members to the Corporate Governance Committee, and the Corporate Governance Committee prepared a report dated 4 January 2019 on the suitability of the nominees with respect to the independency criteria, and presented this report to the Board of Directors on the same date. After the Capital Markets Board provided consent for the nominees, three nominees of independent members of the Board of Directors were submitted to the General Assembly's approval and were also elected. The term of office of the said Independent Members of the Board of Directors will expire on 25 January 2022.

Statements of Independence that each independent Board Member has signed are presented in the appendix of this report. No circumstances were found which could jeopardize the independence of the Board of Directors in the activity period. No company rules have yet been internally established regarding the positions to be held by the members of Board of Directors outside the Company.

Changes in the Members of the Board of Directors in 2020

On 1 June 2020, Board Member Hakan Aran resigned from his position, and Can Yücel was appointed as Board Member on 1 June 2020 for the Board Membership position that became vacant upon the resignation of Hakan Aran. Board Member status of Can Yücel was approved by the General Assembly in the Ordinary General Assembly Meeting held on 25 July 2020 to be valid under the same terms and conditions of the other Board Members and for the remaining term of office of his predecessor.

Principles of Activity of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall meet at least four times a year or shall meet whenever the Company's business so requires. The

activities of the Board of Directors are run by the Board Secretariat. At least 10 business days before the meeting, a notice of the time of meeting and the agenda, which is accompanied by any relevant papers, are sent to the members of the Board of Directors. Meeting notices are sent to the members of the Board of Directors via e-mail. The agenda of the meetings of the Board of Directors is set by e-mails in view of the proposals set forth by members of the Board of Directors, the CEO - General Manager, Assistant General Managers and Executive members of the departments. The agenda is finalised by receiving the consent of the Chairman of the Board.

In 2020, the Company's Board of Directors convened 12 times in total to evaluate the strategic matters concerning the Company. The overall attendance rate of board members to the meetings was 96.3%. Pursuant to the 12th article of Articles of Association, resolutions of these meetings are passed by a simple majority of the votes of the Directors present at such meeting unless the resolution relates to a "Supermajority Decision Relating to the Board". Supermajority Decisions Relating to the Board as stated in the Article 12 of the Articles of Association were taken with the presence and affirmative vote of seven Directors, at least one of which shall be a Director representing the Ministry of Treasury and Finance of the Republic of Turkey. Questions arising at the meeting of Board of Directors and issues with multiple views are recorded into the minutes with the appropriate grounds of negative votes in detail. The rights of members of the Board of Directors representing the C Group shareholder are set out in the section of Voting Rights and Minority Shares. No negative votes on these resolutions were received. There were no significant transactions presented for approval of the independent directors and all related party transactions were approved by the majority of the independent directors. The Company has insured the damages that will be caused by the faults of the members of the Board of Directors during their duties. The Company's existing Executive Liability Insurance policy has been implemented in a way that the total liability limit exceeds 25% of the Company's capital.

The Number, Structure and the Independence of Committees within the Board of Directors

Audit Committee

The Audit Committee was established with the Board Resolution dated 16 June 2008.

With the Board Resolution dated 11 January 2019, Independent Board Member Yiğit Bulut was selected as the Chairman of the Audit Committee, and independent Board Member Selim Dursun was elected to the membership position of the Audit Committee.

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The Committee holds meetings at least once every three months. The Audit Committee gathered five times in 2020 and reviewed and monitored Türk Telekom Group's processes of accounting, finance and auditing as well as their processes for monitoring compliance with the law and regulations and their own code of business conduct, as well as such other matters which may be delegated specifically to the Committee by the Board from time to time; thus, carried out its duty effectively.

Corporate Governance Committee

The Corporate Governance Committee was established with the Board Resolution dated 17 October 2012.

With the Board Resolution dated 11 January 2019, Independent Board Member Nureddin Nebati was appointed as Chairman of the Corporate Governance Committee, and Independent Board Member Selim Dursun and Board Member Dr. Muammer Cüneyt Sezgin were elected as members of the Corporate Governance Committee. Instead of Sabriye Gözde Çullas, who resigned from the committee on 30 June 2020, Investor Relations Director Gülsen Ayaz was appointed as a member of the Corporate Governance Committee on 11 September 2020.

The Corporate Governance Committee shall provide the implementation, improvement and adoption of corporate governance principles within the Company and shall convene as often as deemed necessary to ensure the effectiveness of its work. In 2020, the Corporate Governance Committee held two meetings and carried out its tasks effectively.

Nomination Committee

Independent Board Member Dr. Nureddin Nebati serves as the Chairman of the Nomination Committee, established with the resolution issued by the Company's Board of Directors on 16 December 2019, while Chairman of the Board of Directors Dr. Ömer Fatih Sayan and Board Member Aclan Acar serve as members of the Nomination Committee.

Nomination Committee convenes at the frequency required by the tasks assigned to it, provided that such frequency shall not be less than 2 meetings per year. In 2020, the Committee held one meeting and carried out its tasks effectively.

Remuneration Committee

Independent Board Member Yiğit Bulut is serving as Chairman of the Remuneration Committee established with the resolution issued by the Company's Board of Directors on 16 December 2019, while Vice Chairman of Board of Directors Eyüp Engin and Board Member

Dr. Muammer Cüneyt Sezgin serve as members of the Remuneration Committee.

Remuneration Committee convenes at the frequency required by the tasks assigned to it, provided that such frequency shall not be less than 2 meetings per year. The Committee did not hold any meetings within 2020.

Early Identification and Management of Risks Committee

The Early Identification and Management of Risks Committee was established with the Board Resolution dated 14 August 2013.

Pursuant to the Board Resolution dated 11 January 2019, independent Board Member Yiğit Bulut serves as the Chairman of the Early Identification and Management of Risks Committee, whereas Vice Chairman of the Board of Directors Eyüp Engin serves as the member of the Committee.

The Early Identification and Management of Risks Committee convenes every two months and carries out its tasks effectively. In 2020, the Committee held a total of two meetings. The Early Identification and Management of Risks Committee was established with the following aims:

- To identify any potential risks that could jeopardize the existence, development and continuity of the Türk Telekom Group,
- To establish the Corporate Risk Management System to implement necessary measures and actions with the aim of eliminating identified risks, and to ensure the system's continuity and to improve it if necessary,
- To conduct activities related to the risk management and monitoring via risk management tools within the scope of a risk management system,
- To ensure that the findings received from the Corporate Risk Management System form an important component of the decision-making mechanism, and to present reports to the Board of Directors on these issues.

Independent Board Member Yiğit Bulut is serving as the Chairman of the Early Identification and Management of Risks Committee, Chairman of the Audit Committee and Chairman of the Remuneration Committee, while independent Board Member Selim Dursun serves as both the Member of the Corporate Governance Committee and the Member of the Audit Committee; and independent Board Member Dr. Nureddin Nebati serves as both the Chairman of the Corporate Governance Committee and the Member of the Nomination Committee.

Türk Telekom Risk Management and Internal Control Mechanism

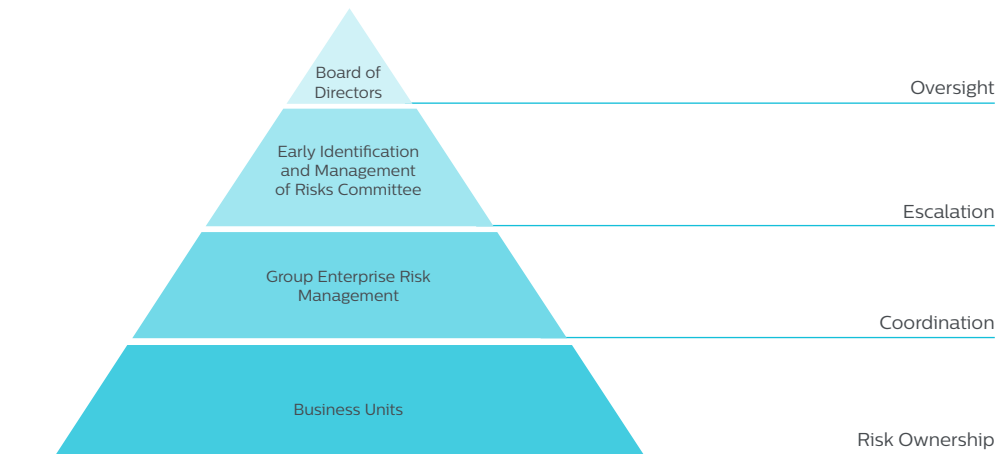
Governance Structure

Risk management is a natural part of the activities carried out by all Türk Telekom employees. The Corporate Risk Management approach is aimed at serving as an integral part of decision-making mechanisms by integrating the approach into activities and processes at all levels.

The Board of Directors holds both the final authority and responsibility for the effectiveness of Corporate

Risk Management. The Board of Directors conducts this responsibility, which involves more of a supervision, through the Early Identification and Management of Risks Committee. All organisational levels of the Group, particularly the senior management and risk holders, contribute to and support the Corporate Risk Management implementation processes. Within the scope of the risk management efforts, it is aimed to internalize a risk culture throughout the Group and all activities are carried out with the contribution of all stakeholders with whom risks are associated. Risk management is a natural part of the work undertaken by all employees.

Türk Telekom Corporate Risk Management Governance Model



Türk Telekom Group Enterprise Risk Management Governance Structure

According to the Türk Telekom governance structure;

The Board of Directors examines and supervises the risks and opportunities to which Türk Telekom Group is exposed, in line with the Group strategies.

Early Identification and Management of Risks Committee was established with the decision of the Board of Directors dated 14 August 2013 in accordance with Article 378 of the Turkish Commercial Code No. 6102, and the relevant regulations of the Capital Markets Board. Its organisation, duties and responsibilities were published under the title of "The Tasks and Working Principles of the Committee on Early Identification and Management of Risks".

On 5 December 2019, the "Corporate Risk Management Directorate" was restructured as the "Enterprise Risk and Business Continuity Department" directly reporting to the CEO to be in charge of corporate risk management, business continuity and crisis management on behalf of the Türk Telekom Group.

While the Enterprise Risk and Business Continuity Department reports to our Company's General Manager, it also works functionally under the Early Identification and Management of Risks Committee, which was established within the Board of Directors.

The Enterprise Risk and Business Continuity Department is responsible for determining and improving the standards related to the Corporate Risk Management

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System, the coordination of Corporate Risk Management processes carried out throughout the Group, monitoring of the current and improvement levels of identified risks and reporting them to the relevant management levels.

Work units take the necessary measures by assuming responsibility of the risks. Risk management is a natural part of the work of all employees. All Company employees are responsible for complying with the risk management policy, effectively managing risks related to their field of activity and taking the necessary measures to comply with the relevant legislation.

The risks of the Group companies are also managed in line with the risk management standards, which were established for Türk Telekom.

Risk Lifecycle

Work is carried out to manage potential risks effectively and under a holistic approach. For this purpose, the risks the Company exposed to are identified by the business and technology teams; and the root causes and potential consequences of the identified risks are determined. With the Bow-Tie Analysis used in this process, the end-to-end complete risk profile is determined, including checkpoints, from root causes to their effects on targets.

The current status of the risks is measured and monitored by evaluating the possibility of their realisation and the effects they will create when they occur. While conducting a risk analysis, it is taken into account that the impact of a risk may affect more than one area. Existing controls on the risks which have been identified, evaluated and prioritised by the relevant parties are determined, and their effectiveness is evaluated. In order to achieve the objectives, actions are set out which aim to be compatible with risk appetite by seeking to ensure the optimal balance between risk and reward. Risk owners conduct cost-benefit analysis and take stakeholder expectations into account, when making decisions to manage risk. Moreover, assessment is carried out into whether the management of the risk requires special expertise which is not available within the business units. The four main options to be evaluated in this context are as follows:

- Accept the Risk
- Reduce the Risk
- Transfer the Risk (Share)
- Avoid the Risk

Internal Control Environment

In order to achieve strategic objectives at Türk Telekom, to ensure the effectiveness and efficiency of activities, to ensure the reliability and accuracy of financial information, to protect the customers' personal data and the Company assets, and to ensure compliance with the laws, regulations, policies and procedures, the necessary internal control environment was established within the Company.

The controls are actions which help operational objectives to be achieved by reducing the probability of risks being realised and/or the impact that would occur if the risks were realised. It is aimed to integrate the control activities into systems and processes while the relevant structure is still in the design phase.

The risk owner identifies the existing controls together with the stakeholders for accurate determination of the level of the risk and also performs self-assessment of the effectiveness of these controls together with the control owners.

Sustainability Risk

Corporate sustainability is the Company's ability to manage economic, social, environmental and managerial risks and opportunities; and to be able to create a competitive advantage and a long-term value by focusing on quality, innovation and efficiency both today and the future, in a highly competitive and changing global business environment.

In 2020, a project that is based on the adoption of a sustainability approach was initiated within our Group. With this project, it is aimed to establish the Sustainability Management System and to prepare the Sustainability Report which will ensure the Company to operate with a sustainability perspective while carrying out its activities. Türk Telekom ensures the participation of every relevant unit in this project, with the aim of strengthening our management approach, activities and competitive stance, thus directly affecting our reputation and Company value.

Prohibition on Carrying out Business and Competing with the Company

On this subject, the Company has adopted practices that are aligned with Articles 395 and 396 of the Turkish Commercial Code and Principles of Corporate Governance annexed to Communiqué II-17.1 on Corporate Governance.

During the Ordinary General Assembly Meeting dated 25 July 2020, the General Assembly permitted the members of the Board of Directors to perform the works set forth in Articles 395 and 396 of the Turkish Commercial Code, and pursuant to Corporate Governance Communiqué No: II.17.1, the General Assembly was informed of the transactions realised during the year by the controlling shareholders, members of the Board of Directors, the senior executives and their spouses and their relatives by blood and marriage up to the second degree to conduct material transactions which may cause a conflict of interest for the Company or the Company's subsidiaries and/or to perform any transaction in the category of commercial affair falling into the scope of the fields of activity of the Company or its subsidiaries on their own or others' behalf or to acquire shares in another company engaged in the same type of commercial activities under the capacity of unlimited partner.

Remuneration of Members of the Board of Directors and Senior Executives

Shareholders were informed of the remuneration basis and criteria which are used to determine all kinds of rights, benefits and salaries provided to the Members of the Board of Directors and the Senior Executives in the

Ordinary General Assembly Meeting dated 25 July 2020. This information was publicly disclosed and was also posted on the investor relations website of the Company. Remuneration of members of the Board of Directors is determined by the General Assembly in accordance with Article 408 of Turkish Commercial Code No. 6102 and Article 8 of the Company's Articles of Association.

During the Ordinary General Assembly Meeting held on 25 July 2020, it was decided that the monthly net remunerations' per member determined at the Extraordinary General Assembly Meeting held on 25 January 2019, would be increased in line with the 2019 annual consumer price index (CPI) announced by the Turkish Statistical Institute (TürkStat), and that the bonuses, which are to be paid four times in a year as in January, April, July and in October, would also be raised by the same amount as the monthly remunerations.

There is no performance measurement and a performance-based rewarding system in place for Board members. The Company has never lent money or extended loans to any Board member or executive, no credit has been extended under personal loans through third persons, nor have any guarantees been provided such as suretyship in their favour.

¹ During the Extraordinary General Assembly meeting held on 25.01.2019, Board of Directors' remunerations which was determined at the Ordinary General Assembly Meeting held on 28 May 2018 as monthly TL 15,000, would be increased in line with the 2019 annual consumer price index (CPI) that announced by the Turkish Statistical Institute (TürkStat).

The remuneration of directors and other members of key management for 2019 and 2020 are as follows collectively:

(TL thousand)	1 January - 31 December 2019	1 January - 31 December 2020
Short-term benefits	161,146	97,873
Remunerations and similar fees	152,913	87,631
Attendance fees	8,233	10,242
Long-term defined benefits	1,921	2,179
Social Security Institution Premiums	1,921	2,179
Total	163,067	100,052

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Stakeholders

Stakeholders of Türk Telekom are individuals, institutions or interest groups such as employees, creditors, customers, suppliers, dealers, trade unions and various non-governmental organisations which have a share in achieving the Company's goals or are involved in the fulfilment of the Company's activities.

In its operations and activities, Türk Telekom takes every effort to protect the rights of its stakeholders as regulated by relevant legislation and mutual agreements.

In cases where the rights of the stakeholders cannot be protected by legislation and mutual agreements, the interests of the stakeholders are protected in accordance with the rules of good faith and to the extent of the Company's capabilities.

Company Policies Regarding Stakeholders

Türk Telekom's policies regarding its employees are carried out in accordance with the human resources and human rights policies, while its relations with suppliers are guided by the practices described in its procurement policy.

As a responsible employer, Türk Telekom assigns utmost priority to the execution of the business processes and transactions of stakeholders with whom it has a connection, in accordance with the labour and social security laws and the Company's Human Rights Policy.

Türk Telekom listens the requests and suggestions of its customers and exercises maximum effort to resolve their complaints as quickly as possible, in a fair, impartial and confidential manner, in accordance with laws, regulations and the Company rules.

Türk Telekom attaches importance to ensuring that its relations with companies such as dealers, contractors and business partners, with which it has engaged in commercial business relations, are proper, consistent and reliable, and that all kinds of business is carried out in conformity with the relevant contracts, laws or regulations. In the contracts signed with the mentioned companies, objective criteria such as compliance with principles and practices, and the benefits and costs by taking into account the opinions of legal and relevant business units, are taken into consideration.

Anti-Bribery and Anti-Corruption Policy

The policy was approved by the Board of Directors and entered force in November 2020. Internal mechanisms have been established for the implementation of the policy, covering the members of the Company's Board of

Directors and the Company's managers and employees at all levels.

With this policy, it is aimed to clearly reveal the Company's approach and commitments regarding bribery and corruption, to establish rules and responsibilities with regard to the determination and prevention of possible actions that could be evaluated within this scope, to raise awareness among employees and to protect the integrity and reputation of the Company by complying with national and international regulations.

Türk Telekom also expects its suppliers and business partners to comply with this policy and to encourage their employees in this regard. For this purpose, provisions stipulating compliance with this policy is added to contracts which Türk Telekom will enter into with its suppliers and business partners.

Türk Telekom complies with the legal regulations on bribery and corruption in all countries where it operates and is represented.

Türk Telekom adopts a "zero tolerance" approach in tackling bribery and corruption and undertakes to carry out its activities in a fair, honest, legal manner and in compliance with ethics rules. In the Company, which stands against all kinds of bribery and corruption, it is strictly prohibited to receive or offer bribes, regardless of their purpose.

Türk Telekom has identified receiving gifts, organising or attending an event and making or accepting donations, facilitating payments, relations with suppliers and business partners, representation and entertainment, sponsorships, political activities and the accuracy of records as the main areas of risk pertaining to bribery and corruption actions.

Claims and notifications regarding the violations of the Anti-Bribery and Anti-Corruption Policy are considered within the scope of ethical violations, and the Company's corporate website includes an ethical violation notification channel where stakeholders can report any transactions violating the legislation or unethical. Such reports are objectively reviewed by the Türk Telekom Business Ethics Board, which provides consultancy services to employees on ethical issues.

By ensuring that the Business Ethics Board carries out necessary research and investigation, decisions are made within the framework of the findings and any conflicts of interest included on the agenda of the Board are dealt with in a balanced manner. The necessary audits and examinations are carried out by the Company and the results are reported to the applicants. Policy violations result in disciplinary penalties and enforcement of legal

action. If any such violations are detected, the sanctions set out in the disciplinary provisions are applied.

A criminal complaint is lodged to the Public Prosecution Offices about the bribery and corruption that must be transferred to the judicial authorities. In the event of any violation of the policy it is essential to apply the sanctions specified in the contract made with the suppliers and business partners and to terminate the business relationship if necessary. Steps are taken to ensure that employees are not punished or do not suffer any harm for refusing to receive/give bribes. All employees must complete the assigned in-class training or e-training so that this policy can be understood and internalised.

"Anti-Bribery and Anti-Corruption Policy E-Training" was prepared and assigned to all Company employees. It has reached a 55% completion rate in a short period of time and will continue in 2021.

Information Safety Policy

Information security requirements and rights of stakeholders are evaluated within the framework of the Information Safety Policy, under the scope of the Law on the Protection of Personal Data and other legislation. In accordance with the relevant legislation, Türk Telekom undertakes all technical and administrative measures to ensure the appropriate level of security in order to prevent illegal access to personal data or processing of the data, and to ensure the protection of the data.

As a result of efforts to enable the participation of stakeholders in the management, implementation and development of models to enable the participation of Company employees in management such as Occupational Health and Safety Boards, Disciplinary Boards, Conflict Resolution Board, Inventor Idea System continued in 2020.

The participation of employees in the management via Disciplinary Boards and Dispute Resolution Boards is regulated in the Collective Bargaining Agreement.

Human Resources Policy

Türk Telekom aims to be the most preferred employer for professionals in the telecommunications sector and thus, in line with its future strategies and goals, seeks to attract a qualified workforce to the Company in accordance with its corporate culture and values.

Within the framework of technological developments, financial and economic conditions and sectoral changes in its area of activity, Türk Telekom in principle seeks to generate a long-term employment, in order to provide fast, high-quality and affordable services.

Türk Telekom's track record of success rests on the flexibility of its employees and to proficiency in adapting rapidly and efficiently to the changing conditions of the sector. With their superior skills, competence and experience, the Company's employees are vital in helping Türk Telekom become one of the world's leading companies.

Türk Telekom carries out training and development activities in order to ensure the advancement of the knowledge, skills and behaviours of its employees, to reinforce the employer brand, and to embark on development investments with a view to supporting and retaining high performance and high potential, through an integrated talent management perspective.

Ensuring that the right training and development investment is made to the right person at the right time, an active role for managers in the development of their employees, integrating of the development opportunities offered with all human resources processes, promoting the sustainability of training and development activities supported by technology, and the use of alternative development methods and resources in all processes are the basic principles for Türk Telekom.

The Company informs employees of decisions taken or developments concerning employees through the use of appropriate internal communication tools (such as notification, e-mail announcements, instant notifications, the internal communication portal).

Within the framework of the Human Resources Policy established by the Company, the principle of providing equal opportunities under equal conditions is adopted in recruitment and career planning. A uniform set of recruitment rules has been created, with recruitment criteria set on the basis of objective principles.

In cases where changes in the company management are foreseen to cause disruptions in the management of the Company, a succession plan is drawn up to determine the managers to be appointed.

Recruitment processes are determined in accordance with the relevant legislation. The Company's relations with its employees are managed by Human Resources Business Partners who work under the Human Resources department.

Human Rights Policy

Prepared to determine the principles and rules ensuring that Türk Telekom's relations with its employees, customers, suppliers, business partners and all stakeholders are managed with due respect for human rights, Türk Telekom Human Rights Policy was approved by

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the Board of Directors and made available to the general public via the Company's Investor Relations website.

The policy has been prepared based on the United Nations Universal Declaration of Human Rights, the Constitution and legislation of the Republic of Turkey, and the International Labour Organisation (ILO) Conventions ratified by Turkey, in compliance with ethical principles, embodying diversity, respect for differences and embracing a participatory approach.

With its Human Rights Policy, Türk Telekom aims to create a working environment which respects human rights and to act in accordance with human rights in its activities. Türk Telekom also expects its suppliers and business partners to comply with this policy and encourage their employees in this regard.

Türk Telekom values diversity and considers diversity as a source of value, and strives to ensure that its employees feel a part of the Company. No person in Türk Telekom can be subject to discrimination for reasons such as age, language, race, ethnicity, nationality, health, disability, gender, marital status, religion and sect, political opinion, philosophical understanding and belief.

Türk Telekom respects and supports the freedom of association and freedom of expression of its employees, as well as to unionisation and collective bargaining. The Company rejects all forms of forced labour, including compulsory work, child labour, employment of illegal immigrants and foreign nationals without a work permit, as well as debt bondage, and all forms of human trafficking. Children under the age of 18 are not hired and international conventions and national legislation approved by Turkey are adhered to on children's rights. This approach is open to vetting by public authorities.

Türk Telekom aims to encourage women's participation in working life and supports the efforts to increase women's employment. Female employees have the opportunity to take paid maternity leave for a total of 16 weeks, eight weeks before and 8 weeks after the birth of their child. In addition, upon request, non-paid maternity leave of up to six months of and 1.5 hours of breastfeeding leave per day until the infant reaches its first birthday. Pregnant or breastfeeding employees are not required to work for more than 7.5 hours per day. In addition to these stipulations, maximum attention is paid to employee rights within the scope of legal requirements.

Claims and notifications regarding any violations of human rights are evaluated within the scope of ethical violations and concluded by examining them confidentially according to the procedures and principles in the Türk Telekom Business Ethics Code. The act of an employee

who reports an issue by honestly stating it, cannot be used to form a negative opinion about this employee himself/herself. In the reporting process, confidentiality rules are essential and the rights of those who report violations are protected. Human rights violations may result in disciplinary action and enforcement of legal sanctions.

In addition, employees are required to submit a statement each year confirming that they comply with the Human Rights Policy and employees receive training every year to adopt and internalise the policy.

No discrimination complaints were filed by the employees in 2020.

"Human Rights Policy E-Training" has been prepared and assigned to all Company employees. It has reached a 55% completion rate in a short space of time and will continue in 2021.

Informing Stakeholders

Türk Telekom shareholders and investors are kept informed in line with the principles of public disclosure.

The Company's Marketing and Customer Care Department efficiently handles the requests of Türk Telekom customers for information concerning services and products, addresses comments or complaints, and provides solutions to customer problems.

Intracompany disclosures are provided through Internal Communication and Employer Brand Group Management.

Suppliers, dealers, investors, employees and other stakeholders are informed of the Company's practices vis-à-vis stakeholders, through public policies published in Turkish and in English on the Company's website.

Social Dialogue and Workplace Harmony

Türk Telekom adopts the principle of ensuring and developing social dialogue with the labour union and workplace harmony within the framework of the unionised organisation and collective bargaining. A Collective Bargaining Agreement is signed with the Turkish Haber-İş Labour Union every two years. The demands and expectations of union members are assessed and managed within the scope of this agreement.

Regular meetings are held between the Turkish Haber-İş Labour Union and Türk Telekom, where the expectations and problems faced by employees are discussed, and workplace harmony has been maintained thanks to effective social dialogue and cooperation. As a result of these meetings, the necessary measures and actions are taken by Türk Telekom, and decisions which

affect employees are reported to the labour union representatives and the labour union.

Türk Telekom regularly notifies and reminds all Central and Regional Units of the overtime rules as per local laws on working hours/overtime and collective bargaining agreements. Every month, an overtime audit is conducted at Türk Telekom to monitor compliance with the Türk Telekom Principles, the collective bargaining agreement and the relevant laws. At Türk Telekom, the minimum wage is determined by collective bargaining agreement and higher than the legal minimum limit.

Recruitment Processes

Türk Telekom's recruitment efforts are aimed at meeting the Company's needs for qualified workforce by employing the most appropriate candidates with the required level of competence and experience. The recruitment process is evaluated in three phases: Demand Management, Selection and Placement.

In the Demand Management process, annual workforce plans are prepared by taking into consideration the needs of the organisation, norm staff and new staff. For the selection process, a rich candidate pool is created out of which suitable applicants are chosen with objective criteria. The Company's career site, leading recruitment sites along with domestic and foreign HR consultancy firms are used to this end. In order to reach potential candidates, contact is made with official institutions such as universities, professional chambers and İŞKUR (Turkish Employment Agency), while digital and social media tools also employed.

In order to ensure objectivity and accurately assess competence in the selection process, various measurement and evaluation tools are used. All candidates that have not been selected are notified.

Work Culture

Türk Telekom aims to establish an enduring relationship with its employees, managers and stakeholders based on respect, trust and ethical values, with the values it adopts and the Company culture it creates and sustains on the basis of respect and sharing.

There is a performance oriented, innovative and agile working culture at Türk Telekom, based on winning together with cooperation and team spirit. As a requirement of global competition and relentless pace of change in the sector, new working models such as the agile task force are implemented.

Occupational Health and Safety and the Environment

Creating a healthier and safer working environment for its employees, minimising the effects of damage to the environment through its activities, and implementing environmentally friendly technologies are adopted by the Company as its prioritised objectives.

In line with this target, employees are expected to;

- act in accordance with legal regulations, practices and accepted standards in the workplace,
- comply with the measures taken as a result of all risk and impact assessments with a preventive approach,
- implement systems to minimise the occurrence of incidents, accident or emergency losses,
- participate in training programs organised to promote safety culture, risk perception and environmental awareness,
- demonstrate an objective and transparent attitude in audits related to occupational health, safety and the environment,
- notify and report any behaviour, situation or accident which could endanger occupational health and safety,
- act in harmony with the responsible Occupational Health and Safety specialist in charge.

Türk Telekom, which has adopted proactive and productive Occupational Health and Safety and Environmental Management standards, works to improve these management systems to prevent occupational accidents, to raise environmental awareness and to promote occupational health and safety and an environmental culture among employees.

Türk Telekom systematically defines the methods and principles for identifying the potential hazards arising from its activities, the products and services and the risks associated with them, and evaluates the environmental impacts and aspects, thus controlling the potential dangers. In line with these definitions, the Company prepares and reports risk and environmental impact assessment tables with the aim of minimising occupational accidents and occupational illness, along with the environmental aspects.

The aim of the work is to identify risks which may cause occupational accidents and occupational illnesses before they occur, and to take appropriate measures.

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In order to protect employees from work-specific hazards, personal protective equipment is provided where collective protection is not possible.

“Occupational Health and Safety Committees” have been established in the workplaces of the Company. At periodic meetings, the following tasks are fulfilled:

- Guiding employees regarding occupational health and safety issues,
- Evaluating hazards and precautions related to occupational health and safety at the workplace, determining the measures and notifying the employer or their representatives,
- Carrying out the necessary investigations, identifying measures to be taken and notifying the employer or the employer’s representative with a report in the event of any occupational accident in the workplace or an occurrence at the workplace which does not qualify as an occupational accident but may cause damage to the workplace or to work equipment, or in case of occupational illness or occupational health and safety hazards,
- Planning trainings on occupational health and safety in the workplace, preparing programs related to occupational health and safety and related rules, presenting them to the employer or the employer’s representative for approval, monitoring the implementation of these programs and providing feedback in the event any deficiency is noted,
- Planning the security measures necessary during maintenance and repair work to be performed at the workplace and monitoring the implementation of these measures,
- Monitoring the adequacy of the measures taken against fire, natural disasters, sabotage or similar hazards in the workplace and monitoring the work carried out by the relevant team.

Employee representatives also participate in these committees as members, and all kinds of feedbacks provided by employees on occupational health and safety measures are evaluated.

Performance Management and Continuous Improvement

The Performance Management Process ensures that the targets determined in line with the Company’s vision and the strategic priorities of the relevant year are attained with the contribution of the employees; that employees’ contribution to the attainment of targets are assessed

in an objective, systematic and measurable manner, and that a motivating work environment and personal development are fulfilled.

Each year, the Company’s objectives are planned on a departmental and individual basis, so that employees can perceive how their individual efforts contribute to the bigger picture with individual targets. The target dissemination meetings, which are held annually following the preparation of the Senior Management Target Cards, are aimed at disseminating the performance culture across the Company, determining the targets in accordance with the SMART (Clear-Measurable-Achievable-Compatible-Time-Based) criteria and ensuring that the management level is on the same page for an appropriate evaluation to be undertaken. It is important that the managers communicate the information and guidance shared during these meetings to their teams.

The outcomes of the Performance Management Process serve as inputs for Wage Management and Rewarding, Career and Talent Management, Training and Development and Performance Development Process activities.

Communication works regarding the Performance Management Process and System such as guidelines, announcements, visuals, infographics, videos etc. are shared with the relevant target audience during performance periods.

Remuneration

In order to achieve its goals, Türk Telekom aims to attract qualified employees to the Company, to retain employees, to uphold motivation to ensure a sustainable service, and to reward those who demonstrate an outstanding performance. In this context, remuneration is determined by evaluating the relevant legislation, job description, responsibilities, required qualifications and market value.

Non-Compensation Benefits

Türk Telekom provides its employees with various benefits such as free communication services, free life and accident insurance, meal card, personnel transportation, Company vehicle and private pension support in order to improve working conditions and living standards. Türk Telekom also contributes to the living standards of its employees and their families through various funds, health and social care organisations. In addition, Türk Telekom implements a private pension system to further support its employees’ life during their retirement. These benefits vary depending on various parameters such as employees’ employment contracts, status, fields of work, title, position and job levels.

Code of Business Ethics

Drawn up in line with Türk Telekom’s vision, mission and values in order to describe how all employees should act both within and outside working environment and what type of sanctions would be applicable in instances where the Code was contravened, The Business Ethics Code covers all employees including members of the Board of Directors. The Code of Business Ethics has been approved by the Board of Directors and disclosed to the public both in Turkish and English through the Company’s investor relations website.

Newly recruited employees of the Company are sent the “The Business Ethics Code” and the “Business Ethics Notification Form” by the Recruitment team via e-mail, and are required to sign the Notification Form. In addition, at the beginning of each year, the “Business Ethics Code Compliance Form” declarations of all employees are renewed.

In addition, e-training programs are prepared to inform existing employees on the Business Ethics Code; ensure that the policies and rules are understandable, and to ensure the observance of ethical standards. On the other hand, these topics feature in some in-class trainings such as Job Orientation Training, Occupational Health and Safety Training and Manager’s HR Framework Training. In these training programs, information about the Business Ethics Code and definitions of mobbing, its scope, the roles and responsibilities of employees and managers in these issues, sample cases, and how and to whom ethics violations should be reported, are shared with the participants.

All Türk Telekom employees are responsible for maintaining, establishing and sustaining ethical standards, and each employee is a voluntary auditor. Managers also set an example by acting in compliance with the code of ethics, encouraging a culture of behaving in accordance with these rules and responding to the questions or concerns of their employees regarding the Business Ethics Code.

In the event that a violation of the Business Ethics Code is detected or observed, this situation is honestly reported through one of the ethical violation reporting channels. Notifications regarding violations of the Business Ethics Code cannot be prevented in any way, and employees may bypass their managers to lodge notifications.

Imposition of sanctions such as discrimination, demotion, dismissal, deprivation of rights, threats or harassment of employees that disclose violations or are involved in investigation processes also constitute breach of the Business Ethics Code. Any infringements by employees are taken into consideration in HR practices.

Türk Telekom attaches importance to acting lawfully, ethically and honestly towards its employees, customers, suppliers, business partners and official authorities, and to inspire a sense of trust in everyone with whom it has a business relationship. As per the Business Ethics Code concerning the prevention of bribery and corruption, employees are prohibited from obtaining personal benefits by virtue of their position and from providing benefits to their relatives or third parties. Employees are required not to use their positions, Company property or Company information for their personal interests, not to put their personal interests above the Company’s interests, and to safeguard the Company’s benefit. In addition, employees are barred from submitting to any pressure which may have unfavourable consequences for the Company, driving any personal benefit from customers/suppliers/business partners, and transferring benefits by serving as an intermediary among them.

Employees are expected to act cautiously when receiving gifts, invitations and donations or accepting them on behalf of the Company; and are expected to exercise sound judgment and avoid conflicts of interest.

In this context, regardless of its material value it is stated that;

- no gifts that imply a relationship that could affect impartiality and independence can be given or accepted,
- no gifts that would place the employee or the Company under any obligation and may damage their reputation can be given or accepted,
- no gifts that are given to derive benefits from the employee, to affect the way the employee performs their duty, to encourage any actions that would contravene the behaviour patterns set out in the Business Ethics Code, which are in the form of cash or convertible to cash whose value exceed the permitted limit, can be accepted.

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Procurement and Supplier Management

The procurement activities conducted by Türk Telekom and the Group Companies and the forming and controlling of standards are undertaken centrally by the Department of Support Services and Procurement Management. The Support Services and Procurement Management Assistant General Manager is responsible for the execution of the Procurement Policy and updating it when necessary.

The Mission of Türk Telekom Procurement and Supplier Management is:

- to determine and implement procurement strategies which will contribute to Türk Telekom's goals,
- to separate all procurement decisions and processes and maintain them in accordance with the Company's policies,
- to support business units in achieving their business targets,
- to carry out the procurement process with the most appropriate quality, price and technical performance, and
- to manage supplier relations in a sustainable and effective manner by developing the Türk Telekom Group ecosystems.

The Vision of Türk Telekom Procurement and Supplier Management is:

To be one of the most competent procurement and supplier management teams, to use the best practices at global and sectoral level, and to contribute to the Türk Telekom Group strategies.

The duties and authorities of the rules and processes for the purpose of achieving the principle of "creating the necessary competitive environment and meeting demand at the most affordable price, duration, quality and conditions", which constitutes the basic procurement strategy of the Company, are determined by the Procurement Policy and Procedure approved by Türk Telekom Board of Directors.

The Procurement Policy and Procedure covers all Türk Telekom Group employees who play a role in demand/ procurement processes. The Procurement Policy and Procedure is published on the Company's internal communication channels. All employees are informed of any changes by e-mail. When necessary, training activities are carried out on the relevant subject for the employees of the Company.

The Procurement Policy published on the Türk Telekom website is accessible to suppliers from all over the world in Turkish and English. Suppliers are informed of the Türk Telekom Procurement Policy in their work processes. A copy of the Policy is provided to suppliers requesting it.

At Türk Telekom;

In order to conduct procurement in the most appropriate manner and to generate added value, a holistic procurement strategy based on end-to-end management of processes has been adopted.

As a result of the global pandemic, the practice of working from home was implemented within the Company in 2020. Thanks to the Company's high-tech system support, working conditions were organised in the most effective way, ensuring no loss of performance. Thanks to the effectiveness of procurement processes and the importance placed on supplier diversity, supply chain disruptions faced by many sectors and companies in the world and in our country during the pandemic were eliminated. Thanks to the ability to carry out tenders through the online procurement system, the tender processes were successfully completed.

In order to make the supplier management effective and to standardize the application, the processes are defined in a clear and straightforward fashion.

Supplier Performance Evaluation processes are managed through the system. In 2020, improvements were made on the Supplier Performance Management System, which has then gone live. With these improvements, it is aimed to be able to effectively monitor and report the supplier performance and action through the system. Supplier performance can now be evaluated without manual intervention needed in the process, and the evaluation results work with operational procurement documents in an integrated manner.

Supplier performance evaluations are carried out continuously in 6-month periods and the segmented suppliers are subjected to detailed evaluation in accordance with the main headings determined. Suppliers are also evaluated in the fields of occupational health and safety, the environment, quality and organisation, and feedback is provided to them about the results.

In the first half of 2020, suppliers covering approximately 60% of the Company's total procurement volume were evaluated according to the project-based SLA criteria, the commercial and seasonal framework, and feedback was provided to them based on the results.

Türk Telekom's procurement process approach

An effective and lean procurement structure is designed through restructuring the responsibilities of the demand and procurement units with an understanding of increasing efficiency by taking the fundamental elements such as total cost of ownership, supply chain risks and sustainability into account.

An approval mechanism, which includes managerial control in authority limits, was established by taking the organisation of the Company into account.

Procurement activities of Türk Telekom Group Companies are carried out in accordance with the relevant legislation, the provisions of Türk Telekom Group Procurement Policy and Procedures, and with the tender/bid request procedure.

Procurement teams are informed of the procurement and supply chain steps and standards through internal meetings and trainings.

By taking the principle of separation of duties into account, the procurement units and other units perform their duties within their areas of responsibility in terms of procurement in line with this specified policy.

In order to carry out procurement activities in the most accurate quality, duration and cost, all relevant units work with an awareness of informing each other in a timely manner and performing their duties fully.

For the aim of conducting procurement in line with the interests of the Türk Telekom Group, all steps are taken to ensure that a transparent and competitive environment is established in all dimensions by acting within the short, medium and long term business plans.

In order to benefit from the volume advantage in purchases and the total procurement power of Türk Telekom Group, the needs that show integrity in terms of economic and technical basis are combined as much as possible and then the demand is created.

An effective procurement is realised by taking into account the basic elements such as TCO (Total Cost of Ownership), supply chain risks and sustainability.

In order to avoid undermining supplier trust, placing additional workloads upon suppliers, except for commercial obligations, is prevented.

The needs of the Türk Telekom Group Companies are met first-hand as much as possible (by the manufacturer, importer or general distributor) by taking into account the nature of work.

The principles of supplier management

The basic principles adopted by Türk Telekom in the supplier management process are:

- Transparency,
- Fair and equal distance,
- Communication within the framework of respect and honesty,
- Maintaining intellectual property and confidential information.

Sustainable procurement approach

The aim of the sustainable procurement approach is to ensure sustainability in Türk Telekom Group's activities in general through purchasing activities.

Türk Telekom's core values in procurement processes are transparency, integrity and honesty. The details of the relationships of Türk Telekom Group employees with stakeholders and suppliers, particularly those stated below, are based on the core values set out in the Türk Telekom Code of Work Ethics.

At Türk Telekom;

- Maximum care is put forward to ensure the obligations to suppliers are fulfilled in a timely manner within the framework of contracts.
- All measures are taken and meticulously monitored to ensure that the procurement processes are conducted in line with the laws and the Company policies.
- In accordance with the purchasing unit's responsibilities with regard to supplier relations, suppliers are provided with supportive information about the Company's Procurement Policies and Procedures throughout the year.
- Necessary guidance is provided to ensure that suppliers act in line with Türk Telekom's policies on human rights, human resources, human health and environmental matters.
- Competition among competitors is ensured in the framework of legal and ethical rules within the scope of purchasing activities.

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- Steps are taken to ensure that suppliers do not adopt attitudes or behaviour which will harm the brand value of the Türk Telekom Group.
- Suppliers are not burdened with any obligations beyond those stipulated by legislation and commercial conventions.
- Suppliers are approached fairly and equally in line with competition and market conditions.
- Evaluations are conducted according to fair and objective criteria in supplier selection.
- Relations with suppliers are conducted on a transparent and fair ground by avoiding conflicts of interest and without personal interest.
- The procurement process is managed in a way to prioritize the protection of the environment and human health, to reduce the consumption of natural resources and to minimise waste.

Türk Telekom Group exercises maximum care to comply with the principles of sustainability and selects products which most closely meet the conditions, or alternative local products where possible.

Obligations of suppliers within the scope of the policies and contracts

In addition to the general obligations, suppliers have the following obligations as set out in the provisions of all contracts, to which Türk Telekom is a party, in the procurement processes;

- To fulfil their obligations with regard to their personnel in accordance with applicable laws, especially the Labour Law, Social Security Law, Law of Obligations and other relevant legislation, and by ensuring that their personnel and subcontractors act in accordance with such legislation as well,

- To fulfil the legal, criminal and financial obligations arising from the relations with the Regional Labour Directorate, the Social Security Institution, the Ministry of Health and other authorised institutions, as well as applicable legislation,
- To comply with the relevant laws, regulations, statutes and other legislation in force regarding the performance of obligations under the contract and regarding the work and occupational health and environmental safety issues.

In addition, discrimination is not practiced in Türk Telekom supply chain in accordance with the Türk Telekom Human Rights Policy, and no employment of child labour or forced labour is tolerated.

Care is taken to work with suppliers who support safe working conditions, and suppliers are expected to fully support their employees' freedom of organisation and the right to collective bargaining.

Non-compliance with the policies and procedures

Maximum care is put forward to ensure that suppliers comply with legislation and the code of ethics. Suppliers are monitored by the demand and procurement units at Türk Telekom throughout the business relationship. In the event of any violations or in cases where there is deviation from the Company's policies, necessary notifications and warnings are issued, corrections are requested and/ or business relations with suppliers are reviewed.

Türk Telekom Group has the right to terminate its relations with the suppliers that do not comply with the rules and business relations are terminated with the suppliers persisting to continue the negative situation.

Information Security

Information Safety is one of the seven codes of the Türk Telekom Code of Business Ethics document. As explained in the "Information Safety Policy" set in the Code of Business Ethics, "information is defined as all data, text, image, audio and similar contents in the physical or digital environment that is produced, used, transmitted, archived or legally transferred to the Company during business processes."

Information including, but not limited to, the Company's strategic information, organisational information, commercial/technical/financial data, customer/dealer information, information on policies/procedures/regulations, product and service information and personal information of employees are considered within this scope. Information Safety Management System covers Türk Telekom and Group Company's all in-house and outsourced employees, infrastructure, systems and applications, as well as products and services.

With regard to information security, the employees are informed about the Working Principles of Türk Telekom Human Resources upon their signed approval that;

- they should attach importance to the confidentiality of information that has confidential and/or trade secret nature, and fulfil the duty of loyalty and non-disclosure;
- they should protect the confidential and private information of employees, customers, suppliers, business partners and other people and institutions with whom the Company works, and not use this information for any purpose other than the intended business purpose;
- they should not share with unauthorised people and authorities inside or outside the Company the information and documents they acquired for business purposes, and not use these for personal aims; and
- they should not use the information and documents they own in a manner detrimental to the Company or in favour of competitors after they leave the Company.

Besides, the employees are also notified by the Working Principles of Türk Telekom Human Resources, Commitment for the Use of Information Technologies and the Code of Business Ethics which is required to be signed every year that;

- they should attach importance to the protection of intellectual property such as patents, commercial secrets, copyrights, names and trademarks;

- leakage of any confidential information and/or documents within the scope of "Insider Trading" and benefit via stock exchange or any other means are prohibited;
- when some information needs to be shared with third parties due to business-related requirements, such information should be shared without causing any damage to the Company (through confidentiality agreements etc.) by informing the information security unit/ relevant unit and obtaining approval from the senior manager and
- the e-mail account provided by the Company is allocated for Company affairs, and may be audited.

In addition,

- the Working Principles of Türk Telekom Human Resources and Commitment for the Use of Information Technologies state that the information and documents requested by regulatory authorities and independent auditors should be shared when necessary, correctly and on time in accordance with the Company practices, and all requests of the relevant institution should be fulfilled during onsite examinations; and
- in case of access, exposure to, or sharing of, any confidential information without authorisation/ accidentally, an application should be filed with the information security unit and any of the notification channels listed under "Notification of Ethic Violations" heading of the Code of Ethics.

In case of breach of any of the foregoing conditions, ethical and disciplinary processes are carried out, and the employees may be punished with any of the penalties set forth in the Disciplinary Principals depending on the breach.

The measures to be taken in relation to Information Security have been detailed in the "Information Safety Policy" document prepared by the Company's technology units, and have been shared with the employees through Türk Telekom Port, the internal communication portal.

Information Security Management System and Audit

The personal data required for the provision of the services to the customers may be accessed only on a strict need to know basis. In order to identify suspicious usage or usage for purposes other than the stipulated purpose, access to these data is continuously recorded and audited.

At the Company, inter-system access, remote access to systems, access to databases, user identification processes and reporting request processes are carried

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

out via secure and controlled processes designed through request management systems. Security tests are performed on the systems before the projects go live and at certain intervals, and any security findings identified are resolved by the relevant teams.

Security risks are minimised by separating the application layer, the database layer and the web layer through the layered structure set in the network layer. Network level security devices ensure controlled access in accordance with established rules. Pursuant to the "Separation of tasks and environments" clause of the Regulation on Network and Information Security, the processes for initiating and approving transactions to be performed on critical systems have been separated. Within the scope of access control, all systems are reviewed at least once a year in accordance with the Türk Telekom Group Information Safety Policies and Procedures.

The movements of end-users are monitored, and the systems aiming to prevent intentional or accidental data leakage from all kinds of channels through which critical data is processed and transferred are used in networks. Anonymization and masking of critical/personal/confidential data, and authorisation of relevant users are performed on the databases in order to fulfil the requirements of the Law on Protection of Personal Data (KVKK) and to prevent unauthorised access to confidential data.

The one-year audit plan, which principally covers technology processes and is prepared based on the risk assessments performed at the end of each year, is approved by the Audit Committee which operates under the Board of Directors. Türk Telekom Internal Audit Department is authorised to perform the approved audit plan.

In recent years, information security has been seen as one of the most critical areas among the subjects handled during the risk assessments carried out within this framework. Thus, the audit plans of Türk Telekom Internal Audit Department cover the Information Safety

Policies and Systems every year. On the other hand, the Internal Audit Department provides reasonable assurance for the audits in the fields related to Information Security within the Türk Telekom Group within the framework of the methodologies used, in accordance with generally accepted auditing principles.

All employees are assigned with e-trainings every year with the aim of raising awareness within the scope of the Information Security Management System.

In addition, in-class information security awareness trainings are provided once a year for employees such as subcontractor personnel.

Information Security Certifications

Türk Telekom holds the ISO 27001 certificate covering fixed and mobile networks. Within this scope, Information Security Internal Audit activities are carried out on an annual basis, and action assignments and follow-ups are performed in accordance with the results of the audit. Moreover, all employees are assigned Information Security Awareness Training periodically within the scope of the ISO 27001 standard.

In addition to that, the Company holds PCI-DSS certification under the scope of mobile network. Credit card data are periodically scanned on the systems, and security measures are taken as required by the standards. Within the scope of the PCI-DSS, related employees are provided awareness training periodically as required by the standard.

Information on the Protection of Personal Data

Türk Telekom's ("Türk Telekom, TNET and TT Mobil") Clarification Text for its subscribers/customers within the scope of the Law No. 6698 on the Protection of Personal Data ("KVKK") was updated in July 2019. This text contains all details regarding;

- a) The identity of data controller,
- b) The purpose of processing personal data,
- c) To whom and for which purpose personal data may be transferred,
- d) The method and legal grounds of collection of personal data and other rights of the data subject under Article 11 of the Law.

In addition, clarification texts are designed and published for employees, visitors, etc. related person categories and different Türk Telekom sites.

Rights of the data subject in the KVKK

ARTICLE 11 – (1) Each person has the right to request to the data controller about himself/herself;

- a) to learn whether his/her personal data are processed or not,
- b) to request for information as to if his/her personal data have been processed,
- c) to learn the purpose of the processing of his/her personal data and whether these personal data are used in compliance with the purpose,
- d) to know the third parties to whom his personal data are transferred in country or abroad,
- e) to demand the rectification of the incomplete or inaccurate data, if any,
- f) to request the erasure or destruction of his/her personal data under the conditions referred to in Article 7 (personal data shall be erased, destructed or anonymised by the data controller, ex officio or on the request of the data subject, in the event that the reasons for the processing no longer exist.),
- g) to request reporting of the operations carried out pursuant to sub-paragraphs (d) and (e) to third parties to whom his/her personal data have been transferred,

h) to object to the occurrence of a result against the person himself/herself by analysing the data processed solely through automated systems,

i) to claim compensation for the damage arising from the unlawful processing of his/her personal data.

Data processing parties on behalf of Türk Telekom

Türk Telekom has authorised dealers, which process the data of customers as a third party on behalf of itself. All dealer employees are informed on the legislation governing the protection of personal data through circulars and information guide. In addition, all dealers have updated subscriber/customer information notices located on visible areas. Detailed information texts are provided to subscribers and dealer employees about the business flows requiring express consent, customer explicit consent templates have been drawn, and all dealers are required to obtain these consents when needed.

All agreements to which Türk Telekom is a party are reviewed and revised in line with the KVKK and the secondary legislation. In addition, trainings, announcements and audits were carried particularly for business partners and dealers as a part of the administrative measure obligation to ensure the security of personal data, and will continue to be carried in line with the possible amendments in the legislation.

Liability of the Company management regarding the protection of personal data

In accordance with the KVKK, the legal entities are responsible for all liabilities arising from this law and the relevant legislation. In terms of Türk Telekom, the Türk Telekom Board of Directors /Executive Committee is responsible for the Confidentiality and Safety of Personal Data as the managing body of the data controllers.

Within this framework, the Board of Directors has decided for the establishment of upper and sub-committees consisting of Assistant General Managers and directors for the monitoring and management of Türk Telekom's compliance process.

With the aforementioned decision, the Committees were assigned on behalf of the Company within the scope of fulfilling their obligations arising from the KVKK and in accordance with Article 11 of the Regulation on the Registry of Data Controllers ("Regulation").

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Türk Telekom General Manager/CEO has been authorised to determine and change the working principles and duties of the committees and persons to take part in the committees.

The purpose of the mentioned committees is the coordination and organisation of the activities carried out in the field of governance regarding the protection of personal data throughout the Company, monitoring and reporting the actions to ensure full compliance with their requirements, supporting the governance structure, taking and following up strategic decisions, determining resource needs, creating an agenda at the level of the Board of Directors/Executive Committee.

Upper and Sub Committee Members

I. Upper Committee Members

1. Permanent Members

- Legal and Regulation Assistant General Manager
- Technology Assistant General Manager
- Marketing and Customer Care Assistant General Manager (Marketing and Customer Care Director as representative)
- Strategy, Planning and Digital Assistant General Manager

2. Advisory Members

- Regulation Compliance Director (permanent)
- Cyber Security Director (in necessary cases)

II. Sub Committee Members

- Regulation Compliance Director
- Cyber Security Director
- Legal Affairs (Corporate Law and Commercial) Director
- Employee Experience and Wage Management Director
- Facility Management Director
- Technology Audit Vice President

- Marketing Intelligence and Customer Experience Director
- Product and Service Management Director
- Purchasing Director
- Retail Sales Operations and Control Group Manager
- Digital Product and Service Development Director
- IT Architecture and Quality Assurance Director
- Technology Governance Group Manager
- Wholesale Customer Service Director

Employee trainings related to personal data security and confidentiality

Personal data security and confidentiality trainings have been assigned online to all permanent employees of Türk Telekom, TT Mobil and TTNET, while regional class trainings were provided to the sales teams, regional employees and dealers' employees.

The regular trainings provided address the following topics:

- History and the legal basis of the EU Data Protection Regulation and Turkish legislation governing personal data protection
- The Company's main responsibilities on the issue
- Personal Data Processing Inventory and VERBIS (Data Controller Registry Information System)
- Rights of the data subject
- Data storage periods and deletion/destruction
- Penalties set forth in the applicable law and regulations
- Special measures that need to be taken in the Company business processes
- Actions to be taken specifically for sensitive personal data
- Information security awareness

Türk Telekom has also started compliance studies within the scope of the "Regulation on the Processing of Personal Data and Protection of Privacy in the Electronic Communication Sector", which was published by BTK on December 4, 2020 and will enter into force on June 4, 2021.

Corporate Governance Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	Such a situation occurs did not come.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.				X		This issue constitutes a separate item of the agenda of the General Assembly Meeting; and as there are many donations and beneficiaries, a summary information is provided.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	There was no participation request to the General Assembly Meeting by the media in fiscal year 2020
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.				X		There is no privileged voting rights. Group (A), (B) and (C) shareholders has been granted the privilege to nominate candidates to the Board of Directors in Article 8 of the Company's Articles of Association.
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Such a situation occurs did not come.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			There is no provision in the Articles of Association to be granted minority rights to shareholders who have less than one twentieth of the capital. At the same time, attention is paid to the use of minority rights within the scope of TTK and CMB regulations.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.						Group C Privileged Share refers to 1 Group C share held by Ministry of Finance and Treasury in accordance with Telegraph and Telephone Law No. 406. Without prejudice to Article 6/A of the Articles of Association of the Company, All shares of Türk Telekom except C Group 1 share may be sold. In accordance with Article 6/A.2. of the Company's Articles of Associate, transfer of the shares of Group A shareholder is subject to the veto right of the Group C share. According to Article 6 / A of the Company's Articles of Association, the transfer transaction of registered shares which affects the management control, and registration transaction of such transfer to the share ledger shall not be performed without the affirmative vote of the C Group Privileged Shareholder.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			There are internal directives about this topic. Models for participation of company employees in management such as Occupational Health and Safety Boards, Disciplinary Boards, Dispute Resolution Boards, Inventor Idea System continued to be developed in 2020.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Our Company has a Board of Directors Women Membership Policy. It is aimed to reach this goal within the next 5 years by assigning at least one woman member to the Board of Directors and assigning woman member (s) to the Board of Directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no restriction for the members of the Board of Directors to assume any other duties outside the Company. The duties of the members of the Board of Directors outside the Company are presented in the annual report and in their resumes published on the website.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The number of independent members on the Board of Directors does not allow for Board members to serve in only one of the Board's committees. Therefore some independent members of the Board of Directors are assigned in more than on committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In fiscal year 2020, the committees have not received any consultancy services hence this subject was not included in the annual report.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors has not been evaluated.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration of provided to executives are disclosed in aggregated form on annual report and are not disclosed on individual basis.

CORPORATE GOVERNANCE INFORMATION FORM

Corporate Governance Information Form	
1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2020, investor conferences in the US and UK held online due to Covid-19. Maintaining its close relations with investors even in this difficult period, Türk Telekom had an active year. During 2020, Türk Telekom attended conferences, 2 of which were physical and 13 were online. In addition, Türk Telekom organised 5 virtual non-deal roadshows and 2 deal-roadshows regarding TL bond issuance. Including the one-on-one investor meetings, Türk Telekom Investors Relations met over 370 equity and fixed investors throughout the year.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	No requests were made for the appointment of a special auditor in the reporting period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/824027 https://www.kap.org.tr/tr/Bildirim/824031 https://www.kap.org.tr/tr/Bildirim/824668 https://www.kap.org.tr/tr/Bildirim/833283 https://www.kap.org.tr/tr/Bildirim/854285 https://www.kap.org.tr/tr/Bildirim/861910 https://www.kap.org.tr/tr/Bildirim/866160
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Documents are also shared simultaneously on Public Disclosure Platform (KAP) and on the company's investor relations website in English.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	No such transaction took place during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	No such transaction took place during the year.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/874802
The name of the section on the corporate website that demonstrates the donation policy of the company	http://www.tyatiirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies.aspx http://www.tyatiirimciiliskileri.com.tr/Documents/en/corporate-governance/donation-policy.pdf
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/362681
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is no such provision in the articles of association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	There was no participation in General Assemblies held in 2020 except by shareholders.

CORPORATE GOVERNANCE INFORMATION FORM

1.4. Voting Rights									
Whether the shares of the company have differential voting rights		No							
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.		There is no differential voting rights. Group (A), (B) and (C) shareholders are granted the privilege to nominate candidates for the Board of Directors in Article 8 of the company's Articles of Association.							
The percentage of ownership of the largest shareholder		55%							
1.5. Minority Rights									
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association		No							
If yes, specify the relevant provision of the articles of association.		There is no provision in the Articles of Association to grant minority rights to shareholders who have less than one twentieth of the capital. However, compliance with the use of minority rights within the scope of TTK and CMB regulations is ensured.							
1.6. Dividend Right									
The name of the section on the corporate website that describes the dividend distribution policy		http://www.tyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies.aspx http://www.tyatirimciiliskileri.com.tr/Documents/en/corporate-governance/dividend-policy.pdf							
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.		-							
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends		-							
General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
25.07.2020		92.91%	0%	92.91%	Corporate Governance/ General Assembly Meeting Information	Corporate Governance/ General Assembly Meeting Information			https://www.kap.org.tr/tr/Bildirim/861910

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	http://www.tyatirimciiliskileri.com.tr/en-us/pages/default.aspx Türk Telekom Group -Ownership Structure, Announcements and Disclosures Corporate Governance - Board of Directors, Committees, Senior Management, Insiders with Administrative Responsibilities, Corporate Governance Compliance Report, Corporate Governance Rating, General Assembly Meeting Information, Articles of Association and Trade Registry Information, Internal Audit and Risk Management, Related Party Transactions, Code of Ethics, Policies, Independent Auditor
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	http://www.tyatirimciiliskileri.com.tr/en-us/turk-telekom-group/investing-in-turk-telekom/pages/ownership-structure.aspx http://www.tyatirimciiliskileri.com.tr/Documents/en/detailed-shareholder-structure.pdf
List of languages for which the website is available	Turkish, English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance Principles Compliance Report section
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Principles Compliance Report section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Principles Compliance Report section
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There was no legislative amendments that could significantly affect the Company's operations in 2020.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Consolidated Independent Audit Report/Commitment and Obligations
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Corporate Governance Principles Compliance Report Section/Other information according to the legislation
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Corporate Governance Principles Compliance Report section
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability and Corporate Social Responsibility and Corporate Governance Principles Compliance Report Section

CORPORATE GOVERNANCE INFORMATION FORM

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	http://www.tyaticimciliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies.aspx http://www.tyaticimciliskileri.com.tr/Documents/en/corporate-governance/compensation-policy.pdf
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Business Ethics Committee
The contact detail of the company alert mechanism	etik@turktelekom.com.tr http://www.tyaticimciliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-committee-communication-form.aspx
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Corporate Governance Principles Compliance Report Section
Corporate bodies where employees are actually represented	Türkiye Haber-İş Union
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Human Resources Policy In cases for executive position changes that might lead to disruptions in company management, back up plans are prepared for the determination of the new managers to be appointed.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	http://www.tyaticimciliskileri.com.tr/en-us/socially-responsible-investing/pages/policies.aspx http://www.tyaticimciliskileri.com.tr/Documents/en/corporate-governance/human-resources-policy.pdf Human Rights Policy Türk Telekom aims to recruit its employees on long term basis as a principal to provide rapid, high quality and economic services with regard to technological developments, financial and economic conditions and sectoral changes in its field of activity. Continuous success of Türk Telekom depends on the ability of its employees to adapt rapidly and efficiently to the changing conditions of the sector, as well as their flexibility in this respect. Our employees via their superior skills, competence and experience help the Company to become one of the leading companies in the world. Türk Telekom supports on-the-job training by programs carried in cooperation with regulatory and supervisory agencies as well as the universities and provides employment opportunities within this framework. Our company asserts its claim of being the most preferred company to work for by sharing the pride of being a Türk Telekom employee with young talents from universities and professionals outside the company. Recruitment criteria are determined and documented in written form and that criteria should be followed. Türk Telekom provides equal recruitment and career planning opportunity to its applicants. http://www.tyaticimciliskileri.com.tr/Documents/en/corporate-governance/human-rights-policy-20191129.pdf Diversity Türk Telekom values diversity and considers this as an asset, and strives to make its employees feel like they are a part of the Company. Accordingly, Türk Telekom is committed to equal opportunity, and takes into account the qualifications, performance, skills and experiences of its employees for recruitment, placement, development, training, compensation, promotion, and resignation from the Company. Is aware that diversity in its labour contributes to achievement of the Company targets, and strives to recruit candidates with diverse backgrounds and experience, and employ them for a long term. Fulfils its legal obligations in relation to employment of people with disabilities, and disadvantages
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	http://www.tyaticimciliskileri.com.tr/Documents/en/corporate-governance/human-rights-policy-20200529.pdf Discrimination and Harassment At Türk Telekom; No one is discriminated on grounds of age, language, race, ethnicity, nationality, health, disability status, gender, marital status, religion and sect, political opinions, philosophical beliefs and faith. Discriminatory and unfair conducts are not tolerated. Employees are provided with a working environment, free from all kinds of ill-treatment, mobbing and harassment.
The number of definitive convictions the company is subject to in relation to health and safety measures	1
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	http://www.tyaticimciliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies.aspx http://www.tyaticimciliskileri.com.tr/Documents/en/corporate-governance/Code-of-Ethics.pdf
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	http://www.tyaticimciliskileri.com.tr/en-us/socially-responsible-investing/pages/sustainability.aspx http://www.tyaticimciliskileri.com.tr/en-us/socially-responsible-investing/pages/corporate-social-responsibility.aspx
Any measures combating any kind of corruption including embezzlement and bribery	http://www.tyaticimciliskileri.com.tr/en-us/socially-responsible-investing/pages/policies.aspx http://www.tyaticimciliskileri.com.tr/Documents/en/turk-telekom-anti-bribery-and-anti-corruption-policy.pdf
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes

CORPORATE GOVERNANCE INFORMATION FORM

Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	3 individuals jointly represent and bind our company in the broadest terms on all kind of matters as below: - Eyüp Engin, Member of the Board of Directors nominated by Group A Shareholder, - One of the Independent Board Members nominated by Group B Shareholder, - Member of Board of Directors representing Group C Privileged Share
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Number of reports submitted to the Committee and Board of Directors is 7.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Assessments of the Board of Directors Section
Name of the Chairman	Dr. Ömer Fatih Sayan
Name of the CEO	Ümit Önal
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not the same person
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/876576
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	http://www.tyaticimciliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies.aspx http://www.tyaticimciliskileri.com.tr/Documents/en/corporate-governance/women-board-membership-policy.pdf
The number and ratio of female directors within the Board of Directors	0

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether The Director Has At Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
Dr. Ömer Fatih Sayan	Non-executive	Not independent member	04.09.2018	-	Not considered	No	No
Eyüp Engin	Non-executive	Not independent member	22.12.2018	-	Not considered	No	Yes
Yiğit Bulut	Non-executive	Independent member	06.05.2014	https://www.kap.org.tr/tr/Bildirim/358251	Considered	No	Yes
Can Yücel	Non-executive	Not independent member	01.06.2020	-	Not considered	No	Yes
Selim Dursun	Non-executive	Independent member	04.09.2018	https://www.kap.org.tr/tr/Bildirim/708083	Considered	No	No
Dr. Nureddin Nebati	Non-executive	Independent member	02.11.2018	https://www.kap.org.tr/tr/Bildirim/728732	Considered	No	No
Dr. Muammer Cüneyt Sezgin	Non-executive	Not independent member	22.12.2018	-	Not considered	No	Yes
Aclan Acar	Non-executive	Not independent member	07.03.2019	-	Not considered	No	Yes
Ertuğrul Altın	Non-executive	Not independent member	12.03.2019	-	Not considered	No	No

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	12
Director average attendance rate at board meetings	96.3%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	10 days
The name of the section on the corporate website that demonstrates information about the board charter	Article 12 of the Company's Articles of Association. http://www.tyaticimciliskileri.com.tr/ "Corporate Governance" / "Articles of Association and Trade Registry Information" http://www.tyaticimciliskileri.com.tr/en-us/corporate-governance/pages/articles-of-association-trade-registry-information.aspx
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors' Committees and Corporate Governance Principles Compliance Report Sector
Link(s) to the PDP announcement(s) with the board committee charters	Audit Committee : https://www.kap.org.tr/en/Bildirim/659174 Nomination Committee : https://www.kap.org.tr/en/Bildirim/803744 Remuneration Committee : https://www.kap.org.tr/en/Bildirim/803744 Early Identification and Management of Risks Committee : https://www.kap.org.tr/en/Bildirim/304033 Corporate Governance Committee : https://www.kap.org.tr/en/Bildirim/741628

CORPORATE GOVERNANCE INFORMATION FORM

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Corporate Governance Committee		Dr. Nureddin Nebati	Yes	Board member
Corporate Governance Committee		Selim Dursun	No	Board member
Corporate Governance Committee		Dr. Muammer Cüneyt Sezgin	No	Board member
Corporate Governance Committee		Gülşen Ayaz	No	Not board member
Audit Committee		Yiğit Bulut	Yes	Board member
Audit Committee		Selim Dursun	No	Board member
Committee of Early Detection of Risk		Yiğit Bulut	Yes	Board member
Committee of Early Detection of Risk		Eyüp Engin	No	Board member
Nomination Committee		Dr. Nureddin Nebati	Yes	Board member
Nomination Committee		Dr. Ömer Fatih Sayan	No	Board member
Nomination Committee		Aclan Acar	No	Board member
Remuneration Committee		Yiğit Bulut	Yes	Board member
Remuneration Committee		Eyüp Engin	No	Board member
Remuneration Committee		Dr. Muammer Cüneyt Sezgin	No	Board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/audit-committee.aspx
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-committee.aspx
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Report Section http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/nomination-committee.aspx
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Report Section http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/early-identification-and-management-of-risks-and-committee.aspx
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Report Section http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/remuneration-committee.aspx
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report / Corporate Governance Principles Report Section
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Corporate Governance / Policies http://www.ttyatirimciiliskileri.com.tr/Documents/en/corporate-governance/Remuneration_Policy.pdf
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report / Corporate Governance Principles Report Section "Financial Right Provided to the Members of Board of Directors and to the Senior Executives "

CORPORATE GOVERNANCE INFORMATION FORM

Composition of Board Committees-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors In the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee		100%	100%	5	6
Corporate Governance Committee		100%	50%	2	-
Committee of Early Detection of Risk		100%	50%	2	-
Nomination Committee		100%	33%	1	-
Remuneration Committee		100%	33%	-	-

SUSTAINABILITY PRINCIPLES COMPLIANCE FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
Environmental, Social and Corporate Governance (ESG) priority issues, risks and opportunities have been identified by the Board.			X			Within the scope of Enterprise Risk Management, Environmental, Social, Governance (ESG) risk headings are currently followed by related departments. ESG policies will be determined and reported by sustainable management system.
ESG policy has been established by the Board.					X	ESG policies approved by the Board of Directors are published on the Company's Investor Relations website. However, there is no separate sustainability policy. Human Rights Policy, Human Resources Policy, Anti-Bribery and Anti-Corruption Policy, Information Security Policy, Purchasing Policy, Integrated Management System Policy, Disclosure Policy, Dividend Policy, Remuneration Policy, Board of Directors Women Membership Policy, Donation Policy, Compensation Policy, Code of Ethics
Documents such as in-partnership guidelines, business procedures, etc. for the effective implementation of ESG policies have been prepared.	X					ESG policies approved by the Board of Directors are published on the Investor Relations website. The implementation is specified in the policies.
A decision for the ESG policies has been taken by the board and policies have been disclosed to the public.	X					All policies have been approved by the Board of Directors and disclosed to the public.
Partnership Strategy has been determined in accordance with ESG policies, risks and opportunities.			X			With the implementation of the Sustainability Management System of the Company in 2021, the strategy will be determined and disclose to public in this respect.
In line with the partnership strategy and ESG policies, short and long term targets have been set and disclosed to the public.			X			With the implementation of the Sustainability Management System of the Company in 2021, long-term targets will be determined and disclose to public in this respect.
A2. Implementation / Monitoring						
Committees and / or units responsible for the implementation of ESG policies have been determined and disclosed to the public.		X				Responsible committees and units are determined for some of the published policies and disclosed to the public. Studies on undefined units still continue.
The designated committees and / or units reported their activities within the scope of ESG policies to the Board at least once a year, and in any case within the maximum periods specified in the relevant regulations of the Board for the disclosure of the annual reports to the public.			X			The units responsible for the policies are partially determined and the relevant process management is in preparation.
Implementation and action plans have been prepared in line with the short and long-term targets and announced to the public.			X			With the implementation of the Sustainability Management System in 2021, practice and action plans are planned to be created.
ESG Key Performance Indicators (KPIs) have been determined and the indicators are disclosed on a yearly basis.			X			With the implementation of the Sustainability Management System in 2021, ESG Key Performance Indicators (KPI) are planned to be determined.

SUSTAINABILITY PRINCIPLES COMPLIANCE FORM

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
KPIs are presented together with local and international sector comparisons (in case of verifiable data).			X			The Sustainability Management System is planned to be implemented in 2021. Making international sector comparisons will be evaluated in the coming years.
Innovation activities for business processes or products and services that improve sustainability performance are explained.			X			It is planned to start reporting in 2021, with the implementation of the Sustainability Management System.
A3. Reporting						
Sustainability performance, goals and actions have been reported at least once a year and disclosed to the public. Information on sustainability activities have been disclosed in the annual report.		X				Targets are planned to be disclosed to public with the sustainability report which is planned to be published in 2021. Türk Telekom determines annual targets for electricity and fuel consumption to be reduced. These targets are included in the employees' and senior managements' target cards but have not been disclosed to public. Information related to sustainability activities is explained under the Sustainability section of the annual report.
In order for the stakeholders to understand the position, performance and development of the partnership, important information have been shared in a direct and concise manner (Detailed information and data can also be explained on the corporate website, and separate reports that directly meet the needs of different stakeholders can be prepared.)		X				Important developments are included under the sustainability section related to efficiency, water and waste management, occupational health and safety, corporate social responsibility. It is planned to start reporting in 2021, with the implementation of the Sustainability Management System.
Maximum care has been taken in terms of transparency and reliability in disclosures and reporting. Within the scope of the balanced approach, all kinds of developments about material issues in disclosure and reporting have been objectively explained.	X					The company has adopted the principle of transparency and meeting the requirements of the legislation principle on the disclosure of matters which can influence investors' decision and share of the financial and operational data.
Information was provided on which of the United Nations Sustainable Development Goals the activities are related to.			X			Türk Telekom is a participating member of UNGC. With the sustainability report which is planned to be published in 2021, associations with developments goals will be announced.
Disclosures have been made regarding the lawsuits filed and / or concluded against ESG issues.			X			With the implementation of the Sustainability Management System in 2021, reporting will be evaluated.
A4. Verification						
Sustainability performance measurements have been disclosed to the public, if verified by independent third parties (independent sustainability assurance providers).		X				Within the scope of Türk Telekom's CDP reporting in 2020, emission calculations resulting from Company activities has been verified by an authorised independent organisation. On the other hand, there is no verification related to sustainability because there is no reporting on sustainability.
B. ENVIRONMENTAL PRINCIPLES						
Policies and practices, action plans, environmental management systems (ISO 14001) and programs created within the scope of environmental management have been explained.		X				Türk Telekom operates within the scope of ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. The details of the program have not been disclosed.
Compliance with the environment and related laws and other relevant regulations has been achieved and the work done has been explained.		X				Türk Telekom fully meets the legal requirements as required by the environmental law. In addition to legal processes, Türk Telekom operates within the scope of ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System.

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
In the report prepared within the scope of Sustainability Principles, the limitations regarding the limit of the environmental report included, reporting period, reporting date, data collection process and reporting conditions have been included.			X			It is planned to be disclosed in 2021 with the sustainability report.
The highest level responsible regarding environment and climate change, relevant committees and duties of them have been explained.			X			With the implementation of the Sustainability Management System of the Company in 2021, an authorised committee will be established and highest level responsible will be determined in this manner.
Incentives offered to employees for the management of environmental issues, including the achievement of goals, are explained.			X			With the implementation of the Sustainability Management System of the Company in 2021, activities will be carried out in this manner.
How environmental problems are integrated into business goals and strategies is explained.			X			With the implementation of the Sustainability Management System of the Company in 2021, activities will be carried out in this manner.
Sustainability performances for business processes or products and services and activities to improve these performances are explained.			X			With the implementation of the Sustainability Management System of the Company in 2021, practice and action plans are planned to be created.
It is explained not only in terms of direct operations, but also how environmental issues are managed throughout the partnership value chain and how suppliers and customers are integrated into strategies.			X			With the implementation of the Sustainability Management System of the Company in 2021, activities will be carried out in this manner.
Whether or not to participate in policy-making processes on environmental issues (sectoral, regional, national and international); Cooperation with affiliated associations, related organisations and non-governmental organisations in the field of environment, duties and activities supported, if any, are explained.		X				Türk Telekom is a participant member of UNGC.
In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), information on environmental impacts has been reported periodically in a comparable manner.	X					Türk Telekom reports to CDP. CDP reports are available on the Investor Relations website.
The standard, protocol, methodology and base year details used to collect and calculate the data are explained.			X			Türk Telekom reports to CDP. CDP reports are available on the Investor Relations website.
The status of environmental indicators (increase or decrease) for the reporting year in comparison with previous years has been disclosed.		X				Türk Telekom reports to CDP. CDP reports are available on the Investor Relations website by years, so comparison shall be made.
Short and long-term goals have been determined to reduce environmental impacts and these goals (It is recommended that the targets be determined based on scientific methods as suggested by the United Nations Conference of the Parties on Climate Change). It provided information on the issue, if there are any progress achieved in the reporting year in line with the previously set targets			X			The targets are planned to be disclosed in 2021 with the sustainability report. Progress in the coming years is planned to be announced.
The strategy and actions to combat the climate crisis have been explained.			X			It is planned to be disclosed in 2021 with the sustainability report.

SUSTAINABILITY PRINCIPLES COMPLIANCE FORM

Company Compliance Status						Explanation
Yes	Partial	No	Exempted	Not Applicable		
		X			It is included in the sustainability report business plans which will be published in following years.	
	X				The actions taken to reduce environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / benefits and cost savings provided by them are explained.	
X					Total energy consumption data (excluding raw materials) are reported and energy consumption is given in the report as Scope-1 and Scope-2.	
	X				Information was given on electricity, heat, steam and cooling data generated and consumed in the reporting year.	
		X			Studies on increasing the use of renewable energy, transition to zero or low carbon electricity have been carried out and these studies have been announced.	
		X			Renewable energy production and usage data were announced.	
X					Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through these studies has been announced.	
	X				The amount of water withdrawn, used, recycled and discharged from underground or aboveground, its sources and procedures (Total water withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.) have been reported.	
				X	It is explained whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	
				X	Information and details regarding the carbon credits accumulated or purchased during the reporting period have been announced.	
				X	If carbon pricing is applied within the partnership, the details of this application have been announced.	
		X			All mandatory and voluntary platforms where environmental information is disclosed have been announced.	

Company Compliance Status						Explanation
Yes	Partial	No	Exempted	Not Applicable		
C. SOCIAL PRINCIPLES						
C1. Human Rights and Employee Rights						
					Corporate Human Rights and Employee Rights Policy has been established, in which full compliance with the Universal Declaration of Human Rights, ILO Conventions that are confirmed by Turkey and legal framework and legislation regulating human rights and working life in Turkey has been established. The policy and the roles and responsibilities related to its implementation have been disclosed to the public.	
X					Equality of opportunity is ensured in recruitment processes.	
					Considering also the supply and value chain effects, fair labour, improvement of labour standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) have been included in the policies.	
			X		Measures taken throughout the value chain to protect the rights of certain economic, environmental, social factors (low- income groups, women, etc.) or minority rights / equality of opportunity are explained.	
	X				Progress in preventing and corrective practices against discrimination, inequality, human rights violations, forced labour has been reported.	
	X				Regulations for not employing child labour have been explained.	
	X				Policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management are explained.	
	X				Mechanisms for employee complaints and dispute resolution have been established and dispute resolution processes have been determined.	
	X				Activities carried out to ensure employee satisfaction are announced regularly.	
	X				Occupational health and safety policies have been created and shared with the public.	

SUSTAINABILITY PRINCIPLES COMPLIANCE FORM

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
The precautions taken in order to prevent occupational accidents and to protect health and accident statistics are explained.			X			It is planned to be disclosed in 2021 with the sustainability report.
Protection of personal data and data security policies have been created and shared with the public.	X					The information in this manner is included in the Human Rights Policy and Stakeholders section of the annual report.
Ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) has been created and disclosed to the public.	X					Code of Ethics is disclosed to public on the Investor Relations website.
Studies within the scope of social investment, social responsibility, financial inclusion and access to finance have been explained.		X				The information is provided in the Corporate Social Responsibility section of the annual report.
Informative meetings and training programs regarding ESG policies and practices have been held for employees.	X					The Company provides training programs regularly to all its employees on ESG policies.
C2. Stakeholders, International Standards and Initiatives						
Activities in the field of sustainability are carried out by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organisations, etc.).	X					Sustainability activities are carried out by taking into account needs and priorities of all stakeholders.
The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.			X			With the implementation of the Sustainability Management System of the Company in 2021, it will be evaluated.
Stakeholder communication is carried out continuously and transparently.	X					Recent announcements such as regulatory disclosures made by Türk Telekom on the Public Disclosure Platform (KAP) are sent simultaneously to the distribution list of the stakeholders, including analysts and investors who opt to receive them. In addition, Communication with all stakeholders is carried out equally and transparently through the channels such as Corporate communication, Marketing communication, Media, Supply Chain etc.
Developments in sustainability activities were explained. The developments in sustainability activities and which stakeholders were communicated with for what purpose, on what subject and how often have been explained.			X			With the implementation of the Sustainability Management System of the Company in 2021, it will be evaluated.
The adopted international reporting standards (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD) etc.) have been disclosed to the public.		X				Türk Telekom reports to CDP. CDP reports are available on the Investor Relations website.

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
Signatory or member international organisations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles etc.) has been disclosed to the public.	X					Türk Telekom became a participant member of UNGC in 2020.
Concrete efforts are made to be included in the Borsa Istanbul Sustainability Index and international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.).	X					Türk Telekom is included in the BIST Sustainability Index and FTSE4Good Index.
D. CORPORATE GOVERNANCE PRINCIPLES						
Maximum effort is made to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué No. II-17.1.	X					Türk Telekom takes utmost care to implement the principles stipulated in the Corporate Governance Principles issued by the Capital Markets Board. In this context, an independent corporate governance compliance assessment is carried out annually. The company's rating was increased from 94.00 in 2019 to 94.03 in 2020.
While determining the corporate management strategy, the issue of sustainability, the environmental impacts of the activities and the principles on this issue are taken into consideration.		X				Sustainability risks and opportunities regarding Corporate Risk are followed by the Company. Within the scope of implementation of the Sustainability Management System strategy in 2021, it will be taken into account.
As stated in the Corporate Governance Principles, necessary measures are taken to comply with the principles regarding stakeholders and to strengthen communication with stakeholders.	X					Türk Telekom takes utmost care to the communication with stakeholders and adopts transparency principle in its explanations.
Opinions of stakeholders are sought in determining measures and strategies in the field of sustainability.			X			With the implementation of the Sustainability Management System of the Company in 2021, it will be evaluated.
Studies are carried out to raise awareness on the issue of sustainability and the importance of sustainability through social responsibility projects, awareness activities and trainings.	X					Activities carried out in this manner are included in the Corporate Social Responsibility Section of the Annual Report. The Company provides training programs regularly to all its employees on ESG policies.
Efforts are being made to become a member of international standards and initiatives on sustainability and to contribute to studies.	X					Türk Telekom became a participant member of UNGC in 2020.
Policies and programs regarding the fight against bribery and corruption and the principle of tax integrity are explained.	X					Anti-bribery and Anti-corruption policy which is approved by the Board of Directors has been published on the Investor Relations website.

STATEMENTS OF INDEPENDENCE

STATEMENT OF INDEPENDENCE

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance; I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders.
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit (including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties.
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Turkey.
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders.
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken.
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member.



Yiğit Bulut

STATEMENT OF INDEPENDENCE

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance; I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders.
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- I am not registered and announced on behalf of the legal entity elected as Board Member.



Selim Dursun

STATEMENTS OF INDEPENDENCE**STATEMENT OF INDEPENDENCE**

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance; I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders.
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit (including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
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- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders.
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken.
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member.



Dr. Nureddin Nebati

STATEMENT OF RESPONSIBILITY**FINANCIAL TABLES APPROVED BY THE BOARD OF DIRECTORS STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1****RESOLUTION DATED: 03.02.2021****RESOLUTION NO: 11**

We hereby state that:

- 1) We have reviewed the Consolidated Financial Tables of our Company for the accounting period ending on 31 December 2020.
- 2) According to information to which we have access as a part of our duties and responsibilities within the Company, the Consolidated Financial Tables do not contain any material inaccurate disclosures or any shortcomings which may prove to be misleading because of the date of disclosure.
- 3) According to information to which we have access as a part of our duties and responsibilities within the Company, the Consolidated Financial Tables, which have been prepared in accordance with the Capital Markets Board Communiqué No: II-14.1, faithfully reflect the assets, liabilities, financial standing and profits and losses of the Company.

Kind regards,


Yiğit Bulut
Audit Committee Chairman

Selim Dursun
Audit Committee Member

Ümit Önal
General Manager-CEO


Kaan Aktan
Finance Assistant General Manager

STATEMENT OF RESPONSIBILITY**ANNUAL REPORT APPROVED BY THE BOARD OF DIRECTORS STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1****RESOLUTION DATED: 24.02.2021****RESOLUTION NO: 22**

We hereby state that:

- a) We have reviewed the Board of Directors Annual Report for the 01.01.2020–31.12.2020 which has been prepared in accordance with II.14.1. “Communiqué on Principles of Financial Reporting in Capital Markets” and have reviewed the “Corporate Governance Compliance Report” and the “Corporate Governance Information Form which have been prepared in accordance with the mandatory formats specified by the Capital Markets Board’ (CMB) decision no: 2/49 on 10.01.2019 as per II-17.1 “Communiqué on Corporate Governance”.
- b) Based on our knowledge within the scope of our duties and responsibilities in the Company, the Annual Report including explanations within the compliance framework of sustainability principles do not contain any misleading statements with regards to important matters or do not contain any shortcomings any missing information that would be interpreted as misleading as of the date of disclosure.
- c) Based on our knowledge within the scope of our duties and responsibilities in the Company, the Annual Report faithfully reflects the development and performance of the business and the consolidated financial situation of the Company along with the risks and uncertainties that the Company is facing.
- d) Based on our knowledge within the scope of our duties and responsibilities in the Company, the “Corporate Governance Compliance Report” and the “Corporate Governance Information Form” faithfully reflect the information provided in such reports.


Yiğit Bulut
Audit Committee Chairman

Selim Dursun
Audit Committee Member

Ümit Önal
General Manager–CEO

Kaan Aktan
Finance Assistant General Manager**INDEPENDENT AUDITOR’S REPORT ON THE ANNUAL REPORT**

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT ON THE BOARD OF DIRECTORS’ ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholder’s of Türk Telekomünikasyon Anonim Şirketi

Opinion

We have audited the annual report of Türk Telekomünikasyon Anonim Şirketi (the “Company”) and its subsidiaries (together will be referred as “the Group”) for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set consolidated financial statements for this period.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Annual Report section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (POA’s Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA’s Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor’s Opinion on Complete Set of Consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period between 1 January 2020 and 31 December 2020 on 3 February 2021.

Board of Directors’ Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 (“TCC”) and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 (the “Communiqué”), the Group’s management is responsible for the following regarding the annual report:

- a) Group’s management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) Group’s management prepares its annual report in such a way that it reflects the operations of the year and the consolidated financial position of the Group accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Group’s consolidated financial statements. The annual report shall also clearly indicates the details about the Group’s development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

c) The annual report also includes the matters below:

- Significant events occurred in the Group after the reporting period,
- The Group's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the audited consolidated financial statements of the Group and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative



Şirin Soysal, SMMM
Partner

24 February 2021
İstanbul, Türkiye

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

31 DECEMBER 2020 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT



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To the Shareholders of Türk Telekomünikasyon Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Türk Telekomünikasyon Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.3 and Note 2.4 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue is primarily generated from fixed-line telecommunication services, mobile telecommunication services, sales of equipment and TV subscriptions.</p> <p>The accuracy of revenue recognized in the consolidated financial statements is an inherent industry risk because the billing systems of telecommunications companies are complex and process large volumes of data with a combination of different products and services sold during the year, through a number of different systems.</p> <p>Significant management judgment can be required in determining the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages, which may include services and telecommunication products such as equipment.</p> <p>We identified revenue recognition as a key audit matter because of the accuracy and timing of revenue recognized by the IT billing systems given the complexity of the systems and the significance of volumes of data processed by the systems.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"> - Assessing the appropriateness of the revenue recognition policy of the Group; - Assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of management's; <ul style="list-style-type: none"> • key internal controls over the general IT environment in which the business systems operate, including access to program controls, program change controls, program development controls and computer operation controls; and • key internal IT controls over the completeness and accuracy of rating and bill generation and the end-to-end reconciliation controls from the rating and billing systems to the accounting system. - Testing a sample of customer bills and checking these to supporting evidence and cash received; - Testing material journals processed between the billing systems and the general ledger; - Testing the end-to-end reconciliations from data records to the billing systems and to the general ledger; and - Substantive testing on a sample of non-systematic adjustments which are outside of the normal billing process and therefore carry higher levels of management judgment. <p>Based on our work, we had no material finding that have impact on the audit of accounting for revenue recognition.</p>

INDEPENDENT AUDITOR'S REPORT



Litigations, claims and contingent liabilities

Refer to Note 2.3, Note 2.4 and Note 24 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for litigations, claims and contingent liabilities.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The Group operates in a highly regulated industry. The Group is exposed to important risks such as anti-monopoly procedures, compliance with regulatory requirements, customer protection and compliance with other legal regulations. Required provisions are subject to assumptions and as a result there is an increased likelihood of misstatements.</p> <p>We have determined this to be a key audit matter, because there is a high level of judgment required in estimating the level of provisioning required.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"> - Discussing with the legal department material legal cases to determine the Group's assessment of the likelihood and magnitude of any liability that may arise; - Reading legal opinions and on-going cases from legal counsels of the Group; - Assessing and challenging management's conclusions through understanding precedents set in similar cases; - Where appropriate and relevant, examining correspondence connected with the cases; and - Reviewing the level of provisions recorded and assessed the adequacy of disclosures in the consolidated financial statements. <p>We considered management's judgments on the level of provisioning to be reasonable.</p>

Valuation of deferred tax assets

Refer to Note 2.3, Note 2.4 and Note 11 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for valuation of deferred tax assets.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The Group has recognized deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable.</p> <p>The recoverability of recognized deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses (before latter expire).</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences. Significant judgment is required in relation to the recognition and recoverability of deferred tax assets.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"> - Assessing and challenging the assumptions and judgments exercised by management in respect of the forecasts of future taxable profits by analyzing the assumptions adopted by management; - Considering the historical accuracy of forecasts of future taxable profits made by management by comparing the actual taxable profits for the current year with management's estimates in the forecasts made in the previous year and assessing whether there were any indicators of management bias in the selection of key assumptions; - Considering the impact of recent regulatory developments, where applicable and relevant; - Reconciling tax losses and expiry dates to tax statements; and - Assessing whether the Group's disclosures in the consolidated financial statements of the application of judgment in estimating recognized and unrecognized deferred tax asset balances appropriately reflect the Group's deferred tax position with reference to the requirements of the TFRSs. <p>We considered management's judgment on the recoverability of Group's deferred tax asset to be reasonable.</p>



Impairment of goodwill, Property, plant and equipment and Intangible assets

Refer to Note 2.3, Note 2.4, Note 16, Note 19 and Note 20 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for impairment of goodwill and, Property, plant and equipment and Intangible assets.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>As at 31 December 2020, the Group's non-current assets principally comprised property, plant and equipment and intangible assets. The Group has recognized goodwill amounting to TL 44.944 thousand as at 31 December 2020 (31 December 2019: TL 44.944 thousand). Impairment on property, plant and equipment and intangible assets are amounted to TL 52.579 thousand (31 December 2019: TL 25.081 thousand) and TL 3.462 thousand (31 December 2019: TL 4.900 thousand), respectively as at 31 December 2020.</p> <p>In performing impairment assessments, management compared the carrying value of each of the separately identifiable cash generating units ("CGUs") to which goodwill, property, plant and equipment and Intangible assets had been allocated with their respective value in use based on discounted cash flow forecasts to determine if any impairment loss should be recognized.</p> <p>The recoverable amount of CGUs, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future sales volumes, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital ("WACC").</p> <p>We identified this issue as a key audit matter because the carrying values of these assets are material to the consolidated financial statements and also because of the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.</p>	<p>Our audit procedures to assess potential impairment of goodwill and other non-current assets included the following:</p> <ul style="list-style-type: none"> - Involving our own valuation specialist to assist in evaluating the appropriateness of discount rates applied, which included comparing the WACC with sector averages for the relevant markets in which the CGU's operate; - Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; - Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the CGUs; and - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities. <p>We found management's calculation methods and the assumptions reasonable.</p>

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Turkish Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT



As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Group on 3 February 2021.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2020, the Group's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Group's articles of association in relation to financial reporting.
- 3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Şirin Soysal, SMMM
Partner
3 February 2021
İstanbul, Türkiye

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
(Convenience translation of a report and financial statements originally issued in Turkish)

	Notes	Current period	Prior period
		Audited	Audited
		31 December 2020	31 December 2019
Assets			
Total current assets		13.289.465	12.077.205
Cash and cash equivalents	4	5.007.927	4.946.070
Trade receivables			
- Trade receivables due from related parties	8	15.334	11.793
- Trade receivables due from unrelated parties	6	6.187.294	5.756.202
Other receivables			
- Other receivables due from unrelated parties	9	68.396	75.875
Derivative financial assets			
- Derivative financial assets held for trading	15	958	-
- Derivative financial assets held for hedging	15	1.206.509	373.121
Inventories	10	248.966	252.042
Prepayments			
- Prepayments to unrelated parties	13	199.469	157.741
Current tax assets		63.684	114.529
Other current assets			
- Other current assets due from unrelated parties	12	253.567	352.471
		13.252.104	12.039.844
Non-current assets or disposal groups classified as held for sale	17	37.361	37.361
Total non-current assets		31.433.055	27.832.081
Financial investments			
- Other financial investments	14	17.956	14.693
Trade receivables			
- Trade receivables due from unrelated parties	6	281.442	236.402
Other receivables			
- Other receivables due from unrelated parties	9	32.825	35.529
Derivative financial assets			
- Derivative financial assets held for trading	15	32.710	35.401
Right of use assets	7	1.546.155	1.365.525
Investment property	18	17.612	17.699
Property, plant and equipment			
- Land and premises	19	5.894.276	5.428.051
- Buildings	19	574.312	569.472
- Machinery and equipments	19	9.201.422	8.033.542
- Other property, plant and equipment	19	394.901	678.594
Intangible assets			
- Goodwill	16	44.944	44.944
- Rights regarding concession agreements	20	5.107.436	3.860.337
- Licences	20	2.404.054	2.696.075
- Other intangible assets	20	4.581.021	3.726.441
Prepayments			
- Prepayments to unrelated parties	13	13.372	12.555
Deferred tax asset	11	1.288.525	1.076.742
Other non-current assets			
- Other non-current assets due from unrelated parties		92	79
Total assets		44.722.520	39.909.286

The accompanying notes form an integral part of these consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
(Convenience translation of a report and financial statements originally issued in Turkish)

	Notes	Current period	Prior period
		Audited	Audited
		31 December 2020	31 December 2019
Liabilities			
Total current liabilities		14.228.270	13.693.647
Financial liabilities			
Financial liabilities from related parties			
- Bank loans	5,8	869.753	665.000
Financial liabilities from unrelated parties			
- Bank loans	5	1.913.477	656.487
- Lease liabilities	5	18.809	13.421
Current portion of long term financial liabilities			
Current portion of long term financial liabilities from unrelated parties			
- Bank loans	5	2.801.972	4.674.762
- Lease liabilities	5	413.791	326.743
- Issued debt instruments	5	97.808	72.568
Trade payables			
- Trade payables to related parties	8	-	87
- Trade payables to unrelated parties	6	5.293.521	4.391.610
Employee benefit obligations	12	199.768	190.217
Other payables			
- Other payables to related parties	8	-	205.066
- Other payables to unrelated parties	9	993.710	927.887
Derivative financial liabilities			
- Derivative financial liabilities held for trading	15	320.186	48.149
- Derivative financial liabilities held for hedging	15	47.533	489.204
Contract liabilities			
- Contract liabilities from sale of goods and service contracts	13	520.841	372.984
Current tax liabilities	33	172.456	75.238
Current provisions			
- Current provisions for employee benefits	21	276.460	223.552
- Other current provisions	21	166.944	227.548
Other current liabilities			
- Other current liabilities to unrelated parties	12	121.241	133.124
Total non-current liabilities		18.456.874	16.772.786
Long term financial liabilities			
Long term financial liabilities from unrelated parties			
- Bank loans	5	6.775.327	7.762.066
- Lease liabilities	5	905.086	800.597
- Issued debt instruments	5	7.438.569	5.811.511
Other payables			
- Other payables to unrelated parties	9	43.656	38.881
Derivative financial liabilities			
- Derivative financial liabilities held for hedging	15	347.286	173.362
Contract liabilities			
- Contract liabilities from sale of goods and service contracts	13	872.077	637.851
Non-current provisions			
- Non-current provisions for employee benefits	21	1.214.789	1.044.645
- Other non-current provisions	21	8.506	8.329
Deferred tax liabilities	11	715.133	380.175
Other non-current liabilities			
- Other non-current liabilities to unrelated parties	12	136.445	115.369
Equity		12.037.376	9.442.853
Equity attributable to owners of parent			
Issued capital	22	3.500.000	3.500.000
Inflation adjustments on capital	22	(239.752)	(239.752)
Share based payments (-)	22, 23	-	9.528
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss			
Gains/(losses) on revaluation and remeasurement			
- Gains/(losses) on remeasurements of defined benefit plans	22	(782.420)	(692.610)
- Increases on revaluation of property, plant and equipment	22	4.766.342	4.351.897
Gains/(losses) due to change in fair value of financial liability attributable to change in credit risk of liability	22	(88.747)	(132.819)
Other reserves	22	(1.320.942)	(1.320.942)
Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss			
Gains/(losses) on hedge			
- Gains/(losses) on cash flow hedges	22	(320.668)	(438.864)
- Gains/(losses) on hedges of net investment in foreign operations	22	(593.149)	(403.597)
Change in value of time value of options	22	(717.854)	(321.854)
Exchange differences on translation	22	721.066	471.382
Restricted reserves appropriated from profits		2.398.634	2.355.969
Prior years' profits or losses		1.536.993	(102.268)
Current period net profit		3.177.873	2.406.783
Total liabilities and equity		44.722.520	39.909.286

The accompanying notes form an integral part of these consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED 31 DECEMBER 2020**

(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
 (Convenience translation of a report and financial statements originally issued in Turkish)

	Notes	Current Period	Prior Period
		Audited	Audited
		1 January - 31 December 2020	1 January - 31 December 2019
Revenue	3, 27	28.288.875	23.657.108
Cost of sales (-)	28	(15.105.955)	(12.298.492)
Gross profit		13.182.920	11.358.616
General administrative expenses (-)	28	(2.320.713)	(2.147.447)
Marketing, sales and distribution expenses (-)	28	(3.038.792)	(2.670.891)
Research and development expenses (-)	28	(247.105)	(166.491)
Other operating income	30	478.566	385.391
Other operating expense (-)	30	(591.362)	(510.759)
Operating profit		7.463.514	6.248.419
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9, net		(278.652)	(192.525)
Investment activity income	31	377.848	214.111
Investment activity expenses (-)	31	-	(1.545)
Profit before financing expense		7.562.710	6.268.460
Finance income	32	998.337	855.042
Finance costs (-)	32	(4.759.106)	(4.388.744)
Profit from continuing operations, before tax	3	3.801.941	2.734.758
Tax (expense)/income, continuing operations			
- Current period tax expense	33	(373.748)	(205.975)
- Deferred tax (expense)/income	11, 33	(250.320)	(122.000)
Profit for the year		3.177.873	2.406.783
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	22	0,9080	0,6877
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	22	0,9080	0,6877

The accompanying notes form an integral part of these consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2020**

(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
 (Convenience translation of a report and financial statements originally issued in Turkish)

	Notes	Current Period	Prior Period
		Audited	Audited
		1 January - 31 December 2020	1 January - 31 December 2019
Profit for the period		3.177.873	2.406.783
Other comprehensive income/expense			
Other comprehensive income that will not be reclassified to profit or loss		235.972	(193.850)
Gain from revaluation of property, plant and equipments, net	19	460.035	76.021
Losses on remeasurements of defined benefit plans	21	(111.790)	(79.715)
Change in fair value of financial liability attributable to change in credit risk of liability		(110.829)	(247.089)
Tax effect of other comprehensive income items not to be reclassified to profit or loss			
- Taxes relating to remeasurements of defined benefit plans	11	21.980	15.455
- Tax effect of revaluation of property, plant and equipment	11	(45.590)	(7.940)
- Taxes relating to change in fair value of financial liability attributable to change in credit risk of liability	11	22.166	49.418
Other comprehensive income that will be reclassified to profit or loss		(217.672)	(223.683)
Exchange differences on translation		249.684	54.144
Gains/(losses) on cash flow hedges		147.745	(316.852)
Gains/(losses) on hedges of net investments in foreign operations		(236.940)	(66.872)
Gains/(losses) on change in value of time value of options		(495.000)	36.441
Tax effect on other comprehensive income items to be reclassified to profit or loss			
- Taxes relating to cash flow hedges	11	(29.549)	63.370
- Taxes relating to losses on hedges of net investments in foreign operations	11	47.388	13.374
- Taxes relating to change in value of time value of options of other comprehensive (loss)/income	11	99.000	(7.288)
Other comprehensive (loss)/income		18.300	(417.533)
Total comprehensive income		3.196.173	1.989.250

The accompanying notes form an integral part of these consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
(Convenience translation of a report and financial statements originally issued in Turkish)

	Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss							Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss					Retained earnings/(losses)		Total Equity
	Issued capital	Inflation adjustments on capital	Share based payments	Other reserves	Gains/(losses) on revaluation and re-measurement		Gains/(losses) due to change in fair value of financial liability attributable to change in credit risk of liability	Gains/(losses) on hedge			Restricted reserves appropriated from profits	Prior years' profit or losses	Current period net profit		
					Increases on revaluation of property, plant and equipment	Losses on remeasurements of defined benefit plans		Gains/(losses) on hedges of net investment in foreign operations	Gains/(losses) on cash flow hedges	Change in value of time value of options				Exchange differences on translation	
Balance at 1 January 2019	3.500.000	(239.752)	9.528	(1.320.942)	4.283.816	(628.350)	64.852	(350.099)	(185.382)	(351.007)	417.238	2.355.969	1.288.993	(1.391.261)	7.453.603
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	(1.391.261)	1.391.261	-
Total comprehensive income	-	-	-	-	68.081	(64.260)	(197.671)	(53.498)	(253.482)	29.153	54.144	-	-	2.406.783	1.989.250
<i>Profit for period</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	2.406.783	2.406.783
<i>Other comprehensive income</i>	-	-	-	-	68.081	(64.260)	(197.671)	(53.498)	(253.482)	29.153	54.144	-	-	-	(417.533)
Balance at 31 December 2019	3.500.000	(239.752)	9.528	(1.320.942)	4.351.897	(692.610)	(132.819)	(403.597)	(438.864)	(321.854)	471.382	2.355.969	(102.268)	2.406.783	9.442.853
Balance at 1 January 2020	3.500.000	(239.752)	9.528	(1.320.942)	4.351.897	(692.610)	(132.819)	(403.597)	(438.864)	(321.854)	471.382	2.355.969	(102.268)	2.406.783	9.442.853
Transfers	-	-	-	-	-	-	-	-	-	-	-	42.665	2.364.118	(2.406.783)	-
Total comprehensive income	-	-	-	-	414.445	(89.810)	(88.663)	(189.552)	118.196	(396.000)	249.684	-	-	3.177.873	3.196.173
<i>Profit for period</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	3.177.873	3.177.873
<i>Other comprehensive income</i>	-	-	-	-	414.445	(89.810)	(88.663)	(189.552)	118.196	(396.000)	249.684	-	-	-	18.300
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-	(601.650)	-	(601.650)
Transfer of gains/(losses) due to change in fair value of financial liability attributable to change in credit risk of liability fund to accumulated comprehensive income	-	-	-	-	-	-	132.735	-	-	-	-	-	(132.735)	-	-
Transfer of share based payments reserve to retained earnings	-	-	(9.528)	-	-	-	-	-	-	-	-	-	9.528	-	-
Balance at 31 December 2020	3.500.000	(239.752)	-	(1.320.942)	4.766.342	(782.420)	(88.747)	(593.149)	(320.668)	(717.854)	721.066	2.398.634	1.536.993	3.177.873	12.037.376

The accompanying notes form an integral part of these consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2020**

(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
 (Convenience translation of a report and financial statements originally issued in Turkish)

	Notes	Current Period	Prior Period
		Audited	Audited
		1 January - 31 December 2020	1 January - 31 December 2019
Net profit for the period		3.177.873	2.406.783
Adjustments to reconcile profit			
Adjustments for depreciation and amortisation expense	29	5.318.992	4.715.985
Adjustments for impairment loss/(reversal of impairment loss)			
- Adjustments for impairment loss of receivables		269.577	253.964
- Adjustments for impairment loss of inventories		7.316	(3.867)
- Adjustments for impairment loss of property, plant and equipment	29	56.292	29.981
- Other adjustments for impairment loss (reversal of impairment loss)		9.075	(63.642)
Adjustments for provisions			
- Adjustments for (reversal of) provisions related with employee benefits	21	480.329	474.766
- Adjustments for (reversal of) lawsuit and/or penalty provisions	21	57.923	51.597
- Adjustments for (reversal of) other provisions	21	177	162
Adjustments for interest expenses and income			
- Adjustments for interest income		(251.869)	(360.169)
- Adjustments for interest expense		2.301.261	2.280.196
- Deferred financial expenses from credit purchases		72.353	55.761
Adjustments for unrealised foreign exchange losses		2.039.315	1.612.395
Adjustments for fair value losses/(gains)			
- Adjustments for fair value (gains)/losses on derivative financial instruments	32	141.001	308.506
- Adjustments for fair value losses/(gains) of issued financial instruments		(399)	141.109
Adjustments for tax expense/(income)	33	624.068	327.975
Adjustments for losses/(gains) on disposal of non-current assets			
- Adjustments for gains arised from sale of tangible assets	31	(377.848)	(212.566)
Other adjustments for which cash effects are investing or financing cash flow		81.056	72.511
Other adjustments for non-cash items	25	(212.258)	(117.704)
Operating profit before working capital changes		13.794.234	11.973.743
Changes in working capital			
Adjustments for (increase)/decrease in trade receivables			
- (Increase)/decrease in trade receivables from related parties		(3.541)	(1.304)
- (Increase)/decrease in trade receivables from unrelated parties		(772.902)	(982.508)
Adjustments for (increase)/decrease in inventories		(4.240)	677
Adjustments for increase/(decrease) in trade payable			
- Increase/(decrease) in trade payables to related parties		(87)	(23)
- Increase/(decrease) in trade payables to unrelated parties		1.028.656	533.619
Adjustments for (increase)/decrease in other receivables related with operations			
- (Increase)/decrease in other unrelated party receivables related with operations		76.642	(41.742)
Adjustments for increase/(decrease) in other operating payables related with operations			
- Increase/(decrease) in other payables related with operations to unrelated parties		238.220	68.477
Cash flow from operations			
Interest received		124.903	150.780
Payments related with provisions for employee benefits	21	(380.203)	(423.724)
Payments related with other provisions	21	(128.077)	(6.404)
Income taxes paid		(225.685)	(156.928)
Other inflows of cash	25	(109.402)	68.032
Net cash generated from operating activities		13.638.518	11.182.695

The accompanying notes form an integral part of these consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
 (Convenience translation of a report and financial statements originally issued in Turkish)

	Notes	Current Period	Prior Period
		Audited	Audited
		1 January - 31 December 2020	1 January - 31 December 2019
Cash flows used in investing activities			
Cash outflows arising from capital advance payments to associates and/or joint ventures	14	(3.263)	(2.698)
Cash outflows from purchase of additional shares of subsidiaries		(205.000)	(205.000)
Proceeds from sale of property, plant, equipment and intangible assets			
- Proceeds from sales of property, plant and equipment		407.862	346.579
Purchases of property, plant, equipment and intangible assets			
- Purchase of property, plant and equipment		(3.045.870)	(2.314.843)
- Purchase of intangible assets		(3.916.197)	(2.630.700)
Net cash used in investing activities		(6.762.468)	(4.806.662)
Cash flows from financing activities			
Proceed from borrowings			
- Proceeds from loans		3.248.316	1.519.235
- Proceeds from issued debt instruments		150.000	2.623.982
Repayments of borrowings			
- Loan repayments		(7.920.581)	(4.523.608)
- Payment of issued of debt instruments		-	(3.059.616)
Payments of lease liabilities, net	25	(865.728)	(788.732)
Cash inflows/(outflows) from derivative instruments, net	25	977.277	220.164
Dividends paid	22	(601.650)	-
Interest paid		(2.063.049)	(2.029.859)
Interest received		126.966	209.389
Other cash outflows, net	25	(81.056)	(72.471)
Net cash used in financing activities		(7.029.505)	(5.901.516)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		(153.455)	474.517
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES IN CASH AND CASH EQUIVALENTS		105.914	45.049
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		4.417.658	3.898.092
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	4.370.117	4.417.658

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
(Convenience translation of a report and financial statements originally issued in Turkish)

1. REPORTING ENTITY

Türk Telekomünikasyon Anonim Şirketi ("Türk Telekom" or "the Company") is a joint stock company incorporated in Turkey. The Company has its history in the Posthane-i Amirane (Department of Post Office) which was originally established as a Ministry on 23 October 1840. On 4 February 1924, under the Telephone and Telegraph, the authorization to install and operate telephone networks throughout Turkey was given to the General Directorate of Post, Telegraph and Telephone ("PTT"). The Company was founded on 24 April 1995 as a result of the split of the telecommunication and postal services formerly carried out by the PTT. All of the personnel, assets and obligations of the PTT pertaining to telecommunication services were transferred to the Company, the shares of which were fully owned by the Republic of Turkey Ministry of Treasury and Finance ("the Treasury").

On 24 August 2005, Oger Telekomünikasyon A.Ş. ("OTAŞ"), entered into a Share Sale Agreement with the Turkey's Privatization Authority for the purchase of a 55% stake in the Company. A Shareholders Agreement and a Share Pledge Agreement for the block sale of the Company were signed on 14 November 2005 and then after, OTAŞ became the parent company of the Company.

Out of TL 3.500.000 nominal amount of capital, 15% of the Company's shares owned by the Treasury corresponding to a nominal amount of TL 525.000 have been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on 15 May 2008. Since then Company shares are traded in Borsa Istanbul with the name of TTKOM.

As per the regulatory disclosure made by Türk Telekom on 15 August 2018, within the scope of the process, which is carried out in relation to takeover of OTAŞ's 55% shares in our Company, Türk Telekom, by a special purpose vehicle ("SPV"), which the creditor banks of OTAŞ will be shareholders, a notification was made to our company by some of the creditor banks.

Transfer of the Group A shares, which constitutes 55% of the Company's capital, to the afore-mentioned SPV, LYY Telekomünikasyon A.Ş. ("LYY") as of 21 December 2018 has been notified to the Company in accordance with Article 198 of the Turkish Commercial Code. Pursuant to Article 499 of the Turkish Commercial Code, LYY has been registered as a new shareholder in the Company's shareholders' ledger.

As at 31 December 2020, the parent company and controlling party of the Company is LYY Telekomünikasyon A.Ş.

A concession agreement ("the Concession Agreement") was signed by the Company and Turkish Telecommunication Authority (now named the Information and Communication Technologies Authority ("ICTA") as at 14 November 2005. The Concession Agreement covers the provision of all kinds of telecommunication services, establishment of necessary telecommunications facilities and the use of such facilities by other licensed operators and the marketing and supply of telecommunication services for 25 years starting from 28 February 2001. The Concession Agreement will terminate on 28 February 2026 and in the conditions where the Concession Agreement is expired or not renewed, the Company shall transfer all equipment that affects the operation of its systems in full working order and the real estates in its use where these equipment are deployed to the ICTA or to an institution designated by the ICTA.

The Concession Agreement will expire at the end of its time period. However, the Company may apply to the ICTA and request for extension thereof no later than 1 year prior to the expiry of the duration of the Concession Agreement. The ICTA may decide to renew the Concession Agreement at the latest before 180 days of the date of expiration taking into account new conditions and within the scope of the legislation and the regulations of the ICTA.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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1. REPORTING ENTITY (CONTINUED)

The details of the Company's subsidiaries as at 31 December 2020 and 31 December 2019 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Effective ownership of the Company (%)		
			Functional Currency	31 December 2020	31 December 2019
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet service provider	Turkish Lira	100	100
TT Mobil İletişim Hizmetleri A.Ş. ("TT Mobil")	Turkey	GSM operator	Turkish Lira	100	100
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunication solutions	Turkish Lira		
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunication solutions	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssistTT")	Turkey	Call center and customer relations	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Web Based Learning	Turkish Lira	100	100
NETSIA Inc.	USA	Telecommunications solutions	U.S. Dollar	100	100
Sebit LLC	USA	Web based learning	U.S. Dollar	100	100
TT International Holding B.V. ("TT International") ^(*)	Netherlands	Holding company	Euro	100	100
Türk Telekom International AT GmbH ("TTINT Austria") ^(*)	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro		
Türk Telekom International Hu Kft (TTINT Hungary) ^(*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euoweb Romania SA. ("TTINT Romania") ^(*)	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Bulgaria EODD ("TTINT Bulgaria") ^(*)	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International CZ s.r.o ("TTINT Czech Republic") ^(*)	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SRB d.o.o ("TTINT Serbia") ^(*)	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telekomunikacije d.o.o. ("TTINT Slovenia") ^(*)	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SK s.r.o ("TTINT Slovakia") ^(*)	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TT International Telekomünikasyon Sanayi ve Ticaret Limited Şirketi ("TTINT Turkey") ^(*)	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International UA LLC ("TTINT Ukraine") ^(*)	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Italy S.R.L. (TTINT Italy) ^(*)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT International MK DOOEL ("TTINT Macedonia") ^(*)	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International RU LLC ("TTINT Russia") ^(*)	Russia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekomunikasyon Euro GmbH. in Liquidation ("TT Euro") ^(*)	Germany	Mobil service marketing	Euro	100	100
Türk Telekom International d.o.o. ^(*)	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International HK Limited ^(*)	Hong Kong	Internet/data services, infrastructure and wholesale voice services provider	H.K. Dollar	100	100
Net Ekran TV ve Medya Hiz. A.Ş. ("Net Ekran")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TTES Elektrik Tedarik Satış A.Ş. ("TTES")	Turkey	Electrical energy trading	Turkish Lira	100	100
TT Ödeme ve Elektronik Para Hizmetleri A.Ş.	Turkey	Mobile finance	Turkish Lira	100	100
Net Ekran1 TV ve Medya Hiz. A.Ş. ("Net Ekran1")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran2 TV ve Medya Hiz. A.Ş. ("Net Ekran2")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran3 TV ve Medya Hiz. A.Ş. ("Net Ekran3")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran4 TV ve Medya Hiz. A.Ş. ("Net Ekran4")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran5 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran5") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran6 TV ve Medya Hiz. A.Ş. ("Net Ekran6")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran7 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran7") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran8 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran8") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran9 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran9") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran10 TV ve Medya Hiz. A.Ş. ("Net Ekran10")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran11 TV ve Medya Hiz. A.Ş. ("Net Ekran11")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran12 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran12") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran13 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran13") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran14 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran14") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran15 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran15") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
Net Ekran16 TV ve Medya Hiz. A.Ş. in Liquidation ("Net Ekran16") ^(**)	Turkey	Television and radio broadcasting	Turkish Lira	-	100
11818 Rehberlik ve Müşteri Hizmetleri A.Ş. in Liquidation ("11818")	Turkey	Call center and customer relations	Turkish Lira	100	100
TT Satış ve Dağıtım Hizmetleri Anonim Şirketi	Turkey	Selling and Distribution Services	Turkish Lira	100	100
TT Ventures Proje Geliştirme A.Ş.	Turkey	Corporate Venture Capital	Turkish Lira	100	100
TT Destek Hizmetleri A.Ş. ^(**)	Turkey	Provider of combined facilities support activities	Turkish Lira	100	-

^(*) Hereinafter, will be referred as TTINT Group.

^(**) On 16 January 2020, the Company established a new subsidiary in Turkey named TT Destek Hizmetleri A.Ş. to provide combined facilities support activities.

^(***) Net Ekran 5,7,8,9,12,13,14,15,16 TV ve Medya Hiz. A.Ş. in Liquidation was dissolved on 8 December 2020.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Convenience translation of a report and financial statements originally issued in Turkish)**1. REPORTING ENTITY (CONTINUED)**

The details of the Company's joint operation as at 31 December 2020 and 31 December 2019 are as follows:

Name of Joint Operation	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 December 2020	31 December 2019
TT Mobil-Vodafone Evrensel İş Ortaklığı	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	51	51

Hereinafter, Türk Telekom and its subsidiaries and joint operations together will be referred to as "the Group".

The Group's principal activities include the provision of local, national, international and mobile telecommunication services, internet products and services, as well as call center and customer relationship management, technology and information management.

The Company's registered office address is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara.

The number of personnel subject to collective agreement as at 31 December 2020 is 10.063 (31 December 2019: 10.211) and the number of personnel not subject to collective agreement as at 31 December 2020 is 24.685 (31 December 2019: 21.969). The total number of personnel as at 31 December 2020 and 31 December 2019 are 34.748 and 32.180, respectively.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**2.1 Basis of presentation of the consolidated financial statements****a) Statement of compliance with TAS**

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

Approval of the financial statements:

The consolidated financial statements are approved by the Company's Board of Directors on 3 February 2021.

b) Correction of financial statements during the hyperinflationary periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since 1 January 2005.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment other than lands and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies", lands, derivative financial instruments, issued debt instruments which have been measured at fair value through profit or loss. Investment properties and tangible assets other than lands which are recognized with deemed cost method are valued with fair values as of 1 January 2000, lands accounted as property, plant and equipment, derivative financial instruments and issued debt instruments which have been measured at fair value through profit or loss, are valued with fair values as of balance sheet date. The methods used in fair value measurement are also specified in note 2.3 (t).

d) Functional and presentation currency

Excluding the subsidiaries incorporated outside of Turkey, functional currency of all entities' included in consolidation is Turkish Lira ("TL") and they maintain their books of account in TL in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Functional currencies of the subsidiaries and Company's joint operation are presented in Note 1.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA and are presented in TL.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)
(Convenience translation of a report and financial statements originally issued in Turkish)**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)****2.1 Basis of presentation of the consolidated financial statements (continued)****Additional paragraph for convenience translation to English:**

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

2.2 Basis of consolidation

The accompanying financial statements include the accounts of the parent company Türk Telekom; its subsidiaries and joint operation. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

a) Subsidiaries

As at 31 December 2020, the consolidated financial statements include the financial results of Türk Telekom and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

Control is normally evidenced when the Company controls an investee if and only if the Company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement in the investee and c) the ability to use its power over the investee to affect the amount of company's returns. The results of subsidiaries acquired are included in the consolidated statements of income from the effective date of acquisition as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.

b) Business combinations

From 1 January 2010 the Group has applied revised TFRS 3 "Business Combinations" standard. The change in accounting policy has been applied prospectively and had no effect on business combinations completed during prior periods.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer.

The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Acquired assets and liabilities and contingent liabilities assumed according to TFRS 3 are recognized at fair values on the date of the acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from the combination date.

c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Foreign currency differences arising on translation of foreign currency transactions are recognized in the income statement, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognized in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to reporting currency at average exchange rates in the related periods.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity.

The Group entities use USD, EUR or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been remeasured to the related functional currencies. The Group uses TL as the reporting currency.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated to the unit of currency effective at the reporting date until 1 January 2005. As stated above, with the resolution dated 17 March 2005 to end the hyperinflation accounting for the periods starting after 31 December 2004, TL is not assessed as a currency of a hyperinflationary economy effective from 1 January 2005.

The foreign currency exchange rates as of the related periods are as follows:

	Average		Period end	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
EUR/TL	8,0140	6,3480	9,0079	6,6506
USD/TL	7,0034	5,6711	7,3405	5,9402

iii) Hedge of net investment in a foreign operation

The Company acquires foreign currency bank loans in order to hedge its net investment in a foreign operation. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is reclassified to other comprehensive income. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan reclassified to other comprehensive income will be transferred to profit and loss in case of disposal. Tax effects of foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is recognized under other comprehensive income as well.

2.3 Summary of significant accounting policies

a) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI - equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group holds 6,84% of shares of Cetel as equity investment and has elected to present changes in fair value of Cetel in other comprehensive income. Cost of Cetel is used as a measure for its fair value since management has insufficient more recent information to measure fair value.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (Note 15) and equity investments measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Trade receivables and other receivables meet solely payments of principal and interest test since principal is the present value of the expected cash flows. Those receivables are managed in line with the held to collect business model.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	Financial assets at FVTPL are comprised of derivatives. These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.
Financial assets at amortized cost	Financial assets at amortized cost are comprised of cash and cash equivalents, trade receivables, other receivables and other assets. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FVTPL	Equity investments at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Equity investments at FVOCI	Equity investments at FVOCI include the Group's 6,84% of share of Cetel. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL except for derivatives and issued debt instruments.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities

The Group initially recognized debt securities issued and subordinated liabilities on the date that they were originated. All other financial liabilities were recognized initially on the trade date, which was the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classified non-derivative financial liabilities into the other financial liabilities category except for issued debt instruments. Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method.

Other financial liabilities were comprised of loans, trade and other payables, payables to related parties and other payables.

The amount of change in the fair value of the issued debt instruments at FVTPL that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income and the remaining amount of change in the fair value is recognized in profit or loss.

Trade payables were payables to third parties in relation to their capacity as suppliers. Payables stemming from transactions with parties that were not suppliers or customers which were not classified as trade payables and were not a result of financing operations were recognized as other payables.

When a financial instrument gave rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that were potentially unfavorable, it was classified as a financial liability. The instrument was equity instrument if, the following were met:

- a) The instrument included no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that were potentially unfavorable to the Group.
- b) If the instrument would or might be settled in the Group's own equity instruments, it was a non-derivative that included no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that would be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

iii. Derecognition

Financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. *Classification and subsequent measurement (continued)*

iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. *Impairment*

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- contract assets (as defined in TFRS 15).
- Under TFRS 9, loss allowances are measured on either of the following bases:
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument; and
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

v. *Impairment (continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss. Impairment losses on other financial assets are presented under 'general administrative expenses', similar to the presentation under TAS 39, and not presented separately in the consolidated statement of profit or loss due to materiality considerations.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

vi. Derivative financial instruments

Cash flow hedges

The Group has adopted TFRS 9 *Financial Instruments*, replacing TAS 39 in accordance with the risk management strategy and objectives as of 1 July 2018. The high-level aim of the new hedge accounting model is that financial reporting will reflect more accurately how an entity manages its risk and the extent to which hedging mitigates those risks. Specifically, the new model aims to provide a better link between an entity's risk management strategy, the rationale for hedging and the impact of hedging on the financial statements.

The Group enters into participating cross currency swap transactions in order to hedge the changes in cash flows of floating and fixed rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "other comprehensive income/expense items to be reclassified to profit or loss" in equity, and the ineffective portion is recognized in profit or loss. The changes recognized in equity is removed and included in profit or loss in the same period when the hedged cash flows effect the profit or loss. In addition, time value of options included in participating cross currency swaps are accounted for cost of hedging and recognized under other comprehensive income.

Under IFRS 9, a hedging relationship is discontinued in its entirety when as a whole it ceases to meet the qualifying criteria after considering the rebalancing of the hedging relationship. Voluntary discontinuation when the qualifying criteria are met is prohibited. Hedge accounting is discontinued when the risk management objective for the hedging relationship has changed, the hedging instrument expires or is sold, terminated or exercised, there is no longer an economic relationship between the hedged item and hedging instrument or when the effect of credit risk starts dominating the value changes that result from the economic relationship.

When the Group discontinues hedge accounting for a cash flow hedge it shall account for the amount that has been accumulated in the cash flow hedge reserve in accordance as follows;

- if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur.
- if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur. The amount recognized in OCI prior discontinuation will be reclassified from OCI to Profit and Loss, in accordance with the contractual cash flow of the hedged item.

The new hedge effectiveness testing model is prospective only and can be qualitative, depending on the complexity of the hedge. Effectiveness range 80%-125% in TAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relation.

b) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment ("PPE") of the Group other than lands is carried at cost less accumulated depreciation and any accumulated impairment losses. The Group elected to measure property, plant and equipment of the Company on a deemed cost basis in the first period of application of TAS 29 "Financial Reporting in Hyper Inflationary Economy" since detailed records of the acquisition date and costs of items of PPE were not available for the Company prior to 1 January 2000. The deemed cost values for buildings as at 1 January 2000 were appraised by CMB licensed real-estate valuation companies. The network equipment and vehicles values were appraised by Detecon International GmbH (a subsidiary of Deutsche Telecom AG). Other than the PPE for which cost was determined on a deemed cost basis, the cost of PPE generally comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. PPE that are recognized at deemed cost basis or at cost are restated for the effects of inflation until 31 December 2004 in accordance with TAS 29.

Lands accounted as property, plant and equipment are measured at revalued amount. Revalued amount for lands is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed in regular intervals depending on the changes in fair values of the items of lands being revalued. The increase in carrying amount of lands as a result of revaluation is recognized in components of other comprehensive income component. When land's carrying amount declines as a result of a revaluation, this declined amount is recognized in profit or loss. However, the decline shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus. Thus, the relevant decline reduces the accumulated amount in equity under the heading of revaluation surplus.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

b) Property, plant and equipment (continued)

i) Recognition and measurement (continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor costs are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognized net within "income/(expense) from investing activities" in profit or loss.

ii) Subsequent cost

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statement of profit/(loss) as incurred.

iii) Depreciation

Depreciation is calculated effective from purchase or replacement date to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Land is not depreciated.

Useful lives of property, plant and equipment are as follows:

<u>Property plant and equipment</u>	<u>Useful life (years)</u>
Buildings	21-50 years
Outside plant	5-21 years
Transmission equipment	5-21 years
Switching equipment	5-8 years
Data networks	3-10 years
Vehicles	5 years
Furniture and fixtures	3-5 years
Set-top box and satellite receiver	4 years
Other property, plant and equipment	2-8 years

Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The remaining useful lives of the PPE of the Company are limited to the concession periods. Considering the Concession Agreement the remaining useful lives of tangible fixed assets are 6 years at the most.

Leased assets are depreciated by the same method used for property and equipment over the shorter of the lease term and their useful lives.

c) Intangible assets

i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

c) Intangible assets (continued)

i) Goodwill (continued)

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the consolidated income statement during the year when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. The Group does not have any intangible assets with infinite useful lives. Intangible assets with finite lives are amortized on a straight line basis over the shorter of their useful economic lives or remaining concession period. Whenever there is an indication that the intangible asset may be impaired it is assessed for impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed each financial year end at least.

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement. The amortization periods for intangible assets are between 3 and 25 years. The remaining useful lives of the intangible items are limited to the concession period. Considering the Concession Agreement, the remaining useful lives of intangible assets are 6 years at the most.

iii) Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Impairment test is performed periodically in order to identify whether there is any impairment in the development stage. After initial recognition, development costs are recognized at cost less amortization and impairment. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Periodic impairment tests are applied to the assets in order to foresee any probable impairment on the assets in the period that they are not ready for utilization yet.

iv) TV contents

Rights to feature contents such as films, TV shows etc. acquired under license agreements along with related obligations are recorded at the contract value when a license agreement is executed or the license period has begun. The amounts recognized are amortized on the licensing period or a per play basis over the licensing period. To the extent that it is determined that the content has no future programming usefulness and will no longer be exploited, the unamortized cost of the content is written off.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

d) Investment properties

Investment properties, which are properties held to earn rent and/or for capital appreciation are measured initially at cost plus all direct transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. The Group decided to measure investment property on a deemed cost basis in the first period of application of TAS 29, since detailed records of the acquisition date and costs of items of investment property were not available prior to 1 January 2000 and restated these deemed cost basis for the effects of inflation until 31 December 2004.

Investment properties are transferred from/to property, plant and equipment when their utilization purpose is changed. When investment properties are disposed, the difference between sales revenue and the carrying amount is charged to the consolidated income statement.

Market values of the investment properties at 1 January 2000 were determined by CMB licensed independent real-estate appraisers. Following initial recognition, investment properties are carried at costs less any accumulated amortization and any accumulated impairment losses.

Depreciation is charged to investment properties excluding land, over their estimated useful economic lives, using the straight-line method. The useful lives of buildings that are owned by the Group range between 15 - 50 years. The remaining useful life of the investment property is limited by the concession agreement, except for the exception of the concession agreement. When considering the Concession agreement the remaining useful lives of investment property is 6 years at the most.

e) Assets held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or the group of assets held for sale) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable management must be committed to a plan to sell the asset (or the group of assets held for sale) and an active program to set the buyers and complete the plan must have been initiated. Furthermore, the asset (or the group of assets held for sale) must be actively marketed for sale at a price that is reasonable in relation to its fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

In case the period to complete sale of assets is extended due to circumstances which are not under the control of the Group, the assets will continue to be classified as assets held for sale provided that the Group has still an active sales program.

The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate a non-current asset when it is classified as held for sale and the gain or loss arising from the sale of the assets is classified at income/expense from investing activities accounts.

f) Leases

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4. The details of accounting policies under TAS 17 and TFRS Interpretation 4 are disclosed separately.

g) Inventory

Inventories are recognized at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value is the less marketing, selling and other various expenses to be incurred in order to realize sale.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

h) Impairment

Non-financial assets

Property, plant and equipment

At each balance sheet date, the Group assesses whether there is an indication that any of its PPE and intangible assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated income statement.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Reserve for employee severance indemnity

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employees' service relates.

For defined benefit plans and other long-term employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The Company recognizes the service cost of the previous period as expense at the earlier of the dates below:

- The date of the change or reduction in the plan, and
- The date of the recognition of the related restructuring costs (see: TAS 37) or the benefits deriving from the termination of the employment contract,

The retirement benefit obligation recognized in consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the other comprehensive income.

j) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

k) Contingent assets and liabilities

Possible assets or obligations that arise from past events and for which their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group are treated as contingent assets or liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements.

A contingent asset is disclosed in consolidated financial statements, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

l) Related parties

a) Parties are considered related to the Company if a person or a close member of that person's family is related to a reporting entity;

if that person:

- Has control or joint control over the reporting entity;
- Has significant influence over the reporting entity; or
- Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) The entity and the reporting entity are members of the same group.

- The entity and the company are members of the same group.
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

m) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

i) Fixed line revenues

Revenues from fixed-line telecommunication services like network access, local usage, domestic and international long distance and infrastructure leases are recognized on an accrual basis as services are provided.

Connection fees that are assessed as distinct are recognized as revenue. Connection fees for activities that are an improvement to or an extension of the Group's own network, rather than a transfer of goods or services to the customer are determined as not distinct and no separate revenue is recognized. For distinct connection fees in a bundle, revenue recognized is measured based on their stand-alone selling prices. The stand-alone selling prices of connection fees are estimated based on expected cost plus a margin approach. Distinct connection fees are immediately recognized as revenue when connection services are provided and the cost of connection is also recognized immediately as an expense.

Revenues from sale of indefeasible right of use contracts, which are long term capacity/line rental arrangements, are accounted over the term of the contract.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

m) Revenue (continued)

ii) Mobile revenues

Revenues generated from mobile telecommunication services such as outgoing and incoming traffic, roaming revenues, revenues from value added services and monthly fees which are recognized at the time services are rendered. With respect to prepaid outgoing revenues, the Group generally collects cash in advance by selling scratch cards to dealers and distributors. In such cases, the Group does not recognize revenues until the subscribers use the service and present such amounts under deferred revenues in the consolidated financial statements.

The Group recognizes content revenue based on the agreement between the Group and the content providers. As the Group is the primary obligor of the service, the revenue received from the subscribers is presented on gross basis and the portion paid to the content providers is recognized as operating expense.

iii) Equipment sale revenues

Revenues from sales of phone device, modem and other network equipment are recorded as revenue when control over a product or service is transferred to a customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it either on its own or together with other resources that are readily available to the customer. The consideration is allocated between distinct products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells those products and services separately. For items that are not sold separately the Group estimates stand-alone selling prices using the expected cost plus a margin approach. Equipment revenues are presented in other revenues. Cost of products and services are recognized as expense when related revenue is recognized.

iv) TV revenues

Revenues from TV subscriptions are charged to contract customers on a monthly basis. Revenues are invoiced and recorded as part of a periodic billing cycle, and are recognized as the services are provided. Pay-per-view revenue is recognized when the movie is rented. Advertising revenue is recognized as the commercials are aired.

v) Subscriber acquisition costs

Subscriber acquisition costs include commissions and premiums incurred for acquisition and retention of subscribers.

The Group capitalizes these commission and premiums as incremental costs of obtaining a contract with a customer and if they are expected to be recovered. Subscriber acquisition costs are amortized consistently during the subscriber life cycle and subscriber retention costs are amortized consistently during the renewal period and amortization expense is recognized in marketing, sales and distribution expenses.

vi) Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

Indefeasible right of use ("IRU") contracts of the Group are adjusted for significant financing component. For bundled contracts where the control of equipment is transferred to the customer upfront but collection is made in installments, no significant financing component is recognized based on materiality considerations.

n) Income from investing activities and expense from investing activities

Income from investing activities are comprised of incomes from scrap and property, plant and equipment sales.

Expense from investing activities are comprised of loss on sales of property, plant and equipment sales.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

o) Financial income and financial expenses

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- transaction cost;
- coupon payments of bond;
- gains and losses on hedging instruments recognized in profit or loss;
- foreign currency gains or losses on financial assets and financial liabilities.

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

Rediscount, interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Accounting for significant financing component is disclosed in detail in Note 2.4.(m).

p) Earnings per share

Earnings per share is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

r) Taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statement of profit/(loss) except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

i) Current tax

Current tax is comprised of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Prepaid corporation taxes and corporate tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

r) Taxes (continued)

ii) *Deferred tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group's able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Company and the other consolidated subsidiaries have reflected their deferred tax asset and liabilities by netting their individual balances; however, there is no netting on a consolidation basis. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii) *Tax exposures*

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

t) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) *Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined at initial recognition and at the end of each reporting period for disclosure purposes.

ii) *Derivatives*

The fair value of interest rate swaps and forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

t) Determination of fair values (continued)

iii) *Issued debt instruments*

The fair values of issued debt instruments are measured by using quoted market price at the date of valuation.

iv) *Other non-derivative financial liabilities*

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

v) *Lands*

Lands accounted as property, plant and equipment are measured at revalued amount. Revalued amount for lands is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Standards issued but not yet effective and not early adopted as of 31 December 2020

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however, the Group has not early adopted are as follows.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

Standards issued but not yet effective and not early adopted as of 31 December 2020 (continued)

Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations.

The amendments updated TFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Onerous Contracts Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts Cost of Fulfilling a Contract, which made amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Annual Improvements to TFRS Standards 2018-2020

Improvements to TFRSs

IASB issued Annual Improvements to TFRSs 2018-2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent - i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRS Standards. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Summary of significant accounting policies (continued)

Annual Improvements to TFRS Standards 2018-2020 (continued)

Improvements to TFRSs (continued)

TFRS 9 Financial Instruments

This amendment clarifies that - for the purpose of performing the "10 per cent test" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

TFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

IBOR Reform and its Effects on Financial Reporting Phase 2

In August 2020, IASB issued amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- applying TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022

The changes that become effective as of January 1, 2020 are as follows:

- 1) The revised Conceptual Framework (Version 2018)
- 2) Amendments to TFRS 3 - Definition of a Business

The application of the amendment in TFRS 3 did not have a significant impact on the consolidated financial statements of the Group.

- 3) Amendments to TAS 1 and TAS 8 - Definition of Material

The application of the amendment to TAS 1 and TAS 8 does not have a significant impact on the consolidated financial statements of the Group.

- 4) Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The application of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

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(Convenience translation of a report and financial statements originally issued in Turkish)**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)****2.4 Significant accounting assessments, estimates and assumptions**

In the process of applying the Group's accounting policies, the management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (excluding those involving estimations).

i) *Operating Lease Commitments - Group as Lessor:* The Company has entered into a cross-occupation agreement with PTT. The Group has determined that it retains all the significant risks and rewards of ownership of its properties subject to the agreement which are leased out on operating leases.

ii) *Income from Sales Campaign:* Group makes sales campaigns with suppliers under which they bundle telecommunication services with equipment supplied by the suppliers. The Group management accounts bundled offers as an agent if the sale transaction satisfies the below conditions:

- Group, has no inventory risk.
- Group has no responsibility on technical qualifications of equipment delivered to customers and responsibility after sale belongs to supplier.
- Group does not make any modification on the equipment.
- Group earns either a fixed rate of commission or zero profit on the transaction.

iii) *Prepaid Card Sales Agent - Principal Analysis:* Since TT Mobil is primarily responsible for providing the service, has credit and inventory risk and determinant in setting prices; starting from April 2010, TT Mobil recognizes prepaid card incomes on a gross basis.

iv) *Commission income:* The Group renders intermediary collection services regarding handsets sold by the distributors at the Group exclusive sale channels. Accordingly, the arrangement with the customer includes both handset principal amount and GSM services. Total considerations have been collected from the customers with up to 24 month installments via GSM bills where each benefit is clearly identifiable and separable. The Group does not recognize any revenues from the sale of handsets and acts as an agent since it has no control over price, nor risk on stock. However, the collection risk of handset principal amount is on the Group and the distributors collect this amount from the Group on monthly basis. Apart from the GSM revenues, since customer base and sales channels are made available to the distributors, the Group charges a commission to those distributors. This commission income is classified under other revenues and it is recognized when the handset is delivered to the customer.

v) *Content Sales:* Since TT Mobil is primarily responsible for providing the service, has credit and determinant in setting prices; TT Mobil recognizes content revenues on a gross basis.

vi) *Liabilities within the scope of vendor financing:* For capital expenditures, the Group carries out vendor financing with some of its suppliers in accordance with the agreements made with banks and those suppliers. Since the terms are not substantially different with the discounted present value of the cash flows under the new terms of the liabilities, the Group continues to classify those liabilities as trade payables.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- The Group determines whether property, plant and equipment are impaired by estimating the recoverable amount of the assets whenever there is an indication of impairment. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 16).

The estimates used by the Group in the application of TFRS Interpretation 12 are as follows:

a) The Company assesses that approximately 30% of the foreseen network investments related to the replacement of the network equipment which are reclassified to intangible assets and which are then recognized in the financial statements as intangible assets are the contractual replacements as required by the concession agreement. The Group has provided a provision amounting to TL 8.506 (31 December 2019: TL 8.329) (Note 21) in the consolidated financial statements for the foreseen contractual replacements in the future. Aforementioned provision is the present value of the contractual replacement expenses as at 31 December 2020 that will be realized in the future. Discount rate used in the provision calculation is determined as 17,0% (31 December 2019: 19,10%).

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b) In accordance with TFRS Interpretation 12, the Company has determined the cost of the investments in intangible assets recognized under the scope of TFRS Interpretation 12 by adding the profit margin, which is applied in the market for similar construction services, to the cost of acquiring the related network equipment. The estimated profit margin used in construction services provided in exchange for concession right is 13% (31 December 2019: 13%) for the year ended as of 31 December 2020. The profit margin of property, plant and equipment accounted within the scope of TFRS Interpretation 12 amounting to TL 1.846.539 (31 December 2019: TL 1.023.117) (Note 20) is TL 212.258 for the year ended as of 31 December 2020 (31 December 2019: TL 117.704) (Note 3).

- A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. With the expectation to recover certain part of its tax losses carried forward in Türk Telekom, TT Mobil and TTINT group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits. Every year, the Group re-assesses its tax loss carry forwards and if there is a material change in the deferred tax asset recognized in the consolidated financial statements, the deferred tax assets are also changed (Note 11).

c) Assumptions used in the impairment test of property, plant and equipment and intangible assets have been explained in Note 16.

- For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years. Exposures within each group were segmented based on common credit risk characteristics such as delinquency status. Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables is estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.
- Assumptions used by Company in goodwill impairment test are explained in Note 16. The Group determines the useful life of an asset by considering its future economic benefits. This evaluation is driven by the Group's previous experience on similar assets. The Group also considers useful life of the asset from technical and commercial perspectives due to changes and developments in market in order to assess whether additional impairment is required or not.

There are other estimations made by the management during the determination of provisions for litigations (Note 24).

3. SEGMENT REPORTING

The Group has two main segments; fixed line and mobile. Fixed line services are provided by Türk Telekom, TNet, Argela, Innova, Sebit, AssisTT, TTES, TT Venture, TT Destek Hizmetleri and TTINT Group whereas mobile service is provided by TTMobil. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"). Adjusted EBITDA is calculated by adjusting the operating income by i) adding income/expense from investing activities, depreciation, amortization and impairment expenses and ii) deducting exchange gains/losses, interest and rediscount income/expenses on current accounts presented in other operating income and expense. Group management uses adjusted EBITDA as it is comparable with other companies in the sector. As Group management does not monitor Group's performance over geographical segments, geographical segment reporting is not presented. The segment results and balance sheet items are presented below:

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	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 January - 31 December 2020	1 January - 31 December 2019	1 January - 31 December 2020	1 January - 31 December 2019	1 January - 31 December 2020	1 January - 31 December 2019	1 January - 31 December 2020	1 January - 31 December 2019
Revenue	20.554.774	16.358.177	9.902.043	8.956.853	(2.167.942)	(1.657.922)	28.288.875	23.657.108
Contributive revenue ⁽¹⁾	18.432.126	14.779.763	9.856.749	8.877.345	-	-	28.288.875	23.657.108
EBITDA	10.455.268	8.341.206	2.838.071	2.836.232	(56.427)	(7.534)	13.236.912	11.169.904
Contributive adjusted EBITDA ⁽²⁾	8.987.131	7.348.135	4.249.781	3.821.769	-	-	13.236.912	11.169.904
Capital expenditure ⁽³⁾	4.498.761	3.284.037	2.257.243	1.668.388	(17.045)	(12.816)	6.738.959	4.939.609

⁽¹⁾ "Contributive revenue" represents operating segments' revenues from companies other than those included in the consolidated financial statements. Group management still monitors financial performance of the segments based on their separate financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements.

⁽²⁾ "Contributive EBITDA" represents operating segments' EBITDA arose from transactions with companies other than those included in the consolidated financial statements and revised by allocation of intra-group charges for shared costs. Group management still monitors financial performance of the segments based on their separate financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements.

⁽³⁾ Capital expenditures do not include TL 212.258 (31 December 2019: TL 117.704) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

	1 January 31 December 2020	1 January 31 December 2019
Fixed line contributive EBITDA	8.987.131	7.348.135
Mobile contributive EBITDA	4.249.781	3.821.769
EBITDA	13.236.912	11.169.904

Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	143.508	152.637
Foreign exchange losses, interest income, discount income on current accounts presented in other operating expense (-)	(442.426)	(308.115)
Financial income	998.337	855.042
Financial expense (-)	(4.759.106)	(4.388.744)
Depreciation, amortisation and impairment	(5.375.284)	(4.745.966)

Consolidated profit before tax **3.801.941** **2.734.758**

31 December 2020	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	33.734.650	12.019.457	(1.031.587)	44.722.520
Total segment liabilities	(29.152.082)	(4.564.649)	1.031.587	(32.685.144)

31 December 2019	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	29.529.061	11.266.952	(886.727)	39.909.286
Total segment liabilities	(27.160.226)	(4.184.931)	878.724	(30.466.433)

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	31 December 2020	31 December 2019
Cash on hand	301	196
Cash at banks- demand deposit	747.659	663.895
Cash at banks- time deposit	4.259.967	4.281.269
Other	-	710
	5.007.927	4.946.070

As of 31 December 2020, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 5,50% and 18,75% for TL deposits, between 0,05% and 3,30% for USD deposits and between 0,85% and 2,90% for EUR deposits (31 December 2019: for TL deposits between 7,00% and 12,50%, for USD deposits between 0,10% and 3,60%, for EUR deposits between 0,05% and 1,15%).

Reconciliation of cash and cash equivalents to the statement of cash flows is as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents	5.007.927	4.946.070
Less: restricted amounts		
- Collection protocols and ATM collection	(362.378)	(298.342)
- Other	(275.432)	(230.070)
Unrestricted cash	4.370.117	4.417.658

As of 31 December 2020, demand deposits amounting to TL 362.378 is restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. As of 31 December 2020, other restricted amounts mainly consist of blocked deposits related to Türk Telekom's derivative financial instruments.

As of 31 December 2020, the Group has bank loans amounting to USD 100.000 having maturity date on 1 June 2021, USD 189.000 having maturity date on 30 March 2023 and EUR 30.000 having maturity date on 30 June 2021, which have been committed to banks and have not been utilized yet.

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5. FINANCIAL LIABILITIES

Bank borrowings

	31 December 2020			31 December 2019		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term bank loans:						
Unsecured TL bank loans with fixed interest rates	9,76	2.631.145	2.631.145	10,77	1.241.601	1.241.601
Unsecured USD bank loans with fixed interest rates	-	-	-	2,55	13.000	77.223
Unsecured Yuan bank borrowings with variable interest rates (**)	4,27	43.986	49.185	-	-	-
Interest accruals:						
Unsecured TL bank loans with fixed interest rates		102.016	102.016		2.542	2.542
Unsecured USD bank loans with fixed interest rates		-	-		20	121
Unsecured Yuan bank borrowings with variable interest rates (**)		790	884		-	-
Short-term bank loans		2.783.230			1.321.487	
Short-term portion of long-term bank loans:						
Unsecured USD bank loans with fixed interest rates	-	-	-	3,15	4.726	28.076
Unsecured USD bank loans with variable interest rates (*)	2,22	255.884	1.878.316	4,01	472.182	2.804.854
Unsecured EUR bank loans with variable interest rates (**)	0,89	99.624	897.406	1,18	263.977	1.755.608
Interest accruals of long-term bank loans:						
Unsecured USD bank loans with fixed interest rates		-	-		6	37
Unsecured USD bank loans with variable interest rates (*)		3.048	22.376		13.362	79.370
Unsecured EUR bank loans with variable interest rates (**)		430	3.874		1.025	6.817
Current portion of long-term bank loans		2.801.972			4.674.762	
Total short-term bank loans		5.585.202			5.996.249	
Long-term bank loans:						
Unsecured USD bank loans with variable interest rates (*)	2,22	508.061	3.729.425	4,01	890.624	5.290.486
Unsecured EUR bank loans with variable interest rates (**)	0,89	338.137	3.045.902	1,18	371.633	2.471.580
Total long-term bank loans		6.775.327			7.762.066	
Total bank loans		12.360.529			13.758.315	

(*) As at 31 December 2020, interest rate varies between Libor 0,54% and 2,85% (31 December 2019: Libor + 0,54% and 3,40%)

(**) As at 31 December 2020, interest rate varies between Euribor 0,25% and 2,00% (31 December 2019: Euribor + 0,25% and 2,60%)

(***) As at 31 December 2020, interest rate Shiber 2,00% (31 December 2019: Nil)

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5. FINANCIAL LIABILITIES (CONTINUED)

Bank borrowings (continued)

The contractual maturities of financial liabilities in equivalent of TL are as follows:

	31 December 2020					31 December 2019						
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	Total	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	Total
Unsecured TL bank borrowings with fixed interest rates	1.307.745	1.425.416	-	-	-	2.733.161	1.235.790	8.353	-	-	-	1.244.143
Unsecured USD bank borrowings with fixed interest rates	-	-	-	-	-	-	77.344	28.113	-	-	-	105.457
Unsecured USD bank borrowings with variable interest rates	805.564	1.095.128	2.088.376	1.616.581	24.468	5.630.117	736.470	2.147.754	1.640.768	3.409.215	240.503	8.174.710
Unsecured EUR bank borrowings with variable interest rates	36.104	865.176	829.850	1.937.276	278.776	3.947.182	28.590	1.733.835	602.137	1.290.504	578.939	4.234.005
Unsecured Yuan bank borrowings with variable interest rates	850	49.219	-	-	-	50.069	-	-	-	-	-	-
	2.150.263	3.434.939	2.918.226	3.553.857	303.244	12.360.529	2.078.194	3.918.055	2.242.905	4.699.719	819.442	13.758.315

Issued debt instruments

	31 December 2020			31 December 2019		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Interest accruals of short-term portion of long-term issued debt instruments:						
TL issued debt instruments with variable interest rates		1.308	1.308		-	-
USD issued debt instruments with fixed interest rates		13.146	96.500		12.216	72.568
Short-term issued debt instruments			97.808			72.568
Long-term issued debt instruments:						
TL issued debt instruments with variable interest rates	17,44	149.711	149.711	-	-	-
USD issued debt instruments with fixed interest rates	5,88	992.965	7.288.858	5,88	978.336	5.811.511
Long-term issued debt instruments		7.438.569			5.811.511	
Total issued debt instruments			7.536.377			5.884.079

The sales process of the bond issuances amounted to USD 500.000 with 6 years of maturity, and 6,875% coupon rate based on 7% reoffer yield was completed on February 28th, 2019. The bonds are now quoted at Irish Stock Exchange.

The sales process of the bond issuances amounted to USD 500.000 with 10 years of maturity, and 4,875% coupon rate based on 4,982% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

The sales processes of the bond issuances amounted to TL 150.000 with 402-day of maturity and interest rate 1,75% over the BIST TL overnight interest rate (TLREF Index) was completed on December 14th, 2020. The issuance was advised by Ak Yatırım Menkul Değerler A.Ş.

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5. FINANCIAL LIABILITIES (CONTINUED)

The contractual maturities of issued long term issued debt instruments in equivalent of TL are as follows:

	31 December 2020					31 December 2019				
	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
TL issued debt instruments with variable interest rates	1.308	-	149.711	-	151.019	-	-	-	-	-
USD issued debt instruments with fixed interest rates	96.500	-	7.288.858	-	7.385.358	72.568	-	2.876.254	2.935.257	5.884.079
	97.808	-	7.438.569	-	7.536.377	72.568	-	2.876.254	2.935.257	5.884.079

Lease liabilities

As at 31 December 2020, obligation under leases detail are as follows:

	31 December 2020				31 December 2019	
	Currency	Interest rate type	Nominal interest rate	Carrying amount	Nominal interest rate	Carrying amount
Lease liabilities	TL	Fixed	9,0% - 20,0%	1.223.002	11,0% - 22,0%	1.029.922
Lease liabilities	USD	Fixed	4,0% - 7,0%	37.198	6,0% - 7,0%	33.892
Lease liabilities	EUR	Fixed	2,5% - 4,5%	75.220	3,3% - 4,5%	73.138
Lease liabilities	Other	Fixed	3,3%	2.266	3,3%	3.809
				1.337.686		1.140.761

6. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES

Trade receivables

	31 December 2020	31 December 2019
Short-term		
Trade receivables	8.741.290	8.111.653
Other trade receivables	297.542	242.899
Contract assets	902.613	892.274
Allowance for doubtful receivables (-)	(3.754.151)	(3.490.624)
Total short-term trade receivables	6.187.294	5.756.202
Long-term		
Trade receivables	281.442	236.402
Total long-term trade receivables	281.442	236.402

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6. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES (CONTINUED)

Trade receivables (continued)

Trade receivables generally have a maturity term of 60 days on average (31 December 2019: 60 days).

The movement of the allowance for doubtful receivables is as follows:

	1 January 31 December 2020	1 January 31 December 2019
At January 1	(3.490.624)	(3.241.202)
Provision for the year, net	(259.769)	(251.434)
Change in currency translation differences	(3.758)	2.012
At 31 December	(3.754.151)	(3.490.624)

The Group waits up to 90 days before initiating legal action for overdue receivables. Based on its

previous collection performance from overdue receivables, the Company expects to make significant collections from its overdue receivables.

Receivables guaranteed of the Group are amounted to TL 152.107.

Trade payables

	31 December 2020	31 December 2019
Short-term		
Trade payables	4.841.056	3.765.591
Expense accruals	452.465	626.019
Total short-term trade payables	5.293.521	4.391.610

The average maturity term of trade payables is between 30 and 150 days (31 December 2019: 30 and 150 days).

As of 31 December 2020, short-term trade payables consists of payables within scope of supplier finance that amounting TL 1.088.089 (31 December 2019: TL 975.830).

7. RIGHT OF USE ASSETS

The carrying amounts of right-of-use assets as of 31 December 2020 are as below:

	31 December 2020	31 December 2019
Site rent	957.992	910.710
Building	179.097	198.010
Vehicles	333.132	178.155
Other	75.934	78.650
Right of use assets	1.546.155	1.365.525

As at 31 December 2020 the Group capitalized TL 909.960 right of use asset (31 December 2019: TL 734.696).

As at 31 December 2020, the Group recognised TL 693.226 of depreciation charges (31 December 2019: TL 628.220) and TL 205.179 of financial expense from these leases (31 December 2019: 199.700).

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All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated for consolidation purposes and are not disclosed in this note.

Institutions under state control are defined as related parties due to 25% ownership and the golden share of the Treasury. State controlled entities are defined as related parties but in accordance with the exemption provided by the TAS 24 disclosure requirements, state controlled entities are excluded from general reporting requirements.

Details of balances and transactions between the Group and other related parties as at 31 December 2020 and 31 December 2019 are disclosed below:

	31 December 2020	31 December 2019
Due from related parties (Trade receivables-short term)		
Akbank T.A.Ş.	6.240	6.210
Türkiye Garanti Bankası A.Ş.	6.727	4.763
Türkiye İş Bankası A.Ş.	2.367	820
	15.334	11.793
Due to related parties (Trade payables-short term)		
Akbank T.A.Ş.	-	87
	-	87
Due to related parties (Other payables-short term)		
Türkiye İş Bankası A.Ş.	-	205.066
	-	205.066

As of 31 December 2019, other payables in other short term payables is related to discounted payable as a result of share transfer agreement in order to purchase 10,0035% share of TT Mobil's issued capital that will be sold to Group's customers as part of commitment sales. There is no payable remaining in current period regarding the TT Mobil share purchase.

	31 December 2020	31 December 2019
Deposits held by related parties		
Türkiye İş Bankası A.Ş.		
Time Deposit	1.993	883.199
Demand Deposit	200.296	173.331
	202.289	1.056.530
Akbank T.A.Ş.		
Time Deposit	60.150	629.349
Demand Deposit	46.793	89.194
	106.943	718.543
Türkiye Garanti Bankası A.Ş.		
Time Deposit	-	8.670
Demand Deposit	104.582	51.756
	104.582	60.426

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Bank loans from related parties	31 December 2020	31 December 2019
Türkiye İş Bankası A.Ş.	604.809	665.000
Türkiye Garanti Bankası A.Ş.	264.944	-
	869.753	665.000

Transactions with shareholders:

TT Mobil is required under the terms of the TT Mobil Concession Agreement, to pay 15% share to the Treasury (the Treasury Share) of its monthly gross revenue. Besides, the Company and its other subsidiaries that are operating in the telecommunications sector are required to pay universal service fund at 1% of their net revenues of each year and ICTA share at 0,35% of revenues to the Ministry of Transport, Maritime Affairs and Communications under the law Global Service Act numbered 5369. Also, according to Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation, TT Mobil is required to pay 5% share (radio fee) of its monthly net revenue to ICTA.

As of 31 December 2020, unpaid portion of Treasury Share, universal service fund and ICTA share are recorded under other short term payables and these expenses are accounted in cost of sales account.

Guarantees provided to related parties:

As of 31 December 2020, guarantees amounting to EUR 98.349, USD 36.667 are given for financial liabilities of TT Mobil, TTINT Turkey which are amounted to EUR 98.349, USD 36.667 respectively, by Türk Telekom.

Transactions with related parties:

	1 January 31 December 2020	1 January 31 December 2019
Interest income from related parties		
Akbank T.A.Ş.	8.138	46.537
Türkiye Garanti Bankası A.Ş.	3.042	2.927
Türkiye İş Bankası A.Ş.	60	5.836
	11.240	55.300
Other income from related parties		
Akbank T.A.Ş.	83.388	57.404
Türkiye Garanti Bankası A.Ş.	59.601	49.319
Türkiye İş Bankası A.Ş.	23.410	31.965
	166.399	138.688

Compensation of key management personnel

The remuneration of board of directors and other members of key management were as follows:

	1 January 31 December 2020	1 January 31 December 2019
Short-term benefits	97.873	161.146
Long-term benefits	2.179	1.921
	100.052	163.067

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	31 December 2020	31 December 2019
Other short term receivable	65.376	72.936
Deposits and guarantees given	3.020	2.939
Other doubtful receivables	41.366	35.152
Allowance for other doubtful receivables (-)	(41.366)	(35.152)
	68.396	75.875

As of 31 December 2020, TL 31.080 (31 December 2019: TL 34.118) portion of other short term receivables consists of receivables from Ministry of Transport and Communications due to the expenses made under Universal Service Fund.

As of 31 December 2020, other doubtful provision amounting to TL 9.820 (31 December 2019: TL 10.693) is provided while TL 3.606 (31 December 2019: TL 1.905) is reversed.

Other long term receivables

	31 December 2020	31 December 2019
Deposits and guarantees given	32.825	35.529
	32.825	35.529

Other short term payable

	31 December 2020	31 December 2019
Taxes and duties payable	280.850	233.269
Universal Service Fund ⁽¹⁾	214.707	175.292
ICTA shares	199.221	165.374
Treasury share accruals	145.928	140.016
Other payables ⁽²⁾	153.004	213.936
	993.710	927.887

⁽¹⁾ According to the article numbered 5369 related with "International Service Fund" published on 16 June 2005, Türk Telekom, TNet and AssisTT will contribute 1% of their net revenues of each year to the Ministry of Transportation as Universal Service Fund. The contribution is payable by the end of April of the following year.

⁽²⁾ As of 31 December 2020, amounting to TL 125.168 in other short term payables is comprised of guarantees given for borrowings of distributors which are utilized in financing of equipment purchases that will be sold to Group's customers as part of commitment sales.

Other long term payables

	31 December 2020	31 December 2019
Deposits and guarantees received	43.656	38.795
Other payables	-	86
	43.656	38.881

10. INVENTORIES

The Group has inventory amounting to TL 248.966 as at 31 December 2020 (31 December 2019: TL 252.042). Major part of this balance is composed of modems, computer, tablet, dect phones, cable, cable box and SIM cards.

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The Group calculates deferred tax assets and liabilities based on temporary differences arising between the carrying amount of assets and liabilities as reported under Turkish Accounting Standards and their tax base for statutory purposes. These temporary differences are mainly due to the timing differences of certain income and expense items in statutory and Turkish Accounting Standards financial statement as disclosed below.

The Group perpetually reassesses unrecognized deferred tax assets and decided to account for deferred tax assets (resulting from Türk Telekom, TT Mobil and TTINT) arising from the tax losses carried forward based on the estimated taxable profits according to the business plan.

As of 31 December 2020, Türk Telekom, TT Mobil and TTINT Group's unrecognized deductible tax losses that will be utilized upon the existence of a tax base and the expiration dates are as follows:

Expiration years	31 December 2020
2021	1.439.144
2022	1.310.551
2023	758.229
2024	5.933
2025	3.279
2026	1.547
Indefinite	666.237
	4.184.920

As of 31 December 2020, deferred tax assets arising from prior year tax losses of Türk Telekom, TT Mobil and TTINT Group is amounting to TL 606.474 (31 December 2019: TL 1.050.472).

As at 31 December 2020, 20% tax rate is used for the calculation of deferred tax assets and liabilities for companies established in Turkey depending on the estimation of on which years temporary differences will reverse (31 December 2019: 20% and 22%).

Deferred tax asset/(liability)	31 December 2020						
	Net balance at 1 January 2020	Recognised in profit or loss	Recognised in OCI	Effect of movements in exchange rates	Net balance	Deferred tax asset	Deferred tax liability
Deferred tax asset recognized from tax losses carried forward	1.050.472	(443.998)	-	-	606.474	606.474	-
Deferred tax asset arising from capital increase	201.737	58.151	-	-	259.888	259.888	-
Deferred tax asset recognized from capital allowance	-	396.083	-	-	396.083	396.083	-
Provision for long-term employee benefits	176.173	4.863	21.980	-	203.016	203.016	-
Provision for doubtful receivables	37.237	(19.757)	-	-	17.480	28.122	(10.642)
Derivative instruments	82.328	(264.493)	69.451	-	(112.714)	-	(112.714)
Issued debt instruments	2.190	12.153	22.166	-	36.509	36.509	-
Temporary differences on property, plant and equipment/intangible assets	(1.005.276)	(63.706)	(45.590)	-	(1.114.572)	37.922	(1.152.494)
Other	151.706	70.384	47.388	11.750	281.228	297.462	(16.234)
Deferred tax asset/(liability) before net-off	696.567	(250.320)	115.395	11.750	573.392	1.865.476	(1.292.084)
Net-off of tax						(576.951)	576.951
Net deferred tax asset/(liability)					573.392	1.288.525	(715.133)

As of 31 December 2020, the total amount of deferred taxes related to transactions recognized directly in equity is TL 115.395 (31 December 2019: TL 126.389).

As of 31 December 2020, the total amount of the Group's unrecognized deferred tax asset related to subsidiaries is TL 801.051 (31 December 2019: TL 795.275).

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Deferred tax asset/(liability)	31 December 2019						
	Net balance at 1 January 2019	Recognised in profit or loss	Recognised in OCI	Effect of movements in exchange rates	Net balance	Deferred tax asset	Deferred tax liability
Deferred tax asset recognized from tax losses carried forward	1.183.983	(133.511)	-	-	1.050.472	1.050.472	-
Deferred tax asset arising from capital increase	136.591	65.146	-	-	201.737	201.737	-
Provision for long-term employee benefits	153.942	6.776	15.455	-	176.173	176.173	-
Provision for doubtful receivables	42.835	(5.598)	-	-	37.237	38.122	(885)
Derivative instruments	102.333	(76.087)	56.082	-	82.328	82.328	-
Other	77.292	61.040	13.374	-	151.706	196.030	(44.324)
Issued debt instruments	(78.769)	31.541	49.418	-	2.190	2.190	-
Temporary differences on property, plant and equipment/intangible assets	(926.951)	(71.307)	(7.940)	922	(1.005.276)	23.042	(1.028.318)
Deferred tax asset/(liability) before net-off	691.256	(122.000)	126.389	922	696.567	1.770.094	(1.073.527)
Net-off of tax						(693.352)	693.352
Net deferred tax asset/(liability)					696.567	1.076.742	(380.175)

12. OTHER CURRENT ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT OBLIGATIONS**Other current assets**

	31 December 2020	31 December 2019
Intermediary services for collection ⁽¹⁾	121.747	102.670
Value Added Tax ("VAT") and Special Communication Tax ("SCT")	73.777	162.719
Advances given ⁽²⁾	44.499	31.730
Other current assets	13.544	55.352
	253.567	352.471

⁽¹⁾ Intermediary services for collections consist of advances given by the Group to its distributors.⁽²⁾ Advances given mainly consists of advances given to suppliers.**Other current liabilities**

	31 December 2020	31 December 2019
Advances received	102.498	101.604
Other liabilities	18.743	31.520
	121.241	133.124

Employee benefit obligations

	31 December 2020	31 December 2019
Payables to personnel	72.625	50.166
Social security premiums payable	64.736	66.166
Employee's income tax payables	62.407	73.885
	199.768	190.217

Other non-current liabilities

	31 December 2020	31 December 2019
Advances received	136.445	115.369
	136.445	115.369

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	31 December 2020	31 December 2019
Other prepaid expenses ⁽¹⁾	190.797	153.136
Prepaid rent expenses	8.672	4.605
	199.469	157.741

⁽¹⁾ Other short-term prepaid expenses consist of prepaid insurance, prepaid commissions, prepaid advertising and other prepaid expenses.**Long-term prepaid expenses**

	31 December 2020	31 December 2019
Other prepaid expenses	11.616	9.508
Prepaid rent expenses	1.756	3.047
	13.372	12.555

Short-term contract liabilities

	31 December 2020	31 December 2019
Contract liabilities from sale of goods and service contracts ⁽¹⁾	520.841	372.984
	520.841	372.984

⁽¹⁾ Short-term contract liabilities mainly consist of invoiced but unconsumed minutes of deferred monthly fixed fee revenues due to the allocation of total consideration in the contract to all products and services under TFRS 15 and TTINT's indefeasible right of use contracts.**Long-term contract liabilities**

	31 December 2020	31 December 2019
Contract liabilities from sale of goods and service contracts ⁽¹⁾	872.077	637.851
	872.077	637.851

⁽¹⁾ Long-term contract liabilities mainly result from TTINT's indefeasible right of use contracts.**14. FINANCIAL INVESTMENTS**

	31 December 2020	31 December 2019
Cetel	11.840	11.840
Other	6.116	2.853
	17.956	14.693

The Group holds 6,84% of shares of Cetel as equity investment and cost of Cetel is used as a measure for its fair value since management has insufficient more recent information to measure fair value.

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As of 31 December 2020 fair value of interest rate derivative transactions amounting to TL 347.286 has been recognized under long term derivative financial liabilities (31 December 2019: TL 173.362 long term derivative financial liabilities). Unrealized loss on these derivatives amounting to TL 179.587 (31 December 2019: TL 86.026 loss) is recognized in other comprehensive income. Unrealized gain on these derivatives' time value amounting to TL 5.663 is recognized in statement of profit or loss.

Company	Notional Amount (USD)	Trade Date	Terms and Maturity Date	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	300.000	29 April - 20 May 2014	Pay fixed rates and receive floating rates between June 2016 - June 2024	(274.959)
Türk Telekom	150.000	15 May 2014 -16 May 2014	Pay fixed rates and receive rates between June 2016 - August 2016 and June 2024 - August 2024	(72.327)
				(347.286)
Company	Notional Amount (USD)	Trade Date	Terms and Maturity Date	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	300.000	29 April - 20 May 2014	Pay fixed rates and receive floating rates between June 2016 - June 2024	(151.714)
Türk Telekom	150.000	15 May 2014 -16 May 2014	Pay fixed rates and receive rates between June 2016 - August 2016 and June 2024 - August 2024	(21.648)
				(173.362)

Cross currency swap transaction

As of 31 December 2020 fair value of participating cross currency swap transactions amounting to TL 40.914 has been recognized under short term derivative financial liabilities and TL 1.206.509 has been recognized under short term derivative financial assets (31 December 2019: TL 469.515 short term derivative financial liabilities, TL 373.121 short term derivative financial assets).

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Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	325.000	13 April 2016 - 15 December 2017	21 October 2020 - 10 November 2020	Pay TL and receive USD at June 2024	252.954
Türk Telekom	100.000	11-12 October 2018		Pay TL and receive USD at January 2021	126.799
Türk Telekom	50.000	11 October 2018		Pay TL and receive USD at April 2021	53.697
Türk Telekom	43.976	20 November 2019		Pay TL and receive USD between January 2020 - October 2022	54.191
Türk Telekom	90.871	6 - 8 January 2020	17-26 November 2020	Pay TL and receive USD between April 2020 - October 2022	70.317
Türk Telekom	69.670	25 October 2018 - 18 July 2019		Pay TL and receive USD between April 2019 - April 2025	50.330
Türk Telekom	22.359	22-23 July 2019		Pay TL and receive USD between October 2019 - October 2022	28.557
Türk Telekom	58.367	27-30 September 2019		Pay TL and receive USD between March 2020 - September 2025	63.015
Türk Telekom	64.682	13 November 2018 - 19 July 2019		Pay TL and receive USD between September 2019 - September 2025	48.495
Türk Telekom	100.000	27-28 September 2018		Pay TL and receive USD at July 2022	83.696
Türk Telekom	124.500	14 November 2018		Pay TL and receive USD between October 2019 - April 2024	83.274
Türk Telekom	90.909 ^(*)	27-28 Mach 2018	12 November 2020 - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	115.784
Türk Telekom	28.152 ^(*)	27-28 June 2019		Pay TL and receive EUR between September 2019 - September 2024	42.430
Türk Telekom	58.182 ^(*)	4 June - 1 August 2018	12-26 September 2018	Pay TL and receive EUR between November 2018 - November 2022	132.970
					1.206.509

(*) Nominal amount of indicated operations are Euro.

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	175.000	31 March 2016	11 December 2018	Pay TL and receive USD at June 2024	(16.366)
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at February 2025	(24.548)
					(40.914)

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15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges and derivative financial instruments (continued)

Cross currency swap transaction (continued)

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	325.000	13 April 2016 - 15 December 2017	20 July 2018 - 3 August 2018	Pay TL and receive USD at June 2024	164.650
Türk Telekom	125.000	20 December 2018 - 21 March 2019		Pay TL and receive USD between May 2019 - November 2020	45.586
Türk Telekom	70.040	27-30 September 2019		Pay TL and receive USD between March 2020 - September 2025	2.094
Türk Telekom	39.016	22-23 July 2019		Pay TL and receive USD between October 2019 - October 2022	1.130
Türk Telekom	50.000	20 November 2019		Pay TL and receive USD between January 2020 - October 2022	9.187
Türk Telekom	168.000 ⁽¹⁾	25 January 2019 - 18 March 2019		Pay TL and receive EUR between May 2019 - November 2020	65.543
Türk Telekom	100.000 ⁽¹⁾	27-28 March 2018	18-19 September 2018	Pay TL and receive EUR between December 2020 - December 2025	43.104
Türk Telekom	66.364 ⁽¹⁾	20 July - 1 August 2018	12-13 September 2018	Pay TL and receive EUR between November 2018 - November 2022	41.827
					373.121

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	150.000	19 September 2018 - 11 October 2018		Pay TL and receive USD between March 2020 - April 2021	(41.788)
Türk Telekom	100.000	27-28 September 2018		Pay TL and receive USD at July 2022	(67.481)
Türk Telekom	100.000	11-12 October 2018		Pay TL and receive USD at January 2021	(33.563)
Türk Telekom	135.000	14 November 2018		Pay TL and receive USD between October 2019 - April 2024	(65.252)
Türk Telekom	85.150	25 October 2018 - 18 July 2019		Pay TL and receive USD between April 2019 - April 2025	(34.002)
Türk Telekom	79.678	13 November 2018 - 19 July 2019		Pay TL and receive USD between September 2019 - September 2025	(26.335)
Türk Telekom	175.000	31 March 2016	11 December 2018	Pay TL and receive USD at June 2024	(166.561)
Türk Telekom	27.000	29 May 2019		Pay TL and receive USD between May 2019 - November 2020	(10.434)
Türk Telekom	42.000	28 June 2019		Pay TL and receive USD at January 2020	(2.105)
Türk Telekom	30.000 ⁽¹⁾	4 June 2018	26 September 2018	Pay TL and receive EUR between November 2018 - November 2022	(12.390)
Türk Telekom	35.912 ⁽¹⁾	27-28 June 2019		Pay TL and receive EUR between September 2019 - September 2024	(8.710)
Türk Telekom	3.231 ⁽¹⁾	27 June 2019		Pay TL and receive EUR between December 2019 - June 2020	(129)
Türk Telekom	6.364 ⁽¹⁾	27 June 2019		Pay TL and receive EUR between November 2019 - May 2020	(451)
Türk Telekom	7.692 ⁽¹⁾	27 June 2019		Pay TL and receive EUR between December 2019 - June 2020	(314)
					(469.515)

⁽¹⁾ Nominal amount of indicated operations are Euro.

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15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges and derivative financial instruments (continued)

Copper hedge transactions

As of 31 December 2020 fair value of participating cross currency swap transactions amounting to TL 6.619 has been recognized under short term derivative financial liabilities (31 December 2019: TL 19.689 short term derivative financial liabilities).

Company	Notional Amount (Tonnes)	Trade Date	Terms and Maturity Date	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	453	10 - 18 October 2019	Pay floating price and receive fixed price between November 2019 - February 2021	(6.619)
				(6.619)

Company	Notional Amount (Tonnes)	Trade Date	Terms and Maturity Date	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	9.047	10 - 18 October 2019	Pay floating price and receive fixed price between November 2019 - February 2021	(19.689)
				(19.689)

Interest rate derivative instruments which are not designated as hedge

As of 31 December 2020 fair value of the interest rate swap transactions which are not designated as hedge and amounting to TL 32.710 is recognized under long term derivative financial assets (31 December 2019: TL 35.401 long term derivative financial assets). Unrealized loss on these derivatives amounting to TL 2.691 recognized in profit or loss.

Company	Notional Amount (USD)	Trade Date	Terms and Maturity Date	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	300.000	29 April - 20 May 2014	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 - June 2021, and receive fixed premium (0,44%-0,575%)	
			Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 - June 2024, and receive fixed premium (0,39%-0,45%)	32.710
				32.710

Company	Notional Amount (USD)	Trade Date	Terms and Maturity Date	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	300.000	29 April - 20 May 2014	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 - June 2021, and receive fixed premium (0,44%-0,575%)	
			Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 - June 2024, and receive fixed premium (0,39%-0,45%)	35.401
				35.401

Cross Currency swaps instruments which are not designated as hedge

As of 31 December 2020, fair value of derivative transactions amounting to TL 320.186 is recognized under short term derivative financial liabilities (31 December 2019: TL 48.149 short term financial liabilities) and TL 958 is recognised under short term financial assets.

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15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross Currency swaps instruments which are not designated as hedge (continued)

USD/EUR Cross Currency Swaps Instruments

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2020 (TL)
TTINT Türkiye	36.667	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	(29.812)
				(29.812)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	45.000	26 October 2018	Pay USD and receive EUR at June 2024	(11.934)
Türk Telekom	45.000	30 April 2015	Pay EUR and receive USD between June 2015 - June 2024	(5.435)
TTINT Türkiye	50.000	16 June 2016	Pay EUR and receive USD between December 2016 - June 2026	(1.666)
				(19.035)

USD/EUR Foreign Currency Swaps Instruments

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2019 (TL)
Türk Telekom	410.000	22 November 2019 - 11 December 2019	Pay EUR and receive USD at January 2020	(29.114)
				(29.114)

Futures

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	23.500 ⁽¹⁾	30 - 31 December 2020	Net TL settlement at February 2021 based on the difference between contract price and contract closing price	958
				958

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	271.240	19 October - 24 December 2020	Net TL settlement between January and February 2021 based on the difference between contract price and contract closing price	(115.720)
TT Mobil	50.000	30 November - 28 December 2020	Net TL settlement between January and February 2021 based on the difference between contract price and contract closing price	(8.584)
Türk Telekom	168.660 ⁽¹⁾	3 - 29 December 2020	Net TL settlement at January 2021 based on the difference between contract price and contract closing price	(58.839)
				(183.143)

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15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross Currency swaps instruments which are not designated as hedge (continued)

Forwards

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2020 (TL)
Türk Telekom	97.678	27 October - 11 December 2020	Receive USD in exchange for TL between January and December 2021	(74.301)
Türk Telekom	53.860 ⁽¹⁾	2 November - 2 December 2020	Receive EUR in exchange for TL between January and December 2021	(32.930)
				(107.231)

⁽¹⁾ Nominal amount of indicated operations are Euro.

Hedge of net investment in a foreign operation

The Company utilized a loan amounting to EUR 150.000 in order to hedge its net investment in a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

16. GOODWILL

	31 December 2020	31 December 2019
Goodwill of TT Mobil	29.694	29.694
Goodwill of Innova	7.308	7.308
Goodwill of Argela	7.942	7.942
44.944		44.944

The Group performs impairment analysis for goodwill and other non-current asset groups annually as at 31 December. The Group has performed impairment analysis for all of the identified cash generating units.

Türk Telekom and TTNET cash generating unit impairment analysis

For cash generating unit impairment analysis of Türk Telekom and TTNET, total assets and liabilities are considered as one cash generating unit. Recoverable amount is calculated through 5 years business plan which is approved by the management.

The discount ratio used for the cash flows is 17,0% (31 December 2019: 19,1%), 7% expected growth rate and the weighted average cost of capital (WACC) sensitivity as of +1%/-1% (31 December 2019: +1%/-1%). Cash flow projections after 2025, TL cash flow estimations are not projected with consideration of inflation rate of business plan and expected growth rate of the country. As a result of test, no impairment is identified for the cash generating unit.

TT Mobil cash generating unit impairment test

TT Mobil have been considered as a single cash generating unit and has been tested for impairment together for goodwill and all other assets. Recoverable amount is calculated through based on 5 years business plan which is approved by the management.

The discount ratio used for the cash flows is 17,0% (31 December 2019: 18,9%). Cash flow projections after 2025 are estimated by using 10,0% growth rate, considering the inflation rate used in the business plan and expected growth rate of TT Mobil. Company value of TT Mobil has been tested at a sensitivity of WACC terminal growth rate by +1%/-1% (31 December 2019: 1%/-1%). As a result of the impairment test, it has been noted that there is no impairment is identified on goodwill arising on the TT Mobil acquisition.

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16. GOODWILL (CONTINUED)

Innova and Argela cash generating unit impairment test

Innova and Argela, are both considered as single cash generating unit and are tested for impairment of for goodwill and all of their other assets. Recoverable amount was determined through the usage value which is calculated based on the 5 years business plan approved by the management. The estimated value of the projected cash flows consists of the discounted cash flows until 2025. Cash flow projections beyond 2025 are estimated by using 10,0% growth rate, for both Innova and Argela, respectively, considering the inflation rate used in the business plan and expected growth rate of the country. The discount ratio used for the cash flows is 20,3% for Innova (31 December 2019: 23,6%) and 21,9% for Argela (31 December 2019: 24,6%). Valuation has been tested at a sensitivity of +1%/-1%. For the WACC calculation, technology companies have been taken as a benchmark for the calculation of the beta coefficient. As a result of the impairment test, no impairment is identified for the cash generating units and the goodwill arising from the acquisition of Argela and Innova.

TTINT cash generating unit impairment test

TTINT cash generating unit recoverable amount is determined over the usage value which had been calculated based on the seven years business plan approved by the management. The estimated value of the projected cash flows consists of the discounted cash flows until 2027. The valuation work has been carried out based on a seven-year business plan so that the company's long-term cash generating capacity can be measured more accurately. The WACC rate used in valuation is 9,6% (31 December 2019: 9%) and valuation is tested at a sensitivity of +0,5%/-0,5%. In addition to this, gross profit margin rate is tested for sensitivity by +1%/-1% and capex/net sales ratio is tested for sensitivity by +0,5%/-0,5%. For the WACC calculation, telecommunication companies are considered as a benchmark for the calculation of the beta coefficient. As a result of test, no impairment is identified for the cash generating unit.

Sebit cash generating unit impairment test

In cash generating unit impairment analysis for Sebit, total assets and liabilities were considered as one cash generating unit. Recoverable amount was determined through the usage value which had been calculated based on the five years business plan approved by the management.

The discount ratio used for the cash flows is 21,5% (31 December 2019: 22,9%). The estimated value of the cash flows consists of the ones which were discounted until 2025. The growth rate for the current and subsequent terms was foreseen as 10,0% by considering the inflation rate stated in cash flow estimations business plan and the estimated growth rate of the country. Cash generating unit value was tested with +1%/-1% WACC and growth rate sensitivity of the cash flows (31 December 2019: +1%/-1%). As a result of test, no impairment is identified for the cash generating unit).

17. ASSETS HELD FOR SALE

As of 31 December 2020, based on the decision of Board of Directors to sell a real estate, this asset was classified as held for sale.

Asset held for sale for the years ended 31 December 2020 and 31 December 2019 is given net book value TL 37.361.

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18. INVESTMENT PROPERTY

The movement of investment property and the related accumulated depreciation for the years ended 31 December 2020 and 2019 is given below:

	1 January 31 December 2020	1 January 31 December 2019
Cost		
Opening balance	40.047	43.012
Transfer	-	(2.965)
As at 31 December	40.047	40.047
Accumulated depreciation		
Opening	22.348	22.818
Transfer	(1.406)	(1.897)
Depreciation charge for the year	1.242	1.427
Impairment	251	-
As at 31 December	22.435	22.348
Net book value as at 31 December	17.612	17.699

Investment property consists of number of buildings and lands mainly occupied by various corporations.

The Group assesses whether there is any impairment indicator in investment properties. If such indicator exists the Group compares fair values and carrying values of the investment properties on an individual asset basis and records identified impairment of the investment properties.

The Group's investment properties consist of number of buildings and lands. In accordance with balance between cost and benefit principle the fair values of all investment properties are not determined in each year, instead selected investment properties' fair values have been determined. In this context, fair values of the investment properties as of the balance sheet date are not presented.

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The movement of PPE and the related accumulated depreciation for the years ended 31 December 2020 and 2019 is given below:

	Land	Buildings	Network and other equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
Cost								
Opening balance, 1 January 2020	5.428.051	2.091.418	41.687.897	108.577	871.173	256.967	487.968	50.932.051
Transfer	1.800	4.869	765.379	84	4.534	(7.986)	(806.206)	(37.526)
Additions	994	77.717	2.170.258	29.181	82.631	17.972	443.833	2.822.586
Revaluation	460.035	-	-	-	-	-	-	460.035
Disposal	(162)	(2.916)	(3.590.641)	(1.087)	(18.541)	(89)	(1.471)	(3.614.907)
Foreign currency translation differences	3.558	9.105	626.365	634	6.453	1.965	13.448	661.528
Closing balance, 31 December 2020	5.894.276	2.180.193	41.659.258	137.389	946.250	268.829	137.572	51.223.767
Accumulated depreciation								
Opening balance, 1 January 2020	-	1.521.946	33.654.355	99.622	713.570	232.899	-	36.222.392
Transfer	-	(17.005)	(3.858)	-	1.401	(670)	-	(20.132)
Depreciation charge for the year	-	95.959	1.931.593	5.542	49.845	8.133	-	2.091.072
Disposal	-	(1.566)	(3.570.768)	(1.087)	(18.541)	(89)	-	(3.592.051)
Impairment	-	1.930	50.649	-	-	-	-	52.579
Foreign currency translation differences	-	4.617	395.865	(51)	2.985	1.580	-	404.996
Closing balance, 31 December 2020	-	1.605.881	32.457.836	104.026	749.260	241.853	-	35.158.856
Net book value, 31 December 2020	5.894.276	574.312	9.201.422	33.363	196.990	26.976	137.572	16.064.911

As of 31 December 2020, net book value of leased assets of Group composes of vehicles and land buildings amounting respectively TL 7.052, TL 2.251 (31 December 2019: land and buildings amounting to TL 7.295).

The Group does not have any capitalized borrowing cost on property, plant and equipment (31 December 2019: nil).

There is no restriction or pledge on the tangible as at 31 December 2020.

For the year ended 31 December 2020, impairment on property, plant and equipment amounting to TL 48.803 is recognized in cost of sales (31 December 2019: TL 14.874), TL 1.846 is recognized in general administrative expenses (31 December 2019: TL 10.207) and TL 1.930 recognized in marketing, sales and distribution expenses (31 December 2019: nil).

As at 31 December 2020, net increase in carrying amount of lands amounting TL 460.035 which is valued by real estate valuation companies licensed by CMB is recognized in other comprehensive income. Valuation companies that performed the valuations are Akademi Gayrimenkul Değerleme ve Danışmanlık A.Ş., Atak Gayrimenkul Değerleme A.Ş., Bilgi Gayrimenkul Değerleme A.Ş., DE-GA Gayrimenkul Değerleme ve Danışmanlık A.Ş., Değer Gayrimenkul Değerleme ve Danışmanlık A.Ş., Düzey Gayrimenkul Değerleme ve Danışmanlık A.Ş., Ekip Taşınmaz Değerleme A.Ş., Eksen Gayrimenkul Değerleme ve Danışmanlık A.Ş., Emsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., Kuzey Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., LAL Gayrimenkul Değerleme ve Müşavirlik A.Ş., Metrik Gayrimenkul Değerleme Danışmanlık A.Ş., Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş., Vakıf Gayrimenkul Değerleme A.Ş.

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	Land	Buildings	Network and other equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
Cost								
Opening balance, 1 January 2019	5.354.613	2.015.354	40.503.612	111.308	837.872	254.684	439.411	49.516.854
Transfer	(3.183)	44.624	301.125	79	35.455	(2.265)	(469.176)	(93.341)
Additions	434	42.760	1.642.050	3.728	46.074	4.356	516.682	2.256.084
Revaluation	76.021	-	-	-	-	-	-	76.021
Disposal	(645)	(13.635)	(916.281)	(6.308)	(49.942)	(266)	-	(987.077)
Foreign currency translation differences	811	2.315	157.391	(230)	1.714	458	1.051	163.510
Closing balance, 31 December 2019	5.428.051	2.091.418	41.687.897	108.577	871.173	256.967	487.968	50.932.051
Accumulated depreciation								
Opening balance, 1 January 2019	-	1.425.815	32.803.564	101.581	708.042	223.799	-	35.262.801
Transfer	-	1.378	(6.023)	-	3.158	(256)	-	(1.743)
Depreciation charge for the year	-	97.156	1.630.223	4.011	45.042	9.122	-	1.785.554
Disposal	-	(13.635)	(895.235)	(6.047)	(44.078)	(191)	-	(959.186)
Impairment	-	10.590	14.491	-	-	-	-	25.081
Foreign currency translation differences	-	642	107.335	77	1.406	425	-	109.885
Closing balance, 31 December 2019	-	1.521.946	33.654.355	99.622	713.570	232.899	-	36.222.392
Net book value, 31 December 2019	5.428.051	569.472	8.033.542	8.955	157.603	24.068	487.968	14.709.659

20. INTANGIBLE ASSETS

	Licence	Customer relationship	Research and development	Other intangible assets	Subscriber acquisition/retention cost	Concession rights	Total
Cost							
Opening balance, 1 January 2020	4.554.808	1.183.437	449.711	8.266.741	3.021.232	5.605.683	23.081.612
Transfers	12.932	-	26.147	(19.297)	-	-	19.782
Disposals	-	-	-	(10.559)	-	(957)	(11.516)
Additions ⁽¹⁾	-	-	53.099	1.362.702	866.291	1.846.539	4.128.631
Foreign currency translation differences	5.578	106.529	810	344.389	-	-	457.306
Closing balance, 31 December 2020	4.573.318	1.289.966	529.767	9.943.976	3.887.523	7.451.265	27.675.815
Accumulated amortization							
Opening balance, 1 January 2020	1.858.733	1.072.452	316.863	6.010.718	1.794.647	1.745.346	12.798.759
Transfers	-	-	-	2.388	-	-	2.388
Disposals	-	-	-	(3.800)	-	(665)	(4.465)
Amortization charge for the year	308.579	23.517	45.365	939.630	627.483	595.686	2.540.260
Impairment	-	-	-	-	-	3.462	3.462
Foreign currency translation differences	1.952	70.086	1.940	168.922	-	-	242.900
Closing balance, 31 December 2020	2.169.264	1.166.055	364.168	7.117.858	2.422.130	2.343.829	15.583.304
Net book value, 31 December 2020	2.404.054	123.911	165.599	2.826.118	1.465.393	5.107.436	12.092.511

⁽¹⁾ Additions amounting to TL 1.846.539 (31 December 2019: TL 1.023.117) comprise intangible assets under scope of IFRS Interpretation 12.

The Group have capitalized borrowing cost on intangible assets amounted TL 342 (31 December 2019: TL 1.040).

For the year ended 31 December 2020, there is no recognized impairment on intangible assets in cost of sales (31 December 2019: TL 4.900) and TL 3.462 recognized in marketing, selling and distribution expenses (31 December 2019: Nil).

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	Licence	Customer relationship	Research and development	Other intangible assets	Subscriber acquisition/retention costs	Concession rights	Total
Cost							
Opening balance, 1 January 2019	4.551.444	1.155.301	414.419	7.211.764	2.256.315	4.584.505	20.173.748
Transfers	2.555	-	4.567	86.185	-	2.281	95.588
Disposals	(155)	-	-	(132.054)	-	(4.220)	(136.429)
Additions ⁽¹⁾	-	-	30.414	982.619	764.917	1.023.117	2.801.067
Foreign currency translation differences	964	28.136	311	118.227	-	-	147.638
Closing balance, 31 December 2019	4.554.808	1.183.437	449.711	8.266.741	3.021.232	5.605.683	23.081.612
Accumulated amortization							
Opening balance, 1 January 2019	1.550.366	1.029.902	269.889	5.045.151	1.231.978	1.308.367	10.435.653
Transfers	-	-	-	641	-	2.281	2.922
Disposals	(155)	-	-	(29.853)	-	(299)	(30.307)
Amortization charge for the year	308.073	18.628	46.664	929.676	562.669	434.997	2.300.707
Impairment	-	-	-	4.900	-	-	4.900
Foreign currency translation differences	449	23.922	310	60.203	-	-	84.884
Closing balance, 31 December 2019	1.858.733	1.072.452	316.863	6.010.718	1.794.647	1.745.346	12.798.759
Net book value, 31 December 2019	2.696.075	110.985	132.848	2.256.023	1.226.585	3.860.337	10.282.853

For the year ended 31 December 2020, depreciation and amortization expense is recognized cost of sales, sales and distribution expenses, general administration expenses and research and development expenses respectively amounting to TL 3.384.879, (31 December 2019: TL 3.024.297), TL 1.311.648 (31 December 2019: TL 1.089.194) and TL 585.757 (31 December 2019: TL 571.524), TL 36.708 (31 December 2019: TL 30.970), respectively.

Remaining amortization periods after acquisition of significant intangible assets are as follows:

TT Mobil license	8,4 years
TTINT customer relationships	4,8 years
TTINT other	9,8 years

There is no restriction or pledge on the intangible as at 31 December 2020 (31 December 2019: nil)

3G license tender

The tender for authorization of IMT-2000/UMTS services have been held on 28 November 2008 with the participation of all three GSM operators operating in Turkey.

The license fee (including 18% VAT) amounting to TL 539.332 is paid by TT Mobil in April 2009 and ultimately the Concession Agreement is signed on 30 April 2009.

The net book value of the 3G license as at 31 December 2020 TL 201.623 is (31 December 2019: TL 225.346).

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The tender for the reallocation of unused 900 MHz Frequency Bands had been held on 20 June 2008 and TT Mobil had obtained C band with the minimum fee of TL 128 year/channel (excluding VAT).

TT Mobil had been granted 5,5 additional GSM 900 MHz frequency channels as a result of the tender and ultimately total number of GSM 900 MHz frequency channels has reached to 12 together with previously-held 6,5 channels.

TT Mobil made TL 14.122 (including VAT) payment as the tender fee for the remaining GSM license duration and amended license agreement has been signed between TT Mobil and ICTA on 25 February 2009.

The net book value of the GSM 900 license as at 31 December 2020 is TL 3.596 (31 December 2019: TL 4.304)

4.5G license tender

Tender of IMT Services and Infrastructures Authorization, also known as 4.5G tender in public has been held in Ankara on August 26, 2015 by ICTA. In the IMT Service and Infrastructure Authorization Tender done by ICTA, TT Mobil has won the following packages: 2x10 MHz bandwidth in 800 MHz frequency for EUR 380.000, 2x7.6 MHz bandwidth in 900 MHz frequency for EUR 216.819, 2x20 MHz bandwidth in 1800 MHz frequency for EUR 310.000, 2x10 MHz bandwidth in 2600 MHz frequency for EUR 25.859, 1x15 MHz bandwidth in 2600 MHz frequency for EUR 22.000. Total spectrum fee is EUR 954.678. IMT Authorization period is valid until 30 April 2029 and will be able to start rendering services starting from 1 April 2016. 900 MHz and services in 1.800 MHz frequency are commenced to be rendered since 1 December 2015.

As of 31 December 2020 net book value of 4.5G license amounts to TL 1.925.591 (31 December 2019: TL 2.156.662) in the consolidated financial statements.

21. PROVISIONS**Current provisions**

The movement of current provisions is as follows:

	31 December 2020	31 December 2019
Litigation, ICTA penalty and customer return provisions	120.702	190.381
Provision for expected credit losses on loan commitments ⁽¹⁾	46.242	37.167
	166.944	227.548

⁽¹⁾ Consists of expected credit losses are recognized for the guarantees given for borrowings of distributors which are utilized in financing of equipment purchases that will be sold to Group's customers as part of commitment sales.

The movement of Litigation, ICTA penalty and customer return provisions is as follows:

	1 January 31 December 2020	1 January 31 December 2019
As at 1 January	190.381	145.364
Provisions for the period	58.642	109.460
Settled provisions	(128.077)	(6.404)
Reversals	(719)	(57.863)
Foreign currency translation difference	475	(176)
As at 31 December	120.702	190.381

Current provisions for employee benefits

	31 December 2020	31 December 2019
Current provisions for employee benefits		
Personnel bonus provision	276.460	223.552
	276.460	223.552

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The movement of provisions is as follows:

	1 January 31 December 2020	1 January 31 December 2019
As at 1 January	223.552	230.191
Provision for the period	296.271	297.899
Provisions paid	(236.940)	(274.148)
Reversals	(9.251)	(29.861)
Foreign currency translation difference	2.828	(529)
As at 31 December	276.460	223.552
Non-current provisions for employee benefits		
	31 December 2020	31 December 2019
Non-current provisions for employee benefits		
Defined benefit obligation	1.062.589	913.107
Unused vacation provisions	152.200	131.538
	1.214.789	1.044.645

Defined benefit obligation

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment is ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

The retirement pay liability as at 31 December 2020 is subject to a ceiling of full TL 7.117,17 (31 December 2019: full TL 6.379,86) per monthly salary for each service year.

In addition to retirement benefits, the Group is liable for certain other non-current employment benefits such as business, service, representation indemnity and jubilee.

i) The movement of defined benefit obligation is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Defined benefit obligation at January 1	913.107	795.371
Service cost	74.333	88.002
Interest cost	88.429	91.679
Actuarial loss (*)	111.790	79.715
Benefits paid	(132.141)	(142.041)
Transfer (**)	5.019	-
Foreign currency translation difference	2.052	381
As at 31 December	1.062.589	913.107

(*) As at 31 December 2020, actuarial loss amounting to TL 111.790 (31 December 2019: TL 79.715) is recognized in other comprehensive income.

(**) Consist of severance pay liability of TT Destek Hizmetleri A.Ş. which is established on 16 January 2020.

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ii) Total expense recognized in the consolidated income statement:

	1 January 31 December 2020	1 January 31 December 2019
Interest cost	88.429	91.679
Service cost	74.333	88.002
Total net cost recognized in the consolidated statement of income	162.762	179.681

iii) Principal actuarial assumptions used:

	31 December 2020	31 December 2019
Interest rate	12,75%	13,0%
Expected rate of ceiling increases	8,50%	8,0%

For the years ahead, voluntary employee withdrawal of the Group is 1,99% (31 December 2019: 2,24%).

As of 31 December 2020, sensitivity analysis is performed for the significant assumptions of defined benefit obligation:

Sensitivity Level	Discount Rate		Salary Increase Rate		Employee Withdrawal Rate	
	0,25% decrease (12,50%)	0,25% increase (13,00%)	0,25% decrease (8,25%)	0,25% increase (8,75%)	0,25% decrease (3,709)	0,25% increase (3,872)
No effect to defined benefit obligation	21.958	(20.235)	(21.075)	22.729	(3.709)	3.872

Non-current employee benefits excluding defined benefit obligation

The movement of unused vacation provisions is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
As at 1 January	131.538	111.801
Provision for the period, net	30.547	27.047
Provisions paid	(11.122)	(7.535)
Foreign currency translation difference	1.237	225
As at 31 December	152.200	131.538

Other non-current provisions

	31 December 2020	31 December 2019
Provision for the investments under the scope of TFRS Interpretation 12	8.506	8.329
	8.506	8.329

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As of 31 December 2020 and 2019, the shareholders of the Company with their shareholding percentage are as follows:

	31 December 2020		31 December 2019	
	%	TL	%	TL
The Treasury	25	875.000	25	875.000
Levent Telekomünikasyon A.Ş.	55	1.925.000	55	1.925.000
Public Share	15	525.000	15	525.000
Turkish Wealth Fund ("TWF") ⁽¹⁾	5	175.000	5	175.000
		3.500.000		3.500.000
Inflation adjustment to share capital		(239.752)		(239.752)
		3.260.248		3.260.248

⁽¹⁾ Council of Ministers decided to transfer 6.68% (5% Group B, 1.68% Group D) of the shares of the Company belonging to the Undersecretariat of Treasury to the Turkish Wealth Fund with regards to Law on Establishment of Turkish Wealth Fund Management Incorporated and on Amending Certain Laws numbered 6741 and dated 19 August 2016.

The Company's share capital is fully paid. Capital of the Company is TL 3.500.000.000, divided into 192.500.000.000 Group "A", 104.999.999.999 Group "B", 1 Group "C", and 52.500.000.000 Group "D" registered shares each with a nominal value of 1 (One) Kuruş. Group D shares are publically traded. LYY is the holder of all Group A shares; SWF is the holder of Group B shares representing 5 percent of the share capital of the Company and Group D Shares representing 1.68 percent of the share capital of the Company; the Treasury is the holder of Group B shares representing 25 percent of the share capital of the Company and C Group share (Golden Share).

The Treasury is the holder of the Preferred Stock (Golden Share) as per the law. This share is non-transferable. It provides certain rights to Treasury in order to protect national interests regarding economy and security: (a) Any proposed amendments to the Company's articles of association, (b) the transfer of any registered shares in the Company which would result in a change in the management control of the Company and (c) the registration of any transfer of registered shares in the Company's shareholders' ledger can not be realized without affirmative vote of the Golden Share at either a meeting of the board of directors or the general assembly. Otherwise, such transactions shall be deemed invalid. The holder of the Golden Share, the Treasury, has one member, representing the Golden Share, among the board of Directors.

Number of members and independent board members of the Board of Directors to be nominated by the Group A and Group B Shareholders have been revised by the amendment to the article 8 of the Articles of Association at on the Extraordinary General Meeting dated 25.01.2019 Accordingly;

The board of directors shall be composed of nine (9) members nominated by the Group A Shareholder, Treasury and Turkish Wealth Fund,

(a) the Group A Shareholder shall be entitled to nominate five (5) persons for election as Directors;

(b) provided that the Treasury and Turkish Wealth Fund, as Group B Shareholders shall hold:

- 30% or more of the Shares, the Treasury shall be entitled to nominate three (3) persons for election as Independent Board Members who carry the independence criteria as defined in the Capital Markets legislation; or
- 15% or more of the Shares (but less than 30% of the Shares) the Treasury shall be entitled to nominate two (2) persons for election as Independent Board Members who carry the independence criteria as defined in the Capital Markets legislation;
- During the calculation of 15% and 30% of the Shares mentioned in above paragraphs, the amount of Group B Shares and Group D Shares held by the Treasury and Turkish Wealth Fund shall be taken into account together.

(c) As long as the Treasury and Turkish Wealth Fund holds 15% or more of the Shares (but less than 30% of the Shares), the Group A shareholder shall be entitled to nominate one (1) person, who carry the independence criteria as defined in the Capital Markets legislation, for election as Independent Board Members and five (5) persons for election as Director.

(d) while the Treasury holds the C Group Privileged Share, the Treasury shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share.

The chairman of the board of directors shall be nominated by the directors nominated by the group A shares from among the directors and be elected and removed by the simple majority votes of those present at the meeting of the board of directors.

The Vice Chairman shall be nominated by the directors nominated by the Group B Shares from among the Directors and be elected and removed by the simple majority votes of those present at the meeting of the Board of Directors.

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Board resolutions shall be passed by a simple majority of the votes of the directors present at such meeting unless the resolution requires a higher majority vote.

The board of directors shall propose the distribution of the maximum of the Company's profits lawfully available for distribution in each financial year subject to the board of directors making reasonable provisions and transfers to reserves.

Based on the articles of association of the Company, the Board of Directors shall by way of a simple majority of those present at the relevant meeting of the Board propose the distribution of the maximum of the Company's profits lawfully available for distribution in each financial year subject to the Board making reasonable provisions and transfers to reserves and complying with the conditions set out below.

Provided that it is not against the legislation regarding capital markets, the net profit may not be distributed, if:

- a) the distribution would result in a breach of any covenant or undertaking given by any Group Company (Group Companies are defined in the articles of association) to any lender or would, in the opinion of the simple majority of those present at the relevant meeting of the board of directors, be likely to cause such breach within the following 12 months; or
- b) the board of directors resolves by way of a simple majority of those present at the relevant meeting of the board that the distribution is materially prejudicial to the interests of any Group Company (as defined in the articles of association of the Company) having regard to: (i) implementation of the investment program approved by the board of directors in the business plan or the budget; or (ii) the trading prospects of the Group Companies (as defined in the articles of association of the Company) and the need to maintain the sound financial standing of the group companies.

In accordance with the Turkish Commercial Code, companies are required to assign legal reserves before profit appropriations. The legal reserve consists of first and second legal reserves, allocated in accordance with the Turkish Commercial Code. The first legal reserve is allocated out of last period's statutory profits at the rate of 5% per annum until the total reserve reaches 1/5 of the paid-in share capital (not indexed to the inflation). The second legal reserve is allocated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions

Dividends

A total gross amount of TL 601.650 which corresponds to approximately 25% of Company's net distributable profit pertaining to year 2019 has been committed to be distributed as a dividend (a dividend of full Kuruş 0,1719 per share) and as of reporting date distributed in cash to the shareholders.

Other reserves

The amounts transferred directly to equity, instead of statement of profit or loss as of the reporting date are as follows:

	31 December 2020	31 December 2019
Gains on revaluation of property, plant and equipment	4.766.342	4.351.897
Currency translation differences	721.066	471.382
Gains due to change in fair value of financial liability attributable to change in credit risk of liability	(88.747)	(132.819)
Share based payment reserve (Note 23)	-	9.528
Cash flow hedge reserve	(320.668)	(438.864)
Reserve for hedge of net investment in a foreign operation	(593.149)	(403.597)
Losses on change in value of time value of options	(717.854)	(321.854)
Actuarial loss arising from employee benefits	(782.420)	(692.610)
Other reserves from acquisition of subsidiary	(1.320.942)	(1.320.942)
	1.663.628	1.522.121

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The Company recognizes the differences arising on the translation of monetary items that are associated with the hedge of net investment in a foreign operation in other comprehensive income (Note 15).

Cash flow hedge reserve

The Group entered into interest rate swaps in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of these instruments are recognized directly in equity at cash flow hedge reserve (Note 15).

Earnings/losses per share

The calculation of the basic earnings/losses per share attributable to the ordinary equity holders of the Company is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000
Net profit for the year attributable to equity holder of the Company	3.177.873	2.406.783
Basic earnings per share (in full Kuruş)	0,9080	0,6877

23. SHARE BASED PAYMENT

According to the Turkish Council of Ministers decision dated 12 December 2007, which was published in the Turkish Official Gazette on 26 December 2007, 52.500.000.000 (45%) shares of Türk Telekom owned by the Treasury, the minority shareholder of Türk Telekom, has been sold as at 15 May 2008, through an initial public offering ("IPO") (such shares correspondence to corresponding to 15% Türk Telekom's shares). During the IPO, 12.299.160.300 of such shares have been allocated to the employees of Türk Telekom, PTT and small investors together with 5.220.503.800 shares allocated to domestic investors with high purchasing power with discounted price varying according to the payment terms and application date (compared to the price applied to the other corporate investors for the remaining shares of 34.980.335.900. The discounts provided to Türk Telekom employees have been considered as within the scope of IFRS 2 ("Share Based Payment") by the management of Türk Telekom considering the fact that Türk Telekom receives services from its employees. The Group has reflected the fair value of the discounts provided to Türk Telekom employees, amounting to TL 9.528, as an expense in the consolidated statement of profit or loss for year ended 31 December 2008 and credited the same amount into the equity as a share based payment reserve. The Group has transferred share based payments reserve to retained earnings for the year ended 31 December 2020.

The market price during the IPO:	TL 4,60
The average price applied to the employees of Türk Telekom:	TL 4,2937
The number of shares sold to Türk Telekom's employees (lot):	31.104.948
Total benefits provided to the employees:	TL 9.528

The management of Türk Telekom decided that the discounts provided to PTT's employees, small investors and domestic investors with high purchasing power are not within the scope of IFRS 2 by considering the fact that;

- Türk Telekom has not received any benefits (goods and services) in exchange for the discounts provided these groups to and
- The Treasury provided these discounts not as a party acting as a shareholder of Türk Telekom but rather as a State Authority in order to increase the number of small investors as it has been done in all other privatization enhanced through an IPO.

The fair value of the discounts provided to these groups amounts to approximately TL 34.000 in 2008, at the year of the transaction.

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Guarantees received and given by the Group are summarized below:

		31 December 2020		31 December 2019	
		Original currency	TL	Original currency	TL
Guarantees received	USD	130.434	957.454	143.040	849.687
	TL	1.129.576	1.129.576	844.277	844.277
	EUR	23.518	211.852	32.158	213.869
		2.298.882		1.907.833	
Guarantees given ^(*)	USD	168.434	1.236.391	171.513	1.018.822
	TL	706.306	706.306	589.422	589.422
	EUR	72.106	649.523	75.893	504.734
		2.592.220		2.112.978	

^(*) Guarantees given amounting to USD 151.500 (31 December 2019: USD 151.500) is related to the guarantee provided to the ICTA by TT Mobil with respect to the TT Mobil Concession Agreement, guarantees given amounting to EUR 12.840 (31 December 2019: EUR 12.840) is related with the guarantee provided for 3G license and guarantees given amounting to EUR 57.281 (31 December 2019: EUR 57.281) is related with the guarantee provided for 4.5G license.

The Company's guarantee, pledge and mortgage (GPM) position as at 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	31 December 2019
A. GPMs given on behalf of the Company's legal personality	2.592.220	2.112.978
B. GPMs given in favor of subsidiaries included in full consolidation	1.155.067	977.792
C. GPMS given by the Company for the liabilities of 3 rd parties in order to run ordinary course of business	780.363	605.367
Total	4.527.650	3.696.137

Based on law 128/1 of Turkish Code of Obligations, the Group has given guarantee to distributors amounting to TL 780.363 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by the Group (31 December 2019: TL 605.367). The guarantees has given to the banks TL 60.924, TL 179.998, TL 11.444 Akbank T.A.Ş., Türkiye Garanti Bankası A.Ş. ve Türkiye İş Bankası A.Ş. respectively.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other commitments

The Group has purchase commitments for sponsorships, advertising and insurance services at the equivalent to TL 7.300 (31 December 2019: TL 30.723) as at 31 December 2020. Payments for these commitments are going to be made in a 3-year period.

The Group has purchase commitments for fixed assets amounting to USD 52.499, EUR 23.769 and TL 319.711, Pound 30 equivalent to TL 919.484 (31 December 2019: TL 771.638) as at 31 December 2020.

Türk Telekom concession agreement

The Concession Agreement was entered into between the Company and ICTA on 14 November 2005 following the privatization of the Company and the resultant reduction in the public shareholding to less than 50%. The Concession Agreement covers:

- the performance of the telecommunications services which are within the scope of the Agreement;
- the establishment and operation of necessary telecommunications facilities and the submission of these facilities to the use of other operators or persons and institutions making a demand as per the law;
- the marketing and provision of telecommunications services.

The Concession Agreement places an obligation on the Company, in the event of termination or non-renewal of the Concession Agreement, to transfer all equipment affecting the operation of the system together with all its functions and in good condition, and all immovable properties where such equipment is installed and which the Company uses, to the ICTA, or to any other institution to be designated by ICTA, at no cost.

In case ICTA determines that the Company has not fulfilled its obligations stemming from the Concession Agreement and has not corrected the situation within a period granted to it, or that there is a court decision on bankruptcy or composition against the Company, the Company is granted a grace period of not less than 90 days commencing from written notification by ICTA, to fulfil its obligations. Within this grace period, the Company submits a remedy program for its abovementioned obligations to ICTA. In case ICTA accepts the remedy program, the matters in dispute shall be re-examined at the end of the program provided. If the program is not accepted, then ICTA may terminate the Concession Agreement upon expiry of the period granted to the Company.

The Concession Agreement places also a number of obligations with respect to delivering services on the Company in relation to the provision of telecommunications services.

The Concession Agreement requires that the Company shall meet all payments accrued as a result of the Concession Agreement and the establishment and operation of the telecommunication network in accordance with the applicable legislation or agreements concluded by the Government of the Republic of Turkey. These payments specifically includes the permit and utilization fees for the use of frequencies. In addition, the Company is required to pay the ICTA 0,35% of its net sales revenue, as contribution share towards ICTA's expenses.

Under the Concession Agreement, requests for access in relation to the infrastructure should be met to the extent technically possible and without discrimination. The Company is further required to publish reference access and interconnection offers approved by the ICTA.

The Concession Agreement also contains an obligation on the Company to provide universal services. According to article 6 entitled "Revenues for Universal Service" of the Universal Service Law No:5369, the Company declares the amount of 1% of its net sales revenue to the Ministry of Transport, Maritime Affairs and Communications until the end of April of the following year and the company inform up to the following month. This amount shall be transferred within the same period to the account of the central accounting department of the Ministry and shall be registered as revenue in the budget under the name of "Revenues for Universal Service".

The tariffs to be charged by the Company are subject to the approval of the ICTA unless expressly provided to the contrary in any regulation issued by the ICTA.

The content of customer bills is governed by relevant laws and regulations. It is possible to issue a separate invoice for each service, as well as to issue one single invoice for more than one service rendered to a subscriber. The cost of each service shall be demonstrated separately, in the event of preparation of one single invoice for more than one service. A detailed bill is sent to the subscribers upon request, to the extent technically possible and subject to the payment of a fee.

Other provisions of the Concession Agreement provide for the confidentiality of communications and the establishment of effective methods to answer customer complaints.

TT Mobil GSM and IMT-2000/UMTS concession agreement and IMT Authorization Certificate

Regarding to Gsm and IMT-2000/UMTS concession agreement and IMT Authorization Certificate, the Company shall provide fixed guarantee by cash and/or letter of bank guarantee amounting to 6% of the Company's Licence fee and right of use fee. In case it is identified that TT Mobil does not fulfill its contractual obligations, ICTA will have the right to record as revenue these guarantees.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System

A concession agreement was entered into between TT Mobil and the ICTA ("the TT Mobil Concession Agreement") on 12 January 2005 which replaced and superseded the previous GSM 1800 license agreements in place in relation to Aycell and Aria. After GSM 900 Frequency Band bidding done by ICTA on 20 June, 2008, agreement was rearranged, the contract ("the TT Mobil Concession Agreement") was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

The TT Mobil concession agreement covers the establishment, development and operation of a GSM 1800 network and delivery of the system to the Authority or the establishment to be designated by the Authority at the end of the contracted term as being in an operating condition.

Pursuant to the TT Mobil Concession Agreement, TT Mobil was granted to use 75 channels in the 1800 MHz band and 12 channels in the 900 MHz band. The term of the TT Mobil Concession Agreement is 25 years from 11 January 2001.

TT Mobil may apply to the ICTA for renewal between dates 24 and 6 months before the end of TT Mobil Concession Agreement. ICTA may renew the license of TT Mobil by evaluating the renewal request according to legislation on that date.

In the event of expiry or non-renewal, TT Mobil is under an obligation to transfer the network management center, being the central operation units of the GSM 1800 system, gateway switchboards and central subscription works systems (including all kinds of technical hardware), together with all equipment affecting the operation of the system and the immovable properties used by TT Mobil to the ICTA or to the establishment to be designated by ICTA at no cost.

TT Mobil is also committed to renew the network in line with technological improvements and international agreements and maintain the adequacy of the network by means of technology until the end of the agreement.

License fees were paid prior to the issuance of the concession agreement by TT Mobil.

TT Mobil provided a performance bond in the amount of USD 151.500. TT Mobil, additional to that bond, provided performance bond amounting TL 760 corresponding to 6% of bidding amount after GSM 900 Additional Frequency Band bidding by ICTA on 20 June 2008. Should the operator is understood to not perform its contractual obligations, the Authority shall record and confiscate the final guarantee as income.

The TT Mobil Concession Agreement provides that the license may be transferred with the approval of the ICTA and within the terms of the Authorization Ordinance. However, no transfer may be made to an entity which already has a GSM 900 or GSM 1800 license in Turkey, or to related parties of such an entity, to the companies or subsidiaries which is owned or managed somehow by shareholders of entity or to the management of such entity and their first and second blood relatives and relative affinities. In cases such issues are determinate; GSM 1800 license given to them by ICTA is cancelled.

Regarding transfer of shares regulation clauses at the date of the transaction will be applied. The approval of the Competition Authority is also required for any change of control, being a transfer of the shares.

Fund payable to the Treasury

TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, amounts obtained by the operator from other mobile operators regarding the installation and operation of the facilities where the mobile base stations are located, remunerations booked in the legal accounting records, which were corrected within the fiscal year, due to the: mistakes in the form or content of the invoice (such as customer information, type, amount, price and amount of the work), mistakes regarding the periods of the service, duplicated;(double charged) invoices, and the accrual amounts accounted for reporting purposes.

Contribution share to the ICTA

TT Mobil shall pay 0,35% of the annual net sales to the ICTA as contribution share to the ICTA's expenses, latest on the last working day of April of the following year.

Coverage area

TT Mobil has guaranteed and undertook to cover (up to 2 Watt outdoors) at least 50% of the population of Turkey within three years after 11 January 2001 and at least 90% of the population of Turkey within five years after 11 January 2001. However, the localities where there are less than 10.000 inhabitants shall not be taken into consideration. This coverage area refers to the area to be covered by TT Mobil alone and will not be contributed by national roaming. Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by TT Mobil. TT Mobil has completed its related liabilities with respect to coverage at 31 December 2004.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

Service offerings

TT Mobil agrees and undertakes to provide the services specified within the frame of GSM memorandum of understanding applied by GSM association including, but not limited to the services specified by GSM license agreement (call forwarding, barring of outgoing and incoming calls, technical assistance for subscribers and free call forwarding to police and other public emergency services).

Service quality

TT Mobil will comply with the telephone service quality standards set down in the International Telecommunication Union ("ITU-T") recommendations in the GSM 1800 international standards. These standards require blocking rate of the licensed indoor network to be 5% and the call failure rate not to be more than 2%.

Tariffs

TT Mobil may freely determine its tariffs provided that these tariffs are not contrary to the regulations of the ICTA.

Emergencies

TT Mobil will take the necessary measures with priority in order to satisfy the requirements and the needs of subscribers and users in emergencies, provided that the public authorities and enterprises will have priority in the case of health and security emergencies or fire and other disasters. TT Mobil has to provide at least two base stations for the use of Ministry of Transport, Maritime Affairs and Communications in emergency.

Investment plans

TT Mobil pursuant to the relevant regulation, until the first day of December every year, TT Mobil will present its investment plan for the following calendar years to the ICTA. These plans will be valid for 3 years and will contain information about the dynamic demand forecasts, and number and locations of the exchange stations, base stations and base control stations to be established, the period of operation, and the investment costs. Within 120 days of receipt of the investment plan, the ICTA will approve the compliance of plans to the article 6th of the agreement. Investment plan will be presented so as to inform the ICTA after the requirements arising from the article 6th of the agreement are met.

National roaming

TT Mobil may enter into contracts with other licensed GSM networks in Turkey for national roaming purposes. Roaming contracts and the financial clause of the contracts has to be presented to ICTA before signature procedures completed.

Suspension of operations

If deemed necessary for public security and national defense in case of war, general mobilization, etc. the Authority may temporarily or permanently suspend all or a part of the operational activities of TT Mobil and may directly operate the network. The period of suspension as above will be added to the term of the license and the income of such a period, if any, will belong to TT Mobil.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

Termination of the agreement by the ICTA

The ICTA may cancel the license or terminate the Agreement for the following reasons;

- i) A final judgment of the competent courts for insolvency of TT Mobil or its composition with creditors,
- ii) Determination of the failure of TT Mobil to perform its contractual obligations hereunder and to remedy its default in a reasonable period of time granted,
- iii) Determination that TT Mobil extends its activities beyond the frequencies allocated hereunder or other frequencies that may be allocated by the ICTA to TT Mobil for use in the GSM 1800 System, and failure of TT Mobil to cease such activities in a reasonable period of time granted,
- iv) Failure of TT Mobil to pay the license fees hereunder.

However, that except for point (iv) above, TT Mobil will be given the opportunity to fulfill its obligations within a period not less than 90 days of written notice by the ICTA. During this period of time, TT Mobil will furnish to the ICTA a corrective action program for fulfillment of its obligations. If this program is accepted by the ICTA, the points of disagreement will be revised at the end of the program. If this program is not acceptable, the ICTA may terminate the Agreement at the end of the time period provided to TT Mobil.

Upon termination of the Agreement, TT Mobil shall transfer all of the GSM 1800 system equipment to the ICTA without any remuneration.

Insurance

TT Mobil will maintain adequate all risk insurance for the telecommunication facilities and services established and operated until the end of the license term.

The Concession Agreement with ICTA has been signed on 30 April 2009 and TT Mobil has been granted with 3G license for an amount of EUR 214.000 excluding VAT. The term of the license is 20 years effective from the signature date of the Agreement. 3G services have been launched on 30 July 2009. The contract ("the TT Mobil Concession Agreement") was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

According to this Agreement;

- i. TT Mobil shall provide subscribers' and users' 112 calls and other emergency situation calls to public security institutions and other public institutions, and to direct those calls to the centers requested by the said institutions, free of charge bearing all costs.
- ii. TT Mobil shall keep at least 2 units of IMT-2000/UMTS mobile base stations to be used in emergency situations under the request of the Ministry of Transport and Communication.
- iii. Within the first 5 years by the signature of the Agreement, TT Mobil shall obtain the approval of the ICTA for each assignment of TT Mobil shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of TT Mobil shall be subject to the approval of the ICTA.
- iv. TT Mobil has granted a bank letter of guarantee amounting to EUR 12.840 which is 6% of the license fee, for to act as final guarantee. Should the TT Mobil is understood to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, TT Mobil shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Agreement might be terminated.
- v. During the term of the Agreement, TT Mobil shall each year submit its investment plan related to the subsequent calendar year, till 1 December to the ICTA. This plan shall be prepared for three years and shall include such information as the number, location, coverage areas, investment costs with respect to exchange centres, base stations and control stations to be established, as well as the realization ratio of the previous year's investment plan and reasons of deviation, if any.
- vi. TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- vii. TT Mobil shall pay 0.35% of the annual net sales to the ICTA as contribution share to the ICTA's expenses, latest on the last working day of April of the following year.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Coverage Area Obligations:

Following the signature of the Agreement, TT Mobil shall have under coverage the population within the borders of;

- metropolitan municipalities within 3 years,
- all the municipalities of all provinces and districts within 6 years,
- all the residential locations having a population of more than 5.000 within 8 years,
- residential locations having a population of more than 1.000 within 10 years.

These are the areas which are to be covered by TT Mobil alone and this obligation shall not be fulfilled through roaming.

TT Mobil should maintain service quality in accordance with ICTA regulations, ETSI (European Telecommunications Standards Institute) standards and ITU (International Telecommunication Union) standards, decisions and recommendations given by ITU.

Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by TT Mobil.

If there is any delay in fulfillment of the coverage area obligations, except the force major conditions, an administrative fine shall be applied within the frame of Relevant Legislation. If there is any delay in fulfillment of the coverage area obligations for a period of more than two years, then the Agreement might be terminated by the ICTA.

The Investments for hardware and software being used in the electronic communications network

Except for the investments made in the lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants; each year TT Mobil shall fulfill the following requirements for its investments related to electronic communications network (hardware, software etc.);

a) To procure at least 40% of such investments from vendor companies employing a R&D center established in Turkey and engaged in developing R&D projects in relation with the information and communication technologies provided at least 200 engineers functioning in such company in the first year after the signature of the Agreement, at least 300 engineers in the second year and at least 500 engineers for the third and subsequent years or from vendor companies employing a R&D center with at least 150 engineers functioning in the first year after the signature of the Agreement, at least 250 engineers in the second year and at least 350 engineers for the third and subsequent years however such company to employ also a Technical Assistance Centre with at least 50 engineers in the said first year, at least 100 engineers in the second year and at least 150 engineers in the third and subsequent years.

A vendor company may not establish the R&D center and Technical Assistance Centre together with another vendor company; but may establish with a company, organization or institution resident in Turkey. The vendor company shall have at least 50% share of such centers. Said organization or institution resident in Turkey shall not employ other R&D centers and Technical Assistance Centers that have been established together with other vendor companies functioning in information and communication technologies area.

The university associates may also be employed part time, as engineers to be employed by the vendor company. The number of the university associates may not exceed 5% of the total number of engineers stated above.

TT Mobil is obliged to perform its investments regarding the electronic communications network by auditing and determining whether vendor companies comply with the foregoing terms and conditions.

b) To procure at least 10% of such investments from the vendors in quality of Small and Medium Sized Entities and established in Turkey for the purpose of product and system development.

All the independent software and hardware units to be used in the network of TT Mobil shall have open interface connections with each other.

ICTA may perform audits regarding the execution of this obligation or may commission another organization or institution to perform such auditing when deems necessary. The costs to arise from such audits shall be paid by TT Mobil.

Should TT Mobil is understood to procure goods and services through methods against the foregoing terms and conditions, an administrative monetary penalty shall be applied to TT Mobil up to 1% of its turnover of the previous calendar year.

Should TT Mobil not perform the said obligations, a penalty as 40% of total amount of its investments in the network (hardware, software etc.), except for the investments for lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants, shall be applied separately to TT Mobil for each year. This clause is valid for the first three years following the signature date of the Agreement. Annual periods start with the signing of the concession agreement.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

The Investments for hardware and software being used in the electronic communications network (continued)

Termination of the Agreement by ICTA:

The Authority might terminate the Agreement for the following reasons;

- A bankruptcy or bankrupt's certificate decision on TT Mobil given by the judicial authorities,
- TT Mobil not performing some of its contractual obligations and not correcting such breach in the given period,
- TT Mobil operating under the frequencies other than the ones allocated to itself by ICTA,
- Termination of TT Mobil Concession Agreement
- TT Mobil not performing national roaming obligation stated in the contract

In such circumstances, ICTA gives TT Mobil the opportunity to fulfill its obligations within 90 days after the written notice. In case TT Mobil cannot fulfill all the obligations within this period, the Agreement will be terminated by ICTA. The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, TT Mobil will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of TT Mobil to ICTA or to the entity ICTA announces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

The contract ("the TT Mobil Concession Agreement") was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

TT Mobil has been authorized to provide IMT service and Limited Use Authorization Certificate on 27 October 2015.

According to the Authorization Certificate;

- i. TT Mobil shall provide emergency call services in line with the regulations of ICTA, free of charge bearing all costs and comply with the regulations of ICTA in relation to this matter.
- ii. TT Mobil shall keep at least 2 mobile base stations so as to be used for the provision of IMT services upon the Ministry's request, in the case of disaster and emergency.
- iii. Within the first 5 years by the signature of the Agreement, TT Mobil shall obtain the approval of the ICTA for each assignment of TT Mobil shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of TT Mobil shall be subject to the approval of the ICTA.
- iv. TT Mobil has granted a bank letter of guarantee amounting to EUR 57.300 which is 6% of the total fee, for to act as final guarantee. Should be understood that TT Mobil to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, TT Mobil shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Authorization might be terminated by ICTA.
- v. TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- vi. TT Mobil shall pay the administrative fee at the rate and in the way determined by ICTA in accordance with the applicable law.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Coverage Area Obligations:

Following the authorization, TT Mobil shall put at least

- 95% of Turkey's population within 8 years
- 90% of the population in each province and district within 8 years
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km within 3 years
- 95% of divided highways within 6 years
- 90% of conventional train routes within 10 years
- under coverage. Additionally, following the authorization, TT Mobil shall put at least
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km added after the first year within 2 years of its entering into service
- 95% of divided highways added after the fourth year within 2 years of its entering into service
- 90% of conventional train routes added after the eight year within 2 years of its entering into service under coverage

Areas covered by TT Mobil pursuant to the IMT-2000/UMTS Concession Agreement shall be deemed to be also covered under this authorization on condition that the service quality criteria set forth in the respective article are satisfied. Additionally, areas covered by TT Mobil under this authorization for the purpose of provision of IMT services shall be deemed to be covered in the determination of the coverage obligation of IMT-2000/UMTS services.

Coverage obligation shall be fulfilled by TT Mobil on its own and not through national roaming. However, TT Mobil shall be entitled to share radio access network in the areas under the coverage obligation.

Maximum two settlements per year shall be primarily brought by TT Mobil under coverage upon ICTA's request and under the service quality standards determined for such areas.

In the event that the fulfilment of coverage obligation is delayed for any reason other than force majeure events, administrative fine shall be applied pursuant to the applicable law. In the event that the fulfilment of the coverage obligation is delayed for more than two (2) years, the Authorization might be terminated by ICTA.

Service quality obligation:

TT Mobil shall ensure data download at minimum 2 Mbps in the areas subject to coverage obligation at a probability of 95% per user. The matters related to the inspection of this obligation shall be determined by ICTA.

These data transmission speeds are minimum values and ICTA shall determine service quality obligations required to be ensured by TT Mobil taking into account ETSI standards, ITU standards, decisions and recommendation, our national development targets, technological improvements and user requirements.

Sharing the Radio Access Network:

On condition that the provisions of the applicable law are not breached, TT Mobil may install and operate the radio access network to be installed for the provision of IMT services together with other operators authorized to provide IMT services and further, lease necessary transmission lines from authorized operators in order to materialize the connections within the radio access network.

This right shall not remove the obligations of TT Mobil under the authorization and shall not constitute a reason for non-fulfilment of such obligations. TT Mobil shall not avoid fulfilling its obligations under the authorization due to reasons arising from the sharing. TT Mobil shall, in the case of sharing, be obliged to take all measures required to prevent any interruption of services it provides under the authorization.

In all settlements having a population less than 10,000, TT Mobil shall, following the authorization, be obliged to:

- a) install antenna facilities to be installed under the authorization (excluding in-building antenna facilities) in such manner that facilitates active sharing of radio access network with other operators and share such facilities with the operators,
- b) In the event that there exists any antenna facilities installed by other operators at the settlements in question following the authorization for the antenna facilities to be newly installed by TT Mobil under this authorization, TT Mobil shall use such antenna facility by active sharing of radio access network.

Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the obligation prescribed by this paragraph.

TT Mobil shall be obliged to actively share radio access network in the antenna facilities to be newly installed under this authorization in order to cover highways, high speed railways and divided highways following the authorization. Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the aforementioned obligation.

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24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Investments and communication services related to the hardware and software used in the network

Except investments made for property lease, tower, pole, pipe, container, conduit, power transmission lines and similar infrastructure; TT Mobil shall, following the authorization, be obliged to provide:

- a) At least 40% of its investments and communication services related to the network (such as hardware, software); Within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 500 engineers and 100 researchers; within four (4) years, from supplier companies having a R&D center, employing 500 engineers and 250 researchers, or within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 350 engineers and 100 researchers and also within two (2) years from supplier companies having a Technical Assistance Center employing at least 150 engineers, within four (4) years from supplier companies having R&D center employing 350 engineers and 250 researchers and within four (4) years from supplier companies having a Technical Assistance Center employing at least 150 engineers.
- b) At least 10% of its investments from products produced in Turkey and from SMEs established to develop products and systems in Turkey.

Up to 60 within 2 years and up to 150 within 4 years following the authorization, of the personnel of TT Mobil employed in the status of researcher at the R&D center established by TT Mobil for the purpose of developing R&D projects in the field of information and communication technologies shall be taken into account under the obligation related to the number of the researchers set forth in the sub-paragraph (a) of this paragraph provided that such center is organized as an independent unit under TT Mobil's organization or all shares of the center are owned by TT Mobil.

Teaching staff of universities who work part-time at R&D centers under the applicable law or while working at universities carry out academic studies requested by the supplier and/or TT Mobil may be included in the researchers to be employed by the supplier and/or TT Mobil at R&D centers. The number of teaching staff may not exceed 10% of total number of researchers referred to in this subparagraph (a).

A supplier company may establish R&D and technical assistance centers together with institutions or bodies, except other suppliers, established in Turkey, which operate in the field of information and communication technologies and do not have a R&D or technical assistance center established with other suppliers. The supplier companies must hold at least 50% of the shares of such centers.

All independent software and hardware units to be used by TT Mobil in the network shall be interconnected through explicit interfaces.

TT Mobil shall be obliged to materialize its investments and communication services relating to the network (such as hardware, software) by checking and verifying whether or not the supplier companies and Small Entities ("SME") fulfil the conditions stated above.

TT Mobil shall be obliged to supply its investments and communication services relating to the network (hardware or software such as base station, switching, router), except investments relating to property lease, tower, pole, container, channel, power transmission lines and similar facilities, from the products determined to be domestic product under the Law No 4734 and applicable law at least by 30% within the first year, at least by 40% within the second year and at least by 45% within subsequent years following the authorization. Such items among the products supplied by the supplier companies and SMEs to TT Mobil, which are determined to be domestic products shall be taken into account under this obligation. TT Mobil contemplating that it will not be able to fulfil its obligations set forth in the this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA may reduce or terminate the obligation for the respective period if it deems necessary.

Additional to the obligation in the paragraph above; investments specified in the paragraph above, to be measured for periods of 4 years, following the authorization TT Mobil shall be obliged to supply from the products determined to be domestic product under the Law No 4734 and applicable law a minimum average of 30% in the first 4 years, 40% in the second 4 years and 45% in the third 4 years. Such items among the products supplied by the supplier companies and SMEs to TT Mobil, which are determined to be domestic products shall be taken into account under this obligation. TT Mobil contemplating that it will not be able to fulfil its obligations set forth in the this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA, provided that Ministry's opinion to be taken, may reduce or terminate the obligation for the respective period if it deems necessary.

Whether or not the obligations under this article have been fulfilled shall be evaluated with the obligations of TT Mobil under the IMT-2000/UMTS Concession Agreement.

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(Convenience translation of a report and financial statements originally issued in Turkish)**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)****Cancellation of Authorization:**

ICTA may terminate the Authorization Certificate for the following reasons;

- A bankruptcy or bankrupt's certificate decision on TT Mobil given by the judicial authorities,
- TT Mobil not performing some of its contractual obligations and not correcting such breach in the given period,
- TT Mobil operating under the frequencies other than the ones allocated to itself by ICTA and not ceasing these operation within the given period,
- Termination of one of TT Mobil's Concession Agreements signed earlier,
- TT Mobil not performing its obligations stated in the article related to confidentiality of the communication, national security and public order

In such circumstances, ICTA gives TT Mobil the opportunity to fulfill its obligations within 90 days after the written notice. In case TT Mobil cannot fulfill all the obligations within this period, the Authorization Certificate will be terminated by ICTA.

The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, TT Mobil will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of TT Mobil to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

Legal proceedings of Türk Telekom**Disputes between the Group and the ICTA**

The Company has filed various lawsuits against ICTA. These lawsuits are related with the sector-specific and tariff legislations and legislations with respect to the other operators in the market. The sector-specific disputes generally stem from the objections with respect to the provisions of interconnection legislation, legislation with respect to telecommunication services and infrastructure. According to the Article 99 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the sub-article 9 added to the Article 60 of the Law numbered 5809; customer returns that are not repaid to the customers within the 2-year period, shall be transferred to the Ministry of Transport and Infrastructure of the Republic of Turkey as revenue under the name of "Revenues for Universal Service". For the period ended 31 December 2020, customer returns amounted to TL 80.555 was transferred. As of 31 December 2020, TL 59.531 provision provided for ICTA penalties and amounts to be repaid to customers or to the Ministry of Transport and Infrastructure of the Republic of Turkey due to ICTA resolutions (31 December 2019: TL 127.699).

Other issues

Provision has been provided in the consolidated financial statements for the probable court cases against the Group based on the lawyers' assessments. The provision for such court cases is amounting to TL 61.171 as at 31 December 2020 (31 December 2019: TL 62.682). For the rest of the cases, Group lawyers commented that basis of those cases are not realistic and should be appealed. Therefore, no provision has been provided for these cases.

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	31 December 2019	Cash flows	Non-cash flows			31 December 2020
			Acquisition	Foreign exchange movement	Other non-cash changes	
Financial liabilities (Note 5)	19.642.394	(6.585.314)	2.117.015	4.612.381	110.430	19.896.906
Obligations under finance leases (Note 5)	1.140.761	(865.728)	184.246	24.591	853.816	1.337.686
Derivative financial instruments, net (Note 15)	302.193	977.277	-	-	(754.298)	525.172
Total liabilities from financing activities	21.085.348	(6.473.765)	2.301.261	4.636.972	209.948	21.759.764

"Other outflows of cash" in net cash used in operating activities amounting to TL 109.402 represents change in restricted cash (Note 4). "Other inflows of cash, net" in net cash used in financial activities amounting to TL 81.056 represents change in other financial payment. "Other adjustment for non-cash items" in adjustments to reconcile net profit to cash provided by operating activities amounting to TL 212.258 represents change in TFRS Interpretation 12.

26. SUBSEQUENT EVENTS

Company's Board of Directors had resolved by its decision dated 3 March 2020 and numbered 31, to distribute a total gross amount of TL 1.203.020 which corresponded to approximately 50% of Company's net distributable profit for the year 2019 from the previous year's profit under legal records.

According to the Provisional Article 13, which was added to the Turkish Commercial Code ("TCC") numbered 6102, with the Law No.7244 published in the Official Gazette dated 17 April 2020 and numbered 31102, capital companies were allowed to pay up to 25% percent of the net profit for the year 2019 and were restricted to distribute the profits of previous year Notification Regarding Dividend Payment and legal reserves until 31 December 2020. In order to comply with the aforementioned restriction on dividend distribution, 25% of the distributable profit for the year 2019 was decided to be distributed at the Ordinary General Assembly Meeting dated 25 July 2020.

The dividend distribution restriction within the framework of TCC Provisional Article 13 and the provisions on Communiqué on the Procedures and Principles Regarding the implementation of the Provisional Article 13 of the TCC, has ended as of 31 December 2020; and no further regulation came into effect in this regard. Therefore, the TCC procedures which were in force before Provisional Article 13 shall apply. Due to our Company's Board of Directors decision dated 25 January 2021, an amount of TL 601.370 which was decided to be distributed by the Board of Directors' decision dated 03 March 2020 and numbered 31, but was set aside within the Company as prior year's profit, because it could not be distributed within the year 2020 in compliance with the aforementioned dividend distribution restriction, shall be distributed to the shareholders. Company's Board of Directors has resolved to propose the following to the shareholders at the Company's first upcoming General Assembly Meeting.

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	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Mobile	9.866.913	8.896.224
Broadband	8.305.726	6.625.258
Fixed voice	2.718.328	2.685.259
Corporate data	2.052.640	1.821.577
IFRIC 12 revenue	1.770.242	1.023.117
International revenue	1.471.029	1.097.539
TV	382.778	348.456
Other	1.721.219	1.159.678
	28.288.875	23.657.108

28. OPERATING EXPENSES

	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Cost of sales (-)	(15.105.955)	(12.298.492)
Marketing, sales and distribution expenses (-)	(3.038.792)	(2.670.891)
General administrative expenses (-)	(2.320.713)	(2.147.447)
Research and development expenses (-)	(247.105)	(166.491)
	(20.712.565)	(17.283.321)

29. EXPENSES BY NATURE

	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Personnel expenses	(3.867.855)	(3.435.612)
Taxes	(2.610.165)	(2.316.397)
TFRS Interpretation 12 related fixed assets additions and capex provision expenses	(1.557.809)	(905.413)
Domestic interconnection	(1.451.736)	(1.318.675)
Repair and maintenance expenses	(1.198.271)	(927.902)
International interconnection	(1.087.133)	(758.263)
Cost of sales and cost of equipment sales of technology companies	(882.597)	(508.106)
Utilities	(837.909)	(699.259)
Other expenses	(1.843.806)	(1.667.728)
Total operating expenses (excluding depreciation and amortization expense)	(15.337.281)	(12.537.355)
Depreciation, amortization	(5.318.992)	(4.715.985)
Impairment expenses	(56.292)	(29.981)
Total operating expenses	(20.712.565)	(17.283.321)

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	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Litigation and indemnity income	132.805	43.067
Interest and discount gains	124.903	152.230
Rental income	107.160	131.891
Other	113.698	58.203
Other operating income	478.566	385.391
Foreign exchange losses	(277.355)	(157.367)
Interest expenses on employee benefit obligations (Note 21)	(88.429)	(91.679)
Discount losses	(72.353)	(57.211)
Litigation provision compensation and penalty expenses	(53.458)	(166.729)
Other	(99.767)	(37.773)
Other operating expense (-)	(591.362)	(510.759)

31. INCOME/(EXPENSE) FROM INVESTING ACTIVITIES

	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
Gain from scrap sales	368.129	193.010
Gain on sales of property, plant and equipment	9.719	21.101
Income from investing activities	377.848	214.111
Losses from sales on property, plant and equipment	-	(1.545)
Expense from investing activities (-)	-	(1.545)

32. FINANCIAL INCOME/(EXPENSE)

	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
Foreign exchange and derivative instruments gains	870.717	612.437
Interest income on bank deposits	126.966	209.389
Other	654	33.216
Financial Income	998.337	855.042
Foreign exchange and derivative instruments loss	(2.376.742)	(1.894.651)
Interest expense	(2.301.262)	(2.280.441)
Other	(81.102)	(213.652)
Financial expenses	(4.759.106)	(4.388.744)
Financial expenses, net	(3.760.769)	(3.533.702)

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	31 December 2020	31 December 2019
Corporate tax payable:		
Current corporate tax provision	372.169	206.890
Prepaid taxes and funds (-)	(199.713)	(131.652)
Tax payable	172.456	75.238
	1 January -	1 January -
	31 December 2020	31 December 2019
Tax expense:		
Current tax expense		
Current income tax expense	(372.169)	(206.890)
Adjustments in respect of income tax of previous year	(1.579)	915
Deferred income (Note 11)		
Deferred tax income	(250.320)	(122.000)
Tax (expense)/income	(624.068)	(327.975)

As of 31 December 2020 deferred tax expense amounting to TL 115.395 (31 December 2019: TL 126.389 income) are recognized in the consolidated statement of other comprehensive income.

The Company and its subsidiaries located in Turkey are subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month.

In Turkey, corporate tax rate is 22% as of 31 December 2020. According to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

The tax legislation provides for a temporary tax of 22% to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2020. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 50% of the income derived by entities from the sale of participation shares and real estates (immovable property) preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2020.

In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

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The reconciliation between tax expense and the product of accounting profit multiplied by applicable tax is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit/(loss) before tax	3.801.941	2.734.758
Tax at the corporate tax rate of (22%)	(836.427)	(601.647)
Tax effects of:		
- Expenses that are not deductible in determining taxable profit	(52.124)	(54.354)
- Tax rate difference of subsidiaries	1.735	(1.104)
- Deferred tax asset recognition from cash capital increase	58.151	65.146
- Deferred tax asset recognition from investment allowances and previous years' tax losses carried forward by subsidiaries	145.059	192.673
- Adjustments and tax losses of subsidiaries not subject to deferred tax and other	59.538	71.311
Tax income/(expense) for the year	(624.068)	(327.975)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk policies of the Group are managed centrally with the support of a committee. All Group companies meet their cash needs determined in business plans approved by their boards, by using credits or capital increase with guidance of the central management. The Group may choose long or short term financing according to their financing needs and market assumptions.

The Group's risk management policies are designed to identify and analyze the risks faced by the Group, to determine appropriate risks limits and controls, and to observe commitment to these limits. Risk management policies and systems are constantly under review to reflect changes in the Group's activities and market conditions.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial risk factors

The Group's principal financial instruments comprise forward market transactions, bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations and to hedge interest rate risk. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees to policies for managing each of these risks.

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	Receivables						
	Trade Receivables		Other receivables		Deposits and banks	Derivative Instruments	Other
	Related Parties	Third Parties	Related Parties	Third Parties			
31 December 2020							
Maximum credit risk exposed to as at the reporting date (A+B+C+D+E)	15.334	6.468.736	-	101.221	5.007.626	1.240.177	-
- Guaranteed portion of the maximum risk	-	152.107	-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired	15.334	4.808.265	-	101.221	5.007.626	1.240.177	-
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	1.660.471	-	-	-	-	-
- Amount secured via guarantees	-	-	-	-	-	-	-
D. Carrying amount of assets impaired	-	-	-	-	-	-	-
- Overdue (gross book value)	-	3.754.151	-	41.366	-	-	-
- Impairment (-)	-	(3.754.151)	-	(41.366)	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-	-	-

	Receivables						
	Trade Receivables		Other receivables		Deposits and banks	Derivative Instruments	Other
	Related Parties	Third Parties	Related Parties	Third Parties			
31 December 2019							
Maximum credit risk exposed to as at the reporting date (A+B+C+D+E)	11.793	5.992.604	-	111.404	4.945.874	408.522	-
- Guaranteed portion of the maximum risk	-	22.661	-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired	11.793	4.504.337	-	111.404	4.945.874	408.522	-
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	1.488.267	-	-	-	-	-
- Amount secured via guarantees	-	-	-	-	-	-	-
D. Carrying amount of assets impaired	-	-	-	-	-	-	-
- Overdue (gross book value)	-	3.490.624	-	35.152	-	-	-
- Impairment (-)	-	(3.490.624)	-	(35.152)	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-	-	-

Financial losses due to Group's receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk.

When determining the credit risk exposure as at the balance sheet date, items like guarantees received, which increase the credit worthiness have not been considered. The aging for assets overdue but not impaired for has been provided in Note 6.

As of 31 December 2020, the maximum credit risk Company exposure is reflected by presenting all financial assets from carrying amount on consolidated balance sheet.

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Liquidity risk is uncertainty to cover future financial obligations.

The Group's objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections.

The Group manages current and long-term funding by maintaining adequate reserves, banking facilities, reserve borrowing facilities and loan agreements with suppliers through continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2020 and 2019 based on contractual undiscounted payments (including interest payments not due yet).

Contract based maturities as at 31 December 2020	Book value	Total contract based cash outflow (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities and issued debt instruments	19.896.906	22.176.476	2.331.279	3.933.936	15.565.130	346.131
Lease liabilities	1.337.686	1.710.422	248.187	337.490	1.001.846	122.899
Trade payables to unrelated parties	5.293.521	5.293.521	4.844.042	449.479	-	-
Other ⁽¹⁾	1.128.734	1.128.734	1.085.078	-	43.656	-
Derivative financial liabilities, net	715.005	715.005	210.941	298.335	205.729	-

Contract based maturities as at 31 December 2019	Book value	Total contract based cash outflow (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities and issued debt instruments	19.642.394	22.301.494	2.108.407	4.536.553	12.298.790	3.357.744
Lease liabilities	1.140.761	1.506.209	155.753	326.441	898.204	125.811
Trade payables to unrelated parties	4.391.610	4.391.610	4.305.795	85.815	-	-
Other ⁽¹⁾	1.048.454	1.048.454	1.009.662	-	38.792	-
Trade and other payables to related parties	205.153	205.153	205.153	-	-	-
Derivative financial liabilities, net	710.715	710.715	122.565	281.158	321.363	(14.371)

⁽¹⁾ Other item includes other payables, employee benefit obligations and other current liabilities. Taxes and other payables contained within employee benefit obligations and advances contained within other current liabilities are excluded.

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	31 December 2020				31 December 2019			
	Total TL Equivalent	USD	EUR	Other	Total TL Equivalent	USD	EUR	Other
1. Trade receivables	219.329	27.396	1.171	7.682	303.692	32.786	15.102	8.498
2a. Monetary financial assets (Cash and banks accounts included)	3.888.220	345.654	148.711	11.373	4.436.947	230.967	459.369	9.873
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	1.069	-	119	-	174	-	26	-
4. Current assets (1+2+3)	4.108.618	373.050	150.001	19.055	4.740.813	263.753	474.497	18.371
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	790	-	119	-
8. Non-current assets (5+6+7)	-	-	-	-	790	-	119	-
9. Total assets (4+8)	4.108.618	373.050	150.001	19.055	4.741.603	263.753	474.616	18.371
10. Trade payables	3.076.131	258.060	127.459	33.696	2.640.054	340.408	85.594	48.711
11. Financial liabilities	2.976.888	274.313	101.153	52.111	4.847.846	517.698	266.334	1.336
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	6.053.019	532.373	228.612	85.807	7.487.900	858.106	351.928	50.047
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	14.138.721	1.503.858	343.623	4.329	13.652.099	1.872.480	379.924	2.472
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	14.138.721	1.503.858	343.623	4.329	13.652.099	1.872.480	379.924	2.472
18. Total liabilities (13+17)	20.191.740	2.036.231	572.235	90.136	21.139.999	2.730.586	731.852	52.519
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	16.219.562	1.730.010	390.815	-	11.707.212	1.552.884	373.315	-
19a. Total asset amount hedged	-	-	-	-	-	-	-	-
19b. Total liability amount hedged	(16.219.562)	(1.730.010)	(390.815)	-	(11.707.212)	(1.552.884)	(373.315)	-
20. Net foreign currency asset/(liability) position (9-18+19)	136.440	66.829	(31.419)	(71.081)	(4.691.184)	(913.949)	116.079	(34.148)
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(16.084.191)	(1.663.181)	(422.353)	(71.081)	(16.399.360)	(2.466.833)	(257.381)	(34.148)
22. Fair value of FX swap financial instruments	846.368	88.004	22.244	-	(115.429)	(41.060)	19.318	-
23. Hedged amount of foreign currency assets	-	-	-	-	-	-	-	-
24. Hedged amount of foreign currency liabilities	(16.219.562)	(1.730.010)	(390.815)	-	(11.707.212)	(1.552.884)	(373.315)	-

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The Group has transactional currency exposures mainly with respect to the financial liabilities and trade payables. Foreign currency denominated borrowings are stated in Note 5.

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR exchange rate, with all other variables held constant, of the Group's net profit for the year (due to changes in the fair value of monetary assets and liabilities):

31 December 2020	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(1.220.859)	1.220.859	-	-
2- Hedged portion of USD risk (-)	1.081.873	(951.038)	(323.629)	127.333
3- USD net effect (1+2)	(138.986)	269.821	(323.629)	127.333
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(380.345)	380.345	-	-
5- Hedged portion of EUR risk (-)	466.961	(454.125)	(182.307)	12.460
6- EUR net effect (4+5)	86.616	(73.780)	(182.307)	12.460
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	(7.108)	7.108	-	-
8- Hedged portion of other foreign currency (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	(7.108)	7.108	-	-
Total (3+6+9)	(59.478)	203.149	(505.936)	139.793
31 December 2019	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(1.465.348)	1.465.348	-	-
2- Hedged portion of USD risk (-)	851.645	(530.719)	(330.164)	129.116
3- USD net effect (1+2)	(613.703)	934.629	(330.164)	129.116
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(171.076)	171.076	-	-
5- Hedged portion of EUR risk (-)	332.961	(281.957)	(50.244)	50.385
6- EUR net effect (4+5)	161.885	(110.881)	(50.244)	50.385
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	(3.415)	3.415	-	-
8- Hedged portion of other foreign currency (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	(3.415)	3.415	-	-
Total (3+6+9)	(455.233)	827.163	(380.408)	179.501

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The value of a financial instrument will fluctuate as a result of changes in market prices. The Group's interest rate risk is primarily attributable to its borrowings.

The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings. In order to cover for these risks, the Group has entered into interest rate swaps (Note 15).

The interest rate risk table is presented below:

	31 December 2020	31 December 2019
Financial instruments with fixed interest rate		
Financial assets	4.259.967	4.281.269
Financial liabilities	(10.118.519)	(7.233.679)
Effect of hedging	(10.217.460)	(11.407.465)
	(16.076.012)	(14.359.875)
Financial instruments with variable interest rate		
Financial liabilities	(9.778.387)	(12.408.715)
Effect of hedging	10.217.460	11.407.465
	439.073	(1.001.250)

If the base point of denominated interest rates for financial instruments with variable interest rate was higher 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be lower by TL 4.545 (31 December 2019: TL 6.356) and interest rate was lower 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be higher by TL 4.626 (31 December 2019: TL 6.406) as of 31 December 2020.

On the other side because of hedging, if the base point of interest rate higher/lower 0,25%, equity would be higher by TL 44.496 (31 December 2019: TL 54.124), if the base point of interest rate lower 0,25%, equity would be lower by TL 45.058 (31 December 2019: TL 55.601).

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The below table summarizes the carrying and fair values of financial asset and liabilities in the Group's consolidated financial statements.

Due to their short-term nature, the fair value of trade and other receivables represents their book value. The fair value of borrowings with fixed interests is obtained by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of foreign currency denominated borrowings with variable interests is obtained by discounting the projected cash flows using estimated market interest rates.

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets				
Cash and cash equivalents	5.007.927	4.946.070	5.007.927	4.946.070
Trade and other receivables (including related parties)	6.585.291	6.115.801	6.585.291	6.115.801
Financial investments ^(*)	17.956	14.693	(^(*))	(^(*))
Derivative financial assets	1.240.177	408.522	1.240.177	408.522
Financial liabilities				
Bank borrowings	12.360.529	13.758.315	12.360.529	13.758.259
Issued debt instruments	7.536.377	5.884.079	7.952.273	6.127.415
Financial leasing liabilities	1.337.686	1.140.761	1.337.686	1.140.761
Trade payables and other liabilities (including related parties) ^(**)	6.422.255	5.645.217	6.422.255	5.645.217
Derivative financial liabilities	715.005	710.715	715.005	710.715

^(*) Group's share in financial investments are carried at cost. Information on fair value of share in these investments are not available.

^(**) Trade payables and other liabilities item includes trade and other payables, employee benefit obligations and other liabilities contained within other current liabilities. Taxes and other payables contained within employee benefit obligations and advances contained within other current liabilities are excluded.

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

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Fair value hierarchy table as at 31 December 2020 is as follows:

	Date of Valuation	Fair Value Measurement			
		Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
Derivative Financial Assets:					
Cross currency swaps	31 December 2020	1.207.467	-	1.207.467	-
Interest rate swaps	31 December 2020	32.710	-	32.710	-
Financial liabilities measured at fair value:					
Issued debt instruments					
Issued debt instruments	31 December 2020	3.658.788	3.658.788	-	-
Derivative Financial Liabilities:					
Interest rate swaps	31 December 2020	347.286	-	347.286	-
Cross currency swaps	31 December 2020	361.100	-	361.100	-
Commodity derivative (Copper)	31 December 2020	6.619	-	6.619	-
Other financial liabilities not measured at fair value					
Bank loans	31 December 2020	12.360.529	-	12.360.529	-
Issued debt instruments	31 December 2020	4.293.485	4.293.485	-	-

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Fair value hierarchy table as at 31 December 2019 is as follows:

	Date of Valuation	Fair Value Measurement			
		Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
Derivative Financial Assets:					
Cross currency swaps	31 December 2019	373.121	-	373.121	-
Interest rate swaps	31 December 2019	35.401	-	35.401	-
Financial liabilities measured at fair value:					
Issued debt instruments					
Issued debt instruments	31 December 2019	2.876.254	2.876.254	-	-
Derivative Financial Liabilities:					
Interest rate swaps	31 December 2019	173.362	-	173.362	-
Cross currency swaps	31 December 2019	517.664	-	517.664	-
Commodity derivative (Copper)	31 December 2019	19.689	-	19.689	-
Other financial liabilities not measured at fair value					
Bank loans	31 December 2019	13.758.259	-	13.758.259	-
Issued debt instruments	31 December 2019	3.251.161	3.251.161	-	-

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Explanation on the presentation of financial assets and liabilities at their fair values (continued)

Capital management policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes during the years 2019 and 2020.

GLOSSARY

0-9

3G

Third generation of mobile systems. Provide high-speed data transmissions and higher supporting multimedia applications such as full-motion video, video conferencing and Internet access. See "UMTS".

A

Access Channel

The network element used to connect a subscriber to the nearest switch or concentrator. An access channel generally takes the form of a closed circuit and consists of a pair of copper wires, but may also employ fiber optic cables, microwave links or other technologies.

ACD (Automatic Call Distribution)

A specialized phone system for handling incoming calls which recognizes and answers calls according to instructions from a database and then routes the calls to an operator or agent.

ADSL (Asymmetric Digital Subscriber Line)

A technology for transferring data that uses an access channel to provide faster network access to the Internet and other popular multimedia and data services at speeds of up to two to six Mbps, a transfer speed 50 times faster than narrowband or dial-up Internet access.

ARPL (Average Revenue per Line)

Measures the average monthly revenue generated for each line. The method used to calculate this measure may differ among operators.

ARPU (Average Revenue per User)

Measures the average monthly revenue generated for each customer unit, such as a mobile phone.

ATM (Asynchronous Transfer Mode)

A multiplexing and routing technology for high-speed digital communications that permits data, text, voice, video and multimedia signals to be transmitted simultaneously between network access points at speeds of up to 155Mbps or more. ATM allows for better local area network interconnections, PABX interconnection, data transmission and flexible bandwidth delivery.

B

Base Station

Fixed transceiver equipment in each cell of a mobile telecommunications network that communicates by radio signal with mobile handsets in that cell.

Bit

The smallest unit of binary data.

Bit stream Access

Access to Türk Telekom equipment connecting a provider to the end user to provide high-speed access services. This form of access differs from wholesale in that, in terms of transmission capacity, it provides access at a binary rate and the operator, as the access provider, decides on the technical specifications for the equipment directly connected to the access channel, as well as on the interface offered at the end-user side.

BPS (Bits per Second)

A data transmission rate

Broadband Service

A communications service for content requiring high-speed transmission rates such as video transmission.

C

Call Forwarding

A feature permitting the user to program a phone to ring at an alternate location; call forwarding may be in effect at all times or only in certain designated instances, such as when a particular phone is busy or there is no answer.

Call Waiting

A warning signal received when a person is on a call that there is a second incoming call.

Carrier Pre-Selection

A mechanism that allows customers to select competing operators as that user's default operator without dialing additional codes on the telephone. The customer subscribes to the services of a competing operator and his calls are routed through such operator.

Centrex

An enhanced phone service offered by public exchanges that delivers PBX switchboard-like functions to groups of users without the need for a private exchange within an organization or other group of users.

Churn

A measure of customer turnover due to subscription disconnections as a result of terminations by customers; switching by customers to competing services; terminations by the service provider due to customer non-payment; and, in the case of mobile communications services, expirations of prepaid cards.

CLIP (Call Line Identification Presentation)

A code that is sent over phone lines in certain locations when a person makes a phone call. This code includes the phone number of the person making the call. Certain modems are able to understand this code, and inform the customer of the identity of the person who is calling before the customer answers the phone.

CLIR

Caller Line Identity Restriction

Co-Location

GLOSSARY

The physical or virtual placement of competitors' equipment within the facilities of Türk Telekom for purposes of providing telecommunications services to end users, such as interconnection and unbundling.

CPI

Consumer Price Index

CTI (Computer Telephony Integration)

A system that enables a computer to act as a call center, accepting incoming calls and routing them to the appropriate destination.

D**Digital**

A method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits 0 and 1. Digital transmission and switching technologies employ a sequence of these pulses to represent information as opposed to the continuously variable analog signal. Compared to analog networks, digital networks allow for greater capacity, lower interference, protection against eavesdropping and automatic error correction. Signals are encoded into digits for transmission.

DSL (Digital Subscriber Line)

See "xDSL".

DSLAM (Digital Subscriber Line Access Multiplexer)

Equipment at a phone company's central location that can be used to link many customer DSL connections to a single high-speed ATM line.

DWDM (Dense Wavelength Division Multiplexing)

A technique enabling several independent flows of digital information to co-exist on the same optical fiber.

E**EDGE**

Enhanced Data Rates for Global Evolution.

Ethernet

A local area network allowing several computers to transfer data, typically over a coaxial cable.

Exchange

See "switch".

F**Frame Relay**

A data transport protocol that divides a physical communications line into several virtual channels. A technology part-way between X25 packet switching and ATM.

Frequency band

A specified range of frequencies. Frequency refers to the number of times per second that a wave (e.g., electromagnetic wave) oscillates or swings back and forth in a complete cycle from its starting point to its end point.

G**GByte**

A unit of binary data commonly used to measure data storage or transfer.

Gbps (Gigabits per second)

A data transmission rate. One Gbps equals one billion bps.

G.SHDSL (Global Symmetric High Bit-Rate Digital Subscriber Line)

Service that provides equal bandwidth for both uploads and downloads and transports data at a maximum bit rate of 2.3Mbits/s in both directions.

GMPCS (Global Mobile Personal Communications via Satellite)

A personal communication system providing transnational, regional or global coverage through satellites that are accessible by end users with small and easily transportable terminals.

GPRS (General Packet Radio Service)

A GSM-based packet-switched data transmission technology standard, established by the European Telecommunications Standards Institute, in which base stations can be directly connected to the Internet, thus bypassing the switching systems typically used to connect mobile traffic to fixed networks. GPRS provides users of mobile communications services better data access capability with virtually instant and permanent connections, as well as speeds up to ten times higher than GSM.

GSM (Global System for Mobile Communications)

A digital mobile telecommunications system standardized by the European Telecommunications Standards Institute based on digital transmission and cellular network architecture with roaming in use throughout Europe, Japan and in various other countries. GSM systems operate in the 900 MHz (GSM 900) and 1800 MHz (GSM 1800, also referred to as DCS 1800) frequency bands.

GSM 900 and GSM 1800

See "GSM".

GLOSSARY

I**Interconnection**

The linking of telecommunications networks used by the same or different persons in order to allow the users of the services or networks of one person to communicate with the users of the services or networks of the same person or of another person, or to access services provided by another person.

International Roaming

Provision of roaming services in the domestic market to subscribers of a competing operator's network. See "roaming".

Internet Access Line

The network element used to connect a subscriber to the nearest switch or concentrator. An access channel generally takes the form of a closed circuit and consists of a pair of copper wires, but may also employ fiber optic cables, microwave links or other technologies.

IP (Internet Protocol)

Protocol used in the Internet for communication among multiple networks.

IP-VPN (Internet Protocol Virtual Private Network)

A closed network of encrypted links accessible via Internet protocol

IPTV

Internet Protocol television, a system in which digital television services are delivered by using Internet Protocol over a network infrastructure, which may include delivery via a broadband connection.

ISDN (Integrated Services Digital Network)

A transmission system with the capacity to transmit two streams of information (voice, text, data or graphics) simultaneously on a single access channel based upon end-to-end digitalization and standardized out-of-band signaling.

ISDN-BA

Integrated Services Digital Network Basic Access, comprising two voice channels and one signaling channel.

ISDN-PA

Integrated Services Digital Network Primary Access, comprising 30 voice channels and one signaling channel.

ISP (Internet Service Provider)

A company providing access to Internet and other computer based information networks through its servers.

IT (Information Technology)

The broad subject concerned with all aspects of managing and processing information, especially within a large organization or company.

ITI (Interactive Terminal Interface)

A protocol that allows for the transfer of binary files between terminals across an X.25 network.

IVR (Interactive voice response)

A telecommunications system that uses a pre-recorded database of voice messages to present options to a user, typically over telephone lines.

K**Kbps (Kilobits Per Second)**

A data transmission rate. One Kbps equals 2(10) bps.

L**LAN (Local Area Network)**

A short distance data transmission network designed to interconnect personal computers, workstations, minicomputers, file servers and other computing devices within a localized environment, for the purpose of sharing files, programs and various devices such as printers and high-speed modems. LANs may have a decentralized communications management or include dedicated computers or file servers that provide a centralized source of shared files and programs.

Leased line

Voice and data circuits leased to connect two or more locations for the exclusive use of the subscriber.

Local Loop

See "access channel".

GLOSSARY

M

MByte

A unit of computer data commonly used to measure data storage or transfer.

Mbps (Megabits per Second)

A data transmission rate. One Mbps equals 2(20) bps.

MHz (Megahertz)

A measure of frequency. One MHz equals 1,000,000 cycles per second.

MMS (Multimedia Messaging Service)

A standard defined for use in advanced wireless terminals that allows users to send and receive messages containing various kinds of multimedia content, such as images, audio and video clips, with a “non-real-time” transmission.

MNP (Mobile Number Portability)

A service that allows customers to keep their mobile phone numbers when they change service providers.

MNS (Managed Network Services)

The management and provision of operational support for a network environment while the network hardware and associated assets remain on the client’s books.

MoU (Minutes of Use)

A measurement of customer activity. Average minutes of use per customer, usually presented on a monthly basis.

MVNO (Mobile Virtual Network Operator)

A company that offers mobile services using another company’s network.

MPLS (Multiprotocol Label Switching)

A standards-approved technology for speeding up network traffic flow and making it easier to manage. MPLS involves setting up a specific path for a given sequence of packets, identified by a label put in each packet, thus saving the time needed for a router to look up the address in order to forward the packet to the next node.

N

Narrowband

A channel that provides data transfer rates less than or equal to one voice-grade line. Contrast with broadband speeds of data transfer.

NGN (Next Generation Networks)

IP/MPLS protocol-based digital packet-switched network.

NMT 450

Nordic mobile telephone and one of the earliest first generation mobile networks that operated mostly in the 450 MHz band.

Node

A network element that provides a point at which key telecommunications equipment or computers can access the network. In circuit networks, nodes are switching systems. In packet-switched networks they are often computers.

O

On-Net

Calls that stay on an operator’s network or a customer private network from beginning to end.

P

Packet switching

A data transmission process, utilizing addressed packets, whereby a channel is occupied only for the duration of transmission of the packet.

PMR (Private Mobile Radio)/PAMR (Public Access Mobile Radio)

A commercial service using trunking techniques in which multiple groups of users can set up their own closed systems within a shared public network.

PC (Personal Computer)

A small digital computer based on a microprocessor and designed to be used by one person at a time.

Penetration Rate

The total number of subscribers for a carrier divided by the population that it serves expressed as a percentage.

Point-to-Point

A link from one user or network to another using a phone line.

PoP (Point of Presence)

A site where there exists a collection of telecommunications equipment, usually modems, digital leased lines and multi-protocol routers.

Pulses

A unit of measurement of billing intervals

GLOSSARY

Push-To-Talk

Mobile phone technology that allows a mobile phone to be used for real-time one-to-one and one-to-many voice communication, typically requiring the speaker to push a button on the handset to be heard and to release the button to listen.

PSTN (Public Switched Telephone Network)

The international telephone system based on copper wires carrying analog voice data. This is in contrast to newer telephone networks based on digital technologies, such as ISDN.

PTT

The PTT is the General Directorate of Postal Telegraph and Telephone. Türk Telekom operated as part of the PTT from 1924 to 1995, when it was separated from the PTT and incorporated as a joint stock company under the Undersecretary of the Treasury.

R

Registered line

Registered line refers to a line with a valid and effective subscription agreement between the operator and the customer.

Ringback

When the customer gets a busy tone when calling a number, the caller is invited to punch R5. Once the called party’s line is free, the service will call back the customer and will connect them.

RLLO

Türk Telekom’s reference local loop offer. Türk Telekom is required by the Local Loop Unbundling Communiqué enacted on 1 July 2005 to publish a reference offer for access to its local loop. The reference local loop offer must be approved by the Telecommunications Authority every year. Türk Telekom submitted its RLLO for approval on 29 September 2005.

Roaming

The mobile telecommunications feature that permits subscribers of one network to use their mobile handsets and telephone numbers when in a region covered by another operator’s network.

Router

An inter-network device that relays data packets to networks connected to the router based upon the destination address contained in those data packets being routed.

S

SCT (Special Communications Tax)

A tax imposed on all mobile communications services in Turkey to fund public works in the aftermath of the 1999 earthquake in Turkey’s Marmara region. The tax was originally applicable through the end of 2000, but has been extended twice and on 1 January 2004 was made permanent when Law 5035 was enacted. The tax is paid by mobile customers and collected by mobile operators.

SDH (Synchronous Digital Hierarchy)

The European standard for high-speed digital transmission using fibre optic cables.

SIM (Subscriber Identity Module)

An electronic card inserted into a GSM phone that identifies the user account to the network, handles authentication and provides data storage for user data such as phone numbers and network information. It may also contain applications that run on the phone.

SLA (Service Level Agreement)

A contract between a network service provider and a customer that specifies, usually in measurable terms, what services, and in certain cases, the quality of such services that the network service provider will furnish.

SMS (Short Message Service)

A mobile communications system that allows users to send and receive alpha-numeric messages of up to 160 characters from one mobile handset to another via a short message service center.

SOHO

Small Office/Home Office.

Switch

A device used to set up and route telephone calls either to the number called or to the next switch along the path. They may also record information for billing and control purposes.

GLOSSARY

T

Termination rate

The interconnection fee received by an operator for incoming calls terminating on its network.

U

UMTS (Universal Mobile Telecommunications System)

The third-generation broadband mobile communications standard. UMTS utilizes Code Division Multiple Access, or CDMA, technology and has the speed and capacity to handle multimedia transmissions. A UMTS system offers mobile telephony, messaging services, wireless access to the Internet and other multi-media services at higher speeds than GSM systems.

USO (Universal Service Obligation)

The obligation placed on Türk Telekom by the Universal Service Law enacted on 16 June 2005 to ensure that standard telephone services, pay phones and prescribed carriage services are reasonably accessible to all people in a particular region on an equitable basis, and with affordable pricing, wherever they reside or carry on business.

V

Voicemail

Any system for sending, storing and retrieving audio messages, similar to a telephone answering machine.

VoIP

Voice over Internet Protocol, in which voice traffic is carried over Internet Protocol rather than a circuit-switched network.

VPN (Virtual Private Network)

A data network that shares telecommunications infrastructure but acts as a secure private network, with an architecture based on the use of the TCP-IP (Time Compression Multiplexing—Internet Protocol).

W

WAP (Wireless Application Protocol)

A global open specification that supports Internet Protocols on wireless devices, such as mobile phones, two-way radios, smart phones and communicators, to easily access and interact with Internet-based services. With WAP, a mobile phone user can view mini-pages and interact with a small, multiple choice screen.

Wi-Fi (Wireless Fidelity)

The generic term used to refer to any type of IEEE 802.11 radio frequency network, in which signals are sent over radio frequencies or infrared using wireless network cards and hubs to provide wireless network access.

WiMax (World Interoperability for Microwave Access)

The successor to Wi-Fi. The generic term used to refer to any type of IEEE 802.16 radio frequency network, with a range of up to 80 km and a bandwidth of up to 75bps.

WLAN

A wireless network connecting two or more computers or other devices over a short distance, such as within an office, a home or a hot spot. Wi-Fi and its successor, WiMax, are examples of WLANs.

X

X25

A worldwide protocol for communications services using packet-switched networks.

xDSL

Refers collectively to all types of digital subscriber lines, the two main categories being ADSL and SDSL. Two other types of xDSL technologies are High-data-rate DSL (HDSL) and Very high DSL (VDSL). DSL technologies use sophisticated modulation schemes to pack data onto copper wires. They are sometimes referred to as “last-mile technologies” because they are used only for connections from a telephone switching station to a home or office, not between switching stations.

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