

TÜRK TELEKOMÜNİKASYON A.Ş.



INTERIM ACTIVITY REPORT AS OF 30.06.2022
BASED ON NO:II-14.1 COMMUNIQUE OF CAPITAL MARKETS
BOARD

August 8, 2022

CONTENTS

- 1. OVERVIEW OF TÜRK TELEKOM**
- 2. CORPORATE STRUCTURE**
- 3. SIGNIFICANT BOARD RESOLUTIONS**
- 4. PERSONNEL MOVEMENTS**
- 5. FINANCIAL RISK MANAGEMENT**
- 6. MATERIAL ISSUES DURING THE PERIOD**
- 7. MATERIAL ISSUES AFTER THE END OF THE PERIOD**
- 8. SUMMARY FINANCIAL RESULTS**

1. OVERVIEW OF TÜRK TELEKOM

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

“Turkey’s Multiplay Provider” Türk Telekom has 17.1 million fixed access lines, 14.6 million broadband, 2.9 million TV and 24.6 million mobile subscribers as of June 30, 2022. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 38,798 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’s transformation into an information society.

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

2. CORPORATE STRUCTURE

Ownership Structure

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

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

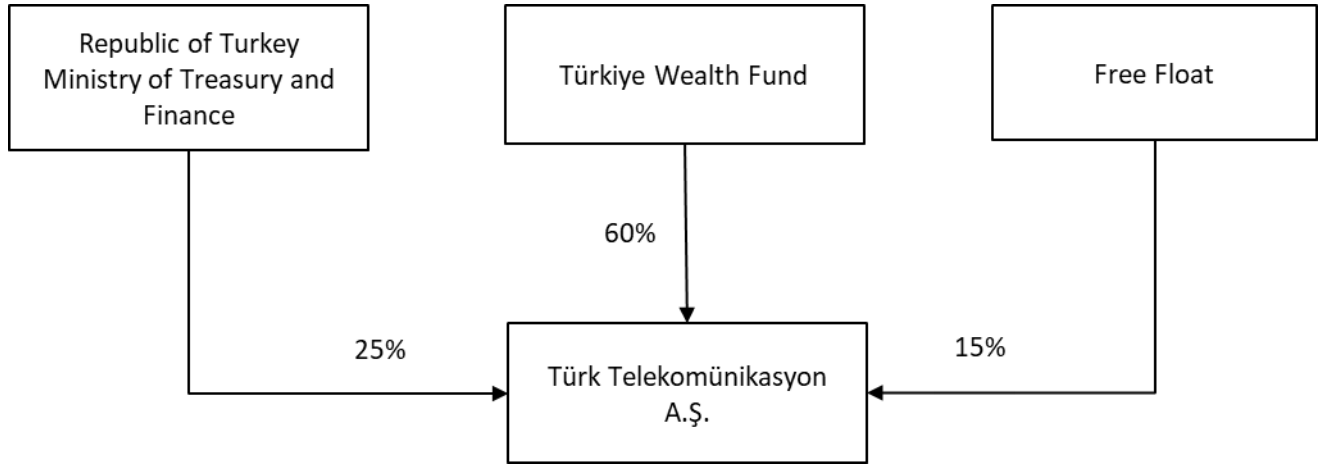
The share transfer between LYY Telekomünikasyon A.Ş. (LYY) and Türkiye Wealth Fund (TWF), for the sale of Türk Telekomünikasyon A.Ş.'s (Türk Telekom) 55% stake owned by LYY to TWF is completed as of March 31, 2022. Accordingly, TWF has become the majority shareholder of Türk Telekom with a 61.68% stake.

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

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

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

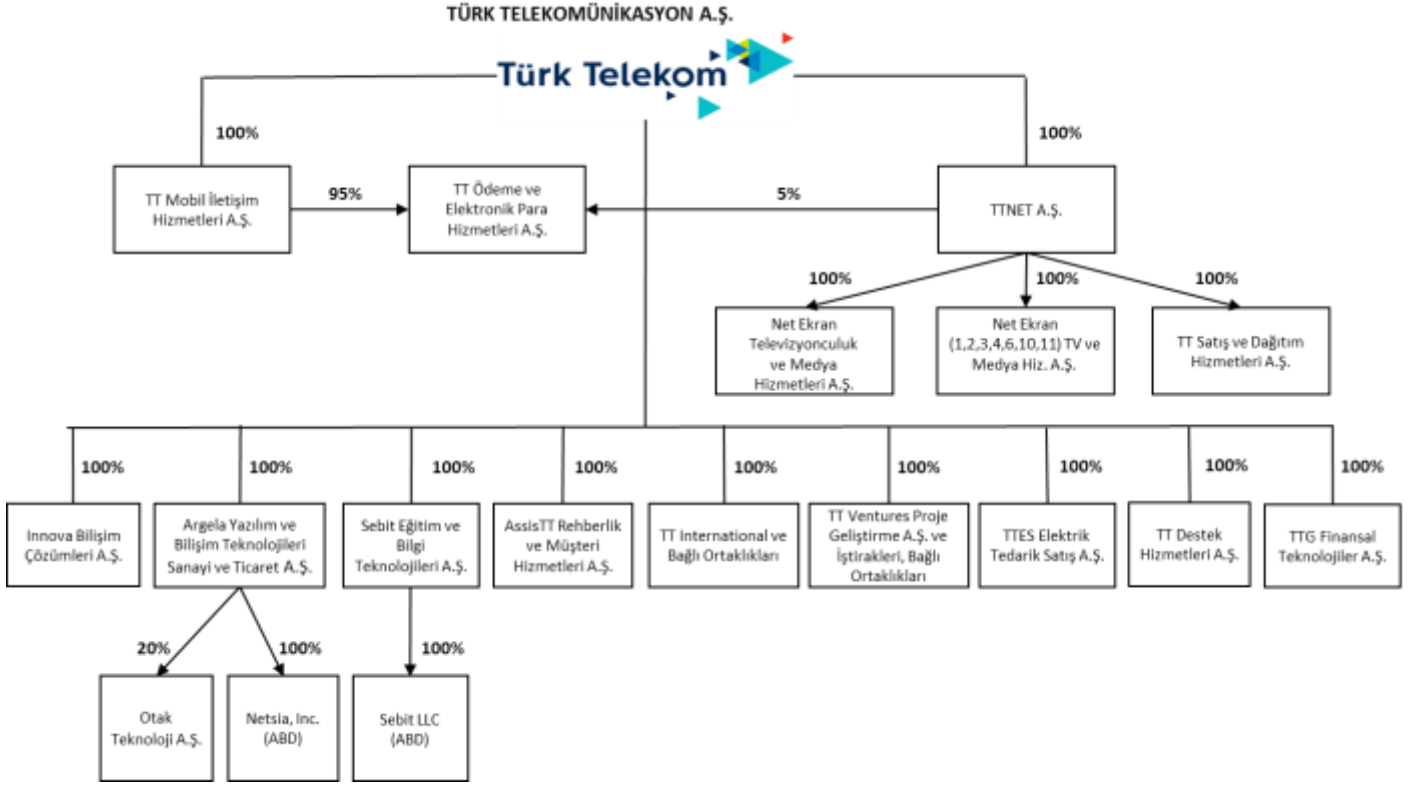
Natural and legal persons owning over 5% of our Company shares, directly or indirectly are stated below:



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

2) Türkiye Wealth Fund has 1.68% public share ownership.

- Subsidiaries and financial investments:



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

Management and Organization

Board of Directors

Dr. Ömer Fatih Sayan	Chairman of the Board of Directors and Member of the Board of Directors
Mahmut Gürcan	Vice Chairman of the Board of Directors and Member of the Board of Directors
Yiğit Bulut	Independent Member of the Board of Directors
Dr. Cengiz Yavilioğlu	Member of the Board of Directors
Selim Dursun	Independent Member of the Board of Directors
Enver İskurt	Independent Member of the Board of Directors
Ümit Önal	Member of the Board of Directors
Salim Arda Ermut	Member of the Board of Directors
Metin İlhan	Member of the Board of Directors

Senior Management

Ümit Önal	CEO - General Manager
	Marketing and Customer Care Assistant General Manager (Acting)
Kaan Aktan	Finance Assistant General Manager
Dr. Mehmet Beytur	Support Services and Procurement Management Assistant General Manager
İsmail Bütün	Consumer Sales Assistant General Manager
Mustafa Eser	Corporate Sales Assistant General Manager
Ali Gürsoy	Head of Enterprise Risk and Business Continuity
Tahsin Kaplan	Legal and Regulation Assistant General Manager
Yusuf Kırac	Technology Assistant General Manager
Emre Şehsuvaroğlu	Head of Internal Audit
Mehmet Emre Vural	Human Resources Assistant General Manager
Yavuz Yıldırım	Wholesale Assistant General Manager

3. SIGNIFICANT BOARD RESOLUTIONS

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

4. PERSONNEL MOVEMENTS

Consolidated headcount as of the 30.06.2022 and 31.12.2021 are 38,798 and 35,868 respectively.

5. FINANCIAL RISK MANAGEMENT

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

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

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

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

Türk Telekom aims to keep the impact of FX exposure on the financial statements to a minimum with its FX risk management transactions. In this respect, Türk Telekom has a total hedge position of USD 2,359¹ million equivalent, details of which are provided in the footnotes of its audited financial statements. The total hedge position including the cash in hard currency, which provides a natural hedge against FX exposure is USD 2,552 million equivalent.

In relation to interest rate risk, Türk Telekom carries an interest-rate swap position equivalent to USD 450 million, details of which are provided in the footnotes of the audited financial statements. Türk Telekom manages its exposure to interest rate risk through swap positions and fixed-interest rate transactions such as Eurobond.

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

¹ Hedged amount includes hedging of FX financial debt, currency protected time deposit, hedging of FX net trade payables and net investment hedge. Currency protected time deposit included in hedged amount is worth USD 243 mn.

6. MATERIAL ISSUES DURING THE PERIOD

4 April 2022 dated Regulatory Disclosure – Registration of Independent Auditor Selection

The General Assembly resolution dated March 31, 2022 on the selection of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young) for the auditing of the accounts of our Company for the accounting period of 2022 has been registered by Ankara Trade Registry Office on April 1, 2022 and published on the Turkish Trade Registry Gazette on April 1, 2022.

4 April 2022 dated Regulatory Disclosure – The Registration of 2021 Ordinary General Assembly Resolutions

The resolutions arrived at our Company's 2021 Ordinary General Assembly Meeting held on March 31, 2022 have been registered by Ankara Trade Registry Office on April 1, 2022 and published on the Turkish Trade Registry Gazette on April 1, 2022.

8 April 2022 Dated Regulatory Disclosure – S&P Global Ratings Credit Rating Announcement

On April 1, 2022, S&P Global Ratings (S&P) lowered local currency ratings on Turkey and revised downward its transfer and convertibility (T&C) assessment to 'B+' from 'BB-'. The credit rating agency affirmed Turkey's foreign currency rating at 'B+' and confirmed the outlook as "Negative".

Accordingly, S&P has capped its ratings on Türk Telekomünikasyon A.Ş. at the level of its T&C assessment on Turkey and revised our Company's long term local and foreign currency credit rating from "BB-" to "B+" and confirmed the outlook as "Negative". The credit rating agency has affirmed our Company's short term foreign currency credit rating as "B" and stand-alone credit profile (SACP) as "bbb".

27 April 2022 dated Regulatory Disclosure – 2022 1st Quarter Consolidated Financial and Operational Result

2022 1st Quarter financial and operational results are announced.

<https://www.kap.org.tr/en/Bildirim/1024402>

<https://www.kap.org.tr/en/Bildirim/1024408>

29 April 2022 Dated Regulatory Disclosure – BRSA decision regarding the establishment of a Financing Company

Our Group company TTG Finansal Teknolojiler A.Ş. had applied to the Banking Regulation and Supervision Agency (BRSA) in order to obtain the necessary approvals for the establishment of a financing company on February 24, 2022. The application has been approved with the BRSA's decision dated April 21, 2022, and has been notified to our company today.

13 May 2022 dated Regulatory Disclosure - Board of Directors Committee Appointments

Within the scope of the article 4.5.1. of Corporate Governance Principles of Capital Markets Board's Corporate Governance Communique, II-17.1, the Members of the Committees under our Board of Directors have been determined as follows according to the composition of the new Board of Directors which was approved in the Ordinary General Assembly dated 31.03.2022.

The Audit Committee

- Yiğit Bulut – Chairman (Independent Member of Board of Directors)
- Selim Dursun – Committee Member (Independent Member of Board of Directors)

The Corporate Governance Committee

- Enver İskurt – Chairman (Independent Member of Board of Directors)
- Selim Dursun – Committee Member (Independent Member of Board of Directors)
- Metin İlhan – Committee Member (Member of Board of Directors)
- Gülsen Ayaz – Committee Member (Investor Relations Director)

The Early Identification and Management of Risks Committee

- Yiğit Bulut – Chairman (Independent Member of Board of Directors)
- Dr. Ömer Fatih Sayan – Committee Member (Member of Board of Directors)
- Mahmut Gürçan – Committee Member (Member of Board of Directors)

17 June 2022 dated Regulatory Disclosure – Establishment of Nomination and Remuneration Committee

“Nomination Committee” and “Remuneration Committee”, which were established to operate under the Board of Directors within the scope of article 4.5.1. of Corporate Governance Principles of Capital Markets Board's Corporate Governance Communique, II-17.1., have been abolished. In order to carry out the current duties of the abolished committees, the “Nomination and Remuneration Committee” is established to operate under the Board of Directors of our Company.

The Nomination and Remuneration Committee shall consist of the following members:

- Yiğit Bulut - Committee Chairman
- Dr. Ömer Fatih Sayan – Committee Member
- Salim Arda Ermut – Committee Member

<https://www.kap.org.tr/en/Bildirim/1038148>

17 June 2022 dated Regulatory Disclosure - Conclusion of the Related Party Transactions Report

Common and recurring transactions of asset, service and liability transfer between TTNET A.Ş. and Türk Telekom in 01.01.2021 – 31.12.2021 financial year exceeded 10% of the reported sales revenue of Türk Telekom as stated under its 2021 year-end financial tables and are projected to exceed the 10% level in 2022. These transactions are considered to be made in fair, reasonable and suitable

manner in arm's length prices when considered the positive discrimination applied to the operators excluding TTNET A.Ş. through current pricing regulations.

There are no other asset, service and liability transfer transactions that exceed the determined threshold with other related parties and there is no expectation of transactions in such scale to be undertaken in 2022.

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

22 June 2022 dated Regulatory Disclosure – Financial Bond Issuance

Within the scope of the issuance limit approved by the Capital Markets Board to our Company dated 17.03.2022 and decision numbered 13/397, sale transactions regarding the issuance of financial bond with a 90-day maturity and a nominal amount of 500 million TL, to be sold to qualified investors only without public offering, were completed on 22.06.2022. The issuance was advised by Garanti Yatırım Menkul Kıymetler A.Ş.

27 June 2022 Dated Regulatory Disclosure - Resolution on Domestic Debt Securities Issuance and CMB Application

Our Company's Board of Directors resolved that the Company shall apply to Capital Markets Board for the issuance of debt instruments in accordance with the Capital Markets Law No. 6362, the Communiqué on Borrowing Instruments numbered VII-128.8 and other relevant legislation and Article 7 of the Articles of Association of our Company titled "Issue of Debt Securities, Bonds and Similar Securities" provided that the necessary procedures are carried out and completed in accordance with the relevant legislation, in particular the Capital Market Legislation and that the Company shall issue Turkish Lira denominated debt instrument(s) within the domestic market to be sold to qualified investors without public offering, in single or multiple tranches, with different maturities up to maximum 5 (five) years and in the form of bonds and / or bills not exceeding TL 2,000,000,000 (Two Billion Turkish Lira) in total. Accordingly, our Company has applied to the Capital Markets Board for the necessary approvals today.

7. MATERIAL ISSUES AFTER THE END OF THE PERIOD

18 July 2022 Dated Regulatory Disclosure - Fitch Ratings Credit Rating Announcement

On July 8, 2022, Fitch Ratings revised Turkey's foreign and local currency long-term issuer default ratings (IDRs) and long-term senior unsecured rating to "B" from "B+", and affirmed the outlook as "Negative".

Subsequent to the above, Fitch Ratings

- revised Türk Telekomünikasyon A.Ş.'s foreign and local currency long-term IDR to "B" from "B+", and affirmed the outlook as "Negative"
- revised the long-term senior unsecured rating to "B/RR4" from "B+/RR4".

28 July 2022 Dated Regulatory Disclosure - Restructuring of Digital Products and Services within Türk Telekom Group

As Türk Telekom Group, on the digital transformation journey of our country and customers; we continue to add value to our country by offering digital products and services in many fields in addition to fixed, mobile and broadband communication products. In this context, we aim to reposition our certain products and services offered within the Türk Telekom Group in a new structure, in order to strengthen our digital focus and expand our existing digital product and service portfolio.

As part of our digital transformation agenda, our Board of Directors approved that the operations that provide information technologies (IT) infrastructure services to Türk Telekom Group digital companies and the existing digital products and services in the fields of gaming services, digital broadcasting services, cloud solutions, etc. shall be restructured under the new companies to be established or the existing group companies.

29 July 2022 dated Regulatory Disclosure – CMB Approval of the Domestic Debt Securities Issuance Certificate

Within the scope of our regulatory disclosure dated on June 27, 2022; our application to Capital Markets Board (CMB) regarding the issuance of Turkish Lira denominated debt instrument(s) within the domestic market to be sold to qualified investors without public offering, in single or multiple tranches, with different maturities up to maximum 5 (five) years and in the form of bonds and / or bills not exceeding TL 2,000,000,000 (Two Billion Turkish Lira) in total, has been approved and announced in CMB's bulletin dated 28.07.2022.

29 July 2022 dated Regulatory Disclosure – CMB Approval of the Domestic Debt Securities Issuance Certificate

Within the scope of our regulatory disclosure dated on June 27, 2022; our application to Capital Markets Board (CMB) regarding the issuance of Turkish Lira denominated debt instrument(s) within the domestic market to be sold to qualified investors without public offering, in single or multiple tranches, with different maturities up to maximum 5 (five) years and in the form of bonds and / or bills not exceeding TL 2,000,000,000 (Two Billion Turkish Lira) in total, has been approved by the CMB on 28.07.2022, with decision number 39/1111.

8. SUMMARY FINANCIAL RESULTS

Consolidated Summary P&L Statement

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

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

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

Consolidated Summary Balance Sheet

(TL mn)	30.06.2021	31.03.2022	30.06.2022
Total Assets	46,005	63,565	65,226
Cash and Cash Equivalents	4,129	8,438	5,231
Tangible Assets ^(a)	16,191	19,010	19,479
Intangible Assets	12,425	14,446	15,024
Right of Use Assets	1,575	1,602	1,856
Other Assets ^(b)	11,686	20,070	23,636
Total Equities and Liabilities	46,005	63,565	65,226
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	9,222	7,174	8,795
Interest Bearing Liabilities ^(c)	22,251	36,488	39,963
<i>Bank Borrowings and Bonds</i>	<i>20,864</i>	<i>35,062</i>	<i>38,300</i>
<i>Lease Liabilities</i>	<i>1,387</i>	<i>1,426</i>	<i>1,663</i>
Other Liabilities ^(d)	11,272	16,643	13,207

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

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

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

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

Operational Performance

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

(a) Includes PSTN and WLR lines

(b) Includes IPTV, DTH and Tivibu GO subscribers