TÜRK TELEKOM GROUP
2023 YEAR END
FINANCIAL AND OPERATIONAL RESULTS

April 17, 2024

This section is based on audited 2023 year-end financials reported in accordance with TAS29

2023 FINANCIAL AND OPERATIONAL REVIEW

Türk Telekom Group announces its full year 2023 financial and operational results. With a robust fourth quarter performance, annual consolidated revenues increased by 9.6% YoY to TL 100.2 billion. EBITDA was TL 33.5 billion with an EBITDA margin of 33.5%. Net income was TL 16.4 billion, up 137.7% YoY. Net Debt/EBITDA[1] multiple improved from last year to 1.17x.

Türk Telekom CEO Ümit Önal said: *"Overall, we delivered a successfully balanced performance in a year we had to deal with significant headwinds. We have taken several actions to improve growth and resilience of our businesses. Delightfully, the collective impact of these measures has become more visible on the second half metrics. A better than expected performance in the final quarter in continuation of solid trends is the harbinger of a stronger 2024, we believe. Certain KPIs that we closely monitor have been assertive in early months of the year and we expect a gradually improving macro environment to bolster our businesses in the coming quarters. With this supportive backdrop, we stand confident in our ability to deliver on the ambitious targets we set out for the year ahead."*

Full Year 2023 Financial Highlights

Consolidated revenues increased to TL 100.2 billion from TL 91.4 billion a year ago with 9.6% growth. Excluding the IFRIC 12 accounting impact, FY'23 revenue was TL 93.7 billion, up 10.5% YoY with increases of 1.7% in fixed broadband, 20.5% in mobile, 13.2% in corporate data and 28.8% in other revenue in addition to contractions of 13.3% in fixed voice and 3.1% in international revenues.

Fixed internet and mobile together made 70.4% of operating revenue. Mobile made the largest contribution to growth with TL 6.4 bn higher revenue YoY. 13.2% increase in corporate data revenue was largely driven by growing managed services including cyber security and data centre services. While the 29% robust growth in other revenues was supported by ICT solutions, call centre and equipment sales, decline in international revenue was largely driven by the change in EURTRY rate short of inflation accounting indexation impact.

While fixed internet ARPU contracted 1.1% YoY, segment revenue growth landed on the positive territory thanks to 2.7% YoY rise in average subscriber base. Mobile ARPU on the other hand recorded 14.6% increase with postpaid and prepaid ARPUs expanding by 9.5% and 25.5% respectively. 4.2% growth in average subscriber base also nicely supported the mobile top-line.

Consolidated EBITDA dropped by 7.9% annually closing the year at TL 33.5 billion vs TL 36.4 billion in 2022. Similarly, FY EBITDA margin contracted by 640 bps on annual basis to 33.5%. Excluding the IFRIC 12 impact, EBITDA margin was 35%.

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

A higher growth in opex compared to revenue was the main driver of EBITDA margin contraction but the southern earthquakes also affected the performance. While costs swiftly increased with high inflation, the positive impact of pricing and other actions on revenues lagged due to the contracted nature of our business. As such, opex to sales ratio climbed to 66.5% from 60.2% a year earlier mainly on the back of 46% rise in personnel cost, which alone made 60% of the annual increase in total opex. Relatively less so, increases in commercial and other costs have also led expansion in the opex to sales ratio. We think the sizeable price adjustments we made, particularly in the second half of the year, in addition to those we planned for 2024 should lead to a declining opex to sales ratio and improving EBITDA margin under the assumption that inflation trend will turn south starting from June.

Down at the operating profit level, performance turned to negative TL 2 billion from positive TL 1.9 billion in the prior year.

Net financial expense increased merely 1.7% YoY to TL 18.2 billion despite severe rise in exchange and interest rates throughout the year thanks to effective use of financial risk management tools. According to the sensitivity of the P&L statement to exchange rate movements, a 10% depreciation of TL would have negative TL 787 million impact on the full year 2023 PBT assuming all else constant.

Finally, net income rose 137.7% to TL 16.4 billion from TL 6.9 billion a year ago with the help of a sizeable deferred tax income inflated by the indirect impact of applying inflation accounting on statutory accounts for the first time, which should be considered a one-time effect recognised in 2023.

Total capex spending has grown slower than revenues by 7.4% annually to TL 25.8 billion in 2023. With that, the capex intensity ratio declined about 50 bps to 25.7% from a year ago.

Unlevered free cash flow[2] was TL 7 billion compared to TL 11.2 billion in 2022.

Net debt[3] decreased to TL 40 billion as of 2023 compared to TL 46.4 billion as of 2022. Excluding the IFRS 16 impact, net debt was TL 38.2 billion. As of 2023, FX based financial debt (excluding the IFRS 16 impact) declined both YoY and QoQ to USD 1,778 million equivalent (Q3’23: USD 1,799 million; Q4’22: USD 1,807 million). The share of TL financing was 18.2% as of 2023.

Our long FX position[4] was USD 542 million by year-end. Excluding the ineffective portion of the hedge portfolio, namely the PCCS contracts, foreign currency exposure remained almost unchanged from the last quarter at USD 245 million short FX position.

[2] *Unlevered free cash flow defined as net cash provided by operating and investing activities from operations.*
[3] *Net debt includes MTM from FX to TRY Currency Swaps and FV of Currency Protected Time Deposits.*
[4] *Net FX position is calculated as FX based financial debt (including FX based lease obligations) plus FX based net trade payables less FX financial debt hedging less FX net trade payables hedging less currency protected time deposits less net investment hedging less FX based cash and cash equivalents.*

Table 1: ARPU by Line of Business w/ TAS29

TL	2023	2022	YoY Change
Fixed Voice	47.8	49.0	(2.3)%
Fixed Broadband	156.2	157.8	(1.1)%
Home TV	49.6	52.2	(5.0)%
Mobile	118.8	103.7	14.6%
Postpaid	*128.5*	*117.4*	*9.5%*
Prepaid	*92.1*	*73.4*	*25.5%*

Table 2: Consolidated Summary Financials w/ TAS29

TL mn	2023	2022	YoY Change
Revenue	100,185	91,401	9.6%
Revenue (Exc IFRIC 12)	93,687	84,751	10.5%
EBITDA	33,523	36,401	(7.9)%
Margin	*33.5%*	*39.8%*	
Depreciation & Amortisation	(35,488)	(34,499)	2.9%
Operating Profit	(1,965)	1,902	n.m.
Margin	*(2.0)%*	*2.1%*	
Financial Income/(Expense)	(18,173)	(17,863)	1.7%
Monetary Gain /(Loss)	23,568	23,505	0.3%
Profit Before Tax	3,430	7,543	(54.5)%
Tax Income/(Expense)	12,991	(634)	n.m.
Net Income	16,422	6,910	137.7%
Capex	25,754	23,987	7.4%
Intensity	*25.7%*	*26.2%*	

4th Quarter and Full Year 2023 Operational Highlights

We closed 2023 with a total of 52.9 million subscribers. With 7K additions in Q4’23, our total net subscriber gain was 146K in 2023. Excluding the contracting fixed voice segment, a hefty 1.2 million net gains on annual basis or a 2.8% growth in a challenging year, reinforces not only the attractive prospects of the Turkish telco sector but also our distinguished ability to take advantage of the opportunities in the market with our effective and delivering strategies.

Fixed broadband base increased to 15.2 million with 82K net additions in Q4’23 alongside the seasonal slowdown QoQ. Another revision to retail tariff prices at the beginning of December affected our quarterly performance. 365K total net additions in FY’23 was largely shaped by the combined impact of the February quakes, a strong back to school performance and pricing actions.

Fibre base expanded to 12.9 million subscribers with 273K of quarterly net additions. The number of FTTC subscribers reached 8.6 million, while the number of FTTH/B subscribers increased to 4.3 million. With a total of 1.3 million additions throughout the year, the share of fibre subscribers in our total fixed broadband base increased to 84.7% from 77.7% a year ago.

Fibre cable network length increased to 437K km as of the year-end from 427K km as of Q3'23 and 403K km as of 2022. Fibre network covered[5] 32.2 million households by the end of 2023 compared to 31.9 million as of Q3'23 and 31.4 million as of 2022. FTTC homepass was 20.5 million, while FTTH/B homepass increased to 11.8 million.

Mobile segment added 84K net subscribers in the quarter, reaching 26.2 million in total. Postpaid base recorded a massive 611K additions, marking its historic-high quarterly performance, and prepaid base reversed course from prior quarter to contraction with a sizeable 528K net loss. As such we added a total of 724K mobile subscribers in 2023 with a 1.6 million surge on the postpaid side and a total of 890K decline on the prepaid side. As such, postpaid net adds also hit a historic-record performance annually. Average monthly data usage per LTE user increased by 22.5% to 15.6 GB in Q4'23 from 12.7 GB in Q4'22.

Fixed voice base continued its decline with 264K more subscriber loss along with the strategy focusing on naked-DSL sales. Including nDSL, the number of total access lines was 17.4 million as of 2023. We lost a total of 1.1 million fixed voice subscribers in 2023.

TV Home base closed the year with 1.5 million subscribers with a total of 28K net gains in the quarter.

Self-service online transactions app 'Online İşlemler' has been downloaded by 79.4 million times by the end of 2023. The number of unique subscribers[6] using the application was 29.1 million.

Table 3: Number of Subscribers by Line of Business

Mn	**2023**	**2022**	**YoY Change**
Fixed Voice	8.5	9.5	(11.3)%
Fixed Broadband	15.2	14.8	2.5%
Retail	*11.0*	*10.8*	*1.6%*
Wholesale	*4.2*	*4.0*	*4.8%*
TV	3.1	2.9	4.8%
Mobile	26.2	25.5	2.8%
Postpaid	*18.6*	*16.9*	*9.5%*
Prepaid	*7.7*	*8.6*	*(10.4)%*
Total	**52.9**	**52.8**	**0.3%**

[5] We have reflected the estimated impact of the February 2023 earthquakes on our homepass numbers. However, the assessment of the earthquake impact on homepass numbers is still work-in-progress; hence the numbers provided may be subject to changes.
[6] 12-Month active user

2024 Guidance

Our guidance[7] for 2024 including the TAS29 impact is as follows:

- Revenue growth (excluding IFRIC 12) to be 11-13%
- EBITDA margin to be 36-38%
- CAPEX intensity to be 27-28%

Consolidated (w/ TAS29)	2024 Guidance
Revenue growth (exc. IFRIC 12)	11-13%
EBITDA margin	36-38%
CAPEX intensity	27-28%

We assumed an inflation trajectory leading annual CPI to 42% by the end of 2024. Our trajectory incorporates the Q1'24 realised inflation and a downward trend from the expected peak in May. Accordingly, we expect our operating revenue to grow in the range of 11-13% with continued subscriber base expansion in all lines of business except for the fixed voice segment, dynamic pricing policy, and robust upselling and re-contracting performance. We expect solid trends in data and speed demand to prevail in 2024 and nicely support growth in ARPUs. We see our EBITDA margin improving to 36-38% range with maintained momentum in revenue evolution and improving opex to sales ratio. Finally, the capex intensity in the range of 27-28% captures the planned access and capacity investments in fixed and mobile businesses as well as the expected spending for new data centres and solar power plants (SPP). Higher volumes of FTTH conversion and greenfield fibre access projects in addition to new data centre and SPP investments can be considered the main drivers of the expected pick-up in capex intensity ratio from last year.

[7] *2024 guidance expectations represent approximate values.*

This section is based on unaudited financials prepared without TAS29 and is produced for the purpose of comparative assessment of the Q4'23 and FY'23 performances to prior periods and/or Company guidance. Our Board of Directors and executive management responsible from financial reporting are accountable for the data presented in this section.

THE FINAL QUARTER PERFORMANCE HERALDS A STRONGER 2024

With a robust fourth quarter performance, both the operational revenue growth and EBITDA exceeded the high-end of our guidance ranges for the full year. Consolidated revenue increased by 68.2% YoY to TL 25.7 billion in Q4'23 carrying the FY'23 growth to 69.2%. EBITDA was TL 8.5 billion with an EBITDA margin of 33.1%. FY EBITDA and EBITDA margin were realised at TL 27.3 billion and 33.6% respectively. Net Debt/EBITDA further improved from the last quarter to 1.46x.

4th Quarter and Full Year 2023 Financial Highlights

Quarterly consolidated revenues increased to TL 25.7 billion with 68.2% YoY growth, carrying the respective figures for the full year to TL 81.3 billion and 69.2%. Excluding the IFRIC 12 accounting impact, a 74.2% YoY revenue expansion has taken the FY23 growth to 71%, ahead of the high-end of our guidance range of 67-70%.

Consolidated EBITDA grew by 52% YoY in the final quarter to TL 8.5 billion with 33.1% margin. Excluding the earthquake and other one-off items' impact, the quarterly EBITDA margin would be 35.9%, marking a 120 bps improvement QoQ on comparable basis. The full year EBITDA reached TL 27.3 billion sealing an annual growth rate of 42.6% YoY with 33.6% margin and again surpassing the high-end of our guidance range which stood at TL 25-27 billion. Excluding the annual impact of the earthquake and other one-off items, the full year EBITDA margin would stand at 34.8%.

Excluding the IFRIC 12 impact, EBITDA margin was 34.7% in Q4'23 and 35.1% in FY'23.

TL 5.1 billion operating profit moved up by 57.2% YoY on 19.9% margin in Q4'23 and by 41.6% YoY in FY'23 on 19.3% margin.

TL 9.0 billion capex spending in Q4'23 took total figure for the year to TL 21.6 billion, slightly ahead of our FY guidance range of TL 19-21 billion. Capex intensity ratio stood at 26.6% compared to 29% a year ago.

Unlevered free cash flow was TL 3.3 billion compared to TL 1.9 billion in both the prior quarter and the same period of last year.

Türk Telekom CEO Ümit Önal's comments on Q4'23 and FY23 results:

A fine closure to 2023 with a momentous performance

Geopolitical risks have taken the centre stage in the final quarter of 2023. While the large central banks said the level of tightening was satisfactory, they also sent frequent warnings against immature cuts. At home, the CPI has continued its upward trend, closing the year slightly below 65%. Inflation is expected to peak in May and ease thereafter. That said, potential upward risks to the outlook have triggered discussions around a possible resumption of rate hikes under the leadership of the new Governor since February. Soon enough, the Bank delivered a surprising 500 bps hike in its March meeting taking the policy rate to 50% as inflation expectations deteriorated according to the latest survey.

Mobile market introduced the final price adjustments of the year in October, but went through an aggressive quarter in terms of promotional activities amid fuelled motivation for acquisitions before year-end. In this environment not only did we keep our position as the most preferred operator in the MNP market but also took ARPU growth rate to a higher level for the ninth consecutive quarter.

In fixed broadband, we revised retail price tariffs in December and changed our contract structure to 9+9 from 12+12 in line with our plans we shared earlier. We target a best-in-class customer experience and revenue optimisation through our tailored segment strategies supporting our upsell performance. Accordingly, we have moved our entry speed in FTTH tariffs to 50 Mbps in new acquisitions and to 35 Mbps in re-contracting, in order to further leverage mix effect in ARPU growth in the coming periods.

Strength in data consumption, re-contracting and upselling that prevailed in prior quarters remained similarly robust in the final quarter in mobile and fixed internet, pushing ARPU growth in both lines of business to above Q3 levels. Mobile[8] and fixed internet[9] data usages per subscriber grew by 23% and 4% respectively on annual basis. In comparison to the previous quarter, the slight decline in mobile and the slight increase in fixed internet were both driven by seasonality. Data usage and speed increase will maintain their strong course in the coming periods together with the widespread digitalisation trend prevailing in Türkiye, we think.

We achieved robust results in Q4 following a seasonally strong Q3. Fixed internet revenue growth accelerated further QoQ with ongoing rise in ARPU. Rate of increase in mobile revenue on the other hand landed on a new record over last quarter's fascinating performance. We maintained a solid top-line and EBITDA performance in the final quarter with continued EBITDA margin improvement QoQ on adjusted (comparable) basis. The acceleration in our financial performance in the second half of the year is heralding a strong start to 2024, we think. Having left some particular challenges of 2023 behind, an improving macro picture and consumer

[8] *Average monthly data usage per LTE user*
[9] *Average monthly data consumption per user*

sentiment as well as our ever-growing strength and capabilities in our businesses encourage us to expect a more vigorous year ahead.

We closed the year with slight beat in our targets

Consolidated revenues increased by 68.2% YoY in the final quarter, while operational revenues increased by 74.2%. Mobile, fixed internet, corporate data, call centre and equipment sales were the main drivers of robust expansion. Mobile, fixed internet, TV and corporate data have all maintained the quarters-long upward trend in their growth rates despite high bases from last year and moderating seasonality from prior quarter for the former three. On full year basis, consolidated revenue growth was 69.2% and operational revenue growth was 71%, the latter standing north of our guidance range of 67-70%.

With that, mobile delivered a 93.2% annual growth and fixed broadband 71.5% in the final quarter, both largely driven by solid ARPU performances. Contributing less so, subscriber growth also helped. Corporate data revenue increased 87.5% whereas equipment and call centre revenues grew 83.8% and 78.2% respectively. The slowdown in ICT revenue growth to 15.9% was entirely owing to last year's very high base. International revenue growth also slowed from last quarter to 56.5% for the same reason.

Consolidated EBITDA expanded 52% YoY to TL 8.5 billion with 33.1% margin vs last quarter's 35.7%. Accordingly, TL 27.3 billion full year EBITDA also exceeded our guidance range of TL 25-27 billion, recording an annual margin of 33.6%. Yet, EBITDA margin was 120 bps higher QoQ on comparable basis after adjusted by one-off factors, most notably a partial payment for the earthquake donation as guided earlier. Excluding the IFRIC 12 impact, EBITDA margin was 34.7%.

USDTRY and EURTRY rates increased by 7.5% and 12.2% QoQ. Market interest rates moved higher alongside the continued tightening by the CBRT. While higher interest rates led to higher interest expense, increased FX rates and interest rates together led the jump in FX and hedging cost QoQ. Moreover, protection from the hedge portfolio including the currency protected time deposits was lower QoQ because of the stabilisation in forward FX rates amid declining volatility in financial markets. This led to lower M2M gains on the overall hedge portfolio. As a result, TL 4.7 billion of net financial expense was higher than last quarter. Net Debt/EBITDA dropped to 1.46x QoQ, thanks to the continued improvement in operating performance.

Fixed broadband delivering more

In line with our plans shared earlier, we have changed our retail tariffs' contract structure to 9+9 from 12+12 at the beginning of December, the same time we revised prices simultaneously. Similar to several rounds of pricing we have been through in the past two years we have seen some ISPs making relatively smaller adjustments to their prices and following suit with significant lag. As such, we have seen the same price parity imbalance we observed in Q3 repeating itself in the FBB market starting from December. Moreover, online offers went from competitive to aggressive in Q4, distorting the price parities even further in this specific sales channel.

In this backdrop, our activations skewed towards the wholesale segment starting from December but attained a balanced blend of wholesale and retail segments for the whole quarter. Although the activation performance fell slightly behind our expectations in the Q4'23 period when competition components remained volatile, we achieved our net add target with a stronger churn performance than our expectations. Throughout the quarter, churn rate was below Q4'22 and parallel to Q3'23, when the effects of the October 2022 and July 2023 price actions were felt respectively. Finally, it would be fair to say that the activation performance in the earthquake zone caught up with the pre-earthquake period, but churn remained relatively high with continued cancellations of unused lines. We expect subscriber dynamics in the region to normalise in 2024.

Re-contracting performance once again exceeded our quarterly expectation and reached the highest level of the year. Demand was brought forward a little, ahead of the price revision in the re-contracting portfolio we carried out in January.

As a result of the above, despite the earthquake effects and macroeconomic conditions, we have achieved our goal of closing 2023 with a positive net add reaching 365K as of the last quarter. We closed the year with 15.2 million subscribers, 2.5% higher YoY. We aim to exceed last year's performance in 2024, when we expect significant negative factors to be less noticeable. We maintain our opinion that the fixed broadband household penetration rate in Türkiye, which is currently around 75%, will reach the level of 80% in the next few years and even has the potential to exceed this level as the digitalisation trend continues apace, and that our subscriber growth will continue in a healthy trend in the coming years.

Demand for higher speed maintained its robust trend in the last quarter of the year. 35 Mbps and above packages made 49%[10] of Q4 new sales, raising ARPA[11] 17%[12] higher QoQ along with the retail segment price revisions launched in December. The same ratio was 54%[13] in re-contracting, the highest quarterly level seen in the year thanks to an upsell performance that exceeded our expectations. On annual basis the share of 35 Mbps and above packages in total re-contracting was 50% compared to 32% in 2022.

In line with our high-speed fibre sales growth strategy, we have offered more appealing FTTH packages by raising the entry speed to 50 Mbps in December for new sales and raising the minimum speed to 35 Mbps for our existing customers in January. We expect our actions to positively support ARPU evolution in the coming periods.

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[10] *For retail segment*
[11] *Average revenue per acquisition*
[12] *For retail segment*
[13] *For retail segment*

We increased ARPU growth to 67% YoY in the last quarter from 58.1% in the third quarter. We expect FBB ARPU growth to make a strong start to 2024 with our July and December 2023 pricing actions, and we aim for FBB ARPU growth to be above inflation this year. Similar to last year, we will be aligning 2024 pricing actions with competitive dynamics, subscribers' appetite to absorb new price levels and the course of inflation.

Fibre network kept expanding in 2023

Türkiye has moved up one step to 2nd position by number of FTTH/B homepass according to FTTH Council's "September 2023 FTTH/B Market Panorama in Europe" report covering 39 countries. Türkiye added 2.3 million FTTH/B homepass in the twelve-month period to September 2023 thanks to Türk Telekom's 1.5 million contribution in this growth within the same period. In addition, the country has been named 3rd fastest growing market by adding 1 million FTTH/B subscribers in the same period, of which 0.8 million came from Türk Telekom alone. As the fibre powerhouse of Türkiye, we remain committed to fiberising every corner of the country.

Our fibre network that runs across all of the 81 cities in Türkiye reached 437K km by the year-end. We ended the year with 32.2 million of homepass compared to 31.9 million as of Q3'23 and 31.4 million as of 2022. FTTC homepass was 20.5 million, while FTTH/B homepass rose to 11.8 million. Total number of fibre subscribers grew to 12.9 million, making up 84.7% of our total base, up by 7 points YoY.

Having increased by 41% YoY average package speed of our subscriber base[14] was 46 Mbps as of 2023 with high-speed package sales, one of our KPIs, in central focus throughout the year. 51% of our subscribers[15] are now on 35 Mbps and above packages compared to 48% a quarter ago and 36% a year ago.

Mobile leaves 2023 behind but not its stunning performance

Despite the campaign-intensive marketing strategies of the operators, dynamic pricing dominated the entire mobile market in 2023, as it did in 2022. Operators renewed their tariffs with similar price revisions almost simultaneously every quarter, the last of which took place in October. Yet, following a bustling summer, mobile market entered Q4 with increased appetite of the operators for subscriber acquisitions, a typical trend seen in the final quarter of the year aiming to boost the net adds secured annually. As such the promotional activities, which turned fiercer from October to November and only normalised in December, were more aggressive compared to prior quarters. With consumers tending to prefer postpaid to prepaid tariffs in activations, competition and the promotional activity focused more on the postpaid side, but attractive prepaid offerings also found their places in the market during the quarter.

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[14] *Total retail base including DSL and fibre subscribers*
[15] *Total retail base including DSL and fibre subscribers*

In this environment, the MNP market recorded growth both annually and quarterly reaching its largest size since Q4’20. Still, we preserved our position in this domain as the most preferred operator for the ninth consecutive quarter.

We added 84K net subscribers in Q4’23. While the activations in postpaid significantly exceeded both our expectation and the performance of last year’s same period, those in the prepaid segment stayed behind in similar comparison. Overall churn rate was higher QoQ but flattish YoY. Competitive dynamics largely explained the quarterly trend, but continued quake-related line closures and deactivation of expired tourist lines also contributed. Expanding by 611K in Q4’23, the postpaid segment achieved a historic record in quarterly net add performance. With that, the postpaid segment has secured 1.6 million net subscriber additions over the LTM, highest number on record. The prepaid base on the other hand contracted by 528K on net basis. As a result, the ratio of postpaid customers in our mobile portfolio climbed to its highest level of 70.8%.

Mobile ARPU growth surprised us to the upside in every quarter of 2023. Driven by successful pricing, re-contracting and upselling performances, blended ARPU growth continued its consecutive ascend for the ninth quarter to 85.4% with postpaid and prepaid ARPUs standing at 78.4% and 98% respectively. Similarly, an ongoing upward trend fourteen-quarters-in-a-row took mobile revenue growth to 93.2% despite a high base in the same period last year with 62.6% annual growth. With that, mobile revenue growth came in at 85.6% in full year 2023.

Mobile delivered an impressive performance in 2023. Total subscriber base grew 2.8% in the year with postpaid expanding 9.5%. LTE subscribers’ average data usage increased 23.4%, while prepaid subscribers’ average top-up amount rose 116% annually. The number of upsells in the year, except for those generated through re-contracting, were 46% higher YoY. A robust consumer demand for Türk Telekom’s mobile services and our conquering strategy both of which we expect to remain supportive in the coming periods are evident in these numbers and lend us confidence in maintaining a strong mobile performance with an above-inflation ARPU growth in 2024.

Concrete progress in our sustainability agenda

As Türkiye's leading telecommunication company, we are keen to grow our contribution to climate action. In its first meeting of 2024, our Sustainability Committee agreed upon targeting a 45% reduction in Türk Telekom Group’s Scope 1 & 2 emissions in total by 2030[16] and Net Zero by 2050. We have also submitted a commitment letter to the SBTi for our near-term targets. We are smoothly progressing on our roadmap to get the near-term targets approved by the SBTi.

We take important steps together with our stakeholders to control our environmental impact and lower our carbon footprint. These include our work focusing on energy efficiency,

[16] *Relative to base year 2020*

diversification of energy sources, renewable energy, clean transportation and waste management. Moving our 2023 CDP score up by two notches to B (Management) from the previous year is a testimony to our commitment for climate action. In the category scores benchmarking, we secured the highest A rank in both of the “Emissions reductions initiatives and low carbon products” and “Scope 1 & 2 emissions (including verification)” categories. We will remain devoted to raising our overall CDP score to A (Leadership) in the coming periods.

Financial Review w/ TAS29

(TL mn)	2022	2023	YoY Change
Revenue	**91,401**	**100,185**	**9.6%**
Revenue (Exc. IFRIC 12)	**84,751**	**93,687**	**10.5%**
EBITDA	**36,401**	**33,523**	**(7.9)%**
Margin	*39.8%*	*33.5%*	
Depreciation and Amortisation	**(34,499)**	**(35,488)**	**2.9%**
Operating Profit	**1,902**	**(1,965)**	**n.m.**
Margin	*2.1%*	*(2.0)%*	
Financial Income / (Expense)	**(17,863)**	**(18,173)**	**1.7%**
FX & Hedging Gain / (Loss)	(12,803)	(12,246)	(4.4)%
Interest Income / (Expense)	(5,208)	(4,421)	(15.1)%
Other Financial Income / (Expense)	147	(1,507)	n.m.
Monetary Gain / (Loss)	**23,505**	**23,568**	**0.3%**
Tax Income / (Expense)	**(634)**	**12,991**	n.m.
Net Income	**6,910**	**16,422**	**137.7%**
Margin	*7.6%*	*16.4%*	
CAPEX	**23,987**	**25,754**	**7.4%**

Financial Review w/o TAS29

(TL mn)	Q4'22	Q4'23	YoY Change	2022	2023	YoY Change
Revenue	**15,287**	**25,708**	**68.2%**	**48,042**	**81,271**	**69.2%**
Revenue (Exc. IFRIC 12)	**13,690**	**23,844**	**74.2%**	**44,422**	**75,961**	**71.0%**
EBITDA	**5,594**	**8,501**	**52.0%**	**19,148**	**27,297**	**42.6%**
Margin	*36.6%*	*33.1%*		*39.9%*	*33.6%*	
Depreciation and Amortisation	**(2,343)**	**(3,389)**	**44.7%**	**(8,101)**	**(11,652)**	**43.8%**
Operating Profit	**3,251**	**5,111**	**57.2%**	**11,046**	**15,645**	**41.6%**
Margin	*21.3%*	*19.9%*		*23.0%*	*19.3%*	
Financial Income / (Expense)	**(2,276)**	**(4,694)**	**106.3%**	**(9,210)**	**(14,612)**	**58.7%**
FX & Hedging Gain / (Loss)	(1,463)	(3,413)	133.3%	(6,557)	(9,930)	51.4%
Interest Income / (Expense)	(718)	(791)	10.2%	(2,722)	(3,407)	25.2%
Other Financial Income / (Expense)	(94)	(489)	420.7%	69	(1,275)	n.m.
Tax Income / (Expense)	**35**	**1,679**	**4673.1%**	**2,298**	**5,612**	**144.2%**
Net Income	**1,011**	**2,097**	**107.5%**	**4,135**	**6,645**	**60.7%**
Margin	*6.6%*	*8.2%*		*8.6%*	*8.2%*	
CAPEX	**6,848**	**8,955**	**30.8%**	**13,931**	**21,601**	**55.1%**

Subscriber Data

(mn)	2022	2023	YoY Change
Total Access Lines [17]	**17.3**	**17.4**	**0.9%**
Fixed Voice Subscribers	9.5	8.5	(11.3)%
Naked Broadband Subscribers	7.7	9.0	16.1%
Total Broadband Subscribers	**14.8**	**15.2**	**2.5%**
Total Fibre Subscribers	**11.5**	**12.9**	**11.7%**
FTTH/B	3.5	4.3	22.4%
FTTC	8.0	8.6	7.0%
Total TV Subscribers [18]	**2.9**	**3.1**	**4.8%**
Tivibu Home (IPTV + DTH) Subscribers	1.5	1.5	1.2%
Mobile Total Subscribers	**25.5**	**26.2**	**2.8%**
Mobile Postpaid Subscribers	16.9	18.6	9.5%
Mobile Prepaid Subscribers	8.6	7.7	(10.4)%

[17] *PSTN and WLR Subscribers*

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

ARPU Performance w/ TAS 29

TL	2022	2023	YoY Change
Fixed Voice ARPU	**49.0**	**47.8**	**(2.3)%**
Broadband ARPU	**157.8**	**156.2**	**(1.1)%**
TV ARPU	**52.2**	**49.6**	**(5.0)%**
Mobile Blended ARPU	**103.7**	**118.8**	**14.6%**
Mobile Postpaid ARPU	117.4	128.5	9.5%
Mobile Prepaid ARPU	73.4	92.1	25.5%

ARPU Performance w/o TAS 29

TL	2022	2023	YoY Change
Fixed Voice ARPU	**25.2**	**38.0**	**50.9%**
Broadband ARPU	**80.9**	**124.0**	**53.3%**
TV ARPU	**27.0**	**39.6**	**46.7%**
Mobile Blended ARPU	**54.2**	**95.6**	**76.5%**
Mobile Postpaid ARPU	61.3	103.7	69.0%
Mobile Prepaid ARPU	38.2	73.4	91.9%

Disclaimer

Pursuant to the resolution of the Capital Markets Board ("CMB") dated 28.12.2023 and numbered 81/1820; it has been resolved that the provisions of TAS 29 (Financial Reporting in Hyperinflationary Economies) be implemented starting from the annual financial reports of issuers and capital market institutions that apply Turkish Accounting/Financial Reporting Standards and are subject to financial reporting regulations for the accounting periods ending on 31.12.2023.

Pursuant to the resolution of the Capital Markets Board dated 07/03/2024 and numbered 14/382, it has been resolved that, limited to the financial statements for the year 2023 and limited to data that will enable the evaluation of significant expectations/assumptions previously presented in an unadjusted non-inflationary financial statement, in a manner that does not result in the disclosure of all information that will be included in the definition of financial statements, for the healthy functioning of the market and for issuers that will apply inflation accounting to be able to provide the necessary information when updating their assumptions, the necessary material disclosures shall be made on the Public Disclosure Platform and other necessary media within the scope of the regulations on public disclosure by specifying the principles of responsibility, whether it includes inflation adjustment, whether it has been independently audited, and the information disclosed and the medium of disclosure if disclosure is made to investors (analysts) under the responsibility of the issuer's board of directors and executives responsible for financial reporting.

Türk Telekomünikasyon A.Ş. (the "Company") has published its financial results for the year 2023 that have been independently audited and adjusted for inflation accounting in accordance with TAS 29 standards.

In accordance with the resolution of CMB dated 07.03.2024 and numbered 14/382; considering the fact that Türk Telekom's financial performance for the year 2023 has been reported using financial data for which inflation accounting has not been applied (historical), subject to the same principles of responsibility as the Company's financial reports; selected indicative figures used in the press release of previous periods have been included in the press release for informational purposes, based on data free from inflation accounting and independent audit, in order to enable our investors and other interested parties to evaluate Türk Telekom's financial performance for 2023 more comprehensively.

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

This press release is intended to provide information about the Company's operations and financial results and includes certain forward-looking statements, opinions, assumptions and estimated figures. Accordingly, it includes data and estimates for which inflation accounting has not been applied for informational purposes as opposed to data and estimates for which inflation accounting has been applied, and reflects the management's current views and assumptions regarding the Company's future prospects. The information provided by the Company is collected from sources believed to be reliable, but the accuracy and completeness of this information are not guaranteed. Although it is believed that the expectations reflected in these statements are reasonable, realisations may vary depending on the development and realisation of the variables and assumptions that constitute forward-looking expectations and estimated figures.

The Company and its shareholders, board members, directors, employees of Türk Telekomünikasyon A.Ş. or any other person may not be held liable for any damages that may arise from the use of the contents of this press release.

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

Notes:

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

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

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

Net FX Position is calculated by subtracting the sum of **i)** the hedge transactions, **ii)** FX-denominated cash and cash equivalents and **iii)** the net investment hedge from the sum of **iv)** FX-denominated financial debt (including FX-denominated lease obligations) and **v)** FX denominated net trade payables. Net investment hedge is the hedge amount against the financial risk of the net investment in the off-shore subsidiaries (Türk Telekom International) as per the Effects of Changes in FX Rate standard (TAS 21) of the Turkish Accounting Principles.

About Türk Telekom Group

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

"Türkiye's Multiplay Provider" Türk Telekom has 17.4 million fixed access lines, 15.2 million fixed broadband, 26.2 million mobile and 3.1 million TV subscribers as of December 31, 2023. Türk Telekom Group Companies provide services in all 81 cities of Türkiye with 37,265 employees with the vision of introducing new technologies to Türkiye and accelerating Türkiye's transformation into an information society.

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