

**Türk Telekomünikasyon
Anonim Şirketi and Its Subsidiaries
31 March 2024**

Interim Condensed Consolidated
Financial Statements As At and For
The Three Months Period
Ended 31 March 2024

5 June 2024

This report contains 1 pages of “Independent Auditor’s Report” and 47 pages of financial statements and explanatory notes.

(Convenience translation of a report and financial statements originally issued in Turkish)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT AS AT AND FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 March 2024 unless otherwise stated.)

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

31 MARCH 2024

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 March 2024 unless otherwise stated.)

	Notes	Current period	Prior period
		Unaudited	Audited
		31 March 2024	31 December 2023
Assets			
Total current assets		54.201.682	55.504.123
Cash and cash equivalents	6	13.866.235	15.638.307
Financial investments	15	8.742.350	9.007.504
Trade receivables			
- Trade receivables due from related parties	8	383.476	725.478
- Trade receivables due from unrelated parties	9	14.347.120	14.626.127
Receivables from finance sector activities			
- Receivables from finance sector activities due from unrelated parties		2.065	44.218
Other receivables			
- Other receivables due from unrelated parties		805.633	300.387
Contract assets			
- Contract assets from sale of goods and service contracts	9	4.425.974	4.098.333
Derivative financial assets			
- Derivative financial assets held for trading	14	266.300	505.752
- Derivative financial assets held for hedging	14	4.370.838	4.759.921
Inventories		2.308.400	1.523.134
Prepayments			
- Prepayments to unrelated parties		2.430.496	1.270.782
Current tax assets		131.271	201.632
Other current assets			
- Other current assets due from unrelated parties		1.593.803	2.274.827
Subtotal		53.673.961	54.976.402
Non-current assets classified as held for sale		527.721	527.721
Total non-current assets		163.985.187	168.548.775
Financial investments			
- Other financial investments	15	189.716	201.262
Trade receivables			
- Trade receivables due from unrelated parties	9	191.646	280.209
Other receivables			
- Other receivables due from unrelated parties		74.403	90.357
Contract assets			
- Contract assets from sale of goods and service contracts	9	17.761	25.110
Right of use assets		7.559.541	6.424.212
Investment property		111.704	117.628
Property, plant and equipment			
- Land and premises		30.606.359	30.609.901
- Buildings		3.077.822	3.122.592
- Machinery and equipments		45.254.977	47.310.235
- Other property, plant and equipment		7.646.806	6.391.741
Intangible assets			
- Goodwill		559.882	559.882
- Rights regarding concession agreements		26.061.200	25.945.523
- Concession agreements assets		724.739	3.151.689
- Licences		12.657.493	13.417.729
- Other intangible assets		20.566.723	20.612.684
Prepayments			
- Prepayments to unrelated parties		195.933	165.537
Deferred tax asset	17	8.488.448	10.122.349
Other non-current assets			
- Other non-current assets due from unrelated parties		34	135
Total assets		218.186.869	224.052.898

The accompanying notes form an integral part of these consolidated financial statements.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

31 MARCH 2024

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		Current period	Prior period
		Unaudited	Audited
	<i>Notes</i>	31 March 2024	31 December 2023
Liabilities			
Total current liabilities		72.387.729	65.097.231
Financial liabilities			
Financial liabilities from related parties			
- Bank loans	7,8	1.669.787	2.806.882
Financial liabilities from unrelated parties			
- Bank loans	7	10.352.597	9.383.657
- Lease liabilities	7	55.442	156.235
- Issued debt instruments	7	-	3.060.614
Current portion of long term financial liabilities			
Current portion of long term financial liabilities from unrelated parties			
- Bank loans	7	6.217.078	6.277.816
- Lease liabilities	7	1.210.787	855.286
- Issued debt instruments	7	30.563.122	15.866.261
Trade payables			
- Trade payables to related parties	8	236.722	240.207
- Trade payables to unrelated parties	9	11.737.851	15.982.669
Employee benefit obligations		2.067.302	1.757.662
Other payables			
- Other payables to unrelated parties		3.986.815	3.720.438
Derivative financial liabilities			
- Derivative financial liabilities held for trading	14	273.253	135.112
- Derivative financial liabilities held for hedging		-	24
Contract liabilities			
- Contract liabilities from sale of goods and service contracts		2.555.617	2.430.540
Current tax liabilities	17	7.037	20.099
Current provisions			
- Current provisions for employee benefits	11	589.718	1.458.902
- Other current provisions	11	261.572	387.476
Other current liabilities			
- Other current liabilities to unrelated parties		603.029	557.351
Total non-current liabilities		32.256.613	45.859.384
Long term financial liabilities			
Long term financial liabilities from unrelated parties			
- Bank loans	7	21.654.564	20.089.890
- Lease liabilities	7	2.056.352	1.153.656
- Issued debt instruments	7	-	16.152.994
Other payables			
- Other payables to unrelated parties		96.957	110.371
Contract liabilities			
- Contract liabilities from sale of goods and service contracts		3.095.490	3.411.272
Non-current provisions			
- Non-current provisions for employee benefits	11	4.715.349	4.668.484
- Other non-current provisions		10.627	12.229
Deferred tax liabilities	17	627.274	260.488
Total liabilities		104.644.342	110.956.615

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2024

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 March 2024 unless otherwise stated.)

	Current period	Prior period
	Unaudited	Audited
<i>Notes</i>	31 March 2024	31 December 2023
Equity	113.542.527	113.096.283
Equity attributable to equity holders of the parent		
Issued capital	3.500.000	3.500.000
Inflation adjustments on capital	57.761.223	57.761.223
Repurchased shares (-)	(16.791)	(16.791)
Other accumulated comprehensive income/ (loss) that will not be reclassified in profit or loss		
Losses from investments in equity instruments		
Gains / (losses) on revaluation and remeasurement		
- <i>Losses on remeasurements of defined benefit plans</i>	(3.107.016)	(3.028.019)
- <i>Increases on revaluation of property, plant and equipment</i>	6.674.766	6.674.766
Losses due to change in fair value of financial liability attributable to change in credit risk of liability	103.824	31.968
Other accumulated comprehensive income / (loss) that will be reclassified in profit or loss		
Gains / (losses) on hedges		
- <i>Gains on cash flow hedges</i>	3.846.864	3.946.975
- <i>Losses on hedges of net investment in foreign operations</i>	(6.676.713)	(6.417.076)
Change in value of time value of options	(8.752.570)	(8.956.594)
Exchange differences on translation	3.274.662	3.708.771
Restricted reserves appropriated from profits	3.360.617	3.360.617
Retained earnings	52.530.443	33.635.210
Profit for the year	1.043.218	18.895.233
Total liabilities and equity	218.186.869	224.052.898

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 March 2024 unless otherwise stated.)

		Current Period	Prior Period
		Unaudited	Unaudited
		1 January -	1 January -
	<i>Notes</i>	31 March 2024	31 March 2023
Revenue	5	28.023.754	26.448.046
Cost of sales (-)		(19.869.930)	(21.079.300)
Gross profit		8.153.824	5.368.746
General administrative expenses (-)		(3.815.981)	(3.714.181)
Marketing, sales and distribution expenses (-)		(3.438.328)	(3.097.016)
Research and development expenses (-)		(489.782)	(432.737)
Other operating income		967.807	533.453
Other operating expense (-)		(917.208)	(701.718)
Operating profit/(loss)		460.332	(2.043.453)
Impairment gains / (losses) and reversal of impairment losses determined in accordance with IFRS 9, net		(91.229)	(103.660)
Investment activity income		1.044.612	1.229.951
Investment activity expenses (-)		(132)	(463)
Profit before financing income/(expense)		1.413.583	(917.625)
Finance income		910.979	771.614
Finance costs (-)		(6.905.670)	(4.612.852)
Monetary gain/loss		7.679.069	6.997.805
Profit from continuing operations, before tax	5	3.097.961	2.238.942
Tax (expense) / income, continuing operations			
- Current period tax expense		(81.968)	(206.719)
- Deferred tax expense		(1.972.775)	(793.386)
Profit for the year		1.043.218	1.238.837
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	0,2981	0,3540
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	0,2981	0,3540

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 March 2024 unless otherwise stated.)

	Current Period	Prior Period
	Unaudited	Unaudited
<i>Notes</i>	1 January - 31 March 2024	1 January - 31 March 2023
Profit for the period	1.043.218	1.238.837
Other comprehensive income:		
Other comprehensive income that will not be reclassified to profit or loss		
Losses on remeasurements of defined benefit plans	(105.330)	(1.339.253)
Change in fair value of financial liability attributable to change in credit risk of liability	95.808	(132.645)
Tax effect of other comprehensive income items not to be reclassified to profit or loss		
<i>-Taxes relating to remeasurements of defined benefit plans</i>	26.333	267.850
<i>-Taxes relating to change in fair value of financial liability attributable to change in credit risk of liability</i>	(23.952)	26.530
Other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	(434.109)	(308.850)
Gains / (losses) on cash flow hedges	(133.481)	(178.342)
Gains / (losses) on hedges of net investments in foreign operations	(346.183)	(198.071)
Gains / (losses) on change in value of time value of options	272.032	379.804
Tax effect on other comprehensive income items to be reclassified to profit or loss		
<i>-Taxes relating to cash flow hedges</i>	33.370	35.669
<i>-Taxes relating to gains on hedges of net investments in foreign operations</i>	86.546	39.615
<i>-Taxes relating to change in value of time value of options of other comprehensive loss</i>	(68.008)	(75.961)
Other comprehensive loss	(596.974)	(1.483.654)
Total comprehensive income/(loss)	446.244	(244.817)

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 March 2024 unless otherwise stated.)

				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	Repurchased shares (-)	Gains / (losses) on revaluation and remeasurement		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	Retained earnings	Profit for the year		
				Increases on revaluation of property, plant and equipment	Gains / (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 2023	3.500.000	57.761.223	–	3.935.496	(1.671.407)	185.876	(4.554.834)	4.108.040	(10.957.814)	3.656.796	3.128.440	25.916.993	7.950.399	92.959.208
Transfers	–	–	–	–	–	–	–	–	–	–	–	7.950.399	(7.950.399)	–
Total comprehensive income	–	–	–	–	(1.071.403)	(106.115)	(158.456)	(142.673)	303.843	(308.850)	–	–	1.238.837	(244.817)
Profit for period	–	–	–	–	–	–	–	–	–	–	–	–	1.238.837	1.238.837
Other comprehensive income	–	–	–	–	(1.071.403)	(106.115)	(158.456)	(142.673)	303.843	(308.850)	–	–	–	(1.483.654)
Increase / (decrease) due to share repurchased transactions	–	–	(16.791)	–	–	–	–	–	–	–	16.791	(16.791)	–	(16.791)
Balance at 31 March 2023	3.500.000	57.761.223	(16.791)	3.935.496	(2.742.810)	79.761	(4.713.290)	3.965.367	(10.653.971)	3.347.946	3.145.231	33.850.601	1.238.837	92.697.600
Balance at 1 January 2024	3.500.000	57.761.223	(16.791)	6.674.766	(3.028.019)	31.968	(6.417.076)	3.946.975	(8.956.594)	3.708.771	3.360.617	33.635.210	18.895.233	113.096.283
Transfers	–	–	–	–	–	–	–	–	–	–	–	18.895.233	(18.895.233)	–
Total comprehensive income	–	–	–	–	(78.997)	71.856	(259.637)	(100.111)	204.024	(434.109)	–	–	1.043.218	446.244
Profit for period	–	–	–	–	–	–	–	–	–	–	–	–	1.043.218	1.043.218
Other comprehensive income	–	–	–	–	(78.997)	71.856	(259.637)	(100.111)	204.024	(434.109)	–	–	–	(596.974)
Balance at 31 March 2024	3.500.000	57.761.223	(16.791)	6.674.766	(3.107.016)	103.824	(6.676.713)	3.846.864	(8.752.570)	3.274.662	3.360.617	52.530.443	1.043.218	113.542.527

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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	Current Period	Prior Period
	Unaudited	Unaudited
	1 January -	1 January -
<i>Notes</i>	31 March 2024	31 March 2023
Net profit for the period:	1.043.218	1.238.837
Adjustments to reconcile profit:		
Adjustments for depreciation and amortisation expense	9.197.026	9.532.641
Adjustments for impairment loss / (reversal of impairment loss)		
- Adjustments for impairment loss of receivables	68.547	107.790
- Adjustments for impairment loss of inventories	(359)	1.240
- Adjustments for impairment loss of property, plant and equipment	-	554.025
- Other adjustments for impairment loss (reversal of impairment loss)	21.694	(4.130)
Adjustments for provisions		
- Adjustments for (reversal of) provisions related with employee benefits	1.275.048	17.096
- Adjustments for (reversal of) lawsuit and/or penalty provisions	31.794	1.401.563
Adjustments for interest expenses and income		
- Adjustments for interest income	(830.343)	(350.521)
- Adjustments for interest expense	1.963.738	1.888.740
- Deferred financial expenses from credit purchases	56.989	42.050
Adjustments for unrealised foreign exchange gains	4.459.760	1.633.394
Adjustments for fair value gains / (losses)		
- Adjustments for fair value gains on derivative financial instruments	73.479	233.511
- Adjustments for fair value gains of issued financial instruments	148.539	107.205
- Adjustments for fair value losses of financial assets	(958.622)	(1.115.535)
Adjustments for tax income	2.054.743	1.000.105
Adjustments for losses on disposal of tangible assets		
- Adjustments for losses arises from sale of tangible assets	(76.030)	(113.953)
Other adjustments for which cash effects are investing or financing cash flow	175.373	136.127
Monetary gain / losses	(6.693.365)	(6.005.041)
Other adjustments for non-cash items	(625.213)	(161.223)
Operating profit before working capital changes	11.386.016	10.143.921
Changes in working capital:		
Adjustments for (increase) / decrease in trade receivables		
- (Increase) / decrease in trade receivables from related parties	207.301	(691.992)
- Decrease / increase in trade receivables from unrelated parties	(403.429)	218.651
Adjustments for decrease in inventories	(784.907)	(229.691)
Adjustments for decrease / (increase) in trade payable		
- Decrease / increase in trade payables to related parties	(110.819)	332.828
- Decrease in trade payables to unrelated parties	(4.379.279)	(6.444.207)
Adjustments for decrease in other receivables related with operations		
- Decrease in other unrelated party receivables related with operations	(350.343)	(1.106.641)
Adjustments for increase in other operating payables related with operations		
- Increase in other payables related with operations to unrelated parties	226.239	117.859
Cash flow from operations:		
Interest received	105.520	96.957
Payments related with provisions for employee benefits	(1.428.974)	(1.228.025)
Payments related with other provisions	(133.384)	(2.263)
Income taxes paid	(47.439)	(16.194)
Other outflows of cash	(44.841)	92.167
Net cash generated from operating activities	4.241.661	1.283.370

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		Current Period	Prior Period
		Unaudited	Unaudited
		1 January -	1 January -
	<i>Notes</i>	31 March 2024	31 March 2023
Cash flows used in investing activities:			
Proceeds from sale of property, plant, equipment and intangible assets			
- <i>Proceeds from sales of property, plant and equipment</i>	10	82.388	123.062
Purchases of property, plant, equipment and intangible assets			
- <i>Purchase of property, plant and equipment</i>		(1.813.199)	(2.969.254)
- <i>Purchase of intangible assets</i>		(2.657.764)	(2.694.464)
Cash outflows arising from acquisition of shares or debt instruments of other businesses or funds		(7.252.712)	(7.899.624)
Cash inflows arising from acquisition of shares or debt instruments of other businesses or funds		7.266.465	5.077.072
Net cash used in investing activities		(4.374.822)	(8.363.208)
Cash flows from financing activities:			
Proceed from borrowings			
- <i>Proceeds from loans</i>		12.616.260	14.527.993
- <i>Cash inflows from issued debt instruments</i>		-	4.738.292
Repayments of borrowings			
- <i>Loan repayments</i>		(8.354.479)	(5.824.706)
- <i>Payment of issued of debt instruments</i>		(2.185.046)	(1.534.203)
Payments of lease liabilities, net		(918.395)	(707.622)
Cash inflows / (outflows) from derivative instruments, net		310.112	(266.528)
Interest paid		(2.285.145)	(1.316.227)
Interest received		724.823	253.564
Cash outflows from the business' own acquisition of shares		-	(16.791)
Other cash inflows	16	18.097	375.849
Net cash used in financing activities		(73.773)	10.229.621
NET DECREASE / (INCREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		(206.934)	3.149.783
IMPACT OF MONETARY GAIN/LOSS ON CASH AND CASH EQUIVALENTS		(1.294.952)	(702.681)
IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		176.255	152.416
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		12.137.492	6.545.299
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	10.811.861	9.144.817

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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 İstanbul 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.

The SPV mentioned in the said statements, LYY Telekomünikasyon A.Ş. (“LYY”) has informed the Company that in accordance with Article 198 of the Turkish Commercial Code, all of the Group A shares, which constitute 55% of the Company’s capital, have been transferred to LYY as of December 21, 2018. Based on this notification, LYY has been registered as a shareholder in the Company’s share book pursuant to Article 499 of the Turkish Commercial Code.

In the material event statement dated 10 March 2022 made by the company, LYY Telekomünikasyon A.Ş. (LYY), 55% owned by Türk Telekomünikasyon A.Ş. (Türk Telekom) share to the Turkey Wealth Fund (TWF), a share transfer agreement was signed between the parties, after the necessary approvals were obtained and the closing conditions were fulfilled, in the material event statement dated 31 March 2022, the transfer of the shares was completed, after the transfer, on 31 March 2022. It has been reported that the Turkish Wealth Fund (TWF) is the largest shareholder of Türk Telekom with 61,68% shareholding as of date.

Following the signing of the share transfer agreement stated in the aforementioned explanations, the Company was informed that as of 31 March 2022, all of the A Group shares, which constitute 55% of the Company’s capital, were transferred to TWF in accordance with Article 198 of the Turkish Commercial Code. Based on this notification, TWF was registered as a new shareholder in the Company’s share book in accordance with Article 499 of the Turkish Commercial Code.

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1. REPORTING ENTITY (CONTINUED)

As at 31 March 2024, the parent company and controlling party of the Company is Turkish Wealth Fund.

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. On 3 January 2023, the Company applied to the ICTA for the extension of the concession agreement for the execution of telecommunication services.

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1. REPORTING ENTITY (CONTINUED)

The details of the Company's subsidiaries as at 31 March 2024 and 31 December 2023 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 March 2024	31 December 2023
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	100	100
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunication solutions	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	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 Hu Kft (TTINT Hungary) (*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euroweb Romania S.A. ("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 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 Ekran6 TV ve Medya Hiz. A.Ş. ("Net Ekran6")	Turkey	Television and radio broadcasting	Turkish Lira	100	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
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	100
APPYAP Teknoloji ve Bilişim A.Ş.	Turkey	Web portal and computer programming activities	Turkish Lira	100	100
TTG Finansal Teknolojiler A.Ş.	Turkey	Financial advisory services	Turkish Lira	100	100
TTG Ventures Marketing Inc.	USA	Retail and wholesale trade of software programs	U.S. Dollar	100	100
Assist Holland B.V.	Netherlands	Call center activities	Euro	100	100
TT Finansman A.Ş.	Turkey	Consumer finance company activities	Turkish Lira	100	100

(*) Hereinafter, will be referred as TTINT Group.

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1. REPORTING ENTITY (CONTINUED)

The details of the Company's joint operation as at 31 March 2024 and 31 December 2023 are as follows:

Name of Joint Operation	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 March 2024	31 December 2023
TT Mobil-Vodafone Evrensel İş Ortaklığı	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	51	51

Affiliate	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 March 2024	31 December 2023
TT Ventures Girişim Sermayesi Yatırım Fonu	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	100	100

The Group indirectly holds investment in its affiliates, which has a significant influence, through its contribution payments to the established Venture Capital Investment Fund. The Group has chosen to measure this investment at fair value through profit or loss in accordance with TFRS 9.

Hereinafter, Türk Telekom and its subsidiaries, affiliate 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 March 2024 is 8.859 (31 December 2023: 8.886) and the number of personnel not subject to collective agreement as at 31 March 2024 is 27.331 (31 December 2023: 28.379). The total number of personnel as at 31 March 2024 and 31 December 2023 are 36.190 and 37.265, respectively.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation of the interim condensed consolidated financial statements

a) Statement of compliance with TFRS

The accompanying interim condensed 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 interim condensed 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.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group preferred to present its interim condensed consolidated financial statements as of 31 March 2024. The Group’s interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2023 year-end financial statements.

Approval of the financial statements:

The interim condensed consolidated financial statements are approved by the Company’s Board of Directors on 5 June 2024. General Assembly has the right to change the interim condensed consolidated financial statements.

b) Correction of financial statements during the hyperinflationary periods

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 31 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2023, on the purchasing power basis as of 31 March 2024.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TURKSTAT). The indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTUNIED)

2.1 Basis of presentation of the interim condensed consolidated financial statements (continued)

b) Correction of financial statements during the hyperinflationary periods (continued)

The table below shows the evolution of CPI in the last three years and as of 31 March 2024:

Year End	Index	Index (%)	Conversion Factor
2004	113,86	13,86	18,79036
2005	122,65	7,72	17,44370
2006	134,49	9,65	15,90802
2007	145,77	8,39	14,67703
2008	160,44	10,06	13,33502
2009	170,91	6,53	12,51811
2010	181,85	6,40	11,76503
2011	200,85	10,45	10,65208
2012	213,23	6,16	10,03363
2013	229,01	7,40	9,34226
2014	247,72	8,17	8,63665
2015	269,54	8,81	7,93749
2016	292,54	8,53	7,31343
2017	327,41	11,92	6,53453
2018	393,88	20,30	5,43178
2019	440,50	11,84	4,85691
2020	504,81	14,60	4,23817
2021	686,95	36,08	3,11445
2022	1128,45	64,27	1,89594
2023-March	1269,75	12,52	1,68495
2023	1859,38	64,77	1,15064
2024-March	2139,47	15,06	1,00000

Assets and liabilities were separated into those that were monetary and non-monetary, with non-monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of 31 December 2023. Nonmonetary items which are not expressed in terms of measuring unit as of 31 December 2023 were restated by applying the conversion factors. The restated amount of a non monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation of the interim condensed consolidated financial statements (continued)

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.

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.

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.

e) Significant accounting assessments, estimates and assumptions

In order to prepare financial statements in accordance with TFRS, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. Except for the change specified in Note 10, judgments and critical accounting estimates used in interim condensed consolidated financial statements as of 31 March 2024 are the same as those used prior year.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation of the interim condensed consolidated financial statements (continued)

e) Significant accounting assessments, estimates and assumptions (continued)

Determination of fair values (continued)

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) Forward contracts and interest rate swaps

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.

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. Fair value of the lands was determined using the market comparable method. The valuations are based on prices of transactions for lands of similar nature and location.

vi) Taxes

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 instalment by the end of the fourth month.

Deferred tax charge is calculated in accordance with the enacted tax laws. The accounting policies used by the Group in calculating deferred tax are the same as those used in the audited consolidated financial statements as of 31 December 2023, except for the use of the corporate tax rate enacted in the three months interim period ended 31 March 2024.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation of the interim condensed consolidated financial statements (continued)

e) Significant accounting assessments, estimates and assumptions (continued)

Determination of fair values (continued)

vi) Taxes (continued)

In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2023. An additional tax should be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and over the exempted earnings. As of 31 March 2024, these taxes have been expensed in the financial statements.

vii) Foreign Currency Protected TL Deposit

Foreign currency protected TL Deposits are a financial asset with cash flows that include principal and interest, but they also feature a derivative product, as these cash flows may change depending on the change in exchange rates. Therefore, Currency Foreign currency protected TL Deposits are considered as hybrid contracts and accounted as financial assets whose fair value is recognized in profit or loss in line with the directions of TFRS 9 regarding hybrid contracts. Changes in the fair value of Foreign currency protected TL Deposits are accounted in the "Income/Expense from Investing Activities" Item in the Statement of Profit or Loss and Other Comprehensive Income."

2.2 Summary of significant accounting policies

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 March 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of 1 January 2024 are as follows:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Summary of significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as of 1 January 2024 are as follows: (continued)

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities (continued)

The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

The amendments did not have a significant impact on the financial position or performance of the Group.

i) The new standards, amendments and interpretations which are effective as of 1 January 2024 are as follows (continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Summary of significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements (continued)

In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

iii) The amendments which are effective immediately upon issuance

Amendments to TAS 12 - International Tax Reform - Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. The amendments did not have a significant impact on the financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Summary of significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

iv) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IFRS 18 - The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

3. SEASONAL CHANGES IN THE OPERATIONS

The operations of the Group are not subject to seasonal fluctuations.

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5. SEGMENT REPORTING (CONTINUED)

	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 January - 31 March 2024	1 January - 31 March 2023	1 January - 31 March 2024	1 January - 31 March 2023	1 January - 31 March 2024	1 January - 31 March 2023	1 January - 31 March 2024	1 January - 31 March 2023
Revenue	17.487.456	18.148.834	11.610.041	9.600.957	(1.073.743)	(1.301.745)	28.023.754	26.448.046
International revenue	1.532.461	1.623.303	–	–	–	–	1.532.461	1.623.303
Contributive revenue (*)	16.463.376	16.892.069	11.560.378	9.555.977	–	–	28.023.754	26.448.046
EBITDA	5.258.515	5.060.838	5.009.828	3.284.356	(3.075)	(588)	10.265.268	8.344.606
Contributive adjusted EBITDA (**)	4.804.558	4.483.520	5.460.710	3.861.086	–	–	10.265.268	8.344.606
Capital expenditure (***)	3.173.241	4.419.833	1.380.716	1.426.986	(669)	(11.233)	4.553.288	5.835.586
Impairments losses, net	(39.643)	(627.449)	(50.239)	(31.476)	–	–	(89.882)	(658.925)
Depreciation and amortisation	(5.399.153)	(5.798.164)	(3.797.873)	(3.734.477)	–	–	(9.197.026)	(9.532.641)

(*) “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.

(**) “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.

(***) Capital expenditures do not include TL 83.370 (31 March 2023: TL 161.223) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

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5. SEGMENT REPORTING (CONTINUED)

	1 January - 31 March 2024	1 January - 31 March 2023
Fixed line contributive EBITDA	4.804.558	4.483.520
Mobile contributive EBITDA	5.460.710	3.861.086
EBITDA	10.265.268	8.344.606
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	207.794	109.060
Foreign exchange losses, interest income, discount income on current accounts presented in other operating expense (-)	(821.075)	(400.160)
Exchange rate protected deposit fair value gains presented in income from investment activities	958.622	1.115.535
Financial income	910.979	771.614
Financial expense (-)	(6.905.670)	(4.612.852)
Depreciation, amortisation and impairment	(9.197.026)	(10.086.666)
Monetary gain/loss	7.679.069	6.997.805
Consolidated profit before tax	3.097.961	2.238.942

31 March 2024	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	151.281.430	80.936.103	(14.030.664)	218.186.869
Total segment liabilities	(98.468.415)	(20.206.591)	14.030.664	(104.644.342)
Goodwill	413.590	146.292	-	559.882
Assets held for sale	-	527.721	-	527.721

31 December 2023	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	160.522.208	79.014.313	(15.483.623)	224.052.898
Total segment liabilities	(107.574.299)	(18.865.939)	15.483.623	(110.956.615)
Goodwill	413.590	146.292	-	559.882
Assets held for sale	-	527.721	-	527.721

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6. CASH AND CASH EQUIVALENTS

	31 March 2024	31 December 2023
Cash on hand	3.675	3.093
Cash at banks - demand deposit	1.758.526	1.683.410
Cash at banks - time deposit	11.928.854	13.767.149
Liquid fund (*)	175.180	184.655
	13.866.235	15.638.307

(*) Consists of a highly liquid, short-term liquid fund with immaterial risk of change in fair value.

As of 31 March 2024, 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 51% for TL deposits, between 2% and 5,20% for USD deposits and between 1% and 5,90% for EUR deposits (31 December 2023: for 5,50% and 45% for TL deposits, between 1% and 6,09% for USD deposits and between 1% and 5% for EUR deposits).

Reconciliation of cash and cash equivalents to the statement of cash flows is as follows:

	31 March 2024	31 March 2023
Cash and cash equivalents	13.866.235	11.471.638
Less: restricted amounts		
- Collection protocols and ATM collection	(1.062.102)	(692.007)
- Other	(1.992.272)	(1.634.814)
Unrestricted cash	10.811.861	9.144.817

The Group classifies blocked cash amounts under cash and cash equivalents as they are easily convertible into cash and highly liquid assets that are not exposed to impairment loss.

As of 31 March 2024, demand deposits amounting to TL 1.062.102 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 March 2024, Other restricted amounts consist of blocked deposits related to Group's derivative financial instruments.

As of 31 March 2024, the Group maintains available credit line amounting to EUR 12.100 until 18 October 2025, EUR 12.400 until 29 May 2026 and EUR 200.000 until 28 February 2027, which in total amounted to EUR 224.500.

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7. FINANCIAL LIABILITIES

Bank loans

	31 March 2024			31 December 2023		
	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 (**)	41,10	9.819.923	9.819.923	22,24	9.602.088	9.602.088
TL bank loans with variable interest rates	8,56	48.000	1.670.510	8,60	48.000	1.799.074
EUR bank loans with variable interest rates						
Interest accruals:						
Unsecured TL bank loans with fixed interest rates		508.620	508.620		664.076	764.110
Unsecured EUR bank loans with variable interest rates		670	23.331		674	25.267
Short-term bank loans			12.022.384			12.190.539
Short-term portion of long-term bank loans:						
Unsecured USD bank loans with variable interest rates (*)	6,86	107.158	3.459.637	6,90	107.170	3.630.143
Unsecured EUR bank loans with variable interest rates (**)	5,02	69.893	2.432.424	4,50	65.990	2.473.334
Interest accruals of long-term bank loans:						
Unsecured USD bank loans with variable interest rates (*)		3.520	113.660		2.815	95.339
Unsecured EUR bank loans with variable interest rates (**)		6.073	211.357		2.108	79.000
Current portion of long-term bank loans			6.217.078			6.277.816
Total short-term bank loans			18.239.462			18.468.355
Long-term bank loans:						
Unsecured USD bank loans with variable interest rates (*)	6,98	217.518	7.022.644	7,00	232.509	7.875.695
Unsecured EUR bank loans with variable interest rates (**)	4,89	420.430	14.631.920	4,95	325.879	12.214.195
Total long-term bank loans			21.654.564			20.089.890
Total bank loans			39.894.026			38.558.245

(*) As at 31 March 2024, interest rate varies between Libor + 0,54% and 2,85% (31 December 2023: Libor + 0,54% and 2,85%).

(**) As at 31 March 2024, interest rate varies between Euribor + 0,25% and 4,65% (31 December 2023: Euribor + 0,25% and 4,65%).

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7. FINANCIAL LIABILITIES (CONTINUED)

Bank loans (continued)

The details of the TL equivalents of bank loans according to their remaining maturities are as follows:

	31 March 2024					Total	31 December 2023					Total
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years		Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	
Unsecured TL bank loans with fixed interest rates	1.343.939	8.984.604	–	–	–	10.328.543	9.011.217	1.354.981	–	–	–	10.366.198
Unsecured USD bank loans with variable interest rates	1.933.551	1.639.746	1.383.948	5.332.957	305.739	10.595.941	575.997	3.149.485	1.745.808	5.583.421	546.466	11.601.177
Unsecured EUR bank loans with variable interest rates	1.146.228	3.191.394	3.613.406	9.968.399	1.050.115	18.969.542	406.570	3.970.105	3.622.235	7.284.288	1.307.672	16.590.870
	4.423.718	13.815.744	4.997.354	15.301.356	1.355.854	39.894.026	9.993.784	8.474.571	5.368.043	12.867.709	1.854.138	38.558.245

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7. FINANCIAL LIABILITIES (CONTINUED)

Issued debt instruments

	31 March 2024			31 December 2023		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term issued debt instruments:						
TL bills, bonds and notes issued	–	–	–	32,74	2.416.336	2.416.336
Interest accruals:						
TL bills, bonds and notes issued		–	–		644.278	644.278
The short-term portion of long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates	5,88	938.954	30.314.497	4,88	452.373	15.323.092
Interest accruals of short-term portion of long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates		7.701	248.625		16.036	543.169
Short-term issued debt instruments			30.563.122			18.926.875
Long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates	–	–	–	6,88	476.874	16.152.994
Long-term issued debt instruments			–			16.152.994
Total issued debt instruments			30.563.122			35.079.869

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 28 February 2019. The bonds are now quoted at Irish Stock Exchange. The part of the bond amounting to USD 17.500 was repurchased in 2022 and a portion of USD 15.000 was repurchased in 2023, the related amount was accounted for by deducting the amortized cost using the effective interest rate and the total bond amount.

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 19 June 2014. The bonds are now quoted at Irish Stock Exchange. The part of the bond amounting to USD 20.000 was repurchased in 2019, a portion of USD 5.000 was repurchased in 2022 and a portion of USD 17.500 was repurchased in 2023, the relevant amounts are accounted for by deducting the appropriate values and total bond managers.

On 31 January 2023, TL 1.808.500 was issued with a maturity of 380 days and priced at 32,5% annual simple interest incoming. Ak Yatırım Menkul Kıymetler A.Ş. mediated.

On 21 August 2023, TL 291.500 was issued with a maturity of 177 days and priced at 32% annual simple interest incoming. Ziraat Yatırım Menkul Değerler A.Ş. mediated.

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7. FINANCIAL LIABILITIES (CONTINUED)

Issued debt instruments (continued)

The contractual maturities of issued long term bills, bonds and notes in equivalent of TL are as follows:

	31 March 2024				31 December 2023			
	Up to 3 months	3 months to 1 year	1 year to 2 years	Total	Up to 3 months	3 months to 1 year	1 year to 2 years	Total
TL issued debt instruments with fixed interest rates	-	-	-	-	3.060.614	-	-	3.060.614
USD issued debt instruments with fixed interest rates	15.168.041	15.395.081	-	30.563.122	439.193	15.427.068	16.152.994	32.019.255
	15.168.041	15.395.081	-	30.563.122	3.499.807	15.427.068	16.152.994	35.079.869

Lease liabilities

As at 31 March 2024, obligation under leases detail are as follows:

	31 March 2024			31 December 2023		
	Currency	Interest rate type	Nominal interest rate	Carrying amount	Nominal interest rate	Carrying amount
Lease liabilities	TL	Fixed	9% - 44%	3.030.452	9% - 44%	1.830.639
Lease liabilities	EUR	Fixed	2,5% - 4,5%	234.365	2,5% - 4,5%	279.446
Lease liabilities	USD	Fixed	8,2% - 8,2%	55.347	8,2% - 8,2%	52.013
Lease liabilities	Other	Fixed	3,3%	2.417	3,3%	3.079
				3.322.581		2.165.177

8. DUE FROM AND DUE TO RELATED PARTIES

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 and 61,68% ownership of Turkey Wealth Fund (“TWF”). 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.

The Group carries out transactions with many of these institutions in line with its peers. Banking transactions such as loans and deposits with banks under the control of the Turkey Wealth Fund or in which it has significant influence are also carried out in accordance with their peers. Other transactions consist of corporate tax, value added tax, special communication tax, treasury share and regulatory fees such as fees.

Details of balances and transactions between the Group and other related parties as at 31 March 2024 and 31 December 2023 are disclosed below:

	31 March 2024	31 December 2023
Short-term due from related parties (Trade receivables)		
Other	383.476	725.478
	383.476	725.478

	31 March 2024	31 December 2023
Short-Term due to from related parties (Trade payables)		
Other	236.722	240.207
	236.722	240.207

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8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)

Deposits held by related parties	31 March 2024	31 December 2023
Time Deposit		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	3.973.108	1.505.101
Türkiye Halk Bankası A.Ş.	2.647.101	120.149
Ziraat Katılım Bankası A.Ş.	1.944.115	71.025
T.C. Ziraat Bankası A.Ş.	1.247.504	2.982.539
Demand Deposit		
Türkiye Halk Bankası A.Ş.	83.040	100.362
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	52.780	40.242
T.C. Ziraat Bankası A.Ş.	32.282	31.264
Other	778	8.087
	9.980.708	4.858.769
Bank loans from related parties	31 March 2024	31 December 2023
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	1.117.148	2.130.660
Ziraat Katılım Bankası A.Ş.	508.889	619.841
T.C. Ziraat Bankası A.Ş.	43.750	56.381
	1.669.787	2.806.882
Currency Protected Time Deposit from related parties	31 March 2024	31 December 2023
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	1.115.148	785.948
Ziraat Katılım Bankası A.Ş.	508.889	585.546
	1.624.037	1.371.494

The amount of the guarantee given to the related companies for the financing of the device purchases by the distributor companies and sold to the Group customers within the scope of the committed campaigns is disclosed in Note 12.

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 March 2024, 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.

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8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)

Transactions with related parties:

	1 January - 31 March 2024	1 January - 31 March 2023
Interest income from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	226.770	101.101
T.C. Ziraat Bankası A.Ş.	87.170	89.960
Ziraat Katılım Bankası A.Ş.	47.416	–
Türkiye Halk Bankası A.Ş.	37.403	7.141
	398.759	198.202
Interest expense from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	126.155	24.942
Ziraat Katılım Bankası A.Ş.	49.767	–
T.C. Ziraat Bankası A.Ş.	10.819	23.890
Türkiye Halk Bankası A.Ş.	–	1.372
	186.741	50.204
	1 January - 31 March 2024	1 January - 31 March 2023
Income from related parties		
Superonline İletişim Hizmetleri A.Ş.	415.090	376.590
THY A.O.	366.324	154.452
Turkcell İletişim Hizmetleri A.Ş.	243.333	281.942
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş.	147.118	148.973
Enerji Piyasaları İşletme A.Ş.	75.396	–
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	56.261	29.183
Türkiye Halk Bankası A.Ş.	37.662	25.438
T.C. Ziraat Bankası A.Ş.	25.429	7.490
Other	71.160	43.255
	1.437.773	1.067.323
	1 January - 31 March 2024	1 January - 31 March 2023
Expenses from related parties		
Turkcell İletişim Hizmetleri A.Ş.	218.581	346.433
PTT A.Ş.	190.025	94.408
Enerji Piyasaları İşletme A.Ş.	61.356	246.011
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş.	47.480	39.085
THY A.O.	40.613	59.449
Kule Hizmet ve İşletmecilik A.Ş.	27.414	26.786
Other	52.573	27.816
	638.042	839.988

The Group generates revenues from related parties by providing fixed voice, corporate data, mobile and internet services. The Group's related party expenses consist of energy, call termination, billing and content, satellite frequency-base services.

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8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)

Compensation of key management personnel

The remuneration of board of directors and other members of key management were as follows:

	1 January - 31 March 2024	1 January - 31 March 2023
Short-term benefits	173.147	135.623
Long-term benefits	3.548	2.967
	176.695	138.590

Key management personnel comprise the Group's members of Board of Directors and top managers.

9. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES

Trade receivables

	31 March 2024	31 December 2023
Short-term		
Receivables from subscribers	16.465.061	17.460.691
Other trade receivables (*)	1.040.491	709.421
Allowance for doubtful receivables (-)	(3.158.432)	(3.543.985)
Total short-term trade receivables	14.347.120	14.626.127
Long-term		
Receivables from subscribers	191.646	280.209
Total long-term trade receivables	191.646	280.209

(*) Other trade receivables mainly consist of corporate project receivables.

Trade receivables generally have a maturity term of 60 days on average (31 December 2023: 60 days).

The movement of the allowance for doubtful receivables is as follows:

	1 January - 31 March 2024	1 January - 31 March 2023
At January 1	(3.543.985)	(7.815.553)
Provision for the year, net	(59.027)	(99.203)
Receivables written off (*)	4.550	–
Change in currency translation differences	(5.905)	(3.072)
Inflation effect	445.935	871.902
At 31 March	(3.158.432)	(7.045.926)

(*) The Group has written off all doubtful receivables meeting the conditions within the scope of the amendment made in the temporary article 2 of the Income Tax Law No. 7420.

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 665.200 (31 December 2023: TL 875.704).

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**9. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES
(CONTINUED)**

Contract assets from unrelated parties

	31 March 2024	31 December 2023
Short-term		
Contract assets from sale of goods and service contracts	4.425.974	4.098.333
	4.425.974	4.098.333
Long-term		
Contract assets from sale of goods and service contracts	17.761	25.110
	17.761	25.110

The contract assets represent contract assets from subscribers. Due to the high volume of subscribers, different billing period are available, an accrual is made at the end of each reporting period to accrue revenue for services rendered but not billed. In addition, income an accrual is made for the not billed of the contributions services.

As of the reporting period, the portion of the accrued income to be invoiced one year later is presented in the long term contract assets.

Trade payables from unrelated parties

	31 March 2024	31 December 2023
Short-term		
Trade payables	8.925.203	14.432.774
Expense accruals	2.812.648	1.549.895
Total short-term trade payables	11.737.851	15.982.669

The average maturity term of trade payables is between 30 and 150 days (31 December 2023: 30 and 150 days).

As of 31 March 2024, short term trade payables consist of payables within scope of supplier finance that amounting TL 222.493 (31 December 2023: TL 766.362).

10. TANGIBLE AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the three months period ended 31 March 2024 is TL 4.553.288 (31 March 2023: TL 5.834.856).

Net book value of tangible and intangible assets sold during the three months period ended 31 March 2024 amounted to TL 6.358 (31 March 2023: TL 9.109).

The Group has made changes to the remaining useful lives of tangible fixed assets as of 1 January 2024, due to concrete progress in the negotiations with ICTA regarding the extension of the fixed line concession agreement and strong expectations for the extension of the period. Accordingly, the remaining lives of tangible fixed assets are 26,9 years at most.

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11. PROVISIONS

Other current provisions

Provisions for short-term debt for the years 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Litigation, ICTA penalty and customer return provisions (*)	185.906	323.863
Provision for expected credit losses on loan commitments (**)	75.666	63.613
	261.572	387.476

(*) TT Mobil tax inspection consists of the Ministry of Commerce fine, ICTA fines, refunds and other litigation provisions required by ICTA decisions. Detailed explanations are given in Footnote 12.

(**) 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.

Current provisions for employee benefits

	31 March 2024	31 December 2023
Short term provisions for employee benefits		
Personnel bonus provision	589.718	1.458.902
	589.718	1.458.902

Non-current provisions for employee benefits

	31 March 2024	31 December 2023
Long term provisions for employee benefits		
Defined benefit obligation	3.604.696	3.859.360
Unused vacation provisions	1.110.653	809.124
	4.715.349	4.668.484

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment has 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 March 2024 is subject to a ceiling of full TL 35.058,58 (31 December 2023: full TL 23.489,83) per monthly salary for each service year.

The Group also has some other long-term taxes such as employment, duty, compensation and anniversary gifts.

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12. COMMITMENTS AND CONTINGENCIES

Guarantees received and given by the Group are summarized below:

		31 March 2024		31 December 2023	
		Original currency	TL	Original currency	TL
Guarantees received	USD	111.789	3.609.146	115.019	3.895.983
	TL	2.503.960	2.503.960	2.550.272	2.550.272
	EUR	31.431	1.093.881	27.476	1.029.819
	Sterlin	14	583	3	129
		7.207.570		7.476.203	
Guarantees given (*)	USD	185.427	5.986.585	197.824	6.700.817
	TL	1.680.522	1.680.522	1.925.144	1.925.144
	EUR	72.249	2.514.447	72.585	2.720.546
		10.181.554		11.346.507	

(*) Guarantees given amounting to USD 151.500 (31 December 2023: 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 2023: EUR 12.840) is related with the guarantee provided for 3G license and guarantees given amounting to EUR 57.281 (31 December 2023: 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 March 2024 and 31 December 2023 is as follows:

	31 March 2024	31 December 2023
A. GPMs given on behalf of the Company's legal personality	10.181.554	11.346.507
B. GPMs given in favour of subsidiaries included in full consolidation	2.138.975	2.288.635
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	631.997	833.707
Total	12.952.526	14.468.849

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12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Based on law 128/1 of Turkish Code of Obligations, the Group has given guarantee to distributors amounting to TL 631.997 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by the Group (31 December 2023: TL 833.707). The guarantees have given to the banks TL 289.569 Vakıf Faktoring A.Ş.

Other commitments

The Group has purchase commitments for sponsorships, advertising and insurance services at the equivalent to TL 630.917 (31 December 2023: TL 731.671) as at 31 March 2024. Payments for these commitments are going to be made in a 2-year period.

The Group has purchase commitments for fixed assets amounting to USD 56.118, EUR 66.730, and TL 926.222 equivalent to TL 5.070.121 (31 December 2023: TL 1.609.669) as at 31 March 2024.

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”. As of 31 March 2024, TL 84.732 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 2023: TL 50.199).

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 101.174 as at 31 March 2024 (31 December 2023: TL 273.664). 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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13. FINANCIAL RISK MANAGEMENT AND POLICIES

Market risk

Foreign currency risk

	31 March 2024				31 December 2023			
	Total TL Equivalent	USD	EUR	Other	Total TL Equivalent	USD	EUR	Other
1. Trade receivables	2.011.483	47.395	11.380	85.267	1.928.828	41.902	11.602	64.881
2a. Monetary financial assets (Cash and banks accounts included)	5.585.235	51.483	110.789	67.378	5.441.949	49.305	99.124	49.208
2b. Financial Investments (*)	8.742.350	–	–	–	9.007.504	–	–	–
2c. Non-monetary financial assets	–	–	–	–	–	–	–	–
3. Other	–	–	–	–	–	–	–	–
4. Current assets (1+2+3)	16.339.068	98.878	122.169	152.645	16.378.281	91.207	110.726	114.089
5. Trade receivables	–	–	–	–	–	–	–	–
6a. Monetary financial assets	–	–	–	–	–	–	–	–
6b. Non-monetary financial assets	–	–	–	–	–	–	–	–
7. Other	3.823	15	96	–	4.103	15	96	–
8. Non-current assets (5+6+7)	3.823	15	96	–	4.103	15	96	–
9. Total assets (4+8)	16.342.891	98.893	122.265	152.645	16.382.384	91.222	110.822	114.089
10. Trade payables	6.636.412	142.851	56.661	52.484	9.712.468	179.822	94.632	64.799
11. Financial liabilities	38.592.663	1.059.049	125.966	16.950	24.084.570	579.930	118.086	12.920
12a. Monetary other liabilities	–	–	–	–	–	–	–	–
12b. Non-monetary other liabilities	718.193	22.239	6	–	753.508	22.239	6	–
13. Short-term liabilities (10+11+12)	45.947.268	1.224.139	182.633	69.434	34.550.546	781.991	212.724	77.719
14. Trade payables	490	–	–	490	519	–	–	451
15. Financial liabilities	21.768.039	217.518	423.053	22.193	36.373.379	709.383	328.548	26.484
16a. Monetary other liabilities	–	–	–	–	–	–	–	–
16b. Non-monetary other liabilities	–	–	–	–	–	–	–	–
17. Long-term liabilities (14+15+16)	21.768.529	217.518	423.053	22.683	36.373.898	709.383	328.548	26.935
18. Total liabilities (13+17)	67.715.797	1.441.657	605.686	92.117	70.924.444	1.491.374	541.272	104.654
19. Net asset / (liability) position of off balance sheet derivative instruments (19a-19b)	60.454.042	1.528.586	319.032	–	68.575.064	1.680.350	311.018	–
19a. Total asset amount hedged	–	–	–	–	–	–	–	–
19b. Total liability amount hedged	(60.454.042)	(1.528.586)	(319.032)	–	(68.575.064)	(1.680.350)	(311.018)	–
20. Loans defined as hedging instruments (**)	5.220.345	–	150.000	–	5.622.106	–	150.000	–
21. Net foreign currency asset / (liability) position (9-18+19+20)	14.301.481	185.822	(14.389)	60.528	19.655.110	280.198	30.568	9.435
22. Net asset / (liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+2b+5+6a-10-11-12a-14-15-16a)	(50.658.536)	(1.320.540)	(483.511)	60.528	(53.792.655)	(1.377.928)	(430.540)	9.435

(*) Financial Investments include currency protected time deposits with 180 and 360 days maturity by Group's USD 244.215 and EUR 20.000 of foreign currency deposits.

(**) The Company utilized a loan amounting to EUR 150.000 in order to hedge its net investment in a foreign operation with a EUR 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.

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13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

The Group has transactional currency exposures mainly with respect to the financial liabilities and trade payables. Foreign currency denominated borrowings are stated in Note 7.

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 profit before tax for the year (due to changes in the fair value of monetary assets and liabilities):

31 March 2024	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	(4.335.164)	4.335.164	–	–
2- Hedged portion of USD risk (-)	3.576.321	(3.576.321)	62.019	(66.945)
3- USD net effect (1+2)	(758.843)	758.843	62.019	(66.945)
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(1.682.415)	1.682.415	–	–
5- Hedged portion of EUR risk (-)	1.350.446	(1.350.828)	32.433	(38.828)
6- EUR net effect (4+5)	(331.969)	331.587	32.433	(38.828)
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	6.053	(6.053)	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
9- Other foreign currency net effect (7+8)	6.053	(6.053)	–	–
Total (3+6+9)	(1.084.759)	1.084.377	94.452	(105.773)
31 December 2023	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	(4.742.684)	4.742.684	–	–
2- Hedged portion of USD risk (-)	4.133.908	(4.158.442)	76.720	(79.136)
3- USD net effect (1+2)	(608.776)	584.242	76.720	(79.136)
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(1.613.358)	1.613.358	–	–
5- Hedged portion of EUR risk (-)	1.315.984	(1.313.550)	39.284	(15.942)
6- EUR net effect (4+5)	(297.374)	299.808	39.284	(15.942)
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	1.086	(1.086)	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
9- Other foreign currency net effect (7+8)	1.086	(1.086)	–	–
Total (3+6+9)	(905.064)	882.964	116.004	(95.078)

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13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

Explanation on the presentation of financial assets and liabilities at their fair values

The below table summarizes the carrying amounts 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 March 2024	31 December 2023	31 March 2024	31 December 2023
Financial assets				
Cash and cash equivalents	13.866.235	15.638.307	13.866.235	15.638.307
Trade and other receivables (including related parties)	20.246.013	20.146.002	20.246.013	20.146.002
Financial investments (*)	8.932.066	9.208.766	8.932.066	9.208.766 (*)
Derivative financial assets	4.637.138	5.265.673	4.637.138	5.265.673
Financial liabilities				
Bank borrowings	39.894.026	38.558.245	39.952.535	39.156.867
Issued debt instruments	30.563.122	35.079.869	30.414.461	34.959.351
Trade payables and other liabilities (including related parties) (**)	16.654.311	20.484.440	16.654.311	20.484.440
Derivative financial liabilities	273.253	135.136	273.253	135.136

(*) Fair value information of the Group's financial investments other than currency protected deposits are not available. Group's share in financial investments is carried at cost.

(**) 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 contain observable market inputs

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13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

Fair value hierarchy table (continued)

Fair value hierarchy table as at 31 March 2024 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
<u>Derivative Financial Assets:</u>					
Cross currency swaps (*)	31 March 2024	4.611.441	–	4.611.441	–
Futures	31 March 2024	25.697	–	25.697	–
Currency protected time deposit	31 March 2024	8.742.350	–	8.742.350	–
Liquid fund	31 March 2024	175.180	175.180	–	–
Financial liabilities measured at fair value:					
Issued debt instruments	31 March 2024	14.927.849	14.927.849	–	–
<u>Derivative Financial Liabilities:</u>					
Cross currency swaps (*)	31 March 2024	211.634	–	211.634	–
Futures	31 March 2024	61.619	–	61.619	–
Other financial liabilities not measured at fair value:					
Bank loans	31 March 2024	39.952.535	–	39.952.535	–
Issued debt instruments	31 March 2024	15.486.612	15.486.612	–	–

(*) Cross currency swaps consist of forwards and foreign currency swaps.

The Group specifies the fair value measurement of futures according to the forward exchange rates at the balance sheet date, whereas fair values of cross currency swaps are measured according to the net present value of the estimated future cash flows based on observable yield curves, measurement methods of fair value for derivative financial instruments and issued debt instruments are explained in Note 2.1.

Fair value hierarchy table as at 31 December 2023 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
<u>Derivative Financial Assets:</u>					
Cross currency swaps (*)	31 December 2023	5.213.753	–	5.213.753	–
Futures	31 December 2023	51.920	–	51.920	–
Commodity derivative (Copper)	31 December 2023	–	–	–	–
Currency protected time deposit	31 December 2023	9.007.504	–	9.007.504	–
Liquid fund	31 December 2023	184.655	184.655	–	–
Financial liabilities measured at fair value:					
Issued debt instruments	31 December 2023	15.343.224	15.343.224	–	–
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	31 December 2023	111.764	–	111.764	–
Cross currency swaps	31 December 2023	23.349	–	23.349	–
Other financial liabilities not measured at fair value:					
Bank loans	31 December 2023	39.156.867	–	39.156.867	–
Issued debt instruments	31 December 2023	19.616.126	19.616.126	–	–

(*) Cross currency swaps consist of forwards and foreign currency swaps.

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13. FINANCIAL RISK MANAGEMENT AND POLICIES (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 2024 and 2023.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges and derivative financial instruments

In the periods in which the cash flows related to the hedged item affect profit or loss, accumulated gain/loss of related hedged instruments in equity are reclassified in profit or loss. As of the three months period ended 31 March 2024, TL 154.576 are reclassified to financial expenses in the statement of profit or loss from gain on cash flow hedges in equity.

Cross currency swap transaction

As of 31 March 2024, fair value of participating cross currency swap transactions amounting to TL 4.370.838 has been recognized under short term derivative financial assets (31 December 2023: TL 4.759.921 short term derivative financial assets).

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 March 2024 (TL)
Türk Telekom	500.000	31 March 2016 - 3 August 2018	21 October 2020 - 18 February 2022	Pay TL and receive USD at June 2024	2.753.194
Türk Telekom	37.500	14 November 2018	11 - 21 June 2021	Pay TL and receive USD between October 2019 - April 2024	247.543
Türk Telekom	23.230	25 October 2018 - 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 - April 2025	123.295
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at February 2025	301.244
Türk Telekom	27.324	27 September 2019 - 6 September 2021		Pay TL and receive USD between March 2020 - September 2025	93.834
Türk Telekom	19.695	13 November 2018 - 19 November 2019	14 June 2021	Pay TL and receive USD between September 2019 - September 2025	89.365
Türk Telekom	36.364 (*)	27 - 28 March 2018	12 November - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	454.582
Türk Telekom	26.660 (*)	18 August 2021		Pay TL and receive EUR between October 2021 - December 2025	180.363
Türk Telekom	19.340 (*)	13 August 2021		Pay TL and receive EUR between October 2021 - December 2025	117.443
Türk Telekom	4.873 (*)	27 - 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 - September 2024	9.975
					4.370.838

(*) Nominal amount of indicated operations are Euro.

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14. 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 2023 (TL)
Türk Telekom	500.000	31 March 2016 - 3 August 2018	21 October 2020 - 18 February 2022	Pay TL and receive USD at June 2024	2.902.472
Türk Telekom	37.500	14 November 2018	11 - 21 June 2021	Pay TL and receive USD between October 2019 - April 2024	258.197
Türk Telekom	23.230	25 October 2018 - 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 - April 2025	139.260
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at February 2025	352.968
Türk Telekom	27.324	27 September 2019 - 6 September 2021		Pay TL and receive USD between March 2020 - September 2025	152.230
Türk Telekom	19.695	13 November 2018 - 19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 - September 2025	111.662
Türk Telekom	36.364 (*)	27 - 28 March 2018	12 November - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	497.856
Türk Telekom	26.660 (*)	18 August 2021		Pay TL and receive EUR between October 2021 - December 2025	194.284
Türk Telekom	19.340 (*)	13 August 2021		Pay TL and receive EUR between October 2021 - December 2025	126.624
Türk Telekom	4.873 (*)	27 - 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 - September 2024	24.368
					4.759.921

(*) Nominal amount of indicated operations are Euro.

Copper hedge transactions

As of 31 March 2024, fair value of participating cross currency swap transactions amounting to has been none. (31 December 2023: TL 24 derivative financial liabilities)

Company	Notional Amount (Tonnes)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	72	23 August 2023	Pay floating price and receive fixed price between August - December 2023	(24)
				(24)

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges and derivative financial instruments (continued)

USD/EUR Cross Currency Swaps Instruments

Company	Notional Amount (EUR)	Trade Date	Terms	Fair Value Amount as at 31 March 2024 (TL)
Türk Telekom	27.782	16 August 2021	Pay TL and receive EUR between September 2021 - March 2026	160.015
TTINT Türkiye	16.667	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	53.790
				213.805

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	29.281 (*)	16 August 2021	Pay TL and receive EUR between September 2021 - March 2026	187.056
Türk Telekom	27.500 (*)	3 October 2023	Pay USD and receive EUR at January 2024	49.029
TTINT Türkiye	16.667	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	38.213
				274.298

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	10.000	7 December 2023	Pay EUR and receive USD at January 2024	(8.206)
				(8.206)

(*) Nominal amount of indicated operations are Euro.

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross Currency swaps instruments which are not designated as hedge (continued)

Futures

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2024 (TL)
TT Mobil	174.000	16 November - 27 December 2023	Net TL settlement between January - February 2024 based on the difference between contract price and contract closing price	25.697
				25.697

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2024 (TL)
Türk Telekom	276.000	15 - 28 November 2023	Net TL settlement at January 2024 based on the difference contract price and contract closing price	(61.619)
				(61.619)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	196.202	13 November - 19 December 2023	Net TL settlement at January 2024 based on the difference contract price and contract closing price	25.418
TT Mobil	252.692	16 November - 27 December 2023	Net TL settlement between January - February 2024 based on the difference between contract price and contract closing price	26.502
				51.920

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	90.000	15 November - 28 November 2023	Net TL settlement at January 2024 based on the difference between contract price and contract closing price	(23.349)
				(23.349)

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14. 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 March 2024 (TL)
Türk Telekom	298.000	25 September - 26 December 2023	Pay TL and receive USD between January - March 2024	23.406
Innova	12.000	5 December 2023	Pay TL and receive USD between June - November 2024	3.392
				26.798

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2024 (TL)
Türk Telekom	221.000	2 January - 28 March 2024	Pay TL and receive EUR between April - June 2024	(186.093)
Türk Telekom	91.100	22 September - 27 December 2023	Pay TL and receive USD between January - March 2024	(23.696)
Innova	12.250	5 December 2023	Pay TL and receive USD between April - August 2024	(1.665)
Innova	200	5 December 2023	Pay TL and receive EUR at April 2024	(180)
				(211.634)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	137.500	25 September - 26 December 2023	Pay TL and receive USD between January - March 2024	26.493
Türk Telekom	184.500 (*)	3 October - 22 December 2023	Pay TL and receive EUR between January - March 2024	153.029
Innova	200 (*)	5 December 2023	Pay TL and receive EUR at April 2024	12
				179.534

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	314.957	22 September - 27 December 2023	Pay TL and receive USD between January - March 2024	(103.344)
Innova	1.250	5 December 2023	Pay TL and receive USD at April 2024	(213)
				(103.557)

(*) Nominal amount of indicated operations are Euro.

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14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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.

15. FINANCIAL INVESTMENTS

	31 March 2024	31 December 2023
Short term financial assets		
Currency protected time deposit (*)	8.742.350	9.007.504
Long term financial assets		
Investment funds (**)	72.117	82.572
Other (***)	117.599	118.690
	8.932.066	9.208.766

(*) Currency protected time deposit accounts are classified as financial assets at fair value through profit or loss.

The Group has converted its foreign currency deposit accounts amounting to USD 244.215 and EUR 20.000 (31 December 2023: USD 244.137 and EUR 20.000) into "Currency Protected TL Time Deposit Accounts". Maturity of currency protected time deposit accounts is between 90-360 days (31 December 2023: 90-360 Days).

(**) It consists of TT Ventures Venture Capital Investment Fund investments of group companies. The fund aims to invest in innovative technology start-ups with global growth potential and to provide financial returns to its investors.

The Group indirectly holds its investment in its subsidiary, which has a significant influence, through its contribution payments to the established Venture Capital Investment Fund. The Group measure this investment at fair value through profit or loss in accordance with TFRS 9.

(***) The amounting to TL 31.778 in other consists of growth equity private equity fund investment.

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16. SUPPLEMENTARY CASH FLOW INFORMATION

Other explanations

“Other inflows of cash” in net cash used in operating activities amounting to TL 44.841 represents change in restricted cash. Blocked cash amounts are in Note 6. “Other outflows of cash, net” in net cash used in financial activities amounting to TL 18.097 represents change in other financial payment.

17. TAX ASSETS AND LIABILITIES

	31 March 2024	31 December 2023
Corporate tax payable:		
Current corporate tax provision	34.377	314.035
Prepaid taxes and funds (-)	(27.340)	(293.936)
Tax payable	7.037	20.099
Deferred tax assets	8.488.448	10.122.349
Deferred tax liabilities	(627.274)	(260.488)
Deferred tax assets, net	7.861.174	9.861.861

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

In Turkey, the corporate tax rate is 25% as of 31 March 2024. As of the three months period ended 31 March 2024, corporate tax provisions have been calculated and accrued at 25%.

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate, and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TL 4.780.808 (31 December 2023: TL 4.730.075) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of 31 March 2024. TL 50.733 (December - March difference current period effect) of deferred tax income is recognized in the consolidated profit or loss statement for the period between 1 January-31 March 2024 from accounting of such deferred tax assets.

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets.

The Group expects to recover such deferred tax assets within 2 years from the balance sheet date. In the sensitivity analysis performed as of 31 March 2024, when the inputs of the key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 2-year recovery periods of deferred tax assets related to investment incentives.

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18. SUBSEQUENT EVENTS

The sale process of the Sustainability Bond with nominal amount of USD 500.000, 5 year maturity, the redemption date of 20 March 2029 and coupon rate of 7.375% to qualified investors abroad has been completed on 20 March 2024 by Group.

As of 22 May 2024, USD 300.000 of the existing bond with a maturity of 28 February 2025 has been redeemed.