

2023 Integrated Annual Report

Building a Sustainable Future
is worth all the effort



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About the Report

Türk Telekom is Türkiye's first integrated telecommunications operator with a storied history of more than 180 years. With the strength it draws from its long-established history and commitment to the country's future, Türk Telekom sees it a primary duty to carry Türkiye into the future as the leading telecommunications operator driving the country's digital transformation. Following the publication

of our second sustainability report in 2022, we embarked on a new reporting journey in 2023 and presented our first integrated report to our stakeholders by adopting the Integrated Reporting model, which reflects our approach to value creation in addition to our Group's Environmental, Social, and Governance (ESG) performance.

We have prepared our report in accordance with the

2021 GRI (Global Reporting Initiative) Universal Standards for the January 1st - December 31st, 2023, financial reporting period. In addition to our operations and sustainability data, this report includes our progress in the United Nations Global Compact (UNGC), contributions to the Sustainable Development Goals (SDGs), and responses to sustainability index questions. Our 2023 integrated report also follows TCFD

and Refinitiv guidelines. Türk Telekom Group commits to publishing Integrated Reports annually.

Our financial statements and the annual report are independently audited. As part of the independent audit agreement signed between our Company and Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young) for the year 2023, Ernst & Young audited the consolidated financial statements of our company. The independent audit report was published on the Public Disclosure Platform (PDP) within the required legal timeframe and on the Company's website. The independent audit firm is determined by the Board of Directors and approved by the General Assembly every year.

Our report, which includes our sustainable development initiatives, can be accessed on our website at Annual Reports | Türk Telekom Investor Relations. Our materiality analysis and stakeholder engagement process are based on GRI's principles of materiality, stakeholder engagement, sustainability,

and integrity. The views of our internal and external stakeholders, both on the national and international scale, are reflected in the materiality analysis and throughout the report. We identify our sustainability approach, focus areas, targets, and sustainability performance practices with the active participation of the senior executives.

The information presented in our report is obtained from internal reporting systems (financial, legal, human

resources, etc.), databases of relevant departments (employees, customers, and other stakeholders), and project outputs. Compared to the previous reporting period, when we calculated the emission values of Türk Telekom, TTNET and TT Mobil, we expanded the scope of our carbon inventory by including all our Group companies in 2023 and calculated our retrospective Scope 1, 2 and 3 emissions for the last four years, based on 2020.

Our Integrated Report, which includes our sustainable development initiatives, can be accessed on our website at Türk Telekom Investor Relations.

As Türk Telekom stakeholders, you can share your opinions, suggestions, and comments on Investor Relations and Sustainability issues using our communication channels for Investor Relations and the Sustainability Directorate.

Please contact us via e-mail
sustainability@turktelekom.com.tr or
investorrelations@turktelekom.com.tr

Headquarters: Turgut Özal Avenue, 06103 Aydınlıkevler, Ankara

*It was announced that the TCFD has completed its mandate as of 12 October, 2023, and the IFRS Foundation will be responsible for monitoring progress in companies' climate-related disclosures. Going forward, we at Türk Telekom will continue to follow the TCFD framework and will align our risk and opportunity identification processes with the latest updates.



2 About Türk Telekom



About Türk Telekom

With our technological infrastructure, extensive service network, and continuous investments, we play an important role in the development of our country and sector. As Türkiye's leading telecommunications company, our primary duty is to pioneer our country's digital transformation and carry Türkiye into the future. Our goal is to go beyond being a mere technology company and make everyone we touch **"Feel Valuable."**

As Türkiye's first integrated telecommunications operator, we are operating with the accumulated knowledge and experience of over 180 years. **We provide services across all 81 provinces of Türkiye with our 437 thousand kilometres of fibre infrastructure, 26 thousand mobile sites and more than 52% of LTE base stations connected to fibre**, we deliver high-quality fixed voice and broadband satellite and IP TV services. In the mobile segment, we offer nationwide mobile voice and data services with a **99.6% LTE population coverage**.

In addition to Türk Telekom's fixed and mobile lines of business, we add value to our individual and corporate customers and maintain our strong position in the telecommunications sector with every passing day through our group companies, each of which holds a significant position in its respective field. Our leading group companies include **Argela, Innova, SEBİT, AssisTT, TT International, TT Ventures, TT Ödeme ve Elektronik Para Hizmetleri, and TTG Finansal Teknolojileri**.

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▶ **ARGELA**

▶ **Türk Telekom International**

▶ **TTÖdeme**

▶ **innova**

▶ **SEBİT**

▶ **Türk Telekom Finansal**

▶ **ASSISTT**

▶ **Türk Telekom Ventures**

Türk Telekom

Değerli Hissettirir



As the Türk Telekom family, we have a strong presence in converging technologies, ICT solutions, education technologies, customer experience services, wholesale data and capacity services, project development, corporate venture capital, payment and electronic money services, and financial technologies.

We serve as a crucial resource not only for individuals and institutions in Türkiye but also for tourists visiting the country. Collaborating with numerous domestic and foreign customers and suppliers, we make significant investments to ensure continuity and quality in the telecommunications sector.

With our vision of **Accessible Communication and Digital Inclusion**, we serve nearly 53 million subscribers. In 2023, we increased our consolidated revenues by 9.6% year-on-year to 100.2 billion TL along with our investments totaling 25.8 billion TL. With the mission to lead the digital transformation in our country, we are working at full capacity with the help of our 37,265 employees

In 2015, by maintaining the legal entities of Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş., and TTNET A.Ş. and adhering fully to the regulations and legislation to which they

are subject, we transitioned to a customer-oriented and integrated structure. As of January 2016, we unified our mobile, internet, phone, and TV products and services under the single Türk Telekom brand. With this transformation, we effectively address our customers' needs in both individual and corporate services with our wide service network and diverse product range. To effectively and accurately meet rapidly changing communication and technology needs, we continue our investments without slowing down, constantly developing and innovating ourselves every day.

Shareholding and Management Structure

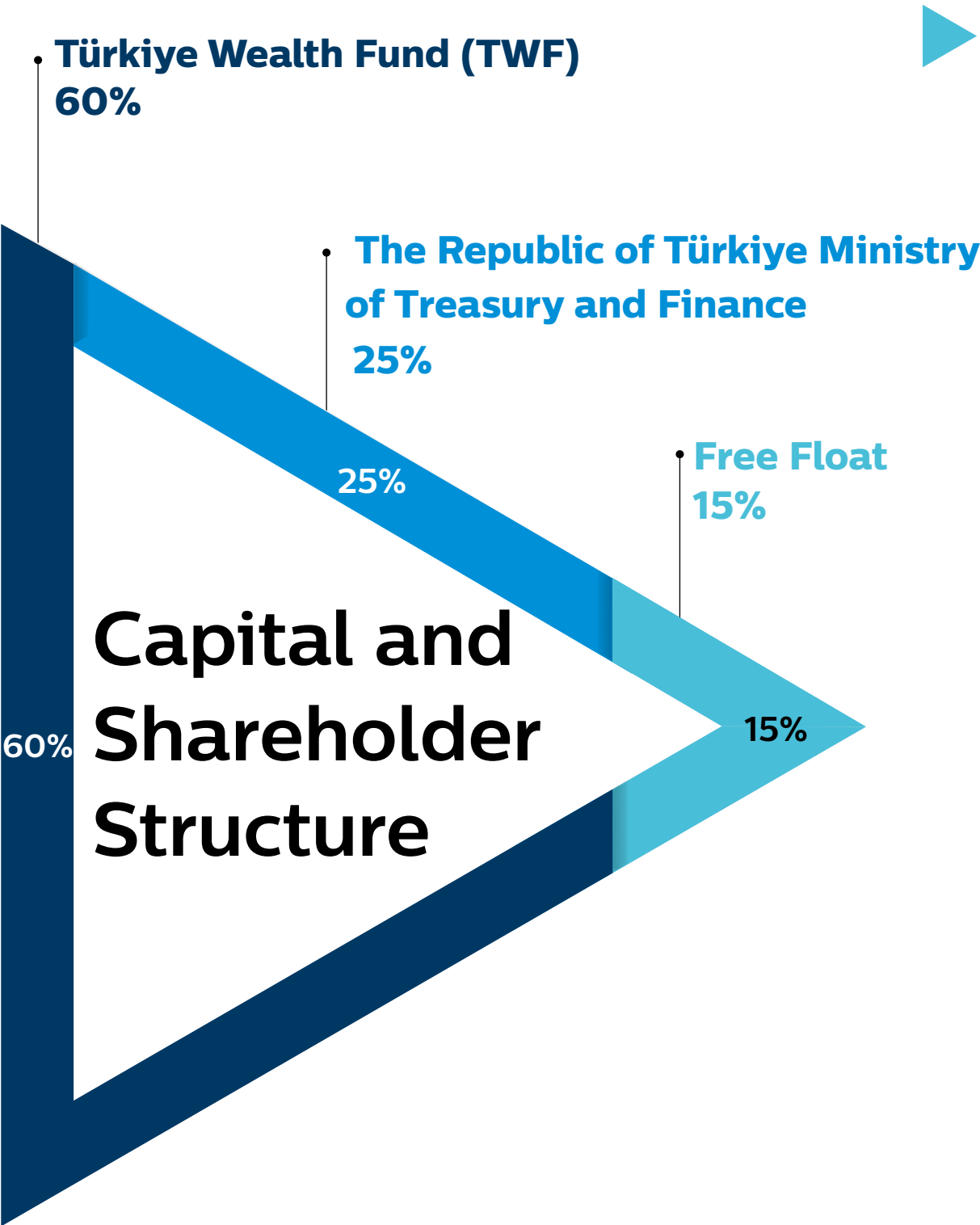
Capital and Shareholder Structure

We are one of the leading companies in Türkiye with our strong capital and shareholder structure.

Türkiye Wealth Fund (TWF) is the largest shareholder of Türk Telekom holding 61.68% of the shares (1.68% of which is publicly traded). The Republic of Türkiye Ministry of Treasury and Finance holds 25% of the shares and 15% is publicly traded.

- TWF's non-public Group A and Group B shares are 55% and 5%, respectively, whereas its publicly traded Group D shares are 1.68%.
- The Republic of Türkiye Ministry of Treasury and Finance holds 25% of the shares, which consist of non-public Group B shares. In addition, the Treasury owns a Group C Golden Share with a nominal price of 0.01 TL.
- Publicly traded Group D shares constitute 15% of total capital.

Note: There are no natural or legal persons whose shares exceed 5% except for those specified in the main shareholder structure.



Türkiye's Multiplay Provider

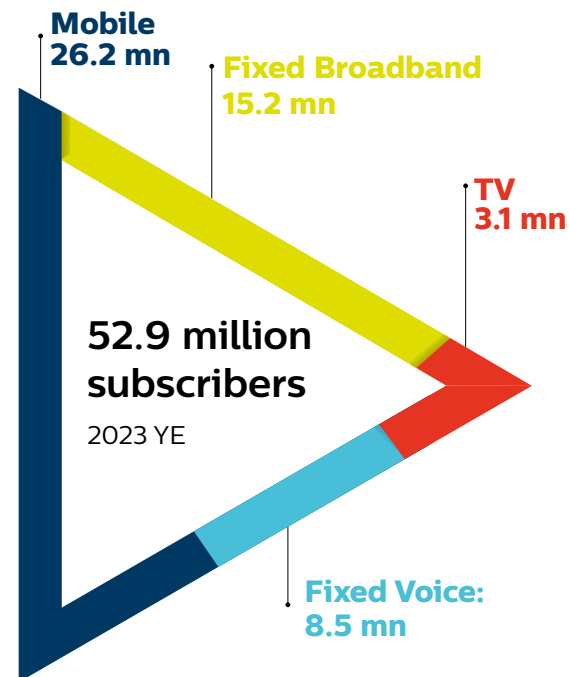
With the vision of integrating new technologies into Türkiye and accelerating our country's transformation into an information society, Türk Telekom Group provides telecommunications services and technology solutions to nearly 53 million individual and corporate subscribers through its robust infrastructure, extensive dealer and office network and 37,265 employees.

Türk Telekomünikasyon A.Ş. provides PSTN and wholesale broadband services and 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

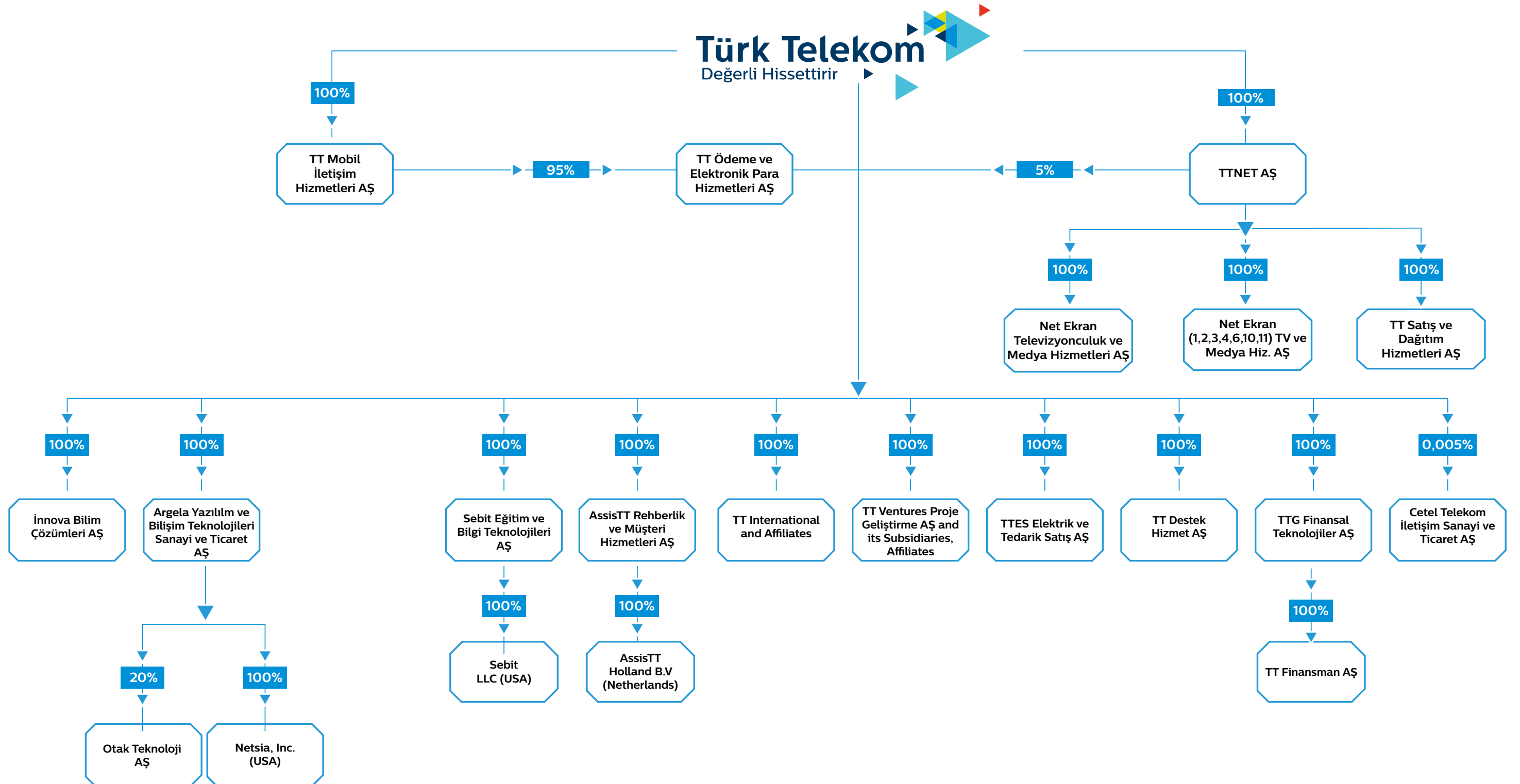
provider TTNET A.Ş.; converging technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş.; IT solution provider İnnova Bilişim Çözümleri A.Ş.; online education software company SEBİT Eğitim ve Bilgi Teknolojileri A.Ş.; end-to-end customer experience company AssisTT Rehberlik ve Müşteri Hizmetleri 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. Türk Telekomünikasyon A.Ş. 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.; 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.

Diversified Subscriber Base

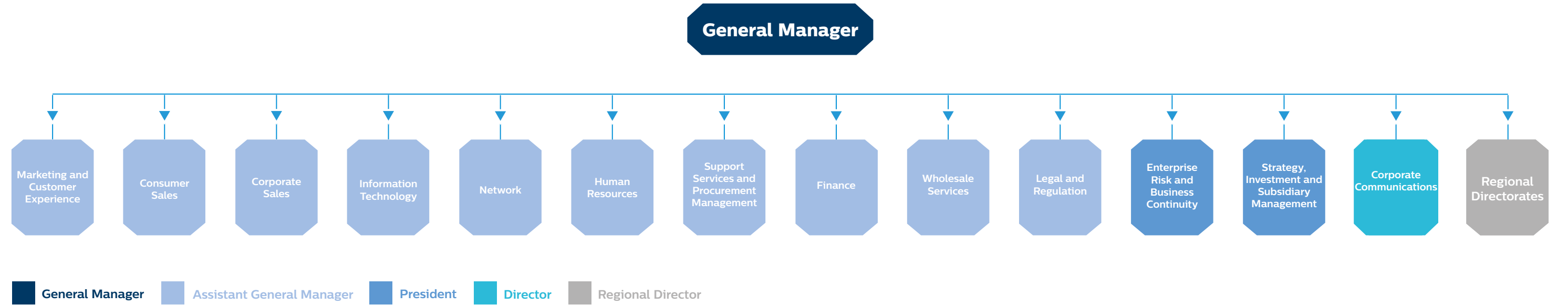


Subsidiaries, Affiliates, and Financial Investments





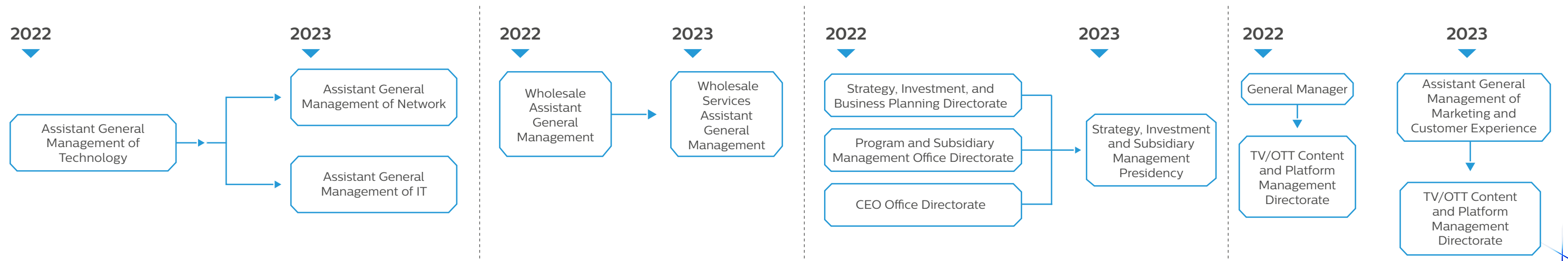
Organisational Structure



Organisational Changes

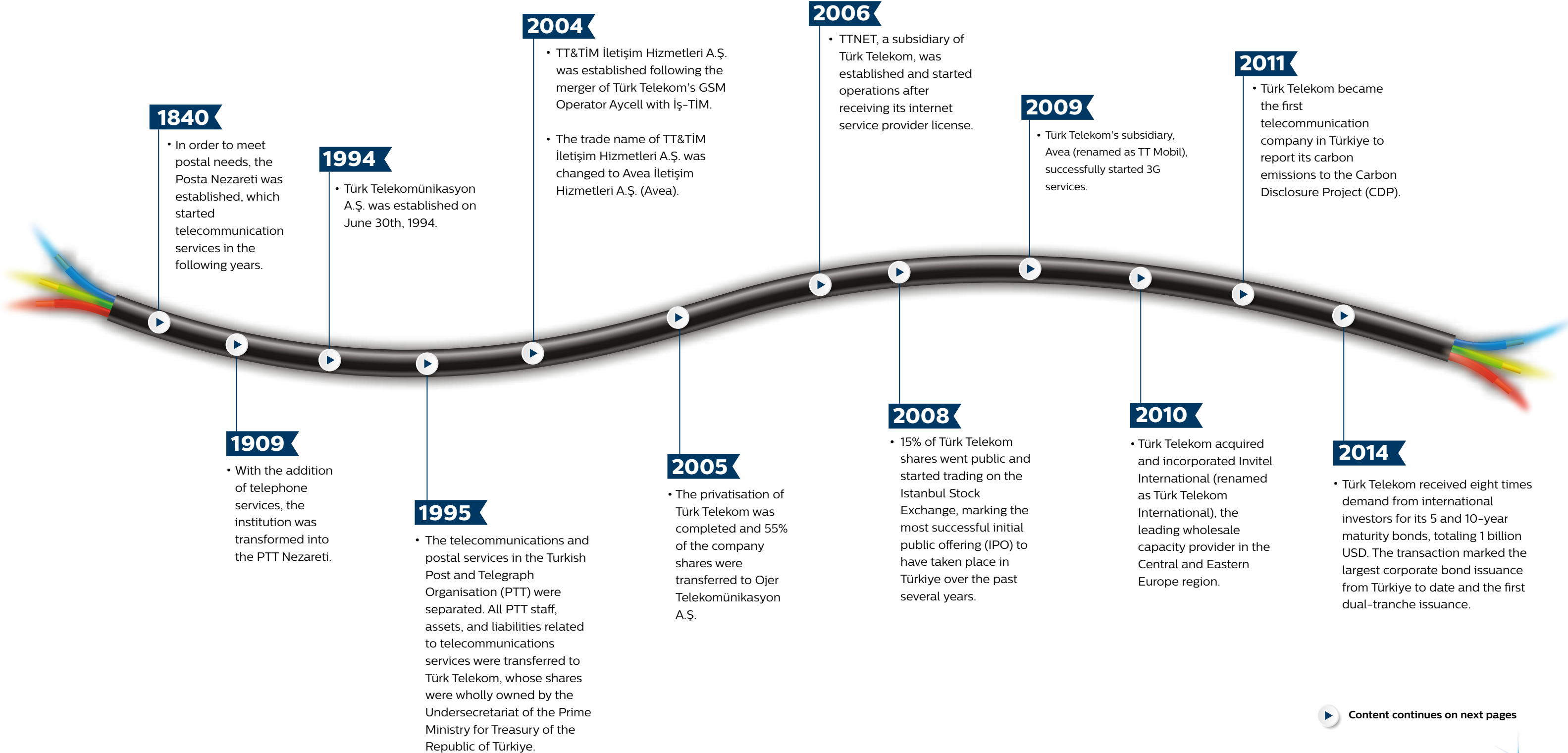
In line with our company's strategic goals, the following changes were made to Türk Telekom's organisational structure in 2023 to enhance our competitiveness and agility while reinforcing our focus on sustainable growth and profitability;

- The Assistant General Management of Technology was restructured as the Assistant General Management of Network and Assistant General Management of IT.
- The Wholesale Assistant General Management was renamed as the Wholesale Services Assistant General Management.
- The Strategy, Investment & Business Planning, Program & Subsidiary Management Office and the CEO Office Directorates, which previously functioned as directorates, were consolidated into the Strategy, Investment and Subsidiary Management Presidency.
- The TV/OTT Content and Platform Management Directorate, which previously reported to the General Manager, was repositioned under the Marketing and Customer Experience Assistant General Manager to ensure a holistic management structure in marketing and customer experience functions.



Our History

Milestones of a History of Over 180 Years



Our History

Milestones of a History of Over 180 Years

2015

- Türk Telekom obtained full ownership of Avea İletişim Hizmetleri A.Ş.
- Türk Telekom International became a full member of the SEA-ME-WE-5 submarine cable consortium, which would connect 17 countries.

2016

- Avea (TT Mobil), Türk Telekom, and TTNET brands were all integrated under the single brand of Türk Telekom.
- Türk Telekom's subsidiary TT Mobil successfully started LTE services.
- Türk Telekom introduced its new youth brand, Selfy to young people.

2017

- TT Ödeme Hizmetleri A.Ş. obtained a payment services authorisation from the Banking Regulation and Supervision Agency (BRSA).
- A total of 6.68% of Türk Telekom shares held by the Treasury were transferred to TWF.
- Türk Telekom rose to 2nd place in the Pay TV market.
- Türk Telekom became the first Turkish company to join the management of the Open Networking Foundation (ONF) platform, of which global rechnology giants are members and which specifically designs 5G and beyond technologies.
- Netsia successfully installed the test platform for RAN slicing technology in Orange, Verizon, and Telefonica.

2018

- Türkiye's largest Cyber Security Center was opened at Türk Telekom's Ankara headquarters.
- Türk Telekom established TT Ventures, the first corporate venture capital company in Türkiye's telecommunications sector, with a focus on investing in early-stage and scalable companies.
- 55% of Türk Telekom shares were transferred from OTAŞ to LYY Telekomünikasyon A.Ş. (LYY).

2019

- Türk Telekom successfully issued a USD 500 million bond with a 6-year maturity, attracting 5 times demand from 264 investors across 39 countries.
- Türk Telekom broke the world's 5G speed record by reaching speeds of more than 2.9Gbps in a 5G speed test conducted with Huawei.

2020

- The number of subscribers served by the Türk Telekom Group exceeded 50 million.
- Türkiye's first real-time 5G live game broadcast was conducted by Türk Telekom.
- Türk Telekom became a participating member of the United Nations Global Compact, the world's largest corporate sustainability initiative.
- A licensing and cooperation agreement for Netsia's 5G patented RIC product was signed with Juniper Networks, one of the leading network equipment manufacturers in the world.

2021

- Türk Telekom became the first operator in the world to experience open-source SEBA technology with live internet, IPTV, and voice services.
- Türk Telekom distributed 1.9 billion TL in dividends to shareholders in 2021.

2022

- With the transfer of 55% of Türk Telekom shares from LYY Telekomünikasyon A.Ş. (LYY) to TWF, TWF's ownership rate increased to 61.68%.
- Türk Telekom distributed 5 billion TL in dividends to shareholders.
- The TT Ventures Venture Capital Investment Fund was established.
- The consumer finance company, TT Finansman A.Ş. was established.
- The consumer finance company, TT Finansman A.Ş. was established.

2023

- Türk Telekom applied to Information and Communication Technologies Authority (ICTA) to extend the fixed concession agreement.
- Türk Telekom Ventures entered the Electric Vehicle Charging Operator market as a Charging Network Operator.
- Türk Telekom received 405.8 MWe of capacity installation permission from Turkish Electricity Transmission Corporation (TEİAŞ) as part of its strategy to increase renewable energy production.
- The project that provides financing to TT Mobil customers by reflecting the amount on the invoice went live.
- Türk Telekom Ventures Entrepreneurship Center at the Atatürk Culture Center (AKM) opened.



Vision and Values

Our Priority is to “Make You Feel Valuable”

Türk Telekom is working for the future of our country with the strength it derives from its deep-rooted history of more than 180 years. As the leading telecom operator driving the country’s digital transformation, Türk Telekom’s primary mission is to carry Türkiye into the future. Beyond being a mere technology company, our priority is to make everyone we touch “Feel Valuable” in every area in which we operate. Türk Telekom aims to achieve this vision with 17 guiding values.

1. Human-oriented

We are committed to providing the best service across the country, working tirelessly day and night.

2. Brave

We overcome all obstacles and adopt the principle of achieving the impossible.

3. Honest

We stand firmly behind our every word, attitude, and action.

4. Sincere

We demonstrate a kind and heartfelt approach in all relationships.

5. Lean

We embrace clarity and transparency in business and relationships.

6. A Leader

We proudly embody and act upon the pioneering qualities of being the sector’s trailblazer.

7. Innovative

We work with the mission of carrying Türkiye into the future by embracing and implementing technological innovations.

8. Agile

We achieve success through flexibility and quick action in all business processes.

9. Young-spirited

We keep up with the times and current conditions.

10. Excited

We are thrilled by the successes and firsts that mark Türkiye’s technological history.

11. Committed to social good in technology

We act with the principle of “Accessible Communication for All”.

12. Socially responsible

We address the country’s problems with sensitivity and a dedication to giving back to society.

13. Reflective of its past

We closely observe Türkiye’s past and present and retain a corporate memory.

Türk Telekom adopts these values as principles in every endeavor and engagement, both in internal business management and external communications and relation management processes. With the strength derived from these 17 values:

“Türk Telekom Makes You Feel Valuable.”

14. Local and national

We develop the most advanced technologies with local and national resources in line with Türkiye’s goals

15. Value-oriented

We consider the priorities and sensitivities of the society we serve

16. Productive

We make a difference through continuous work and support.

17. Generous

We willingly share the value we create with the entire society

Türk Telekom at a Glance

▶ **TL 100.2** billion
Revenue

▶ **TL 25.8** billion
CAPEX

▶ **52.9**
million Subscribers

▶ **99.6%**
LTE Population
Coverage

▶ **TL 33.5** billion
EBITDA

▶ **37,265**
Group Employees

In 81 Provinces

▶ **437 thousand km**
of Fibre Network

▶ **52%**
of LTE Base Stations
Connected to Fibre

▶ **%42**
Women Employee Ratio
60% in subsidiaries

▶ **32.2 million**
Fibre Homepass

▶ **25 hours**
Average Training
Time Per Employee*

▶ **2nd Player**
in Pay TV Market

▶ **47 GWh**
Energy Saved
in 2023**

*Includes virtual, physical classroom, and E-trainings
**Through energy efficiency projects only

Türk Telekom
Değerli Hissettirir



Group Companies



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

- Netsia BB Suite: Next generation broadband access technology for fixed networks
- vRAN (RIC): SDN-Based Radio Access Network technology for LTE and 5G with numerous international patents
- NCA Suite: Network Performance Monitoring & Customer Experience Management (NPM/CEM) solutions used by telecom operators in Türkiye and in the world.
- ULAK: Türkiye's first and only 4.5G (LTE-A) base station development project
- DEFINE: Türkiye's first domestic DPI device development project under OTAK Technology
- UTM: Drone/UAV tracking and traffic management system
- 5G and beyond networks, end-to-end orchestration system for cloud infrastructure
- BBF member, member of ONF and ONAP with its subsidiary Netsia
- Collaborating with global manufacturers in R&D and providing solutions



Türkiye's Leading Software Developer and System Integrator

- Fintech Products and Solutions
- IoT Platform and Solutions
- Digital Signage Products and Services
- Cloud Technologies
- RPA (Robotic Process Automation)
- Network Management and Monitoring Solutions
- E-Transformation Solutions
- Healthcare Technology Solutions
- Smart City and Smart Store Solutions
- System Integration Solutions
- SAP, Business Intelligence, CRM, Project Management Services
- Managed Services and Consultancy Services



International Arm of the Group That Opens Up to the World through Wholesale Data, Voice, SMS and Mobile Roaming Services

- 48.5 thousand kilometres of fibre network covering Central and Eastern Europe, Türkiye, and the Middle East
- 135+ points of presence (PoP) in 24 countries
- 200+ partners with billions of minutes of transit voice traffic annually, 800 mobile roaming agreements, and 400+ LTE mobile roaming agreements
- AMEERS and AMEER2: Cable systems connecting Western Europe to the Middle East
- SEA-ME-WE-5: Submarine cable system connecting Europe, Africa, the Middle East, and Asia
- KAFOS: Submarine cable system extending from the Black Sea to Europe
- MEDTÜRK: Submarine cable system connecting the Middle East, Türkiye, and Europe



Customer Experience Company Supporting Growth with End-to-End Multi-channel and Innovative Solutions

- 24/7 end-to-end customer experience service for customers in various sectors including telecommunications, media, health, finance, logistics and e-commerce with expert human resources, 16 years of experience, and strong infrastructure
- 21 customer experience centers
- Service exports with AssisTT International established in the Netherlands
- Communication center solutions
- Digital services and technology solutions
- Customer experience and quality solutions
- Outsourcing management solutions
- Compliance with PCI DSS, the world's most important data security standards



Türkiye's Leading and Long-Established Education Technologies Provider

- Artificial intelligence-assisted digital and printed education solutions for primary, secondary and high school levels
- SebitVCloud: the corporate education solution for private schools
- Raunt: for university preparation
- Vitamin LGS: for LGS preparation
- Vitamin Books: for secondary school level
- Vitamin Primary School: for primary school level
- Fastgo: for speed reading aimed at 5th-12th grade students and adults
- Content and platform provider in Türkiye and Northern Cyprus for e-education transformation projects



Payment Services and Electronic Money Company

- Products and services that add value to the customers and the industry with innovative and reliable payment solutions
- License from the Central Bank of the Republic of Türkiye (CBRT) for payment and electronic money services
- Strong position in mobile payments with an ever-expanding business network
- 91% increase in mobile payment transaction volume in 2023
- 20% increase in the number of mobile payment transactions in 2023
- 24% increase in the number of mobile payment subscribers in 2023
- Innovative fintech solutions with Pokus
- Other growing payment services and products (Corporate Bill Payment, Bill Analytics, Virtual POS, Android POS, etc.)



The Corporate Venture Capital Company

- Investments which contribute to the growth of early-stage startups with high scalability in areas including artificial intelligence, digital solutions, healthcare, education, cybersecurity and financial technologies
- **Health:** Virasoft, DoctorTurkey, Kidolog and Visutate
- **Education:** MentalUP
- **Energy:** Eltemtek
- **Social Media:** APPYAP
- **Digital Marketing:** Earnado, Cloud4Feed
- **Artificial Intelligence:** Syntonym, B2Metric, Optiyol, QuantWiFi, MythAI, Arcanor, Cameralyze



BRSA Licensed Financing Company

- Türk Telekom Group was established in October 2022 to diversify its services by providing financing to its subscribers with a holistic service approach and received its operating license from the BRSA in January 2023.
- Its goal is to offer device financing to consumer subscribers in the market, first through Türk Telekom Group's extensive dealer network and then through digital channels and e-commerce integrations.
- The project that provides financing to Türk Telekom Mobile customers by reflecting the amount on the invoice went live.
- Financial solutions will be offered to TTNET users, SME and commercial-corporate subscriber segments.

3 Messages from the Management



Chairman Message



Dear Stakeholders,

2023 started with a devastating earthquake, one of the gravest disasters in our country's history, which has deeply saddened us all. In the aftermath of the major earthquakes on February 6th, we came together as a nation, demonstrating a remarkable spirit of solidarity. Thanks to Türk Telekom's immediate actions and the superhuman efforts of our employees, we quickly restored the communication infrastructure beyond its pre-earthquake capacity. Our investments in the region continue unabated. We have provided communication infrastructure for container and tent cities in the affected provinces and established fibre infrastructure for planned living spaces. Additionally, to mitigate the earthquake's economic, psychological, and social impacts, we are continuously supporting the region with our developing projects.

Combating climate change is one of the most crucial agendas of our time, and addressing this global issue requires a collective effort. At Türk Telekom, we continue our mission to reduce our carbon footprint through innovative solutions, just as we have in previous years. We are pleased to share the progress and goals in our sustainability journey with you in our first Integrated Annual Report published this year. We believe that the steps we take to reduce our carbon footprint and enhance environmental sustainability will benefit our sector and contribute to Türkiye's sustainability goals.

In our digital transformation journey, enhancing the digital skills of society is as essential as the digitisation of infrastructure and institutions. We take great pride in leading Türkiye's digital transformation by doing

everything within our power to transform our country into a digital society. Every investment we make is an investment in our country's future. With our robust fibre infrastructure reaching every corner of Türkiye, we are the technology carrier for the Century of Türkiye. Since 2005, we have invested a total of \$20.5 billion in our country's digitalisation, focused on benefiting from technology. In 2023, we were once again the top investor in the sector.

In 2023, we exceeded our financial and operational projections, maintaining our sustainable growth. Türk Telekom is not just a telecommunications company. With Our Corporate Values, we produce and export the technologies of tomorrow, leading our country to become a technology-producing and exporting nation. We introduced our SDN-Enabled Broadband

Access (SEBA) product, developed by Turkish engineers, to the global market through our Silicon Valley-based company Netsia. We take pride in seeing the innovative solutions of our subsidiary Argela being used in neighboring countries. We support local technology initiatives with Türk Telekom Ventures, helping them to expand globally.

Our world is rapidly transforming, and digital technologies are altering all practices; designing the green technologies of the future and spreading this transformation is a top priority for companies that are responsive to such topics. We are working tirelessly to move our country toward a future where next-generation technologies and trends are integrated into all aspects of life.



We are expanding our Next Generation Cities network with efficiency and conservation projects. By offering eco-friendly solutions in areas of daily life such as transportation, health, environment, energy, and security, we efficiently use public resources and achieve significant savings with smart agriculture technologies, increasing productivity and reducing costs.

Our vision of creating a more sustainable future reinforces our long-term commitment to protecting society and the environment. In this context, our Environmental Values involve increasing the use of renewable energy sources, improving our waste management systems, and continually enhancing our energy efficiency. We recognise that achieving our goals relies heavily on the support of our employees and all our stakeholders. We are integrating a culture of sustainability into all our business processes and encouraging active participation by raising awareness among our employees.

We are diligently working to integrate our sustainability efforts into our company dynamics. As part of our Social

Values, we are committed to our employees' personal and professional development, serving the community, and providing equal opportunities, all of which constitute a cornerstone for our organisation. On this journey, we are developing supportive policies to increase the participation of our women employees in the workforce and to help them attain leading positions in the sector.

As we vigorously continue our efforts to design the technologies of the future today and spread this transformation among all stakeholders, our focus remains on people. We continue investing in human resources and supporting talent acquisition processes with our young talent programs.

We prioritise ensuring that everyone can benefit from the opportunities provided by technology, the primary driving force behind societal development. We aim to overcome barriers with technology. Adhering to the United Nations Sustainable Development Goals, we strive to provide equal access to education, information, and the arts to support the active

participation of all segments of society, especially those who are disadvantaged due to social, regional or physical reasons.

We offer our subscribers a world that meets all their communication needs without sacrificing customer satisfaction. We will continue to provide unique experiences to our users with our innovative digital services in various fields, including music, gaming, and broadcasting.

As Türk Telekom, with our position as a technology producer and exporter, and with our vision of being the technology provider for our region, we continue to work, produce, and invest with unending determination to make the Century of Türkiye a digital century. With our commitment to sustainability, we will build sustainable and greener future together with all our stakeholders, because we know that a sustainable world is only possible through a collective effort.

We extend our gratitude to all our stakeholders who have supported us on this journey: our subscribers, our shareholders

who stand by us, our investors who have full confidence in our bright future, our business partners with whom we share many 'firsts' and 'bests,' and the valuable employees of the Türk Telekom family who demonstrate exemplary determination under all circumstances. We hope to achieve even greater success together in the coming years.

Dr. İsmail İlhan Hatipoğlu
Chairman of the Board of Directors

CEO Message



Dear Stakeholders,

As a leading technology provider, we contribute to the national economy across every corner of Türkiye, and we continue to invest in our country's future and telecommunications infrastructure on our digitalisation journey. At Türk Telekom, guided by our sustainability strategy, we are making strides towards the future with greater confidence, improving our financial performance, and enhancing our environmental and social contributions. We are proud to share with you the progress we have made this year with our sustainable growth model and future goals in our first-ever Integrated Annual Report. We understand that our environmental, social, and governance performance is closely monitored and evaluated by all our stakeholders, just as much as our financial indicators. In this regard, we value our integrated model approach, which allows us to assess our achievements from a broader perspective addressing not only today's needs but also those of the future.

At the beginning of 2023, we experienced the most devastating earthquake in our history, deeply affecting our country and plunging all of us into grief.

Every individual and institution in our country demonstrated remarkable national solidarity in the face of this disaster on February 6th. From day one, we have worked tirelessly to maintain uninterrupted communication in the affected regions and continue to support them through our **“Türkiye is Worth All Our Efforts”** projects.

In 2023, which is the 100th anniversary of our Republic and the start of the Century of Türkiye, we continue to lead the country's digital transformation with our extensive knowledge of communication and technology. Our vision of digitalisation touches every aspect of life, and our critical fibre investments support the development of our country. We are determined to enhance our contribution to this transformation, to work diligently, to produce, and to make the Century of Türkiye the century of digitalisation.

Türk Telekom is more than a mere telecommunications company; our digital solutions add value to every facet of life, and our group companies create significant synergy within the telecom sector ecosystem. We are committed

to extending our technology from individuals to places, from cities to countries, bringing value to everyone, everywhere. We produce technology for the world, strengthening our position through local and global partnerships and making our innovations accessible worldwide.

The year 2023 was shaped by the challenges and disruptions caused by major earthquakes in south-eastern Türkiye, along with the impacts of elections and macroeconomic constraints. These events underlined the importance of accurate and timely action planning and an effective and proactive approach to risk management. Despite the difficulties we faced, the cumulative impact of our actions and efforts was reflected positively in our indicators, especially for the second half of the year. We concluded the year with a successful and balanced performance, exceeding our targets.

In 2023, our consolidated revenues increased by 9.6% compared to the previous year, reaching 100.2 billion TL. We increased our growth in fixed broadband, mobile, corporate data, and other services, while managing contractions in fixed

voice and international revenues in a controlled manner. Our EBITDA was equal to 33.5 billion TL, and our net income increased by 137.7% year-on-year to 16.4 billion TL.

With investments for our country's digital transformation totalling 25.8 billion TL in 2023, we were the sector leader in investments. Driven by our “in every city of the country, not just one” approach, we continue to work relentlessly to cover all 81 provinces, connecting every district and village with end-to-end fibre networks. We have significantly advanced fibre accessibility, making Türkiye the second in Europe in number of households with fibre access. Our fibre network, which covered 31.4 million households by the end of 2022, reached 32.2 million households by the end of 2023.

In 2023, we achieved our highest customer experience performance in three years. According to our quarterly “Advertising and Brand Health Survey,” we lead in “Creating Loyal Customers.” We increased our total subscriber base to 52.9 million in 2023 with an annual net addition of 146k subscribers.



We are equally ambitious in our mobile business, where we continue to improve our capacity with the consistent investments we have made over the years. We maintain our market leadership in frequency per subscriber, which is crucial in terms of speed, and the critical 1800 MHz frequency for 5G. We also remained the most preferred operator in the mobile number portability market for nine consecutive quarters by the end of 2023.

We expect 5G to enter our lives in the near future and to become the cornerstone of the smart connectivity era. The rapid increase in connected devices will mark a significant step in an industrial revolution. As pioneers of 5G, we will guide our country's transition to 5G in the most optimised way on both an industrial and individual basis. We have already connected 52% of our LTE base stations to fibre, and we are Türkiye's most prepared operator for 5G.

Our goal is to transition to 5G with as many local elements as possible, becoming a powerhouse that not only utilises this technology but also shares it with others. Our group companies Argela and Netsia hold 67 international patents in 5G and next-generation broadband technologies. We develop technology for the

world, fortify our position through local and global partnerships, and provide the world with the technology we produce. Through our venture capital fund, Türk Telekom Ventures, we have investments that support next-generation technologies and start-ups, reaching a portfolio value of \$190 million. Recognising the importance of encouraging entrepreneurship from the earliest stages, we are one of the key supporters of this ecosystem in Türkiye.

Alongside building and developing Türkiye's communication infrastructure, we consider securing this infrastructure and protecting data to be our national responsibility. We continue to invest in our modern, highly secure data centres with the vision of keeping Türkiye's data within the country. With the most comprehensive cybersecurity product portfolio, the most competent engineering team, and the largest cybersecurity centre in Türkiye, we tirelessly protect our cyber borders. Providing cybersecurity services to more than 5 thousand organisations with over 50 products and services, we have the most extensive cybersecurity portfolio in Türkiye. According to IDC's Türkiye Cybersecurity Market Analysis Report, we have been the market leader in the Cybersecurity

Services category for the last three years.

We believe that new technologies can pave the way for a greener and more sustainable future, and we are advancing our efforts accordingly. Our approach of "technology that improves the future" places sustainability at the core of all our processes, forming the foundation of our corporate mission and business strategy.

In line with our vision to serve a sustainable society, we commit to adhering to the 10 universal principles of the United Nations Global Compact (UNGC). Accordingly, we have launched the Türk Telekom Sustainability Program, which includes all components of our company. Designed to achieve our strategic, financial, and sustainability goals, this program guides us in strengthening the culture of sustainability across our company.

As Türk Telekom Group, we aim to reduce our Scope 1 and Scope 2 emissions by 45% by 2030 compared to the base year 2020 and achieve net-zero emissions by 2050, in line with Türkiye and GSMA targets. We plan to start the SBTi target verification process by setting targets that will include Scope 3 emissions in addition to our Scope 1 and Scope 2 emission targets, once we take stock of our

full carbon inventory that covers all our group companies.

Our investments in solar power plant projects mark a significant step toward increasing sustainable energy use and enhancing our capacity to produce our own energy. In 2023, we obtained an installation capacity allocation of 405.8 MWe in line with our vision to accelerate our investments in renewable energy. The allocated capacity, whose investments will be completed in the next two to three years, accounts for 65% of our energy consumption in 2023.

Our commitment to energy efficiency and the use of renewable energy sources has become an integral part of our business approach. In this context, energy efficiency investments and developing low-energy consumption systems help us keep our electricity use under control despite the continuously increasing number of subscribers, allowing us to create long-term value.

Simultaneously, we continue our efforts to make our cities smarter and more sustainable by investing in next-generation resources and technologies. We aim to create habitable urban areas by expanding our Next Generation Cities Initiative, which we have designed to increase efficiency in the areas of daily life

such as transportation, energy, environment, health, and safety and have implemented in 15 cities so far.

Through Türk Telekom Ventures, we have launched accessible, secure, eco-friendly, and uninterrupted charging stations for electric vehicles across Türkiye. We value this initiative as it provides a seamless, safe, and environmentally friendly charging experience for electric vehicle users.

Inspired by technology and aiming to inspire the future, we work for people, society, and the environment in every area we impact, in line with our motto of **"Türkiye is Worth All Our Efforts."** At Türk Telekom, we continue our corporate social responsibility projects by focusing on equal opportunity and accessibility for all.

Through projects guided by the United Nations Sustainable Development Goals, we support disadvantaged groups who are unable to equally participate in social life due to economic, social, physical, or regional factors. Since 2019, our "Life is Simple on Digital" project has helped 15,000 women turn their dreams into reality through digital literacy and digital marketing trainings, recognizing that sustainable development is possible with the

active participation of women in the workforce.

With these values, we will continue our efforts for a fairer, greener, and more connected world. By placing the principles of sustainability and equality at the heart of our business practices, we are committed to creating value for all our stakeholders. Every achievement propels us towards greater outcomes and greater prosperity, inspiring and empowering us to shape Türkiye's digital future.

These results reflect Türk Telekom's commitment to sustainable and innovative business practices. As we continue to add value to society and the environment through our technology and innovations, we remain dedicated to leading Türkiye's digital transformation. Your contributions as our valued stakeholders are pivotal to our success. We are confident that we will achieve greater milestones together.

Ümit Önal
CEO – General Manager

4 Our Decisive Sustainability Strategy



Our Decisive Sustainability Strategy

As Türkiye’s integrated telecom operator with nearly 53 million subscribers, over 37 thousand employees, and a widespread sales and dealer network, we are aware of the impact that our communication infrastructure has on the country’s development. Our strategic decisions are guided by this awareness and our commitment to responsibility.

Starting from the 2023 reporting year, we aim to share our value creation efforts, activities and ESG performance with all our stakeholders more effectively by starting integrated reporting. We completed our 2023 Integrated Report in accordance with

TCFD and Refinitiv guidelines and within the framework of GRI.

Our sustainability strategy centres our transformation process on our employees, their families, suppliers, customers, and other stakeholders. We aim to leave a healthy planet for future generations by adhering to sustainability principles in our business processes. We do not work with or finance individuals or groups that deny the existence of climate change. Furthermore, we commit to refraining from engaging in any activities opposing climate-related legal regulations.

Within the scope of environmental sustainability, we are taking significant steps with our stakeholders. We reduce our impact on energy resources through energy efficiency projects and turn to alternative energy sources. In terms of social sustainability, we aim to increase society’s access to information through projects focusing on accessibility for all, digital inclusion, digital equality, and digital literacy. Our digital transformation projects focus on meeting customer expectations. We prioritise protecting the well-being of our employees and customers by taking precautions for their health and safety.

Additionally, we conduct reporting in accordance with the principles of transparency and accountability adhering to a sustainable governance approach. We collaborate with local suppliers and place a large emphasis on job creation in order to support the local economy.

Sustainability Process and The Areas We Act On

Our Goals and Concrete Progress on Our Sustainability Roadmap

A robust start with Sustainability Governance:

- Sustainability Committee reporting to the Board of Directors
- Sustainability Policy approved by the Board
- Sustainability Program approved and monitored by the Committee

Based on the resolutions reached by our sustainability, we are aiming to;

- Reduce our Scope 1 and 2 emissions by 45% by 2030 within Türk Telekom Group.
- Achieve Net Zero emissions by 2050.

We aim to reduce our Scope 1 and Scope 2 emissions by 45% by 2030.

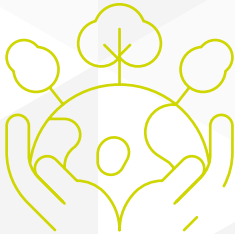
We submitted our commitment letter to the Science Based Targets initiative (SBTi) for our near-term targets;

- We are progressing in line with our roadmap to have our short-term targets approved by SBTi.
- We will be setting a Scope 3 emission target in addition to our existing Scope 1 and Scope 2 emission targets once we finalise the calculation of our entire carbon inventory that covers all of the group companies. . We then, plan to initiate the SBTi target verification process.

We are taking significant steps with our stakeholders to control our environmental impact and reduce our carbon footprint.

Our primary focus areas include:

- ▶ Energy Efficiency
- ▶ Diversifying Energy Sources
- ▶ Renewable Energy
- ▶ Eco-Friendly Transportation
- ▶ Waste Management



We raised our 2023 CDP rating two levels from the previous year to B level (Management).

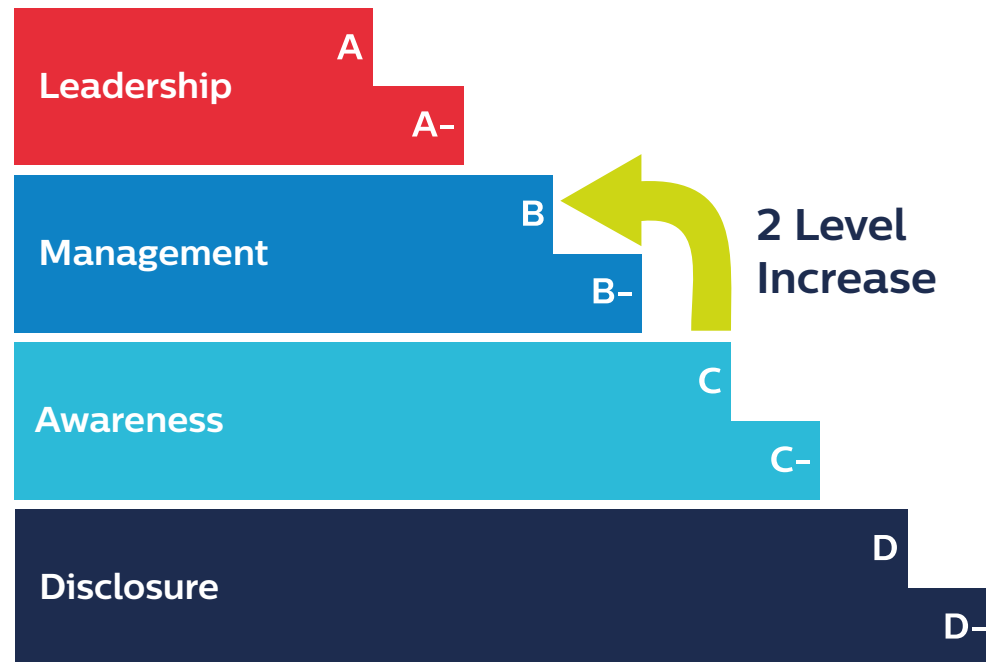
- We achieved the highest rating of A in both “Emission reduction initiatives and low-carbon products” and “Scope 1 and 2 emissions (including direct)” categories.
- We will continue our work to raise our overall CDP score to A (Leadership) in the coming periods.

To support the socio-economic development of our country with our growing investments every year:

- We continue to invest in socio-economically less developed regions to build a world where everyone has equal opportunities, in line with our vision of digital inclusion..
- We collaborate with our stakeholders to ensure equal opportunities, especially for disadvantaged groups, in accessing social life and

information, and we are committed to fulfilling our responsibilities in this regard.

- We quickly restored communication infrastructure to exceed the pre-disaster capacity level following the earthquakes.
- We donated 2 billion TL to support investments in the earthquake zone.
- We continue to support the region with projects to reduce the earthquake’s economic, psychological, and social impacts.



Focus Areas and Policies

Under the leadership of the Sustainability Committee, executives and employees at various levels support the success of our company’s sustainability strategy. Our executives lead the company’s sustainability journey and play a crucial role in determining and implementing strategies. Senior management is actively involved in setting sustainability goals, motivating employees to achieve these goals, providing training on sustainability topics, and increasing employees’ knowledge and awareness.

We encourage our employees to share their ideas and suggestions on sustainability. Our employees participate in various projects to help the company achieve its goals on issues such as energy efficiency, waste management, and environmental

preservation. Additionally, they improve their skills and adapt to the company’s sustainability strategy by participating in training and information programs on sustainability issues.

We operate with the principle of “ Accessible communication for all.” We commit to adhering to the 10 fundamental universal principles of the United Nations Global Compact (UNGC) and use the Sustainable Development Goals (SDGs) as a guide in our business practices.

We adopt the SDGs to clearly outline our sustainability vision and shape our strategy. At Türk Telekom, we aim to establish commitments for a sustainable future and continue our activities in line with these commitments.

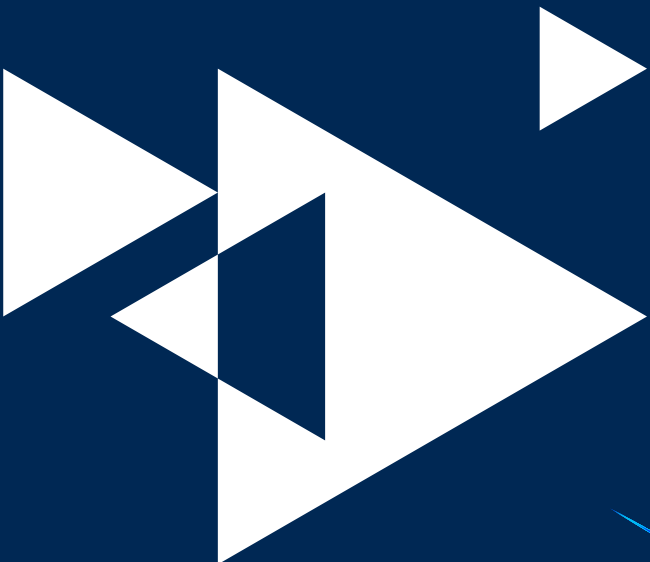
Within the framework of Türk Telekom’s focus areas, we monitor and develop policies that outline the company’s processes and approaches. You can access our policies in the Corporate Governance section of the Integrated Report.

You can access our policies in the Corporate Governance section of the Integrated Report.



Our Focus Areas Include

- Focus on Trust:**
We conduct our activities in a reliable, honest, legal, and ethical manner.
- Focus on Climate Change and the Environment:**
We are aware of the risks posed by global climate change and are committed to fulfilling our environmental responsibilities.
- Focus on Customers:**
We adopt a customer-focused approach in our operations and prioritise enhancing the customer experience.
- Focus on Value for Human:**
We place human resources at the center and apply the principle of ‘Making You Feel Valuable’ in all our HR policies, systems, and processes.
- Focus on Contribution to Society:**
We contribute to our community by leveraging information technologies for sustainable economic growth and social development.



Sustainability Activities

In line with our sustainability strategy, we conduct various activities to reduce our environmental impact, fulfil our social responsibilities, and adhere to good governance principles:

Environmental Sustainability

- We develop low-carbon products and services to reduce greenhouse gas emissions.
- We conduct improvement efforts to reduce energy consumption in our existing infrastructure through effective energy management.
- We significantly increase our investments to increase the amount of energy obtained from renewable sources.
- We develop effective waste management projects to prevent the rapid depletion of our natural resources and pollution, aiming to continuously enhance our contributions in this area.
- We have assigned environmental training to nearly 17 thousand employees.

- We comply with the ISO 14001 Environmental Management System.
- We comply with the ISO 50001 Energy Management System.

Effective Sustainability Management

- We adopt the Sustainability Policy that outlines our sustainability vision and focus areas..
- We established a Sustainability Committee consisting of 11 executive members reporting to the Board of Directors.
- We implement the 2024 Sustainability Program, prepared to create short-term action plans and effectively track progress.
- We set clear Sustainability Goals, which are significant

- performance indicators in employee compensation.
- We comply with the ISO 9001 Quality Management System

Our Employees

- 42% of Türk Telekom Group employees are women, 58% are men, whereas 60% of Türk Telekom subsidiaries’ employees are women, and 40% are men.
- The average training hours per employee is 25, with a training satisfaction score of 4.6.

Occupational Health and Safety

- We are certified by the ISO 45001 Occupational Health and Safety Management System..
- In 2023, we increased our occupational health and safety training hours to 60,471.



25
Average Training
Hours per Employee

4.6
Training Satisfaction

★ ★ ★ ★ ★

Data Security

- We implement the Information Security Policy.
- We provide awareness and training under the Personal Data Protection Law (KVKK).
- We conduct employee training on data security and privacy.
- We hold information security certifications: ISO 27001 & PCI-DSS..
- We are the first operator to manage two separate Security Operations

- Centers (SOC) in Istanbul and Ankara with over 200 expert cybersecurity staff.
- We launched Türkiye’s first Next-gen SOC and Telco Forensics Lab services.
- We are the first Turkish cybersecurity company to collectively offer Red Team, Blue Team, and Purple Team cybersecurity services.
- We possess all top-level expert certifications awarded by international certification bodies such as SANS, GIAC, ISC, Offsec, and the A-Class certification by TSE.

Our Suppliers

- We act in accordance with the Procurement Policy.
- We implement the Supplier Performance Evaluation Process.
- We ensure business continuity and environmental compliance requirements.
- We have updated our Human Rights Policy to align with universal sustainability principles.



Environmental Management



Energy Management



Occupational Health and Safety Management



Quality Management



Information security certifications



Sustainability Governance

In our sustainability governance, we aim to effectively manage the opportunities and risks associated with economic, environmental, social, and governance factors by integrating them into our company activities and decision-making processes, with the involvement and commitment of our senior management. By embedding sustainability principles at the core of our business strategies, we strive to manage ESG impacts as optimally as possible.

To enhance the effectiveness of our sustainability efforts, we have established a Sustainability Committee. Led by the CEO, the committee comprises of management representatives and reports to the Board of Directors. The Sustainability Committee is tasked with defining our company’s sustainability strategies, ensuring their integration into all business processes, working to achieve the targets, tracking these targets, and evaluating sustainability performance. We are in the process of creating sub-working groups to identify material topics and

conduct operational activities in accordance with our sustainability policy . The Investor Relations and Sustainability Directorate manages our company’s overall coordination of sustainability and reporting efforts.

Our sustainability governance prioritises properly managing our environmental impacts and energy efficiency in alignment with our strategic goals. We undertake numerous projects to reduce energy consumption and our carbon footprint. These projects include improving energy efficiency and diversifying energy sources, using renewable energy, promoting eco-friendly transportation, preventing pollution, and implementing waste management practices.

At Türk Telekom, we also recognise our social impacts and take pride in the multifaceted benefits we provide to society. Acknowledging the comprehensive and significant nature of our social impact due to our position in the sector and our country, we prioritise equal opportunities and accessibility for everyone through communication

tools. We have been prioritising our investments with this perspective for many years, aware of the role access plays in our nation’s digitalisation journey.

We prioritise our employees’ well-being and occupational health and adhere to principles of diversity, equity, and inclusion. We invest in our employees’ training and development and continuously improve ourselves in occupational health and safety. Aware of our corporate responsibilities, we consistently invest in and implement projects in various fields to contribute to the social welfare of our country and benefit society.

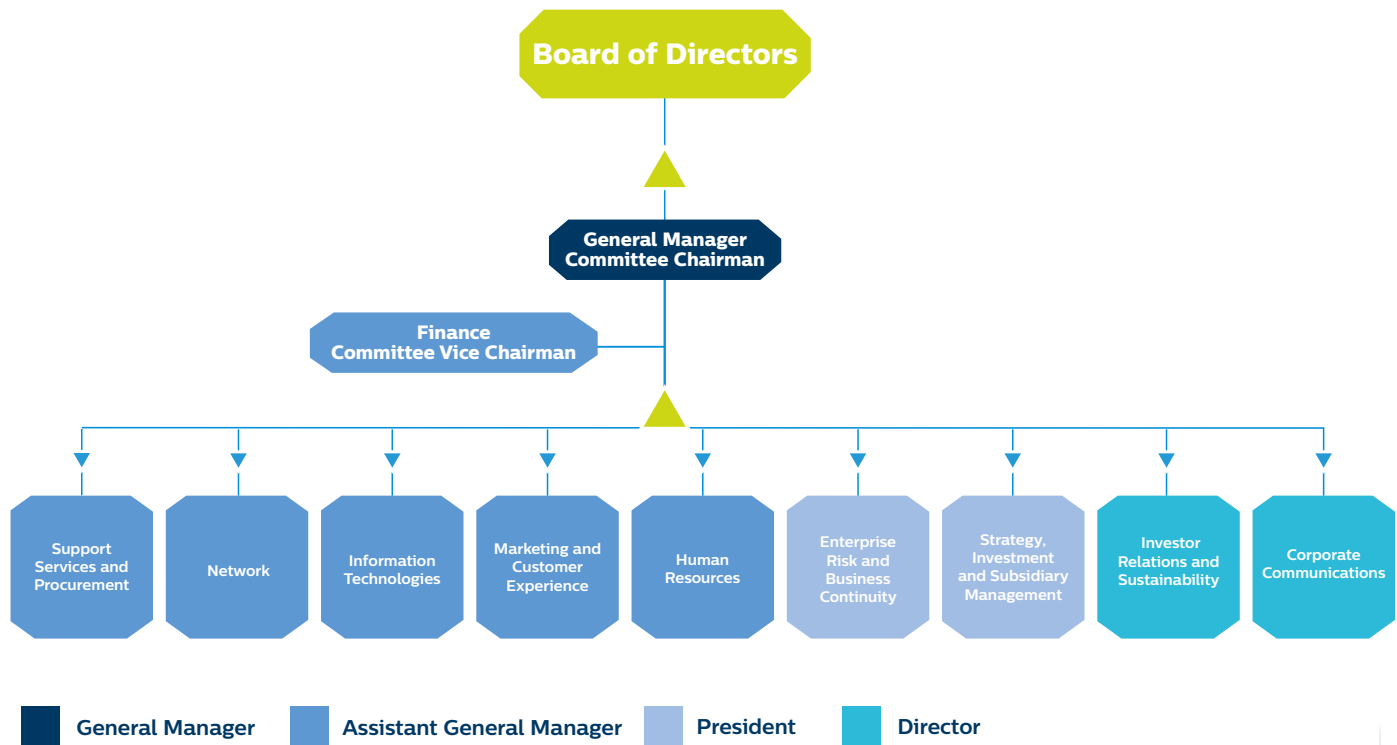
We collaborate with local suppliers and increase local employment to contribute to the local economy and promote sustainable economic growth. Furthermore, we support Türkiye’s economic growth through digital transformation projects. We approach our risk and opportunity analyses from a holistic perspective concerning the sector’s development and Türkiye’s progress, aiming to amplify the economic impact we generate through a multiplier effect.

Starting from our senior executives, we include key performance indicators related to climate change performance in the annual targets of all our employees, considering the achievement of these targets in employee remuneration. Compliance with our Sustainability Program is incorporated into the company’s shared objectives. Measurable and

trackable key performance indicators for the program areas are defined and included in the scorecards of the CEO, relevant Assistant General Managers, Presidents, and subsidiary General Managers. In subsequent periods, we aim to detail our efforts in this area and make them more measurable

We prioritise transparency and accountability in sustainability governance. We regularly report our sustainability performance and engage with our stakeholders to consider their feedback. Additionally, we aim to achieve better results through collaboration with our stakeholders on sustainability issues.

Sustainability Committee



Materiality Assessment

In 2023, we conducted a comprehensive Materiality Analysis to identify our material topics in sustainability, like in the previous year. We conducted this analysis through surveys for both internal and external stakeholders of Türk Telekom on a local and international scale.

Through the survey, we gathered insights from our employees, group companies, analysts, academic institutions, public institutions, regulatory and supervisory bodies, suppliers, financial institutions, civil society and professional organisations, customers, potential employees, employees’ families, international organisations, and investors. This process involved contributions from a total of 80 valuable stakeholders, resulting in a comprehensive stakeholder communication process..

In addition to stakeholder surveys, we also considered risk and sector-based material topics identified by prestigious

international organisations such as the World Economic Forum (WEF), Morgan Stanley Capital International (MSCI), and the Sustainability Accounting Standards Board (SASB). This alignment ensured our analysis was consistent with global standards..

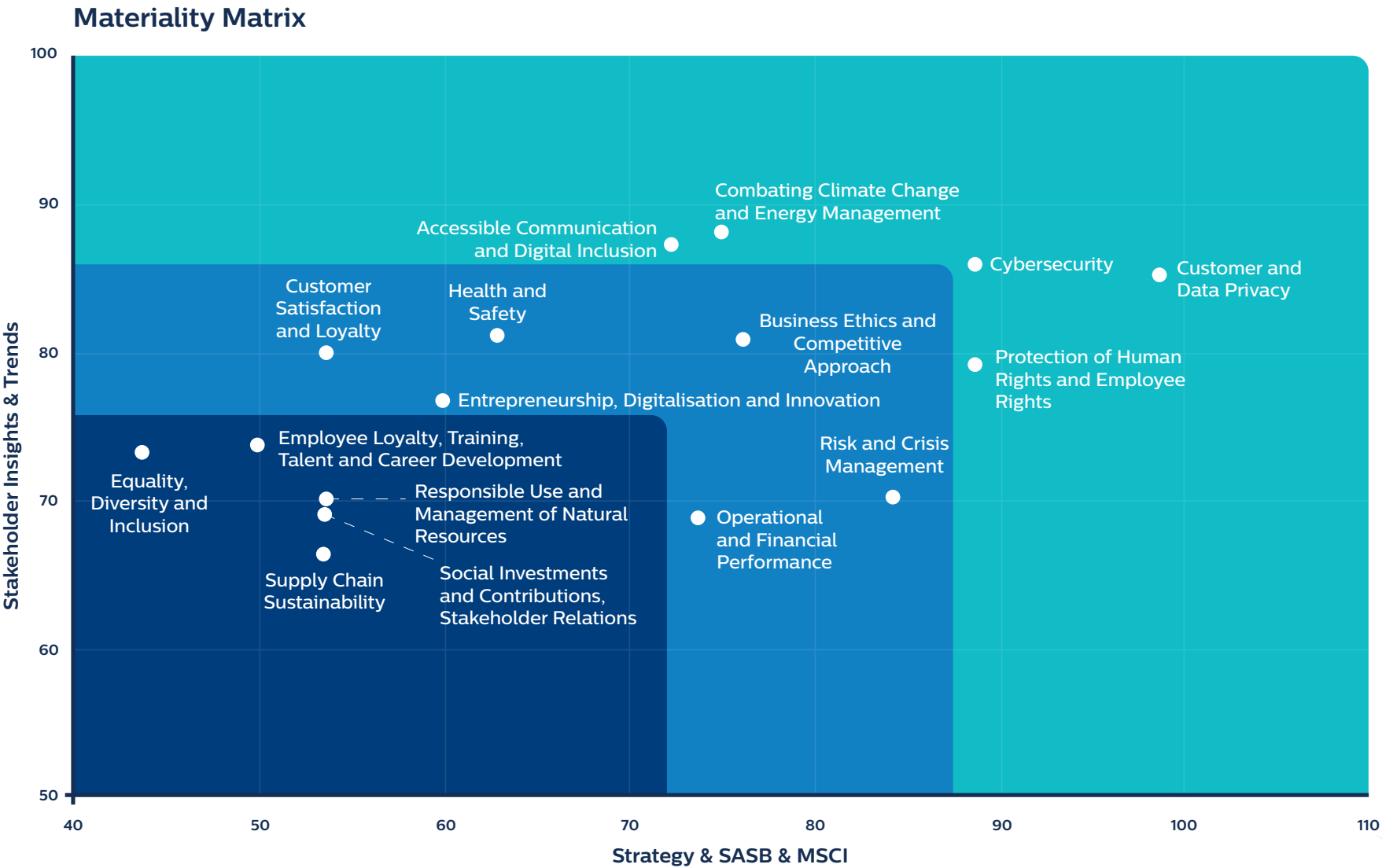
We adopted the **Double Materiality Analysis** approach in our study. This approach aims to measure the financial impacts of our activities and their positive or negative effects on society and the environment. This dual perspective helped us define our sustainability strategies more comprehensively and effectively.

Based on the results of our analysis, the identified materiality topics provide a roadmap for our company to achieve its sustainability goals both locally and globally. Feedback from our stakeholders and analyses aligned with international standards will enable us to move forward with strength and awareness.

Among the 16 topics we evaluated within the scope of our materiality analysis, the 5 topics with highest priority are as follows:

- Customer and Data Privacy
- Cybersecurity
- Protection of Human Rights and Employee Rights
- Combating Climate Change and Energy Management
- Accessible Communication and Digital Inclusion

We updated our materiality analysis with the contributions of 80 stakeholders.



Material Topics	 SDG 1	 SDG 4	 SDG 5	 SDG 7	 SDG 8	 SDG 9	 SDG 10	 SDG 11	 SDG 12	 SDG 13	 SDG 15	 SDG 16	 SDG 17	Contributed Sub-goals
Very High Material Topics														
Customer and Data Privacy					✓	✓						✓		8,2 . 9,c . 16,10
Cybersecurity						✓						✓	✓	9,1 . 9,2 . 9,3 . 9,c . 16,a . 16,10 . 17,6
Protection of Human Rights and Employee Rights					✓		✓		✓			✓		8,5 . 8,7 . 8,8 . 10,2 . 10,3 . 12,8 . 16,3
Combating Climate Change and Energy Management				✓		✓		✓	✓	✓				7,2 . 7,3 . 9,4 . 11,6 . 12,2 . 12,4 . 12,5 . 13,1 . 13,2 . 13,3
Accessible Communication and Digital Inclusion	✓					✓	✓	✓						1,2 . 1,3 . 1,5 . 9,2 . 9,c . 10,2 . 10,3 . 11,2 . 11,3
High Material Topics														
Risk and Crisis Management								✓		✓				11,5 . 13,1 . 13,2
Business Ethics and Competitive Approach					✓							✓		8,3 . 16,5 . 16,6
Operational and Financial Performance					✓	✓			✓				✓	8,2 . 8,3 . 9,4 . 12,6 . 17,6
Health and Safety					✓									8,8
Entrepreneurship, Digitalisation, and Innovation				✓	✓	✓		✓					✓	7,3 . 8,2 . 8,3 . 8,6 . 9,1 . 9,5 . 11,2 . 17,9
Customer Satisfaction and Loyalty					✓	✓								8,2 . 8,6 . 9,c
Material Topics														
Responsible Use and Management of Natural Resources								✓	✓		✓			11,5 . 11,6 . 12,2 . 12,4 . 12,5 . 12,8 . 15,1
Social Investments and Contributions, Stakeholder Relations			✓		✓		✓		✓			✓	✓	5,4 . 8,3 . 10,4 . 12,6 . 16,6 . 17,6 . 17,17
Supply Chain Sustainability					✓	✓			✓	✓				8,4 . 9,3 . 12,6 . 12,7 . 13,3
Employee Loyalty, Training, Talent and Career Development		✓			✓									4,4 . 8,5
Equality, Diversity and Inclusion	✓	✓	✓		✓		✓							1,2 . 1,3 . 1,5 . 4,4 . 5,1 . 5,5 . 5,c . 8,5 . 8,6 . 10,2 . 10,3 . 10,4



Our Stakeholder Relations

We consider stakeholder relationships a fundamental element of our sustainability strategy. At Türk Telekom, we place great importance on understanding and acting on our stakeholders' views and expectations. Accordingly, we gathered insights on material topics around sustainability through surveys and one-on-one meetings with 80 valued stakeholders from various groups. These insights have guided the development of our sustainability strategy and our goals.

We maintain frequent communication with all our stakeholders through various channels. Alongside our Sustainability Committee, we have identified local communities, the public, our customers, employees and their families, major shareholders, investors, suppliers, NGOs, professional organisations, financial institutions, group companies, public and local authorities, regulatory and supervisory bodies, the media, our

competitors, and academic institutions as our priority stakeholders. We evaluate all feedback from our stakeholders and incorporate their views into our decision-making processes.



Stakeholder Groups	
Employees	Employees, their families, unions, former employees, potential employees (new graduates, young talents, top performers)
Shareholders	Türkiye Wealth Fund (TWF), The Republic of Türkiye Ministry of Treasury and Finance, public shareholders
Financial Institutions	Banks, investment funds, credit rating agencies, insurance and leasing companies, other financial institutions, equity and bond investors, analysts
Customers	Individual customers, corporate customers (SMEs, large-scale companies and institutions), public institutions, other organisations, business partners, social media companies
Local Community	Local communities in operational regions and headquarters, non-profit organisations, environmental organisations, cultural associations and organisations, active social media users
NGOs and Professional Organisations	NGOs, associations, foundations, research institutions, professional organisations, national and international organisations, think tanks
Public, Regulatory and Supervisory Bodies	Government and ministries, local authorities and institutions, international initiatives, national and local institutes
Media	Written, auditory and visual, local and international media outlets, social media platforms, opinion leaders
Suppliers	Subcontractors, supplier organisations, business partners, technology companies
Academic Institutions	Secondary and higher education institutions, other academic organisations
Group Companies	TT Mobil, TTNET, and all affiliated companies
Competitors	Local and international telecom and infrastructure companies



Stakeholder Engagement Table

Material Stakeholders

Stakeholder Category	Communication Method	Communication Method
Employees and Families	Surveys, reports and bulletins, feedback meetings, one-on-one meetings, HR meetings, seminars, projects	Company introduction, employee loyalty, employee satisfaction, wages, fundamental rights, fringe benefits, career opportunities, internship and training opportunities, volunteering and entrepreneurship, performance evaluation, employee engagement and feedback
Customers	Surveys, feedback, customer meetings, events	Individual customers: Continuous and quality communication, innovative products and services, wide coverage, reasonable pricing, campaigns, free applications, cybersecurity services, sector-specific applications, customer support and problem-solving, social media and other digital channels. Corporate customers: Infrastructure, continuous service, innovative services, dedicated call centre and experts, customised services and products for corporates, transparency, customer feedback and needs assessment
Shareholders and Investors	General Assembly meetings, one-on-one and group meetings, Public Disclosure Platform (KAP), website	Financial performance, investment and portfolio management, sustainability approach and development in sustainability performance over the years, environmental performance, strategic plans, risks and opportunities, community service, corporate governance, and transparency
Suppliers	Surveys, supplier evaluation processes	Inclusive and clear contracts, sustainability criteria, human rights, inventory and demand management, employee resources and budget allocated to technological developments, payment schedules, creation of new business opportunities and/or providing references
NGOs and Professional Organisations	One-on-one meetings, reports and bulletins, seminars	Collaborations, events, mentorship and entrepreneurship programs, capacity-building activities, advocacy activities, etc.
Financial Institutions	Meetings with financial institutions, Public Disclosure Platform (KAP), website	Financial and operational data, company strategies, loans, green loans, investment and portfolio management, risks and risk management, governance, climate-based recommendations, environmental sensitivity, base stations, access to services, serving the public, transparency and fairness, development in sustainability performance over the years, financial technologies (fintech)

Stakeholder Engagement Table

Complementary Stakeholders

Stakeholder Category	Communication Method	Communication Method
Public and Local Governments, Regulatory and Supervisory Bodies	Audits, reporting meetings	Secure service, audit and compliance, data security and protection, service continuity, strong and extensive infrastructure, legal compliance, transparency
Local Community	Feedback, market research	Inclusive and engaging services, high-quality, fast and continuous internet, strong and wide infrastructure, fair pricing, public opinions and feedback, environmental and social impacts, security and privacy, emergency services, technological developments, crisis communication
Group Companies	Group projects, meetings	Holistic approach, consistent and aligned actions, synergetic new products and services, infrastructure sharing, strategic goals and sustainability targets
Media	Press conferences, social media channels	Company activities, new projects, the company's position in the sector, investments, collaborations based on community contribution, marketing and advertising partnerships, social responsibility
Academic Institutions	R&D studies, research, career development centres	Collaborations with educational institutions for product and service development, R&D, technology transfer, internship and job opportunities, education and seminars, social responsibility projects, information exchange

Sustainability-Based Contributions and Investments

At Türk Telekom, we aim to create long-term value through sustainability-focused investments that consider ESG factors. We strive to manage environmental impacts effectively and use natural resources efficiently. In this context, we focus on renewable energy, energy efficiency solutions, waste management, water conservation, meeting community needs, and enhancing societal welfare. Additionally, we strengthen our brand reputation and value by placing sustainability at the highest level through strategic collaborations.

Sustainability-focused investments are crucial for developing strategies in risk management, reputation management, and gaining a competitive advantage. These investments not only support environmental sustainability, social welfare, and good governance principles but also have the potential to provide financial returns. Therefore, sustainability-focused investments play a significant role as a future-oriented strategy for our company.

Fibre Network and TV Platform Innovations

Türk Telekom's fibre network length, which was 403 thousand kilometres at the end of 2022, reached 437 thousand kilometres by the end of 2023

▶ **437 thousand km**
Fibre Infrastructure

This expansion allows us to reach a greater number of users and offer faster and more reliable internet service to our customers. Additionally, we aim to enhance the TV experience of our users by upgrading the infrastructure of our TV platform, Tivibu. The renewed infrastructure will enable us to more effectively meet customer needs and improve service quality.

Thanks to this approach, as the fibre power of Türkiye, Türk Telekom has been transforming the copper infrastructure to fibre for years while also strengthening our infrastructure's quality and energy efficiency through critical new access (greenfield) projects across Türkiye.

Gigabit Passive Optical Network (GPON) is a type of high-speed

network standard for internet access (but also IP television (IPTV), Voice over IP (VoIP), and other digital services), primarily used in fibre-optic broadband services. The GPON standard allows for coverage of up to 20 kilometres between the central office and the end user, making it suitable for both densely populated urban areas and more spread-out rural settings. As opposed to a standard copper wire in most networks, GPON is approximately 95% more energy efficient. GPON investments also reduce GHG emissions due to lower need for network maintenance. The number of subscribers we have transferred to GPON technology over the 2020-2023 period has exceeded 2.6 million. We will continue to invest in GPON projects in 2024 and beyond.

Data Centre Investments with Environmental Considerations

Data centres are energy-intensive buildings. We currently operate three commercial data centres (Umitkoy, Esenyurt, and Gayrettepe) and two for Türk Telekom's own use (Ümraniye and Ahlatlibel). We aim to bring down the PUE of existing data centres to below 1.4, and new data centers to below 1.2,

which can be viewed as rather ambitious PUE thresholds. For the existing data centre the PUE average was 1.55 as of 2023, in line with the global average and below the average for Türkiye, of 1.7 to 1.9. We also implement water saving measures across some of our data centres. For instance, we have a rainwater recovery system at Esenyurt data centre and a fogging system at Ümitköy data centre which minimise the consumption of water by the outdoor units of DX cooling units.

Energy Efficiency

We carry out numerous projects to reduce our energy consumption and carbon footprint. Identifying and using more energy-efficient telecommunications network equipment is fundamental to the telecommunications sector. Cooling is one of the largest energy-consuming processes in fixed network equipment, and using energy-efficient cooling systems in network centres significantly reduces energy consumption.

Despite the annual increase in our subscriber base, we achieved total energy savings

of 81 GWh and 46 GWh in 2022 and 2023, respectively, through efficiency, optimisation, and transformation projects in fixed and mobile networks.

▶ **47 GWh of energy saved in 2023 thanks to energy conservation initiatives.**

These projects have significantly helped us achieve our energy efficiency goals and contribute to a sustainable future.

In our fixed network centres, we significantly reduced energy consumption by using energy-efficient cooling systems and replacing old, inefficient equipment with more efficient ones. We prefer high-efficiency equipment and software in mobile base stations and cooling systems, and we develop innovative solutions with our internal resources in this field.

Renewable Energy and Solar Investments

Türk Telekom's capacity to utilise solar energy increased by 80% in 2023 compared to 2020. This increase is part of our strategy to expand the use of renewable

energy sources. Additionally, Türk Telekom has obtained permission to build Solar Power Plants for an installation capacity of 405.8 MWe from Turkish Electricity Transmission Corporation (TEİAŞ), equivalent to approximately 65% of our electricity consumption.

▶ **In 2023, we received approval from TEİAŞ for a 405.8 MWe solar capacity installation.**

We plan to start these investments in Q4 2024, following the completion of regulatory requirements, which will significantly enhance our energy efficiency and sustainability performance in the near future.

Electric Vehicle Charging Network Project

Türk Telekom Ventures launched the E4 Charge-Electric Vehicle Charging Network project, entering the Electric Vehicle Charging Operations market as a “Charging Network Operator.” This project aims to contribute to sustainable transportation solutions and promote the use of environmentally friendly vehicles. As electric vehicles become more widespread, this initiative will significantly contribute to our efforts to reduce environmental impacts and promote the use of clean energy.

Sustainable Innovation and Collaborations

Türk Telekom continues contributing to its sustainability goals through innovation and technology partnerships. For example, we collaborated with Erzurum Atatürk University on a five-year project, contributing to the development and improvement of new products and services. Students involved in the program, which began in the spring of 2022, had the opportunity to work on innovative technology projects such as blockchain, NFTs, artificial intelligence (AI), and IoT alongside Türk Telekom teams. This collaboration

significantly contributed to the development and excellence of our company’s products and services.

Localisation and Local Production

We maintain our commitment to effectively using local resources to support the sustainable development of the entrepreneurship ecosystem in our country and contribute to national technological transformation. In 2023, we addressed the evolving communication needs in the telecommunications sector through local resources with ULAK, ensuring high-quality and secure communication across Türkiye with end-to-end solutions. We focus on integrating locally manufactured products into our supply system, creating alternatives for products that can be partially localised, ensuring coordination within the company and with stakeholders regarding localisation, implementing strategies that support localisation, and reviewing all purchases to increase localisation rates. We have worked on more effectively calculating and reporting the localisation rates of the products we purchase in line

with our ICTA obligations. Furthermore, we raised awareness of the strategic importance of localisation efforts in all procurement processes. By analysing needs early on and seeking local producers, we work on creating alternatives for products of foreign origin through procurement, business unit, and supplier coordination. As a result of these efforts, we are proud to be the first and only operator in 2023 to meet all six targets set under ICTA’s infrastructure requirements, including the localisation target. We invest in local technologies and utilise local resources and capabilities in critical infrastructure and projects. Over the past four years, we have increased our localisation rate from 8% to 48%, achieving a sixfold increase. Understanding the responsibility of enriching national resources, developing a local product ecosystem, actively ensuring the supply of local products, enhancing local investment activities, and increasing local employment, we develop and implement strategies to prefer local resources whenever available.

To support local lithium battery production, we made an agreement with ASPILSAN

for the development and commercial use of local lithium batteries. Under this agreement, we source all our required lithium batteries from local producers ASPILSAN and ORBIT. Additionally, to support local manufacturers, we procure all our antennas from companies operating in Türkiye that hold locally sourced product certificates.

With i2i Systems, we replaced the ‘PCRF’ network function that performs policy management in the TT Mobile Network with the local i2i. This network function is planned to be updated and used in 5G.

We started to use the ‘Turkuaz OCS Solution’, an online pricing solution, on the Türk Telekom Mobile network.

Cybersecurity and Customer Experience

We have the most extensive cybersecurity portfolio in Türkiye, providing cybersecurity services to over 5,000 institutions with more than 50 products and services.

The most extensive cybersecurity product portfolio in Türkiye

Through our Customer Service Convergence (CSC) model,

we offer faster solutions and ensure maximum service continuity by leveraging digitisation, operational analytics, Wi-Fi operations, and operational excellence across all areas. In this process, we developed AI-based systems that offer instant solutions for proactive and potential issues..

Electronic Waste Recycling

Türk Telekom collaborates with the Informatics Industry Association (TÜBİSAD) to recycle electronic waste generated by our operations. This collaboration reflects our commitment to adopting an environmentally friendly business model.

Regulation and Sectoral Contributions

In line with relevant regulations, we applied to the Information and Communication Technologies Authority (ICTA) to extend our fixed concession agreement. This application aims to sustain our presence in the sector and improve our service quality sustainably.

All these investments and projects demonstrate Türk Telekom’s commitment to achieving its sustainability

goals and adopting an environmentally friendly business model. We continue our efforts relentlessly to leave a healthy planet for future generations.

Our Contributions to National and International Reporting

We care for transparency and accountability throughout our sustainability journey. Our first Sustainability Report, published in 2020, clearly outlined our sustainability approach, goals, and vision. Starting in 2023, we have expanded our disclosures by adopting Integrated Reporting. To further solidify our sustainability vision, we established our Sustainability Policy and shared it transparently with all our stakeholders. We restructured our sustainability management, forming the Sustainability Committee, which continuously reviews and reports our goals and investments to ensure effective coordination and monitoring of our sustainability activities.

At Türk Telekom, we care for transparency and accountability throughout our sustainability journey.

We completed the first phase of our work on the medium and long-term targets in the first half of 2024 and committed to the Science Based Targets initiative (SBTi). As Türk Telekom Group, we aim to reduce Scope 1 and 2 carbon emissions by 45% by 2030 from the 2020 baseline, and achieve Net Zero by 2050. To reach these targets, we establish performance indicators, making every step of our sustainability journey traceable and measurable. We keep our policies and commitments up to date in line with our strategy and continue to transparently share our progress with our stakeholders.

Istanbul Stock Exchange Corporate Governance and Sustainability Indices

Since 2009, Türk Telekom has been the only telecommunications company listed on the BIST Corporate Governance Index. Additionally, we have been included in the BIST Sustainability Index since 2014, maintaining our exemplary performance in the ESG areas.

International Initiatives and Reporting

Since 2011, we have prepared annual reports in line with the Carbon Disclosure Project (CDP) guidelines, transparently reporting our efforts to systematically reduce carbon emissions and tracking our progress. Furthermore, through United Nations Global Compact (UNGC) reporting, we evaluate our sustainability performance and maintain communication with stakeholders via this channel.

We see UNGC reporting as a crucial tool for assessing the sustainability performance of businesses and establishing open communication with stakeholders. As part of the UNGC initiative, which we joined in 2020, we conduct exemplary work in the sector and share our progress reports annually.

Sustainable Development Goals

We integrate the Sustainable Development Goals (SDGs) into our operations, expanding our targets in line with these goals and continuously improving our sustainability performance. We conduct efforts to ensure environmental, social, and economic sustainability by aligning our targets with the SDGs. Through our reports, we

regularly share our contributions to the SDGs

Inclusion in Global Indices

In assessments by the MSCI Sustainability Index, we successfully raised our overall rating to A, mainly due to the progress we made in privacy and data security. In the corporate sustainability assessment conducted by S&P Global, we maintained our position in the indices by ranking in the top tier. We also reduced our risk score with Sustainalytics, placing us in the low-risk category. Türk Telekom achieved score improvements within this assessment, particularly in network reliability and innovation. We have also

improved our performance in the environment and governance section of the FTSE4Good index.

We continuously improve our sustainability performance by following the guidelines of globally recognised indices and sustainability organisations. We take the necessary steps to reach our goals and continue to add value to society, the environment, and our stakeholders.

ESG Scores Above Global Average

Affiliated Sustainability Organisations and Indices


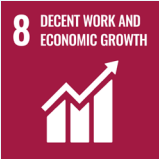




5 Our Value Creation Journey



Our Corporate Values

Our Financial Capital

Our Value Creation Model						
	Inputs	Outputs	Created Value	Relevant Material Topics	Relevant Stakeholders	Contributed SDGs
 Our Financial Capital	Focus on Revenue Growth: The volume of sales revenues generated through various telecommunication services	Diversified business model with 52.9 million subscribers Net subscriber additions of 365 thousand in fixed broadband and 724 thousand in mobile Sales revenues up 10% year-on-year to TL 100.2 billion	Strong Market Share: Strengthen market position by expanding customer base and offering innovative services Financial Stability and Investor Confidence: Increasing the company's market capitalisation and investor confidence through sound financial management and ability to generate high revenues	Operational and Financial Performance Risk and Crisis Management Entrepreneurship, Digitalisation and Innovation Customer Experience Reputation Risk	Financial Institutions Group Companies Shareholders and Investors Analysts Customers	  
	Strategic Investments: Continuous investment in infrastructure development and technological innovation; expansion of operational capacity	TL 33.5 billion EBITDA with 33.5% margin TL 25.8 billion in capital expenditures, up 7% year-on-year TL 16.4 billion net profit, up 138% year-on-year	Contribution to Economic Development: Significant contribution to the development of the local economy through expansion of operations and technological investments			
	Focus on Profitability: Efficient business operations and cost management with a keen awareness of market risks and opportunities	AssisTT: Leadership in the call centre sector , which has reached a size of approximately TL 42 billion TT Ventures: Invested in 16 different initiatives since its foundation	Sustainable Growth and Innovation: Creating sustainable growth, contributing to profitability and innovation through investment in telecommunications infrastructure equipped with new generation technologies, as well as investment in environmentally friendly technologies and the use of renewable energy			
	Strong Cash Flow: Ensuring strong free cash flow from operating activities	111 startups graduated from the PILOT program, which provided over TL 32 million in cash support to startups	Competitive Advantage: Maintaining competitive advantage and further strengthening its market position through a wide range of services and a customer-oriented approach			
	Large Customer Base: The increase in the number of subscribers with growing demand for Türk Telekom's services and stronger positioning in areas of operation	TT Payment Services: Mobile Payment single users: 24% growth Number of Mobile Payment transactions: 20% growth				










Our Corporate Values

Our Manufactured Capital

Our Value Creation Model						
	 Inputs	 Outputs	 Created Value	 Relevant Material Topics	 Relevant Stakeholders	Contributed SDGs
Our Manufactured Capital	<p>Infrastructure Investments: End-to-end fiberisation in Türkiye and continuous investment in fibre infrastructure Transformation of copper infrastructure to fibre technology across Türkiye and installation of fibre infrastructure in new residential areas.</p> <p>State of the art mobile network providing extensive coverage across Türkiye to attain best-in-class customer experience.</p> <p>TTI: 48.5 thousand kilometres of fibre optic network covering Central and Eastern Europe, Türkiye and the Middle East</p> <p>Over 135 points of presence (PoPs) in 24 countries</p> <p>SEA-ME-WE-5: submarine cable system connecting Europe to Africa, Middle East and Asia</p> <p>Data Centres: Power usage efficiency on par with the global average and below Türkiye's average through the use of more efficient cooling solutions and artificial intelligence-based optimisation systems in our data centres. Efforts to achieve lower PUE in new generation data centres</p>	<p>Providing services with a total of 437 thousand km of fibre infrastructure across Türkiye</p> <p>26K sites across Türkiye 99.6% population coverage with LTE technology</p> <p>52% of LTE base stations are connected to fibre, providing faster and more reliable mobile internet access</p> <p>32.2 million fibre homepass providing widespread access to internet and expanding the use of high-speed internet in homes and workplaces</p>	<p>Sustainable Development and Environmental Benefits: Reducing environmental impact and contributing to a sustainable future through energy-efficient infrastructure and digitalisation</p> <p>Achieving environmental sustainability targets by providing fibre infrastructure in every corner of Türkiye</p> <p>Social Impact and Digital Transformation: Creating a digital infrastructure that is accessible and inclusive for all, with a broad impact on education, health, business, and social life</p> <p>Improving the quality of life of all segments of society through technological innovations and playing a leading role in Türkiye's digitalisation journey</p> <p>Competitive Advantage: Maintaining competitive advantage with a customer-oriented approach in fixed broadband and mobile services, and further strengthening market positions in areas of activity</p>	<p>Combating Climate Change and Energy Management</p> <p>Accessible Communication and Digital Inclusion</p> <p>Entrepreneurship, Digitalisation and Innovation</p> <p>Leadership in digital transformation</p>	<p>Employees</p> <p>Customers</p> <p>Populations in socio-economically less developed regions</p> <p>Shareholders and Investors</p>	<div></div> <div></div> <div></div>
	<p>Technological Developments: Supporting 5G technology in mobile and fixed infrastructures</p> <p>Developing innovative solutions and technologies and integrating them into daily life</p> <p>Standing among the leading players in cyber security, information technologies, cloud solutions, fintech etc</p> <p>Argela: Türkiye's first and only 4.5G (LTE-A) base station development project with ULAK</p> <p>Netsia: Broadband access technology for fixed networks</p> <p>Innova: Development of Smart City and Smart Store Solutions</p>	<p>Providing a wide range of telecommunications services to 52.9 million customers, thus reaching a broad customer base. Positioned as the market leader in the fixed broadband market and 2nd largest player in the pay-TV market.</p> <p>More inclusive technological services across Türkiye thanks to its extensive infrastructure, reaching rural and underdeveloped regions and contribute to socio-economic development</p> <p>To be the technology solution partner of more than 5 thousand corporate customers with telecommunication solutions offered in an integrated structure</p>				
	<p>Digital Inclusion Strategies: Projects aiming to provide high-quality connectivity to every corner of Türkiye</p> <p>Increase opportunities for digital access and integrate all segments of society into the digital world</p>					






Our Corporate Values

Our Intellectual Capital

Our Value Creation Model						
	 Inputs	 Outputs	 Created Value	 Relevant Material Topics	 Relevant Stakeholders	Contributed SDGs
Our Intellectual Capital	R&D Investments: Continuous investments in technology and service innovations amounting to TL 1.6 billion	Cyber Security Enhancements: Turkish market leadership in Cyber Security Realisation of the first official cyber security service export The cybersecurity centre is accredited by CREST, TR-CERT, and TSE Adding new generation cyber security products such as EDR (Endpoint Threat Detection and Response), MDR, and SOAR to our portfolio Transition to the Nextgen SOC concept and establishment of the Digital Forensics Laboratory	Market Leadership and Competitive Advantage: Reinforcing its leading position in the sector with Türkiye's broadest cyber security portfolio Innovation and Intellectual Property Development: Technological leadership and market differentiation through innovative security solutions and patents Information Security Standards: Ensuring international information security standards in fixed and mobile networks with ISO 27001 certification Information Sharing and Collaboration: Increasing information sharing and strengthening global collaborations through publications on academic and professional platforms Research and Development Capacity: Expanding R&D and innovation capacity through active participation in national and international projects	Customer and Data Privacy Cybersecurity Entrepreneurship, Digitalisation and Innovation Customer Satisfaction and Loyalty	Employees Customers Suppliers Academic Institutions and Research Institutes Investors and Financial Institutions Regulatory and Supervisory Authorities	
	Intellectual Property Studies: Work is carried out on intellectual property assets such as patents, trademarks, and copyrights	Security Product Portfolio Expansion: New security products and services will be introduced, such as managed EDR and incident response services, shared email security, attack surface studies, and cyber security maturity assessment services Cyber Security Services Scope: Providing cyber security services to more than 5 thousand organisations with more than 50 products and services				
	Staff Expertise and Knowledge: Improving the technical knowledge and experience of staff	Training and Development Programs: Organising 2 separate programs within the scope of START Stajım (START Internship) and Gelişim Üssü (Development Base). Within the scope of the Gelişim Üssü program 2 separate camps on Cyber Security and Cloud Computing				
	Strategic Partnerships and Collaborations: Collaborations with universities, research institutions, and other technology companies	Argela: 5G and beyond next generation telecommunications technologies R&D company and solution provider, technology solutions for fixed and mobile networks ((Netsia BB Suite, vRAN-RIC) and numerous international patents Innova: Türkiye's leading IT company and system integrator. With its 25 years of experience and strong projects, it continues to achieve significant success in the ICT sector both at home and abroad. 21 R&D projects in 2023 Patent and Publication Achievements: 89 total number of patents* Continuation of work in 3 projects funded by the European Union and TUBITAK and a total of 12 project applications				
						* Shows the number of patents in Türk Telekom company.


Value for Our Society

Our Human Capital

Our Value Creation Model						
	Inputs	Outputs	Created Value	Relevant Material Topics	Relevant Stakeholders	Contributed SDGs
 Our Human Capital	Human Rights Policy: A comprehensive Human Rights Policy developed and implemented by drawing strength from international and national legislation, such as the United Nations Universal Declaration of Human Rights, the Constitution of the Republic of Türkiye, and the Conventions of the International Labor Organisation (ILO)	White-collar Women Employees: 36.3% Ratio of Women Managers: 18.6% Total Training Hours: 41,777 hours of training 7,687 people received Performance Evaluations	Employer of Choice: Becoming a company of choice on a consistent basis. Be amongst companies preferred especially by women and young talents through diversity policies and equal remuneration Employee Engagement and Satisfaction: Increased employee satisfaction and loyalty thanks to flexible working models and a safe working environment	Protection of Human Rights and Employee Rights Health and Safety Equality, Diversity and Inclusion Employee Engagement, Training, Talent and Career Development	Group Companies Employees Employee Families Potential Employees Public, Regulatory, and Supervisory Authorities Suppliers	   
	Personalised Working Models: Hybrid, office, remote, and mobile working models	Türk Telekom Group Human Resources: 37,265 employees. 16,803 of whom work at Türk Telekom 60.471 hours of OHS Training	Corporate Reputation and Compliance: Strengthening international reputation through comprehensive Human Rights Policy and diversity initiatives			
	Contribution to Women's Employment: Prioritising women candidates with similar qualifications in recruitment processes and efforts to increase the representation of women employees in management positions	AssiT: Call centre sector leadership with the number of employees Employee experience optimisation with the Entrepreneurial Customer Experience model	Career Development Opportunities: Supporting employees' career development through effective performance evaluation systems and leadership development programs			
	Safe and Healthy Working Environment: Safety measures covering all employees with ISO 45001 Occupational Health and Safety Management System standard	Sebit: With 36 years of experience in education technologies, Türkiye's leading education technologies company has comprehensive solutions ranging from educational content to technological platforms, from smart assessment and evaluation to tutor training	Employee Health and Safety: Reducing occupational accidents and ensuring a healthy working environment by implementing safety measures in accordance with ISO 45001 standards			
	Inclusive Employment Practices: Youth talent programs, performance appraisal processes, and diversity policies	Comprehensive trainings to develop employee skills with Türk Telekom Academy	Social Contribution and Responsibility: Respecting the human rights of employees and suppliers and adopting ethical business practices			





Value for Our Society

Our Social Capital

Our Value Creation Model						
	 Inputs	 Outputs	 Created Value	 Relevant Material Topics	 Relevant Stakeholders	Contributed SDGs
Our Social Capital	Corporate Responsibility Projects: TL 2 billion will be allocated to the earthquake region with the decision of our Board of Directors. Realisation of the “Value Together” employment project in the provinces affected by the earthquake. Social responsibility projects include Hayat Dijitalde Kolay (Life is Simple on Digital), Telefon Kütüphanesi (Books on the Phone), Kitaplara Ses (Sound to Books), Güneşliği (Sunshine), and Erişilebilir Tiyatro (Accessible Theater) Türk Telekom Schools	52.9 million subscribers The Türk Telekom mobile application and Online Transactions web application had 29 million single users and were downloaded 79 million times. Highest customer satisfaction score in the last three years (IPSOS survey): Leadership in the “Creating Loyal Customers” category (Nielsen survey).	Brand Value: It ranks high among Türkiye’s most valuable brands with its presence and service network spread throughout the country.			
	Customer Relations and Satisfaction: Efforts to improve customer service, optimise self-service channels, and increase customer satisfaction rates	Owl Awards Türk Telekom’s ‘Light at the End of the Transformation Path: Less Failures, More Satisfaction’ project received the Golden Owl award in the ‘Satisfied Owl’ category at the 2023 Owl Awards, where the Researchers Association of Türkiye evaluates research completed between 1 January 2021 and 30 July 2023	Partnerships for Purpose: Adding maximum value to shareholders’ investments through informed decisions made with stakeholder participation. Enhancing corporate reputation and social approval by acting in line with the expectations and needs of society		Customers	
	Supply Chain Management and Sustainability: Assessing environmental and social compliance of suppliers, sustainable supply chain practices	Dijitalde Hayat Kolay (Life is Simple on Digital) Project Digital literacy and digital marketing training for 10,000 women entrepreneurs 500 women in design thinking workshops. Supporting entrepreneurship activities of 10 women with a grant of TL 250,000 Maximising the social benefit of the investment by achieving a social return of TL 2.12 for every TL 1 investment	Social Awareness and Participation: Raising social awareness through projects and supporting the participation of disadvantaged groups in social life	Customer Satisfaction and Loyalty Supply Chain Sustainability	Suppliers Group Companies	
	Education and Access to Knowledge: Digital literacy, marketing, and design thinking workshops for disadvantaged groups; training and audiobook services for the visually impaired	Telephone Library Project Facilitating access to information for the visually impaired with 43,500 hours of audiobooks and 755,000 pages of audiobooks Achieving global success by being among the top 5 accessibility projects in the world at the ITU-World Information Society awards	Education and Career Opportunities: Enabling disadvantaged groups to participate more effectively in education and business life	Equality, Diversity, and Inclusion Accessible Communication and Digital Inclusion	NGOs, Professional Organisations Academic Institutions	
	Stakeholder Collaborations: Regular consultations with shareholders, customers, suppliers, and community leaders in strategic decision-making and policy-making processes. Engaging all stakeholders and building trust through transparent and fair governance	Supply Chain Management The Supplier Portal Project, the work on which started in 2023, will be realised by the end of 2024, aiming to monitor suppliers’ compliance with environmental and social standards	Cultural and Artistic Access: Facilitating access to arts and cultural activities for people with disabilities			
	Technology and Innovation: Accessibility-oriented applications and services, innovating the customer experience through digital platforms	Innova: E-Turquality Certificate obtained within the scope of the “Bilişimin Yıldızları” program of the Republic of Türkiye Ministry of Trade - 16 “Domestic Goods” certificates for products and solutions -21 R&D Projects in 2023	Customer Satisfaction and Loyalty: Significant improvements in customer satisfaction and loyalty rates Sustainable Value Chain: Assessing and improving sustainability and responsibility practices throughout the supply chain			

Value for Our Environment

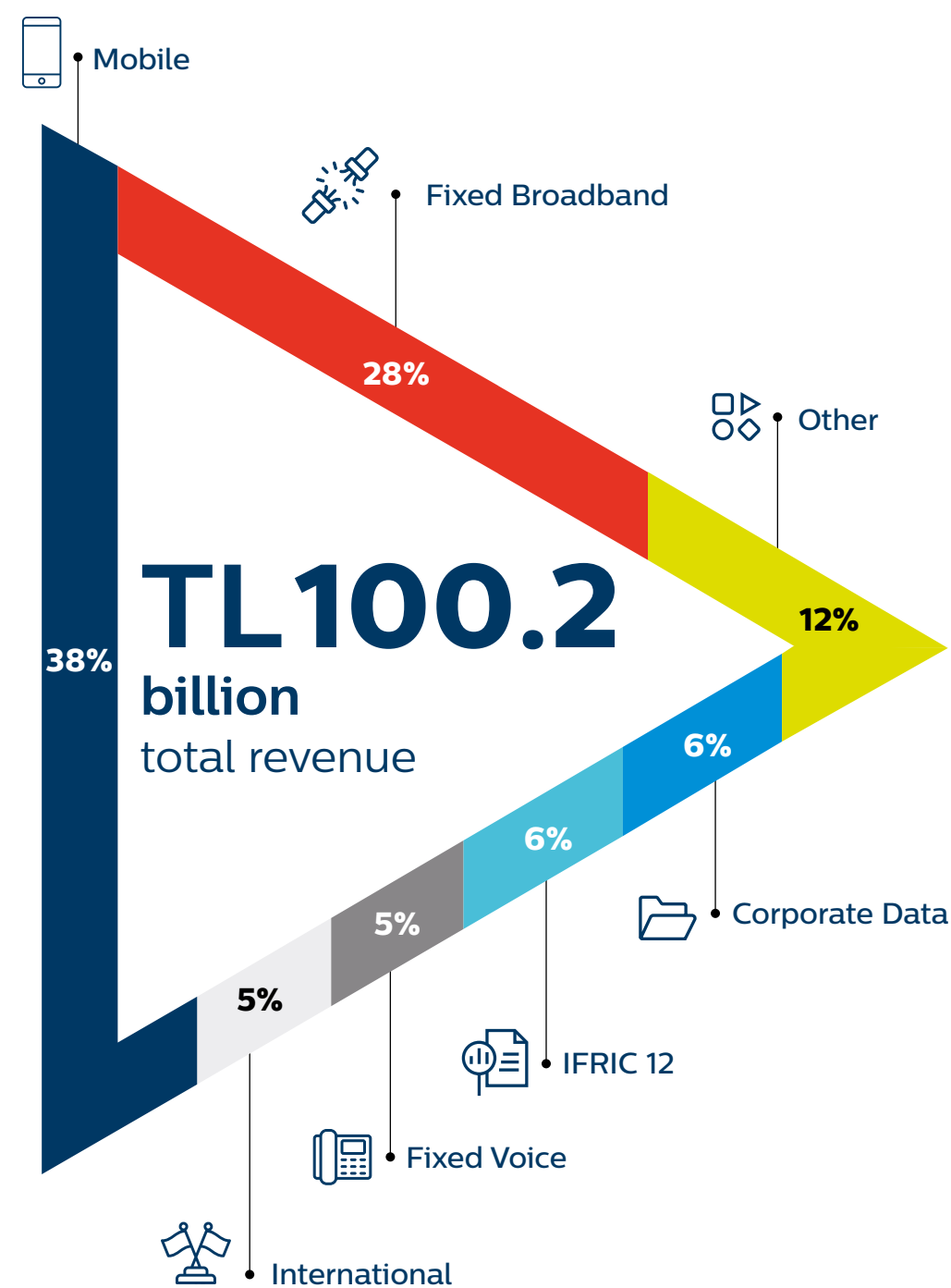
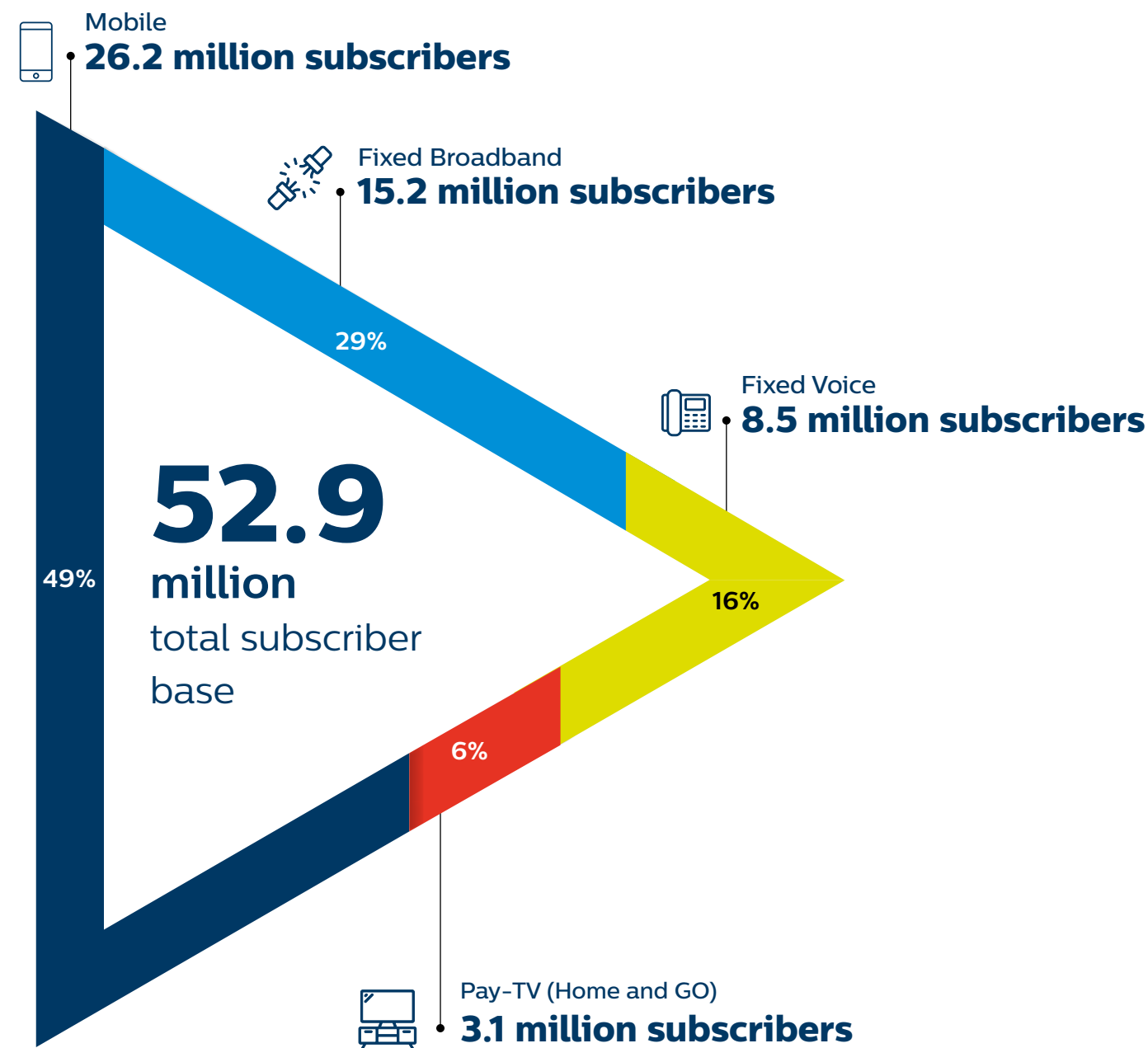
Our Natural Capital

Our Value Creation Model						
	Inputs	Outputs	Created Value	Relevant Material Topics	Relevant Stakeholders	Contributed SDGs
Our Natural Capital	Renewable Energy Investments: Investments in Solar Power Plant (SPP) projects and other renewable energy systems	Türk Telekom has obtained permission to build Solar Power Plants for an installation capacity of 405.8 MWe Annual energy savings of 47 million kWh Annual energy savings of 11.7 million kWh in cooling systems Annual energy savings of 6.7 million kWh and 103 thousand litres of generator fuel oil savings with the Smart Energy Management System 13.3 GWh energy savings with Power Saving optimisation As a result of technological transformations and optimisations, 14.7 million kWh savings from hall optimisation, hall consolidation, building relocation and energy costs. Saving 0.5 million kWh from renewable energy investments in mobile	Environmental Leadership and Sustainability: Strengthening the environmental leadership position in Türkiye and on international platforms, significantly reducing energy consumption and waste Economic Contribution and Innovation: Reducing operational costs through energy savings and leading the sector with digitalisation, innovative and sustainable Social Impact: Increasing social welfare and environmental awareness through sustainable projects and reinforcing investor and consumer confidence Compliance with International Standards and Reputation: Ensuring compliance with ISO and other international environmental standards and building a global reputation for environmental sustainability	Combating Climate Change and Energy Management Responsible Use and Management of Natural Resources Supply Chain Sustainability	Employees Customers Shareholders and Investors Suppliers Regulatory and Supervisory Authorities NGOs, Professional Organisations Academic Institutions	   
	Supplier Collaborations and Sustainability: Use of products and services that comply with sustainability standards in the supply chain					
	Energy Efficiency Projects: Energy efficiency and optimisation projects in fixed and mobile networks					
	Replacing air conditioners used in fixed and mobile networks with new generation efficient devices					
	Artificial intelligence supported, user-friendly Smart Energy Management System project					
	Waste Management and Zero Waste Policy: Zero Waste project and efforts to reduce non-hazardous waste					
	Technological Infrastructure and Efficiency Projects: echnological transformation projects that modernise energy and cooling infrastructures Gigabit Passive Optical Network (GPON) and 5G investments					

Financial Capital

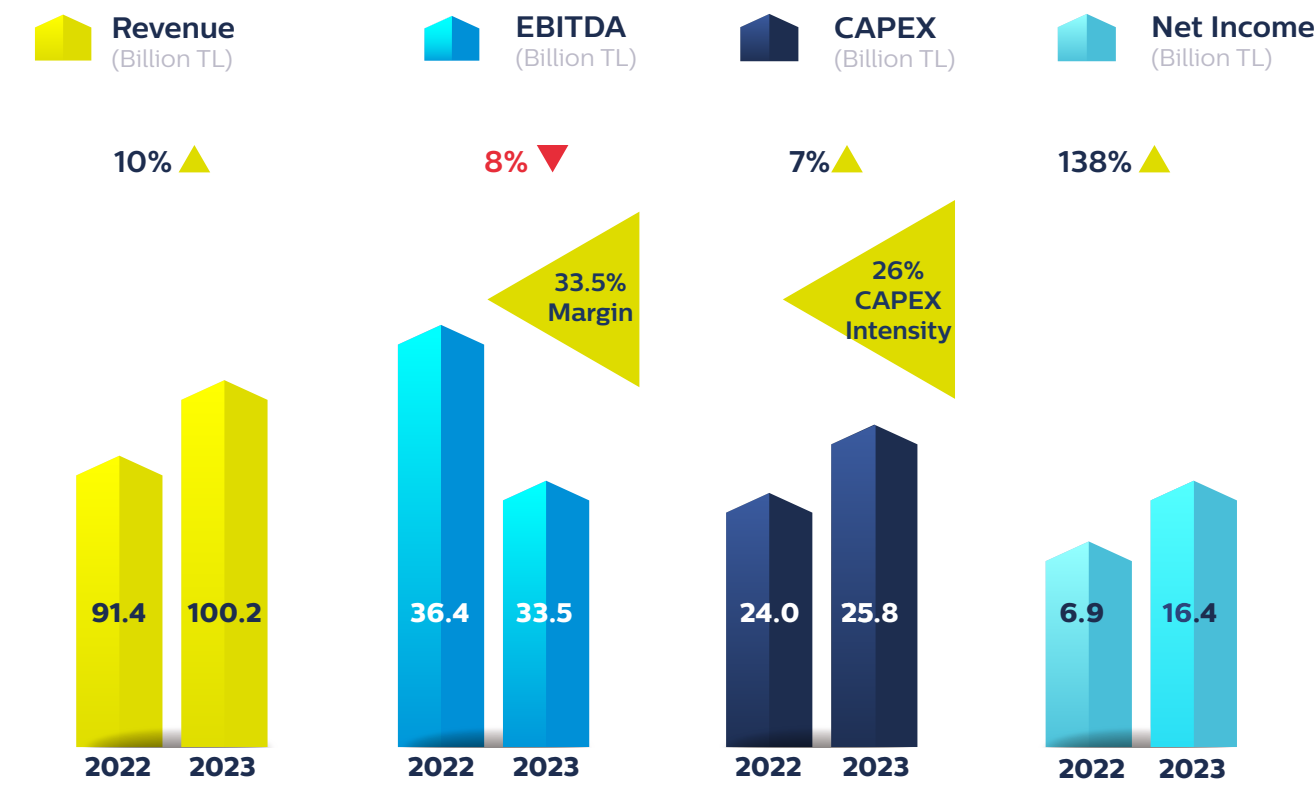
Operational and Financial Performance

Diversified Portfolio and Strong Market Position



2023 Financial Highlights

Financial Developments



As Türk Telekom Group, we delivered a successful and balanced performance in a year in which we had to diligently manage significant headwinds. 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, 2023 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.

Consolidated EBITDA dropped by 7.9% annually closing the year at TL 33.5 billion versus TL 36.4 billion in 2022. Similarly,

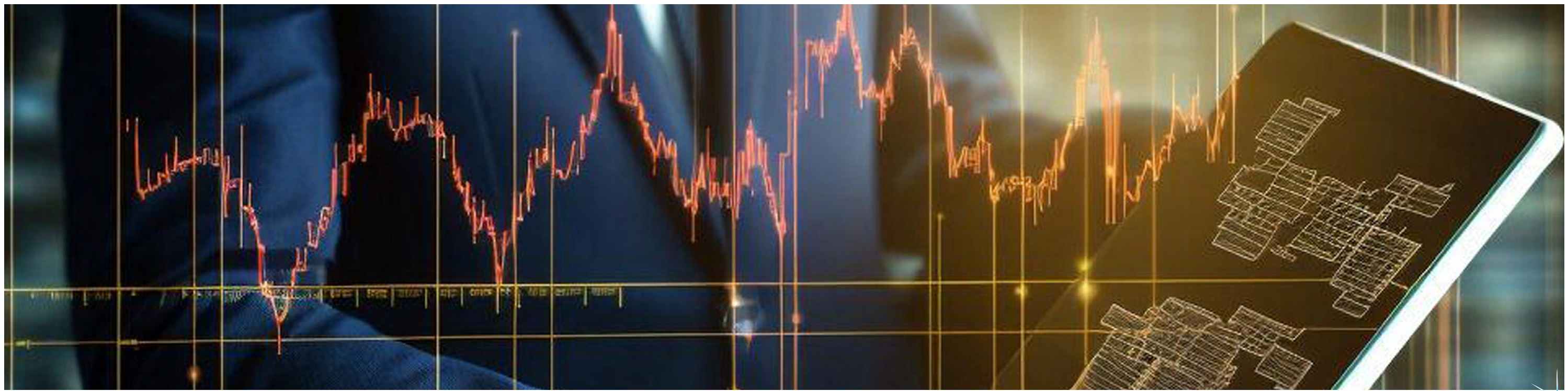
FY EBITDA margin contracted by 640 bps on annual basis to 33.5%. Excluding the IFRIC 12 impact, EBITDA margin was 35%. While costs swiftly increased with high inflation, the positive impact of pricing and other actions on revenues lagged due to the contracted nature of our business. A higher growth in operating expenses compared to revenue was the main driver of EBITDA margin contraction but the southern earthquakes also affected the performance.

Down at the operating profit level, performance turned to negative TL 2 billion this year from positive TL 1.9 billion in the prior year. Net income rose 137.7% to TL 16.4 billion from TL 6.9 billion in 2022, 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. The increase in tax income that we see in 2023 should be considered a one-time effect.

Our capital expenditure spending has grown slower than revenue 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.

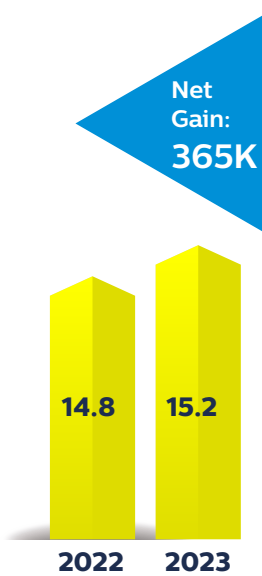
Net Debt/EBITDA ratio dropped to 1.17x as of the year-end from 1.27x a year ago. Our long FX position was USD 542 million by year-end. Excluding the ineffective portion of the hedge portfolio, namely the PCCS contracts, foreign currency exposure was USD 245 million short FX position.



2023 Operational Highlights

Operational Highlights

Fixed Broadband Subscribers (million)



The number of Türk Telekom subscribers reached 52.9 million in 2023 with 146 thousand net additions.

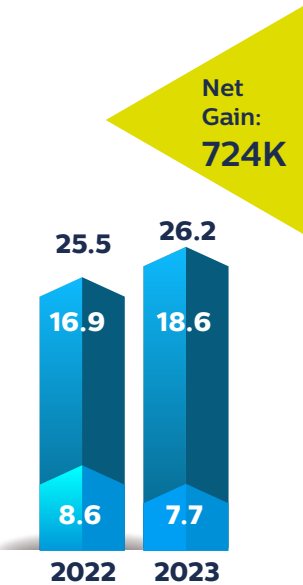
146K
Net Subscriber Growth

52.9 million
Total Number of Subscribers

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

Mobile Subscribers (million)

Postpaid Subscribers
Prepaid Subscribers



prospects of the Turkish telecommunications sector but also our distinguished ability to take advantage of the opportunities in the market with our effective and delivering strategies.

Fixed broadband subscriber base increased to 15.2 million in 2023. Fibre subscribers rose to 12.9 million in 2023 with 1.3 million net additions. The share of fibre subscribers in fixed broadband base increased from 77.7% to 84.7% compared to the previous year. The number of Fibre to the

Total Fixed Access Lines (million)

Standalone Fixed Broadband
Fixed Voice Subscribers



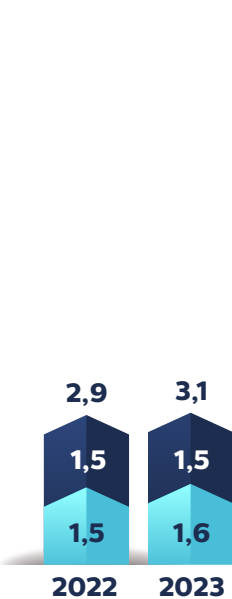
Cabinet (FTTC) subscribers reached 8.6 million, while the number of Fibre to the Home/ Building (FTTH/B) subscribers increased to 4.3 million.

Our fibre network covered 32.2 million households by the end of 2023 compared to 31.4 million as of 2022.³

³ We have incorporated the estimated impact of the February 2023 earthquake into our household coverage figures. However, as assessments of the earthquake's impact on these numbers are still ongoing, the reported figures may be subject to change.

Number of Tivibu Subscribers (million)

Tivibu Home
Tivibu Go



FTTC homepass was 20.5 million while FTTH/B homepass increased to 11.8 million. Fibre cable network length increased to 437 thousand km as of 2023 from 403 thousand km as of 2022.

Our mobile subscriber base expanded to 26.2 million with 724 thousand net additions in 2023. The postpaid segment added 1.6 million net subscribers, marking its historic-high annual performance, while the prepaid segment contracted net 890 thousand subscribers. The

ratio of postpaid subscribers in our mobile portfolio climbed to its highest level of 70.8%. Average monthly data usage per LTE user increased by 23.4% to 14.7 GB in 2023 from 11.9 GB in 2022.

Fixed voice base continued its decline with 1.1 million subscriber loss along with the strategy focusing on naked-DSL instead of WLR in new sales. Including naked-DSL, the number of total access lines slightly increased to 17.4 million as of 2023 compared to 17.3 million by the end of 2022.

We believe that a strong economic structure supports sustainable growth, competitiveness, employment, and prosperity. Türk Telekom's strong and balanced business model allows us to maintain financial resilience and recover quickly in the face of economic crises, global fluctuations, and other external factors. To maintain and strengthen this structure, we implement policy commitments, assess risks and opportunities for our operations, and focus our investment plans on sustainability



We are leading Türkiye's fiberisation

We believe that everyone has the right to access information and communication in the digital age. As Türk Telekom, in line with our accessible communication and digital inclusion goals, we continue our investments to reach every corner of Türkiye.

We pioneer digital transformation in Türkiye and continue our investments in fibre infrastructure to provide accessible high-speed internet for everyone. We covered Türkiye from end-to-end with fibre networks and increased the length of fibre infrastructure to 437 thousand kilometres. Thanks to these investments, we ranked Türkiye second among European countries in FTTH/B (fibre-to-the-home/building) access.

According to the FTTH Council's "September 2023 FTTH/B Market Panorama in Europe" report covering 39 countries, Türkiye jumped to 2nd place in FTTH/B

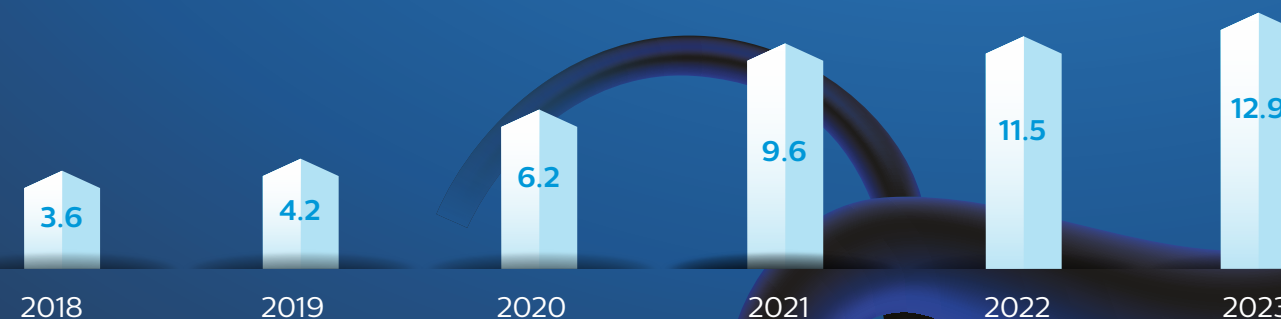
homepass. In the twelve months to September 2023, Türkiye realised an increase of 2.3 million FTTH/B homepass, with a contribution of 1.5 million from our company. In addition, in the same period, Türkiye became the 3rd fastest-growing market with 1 million FTTH/B subscriber growth, of which 0.8 million was contributed by our company alone. As Türkiye's fibre powerhouse, we remain committed to fibreising every corner of the country.

According to Türkiye's Information and Communication Technologies Authority (ICTA) 2023 4th quarter data, we single-handedly installed 437 thousand kilometres of the 562 thousand kilometres total fibre network length in Türkiye.

In line with our vision of digital inclusion, we will continue our efforts to create a world where everyone has equal opportunities. In the Century of Türkiye, we aim

to build a digital future that is accessible to everyone without any exceptions and that adds value to every aspect of life. As Türk Telekom, we will continue to lead this journey by strengthening our technology know-how with suitable investments through our people-centred approach. In this way, we both strengthen our technological infrastructure and contribute to our country's digitalisation and economic development by providing quality and reliable internet service to every corner of Türkiye.

Fibre Subscriber (million)



The fibre subscriber numbers include FTTH/B (Fibre to the Home/Building) and FTTC (Fibre to the Cabinet) figures.

- ▶ Unrivalled fibre network
- ▶ Strong opportunities for revenue generation
- ▶ Well-positioned to take advantage of high connection speeds
- ▶ Strong equipment supporting 5G and small cells

On the road to success with our group companies

AssisTT

Leader of the Call Centre Sector

AssisTT maintains its sector leadership in terms of both the number of employees and revenue in the call centre sector, which is estimated to have reached approximately TL 42 billion in size by the end of 2023. AssisTT continued its goal of increasing its third-party revenues in 2023 and advanced its activities in this direction.

Maintaining its services export target with the AssisTT International brand, AssisTT aims to increase its non-call centre revenues by transforming into an experienced company. Accordingly, it focuses on technology sales and BPO (payroll, field services, etc.) businesses.

AssisTT enables its employees to establish sole proprietorships to provide services as suppliers and offers various advantages through the Entrepreneurial Customer Representative model, which was launched to enhance employee experience. Within

the scope of this model, a “labour shift exchange” application, which also utilises artificial intelligence and determines variable prices, has also been developed.

Innova

25 Years of Experience

For 25 years, Innova has maintained a strong presence in the ICT market in the software, service, and hardware categories, both domestically and internationally. As of 2023, the overall assessment of the global and local ICT markets has further reinforced Innova’s strong position in this sector.

2023 was a year of intense focus and projects for Innova. Innova carried out important projects in various fields:

- **Cloudworks SaaS Platform:** Sales processes of e-Transformation, VPOS, and Android POS products were initiated. In 2024, products such as OBP (Shared Banking Platform) and Loyalty will also be available on the platform. Thanks to its innovative

technical infrastructure, Cloudworks offers three different functions together. It enables businesses of all sizes, from SMEs to large enterprises, to access cloud services customised to their needs from a single platform. In addition to accessing Innova’s products, businesses using Cloudworks can also create their own cloud systems and take part in the platform with their own products. Cloudworks, which operates with an easily scalable business model, enables companies to enhance their productivity and move their business processes to the cloud at a lower cost thanks to its “Pay As You Go” feature.

- **YanYana (Side-by-side) Productisation:** The productisation process of YanYana, which was created to include individuals with autism in daily life, has started, and sales activities will start in the second half of 2024 in Türkiye and abroad.
- **E-Turquality Certificate:** With the certificate obtained within the scope of the “Bilişimin Yıldızları”

programme of the Republic of Türkiye Ministry of Trade, the goal of increasing the international sales of products continues.

Prioritised Products and Solutions:

- **Loyalty**
- **YanYana**
- **Callus**
- **BYS (Distributor Management System)**
- **Information and Payment Kiosk Solutions**
- **Telecom Solutions**

Innova received “Domestic Goods” certificate for 16 products and solutions and aims to obtain this certificate for other products and solutions in 2024.

Cloud-based Services

We initiated processes to offer our Loyalty, Cloudworks, and YanYana products to both local and global customers through major cloud service providers like AWS, Huawei, SAP Store, Google Cloud, and Azure. In 2024, we will continue transforming these products into a cloud-based structure.

R&D Projects

21 R&D projects were developed in 2023. These projects include artificial intelligence-supported Radiological Image Analysis, Collaborative Digital Twin projects, and the 5G IoT project supported by UDHAM

(Transportation, Maritime Affairs and Communication Research Centre).

With 25 years of experience and strong projects, Innova continues to achieve significant success in the ICT sector both in Türkiye and abroad.



Supporter of Entrepreneurship and Innovation

Established in 2018, TT Ventures aims to help startups and mid-stage ventures achieve their long-term business goals, support their growth, and develop innovative projects. Since its inception, TT Ventures has invested in 16 different startups, aiming to boost the national economy by supporting innovative products. It also seeks to create synergy between the startups' offerings and Türk Telekom's core business lines.

TT Ventures aims to create new 'unicorns' by investing in healthcare, education, and artificial intelligence-based digital solutions. It focuses on areas that will create synergies with Türk Telekom, such as energy, healthcare, education, artificial intelligence, digital solutions, financial technologies, blockchain, IoT, and ICT.

Investments were made in startups in 2023 through TT Ventures Venture Capital Investment Fund, the establishment process of

which was completed in September 2022. This fund, in which Türk Telekom Group is one of the main investors, aims to attract the participation of domestic and foreign investors and invests in technology-oriented startups with high global growth potential in emerging areas. These investments enable startups to achieve their growth targets while providing strategic and financial benefits to the fund's investors.

Contributions to the Entrepreneurship Ecosystem

TT Ventures collaborates with prestigious universities and technoparks to support technology startups from the idea stage to the commercialisation of their products and to grow the startup ecosystem in Türkiye. As an implementing organisation within the scope of the TÜBİTAK (Scientific and Technological Research Council of Türkiye) BIGG program, together with ODTÜ Teknokent and Istanbul Teknopark support startups and contribute to the realisation of entrepreneurs' ideas.

TT Ventures supports both the startups in its portfolio and the business development and investment processes of Türk Telekom and its group companies in the global market through the company it established in the United States and its strategic collaborations. In this way, Türk Telekom aims to become a technology bridge between Türkiye and global markets.

TT Ventures PİLOT Program

The 11th term of PİLOT, which Türk Telekom launched in 2013 to offer innovative products and services to its customers by supporting technology startups as well as to support local startups, has been completed in 2023. Since its inception, 111 startups have graduated from PİLOT, receiving over TL 32 million in cash support. Additionally, Türk Telekom Ventures has invested in 16 of these startups. To date, 59 of the graduated startups have secured investments totalling over USD 35 million from various investors within the ecosystem.

Teams selected for the TT Ventures PİLOT program had the opportunity to access Türk Telekom's business

connections by meeting one-on-one with over 450 mentors for 12 weeks. During the program, the teams participated in more than 20 trainings given by experts in their field by evaluating cooperation opportunities with Türk Telekom. Each startup accepted to the program received TL 100 thousand cash support at the beginning of the program and each startup that successfully completed the program received an investment of USD 50 thousand from Türk Telekom Ventures. The startups continued to develop their products and services in the office spaces of the TT Ventures Entrepreneurship Centre at Santral in Tahtakale and Atatürk Kültür Merkezi (Atatürk Cultural Centre). At the end of the program, the teams had the opportunity to participate in a 2-week program in the United States as part of a collaboration

with Stanford University. With this program, the teams had the opportunity to meet with world-renowned mentors and investors to grow in global

markets and to develop their global vision for the entrepreneurship ecosystem and their businesses.





Innovative Solutions in Digital Payment

TT Payment Services continues to offer a wide range of services to its customers with innovative payment solutions. In 2023, TT Payment Services made significant progress in the sector with Pokus and TT Mobile Payment products.

Pokus

Pokus, an operator-independent e-money application, distinguished itself in 2023 through its remote customer acquisition processes and efforts to comply with new regulations. With the Financial Crimes Investigation Board (MASAK) permitting payment institutions to conduct remote customer acquisition, Pokus developed a digital Know Your Customer (KYC) process, enabling users to perform higher-limit transactions through fund transfers. Additionally, the application underwent necessary improvements to align with evolving payment systems legislation.

To diversify Pokus cards, integration with the TROY national card scheme was

achieved in 2023 and the QR payment feature was developed in our application. Türk Telekom Ready Limit feature, which allows Türk Telekom mobile users to top up their Pokus account when they need cash by reflecting it on their Türk Telekom mobile bill, was branded as Express Account in 2023. We continue to cooperate with retail points to improve the user experience and allow users to top up their Pokus account through different channels.

TT Mobil Ödeme (TT Mobile Payment)

The mobile payment market is growing in parallel with the mobile subscriber market and TT Mobile Payment recorded significant growth in 2023. Ranking 3rd in the mobile payment market.



2023 compared to 2022:

- **Number of Mobile Payment unique user:** 24% growth
- **Number of Mobile Payment transactions:** 20% growth

Significant Developments:

- Launch of Netflix and Express Hesap (Express Account) services
- Growth of Mobile Payment ecosystem with new integrator agreements
- Ability to spend on traffic, donation and insurance services independent of the Mobile Payment limit

Invoice Payment

TT Payment Services continues to take important steps in financial technologies under the leadership of Türk Telekom by offering innovative services to both individual and corporate customers with digital payment solutions. In 2024, growth and our market share are expected to increase with the introduction of credit card collection.



We Provide Financing Support to Our Subscribers

Adopting a holistic service focus, Türk Telekom established TT Finansman A.Ş. in 2022, aiming to diversify its services by providing financing support to its subscribers. TT Finansman received an operating license from the BDDK (Banking Regulation and Supervision Agency) in January 2023.

TT Finansman aims to offer device financing to consumer

subscribers in the market, first through Türk Telekom Group's extensive dealer network, and then through digital channels and e-commerce integrations. In 2023, the project to provide financing to TT Mobil customers through direct billing was put into operation. In the next phase, the Company plans to offer financial solutions to TTNET users, SME and commercial-corporate subscriber segments. .

TT Finansman's prominent strategic focus areas:

- **Experience and Innovation:** Targeting to become a financial institution with a broad customer base that can offer innovative products focusing on customer experience and continuous improvement.
- **BigData:** Leveraging Türk Telekom Group's ability to analyse customers using its vast subscriber data to tailor its services to customer needs.
- **Synergy:** Diversifying the services offered through synergies with Türk Telekom Group Companies and

creating value with a holistic service focus.

- **Technology:** Aiming to provide uninterrupted service to customers with a secure platform.
- **Growth:** Contributing to Türk Telekom Group's growth by increasing accessibility of the financial sector and reaching non-bank customers through its nationwide dealer network.

TT Finansman increases Türk Telekom's service diversity with innovative financing solutions and keeps customer satisfaction at the highest level by providing financial support to its subscribers.





R&D Activities on a Global Scale

At Türk Telekom, we work to contribute to the digital transformation of our country by conducting R&D studies on next generation technologies with our engineers. We are focused on our country's goal of going beyond 5G and existing technologies with local elements. In this context, together with our subsidiary Argela, we produce projects for innovation and the implementation of next generation technologies. We are proud to be awarded in the Innovative 5G Service and Application category by an international organisation

such as GTI Awards for Argela's UAV and Traffic Management System project. Within the scope of the project, we aim to develop 5G and Smart UAV systems and to expand the use of Türk Telekom's eSim supported UAVs and applications.

Our group company Argela has a total of 69 granted patents, registering the success of the R&D activities carried out together with its subsidiary Netsia. While Argela continues to develop innovative solutions with 24 granted patents, Netsia maintains its leadership in the sector with 45 granted patents.

CEM (Customer Experience Management) Solution

CEM (Customer Experience Management) solution is one of the most critical tools for an operator to measure customer experience. The CEM solution modified by the global company has been deployed by Argela in the Türk Telekom network and is also exported to the global market.



36 Years of Experience in Educational Technologies

With 36 years of experience in education technologies, Sebit is Türkiye's leading company in this field, offering comprehensive solutions that range from educational content and technological platforms to smart assessment, evaluation, and tutor training. Since its inception, Sebit has focused on developing products and services that promote the effective use of technology in education. During the pandemic, when schools had to halt face-to-face learning.

With the strength of its synergy with Türk Telekom and the innovative use of technology, Sebit continuously expands its product and service portfolio, shaping the global transformation in education and designing the education of the future.

Innovative and Award-Winning Solutions

Sebit is recognised as one of the world's best education technology companies by many international education authorities. Sebit continues to work with competent and creative human resources and

has proven its leadership with numerous awards. With its new services and products designed using mobile computing and internet technologies, Sebit aims to offer equal opportunity and product richness at every stage of education, while removing barriers to participatory education.

Sebit's efforts continue to transform education both nationally and internationally through the effective use of technology in education and innovative solutions. With Türk Telekom's leadership and Sebit's visionary approach, we continue to run from one success to another in education.

Sebit's Solutions Driving Global Transformation in Education

Since its establishment as an R&D laboratory under the umbrella of TÜBİTAK in 1988, Sebit has been playing a pioneering role not only in Türkiye but also abroad with the educational solutions it has developed. In this context, the company develops national and international products and services that provide social benefits and are tailored to the educational needs of individuals.



Financial Risk Management

Strong Risk Management

At Türk Telekom, we are aware of the importance of maintaining our financial stability and ensuring sustainable growth. Therefore, we develop comprehensive and effective strategies against financial risks such as liquidity risk, currency risk, interest rate risk and counterparty risk.

Within the framework of our strategy to minimise the liquidity risk, we obtain long-term financial debt from different geographical regions and creditor groups. We obtain financing from a variety of sources, including commercial banks, international financial institutions, government supported export credit agencies and bond markets, from regions as diverse as the United States, Canada, Europe, the Persian Gulf countries, Japan, China and Türkiye. This strategy allows us to access long-term financing on competitive terms without

being dependent on a limited number of funding sources. Constantly seeking for an optimal cash management strategy based on total returns and costs, we actively monitor the price and return of the Eurobonds we issue, which trade in the secondary markets.

We partially procure supplies from foreign vendors in relation to capital expenditures. The need for financing through long-term and diversified funding sources on the other hand causes us to bear foreign currency liabilities. Without hedging, we may be exposed to foreign currency risks due to fluctuating exchange rates, which may have an impact on our financial statements. We aim to minimise the impact of these risks on our financial statements through our currency risk and interest rate risk management processes. In this respect, we have a total hedge position of USD 2,371 ⁴ million as disclosed in the notes to the financial

statements at year-end 2023. Including foreign currency cash which provides natural hedging against currency risk, our total hedge position is USD 2,555 million. Net long foreign currency position is equivalent to USD 542 million. Excluding PCCS transactions that have crossed their upper barriers from the hedge portfolio, the net short foreign currency position is USD 245 million.

We adopt an effective and proactive approach in the management of financial risks.

⁴ The hedged amount includes hedges of foreign currency financial debt, currency-protected time deposits, hedges of foreign currency net trade payables and net investment hedges. Currency-protected deposit included in hedged amount worth USD 266 million.

To minimise counterparty risk related to our financial assets, we act within the framework of the limits we apply to counterparties and our diversification policy. These strategies enable us to minimise our exposure to counterparty risk. We carry out hedging transactions related to our financial risks within the framework of the guidance and authorisations of the Board of Directors.

At Türk Telekom, we maintain the financial health of our company by adopting an effective and proactive approach in the management of financial risks, and we move forward with determination to achieve our sustainable growth targets. This approach will form the basis of our financial success and stability in the future.



We Integrate Sustainability-Based Risk Management into Our Operations

At Türk Telekom, we aim to minimise our environmental and social impacts by placing sustainability-based risk management at the centre of our operations. As a company that makes intensive technology investments, we generate electronic waste as a result of our operations. However, we work effectively to minimise our impact on nature through our comprehensive waste collection and recycling processes.

We regularly measure our carbon footprint for all group companies and allocate more resources to our emission reduction activities, which we will accelerate in the coming period. We closely monitor our sustainability risks and conduct comprehensive studies on potential impacts. We measure our carbon footprint every year and strive to expand the scope of the methodology we use when calculating our emissions. In the 2023 reporting, we aimed to focus on capturing all of our Scope 1, 2 and 3 emissions.

We closely monitor and track emission sources within the company. Each year, we include certain action points into the relevant business units' scorecards, aiming to mitigate emissions. In this process, we set our targets by considering survey results, one-on-one interviews with our stakeholders, sector developments, regulatory requirements, and data obtained from analysing similar companies.

In addition to our emission reduction targets, we also position our social targets. For example, we aim to build a sustainable future by setting social targets, such as increasing the ratio of women employees. Additionally, we continue to invest in socio-economically underdeveloped regions every year. We strive to ensure that the highest level of fixed and mobile infrastructure is available throughout Türkiye, enabling all users to access the digital world in the easiest and fastest way possible.

In this context, we are taking decisive steps in line with our sustainability goals. We will continue our efforts to minimise our environmental impact and increase social benefit. At Türk Telekom, we are determined to further advance our mission of being an environmentally sensitive company that adds value to society.

By integrating sustainability-based risk management into our operations, we will continue to work for a more liveable and balanced world in the future while increasing our Company's financial and operational strength.



Manufactured Capital

Accessible Communication and Digital Inclusion

We believe everyone deserves the right to access information and communication in the digital age. **At Türk Telekom, we are committed to investing in every corner of Türkiye to achieve our goals of accessible communication and digital inclusion. In this context, we make significant contributions to the digitalisation of our country.**

We provide telecommunication services to all our citizens in a wide geography across Türkiye. We make investments not only in regions with high population density, but also in rural areas to provide the same service everywhere. These investments make a significant contribution to the economic and social development of the country. The investments we make in Türkiye's digitalisation journey are of

critical importance. We have 78% and 56% market share in Türkiye's wholesale and retail fixed broadband segments, respectively.

▶ **78%**
Market Share in Wholesale Fixed Broadband

▶ **56%**
Market Share in Retail Fixed Broadband

We are making a fundamental contribution to provide access to every individual. Thanks to our investments, fixed internet household penetration in Türkiye reached 74% as of 2023. In 2015, this rate was 44%.

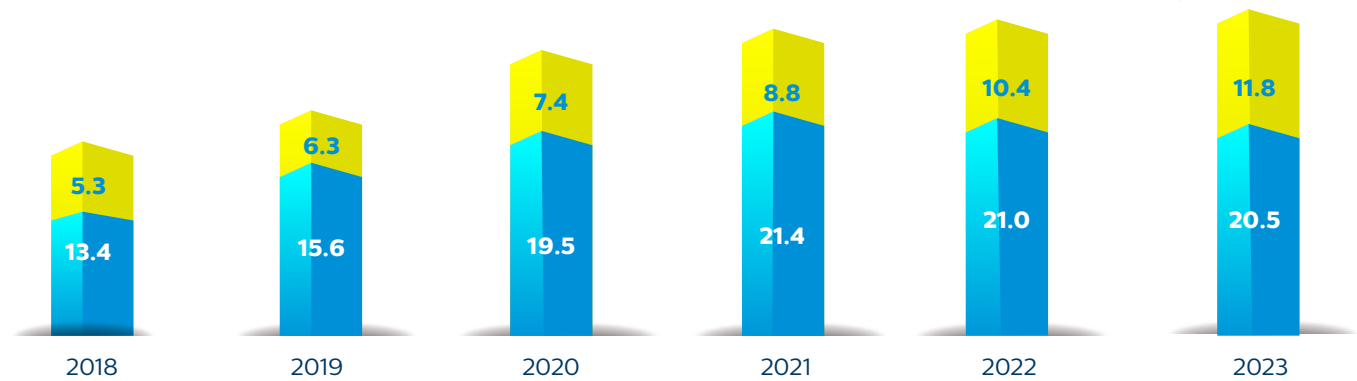
Over the years, we have pioneered a major technological transformation

from copper to fibre in our fixed network. According to the ICTA's Q4 2023 report, 437 thousand kilometres of Türkiye's 562 thousand kilometres fibre network has been laid through Türk Telekom's investments. This means that we have single-handedly completed most of the work required for the fiberisation of Türkiye. 85% of our total fixed internet subscribers were on fibre packages as of 2023. In 2015, this rate was only 18%. With our fibre projects, we are not only providing society with the latest technology and higher quality connectivity, but also managing climate impact by significantly reducing energy consumption in our network.

We are constantly working to increase penetration across the country, and Türk

Fibre Household Coverage (million)

■ Türk Telekom (FTTH/B) ■ Türk Telekom (FTTC)



Telekom reaches the regions with low penetration more extensively than any other player. According to 2022 Türkstat (Turkish Statistical Institute) data, the average annual GDP per capita in Türkiye is USD 10.7 thousand with only 14 out of 81 provinces having GDP per capita above this average. While our fibre network covered 81 provinces, our closest competitor had presence in only 28 provinces. When we divide the 81 provinces into three tranches -top, middle and bottom- by annual GDP per capita, it is quite visible that we reach

those regions with lower affordability more than any other player.

The SEGE-2022 (Socio-Economic Development Ranking) Report, published by the Republic of Türkiye Ministry of Industry and Technology, allows us to measure our performance in bringing connectivity to socio-economically less developed regions at a more granular level. **In the 343 districts that we identified as socio-economically more vulnerable, we increased the number of fibre homepass from 671**

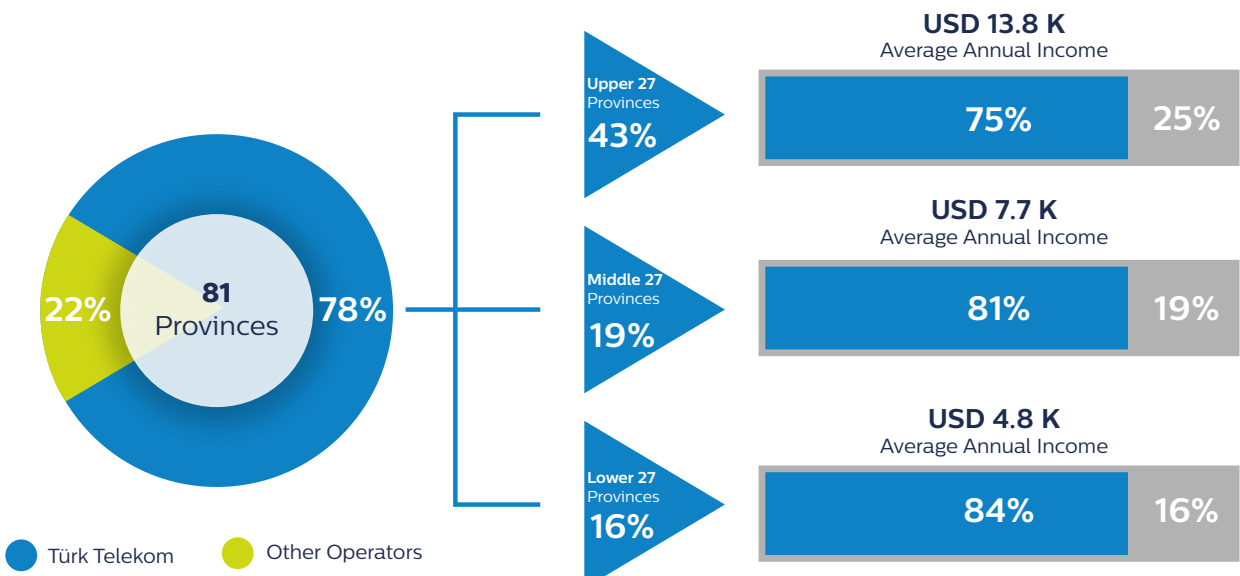
thousand in 2020 to 994 thousand in 2023.

In this way, we both strengthen our technological infrastructure and contribute to the digitalisation and economic development of our country by providing quality and reliable internet service to every corner of Türkiye.

We will continue our efforts to create a world where everyone has equal opportunities in line with our vision for digital inclusion. We will continue to shape Türkiye's digital future with this mission.

Türk Telekom accounts for 78% of the total fiber length in Türkiye

We constantly work to increase penetration across the country, reaching underserved regions more than any other player.



The pie chart on the left shows Türk Telekom's fibre km deployment across Türkiye compared to other operators. The rates on the triangles show the distribution of the 78% fibre km built by Türk Telekom among provinces divided into three segments (upper, middle, lower) according to GDP per capita.

The column chart on the right shows Türk Telekom's fibre km deployment compared to its competitors in upper-middle-lower provinces according to GDP per capita levels. When we divide the 81 provinces into three segments according to annual GDP per capita, we see that the closest competitor has a presence in 17 of the top 27 provinces with an average annual income of USD 13.8 K; 8 of the middle 27 provinces with an average annual income of USD 7.7 K; and only 3 of the bottom 27 provinces with an average annual income of USD 4.8 K.

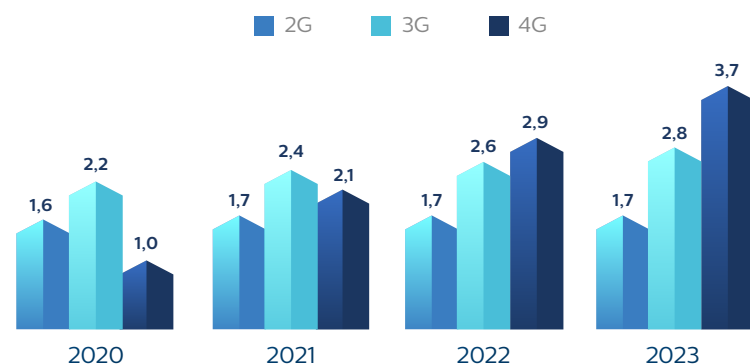
Note: This analysis uses data for 2022 for comparability purposes

Source: TurkStat, ICTA and Company data



98% population coverage in 2023 vs 76% in 2020 in socio-economically less developed areas shows Türk Telekom's commitment to its social investments.

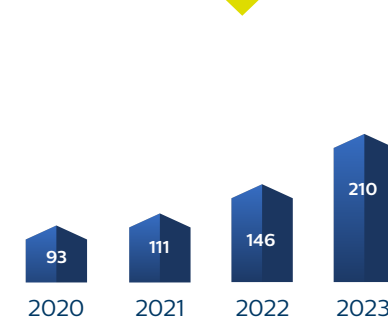
Number of Türk Telekom Mobile Base Stations in the Socio-economically Less Developed Districts (Thousand)



We hold 29% market share in the Turkish mobile market as of end-2023. As the latest entrant to the three-player Turkish mobile market, Türk Telekom is strengthening its market position through its investments at the same time it expands coverage in socio-economically less developed regions. To increase coverage and support high quality connectivity in these regions, Türk Telekom has not only

added 3.3 thousand base stations but also deployed more capacity over the last 3 years. A 126% increase in total mobile network traffic over the same period in the target region is a clear indicator of the increasing utilisation of our mobile services. This increase demonstrates our contribution to the socio-economic development of relatively disadvantaged regions.

Total Data Usage by Türk Telekom Mobile Subscribers in Socio-economically Less Developed Districts (Petabyte)



Innovative Solutions in the Field of Information Technologies with Our Solid History and Growing Experience

At Türk Telekom, we are rapidly adapting to technological developments and making a breakthrough by enriching our product and service offerings. We have reinforced

our leadership in business solutions, IoT, cyber security, process automation projects in digitalisation, field solutions, data centre and cloud, which determine the growth trends of the ICT market. We continue to grow by increasing our customer penetration in these areas.

We make a difference with sustainable service levels and the right technology investments in critical sectors such as finance, energy, automotive, healthcare, manufacturing and education. Our customer-oriented approach, combined with the increase in the number of our solution-oriented projects, the development of our cloud product family and the growth of our business partnership ecosystem, brings us to a leading position in the industry. By continuously improving our customer service and experience standards, we offer services to Türkiye's biggest brands across multiple product families. We have been able to significantly increase customer penetration and revenues across all segments such as government, strategic, large and small customers with our experienced and focused sales team.

These achievements clearly demonstrate that Türk Telekom has strengthened its leading position in the corporate world and the ICT market and has taken a step forward as an agile technology company. As a pioneer of technology and innovation, we maintain our leadership in the sector with our determination to provide the best service to our customers.

Turnkey and End-to-End Value-Added Services

We offer turnkey, end-to-end value-added services with many next generation digital technologies including data centre and cloud services, cyber security services, internet of things and mobile private network services, smart city applications and professional services to companies and public institutions in Türkiye. We contribute to our customers' competitive advantage and increase their productivity and business value with nearly two centuries of experience in communication and information technologies.

Customised Solutions and 5G-Focused Services

Anticipating the changing and evolving needs in the market, we provide our corporate customers with customised mobile and fixed communication services and next-generation digital technologies, as well as reliable, sustainable integrated solutions that comply with regulations. We make our customers' digitalisation processes more accessible thanks to our suitable and value enhancing business model offerings. We focus on the Internet of Things and the digitalisation of every sector with 5G.



5G and Industry 4.0 Applications

We launched Türkiye's first domestic and national industrial 5G mobile network and Industry 4.0 applications project in Ostim, the industrial zone of Ankara aiming to offer the best 5G experience to our corporate customers. We signed strategic cooperation agreements with Nokia on 5G-Advanced and 6G, and with Ericsson on 6G ecosystem and areas of implementation. With our vehicle technology (connected vehicle) services, which are supported by adaptive hardware and software infrastructures, one of the Internet of Things services, we provide instant data flow to automotive companies on many issues ranging from mechanical systems to personalised features for the driver through our strong mobile infrastructure.

We are increasing our capacity with LTE base station installations and improving our mobile network with next generation calling services.

Our LTE population coverage rate in our mobile network reached 99.6% by the end of 2023. Nearly 93% of our data traffic was carried over 4.5G and VoLTE traffic reached 59%. We reduced energy consumption and environmental impact by accelerating the transition to 4G.

Türk Telekom Technology Supports Turkish Football

The VAR application, which first started to be used in Turkish Football Federation (TFF) Super League matches with our Türk Telekom MTN infrastructure in 2019, was expanded to include TFF 1st League as of the 2022-2023 season. The Semi-Automatic Offside System started to be used in Super League games as of 2023 thanks to our infrastructure.

The Semi-Automatic Offside System, which contributes to the viewing pleasure by increasing the technology experience in football, was installed at the stadiums of 20 teams competing in the league and at the TFF's VAR centre in Riva thanks to our strong fibre internet infrastructure and technology hardware. The Semi-Automatic Offside System, which is used in high-level tournaments such as the FIFA World Cup and UEFA Champions League, was implemented for the first time in the Trendyol Super League in Türkiye, following the Italian Serie A in European leagues. In the Semi-Automatic Offside System, the images of the footballers scanned from 29 different points through the cameras in the stadiums will be transmitted to the VAR Centre simultaneously.



Metro Ethernet Internet Solutions

We launched our Express Metro Ethernet Internet service to offer Metro Ethernet Internet solutions to our customers using our existing FTTH infrastructure in 2023. With this service, we offer our customers a fast and reliable internet experience with dedicated asymmetric speed options up to 100 Mbps.

Thanks to this new service, we can offer ideal solutions especially for businesses and users who need high-speed internet. With this service, we aim to provide uninterrupted and high-performance internet connection in our customers' business processes.

Our Metro Ethernet Internet solutions offer a wide range of services in order to meet the connectivity needs of businesses. With these services, we increase the efficiency of corporates and institutions, reduce their costs and contribute to their digital transformation.

Wi-Fi Services

We continue to offer Wi-Fi services at thousands of points in the air and on land, including stadiums, airports, restaurants, public transportation such as buses, ferries and airplanes. Within the scope of Türk Telekom Wi-Fi service Wi-Fi Professional service, we provide private Wi-Fi network service to 315 corporate customers.

We provided fibre infrastructure for container cities established in 11 earthquake-affected provinces.

Our Company provides fibre infrastructure for container cities established in 11 provinces affected from the earthquakes. We provide TT Wi-Fi service free of charge at 248 locations, primarily in container districts. In addition, the Wi-Fi installations for 69 container districts were completed, providing service to 64 thousand households in 2023. More work is under way aiming to serve 92 thousand households in total.

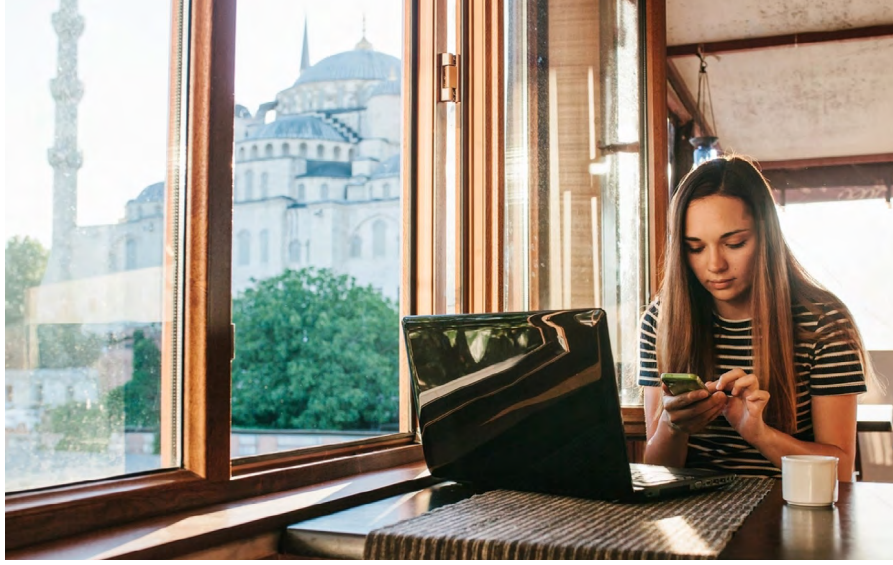
Data Centres and Cloud Services

As the Data Centre and Cloud Transformation service provider of our country, we bring our solutions to customers through our internationally certified, environmentally friendly data centres equipped with our strong access infrastructure. In 2023, we added more than 10 products/services in the cloud vertical to our portfolio and achieved a 3-fold customer increase in cloud services. With the launch of Platform as a Service, we enabled application developers to develop their projects by offering infrastructure and software layers. We added open-source databases management service to the portfolio in both public and private sectors. With global collaborations with Amazon and Microsoft within the scope of the multicloud vision, we added the products of global-scale cloud providers to the existing product portfolio. Additionally, our Esenyurt data centre became the first data centre in Türkiye to be certified by the Turkish Standards Institute (TSE) with the TS EN 50600 Data Centre Design Certificate.

With the Smart Energy Management Platform, we select and use telecommunication network devices that are more energy efficient.

We invest in Gigabit Passive Optical Network (GPON) and 5G. We are also working to improve power usage efficiency (PUE) in our data centres by using more efficient cooling solutions (e.g. free cooling supported IEC, Chiller, etc.) and artificial intelligence supported optimisation systems. In our next generation data centres, we design with an average annual PUE target of 1.2.

We received important certificates such as I-REC (Renewable Energy Certificate) and ISO 50001 Energy Management System Certificate to provide the electricity consumed in all our data centres from renewable energy. We implement energy efficiency projects by using more efficient network equipment, heating, ventilation, air conditioning units, cooling, lighting and electrical equipment. In this way, we reduce our energy consumption and carbon footprint and continue our efforts for a sustainable future without slowing down.



Yeni nesil şehirler Türk Telekom'la geliyor!

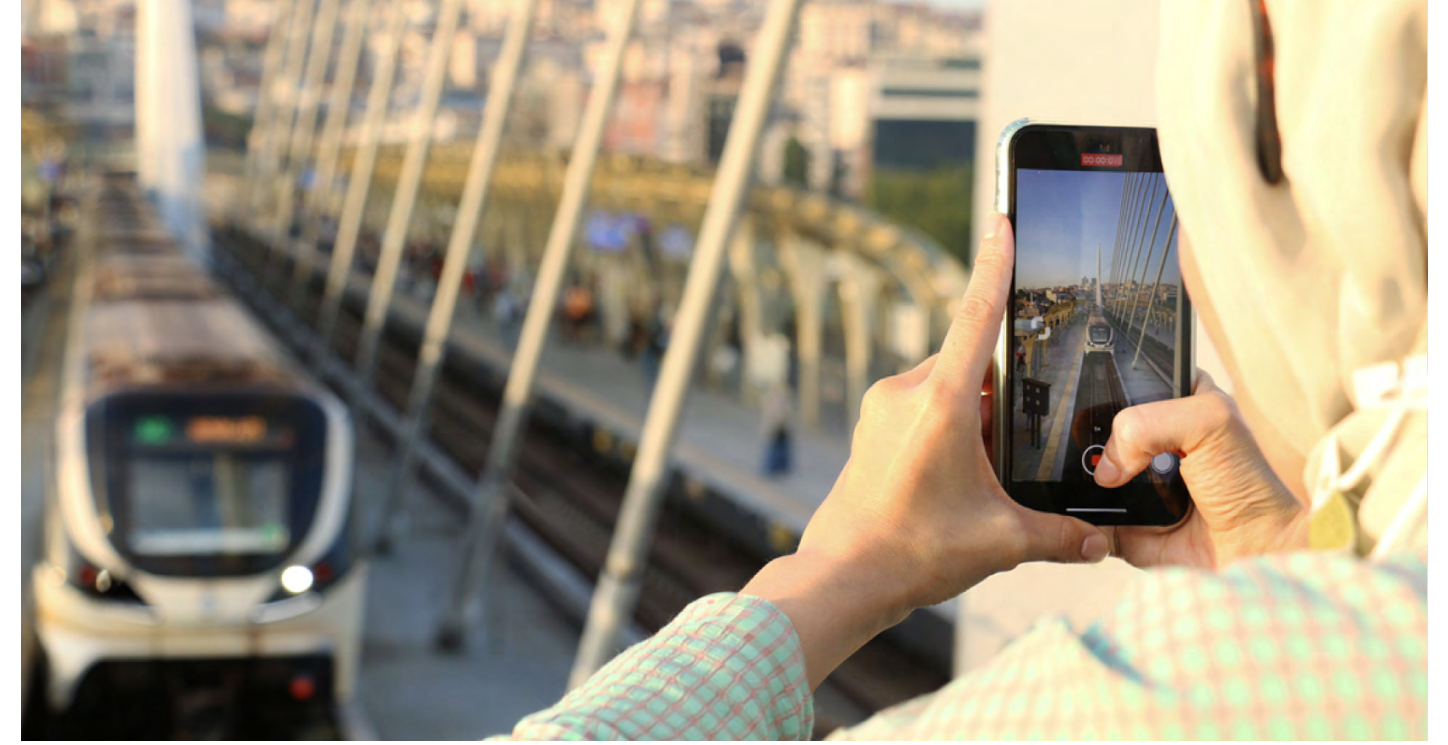


IOT Platformumuzu Yeni Nesil Şehirler tecrübemizle birleştiriyor, geniş fiber altyapımızla bölgesel saha gücümüzü sağlayarak, geniş çözüm ortağı ekosistemimiz ile Türkiye'nin şehirlerini akıllandırıyoruz.

Detaylı bilgi için turktelekom.com.tr'yi ziyaret edebilirsiniz.



Türk Telekom
Değerli Hissettirir



Smart Cities and Digital Transformation

As the pioneer of Türkiye's digital transformation, we support the transformation of our cities into New Generation Cities and lead the sector. We continue to support the next generation city projects of local governments and the sustainability strategies of cities with more environmentally friendly and highly interactive municipal services. We support the efficiency and operational processes of municipalities with our rich smart city solution portfolio. We carry out projects to mitigate increasing climate change risks, increase productivity in production through digitalisation in

agriculture, and save energy while creating new generation environmentally friendly living spaces with smart city furniture.

With electronic monitoring systems, one of the components of intelligent transportation systems, we contribute to reducing the carbon footprint by reducing traffic hazards, reducing waiting times and saving fuel. As Türkiye's leading operator, we are pioneering digital transformation not only in urban transportation but also on highways. We meet all digital technology needs of highways in both infrastructure and superstructure from a single centre.

The number of next generation cities where we contributed to technology transformation with our environmentally friendly projects reached 15 as of the end of 2023.

Our Goal: 81 Next-Generation Cities.

15
Next Generation Cities

We were deemed worthy of an award with the "New Generation Cities, New Generation Transportation Project" at the 2023 Sustainable 100 Years Summit Award Ceremony organised by Inbusiness Economy Magazine.

Electric Vehicle Charging Station

To reduce the use of fossil fuels in the world and protect the environment, the conversion of fuels consumed by vehicles is of great importance. With this awareness, we stepped into Electric Vehicle Charging Business by obtaining a Charging Network Operator license through TT Ventures, a Türk Telekom Group company.

Electric vehicles play an important role in minimising environmental pollution by

reducing dependence on fossil fuels. With the steps we will take in this field, we aim to provide electric vehicle users with a safe, an environmentally friendly and innovative electric vehicle charging service. Our charging stations will enable users to charge their vehicles quickly and reliably, while offering an environmentally friendly alternative.

Safe and Environmentally Friendly e-Charging Service for Electric Vehicle Users

We started offering a safe and environmentally friendly e-charging service to electric

vehicle users. With this service, we aim to contribute to a sustainable future as well as meeting the energy needs of our users. We aim to popularise the use of clean energy by offering electric vehicle owners a safe and environmentally friendly charging experience in every sense.



Professional Service

We continue to support the digital transformation of public and private sector projects, Organised Industrial Zones (OIZ) and SMEs with our next generation sectoral solutions. We commissioned the electronic security management system project at Muradiye OIZ. We implemented the “Joint Internet” project, network infrastructure modernisation and manageable service project at the Republic of Türkiye Ministry of National Defence.

We commissioned the route optimisation project at our customer A101. At our

customers Alfa Solar, Eti Bakır A.Ş. and Oyak Renault, we provided data collection from production lines, predictive maintenance and production optimisation services with industrial IoT projects. We provided 360° live digital platform services in the field of telehealth at LİV Hospital and Medicalpark hospitals. We started to provide tracking and management services for more than 6 thousand motor fleet of our customer Paket Taxi.

Strong Partner Ecosystem

In line with our national goals and strategies, we support local technology companies and new collaborations

by adhering to the focus on localisation at the same time, we reinforce our strength in the international market by participating in global and strategic solution partnership programs. We manage the entire ecosystem end-to-end with our products, services and solutions we offer with more than 400 solution partners. In 2023, we took our focus on global and strategic collaborations to the next level and joined the partnership programs offered by companies such as Microsoft, HPE Aruba, RedHat, Fortinet, Schneider Electric. We manage an effective business partnership ecosystem where customers’ needs and demands are met from a single source and sustainable growth is in focus.



Core Lines of Business and Market Presence

Mobile Services

We broke records in many areas with a strong performance in mobile services over 2023. The high revenue growth in mobile services has been nicely supported by the successful performance in customer acquisition.

The highest annual performance on records with 1.6 million net subscriber additions in postpaid.

With 1.6 million net subscriber additions in postpaid, we achieved the highest annual performance on records. We increased our mobile subscriber base by 724 thousand, reaching a total of 26.2 million subscribers as of 2023.

Customers' need for speed and data continues to trend upwards due to the development of technology, the accelerated spread of digitalisation, the growing number of online platforms, and the increasing quality of

data content on the internet. We continue our investments in customer experience by accurately analysing customer preferences. We support our revenue growth performance by upselling our customers to higher packages based on their usage trends.

After the 4.5G tender, we tripled our frequency ownership in mobile, becoming the mobile operator with the widest frequency per customer. At the same time, as the operator with the highest 1800 MHz frequency band, we achieved a more competitive position in our customers' experience in speed.

The mobile operator with the highest number of frequencies per customer.

We continued our investments in mobile coverage and capacity in 2023, maintaining strong developments in our mobile infrastructure. We made a tangible contribution to customer satisfaction and customer perception by sharing our investments with our customers through various communication channels.

To respond to the changing needs of our customers, we designed and presented many customer-specific and province-specific campaigns throughout 2023. We renewed the **Türk Telekom Prime** brand for customers who use mobile internet intensively and the **Selfy** brand for young people.

Selfy, our brand for young people aged 25 and under, upheld its slogan as the **"Sponsor of Every Moment"**, and continued to benefit and support young people at important moments of their lives. In addition to special discounted tariffs and packages for young people, we offered **"Unlimited Internet"** for popular social media applications in postpaid tariffs. In prepaid packages, we designed flexible alternatives where young people can create their own worlds of content. To add value to young people's special moments, we provided special advantages in many areas like clothing, coffee, games, hobbies, concerts, and bus tickets. In the traditional **"Selfy Fest"** event organised at universities, we brought together thousands of young people on campuses in 2023, creating unforgettable festival

moments and bringing music and entertainment to campuses.

Addressing our customers with the **"Think Prime"** slogan, we renewed the logo, visual world, tariff portfolio, and jingle of our **"Türk Telekom Prime"** brand. We expanded our portfolio of privileges that touch many aspects of our customers' lives, including entertainment, travel, coffee, and concert tickets.

Our digital services continued to evolve with a vision centred on the needs and satisfaction of our customers

Digital services centred on the needs and satisfaction of customers.

In addition, we collaborated with the biggest global companies in the digital ecosystem. As part of our agreement with YouTube for music and video, the YouTube Premium service was offered to our customers free of charge for 3 months. With the agreement with PUBG, free in-game gifts were added to our offers for young people.

Our Türk Telekom application became the first channel for renewing contracts, changing tariffs, purchasing additional packages, and topping up account balances.

In line with our vision for the future, we aim to further strengthen our leading position in the sector with our innovation and investment-oriented strategies, always prioritising customer satisfaction. With our mobile services supported by technological developments, we will continue to stand by our customers not only today but also tomorrow and

respond to their changing needs in the best way possible. With this determination, Türk Telekom will continue to set new standards in mobile communications and lead the sector.



Fixed Broadband Services

We achieved significant success in our home internet services alongside many innovations we introduced to increase customer satisfaction in 2023. We delivered a strong performance with 365 thousand subscriber additions. According to ICTA data, the market reached 19.6 million subscribers with 74% fixed internet penetration level. With a clear leadership in the market, Türk Telekom's market share was 78% in wholesale and 56% in retail by the end of 2023. Our fixed broadband subscriber base increased to 15.2 million in 2023. The number of fibre subscribers increased by 11.7% to 12.9 million in 2023, constituting 85% of the fixed internet base.

Türk Telekom's market share was 78% in wholesale and 56% in retail by the end of 2023.

The 365 thousand net additions in 2023 were largely shaped under the impacts of February earthquakes, strong back-to-school season, and pricing actions.

We pursued a dynamic pricing structure over the course of 2023 and revised our retail tariff portfolio with an 18-month contract structure instead of 24 months starting from December. In addition, in line with our mission to increase Türkiye's average speed, we adjusted the entry package speed in FTTH infrastructure to 50 Mbps in new customer offers and closed the 35 Mbps speed to customer acquisition in all infrastructures. For the existing FTTH customer base, we set the lowest speed package as 35 Mbps. In order to increase

the total internet experience at high speeds, we have added Wi-Fi 6 technology models to the HGW modems used in FTTH infrastructure as of May 2023.

With the impact of effective revenue management, speed increase-oriented marketing activities and actions taken, we increased the average speed of our retail customer base from 32 Mbps at the end of 2022 to 46 Mbps at the end of the year, an increase of 41%.

46 Mbps
Average Speed of the Retail Customer Base



Türk Telekom Prime and GAMEON

Türk Telekom Prime, which covers users who prefer packages with 100 Mbps and above in home internet services shared its new logo and motto with its customers at the end of 2023. We aim to increase the loyalty of our home internet customers and add value to their lives with the free digital services we offer through special customer services, discounts, and collaborations with brands such as Tivibu GO and YouTube.

In line with the growing gaming industry and the increasing interest of individuals in gaming, we continue to invest in the ecosystem with the GAMEON brand. Our brand strengthens gamers' internet and gaming performance and offers game-oriented fibre internet campaigns, in-game deals, and brand advantages. GAMEON contributes to the development of the e-sports ecosystem through tournaments and sponsorships and reinforces its strong position in the sector.

⁵We have incorporated the estimated impact of the February 2023 earthquake into our household coverage figures. However, as assessments of the earthquake's impact on these numbers are still ongoing, the reported figures may be subject to change.

Fibre Infrastructure and Transformative Investments

As Türkiye's Fibre Powerhouse, at Türk Telekom, our investments in infrastructure continued unabated in 2023, accounting for the demands of our customers and leveraging analytical models. FTTC subscribers reached 8.6 million, while FTTH/B subscribers increased to 4.3 million. With a total of 1.3 million net subscriber addition throughout the year, the share of fibre subscriber in our total fixed broadband subscriber base increased to 84.7% from 77.7% last year. The length of the fibre network increased from 403 thousand km in 2022 to 437 thousand km with our investments by the end of the year.

437K kilometres of fibre provides access to 32.2 million households



Fibre network covered 32.2⁵ million households by end-2023, compared to 31.4 million households by 2022. FTTC homepass reached 20.5 million, while FTTH/B homepass increased to 11.8 million. We continued converting existing customer receiving home internet services over copper network to fibre internet packages. We tripled the speeds of more than half of customers who converted to FTTH.

Regional Campaigns and Marketing Activities

We continued our efforts in 2023 with a focus on increasing Türkiye's internet penetration. We organised regional campaigns with affordable home internet offers in districts with low penetration rates. We offered special plans in housing estates and public housing areas with fibre infrastructure.

TV Services

We stand as the second largest player in the pay TV market with our technological infrastructure that was renovated in 2023. Our company continues its strong focus on IPTV with investments that capture developments in the digital world while improving customer experience.

in the pay-TV market
2nd Largest Player

We prioritise the IPTV platform by strengthening the TV experience with our renewed infrastructure. We also continued to present multiple offers according to the needs of new subscribers through our home internet and mobile products. Home TV subscriber base was 1.5 million and the total TV subscriber base was 3.1 million as of the end of 2023.

Fixed Voice Services

At Türk Telekom, we aim to maximise customer satisfaction in our fixed voice

services and offer solutions integrated with technological developments. In June and December, we implemented price revisions in line with current market conditions and set the new commitment period to 18 months. We enabled our customers to benefit from our services with different prices for the first 9 months and the last 9 months of the contract period. We also supported the technology integration of our corporate customers with next-generation fixed voice systems.

While the downward trend in subscribers' fixed voice traffic continued in 2023, we maintained our focus on customer retention by presenting advantageous offers to our PSTN (Public Switched Telephone Network) customers with various minute, device, and insurance campaigns tailored to their needs. We offered additional minutes or upsell packages to subscribers with active usage.

Fixed voice base continued to contract, losing 1.1 million

subscribers on the back of our strategy focused on naked DSL sales. The total number of access lines, including naked DSL, stood at 17.4 million as of 2023.

Our Digital Channel and Services

As Türk Telekom, we are continuously developing our Türk Telekom App, which enables our customers to manage their mobile, home internet, home phone, and Tivibu transactions under a single roof. The number of customers using the Türk Telekom application and Online Transactions web application reached 29 million in 2023. We completely renovated the user experience of our Türk Telekom app in line with design trends, and the number of downloads reached 79 million.

79 million times
Türk Telekom application downloaded

We continued to improve our digital channels with new projects in 2023, prioritising customer experience and adding new functions.

Diversifying personalised offers tailored to the needs of our customers, we started to offer scenario-based short-term offers in our application. We also created an app-only 2 GB gift for our users who accept the "Just For Me" offer from the application. With this gift, the new updates, and other actions taken, we achieved a significant increase in contract renewal transactions made through the digital channel.

As a result of our renovation of the new user experience for home internet subscription and new design in line with user needs, the rate of users completing the new subscription flow digitally increased by 17 points to 43% in the last quarter of 2023 compared to the last quarter of last year. Our Türk Telekom website was visited 105 million times by 71 million visitors in

The most visited website in the telecommunications sector was **turktelekom.com.tr** in 2023.

2023. According to Similarweb data, turktelekom.com.tr was the most visited website in the telecommunications sector in 2023.

In the same year, 3.5 million users interacted with our artificial intelligence supported chatbot application TiTi and sent 9.1 million messages.

Our pioneering digital services Muud, Türk Telekom Security, e-magazines, Türk Telekom Academy, and other digital education products achieved high momentum in 2023. For the first time, Türk Telekom Security was offered to individual and corporate customers for personalised sales through the Türk Telekom application. The TT Security website design was renovated, and user experience and purchasing processes were improved.

While the number of Muud monthly new users increased 7.5 times, the number of songs listened to increased by 83%. In 2023, the number of active users doubled with the e-magazine application, which was redesigned in line with the

user experience, allowing our customers to access a wide range of content including current news, articles, magazines, fashion, economy, and technology.

We continue our efforts to make technology accessible to everyone and to maximise customer experience with our digital channels and services. We are determined to provide the best service to our customers by maintaining our vision of being a pioneer in the digital world with our innovative solutions.



We measure customer satisfaction on the basis of both channel and product. Therefore, we work towards separate targets for each segment and product and analyse our customers' needs in detail to improve their satisfaction scores.

Intellectual Capital

Entrepreneurship, Digitalisation and Innovation

We continue to strengthen our pioneering role in entrepreneurship, digitalisation and innovation. We led Türkiye’s digital transformation in 2023 with our investments in technology and innovative projects. We are building the digital future of our country by increasing our investments in infrastructure and implementing projects for next-generation technologies. We continue to add value to both our individual and corporate customers with our approach that encourages entrepreneurship, accelerates the process of digitalisation, and supports innovation in all areas. We proudly share our important projects and achievements realised in 2023 with the goal to make technology accessible to everyone and to offer the most advanced solutions.

Continuing our infrastructure investments without slowing down

In 2023, we increased the capacity of our IP network by 183 Tbps, provided access to 708 thousand households in new residential areas where infrastructure did

not exist, and converted 830 thousand households in existing infrastructure to Fibre-to-the-Home (FTTH) infrastructure. Through these investments, we increased our fibre infrastructure length to 437 thousand kilometres and offered our customers speed options up to 1Gbps.

Transforming next-generation transmission systems

We completed the modernisation of approximately 1,600 locations by the end of 2023 under the project launched in 2022. This project transforms small-capacity end-of-life technology transmission systems, which are extensively used in the rural network, into next-generation transmission systems. With this project, we made the endpoints of our network ready for all capacity demands as to arise from 5G and FTTH.

OTT/CDN capacities and international connections

To improve the customer experience, we installed 2.5 Tbps of additional capacity in our fixed network, bringing content closer to the customer

and improving connection speed and quality.

Continuing local LTE base station installations

640 of our base stations are in service with fully domestic ULAK LTE stations by the end of 2023. In the 6 provinces where we provide 4.5G services, we have contributed to the development of domestic base station usage by delivering all our infrastructure to customers via ULAK.

▶ **640**
Local ULAK LTE
base stations

Top prize from IDC

Our “Sustainable Software Asset Management Lifecycle” project supports sustainability and provides cost efficiency, winning first place in the “Best IT Cost Efficiency Project of the Year” category at the International Data Corporation CIO Summit 2023. In addition, with our Kodeks platform, we received 3 awards at the global IDC CIO Awards 2023, “IT Cost Efficiency” the “CXO Media Future of Cloud & AI Award.”

Türk Telekom Cloud Computing Camp

We organised Türkiye’s first cloud computing camp to meet the need for qualified human resources in cloud computing and to develop domestic products. The camp was held for the third time in 2023, bringing young engineers to the sector.

Bulut Bilişimciler (Cloud Computing) Platform

We launched the Bulut Bilişimciler (Cloud Computing) platform to increase collaboration between industry and universities in the cloud computing sector, to provide opportunities for young people and encourage the use of local solutions. We reached more than 2 thousand users on the platform in 2023 and supported the Cloud Computing Camp process by launching the digital competency assessment module.

Contributing to 5G and Beyond Joint Graduate Support Program

We affirmed our concrete support for the 5G and Beyond Joint Graduate Support Program, which was launched by the ICTA in 2018. We accepted the highest number of students in 2023 from

the program. We ensured the best adaptation of the students to the telecommunications sector after placing them as our employees. As part of the program carried out by the ICTA, 20 students continue to work in our company and pursue their master’s and doctoral degrees. To date, more than 50 academic publications and 1 nationally registered patent have been produced by the students we have supported.

Increasing investments in R&D activities

We will continue to increase Türk Telekom Group’s R&D activities in the coming years. We have initiated efforts to establish a new TÜBİTAK-supported research centre in 2024, where the pioneering R&D for 6G will be carried out. In addition, we have also started working on the establishment of a new R&D centre in addition to the 2 R&D centres currently operating within our company.

As Türk Telekom, we filed a total of 261 patent applications in 2023, including 1 international application.

▶ **261**
Patent Applications

In addition, our company shared 36 publications in national and international journals and conferences. While work is ongoing for 3 projects funded by the European Union and TÜBİTAK, we applied for a total of 12 projects in the European Union and TÜBİTAK programs.

Satellite independent synchronisation solution

Türk Telekom became the first operator in the world to implement the satellite-independent synchronisation solution, developed by Türk Telekom engineers in collaboration with Net Insight using international patents, in the live network.

The new generation time synchronisation solution, which is not dependent on GPS/GNSS satellites, offers advantages for the transmission of phase and time synchronisation over the network without the need to replace or update existing network equipment. With this technology, the synchronisation needs of 6G as well as 5G will be met.

13 startups developed projects for the manufacturing industry as part of the 5G@Endtech program, where we provide 5G infrastructure and mentoring support

Under the auspices of the Republic of Türkiye Ministry of Industry and Technology and with the support of the Presidency of the Republic of Türkiye's Investment Office, KOSGEB (Small and Medium Enterprises Development Organisation), and TUBITAK TÜSSİDE (Turkish Management Sciences Institute), Arçelik, Nokia and our company developed 13 projects with technology companies under the 5G@EndTech program, which intends to expand the use of 5G infrastructure in industry. The projects developed in the 5G@EndTech program aim to develop technology solutions for the manufacturing industry

with 5G infrastructure and support the commercialisation of these products. They were tested in the field at the DemoDay event.

Türk Telekom Hosted the ONF's Broadband Community Meetup event

Together with Deutsche Telekom, we assumed the Chairman of the Broadband Technologies Board of Directors, which includes the SEBA platform that enables virtualisation in access networks. In this context, we hosted the 2nd Board of Directors meeting of the Broadband Area Board of ONF (Open Networking Foundation), one of the world's leading open-source platforms, and the 2023 ONF Community Meetup event. The event brought together the open-source ecosystem, including international

operators such as British Telecom, Deutsche Telekom, Pakistan Telecom (PTCL), OLT/ONT manufacturers, system integrators and ONF, to share the developments and roadmaps for next-generation technologies.

Network virtualisation solution SEBA

SEBA is an access network virtualisation solution developed by Argela and Türk Telekom using open source code, eliminating vendor dependency. With SEBA, new players have been included in the OLT/ONT ecosystem and the opportunity to work with the countries' own local ecosystems has been created, and the ability of operators to make their own software or add the features they want to the existing software has been created.

Cybersecurity and Data Privacy

Customer and data privacy is among Turk Telekom's material topics. We manage our data security and privacy policies with protocols in accordance with the personal data protection legislation and other relevant regulations and we meticulously maintain the ongoing GDPR (EU General Data Protection Regulation) compliance process. We improve these policies through regular internal audits, staff training, and third-party assessments.

At our company, data is encrypted both in transit or when pending, and access controls are strictly maintained to ensure that only authorised personnel have access to sensitive information. We protect the confidentiality of personal data in accordance with Turkish laws and regulations. We classify all our data and provide protection against loss and leakage within the framework of our security policies. We take effective security measures in case of uncontrolled extraction or leakage of data to external targets.

Our organisation has policies to protect data against cyberattacks and cybersecurity vulnerabilities in accordance with ISO 27001 standards, for which we are certified. We develop our infrastructure and operation processes in accordance with these policies. Information security, network

and system security, information security incident management, information security continuity, data backup and recovery, change management, access management, human resources security, wireless network security, acceptable use, log management, password protection, remote access, third party security, asset management and classification, and protection from malware can be exemplified as core policies and practices of information security at Turk Telekom.

We implement a multi-layered security strategy for remote working to ensure data integrity, confidentiality, and availability. This includes the use of Virtual Private Networks (VPN), Multi-Factor Authentication (MFA), and periodic security audits. All our remote desktop solutions comply with ISO 27001 security standards to avoid any unauthorised access and data breaches. In addition, periodic security checks, an endpoint detection and response (EDR) product, anti-virus solutions, and correlation rule improvements are also performed.

Thanks to Data Leak Prevention (DLP) agents on end-user devices, we protect sensitive data by preventing all data with sensitive content from leaving the company without authorisation in accordance with company policies. This blocking is also

actively implemented outside the corporate network (e.g. on a home network).

As Türk Telekom, we approach external verifications and vulnerability analyses with great sensitivity to ensure the security of our information technology infrastructure and management systems. In 2023, our information technology infrastructure and information security management systems were audited by external auditors and are ISO20000, ISO22301, ISO9001, PCIDSS 4.0, ISAE 3402, EN 50600 certified. In addition, we plan our necessary solutions and measures by performing third-party vulnerability analysis and simulated hacker attacks as part of this analysis. At this point, we perform 3 different tests: penetration, vulnerability and source code analysis. In our penetration tests, we subject our critical system inventory to testing once a year and follow up the findings. In our project and new product development processes, we conduct penetration and source code analysis within the scope of SDLC. In our vulnerability analysis, we subject our company's server blocks to security tests at least once a month and complete our reporting to the relevant teams. At the beginning of each month, we share our security reports with our directorate-based Assistant General Managers.



Information Security Certifications

Our company has the ISO 27001 certification covering fixed and mobile networks. We conduct annual Information Security Internal Audit activities, assign several actions according to the audit results and follow-up on them. In addition, we have a PCI-DSS certificate for the mobile network. We periodically conduct vulnerability and leakage tests on systems.

In addition, within the scope of ISO 27001 and PCI-DSS, we periodically provide employees with information security awareness training as required by the standards.

Türk Telekom's comprehensive information security policy plays a critical role in ensuring data security and privacy. This policy aims to ensure the protection of customer and employee data at highest standards. We transparently share all the details of our policy and the measures we take with all our stakeholders through our website.

Cybersecurity Services and Customer Experience

As a company that provides cybersecurity services to approximately 5,000 organisations with more than 50 products and services, we have the largest cybersecurity portfolio in Türkiye. We offer faster solutions to our subscribers and ensure maximum service continuity in our Customer Service Convergence (CSC) model by means of digitalisation, operational analytics, Wi-Fi operations, and operational excellence in all areas. In this process, we have developed artificial intelligence (AI)-based proactive systems that offer instant solutions for potential problems.

We prevent thousands of phishing, DDoS, and malware attacks on our telecom infrastructure every month and intervene on-site when necessary. In 2023, we provided protection for 2,620 high-dimensional attacks of 1 Gbps and above, which are considered critical attacks.

We have a security product portfolio to meet the 360° security needs of customers,

► **In 2023, we provided protection for 2,620 high-dimensional attacks of 1 Gbps and above.**

and we have manageable EDR (Endpoint Detection and Response) and incident response services. In addition, we increased the number of customers by enriching our product portfolio with shared e-mail security, attack surface studies, and cybersecurity maturity assessment services. Our security teams intervened directly or automatically in 13,297 incidents in 2023. In our Cybersecurity Centre, we provide 24/7 services to our customers to manage and develop the security architectures of organisations with a 360° security approach against the cyberattacks. Our company has been the market leader for the last 3 years in reports published by the IDC (International Data Corporation). We provide end-to-end services in a cybersecurity centre accredited by CREST, TR-CERT and TSE. We added products such as EDR, MDR and SOAR to our portfolio is support of our vision to



provide rich services with next-generation technologies. With the proliferation of concepts such as cloud, automation, artificial intelligence, and mobility, we have modernised our cybersecurity strategy, switched to the Nextgen SOC concept, and included the Digital Forensics Laboratory in our centre.

Gelişim Üssü (Development Base) Programs

As part of our Gelişim Üssü (Development Base) program, we organised two separate camps on cybersecurity and cloud computing. These camps aimed to develop the knowledge and skills of the participants in cybersecurity and cloud computing and contributed to providing qualified human resources to the sector. Our programs provided participants with both theoretical knowledge and practical experience through hands-on training. During the training process, in-depth information was provided on recognising cybersecurity

threats, taking precautions against these threats, and responding to them. In addition, comprehensive training was provided on the effective use of cloud computing technologies and best practices in this area. We received a total of 3,102 applications for the Cybersecurity Camp and Cloud Computing Camp in the Gelişim Üssü (Development Base) Programs in 2023 and 50 interns became finalists.

► **We received a total of 3,102 applications for the Cybersecurity Camp and Cloud Computing Camp and 50 participants also became our interns.**

Participants have improved their ability to follow and apply innovations in the sector.

Human Capital

Equality, Diversity and Inclusion

At Türk Telekom, we carry out all our activities with a focus on people. Creating a sustainable business and working environment and making continuous improvements in human resources management based on digitalisation and agility are among our main priorities

In our efforts to make every individual feel valuable, and being aware of the competition in the workforce, we acknowledge the contribution of diversity and equal opportunities to the realisation of our corporate goals.

In our talent acquisition processes, we strive to recruit candidates with different experiences, and we ensure active participation of our employees into business processes, enabling unique perspectives to enrich our business outputs

For a sustainable future, we encourage the participation of young people and disadvantaged groups in the workforce by offering stable career opportunities, aiming to ensure equal opportunities. Our main goals are to find solutions to economic, social and environmental issues and to support social development.

In addition, we always fulfil our responsibilities to employ people who are disadvantaged and have limited access to opportunities to implement our perspective of equality, diversity and inclusion in the workforce.

Guided by our Human Rights Policy and in line with our principle of accepting differences, we are committed to equal opportunity in recruitment, training and development, remuneration, career management and leaving the company, considering the qualifications, performance, skills and experience of the employee.

Fair and Inclusive Employer

We care about the welfare and occupational health of our employees; therefore, we invest in the training and development of our employees and continuously improve occupational health and safety by adhering to the principles of diversity, equality and inclusion. These ongoing efforts set the cornerstones that support both our social and corporate development.

While creating employment opportunities for individuals from different walks of life and with various socioeconomic levels, we ensure that our employee candidates and employees are not discriminated on the basis of age, language, race, ethnic origin, nationality, health, disability, gender, marital status, religion and sect, political opinion, philosophical understanding and belief. We consider diversity as a richness of our corporate culture.

We embrace sustainable development that supports diversity and equal opportunity as a business model.

By accurately analysing the changing global risk environment, we take actions to quickly and effectively meet stakeholder expectations revolving around the Sustainable Development Goals (SDGs). To this end, we adopt an approach that starts with mobilising company-wide leadership and continues with creating space for organisational and personal improvement.

Guided by our Human Rights Policy, we integrate broad inclusion across our entire workforce into systems, processes, policies and daily operations, creating visible representation across the organisation at all levels.

While creating employment opportunities for individuals from different walks of life and with various socioeconomic levels, we ensure that our employee candidates and employees are not discriminated on the basis of age, language, race, ethnic origin, nationality, health, disability, gender, marital status, religion and sect, political opinion, philosophical understanding and belief.

Supporting Women Employment

Our company adopts a remuneration system that complies with international norms regardless of gender and provides equal pay for equal work for men and women employees.



Türk Telekom Group:	42% Women Employees
Young Talent Program START:	44% Women Employees
Director Level:	13% Women Employees

In order to support women employment at Türk Telekom, priority is given to women candidates in recruitment processes. In our company, we prioritise equally qualified women candidates in recruitment and promotion processes to increase the

representation of women in senior management. In 2023, 42% of the Head Office employees and 44% of the Young Talent Program START employees were women. Excluding field teams, the ratio of women employees within the Head Office is 38%.

While there is 1 woman in the C-suite, 13% of the employees at the Director level are women.



Human Rights and Protection of Employee Rights

Türk Telekom Human Rights Policy, representative of the importance we attach to human rights and our commitments in this area, is our guide in our relations with our employees, customers, suppliers, business partners and all stakeholders. This policy has been prepared with the aim of deeming respect for human and employee rights integral within corporate culture and thus plays a central role in all our operations.

Purpose and Basis of our Human Rights Policy;

Türk Telekom's Human Rights Policy has been designed with the strength derived from international and national legislation such as the United Nations Universal Declaration of Human Rights, the Constitution of the Republic of Türkiye, and International Labor Organisation (ILO) Conventions. This comprehensive foundation requires all managers and employees at all levels of our company and our subsidiaries to respect human rights.

Scope of our Human Rights Policy;

Our policy covers all managers and employees of Türk Telekom and its subsidiaries, starting from the members of the Board of Directors. We also expect our suppliers and business partners to comply with this policy. In order to ensure this strict commitment to human rights in our business relations, provisions that secure compliance with Türk Telekom Human Rights Policy are included in the contracts with our suppliers and business partners. The implementation of this policy reinforces that respect for human rights at all levels at Türk Telekom is not only a legal obligation, but also an ethical requirement. In this way, we embrace respect for the rights of each individual as a fundamental value and put these values at the centre of our business.

The duties and responsibilities determined to ensure an uninterrupted implementation of the [Human Rights Policy](#) in our company are explained in the relevant policy. Our senior management, including the Board of Directors, plays an active role in the process to ensure that respect for human rights is central to the corporate culture within our company.



Decent, Ethical Working Environment

Our company considers respect for human rights as a fundamental part of its corporate culture and business ethics. Human rights are fundamental rights and freedoms that all people are entitled to equally regardless of age, language, race, ethnic origin, nationality, health, disability, gender, marital status, religion and sect, political opinion, philosophical understanding and belief.



Our company takes the following steps to recognise these values:

1. Training and Information:

We inform our employees and managers about the human rights policy and organise trainings accordingly. Therefore, we strengthen respect for human rights for every individual within the company and ensure that our employees embrace this awareness within their daily business practices.

2. Improvement and Cooperation:

In the event of violation of the policy, we commit to provide remediation or collaborate for remediation in a fair and reasonable manner. This practice demonstrates our continuous effort to resolve issues and elevate human rights standards within the company.

3. Consideration of Stakeholder Views:

We take into account the views of our employees, customers and all our stakeholders on human rights issues. This

practice promotes diversity and inclusion in our decision-making processes.

4. Responsibility and Remediation of Violations:

In the event of identification of responsibility for human rights violations committed by suppliers and business partners with whom we have business relations, we seek to remedy these violations and their negative impacts. This approach strengthens respect for human rights at every stage of our supply chain.

Our company considers the principle of accepting differences as an integral part of its Human Rights approach. At Türk Telekom, we see diversity as a source of richness and strength. Ensuring that every employee feels valuable as a part of the company is among our main priorities.

In line with this understanding;

Equal Opportunity:

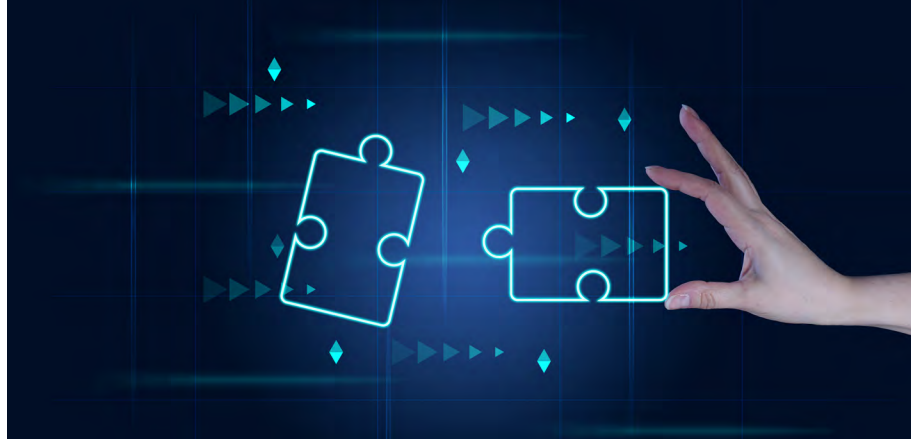
We prioritise the qualifications, performance, skills and experience of employees in our recruitment, placement, development, training, remuneration, leaving the company and promotion processes. This approach aims to create an equal working environment for everyone.

Diversity in the Workforce:

We promote diversity that will contribute to our company goals by recruiting, improving and employing candidates with different backgrounds and experiences for the long-term.

Employment of Disabled and Disadvantaged Individuals:

We support the participation of disabled and disadvantaged individuals in the workforce by complying with legal obligations regarding their employment.



We adopt the principle of zero tolerance against discrimination and harassment at Türk Telekom. Discriminatory and unfair behaviour is not tolerated within our company. We provide our employees with a working environment free from all kinds of mistreatment, mobbing and harassment. No employee is subjected to discrimination based on age, language, race, ethnic origin, nationality, health, disability, gender, marital status, religion and sect, political opinion, philosophical understanding and belief.

We follow Türk Telekom Human Rights Policy and Türk Telekom Code of Business Ethics documents to clarify and protect issues related to discrimination. We prepare annual reports on the number of complaints regarding violations of the

Code of Business Ethics in our Company, as well as responses and related processes thereof. We provide accessibility to all our company policies, including our Human Rights Policy, through our intranet portal (ttport), open to the access of our employees.

The etik@turktelekom.com.tr address for violation claims is available to communication with all stakeholders. Claims can be made from within and outside the company through the violation channel, and these notifications are examined impartially by our Business Ethics Committee and Internal Audit. After the review, we respond to the applicant and take preventive and regulatory decisions by the Business Ethics Board to eliminate the loss of rights and prevent the violation from recurring. In addition, we continuously review

our processes in line with the Internal Audit reviews and Ethics Committee decisions made in line with violation claims and feedback. We share our stance and expectations on discrimination with all our employees through our Human Rights Policy and Code of Business Ethics training. Through the Business Ethics Compliance Form, which we update every year, we collect our employees' declarations on whether a discrimination occurred or not.

We expect our human rights policy to be complied with not only within our own organisation, but also among our suppliers and business partners, and we want them to encourage their employees in this regard. For this reason, we include provisions in our contracts with our suppliers and business partners concerning compliance with Türk Telekom Human Rights Policy.

Respect for Freedom of Association

We attach great importance to the freedom of expression of our employees, and we consider it a fundamental principle to prevent any inhibiting behaviour.

In accordance with legal regulations, we actively support our employees' rights to organise meetings, unionise and form associations. We also prioritise encouraging and maintaining a working environment in which cooperation and mutual respect prevails. We aim to establish a constructive dialogue with the freely elected union representatives of our employees and to ensure labour peace by strengthening social dialogue with unions.

In 2023, within the scope of union freedom, some of our employees changed their existing organised unions

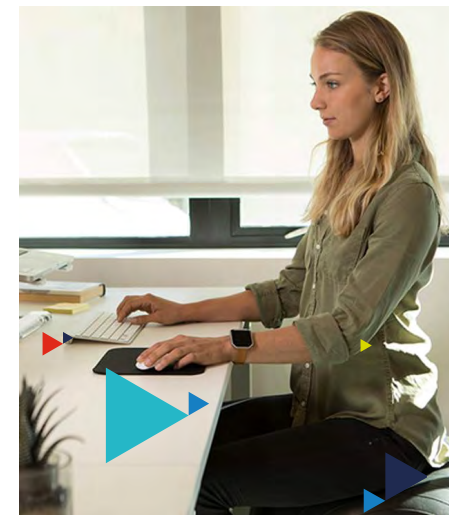
and became members of a different union. As Türk Telekom, we established relations with more than one union and supported our employees' freedom to choose a union.

As a responsible employer, we place a high priority on ensuring that our stakeholders' business processes and transactions are in compliance with labour and social security laws. We respect and support freedom of association. The Collective Labour Agreement is signed every two years with the Haber İş Union, and the demands and expectations of our union member employees are evaluated.

In accordance with local laws on working hours and overtime, we regularly inform our headquarters and regional units of the rules regarding overtime working hours. We conduct overtime audits every month to assess whether

Türk Telekom Principles, Collective Labour Agreement and relevant laws are being complied with.

In addition, the minimum wage in our company is set above the legal limit by the Collective Labour Agreement. We hold regular meetings between the union and our company. We discuss the expectations and issues of our employees at these meetings and take the necessary measures and actions based on the exchange of views.



Ethical Labour Practices

Our work environment, which is respectful and encouraging open communication, also determines our stance towards forced labour and child labour.

At Türk Telekom, we stand against all forced labour practices, including drudgery, child labour, employment of illegal immigrants and foreign nationals without work permits, labour for debt repayment purposes and all forms of human trafficking.

We do not employ children under 18 years of age and comply with international conventions ratified by the Republic of Türkiye and national legislation on children's rights. We maintain this stance in a manner that is open to the audit of public authorities.

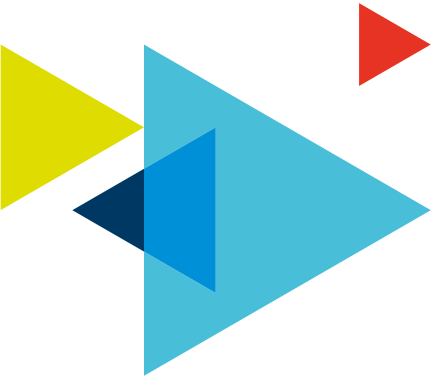
We set our wage policy competitively, taking into account the conditions of competition in the industry and the labour market, as well as the terms of collective bargaining agreements in the Republic of Türkiye. This approach allows us to be elaborative in providing our employees with competitive opportunities in market conditions.

Contrary to traditional approaches, we consider occupational health and safety as a continuous process, not a one-time goal to be achieved. Our investments in this area reflect our proactive and productive management approach that puts people at the centre.

We comply with all national and international legal regulations on occupational health and safety, and continuously work to prevent occupational accidents and occupational diseases.

Our efforts to create an occupational safety culture focus on preventing potential accidents by recording and evaluating occupational safety risks.

We also carry out projects to control hazards in all workplaces and the risks that these hazards may pose. We provide regular training to ensure that our employees have sufficient knowledge on occupational health and safety.



Fringe Benefits and Employee Assistance

We offer a wide range of opportunities to improve the living standards of our employees.

We support our employees with a comprehensive fringe benefits package that includes:

- Free communication services,
- Life and personal accident insurance,
- Meal cards,
- Shuttle services and company cars.

With the **Voluntary Private Pension** support, we aim to help our employees look to the future with confidence and enjoy a happy retirement period. In order to facilitate the retirement process, our employees who earn right to retirement can submit their applications without a notice period and are supported with additional payments.

Our remuneration policy aims to attract qualified workforce to realise our goals, to retain talent, to keep the motivation of our employees high and to make their employment sustainable.



We determine salaries by evaluating the relevant legislation, job description, responsibilities, qualifications and market rates. Our company has a committee responsible for remuneration at the Board of Directors level. We have a competitive approach with regards to remuneration. We establish remuneration policies without any discrimination, taking into account factors such as the needs of the business unit, the strategic importance and workload of the business.

International standards, budget data and market conditions also play a factor in our decision-making.

We contribute to the social security of our employees through **Türk Telekom Savings and Assistance Fund** and offer advantageous insurance services. Our employees can benefit from Private Health Insurance or Türk Telekom Health and Social Welfare Foundation.



Our flexible fringe benefits application, our employees can transfer funds from their budgets for private health insurance contributions. With **Türk Telekom Çarşı**, we have been offering a flexible fringe benefit package since 2022, where our employees can make their own choices on a digital platform according to their needs.



With our **Instant Rewarding System**, we reward our colleagues who use our company resources effectively and improve our processes. We enable all our employees who aim to achieve innovation, efficiency and savings by incorporating their innovative ideas into business processes to share their ideas through the Inventor Idea System.



We provide **our women employees with a total of 16 weeks of paid maternity leave before and after birth**, up to six months of unpaid leave, and 1.5 hours of breast-feeding leave per day. We do not allow our pregnant or breast-feeding women employees to work for more than 7.5 hours a day. We offer breast-feeding rooms and nursery facilities to our women employees.



We offer our employees various opportunities for leave, such as marriage leave, birthday leave, paternity leave, death leave, natural disaster leave, relocation leave, compassionate leave and paid excused leave.



We support our employees with birth, death, marriage and relocation benefits and various payments such as fixed voice, fixed internet, Mobile Modem, Tivibu, GSM tariff and seniority incentive premium.

Employee Loyalty, Training, Talent and Career Development

We are aware of the great responsibility of employing a total 37,265 people.

In line with our goal of providing fast, high-quality and competent services as technologies financial and economic conditions and the sector change, we aim to create long-term employment. It is important for us to maintain our relationships with our departing employees by establishing permanent connections.

We strive to ensure that every individual whose career path crosses with Türk Telekom feels like a part of the company, from the start of employment to the departure process and beyond. Through integrated and rich communication channels, our company strives to share its vision and strategies at all levels through clear,

understandable, transparent, timely communication and through the right channel. Strengthening communication with our employees at all levels contributes to striving for our common goals together with the same enthusiasm.

The continued success of our company depends on the ability and flexibility of our employees to adapt quickly and efficiently to all the changing conditions of the sector. Talent, competencies and experience of our employees support Türk Telekom to become one of the world's leading companies. In addition, we support on-the-job training through programs with regulatory and supervisory public authorities and universities

and offer employment opportunities with these programs. We maintain our claim of being the most desirable company to work for by sharing the pride of working at Türk Telekom with young talents from universities and professionals outside the company. We set our recruitment criteria in written form and strictly adhere to these criteria. We provide equal opportunity to candidates in recruitment and career planning.

In cases where executive changes may cause disruptions in the management of the company, we make succession planning for the newly appointed executives.

Employee Experience and Loyalty

We shape all our HR processes with the insights we receive from our employees to ensure their participation in decision-making and implementation processes and to offer experiences that leave a positive mark on their careers.

We created the **DNA (What Does Your Experience Say?) Employee Experience Platform** to provide insights and increase psychological trust through instant feedback we receive with a focus

on active listening to our employees.

We conduct regular health communication campaigns within the scope of the Employee Welfare Program to ensure and improve the holistic wellbeing of our employees.

Within our “future of work” approach, we continue to operate in a Personalised Working Model (hybrid, office, remote, mobile), launched in October 2021.

We monitor new initiatives with qualitative and quantitative methods (in-depth 1:1 interviews, workshops, focus groups, surveys, observations) using the **“Design Thinking”** approach and evaluate them holistically in search of continuous improvement.

With Orchestra, Türk Telekom’s integrated talent management system, we provide our employees with the opportunity to evaluate their subordinates, superiors and peers. We are striving to strengthen evaluation systems and create easy-to-use screen experiences with our 360° Competency Assessments and Potential Assessments, first conducted simultaneously in 2022.

In addition, we have conducted Focus Group Discussions in 8 different areas since 2021 in order to understand the important moments our employees experience throughout their journey in the company and to structure our processes with organisational empathy. We collected feedback from 360 employees in total through one-to-one interviews from different sample groups and analysed the insights and reported them to Senior Management.

We determine expectations and needs through surveys to assess the experience of the relevant audience and receive feedback as part of our employer branding activities aiming to support potential employee candidates and youth employment.

Talent and Career Development

With the performance evaluation system, we aim to provide the necessary follow-up and guidance to achieve our goals, to support successful employees, to plan career and merit, and reward accordingly. We conduct all evaluations in an objective, impartial and realistic manner, free from prejudice.

In these evaluations, we consider goals, personal competencies and job requirements. In the promotion and career planning of employees, we take actions by considering the qualifications, performance, skills and experience of the employee. We adopt the next generation business management model

OKR (Objectives and Key Results) methodology as the fundamental approach to performance management. We create process development plans and improvement actions with the OBG (Focuses and Success Indicators) approach in line with our corporate culture.

Employee experiences elevate our human resources processes

DNA
Deneyimin Neler Anlatıyor?



We designed the Leadership Climate Development Program in our company to support leadership development in line with Türk Telekom's leadership model competencies. This program covers directors, group managers and managers. In addition, we support leadership development through coaching and mentoring programs. Within this scope, Türk Telekom was awarded the Coaching Mentoring Programs gold award in the category of leadership development at the Brandon Hall Excellence awards in 2023.



1,218 employees in managerial positions and 6,451 employees in the experts group received performance evaluations. In line with our vision, strategies and goals, we offer training opportunities to our employees within the scope of Human Resources policies, individual performance and competency assessment results and job requirements.

With our training, we contribute to our employees' orientation in the workplace, improving their knowledge

and skills, adapting to new technologies and increasing their performance and competencies. Starting with our senior executives, we added climate change performance related KPIs to our annual targets. Compliance with the Sustainability Program is included in our common corporate targets.

The headings of the program and measurable and traceable KPIs related to these headings are determined and added

to the target cards of the CEO, relevant Executive Vice Presidents, Presidents and subsidiary General Managers. In the following periods, detailed projects and related action plans are prepared and distributed to sub-units. Climate change targets are indirectly included in the target cards of all company employees.

Thus, the overall progress result of our company in year-end performance scores affects all employees. In addition, specific targets have been defined in the target cards of employees who will carry out the actions to be taken within the scope of the Sustainability Program. These individuals have a higher level of impact on the realisation of the targets.

Türk Telekom Academy

Türk Telekom Academy business schools and certificate programs aim to meet the personal development needs of all employees from marketing to finance, sales to human resources, technology to customer services.

The main purpose of these schools is to contribute to the performance of employees in line with Türk Telekom's vision and strategies, and to improve their professional knowledge and skills as well as their personal and managerial competencies.

Türk Telekom Academy's Leaders School Program is

a long-term program that aims to create a sustainable leadership culture and train the future leaders of our company to realise company strategies and goals. The Leaders School offers participants the opportunity to recognise the impact of their leadership on organisational culture and to improve themselves as leaders.

We ensure that our new employees participate in various training planned by Türk Telekom Academy in order to improve their knowledge and skills. Within the scope of personal development that begins with the Digital Orientation

Program in the process of adapting to the job and the company, we enable them to participate in competency training that they may need in the early part of their professional business life and to have a hands-on learning experience with a design-oriented thinking approach. With the Digital Orientation Program, we strive to ensure the adaptation of our newly recruited employees to the organisation.

We reached a 67% completion rate in our program in 2023, which was assigned to 995 people. We constantly revise our program content in line with needs and changes.



In 2023, the Digital Orientation Program was the recipient of the Gold Award in the Onboarding Process for New Hires category at The Stevie Awards for Great Employers and the **Silver Award** in the Talent Acquisition – Best New Hire Onboarding Program category at the Brandon Hall Group Human Capital Management Excellence Awards. This program was developed using a variety of learning tools, including video training, e-learning, an application platform, and quizzes.

Three business units were selected as pilot projects to provide our new employees with the basic information and structured information resources they need to learn specific to the function or business unit they begin working at to ensure their quick adaptation to the job., We launched functional job orientation programs in 2023 for the Assistant General Managers of Finance, Retail Sales, Marketing and Customer Experience. We plan to implement these programs in 2024.

We send satisfaction surveys to participants, trainers and supervisors after each training in order to receive regular feedback and evaluate the impact of the training. We use appropriate measurement methodologies to report on the type, target group and scope of training when necessary to measure training efficiency. The Academy sets key performance indicators (KPIs) every year and monitors these indicators monthly.



Employee surveys and executive feedback sessions, workshops with business unit experts, field visits, university collaborations and instructors have been effective in improving our programs and practices.

As part of our efforts to provide our employees with a sustainable career environment, support their

personal development and offer digital platforms to enhance their business performance, we launched the Human Resources Portal named “**Santral**”. Thanks to this portal, we support our employees to be more efficient and productive in their career journeys. We continue to develop this platform by adding new features in line with technological developments and changing needs.

Within Türk Telekom Academy, the training and development opportunities we offer to support the mental health of our employees are part of our efforts to support their holistic well-being. We ensure that our employees benefit from training and development opportunities in areas such as individual awareness, openness to feedback, learning from experiences and social responsibility through the development journeys we have designed under the titles of **Cognitive Flexibility and Social Awareness**.

After the February 6, 2023 earthquake, we prepared Competency Development Calendars consisting of numerous trainings, articles and other resources and shared them with all our employees. With the video content and infographics, we prepared together with our company psychologist, we carried out activities to support the mental health of our employees in the aftermath of disasters.

Within this scope, in addition to the training on Psychological Resilience, Psychological First Aid, Communication with Children and the Elderly after Disasters, and Disaster Awareness, we presented the **Psychological First Aid Handbook** for both our managers and professional employees.

Recruitment Programs

We contribute to youth employment through Young Talent Programs and Development Base camps designed for different generations to participate in various projects in our company, create value

together and join the workforce. Within this scope, **START and Development Base Programs**, currently managed by our Company, were continued steadily and 138 young talents were provided with internship and employment opportunities in 2023.

As part of our employer branding activities, which create resources for talent acquisition for sustainable economic development, we offer opportunities to candidates from different geographies by evaluating target universities in a broader framework.

As Türk Telekom, we carried out employer brand communication activities to

become a preferred company among potential employees and to increase the loyalty of our current employees. In 2023, we came together with more than 15 thousand young talents in 62 campus events to contribute to Türk Telekom’s employer brand perception among university students and to make Türk Telekom a preferred company.

Within the scope of these campus events, we organised technical company visits, company introductions, experience sharing programs, project and case study competitions, and provided comprehensive information to young candidates about a career at Türk Telekom and the telecommunications sector.



At Türk Telekom in 2023:



▶ E-training and Internal Training

74 E-trainings in technical functions were prepared and made available. By preparing physical and remote laboratories, 70 training classes were converted into internal trainings, saving approximately TL 1.5 million.

▶ University Collaborations

In Özyeğin University Türk Telekom R&D on-site Master's/PhD Program, 8 of our employees in Computer and Industrial Engineering programs continued the program at the thesis stage. The Telecommunications from the Master program continued online and in person at 14 universities. 234 students completed the program, and the number of graduates has exceeded 3,500 since 2015.

▶ START and Development Base Programs

Start and Development Base Programs continued steadily, providing 138 young talents with internship and employment opportunities in 2023.

▶ Internal Trainer School

113 new internal trainer candidates were trained. Approximately TL 30 million was saved in 2023 with Internal Trainers and Internal video-training productions.

▶ CMB Legislation E-training

In the 2021-2023 period, CMB Legislation E-training was assigned to 15,892 people, with a completion rate of 85%.

▶ Human Rights Policy Training

Within the scope of e-trainings of these policies, 1,953 hours of training was provided.

▶ Legal Awareness Development Journey Program for Managers

The program was completed, made available to 1,471 managers and added to Digital Orientation.

▶ OHS Training

Legislation and Health screen trainings were renewed and combined under a single title and presented to employees as OHS Basic Screen training. The number of training hours in employee health and safety increased significantly to 60,471.

▶ Environmental Training

12,330 of the 16,803 employees who were assigned the environmental training offered as e-training, completed it in 2023, with a 73% participation rate.

Awards in Training and Career Development

In 2023, we are proud of the successes we achieved in our education and career development programs. Türk Telekom was granted 8 awards in total for 5 projects thanks to our innovative education approach and the support we provide for the career development of individuals in our ecosystem. These awards are an indication of the valuable programs Türk Telekom offers to its current and potential employees and its commitment to sustainable success.

8 Awards for 5 Value-Creating Projects



Responsibility for Occupational Health



Health and Safety is one of our company’s material topics to protect our employees. At Türk Telekom, we consider the interconnected nature of OHS with sustainability, and we transparently disclose our efforts in this area through local reporting standards in Türkiye and global reporting standards.

We apply the high standards set by the ISO 45001 Occupational Health and Safety Management System Standard. All sites of our company are certified according to the ISO 45001 standard. In addition, our OHS Management System covers 16,803 employees,

100% of our total employees. We always prioritise the health and safety of our employees, our most valuable assets, who work all over our country, in different geographical conditions and under challenging climate conditions.

Accordingly, as Türk Telekom, we comply with all national and international legal regulations on occupational health and safety. We strive to prevent/minimise occupational accidents and occupational diseases and to create an occupational safety culture.

We work to reduce/prevent occupational accidents before they occur by recording and evaluating occupational safety risks. As Türk Telekom, we take measures at our work sites for the health and safety of our suppliers, business partners and customers. We provide regular training to ensure that our employees have sufficient knowledge on occupational health and safety.

Contrary to the traditional approach, our company considers occupational health and safety not as a one-time goal to be achieved, but as a continuous process.

Risk Management in OHS

We conduct our risk assessments in line with the work we carry out in all our fields of operation. Thanks to near-miss notifications, we ensure that action is taken before potential risks occur.

We work proactively to prevent similar accidents by taking measures against root causes identified through accident investigation reports. Through field audits and OHS committees, we work to prevent dangerous situations and behaviours that may occur in the field and actualise the topics brought to the committees through employee representatives.

 **12,500**
OHS Audits

In 2023, approximately 12,500 inspections on occupational health and safety were conducted at regional directorates. We ensure that actions are taken in accordance with legal requirements in communication with the

relevant units. We strengthen internal controls through field inspections to reduce the frequency of accidents in the field of occupational health and safety. We record company targets under this topic on the target cards of relevant employees (OHS professionals and managers) and evaluate them through the performance system.

We take into account the opinions and suggestions of our employees through employee representatives and OHS committees. At the same time, we maintain our continuous improvement efforts by using systems that track near-miss, hazardous situation or behaviour notifications.

At Türk Telekom, we focus on preventing and reducing occupational accidents and diseases by effectively identifying hazards and conducting risk assessments to reduce them to acceptable levels. These assessments cover all our employees and workplaces.

We carry out location and activity-based risk assessments covering all situations, including routine or non-routine situations, subcontractor work and groups requiring special policies.

The right of our employees to refrain from working is guaranteed by law in the event of serious and imminent danger. Within the scope of OHS Law No. 6331, in cases where our employees face serious danger, it is possible for them to apply to the board or to the employer if there is no board at the workplace and request that the situation is inspected, and necessary measures are taken.

The board or the employer immediately makes a decision, records the situation in a report and notifies our employee in writing.

We prioritise protecting the health and safety of our employees at the highest level. We meticulously carry out the recruitment, periodic and return-to-work medical examination processes with our occupational physicians. We offer our employees the opportunity to receive services from physicians in different branches through polyclinic services within our head offices.

Through Türk Telekom Health and Social Welfare Foundation, we ensure that all our employees have easy access to private health services. OHS professionals (OHS specialist, occupational physician, other health personnel) working under the Health Services and OHS Directorate team at

the Company Headquarters and the Facility Support Manager at the regional directorates are responsible for the implementation of our Company's occupational health and safety strategies in daily business life.

We identify risks through training programs, use of personal protective equipment, employee notifications and near-miss reports. We are also constantly working towards minimising these risks through root cause analyses and risk assessment studies. As a result of these measures, we have no recorded cases of occupational diseases. All our efforts continue to ensure that our employees are in a safe and healthy working environment.

OHS Training

All our employees receive occupational health and safety training as a legal obligation. These training include basic OHS and technical training.

In addition to specific training such as working at heights and working in confined spaces specific to the jobs of our employees, we ensure that our first aid assistants in emergency teams are certified and become official first aid officers. We provide face-to-face OHS Basic, Health, Job Onboarding, Logistics, Risk Assessment, Returning to Work after a Work Accident, Employee Representative and practical training. We increased our training hours in occupational health and safety to 60,471 in 2023.

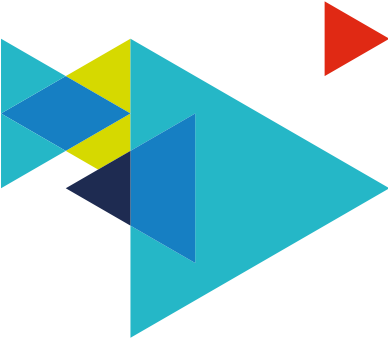
OHS in Value Chain

At Türk Telekom, we not only take comprehensive occupational health and safety measures to ensure the safety of our employees at the highest level, but also encourage our subcontractors to take these measures. We improve OHS processes through specifications and inspections together with our subcontractors.

Through these efforts, we aim for all our business partners and employees to work in a safe and healthy environment. We require our suppliers or subcontractors to carry out all their works and operations within the scope of OHS Legislation, and we ensure their control through specifications and subsequent inspections. We also select our suppliers in line with the specified conditions.



▶ We increased our training hours in occupational health and safety to **over 60 thousand** in 2023.



✔ We deeply care about supplier interactions as part of the OHS regulations.

Social Capital

Social Investments and Community Contributions, Stakeholder Relations

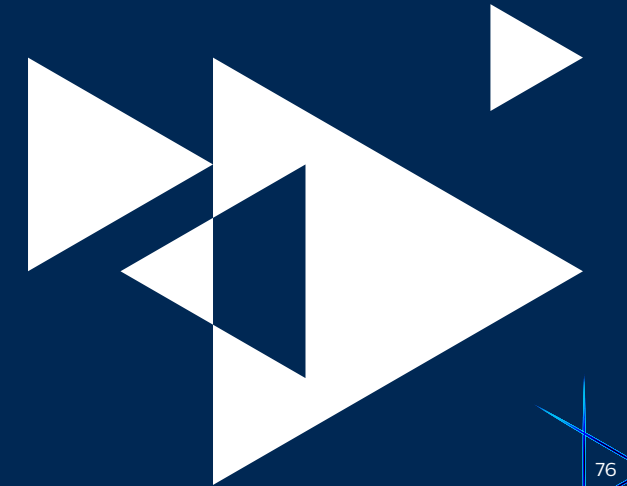
At Türk Telekom, we prioritise making information technologies, which are the driving force of sustainable economic growth and social development, available in every corner of Türkiye. In addition to the products and services we develop, we believe it to be our corporate responsibility to contribute to information accessibility for all segments that cannot participate equally in social life due to economic, social, regional, or physical reasons, we transform technology into goodness and benefit through our work.



We support the United Nations Sustainable Development Goals through our corporate social responsibility projects and continue our work by focusing on the principles of equal opportunity and accessibility for all.

Among the social responsibility activities, we carry out with the approach of “Any difference we can make matters, Türkiye is Worth All Our Efforts.”;

- ▶ 100th Anniversary Libraries, Technology and Education Support,
- ▶ Life is Simple on Digital,
- ▶ Güneşli (Sunshine),
- ▶ Telefon Kütüphanesi (Books on the Phone),
- ▶ Erişilebilir Tiyatro (Accessible Theatre),
- ▶ Audio Steps,
- ▶ Türk Telekom Amateur Sports Clubs,
- ▶ Türk Telekom Search and Rescue Team (TTAKE).



6 February 2023 Earthquakes

After the earthquakes on 6 February 2023, we have worked with all our strength to heal the community's wounds and stand by our people after the earthquakes.

We have done significant work in areas such as supporting local development, reintegrating individuals into economic and social life, creating new job opportunities, and providing educational opportunities.

We continued our social responsibility efforts supporting sustainable development across the country while providing the earthquake-impacted region technical and social support. Immediately after the earthquakes, our Board of Directors decided to donate up to TL 2 billion as Türk Telekom Group, which was subsequently approved at the General Assembly.

We took the necessary measures to ensure uninterrupted communication in the affected provinces and provided services to meet the

communication needs of our citizens. We held one-to-one mentoring meetings in the Development and Support Program to support and guide the education of students impacted by the earthquakes.

From the first moments of the earthquake, the Early Identification and Management of Risk Committee implemented end-to-end crisis management imminently according to our protocols.

We dispatched a total of 1,369 employees, including the 138-person TTAKE team, to the affected provinces to support the operation in the region. Our TTAKE team rescued 65 earthquake victims alive from under the rubble. We provided free mobile communications to the region. We decided not to bill inactive subscribers on the fixed side until the end of 2023.

We made payphones free in the region. We carried out the activation and deactivation on both fixed and mobile uses free of charge.

We also extended the cost-free line freeze periods. We provided flexible conditions for the support teams deployed to the earthquake zone so that they could act quickly and effectively to meet their urgent needs. We met the communication needs of the teams coming to the region from various countries for search and rescue operations earthquake with additional data top-ups and free phonelines.

We organised the “Valuable Together” campaign to enable Türk Telekom Group employees to deliver their individual contributions to earthquake victims. We also initiated the “Valuable Together” employment project in the provinces directly affected by the earthquake and in neighbouring provinces to support increased employment in the region.

For our employees affected by the and their family members, we offered accommodation options, including primarily Türk Telekom guesthouses and also alternatives

such as hotels to meet accommodation needs. We also provided many containers to the region to help meet accommodation needs. We communicated with hospitals to provide support for basic health needs through the Türk Telekom Health and Social Welfare Foundation.

During the month of Ramadan in the earthquake region, we opened iftar tents to support our employees, their families, and anyone in need of food in the region. We received services from various companies for the hot food needs of the earthquake victims.

We sent the Technology Truck to the earthquake regions to provide emotional and social support for children affected by the earthquake. We carried out various initiatives to support the families of deceased employees.



100th Anniversary Libraries, Technology, and Education Support Project



In early 2024, through our partnership with the Red Crescent, we launched the “100th Anniversary Libraries, Technology, and Education Support” project with our subsidiary Sebit Eğitim ve Bilgi Teknolojileri A.Ş. for students in the provinces affected by the earthquakes.

With the project, we aimed to contribute to the education of students in the region, especially those preparing for high school and university exams, by providing technology and educational support at the 100th Anniversary Libraries established in container cities.

We carried out activities to improve students’ deteriorating study conditions, support their access to information and materials, and strengthen their socio-cultural and intellectual development.

Between February and July, we provided technology and education support to 11 libraries in Adıyaman (Central and Gölbaşı districts), Gaziantep (İslahiye and Nurdağı districts), Hatay (Güzelburç and Kırkhan districts), Kahramanmaraş (Central and Elbistan districts), Malatya (Battalgazi and Yeşilyurt districts), and Osmaniye (Central district).



Technology and education support to 11 libraries

We installed free fibre internet infrastructure in libraries and provided 12 computers for each study centre in the libraries. We have made available to students the printed book sets and digital products of Sebit’s products Vitamin LGS and Raunt, which



offer personalised smart study programs for exam preparation with artificial intelligence technology. In May, we organised pre-exam motivational workshops for students and their parents preparing for high school and university exams at 100th Year Libraries in Hatay, Kahramanmaraş and Gaziantep. In the first half of 2024, we enabled approximately 40,000

students to benefit from the libraries established.

We Stand by Women Affected by the Earthquake with Life is Simple on Digital Project

In the new period of the Life is Simple on Digital project, we prioritised women in the earthquake region. To support the development of the earthquake-impacted region, we provided digital literacy and digital marketing training to women affected by the earthquake, to improve their digital competencies and to contribute to their participation in the workforce by marketing their products through e-commerce.

Within the scope of the project carried out throughout Türkiye, in addition to the training offered, women candidates from the earthquake region and/or whose enterprises were affected by the earthquake will be given priority in the evaluation of mentoring and grant programs.

Life is Simple on Digital Project



We continue to develop our **“Life is Simple with Internet for Women who have Goals”** project, which we launched in September 2019 in order to contribute to Türkiye’s digital transformation under the title **“Life is Simple on Digital.”** We support women’s more equal participation in life by increasing their digital competencies through the “Life is Simple on Digital” project, which we carry out together with the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), United Nations Development Programme (UNDP) and Habitat Association.

We provided digital literacy and digital marketing training to 10 thousand women through this program.

Selected among the women who received training, we organised design thinking workshops for 500 women. We provided a total of TL 250 thousand in grant support to 10 women picked among 20 women who benefited from the mentoring program.

90% of the women entrepreneurs who received grant support within the scope of the Life is Simple on Digital project increased their sales, and 60% acquired new customers. 79% of women who participated in digital literacy and digital marketing training stated that the training contributed to their personal development and 93% were satisfied with the content of the trainings.

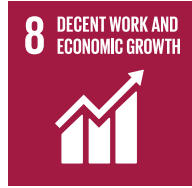


- 10 thousand Women** received digital literacy and digital marketing training
- 500 Women** received design thinking workshops
- 10 Women** received a total of TL 250 thousand in grant support



Life is Simple on Digital

With our Life is Simple on Digital project, we directly contribute to the Sustainable Development Goals (SDG) of Quality Education, Gender Equality, Decent Work and Economic Growth, Reduced Inequalities and Partnerships for the Goals.



➤ In the social impact report we prepared using the SROI (Social Return on Investment) methodology, **we calculated that every TL 1 invested in the project yielded a social return of TL 2.12 .**



➤ Our **Life is Simple on Digital project won the top prize in the “Women's Empowerment”** category at the Sustainable Business Awards organised by the Sustainability Academy on October 17, 2023.



Telefon Kütüphanesi (Books on the Phone)

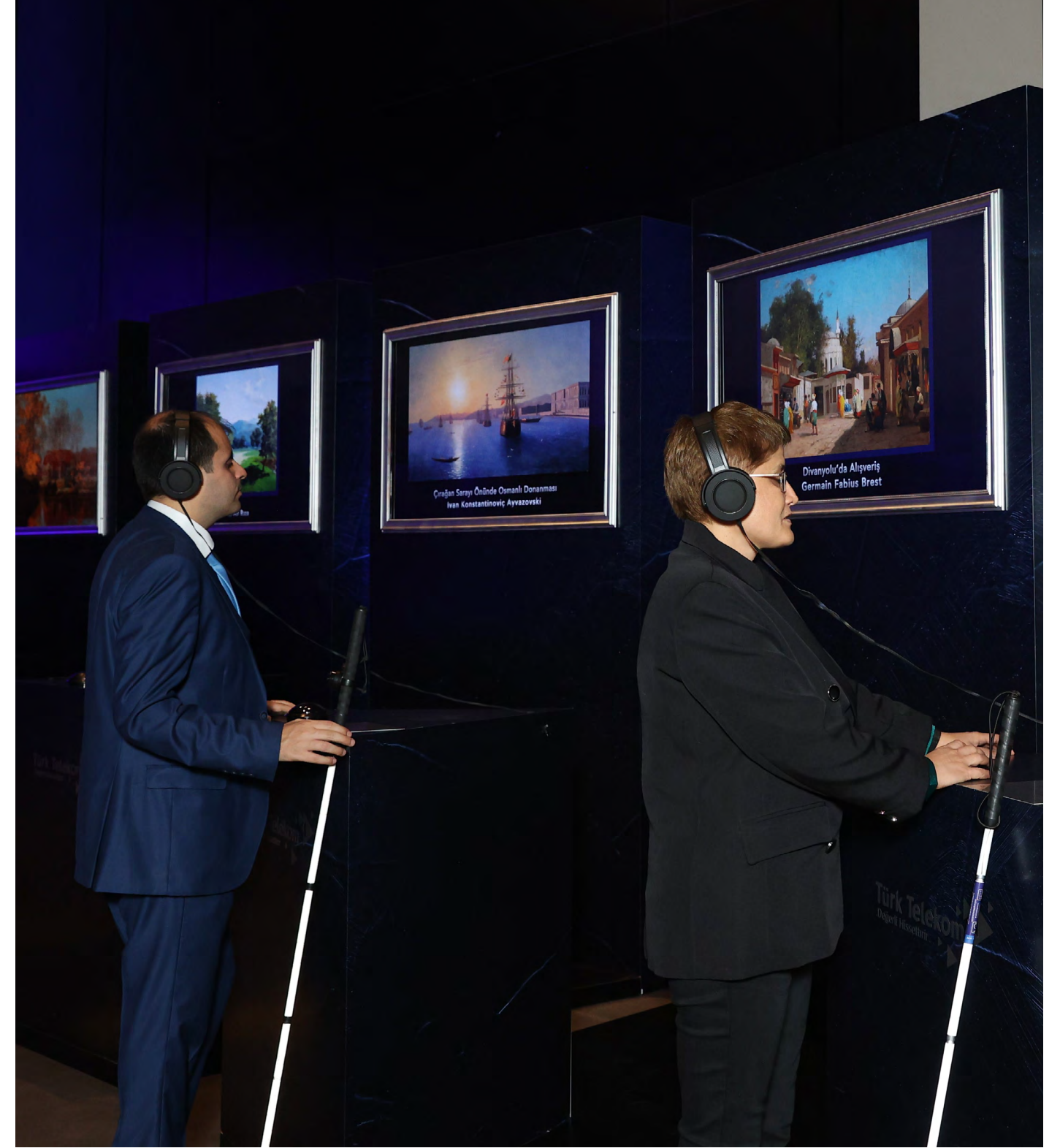
We continue to be the voice of books with the Telefon Kütüphanesi (Books on the Phone), Türkiye's first telephone audiobook service for the visually impaired individuals, which we launched in 2011.



Telefon Kütüphanesi (Books on the Phone) project, which enables visually impaired individuals to access information, selected paintings from the National Palaces Painting Museum collection were exhibited with audio descriptions at the Atatürk Cultural Centre from December 3-24, 2023. With the Tablolar Konuşuyor (Paintings Speak) Digital Painting Exhibition, we ensured that all art lovers, especially the visually impaired, were offered an accessible exhibition

experience with audio descriptions of the paintings, artistic interpretations, and various effects that appeal to the senses. The exhibition attracted approximately 10,000 people. Within the scope of the project, in order to contribute to access to audio books for the visually impaired, 1 million pages were vocalised through the Kitaplara Ses application we developed for volunteers who want to vocalise books, and 5,000 new books were added to the audio library.

Our Telefon Kütüphanesi (Books on the Phone) mobile application was ranked among the world's top 5 projects in the category of accessibility at the 2023 ITU World Information Society awards, confirming our success in the international arena.



Günışığı (Sunshine) Project

With our Günışığı (Sunshine) project, we directly contribute to the Sustainable Development Goals on Quality Education, Reduced Inequalities and Partnerships for the Goals.



We have been working on the Günışığı (Sunshine) project since 2014 which raises awareness on preventable blindness and visual impairments.

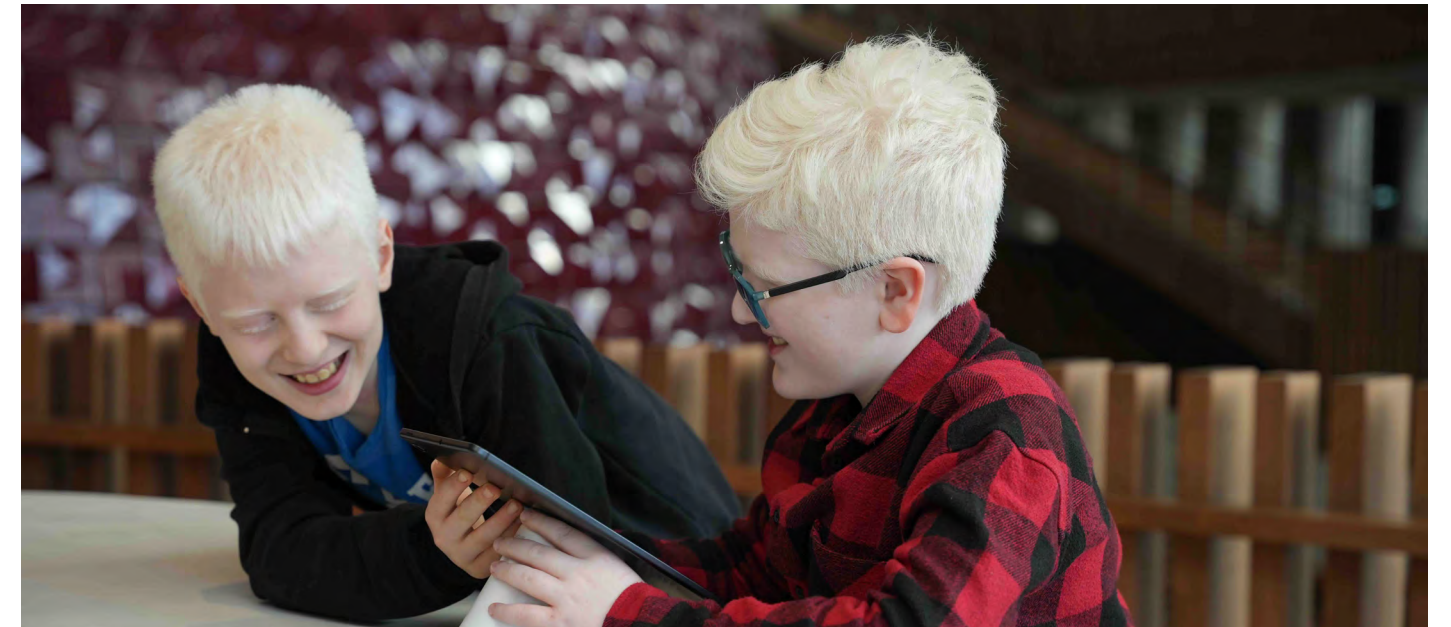
By providing early intervention training, we have found effective results in improving the vision of children with low vision who have been diagnosed as visually impaired in their medical reports. We ensure that they can receive education in the same schools as their peers without disabilities thanks to the training provided by the Günışığı (Sunshine) project.

The TahtApp mobile application was developed within the scope of the Günışığı (Sunshine) project with the aim to provide special communication activities and equal opportunities for children with low vision in classroom education. We carried out various activities to expand the application in

schools that provide inclusive education. We launched a new phase of the project in 2023 with the goal of establishing it in 25 schools. We organised 8 training sessions between September and December 2023 as part of the project's 20-session online training series.

In these training sessions attended by Günışığı children and their families, we discussed topics such as the achievements of the project and the TahtApp application, the medical diagnosis of low vision, and the importance of early intervention training.

We organised seminars to raise awareness of children with low vision as well as to educate their families and tutors. With the project, which we expanded in 2023, we also provided training to children without disabilities on managing differences with their peers with low vision at their schools.



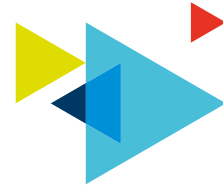
As Türk Telekom, we support projects that will carry Türkiye into the future in many different fields from sports to arts, from science and technology to education.

Through our sponsorships, we develop projects that embrace different target groups, transform technology into goodness and benefit, and realise partnerships.

We are proud to be the main supporter of Atatürk Cultural Centre, one of Türkiye's most important art assets.

Gold Award from IPRA to AKM-Türk Telekom Cooperation

We crowned our partnership for our main sponsorship of the Atatürk Cultural Centre with the gold award in the sponsorship category at IPRA, one of the world's most prestigious awards in the field of communication.

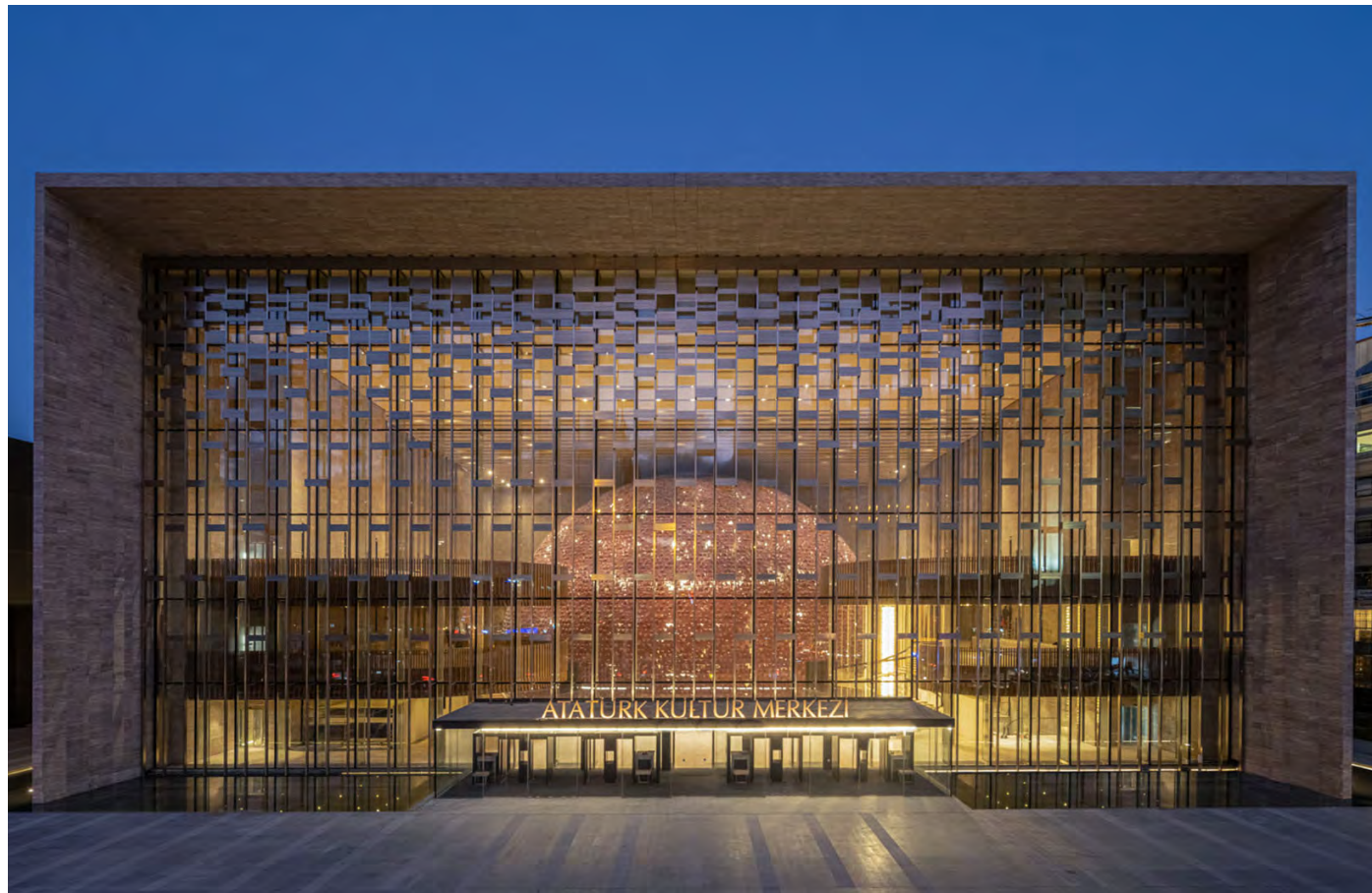


Art Inside and Life Outside, Türk Telekom at the Heart

Within the framework of our vision of seeing culture and arts as one of the most important values of Türkiye, in 2021, we collaborated with the Ministry of Culture and Tourism to become the main supporter of Atatürk Cultural Centre (AKM), one of the symbolic venues of Istanbul. With this collaboration, we

have reached more than 5 million art lovers with numerous concerts, ballets, operas and theatre plays since the day it opened in the Türk Telekom Opera Hall, which was named after us. We have been one of the main supporters of the project organised by the Ministry of Culture and Tourism at AKM

as part of the Culture Roads Festival to contribute to Türkiye's international brand value. In 2023, undoubtedly the most special project at AKM was the special Republic 100th anniversary concert we organised at Türk Telekom Opera Hall on the 100th anniversary of our Republic.

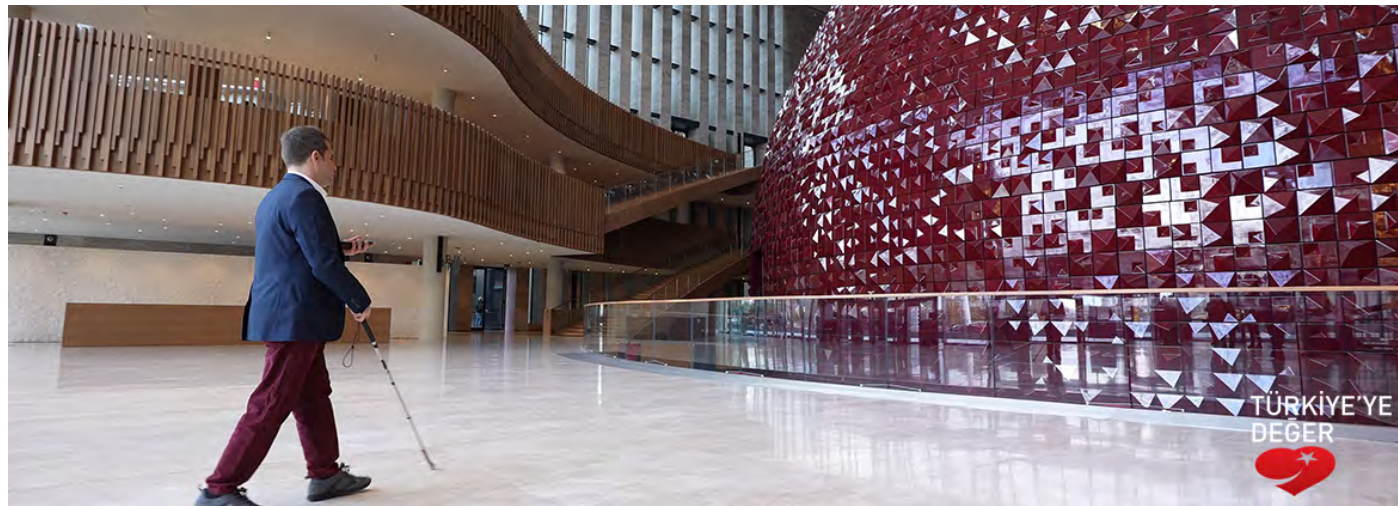


Accessible AKM

In 2023, we continued to develop new projects for individuals with disabilities at AKM, which we made accessible by introducing the 'Audio Steps' application, which enables visually and hearing-impaired individuals to move without assistance in complex structures. On 3 December, International Day of Persons with Disabilities, we made 20 works selected from the National Palaces Museum Collection accessible to visually impaired individuals with audio description,

painting interpretations and special sound effects with the 'Paintings Speak Digital Painting Exhibition - National Palaces Painting Museum Collection Selection' we held at AKM. In the exhibition visited by nearly 10 thousand people, the experience room, which appeals to different senses and is enriched with elements such as sound and smell, attracted great interest. In 2023, we completed the preparatory stages of the Accessible Theatre project, which we will implement in

cooperation with the General Directorate of State Theatres Istanbul State Theatre in order to increase the participation of visually and hearing-impaired individuals in cultural and artistic activities. Within the scope of the project, we make the plays accessible to visually and hearing-impaired art lovers with overwriting, special stage tours, and live description applications in State Theatre plays at Atatürk Cultural Centre, of which we are the main supporter.





Projects Leading the Sector

We lead Türkiye's digital transformation; we support the sector's development with more than 100 sponsorship projects we carry out annually on topics such as technology, entrepreneurship, innovation, digitalisation, cyber security and cloud solutions.

We Support Our Special Athletes in 15 Branches



We continue to support sports and athletes from past to present, as well as disabled sports. In cooperation with the Turkish Special Athletes Sports Federation (TÖSSFED), we support 730 sports clubs and thousands of athletes with down syndrome, autism, and mental disorders in 15 different branches as the main sponsor of the Turkish Special Athletes Sports Federation National Teams.

Türk Telekom e-Super League

With our pioneering role in digital transformation and value-generating approach, we invested in the future of eFootball and became the title sponsor and official broadcaster of the eSuper League, organised for the first time by the Turkish Football Federation. We are transferring the support we have been providing in

different branches for many years for sports development and its reach to large masses to the eFootball ecosystem, which is reaching more extensive and larger masses. With our cooperation, we bring the matches of 17 teams competing in the eSuper League to eFootball fans on Tivibuspor channels on Tivibu.



We Make Life Easier With Our Technological Solutions



- **YanYana (Side by Side):** The YanYana platform is designed to support the development of children with autism and aims to instil basic learning skills. Developed in accordance with applied behaviour analysis teaching methods, the platform recognises children's voices and movements using artificial intelligence, providing feedback to help them acquire and develop these skills.



- **Neyim Var (My Diagnosis):** Patients can enter their complaints to see possible diagnoses and book appointments from the recommended clinics. It is an application made for the Ministry of Health of the Republic of Türkiye.



- **Smart Stores:** SkywaveStore, with its powerful features, opens the way for higher efficiency in your stores while increasing customer and employee satisfaction rates. As an integrated, centrally managed smart store platform, SkywaveStore provides real-time data on everything happening in every square meter of your stores.



- **CALL US:** A biometric-verified secure communication application that also has a social responsibility role within the scope of the Smart Prison project. It enables inmates to make video and voice calls with their relatives and conduct doctor consultations digitally.

Customer Satisfaction and Loyalty

In today’s business world, where competition is accelerating and consumers’ choices are increasingly diversified, a customer-oriented approach has become more important than ever.

We shape our products and services not only according to our own insights but also in response to our customers’ changing needs and rising expectations. With a customer-oriented business approach, we regularly monitor customer satisfaction across various segments, products, and channels to improve the customer experience and increase our financial and competitive strength. The measurement period of each operation varies according to factors such as the importance of the work, the intensity of competition, and the research budget.

We measure customer satisfaction both channel-based and product-based.

We work on separate targets for each segment and product and analyse our customers’ needs in detail in order to increase their satisfaction scores. For this reason, we measure some operations quarterly, others twice a year, and others once a year.

Within the scope of customer satisfaction monitoring, we are working on Fixed Broadband Malfunction, Connection and Installation Processes, Individual Office, Individual Mobile, Fixed Broadband and Fixed Voice, Mobile and Fixed Broadband OIM (Online Operations Centre) and MOIM (Mobile Online Operations Centre), Tivibu and Corporate SME Fixed Broadband Mobile and Fixed Voice.

At Türk Telekom, we consider one of our top priorities to be providing the best customer experience by focusing on the needs of all our existing and potential customers in line with our motto “**Türk Telekom Makes You Feel Valuable**”. It is crucial for us

to consider the feedback of our employees in the field, dealers, and users, as well as to use the data we have, to benefit from international reports, consumer trends, and all current research on the sector by putting people at the centre.

We need to deeply understand the cultural codes, behaviour models, and experiences of our customers to make a difference in customer experience. We approach all the data we have from this perspective and carefully examine and analyse them. In light of these analyses, we aim to offer a digital experience that will make life easier for our customers in all services according to their different expectations.

We also prioritise efficiency by segmenting our customers and developing service segmentation in our channels to serve them better. 2023 was a year in which we aimed to make life

easier for our customers by reducing their effort score. We focused on efficiency and digitalisation to achieve this goal. We reviewed our self-service channels in detail in 2023 to ensure that our customers can access the information they need quickly and reliably. In this context, the competence of the voice response system was increased, and the functions in Online Transactions were reintroduced with a renewed interface to support user experience.

As a result, the number of customers making transactions on our voice response system for all services increased by 3% in 2023 compared to 2022, while the number of calls to our voice response system decreased by 8%.

The number of customers using our Türk Telekom application and Online Transactions web application reached 29 million in 2023. With completely renewed user experience aligned to new



design trends, Türk Telekom application reached 79 million downloads.

We consider providing solutions at the first contact with our customers to be one of the issues with the highest impact on satisfaction, which materially affects customers’ effort score. Complaints regarding speed, disconnection, and physical connection problems are our customers’ most frequently reported complaints, especially in fixed internet services.

To resolve these issues more effectively and at the first contact, we developed solutions and made process changes to predict customers’ in-home internet performance with artificial intelligence and to ensure necessary optimisations eliminating malfunctions during calls. In this context:

- ▶ Our solution rate at the first contact in received complaints of disconnection has increased from 36% in 2022 to 62% in 2023 thanks to our ability to detect malfunctions and offer solutions from the first moment with controls and observations made during the call.
- ▶ For complaints of no signal reaching the modem, our solution rate increased from 11% in 2022 to 50% in 2023 at the first contact by having our customers perform physical pre-checks.

With the artificial intelligence-supported QuantWiFi solution, the integration of in-home Wi-Fi speed analysis into the call centre enabled us to analyse the factors affecting wireless speed during complaints received from our customers about in-home connection speed and improve internet performance. **The rate of speed-related malfunctions decreased by 25% in 2023 with respect to 2022.**

In addition, the QuantWiFi solution was integrated into digital channels and the voice response system. Thanks to our customers terminating the call after receiving the necessary guidance and information, call durations were reduced and call centre costs were reduced by preventing repeat calls from our customers.

The rate of transfer to a customer representative for the complaints that were resolved in the voice response system decreased to 21% in 2023 from 61% in 2022.

Our modified processes led to an increase of 10 points on the overall first contact resolution rate and had a positive impact on our customer satisfaction scores. According to the latest satisfaction survey conducted by the independent research company IPSOS, we achieved the highest satisfaction score of the last 3 years in the second quarter of 2023.

In addition, according to the Advertising and Brand Health

survey conducted by the Nielsen research company, we continued to maintain our leadership in 2023 in the “Creating Loyal Customers” category for both mobile and fixed internet services. With the new developments and improvements to the fixed internet complaint/malfunction resolution process in our call centres, and by integrating our new resolution process into our digital channels, we aimed to increase the rate of solution at the first contact and to provide ease of transaction in our customers’ lifecycle with us. We gained the proficiency to carry out our malfunction processes through our digital channels. Thus, our customers were able to manage problem resolution through self-service channels and instantly track the status of their complaint records.

We continued to maintain our leadership in 2023 in the “Creating Loyal Customers”



Supply Chain Sustainability

Ensuring the sustainability of our supply chain is of great importance for Türk Telekom. In this regard, we carry out various activities to support and strengthen all stakeholders with whom we partner.

We strive to ensure supply sustainability by addressing the operations of our business partners and suppliers from an environmental, social, and governance perspective. We prioritise fair labour, human rights, and environmental protection throughout the supply chain. The units within our company organisation carry out audit activities in accordance with their business areas. Our procurement and supplier management processes undergo various internal and external audit processes such as ISO 9001, ISO 10002, ISO 14001, ISO 45001, ISO 27001 and ISO 22301.

Türk Telekom Procurement Policy prioritises the following principles in our supplier management:



Transparency

In all processes, our priority is to maintain mutual trust by establishing open and clear communication with suppliers.



Fair and equal distance

We treat our suppliers fairly and manage our relationships by approaching each of them from an equal distance.



Respectful and honest communication

We build a trusting relationship with our suppliers by upholding our communication based on respect and honesty.



Retention of intellectual property and confidential information

We are rigorous in protecting our suppliers' intellectual property and confidential information.

As Türk Telekom Group, we are responsible for the strategic handling and management of supplier relations and the evaluation of new supplier applications. We effectively build our supplier portfolio, evaluate supplier performance, and take necessary actions. At the same time, we conduct inspections

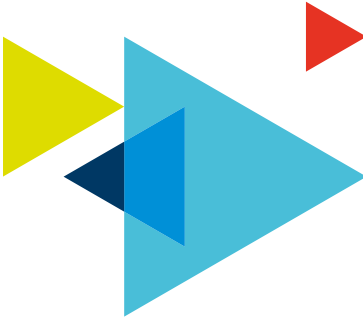
at supplier facilities, offer corrective and remedial suggestions, and resort to blacklisting when necessary. We strive to remedy human rights violations and eliminate their negative impacts immediately when identified by our suppliers and business partners. This approach reinforces respect for human

rights at every stage of our supply chain. At Türk Telekom, we take comprehensive occupational health and safety measures to ensure the highest level of safety for our employees, and we encourage our subcontractors to adopt the same approach.

We improve OHS processes with our subcontractors through specifications and audits. We require our suppliers and subcontractors to receive OHS training, and we ensure this control through specifications and subsequent audits.

We select our suppliers in line with the same requirements. We evaluated 234 suppliers in 2023, which accounted for 79% of our total procurement budget, applying OHS, environmental, social, and ethical criteria. In our supplier performance management process, evaluations of occupational health and safety and environmental issues are carried out under periodic evaluation.

 **We evaluated 234 suppliers, which accounted for 79% of our total procurement budget.**



We explain our relations with suppliers and business partners in detail in the Türk Telekom Code of Business Ethics. We act according to transparent and objective criteria in our business processes. Third parties acting on behalf of Türk Telekom Group must comply with legal regulations, the Code of Business Ethics, and the Anti-Bribery and Anti-Corruption Policy.

Accordingly:

- Our employees who manage relations with suppliers and business partners are responsible for knowing, understanding, and fully implementing the rules set out in this policy and for explaining these rules to the employees of suppliers and business partners.
- During audits and visits to suppliers and business partners, we check whether they comply with this policy.
- We conduct the necessary research and evaluations before entering a business relationship. We do not work with companies with negative connections related to bribery or corruption. In addition to criteria such as experience, financial performance, and technical competence, we make sure that they do not make unethical or illegal gains.

• In contracts with suppliers and business partners, we do not accept our employees' expenses being covered by the supplier.

We expect our suppliers to adhere to laws, rules, and regulations. We also ask our suppliers to ensure that other suppliers and subcontractors they work with follow the same practices.

Türk Telekom Group reserves the right to terminate its relationships with suppliers that do not comply with these rules. We build our procurement processes on the values of transparency, integrity, and honesty. We manage our employees' relations with stakeholders and suppliers within the framework of the core values set out in the Türk Telekom Code of Business Ethics.



Within the scope of these principles:

- ▶ **We take care to fulfil the obligations specified in contracts with suppliers on time.**
- ▶ **We strive to carry out procurement processes in accordance with the law and company policies.**
- ▶ **We ensure that suppliers comply with legal regulations and ethical rules, and we make the necessary notifications in case of violations.**
- ▶ **We support suppliers in complying with the laws on child labour, forced labour, illegal immigration, foreigners without work permits and collective bargaining rights.**
- ▶ **We take care to act in accordance with human health and environmental policies.**
- ▶ **We compete in our procurement activities within the framework of legal and ethical rules.**
- ▶ **We pay attention to all our attitudes and behaviours in order not to damage the brand value of Türk Telekom Group.**
- ▶ **We do not impose additional burdens on suppliers beyond legal regulations and commercial practices.**
- ▶ **We approach suppliers fairly and equally in line with competitive market conditions.**
- ▶ **We evaluate suppliers according to fair and objective criteria.**
- ▶ **We avoid conflicts of interest and conduct relations on a transparent and fair basis without entering relationships of individual interest.**

We follow our supplier pool consisting of local and foreign companies according to their business areas. We evaluate the qualifications and requirements appropriate to the subject of procurement within the scope of specifications set by business units and procurement units during tender processes.

We conduct procurement activities according to the technical specifications organised by our business units. We measure and monitor the performance of our suppliers, which are segmented under the Türk Telekom Group Procurement Procedure, every six months using criteria such as SLA (Service Level Agreement), commercial terms, and periodic evaluations. Additionally, as part of our Supplier Portal Project, which we aim to implement by the end of 2024, we plan to provide end-to-end monitoring and management of suppliers, including self-assessments and performance measurements.

We established the Türk Telekom Procurement Policy to determine and implement procurement strategies that will contribute to our goals, to separate all procurement decisions and processes, to maintain them in accordance with company policies, and to support business units in realising their business goals.

Accordingly, we aim to carry out the procurement process with the most appropriate quality, price, and technical performance, and to manage supplier relations in a sustainable and effective manner by developing the Türk Telekom Group ecosystem.

The Assistant General Manager of Support Services and Procurement Management centrally carries out the procurement activities of Türk Telekom and our Group companies and the establishment and control of standards. The Assistant General Manager of Support Services and Procurement Management is responsible for the implementation of the Procurement Policy and updating it when necessary.

Supplier Portal Project

We plan to be monitoring our suppliers' compliance with environmental standards and their potential impacts within the scope of our Supplier Portal Project by the end of 2024.

In addition, our Supplier Portal Project will provide end-to-end monitoring and management of suppliers, including self-assessments and performance measurements. Site visits are carried out for current and candidate companies, and close communication is established with the companies during the performance management process. Expectations and opinions are mutually evaluated during the meetings.

In 2023, we included 369 suppliers in our evaluation processes and assessed 53% of them against environmental criteria.

In 2024, we plan to start preparations aiming to include sustainability and carbon emission criteria in our purchasing processes and contracts, and to ask suppliers to provide relevant information.

Natural Capital

Energy Management and Environmental Investments

Energy efficiency is one of the key strategies to combat climate change. While mitigating the effects of the climate crisis, energy efficiency solutions will help us move towards a more sustainable future, both environmentally and financially. The Global Risk Report published by the World Economic Forum (WEF) provides a sobering assessment of the range of risks posed by climate change for our planet, including natural disasters, vast economic losses, food security issues, and water scarcity. These risks illustrate the complexity and far-reaching impacts of climate change.

We remain committed to combating climate change and systematically reducing our carbon footprint. In this context, we implement energy efficiency initiatives to reduce emissions and grow our capacity to use solar energy in line with our targets. We reinforce our stakeholder ecosystem to achieve our objectives and work with all relevant parties to meet current and future requirements.

Renewable Energy Investments

In 2023, we installed **0.3 MW of solar energy systems across 100 mobile base stations**. With these investments, we have **increased the total installed capacity of our renewable energy systems to 4.3 MW**.

In line with our renewable energy investment strategy, we managed to obtain permission to install 405.8 MWe solar capacity from Turkish Electricity Transmission Company (TEİAŞ). **The solar energy investments planned within this scope will potentially meet approximately 65% of our current electricity consumption.**

Solar investments equivalent to
65%
of our electricity consumption

Energy Efficiency Projects

In 2023, we achieved a total **annual energy savings of 47 GWh** from optimisation and transformation projects in mobile and fixed networks. These projects significantly help us meet our energy efficiency targets and contribute to a sustainable future.

▶ **47 GWh**
of Energy Saved Annually

We continue to make investments and optimise our systems for energy efficiency. We have expanded the replacement of air conditioners in fixed and mobile networks with next generation, more efficient devices and introduced free cooling box devices to ensure that mobile base stations and telecom system halls are cooled directly with outside air at a lower cost, resulting in up to 80% energy savings. **These upgrades to our cooling system saved 11.7 million kWh of energy annually.**

We launched our **Smart Energy Management System**, which provides much faster access to all energy equipment (generators, DC systems, UPS, air conditioners, digital thermostats, meters, etc.) in our fixed and mobile network. In this way, data can be securely received from devices and effectively reported to the end user by achieving operational quality and high efficiency through artificial intelligence-supported analysis. The Smart Energy Management Platform allows us to quickly and easily track the results of our efficiency and optimisation projects. **In 2023, we saved 6.7 million kWh of energy and 103 thousand litres of generator fuel thanks to this platform.**

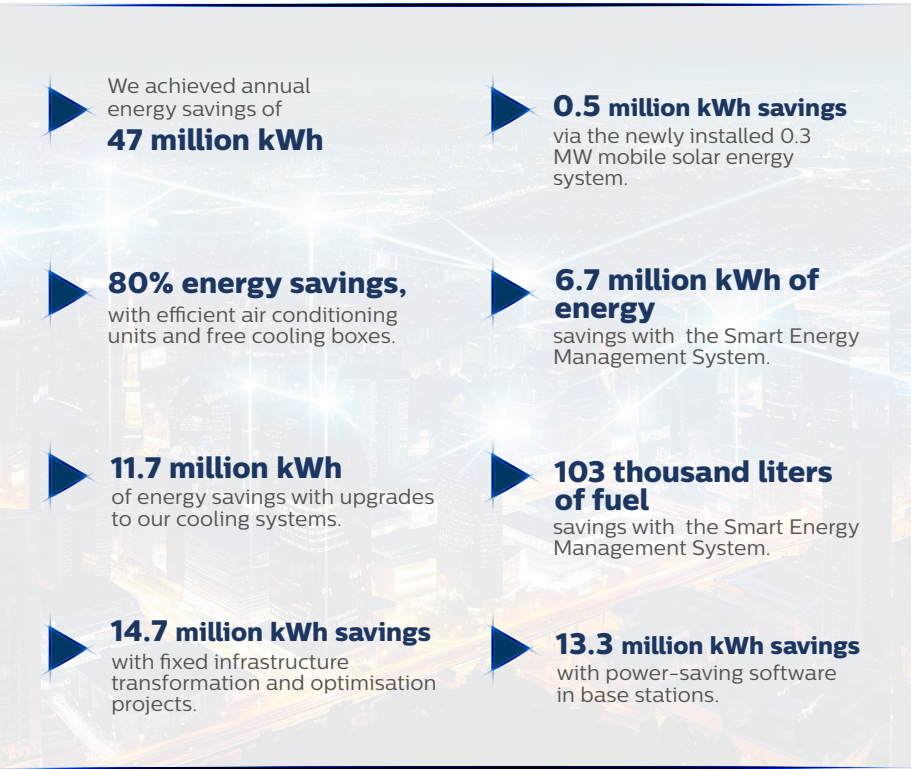
To reduce energy consumption at mobile base stations, we introduced new software features that conserve power in all regions during low-traffic periods. As a result of **the optimisation we carried out in 2023, we achieved annual energy savings of over 13.3 million kWh.**

We saved 14.7 million kWh through technological change and optimisation, hall optimisation and consolidation, building relocations and other


efficiency measures. Our renewable energy efficiency investments in mobile also **resulted in 0.5 million kWh in savings.**

Energy Efficiency and Optimisation Projects

Thanks to our various efficiency projects in 2023:



Additionally, our ongoing investments in fixed infrastructure for the copper-to-fibre transformation have a substantial positive impact on energy consumption. Transition from copper to fibre with Gigabit Passive Optical Networks (GPON) technology can achieve about 95% energy savings on the network. The energy efficiency projects and GPON conversions that we have been carrying out and the renewable energy certificates we purchased



95%

Energy Saving
After Transition to GPON

Technological Infrastructure and Efficiency Projects

In 2023, we updated our technological infrastructure through system transformations such as SDH, MPLS, and DWDM when installing AC, generator, FCB, battery, UPS, and DC energy systems in the energy and cooling infrastructure. Additionally, we implemented energy efficiency projects such as the Power Saving Feature project, system room optimisation, network card optimisation, intranet AC-DC conversions, switchboard transformations, and BSC modernisation projects.

With the buyback agreement made with one of our main

were the main contributors to emissions decline. We are currently implementing more efficient cooling solutions and artificial intelligence-supported optimisation systems to enhance power usage efficiency (PUE). In our next generation data centres, we aim to attain an annual average PUE of 1.2. The average PUE value in our data centres decreased from 1.65 in 2022 to 1.55 in 2023.

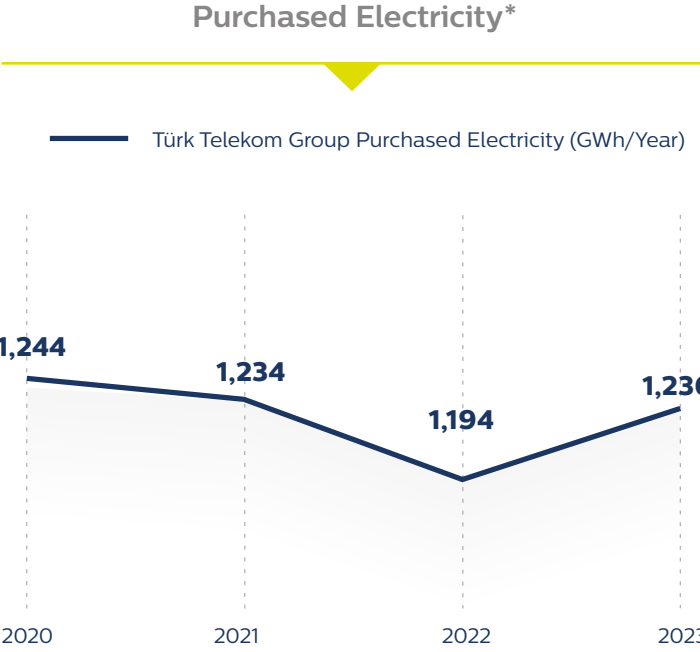


New Data Centre
Investments with a

1.2 PUE Target

suppliers, Nokia, we ensured the recycling of radio equipment that had reached the end of its useful life. By preferring models that work more efficiently and reduce energy consumption by up to 15% in critical purchases like antennas, we contributed to environmental sustainability. By optimising capacitive equipment addition processes, we reduced energy consumption in the field without disrupting customer experience.


Also, by upgrading the less efficient 3G bands to 4G technology, we reduced energy consumption by




*For more detailed information, you can review the Energy Consumption table on Page 125.

50%. In 2023, we achieved energy savings through power saving optimisation in 3G and 4G networks. We amplified savings by reducing the number of high-energy-consuming old-generation 2G control equipment in switchboard rooms from 22 to 7.

In 2024, we will continue to:



Upgrade the less efficient 3G bands to 4G technology in 39 provinces.

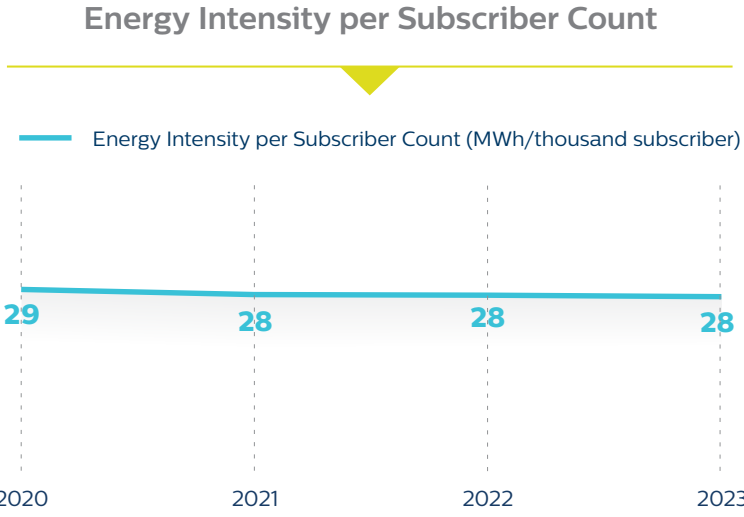
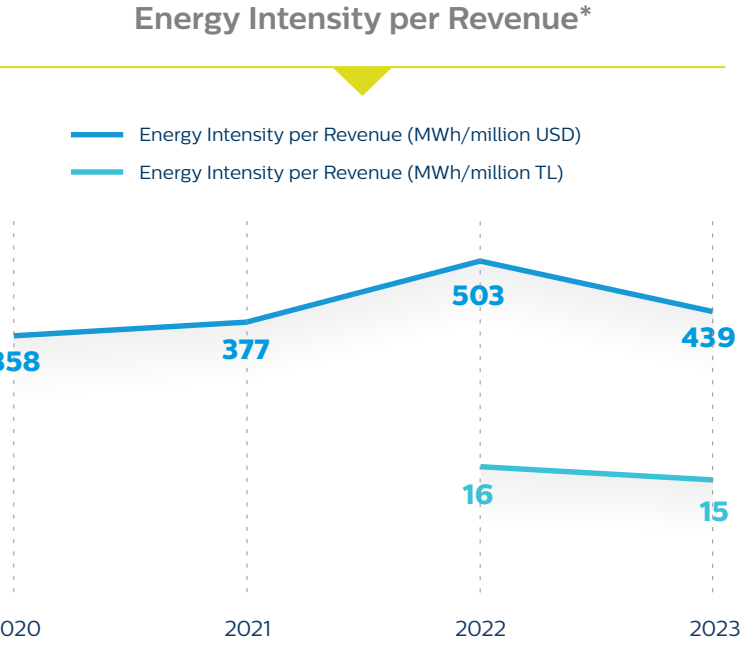


Optimise power saving in 3G and 4G networks. We will add solar energy systems to base stations that use network energy. We aim to achieve approximately 30% energy savings per site and reduce site interruptions with the backup provided to batteries during network outages. Accordingly, we plan to reduce fuel consumption by operating fewer generators.

Energy Intensity

At Türk Telekom, we monitor our performance indicators concerning energy management by calculating energy intensity values per annual revenue and subscriber number.

In 2023, energy intensity per TL net revenue decreased by 6% compared to the previous year to 15 MWh/million TL thanks to our energy efficiency projects and renewable energy investments. Consolidated energy intensity per revenue in USD terms decreased by 13% year-on-year to 439 MWh/million USD. There is a 3% YoY increase in energy intensity per number of subscribers. However, while there has been a decrease in the number of fixed voice subscribers in the past few years due to technology changes, there is an increase in the number of mobile, fixed broadband and TV subscribers. Despite a 12% increase in the number of non fixed voice subscribers since 2020, the amount of electricity purchased has remained nearly flat.



*Energy Intensity per Revenue calculated in TL are based on consolidated revenues with TAS 29 applied. Energy Intensity per Revenue calculated in US Dollars are based on consolidated revenues without TAS 29 applied and translated at the average USDTRY exchange rate for the period.

Energy Management and Certification

We use national (Turkish Standards Institute—TSE) and international standards (energy management systems standards, such as ISO 50001) relevant to energy consumption in Türkiye when calculating our energy consumption data. Türk Telekom adheres to a specific level of standardisation and accuracy in applying the calculation methodologies, which have been set under TSE and international standards. The Company uses standard calculation formulas and procedures to collect and report energy consumption data including electricity, gas, and heat obtained from various sources.



We apply the conversion factors made available in official sources by the energy sector authorities in Türkiye. These factors are calculated using data from reputable and nationally recognised sources. We closely monitor our energy intensity and electricity

consumption and implement efficiency measures to decrease these metrics. We adhere to the GHG protocol and use 2020 as the base year for our calculations.

Electricity Bill Portal Project

With the launch of the Electricity Bill Portal in 2023, Türk Telekom initiated the monitoring and reporting of over 80 thousand monthly electricity bills belonging to Türk Telekom Group. This application enables the digital analysis and reporting of various tasks, including detecting anomalies, reactive consumption, collective viewing of billing information, monitoring of payment status, monitoring of Municipal Consumption Tax rates, and monitoring of irregular billing using live data.

80 thousand
bills tracked and reported
on the Electricity Bill Portal

Smart Energy Management and Innovative Solutions

We use the Smart Energy Management Platform to pick and use energy-efficient telecommunication network devices. We are investing in GPON and 5G. We are also working on more efficient cooling solutions (CRAC, free cooling etc.) and decreasing PUE in our data centres. We have obtained important certifications, including the I-REC (Renewable Energy Certificate) and the ISO 50001 Energy Management System Certificate, for using renewable energy to power our data centres. We carry out energy efficiency projects by utilising more efficient network equipment, such as heating, ventilation, air conditioning units, cooling, lighting, and electrical equipment. This allows us to reduce our energy consumption and carbon footprint while continuing to work towards a sustainable future.

Emission Management

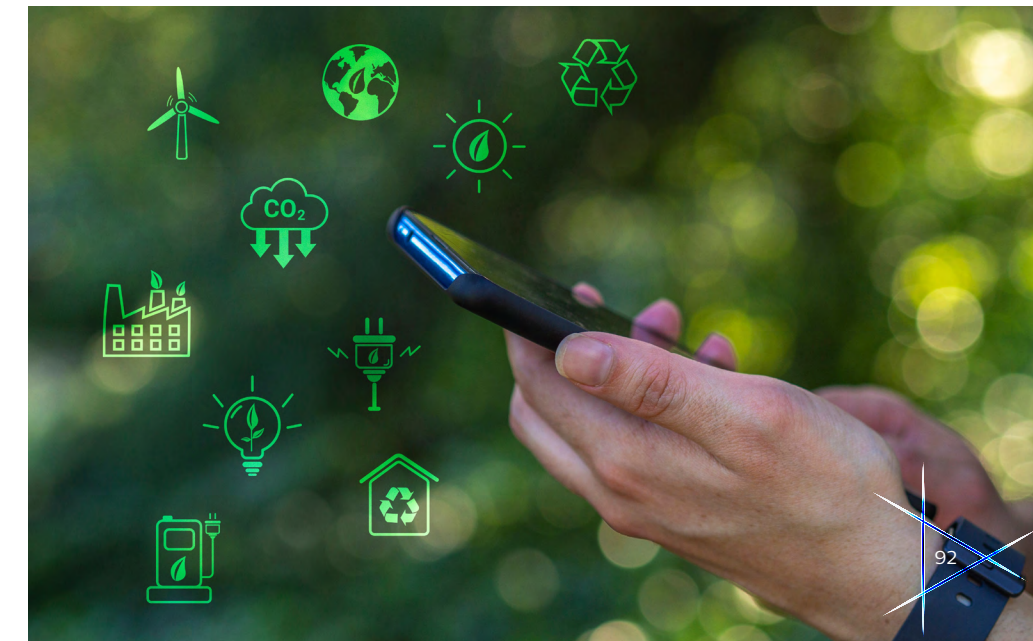
Climate change is one of the most significant threats of our times. At Türk Telekom we are aware of our responsibility to address this global issue and are currently taking substantial measures to mitigate greenhouse gas emissions. We create innovative and comprehensive solutions to reduce greenhouse gas emissions, which are one of the primary contributors to climate change. We persist in our efforts to protect our future while building a sustainable world. Emission management and reduction are material topics for our organisation. As a result, we incorporate the perspectives of our stakeholders regarding emissions while preparing our sustainability and integrated reports and take relevant actions based on these opinions.

At the same time, we contribute to reducing carbon emissions through our Company's operations. Digitalisation reduces physical travel and other needs, thus reducing the carbon footprint. On the other hand, energy consumption of data centres and network infrastructure causes greenhouse gas emissions. These emissions can accelerate climate change,

causing environmental destruction and negatively impacting people. The increase in natural disasters and forced migration of people can also be cited as examples. At Türk Telekom, we are working to reduce these negative impacts by investing in renewable energy sources and increasing energy efficiency.

Furthermore, improper management of electronic waste (e-waste) can lead to severe negative impacts on environmental pollution and human health. E-waste can contain toxic substances and, when improperly managed, can damage soil, water, and air quality. At Türk Telekom, we take comprehensive measures against such negative impacts by adopting sustainable waste management practices and

increasing energy efficiency. Türk Telekom takes a holistic approach to managing greenhouse gas emissions and other major air pollutants. We address this issue in detail in our [Sustainability Policy](#) and [Integrated Management System Policy](#). We comply with all national and international environmental regulations and other obligations that we are subject to. We aim to continuously improve our environmental performance by measuring the significant environmental impacts arising from our operations. To date, we have not been penalised for failure to comply with environmental legal obligations.



Our Emission Reduction Targets and Strategies

We implement numerous measures to manage our emissions. The initial step is to generate and validate the carbon inventory annually. In 2011, we initiated the process of calculating our carbon inventory.

One of the most critical steps of moving towards a broader emission management was to start calculating each of the Scope 1, 2, and 3 categories of our carbon inventory per the GHG protocol at the Group level in 2023. This calculation, for the first time encompassed

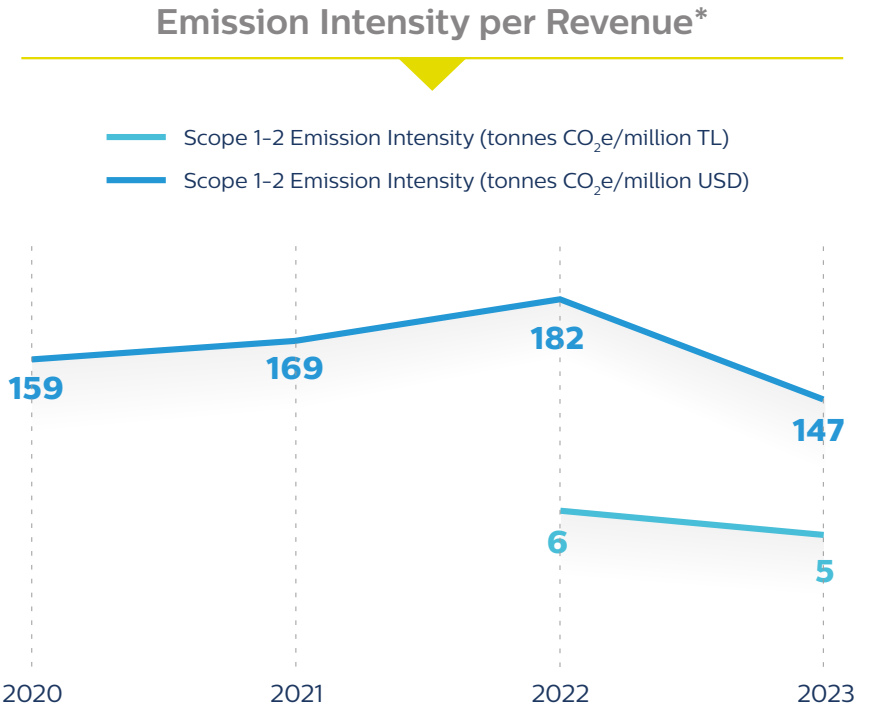
all companies within the Türk Telekom Group and was comprehensive in all respects. In this way, we aim to develop carbon reduction strategies at the scale of Türk Telekom Group. All calculations are verified by a 3rd party independent company. We made our commitment to the Science Based Targets initiative (SBTi), declaring to reduce our emissions and increase our contribution to environmental sustainability. We effectively report our emissions through steps such as creating and monitoring our carbon inventory, answering climate questions in CDP, GRI, and Refinitiv-compliant

reporting, and sharing our SBTi aligned targets.

We avoided significant amount of Scope 1 & Scope 2 emissions by saving 47 GWh of energy through our energy efficiency projects in 2023. In addition, we prevented 23% of the total Scope 1 and 2 emissions thanks to the I-REC certificates we received. Thus, by reducing our Scope 1 and 2 emissions by 22% in 2023 compared to 2020, we are one step closer to our goals of 45% reduction by 2030 and net zero by 2050.

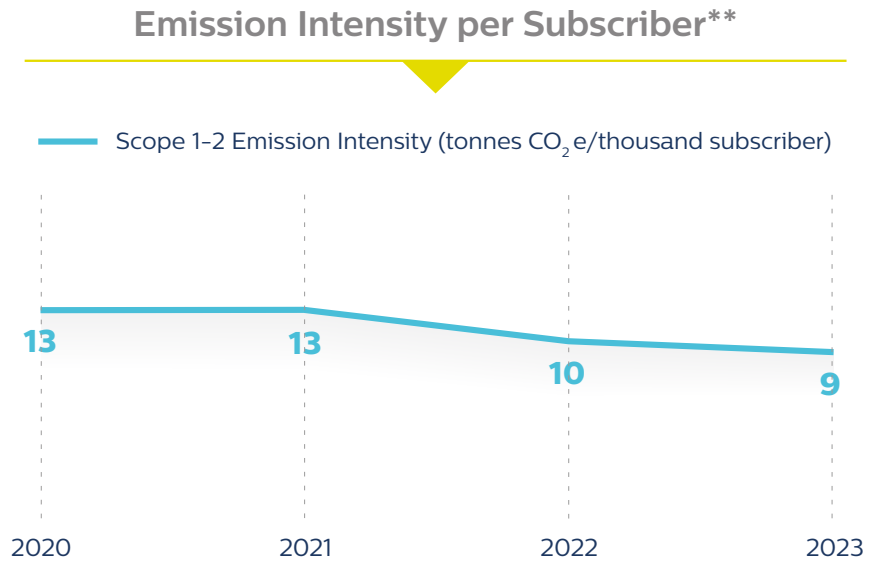
An I-REC certificate is a verification for environmental quality of every 1 MWh of electricity generated from renewable energy. To improve our electricity consumption mix, we increased the amount of renewable energy certificates we purchased. We acquired 340 thousand MWh of I-REC certificates, increasing by 15% compared to the previous year. We reduced the Scope 2 emissions of 2023 resulting from our electricity consumption by 149 thousand tonnes of CO₂e with the I-REC renewable energy certificates we purchased.

years due to technology changes, there is an increase in the number of mobile, fixed broadband and TV subscribers. The energy efficiency projects and GPON conversions that we have been carrying out and the renewable energy certificates we purchased were the main contributors to this decline.



Emission Intensity

As Türk Telekom, we also monitor our performance indicators related to emission management with emission intensity values per annual net income and per number of subscribers. Emission intensity per annual TL net income decreased by 13% to 5 tonnes CO₂e/million TL, and emission intensity per net income in US dollar decreased by 19% to 147 tonnes CO₂e/million USD. Emission intensity per subscriber decreased by 5% to 9 tonnes CO₂e/thousand subscriber. However, while there has been a decrease in the number of fixed voice subscribers in the past few



*Emission Intensity per Revenue calculated in TL are based on consolidated revenues with TAS 29 applied. Emission Intensity per Revenue calculated in US Dollars are based on consolidated revenues without TAS 29 applied and translated at the average USDTRY exchange rate for the period.
**Scope 2 emissions in the graphs are market based.

TÜRK TELEKOM GROUP GREENHOUSE GAS EMISSIONS								
Greenhouse Gas Emissions (metric tonnes CO ₂ e)	2020	2021	Annual Change	2022	Annual Change	2023	Annual Change	Annual Change Compared to Base Year*
Scope 1	121,499	143,780	18%	135,051	(6)%	109,084	(19)%	(10)%
Scope 2 (Location-based)**	522,569	541,698	4%	524,265	(3)%	542,770	4%	4%
Scope 2 (Market-based)	522,569	508,773	(3)%	393,958	(23)%	393,510	(0)%	(25)%
Scope 3	1,389,850	1,387,850	(0)%	1,490,333	7%	1,501,958	1%	8%
Scope 1 + Scope 2 (Location-based)	644,068	685,479	6%	659,316	(4)%	651,854	(1)%	1%
Scope 1 + Scope 2 (Market-based)	644,068	652,554	1%	529,010	(19)%	502,594	(5)%	(22)%
Total (Location-based)	2,033,918	2,073,328	2%	2,149,649	4%	2,153,811	0%	6%
Total (Market-based)	2,033,918	2,040,403	0%	2,019,342	(1)%	2,004,551	(1)%	(1)%

*The base year is 2020.
** With the change in calculation methodology, we started to report emissions from Transmission and Distribution, which had been included in our Scope 2 emissions in previous years, under Scope 3 – Category 3 (Transmission Distribution (T&D) losses & Well-to-Tank (WTT)). In addition, the Turkish National Electricity Grid Emission Factor used in the calculation of Scope 2 emissions was updated by the Ministry of Energy and Natural Resources for previous years. The Scope 2 emissions we reported for 2020, 2021, and 2022 have been revised accordingly. 2020 emission factor (EF) of 0.475 tCO₂e/MWh was revised to 0.420 tCO₂e/MWh, the 2021 EF of 0.457 tCO₂e/MWh was revised to 0.439 tCO₂e/MWh, and the 2022 EF of 0.484 tCO₂e/MWh was revised to 0.439 tCO₂e/MWh.

Our Target is Net Zero Emissions

We offer products and services that promote a low-carbon economy as part of our sustainability strategy. We are committed to reducing greenhouse gas emissions and supporting our value chain with products and services that adhere to low-carbon emission practices. Our objective is to contribute to a sustainable future by offering low-carbon solutions to our customers and business partners, in addition to reducing our own emissions.

At Türk Telekom, sustainability is one of our most important focal points. We are taking significant measures to ensure the sustainability of tomorrow while meeting the needs of today. Throughout this journey, we are implementing tangible measures to reduce our carbon footprint and enhance our contribution to environmental sustainability.

With the decision taken by our Sustainability Committee reporting to the Board of Directors,

We are committed to reducing our Scope 1 and Scope 2 emissions by 45% by 2030 in comparison to the base year 2020, as determined by the Sustainability Committee.



In line with Türkiye and GSMA targets,



Our objective is to achieve Net Zero by 2050, in accordance with the objectives of Türkiye and the GSMA.

Our commitment is not merely a numerical objective; it is a testament to our responsibility for establishing a sustainable future.



Responsible Use and Management of Natural Resources

Water and Wastewater Management

Our sustainability approach highly attends to the planned and controlled use of water resources, which are of critical importance for the environment and the continuity of human life. We are committed to preventing, reducing, or eliminating significant environmental effects arising from our operations. We set certain annual water-saving targets to carefully manage our water

consumption and carry out operations in accordance with these targets. The water we use in our buildings for the basic needs of our employees is not taken directly from the water source but through the city water networks, and we regularly report our water consumption on an annual basis. Water is necessary for the uninterrupted continuity of our services; hence, we adopt proactive approaches in water

management to save on water usage and recycle wastewater. To use water efficiently, we implement environmentally friendly practices such as intelligent irrigation systems, photocell batteries, grey water systems, and rainwater collection units. We also aim to reduce water consumption by reducing the number of water-using locations through building centralisation efforts.



Water Saving and Management

We implement a variety of initiatives that save water in our office buildings. In this context, we implement measures such as the use of water-saving sanitary ware and fixtures, the float setting of toilet cisterns to ensure that each flush is conducted at a minimum level, and the efficient and controlled

irrigation of gardens through irrigation automation systems. Furthermore, we have made a significant contribution to the reduction of water consumption in buildings and offices by reducing the amount of building and office space used through building centralisation and space optimisation projects.

On the other hand, we also act with the awareness of

effective use of water and water saving in our data centres. At this point, we use a rainwater recovery system in our Esenyurt data centre and a fogging system to minimise the water consumption of the outdoor units of DX cooling units in our Ümitköy data centre, and we try to ensure the continuity of our water saving measures.

Our Water Management Practices

We take the following measures to minimise water consumption and waste:

- Using water-saving fixtures and fixture saving devices (aerators) in all our corporate buildings
- Using time-counter irrigation systems in all our landscaping areas
- Reusing water by recycling as much as possible
- Increasing water-saving measures in regions at risk of water scarcity

A total of 56 thousand cubic meters of water was consumed at our Ankara Headquarters facility in 2023. Approximately 10 thousand cubic meters of this amount was treated to meet environmental standards with our grey

water treatment systems (wastewater from sinks and tea stoves) within the facility and discharged back into the toilet reservoir filling lines. In this way, maximum savings were achieved from the use of fresh water. Most of our water consumption is the

result of the general use of the personnel working in our buildings. In order to reduce consumption, we are carrying out studies on battery-saving apparatuses, the use of photocell batteries, and raising awareness among staff.

According to our data for 2022 and 2023 for Türk Telekom Group, we have achieved a significant reduction in our municipal water consumption.

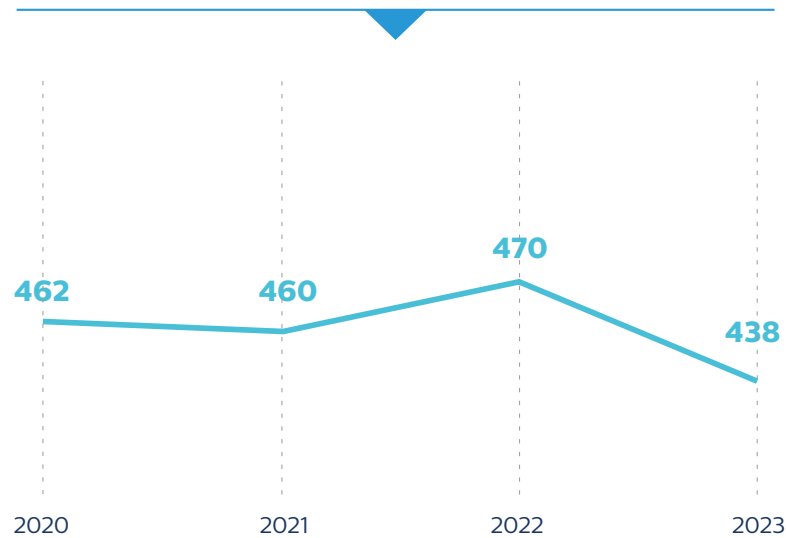
Our water consumption decreased to 438 thousand m³ in 2023 from 470 thousand m³ in 2022. This reduction shows the effectiveness of our proactive approaches and saving measures we have adopted in water management.

Wastewater Management

In wastewater management, our priority is to recycle the water resulting from human use in our operations and to discharge it in accordance with environmental standards. Wastewater discharge from Türk Telekom buildings is compliant with the minimum requirements set by Turkish Ministry of Agriculture and Forestry, General Directorate of State Hydraulic Works (DSİ) and local water and sewerage authorities (SKİ). We act in a way that meets the standards we apply in central locations for wastewater discharges in all our facilities and do not exceed the water consumption

limits established by these organisations. In addition, wastewater collected from tea stoves and sinks in the Ankara Headquarters Tower Building is reused in toilet reservoirs after the necessary treatment processes.

Türk Telekom Group Water Consumption (thousand m³)



Water Stress and Management

Water stress is an escalating problem at the global level today. Limited water resources, coupled with growing population and industrialisation, make efficient management and sustainable use of water crucial. As Türk Telekom, we closely monitor water use, continuously enhance our infrastructure to ensure water efficiency, and continue to fulfil our obligation to safeguard water resources as part of our environmental sustainability efforts.

According to the World Resources Institute (WRI), water demand is expected to increase by 30% by 2050 because of population growth, socioeconomic developments, and changing consumption habits. According to the WRI Water Risk Atlas, Türkiye is among the countries facing high water stress and drought risk. We carry out water management with this approach in our entire value chain and encourage all our stakeholders to act accordingly.



Circular Economy and Waste Management

We are dedicated to the management of waste at Türk Telekom to help build a sustainable future. To prevent the rapid consumption of natural resources and to guarantee the reintroduction of recyclable wastes into the economy, we separate all our waste at the point of generation and implement measures to prevent waste generation. We carry out our waste management in accordance with national legislation and our Sustainability Policy.

Our Waste Types and Waste Management

Our waste consists of products and materials which reach their end of life and become idle such as fibre and copper cables, generator fuels, accumulators, batteries and electronic materials that we use to provide services in our field activities as well as operational products and materials such as paper,

plastic, metal, glass, toner and cartridges we use in our office activities. We ensure that all our waste is managed in accordance with national and international regulations. Our field and office activities generate hazardous and non-hazardous waste, which we document in the Integrated Environmental Information System of the Ministry of Environment, Urbanisation and Climate Change. Additionally, we generate Mobile Hazardous Waste Transportation (MoTAT) records to facilitate the Ministry's tracking and monitoring of hazardous waste. We ensure the recycling and disposal of waste within this framework and collect all waste generated from our field activities in temporary storage areas with permits in accordance with legal obligations. All of these initiatives are consistent with the European Union's Green Deal.



Electronic Waste

We work in cooperation with the Informatics Industry Association (TÜBİSAD) to recycle electronic waste generated by the services we provide. In this regard, over 38 tonnes of domestic electronic waste was collected and recycled between 2017 and 2023. In addition, during these years, we organised electronic waste recycling campaigns with our employees to raise environmental awareness. In this way, the income generated from the recycled waste was donated to educational institutions to contribute to public education.

38 tonnes
Amount of household electronic waste recycled between 2017-2023



At Türk Telekom, we carry out all our environmental activities in line with national and international legislation and standards. With this approach, we manage and certify all our service areas under ISO 14001 Environmental Management System standards. We are aware that bringing waste into the circular economy supports economic development and strengthens the financial performance of companies. Based on the contracts we signed at the end of 2020 with this awareness, in 2023, TL 88 million (excluding VAT) was generated through the direct sale of 4,582 tonnes of scrap (from 14 different scrap items). We generated TL 13.8 million of revenue from the sale of

second-hand equipment facilitated on behalf of Türk Telekom majority of which were electronics. With our nationwide electronic waste collection project planned to kick-start next year, we aim to reach a wider audience and increase the amount of waste collection. Within the scope of this project, we will organise comprehensive information campaigns to ensure the participation of our customers, increase the number of electronic waste collection points, and organise various activities to further raise the awareness of our employees on this issue.

In 2024, we will expand our internal awareness campaigns and encourage our employees to contribute to the recycling of electronic waste. In this way, we aim to both reduce our environmental impact and raise socially sensitive individuals.

Partnerships and Procedures in Waste Management

We are committed to preventing direct or indirect discharge of hazardous/non-hazardous wastes into the receiving environment in a way that harms human health and the environment, establishing technical and administrative standards in waste management, and sending them to temporary storage, recovery, and disposal facilities.

We deliver batteries to AKÜDER (Association of Accumulator and Recycling Industrialists), waste oils to PETDER (Petroleum Industry Association), and batteries to TAP (Portable Battery Manufacturers and Importers Association) as part of our legal processes. Under legal procedures, we transport all other hazardous or non-hazardous waste through licensed companies with which we have contracts. We fulfil obligations,

including public information, collection, and campaigns concerning electronic waste, in collaboration with the authorised institution. In this context, we meet these obligations in partnership with TÜBİSAD. On behalf of our organisation, TÜBİSAD certifies the quantity of electronic waste collected in numerous regions. Apart from legal obligations and partnership with TÜBİSAD, Türk Telekom has implemented a variety of campaigns in our workplaces

to enhance employee awareness of electronic waste management and the quantity of electronic waste collected. The income generated from the recycling of waste was donated to Foundations and Associations in need as an outcome of the campaign we conducted. Additionally, we are responsible for managing electronic waste produced due to our Company’s operations and is subject to the Waste Management Regulation process.

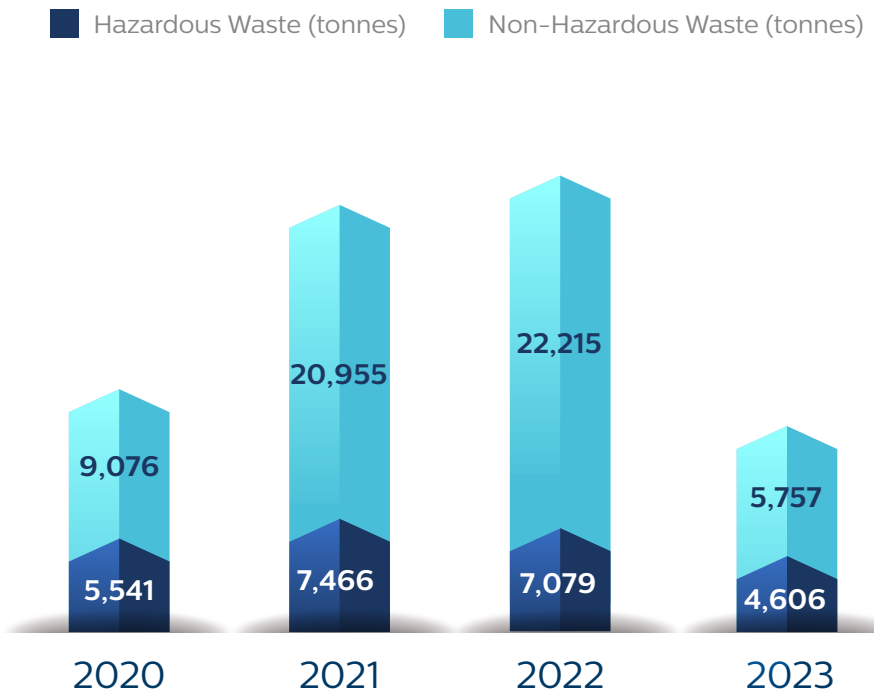


We generate end-of-life mobile base stations, fixed infrastructure equipment, and cables as a result of our operations. We typically sell these wastes in the secondary market in order to reintroduce usable materials into the economy. We legally deliver hazardous and non-hazardous waste generated within our Company to licensed companies from temporary waste storages. Competent authorities conduct audits of licensed companies. We record waste in the warehouses using the SAP system. In addition, we report office waste to the Integrated Environmental Information System (EÇBS) for zero waste tracking. At the end of the year, we record hazardous wastes in MoTAT records on the EÇBS and non-hazardous wastes in the EÇBS waste declaration system based on SAP records. We create a Waste Inventory by collecting the waste declarations entered into the EÇBS and the amounts entered into the zero-waste system (the amounts of waste generated in temporary storage areas in 81 provinces and Türk Telekom Directorates).

Türk Telekom has a waste management procedure as well as an environmental impact/risk assessment procedure in place. Our integrated policy outlines our commitment to reducing environmental impacts. We consider the requirements of these procedures when conducting audits.

While our total amount of waste was 29,294 tonnes in 2022, it is 10,363 tonnes in 2023.

- Hazardous waste: 7,079 tonnes in 2022; 4,606 tonnes in 2023
- Non-hazardous waste: 22,215 tonnes in 2022; 5,757 tonnes in 2023



**The decrease in the amount of waste in 2023 is due to an extended period of contractual processes with the companies that will purchase the waste. Once the contracts with the companies that will purchase the waste are finalised, the amount of waste to be reported in 2024 may increase more than normal due to this effect.*

***For more detailed information, you can review the Wastes table on page 125.*

Zero Waste Project

In line with the Zero Waste project, which we have been carrying out in all offices since 2019, we have been working to make the daily consumption habits of our employees environmentally friendly. In the process from generation to disposal/ recycling of all kinds of waste generated by Türk Telekom’s operations, we are committed to preventing the direct or indirect discharge of waste into the receiving environment in a way that harms human health and the environment, establishing technical and administrative standards in waste management, and sending it to temporary storage, recovery, and

disposal facilities. For a sustainable future, we continue to play a pioneering role in waste management and aim to increase our environmentally friendly practices. Protecting natural

resources and effectively managing recycling processes is an indispensable principle for both reducing our environmental impact and contributing to the economy.



Thus,



We recycled 3 tonnes of glass waste and saved 122.7 kWh of energy.



With 119.3 tonnes of wastepaper recycling, we saved 2,029 trees from being cut down.



With 1.3 tonnes of waste metal recycling, we prevented 125.6 kg of CO₂e greenhouse gas emissions.



With 14.6 tonnes of waste plastic recycling, we saved 237.8 barrels of oil.

Recycling all our waste saved 340 m³ of storage space, 574.5 thousand kWh of energy and prevented the release of 21,934 kg of CO₂e greenhouse gases into the environment.

Combating Climate Change

Today, the climate crisis poses a serious threat on a global scale. Its impact extends beyond the environment, affecting various sectors and financial indicators. The telecommunications sector is one of the industries that directly experiences the effects of the climate crisis and has a high potential for providing solutions. Research and assessments emphasise the critical role the telecommunications sector can play in combating climate change.

Reports published by the United Nations Framework Convention on Climate Change (UNFCCC) show that the climate crisis is directly linked to increasing greenhouse gas emissions. Due to its energy and infrastructure requirements, the telecommunications sector consumes a significant amount of electricity and produces greenhouse gas emissions. Therefore, the steps taken and investments made throughout the sector regarding energy efficiency and the use of renewable energy sources not only contribute to the fight against the climate crisis but also play

a crucial role in ensuring long-term operational sustainability. Increasing adverse weather conditions and extreme weather events can damage infrastructure and communication networks, leading to service disruptions. Hence, the sector needs to develop flexible infrastructures that can adapt to the climate crisis and strengthen risk management strategies by collaborating with regulatory authorities, stakeholders, and other relevant parties.

As Türk Telekom, we play a significant role in mitigating the effects of the climate

crisis and leading the sector in this field with the value we create. Within this framework, we conduct analyses of climate risks and opportunities. Energy efficiency, investments in sustainable technologies, and adaptation to climate crisis have an important place in our Company’s sustainability strategy. With this awareness, we manage our partnerships and implement initiatives to raise awareness among all our stakeholders.

The company has a sustainability policy that addresses climate change. We are working on an Environmental Policy, which we plan to publish soon. Our Sustainability Policy includes sections on Climate Change and Environmental Focus. Through these policies, we aim to minimise our environmental impacts and take a leading role in combating climate change.



Our Strategy for Combating Climate Change

At Türk Telekom, we recognise that combating climate change and protecting the environment are critically important for the future of our planet. Accordingly, we focus our sustainability strategy on Climate Change and the Environment and systematically reduce our carbon footprint.

To measure, monitor, and manage our environmental impact, we measure our Scope 1, 2, and 3 emissions and report them in accordance with international standards. Additionally, our greenhouse gas emissions are verified by independent third-party companies. This approach demonstrates our commitment to transparency in environmental sustainability.

We try to anticipate our potential risks and opportunities related to climate change and to minimise the negative effects on our operations. We are reshaping our way of doing business in line with our emission reduction targets. Our strategy to manage

climate risks reflects the steps we take to minimise our environmental impact and build a sustainable future.

Climate Risks and Opportunities

Today, the climate crisis poses a serious threat globally, impacting not only the environment but also various sectors and financial indicators. Standing amongst those that directly feel the effects of climate crisis, the telecommunications sector also possesses a high potential for providing solutions. Consequently, Türk Telekom considers climate change a significant risk. We shape our business



strategies and operations around climate risks and opportunities by following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

Risks such as the impacts of the climate crisis and extreme weather events can affect our operations and lead to service disruptions. We assess physical, technological, legal, reputational, and market risks alongside current and future regulatory requirements. Studies we have conducted show that these risks can potentially impact our corporate sustainability structure and financial performance.

Climate change presents significant risks and opportunities for businesses. Managing these risks and leveraging opportunities are key factors in shaping the long-term success of companies. Detailed risk and opportunity assessments provide flexibility in the face of unexpected situations, ensuring the sustainability and performance of the Company.

We are aware of the risks and opportunities brought about by climate change and publicly share our detailed work in our 2023 report. This report thoroughly explains the impacts of identified risks and opportunities on financial reporting.

We consider risk and opportunity assessments as an integral part of our business. Green projects we developed in response to anticipated risks are:

- Smart Cities Project:** By implementing concepts tailored to cities’ needs, we aim to make urban life easier, more comfortable, sustainable, and safe. This project includes various next-generation urban concepts such as Smart Stop, Smart Parking, Smart Tracking, Smart Health, Smart Environment, Smart Lighting, Smart Intersection, and Smart Agriculture. Achieving savings in electricity, fuel consumption, and irrigation in municipalities.
- Smart Energy Management Platform:** This platform proactively monitors and analyses the operational performance of all energy equipment such as generators, air conditioners, DC power supplies, and renewable energy sources. It contributes to reducing carbon emissions by increasing the energy efficiency of Türk Telekom’s network.



Solutions developed by one of our subsidiaries, **innova** are:



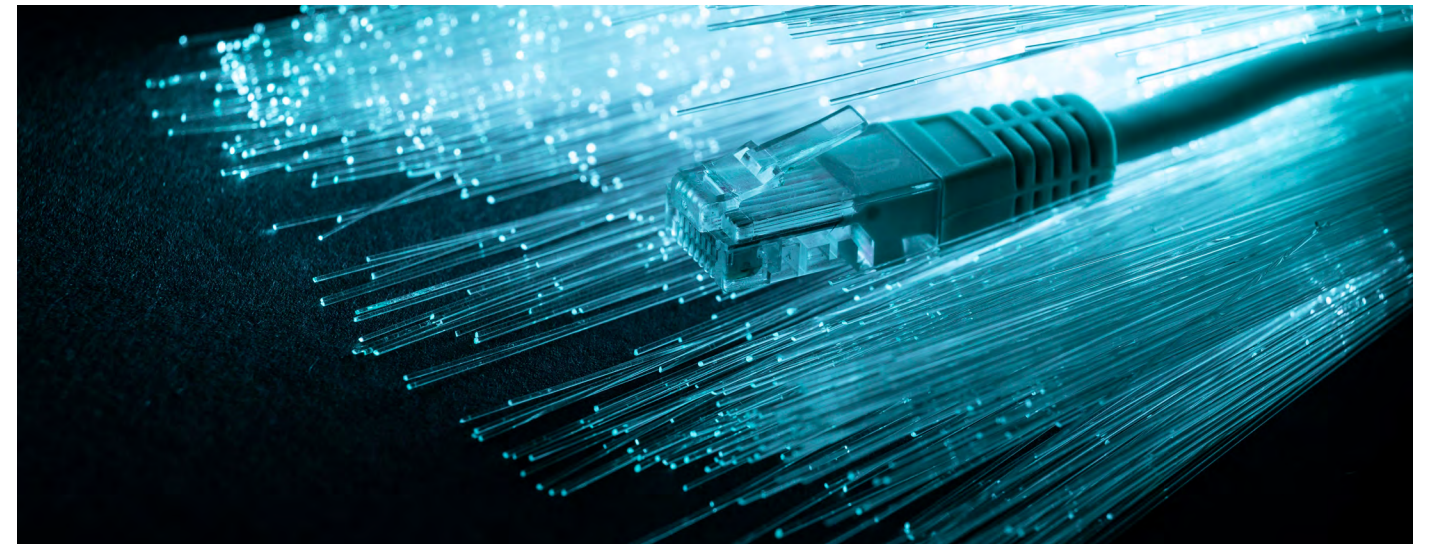
- **ARENA** is a solution that centrally manages customer appointments, workforce density, and the availability and competence information of teams, simplifying field management and enhancing the operational efficiency of institutions. ARENA, which can work integrated with or completely independent of ERP systems, automatically assigns the right job to the most suitable teams. While it reduces paper-based processes and provides resource efficiency, it also promotes digitalisation and energy saving and increases operational efficiency. It provides more sustainable business processes by reducing environmental impacts.



- **Smart Factories** digitise the production process from start to finish and enables management of entire operations from a single centre. Smart factories, equipped with the latest technologies compatible with Industry 4.0 and with interconnected equipment, increase production capacity and efficiency while reducing costs thanks to insights obtained from the analysis of real-time data.



- **E-Transformation** offers digital transformation solutions under the PayFlex E-Transformation umbrella to institutions and organisations operating in Türkiye. The E-transformation family includes E-invoice, E-archive Invoice, E-ticket, E-reconciliation, E-dispatch, E-producer, and E-ledger solutions that save costs on paper usage, archiving, and printing.



- **Microgrid Management** aims to develop a Microgrid Energy Management System that ensures the optimal use of renewable energy (solar, wind), diesel, and cogeneration production sources, along with electricity storage, electric vehicles, and demand response technologies and approaches, under variable electricity tariff and uncertainty conditions, considering grid constraints in buildings, facilities, and campuses with electricity production/consumption and power quality parameters monitored in real-time.

Climate Change Action Plan

Our climate transition plan describes the steps our company will take to achieve a 45% reduction in Scope 1 and Scope 2 emissions by 2030 compared to the base year of 2020, with the goal of carbon neutrality by 2050. This plan includes our science-based strategies for reducing greenhouse gas emissions with activities and projects such as energy efficiency, increasing renewable energy resources, etc., accounting for financial sustainability at every step. Our goal is to ensure sustainability in all our operations and value chain and to reduce our carbon footprint. Our climate transition plan is organised under the following five main headings:

1. Renewable Energy Projects

Our renewable energy projects are key to our climate transition plan; we have planned these projects for the short, medium and long term. The 405.8 MWe SPP capacity we plan to install between 2024 and 2027 corresponds to approximately 65% of our total electricity consumption in 2023. In the medium term, we plan to evaluate SPP capacity increases depending

on new needs and in the long term, we aim to continue our investments in renewable energy solutions in line with our 2050 net-zero target.



2. Energy Efficiency and Optimisation Projects

Energy efficiency and optimisation projects constitute another pillar of our climate transition plan. In the short term, we aim to continue our existing energy efficiency projects and reduce grid energy dependency. We are replacing low-efficiency equipment with next generation efficient equipment, reducing energy consumption through optimisation and calibration studies, and increasing solar energy systems at our base stations. Furthermore, we aim to continue our unabated investments in energy-efficient fibre transformation for our fixed infrastructure.

We plan to integrate artificial intelligence-supported optimisation systems into our data centres and build our next generation data centres with a PUE (Power Usage Effectiveness) ratio of 1.2. We also aim to invest in 4G and 5G technologies with higher energy efficiency, replace refrigerants used in cooling systems with gases with lower Global Warming Potentials (GWP), and increase the number of electric vehicles in our vehicle fleet. In the long term, we aim to fully integrate smart grid technologies into our operations, continue our energy efficiency projects in all our infrastructure, and continuously improve our energy efficiency projects.



3. Science-based Emission Reduction Targets and SBTi Commitments

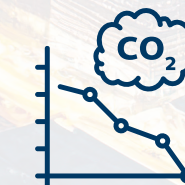
Our science-based emission reduction targets and SBTi commitments form the basis of our climate transition plan. As Türk Telekom Group, we aim to achieve a 45% reduction in our Scope 1 and Scope 2 emissions by 2030 compared to the base year 2020, and to reach Net-Zero emissions in 2050, in line with Türkiye and GSMA targets. Once we take stock of our full carbon inventory including all our group companies, we aim to start the SBTi target verification process by setting targets that will include Scope 3 emissions in addition to our Scope 1 and Scope 2 emission targets. A thorough calculation of Scope 3 emissions including all categories across Türk Telekom Group is in progress in line with our plans. Between 2024 and 2030, we aim to implement all the necessary work to achieve these targets. After 2030, we plan to achieve our goals by advancing our steps with a net-zero focus.



Capacity installation permission for 405.8 MWe, which corresponds to 65% of our electricity consumption in 2023.



New generation data centres designed with a targeted PUE of 1.2.



SBTi target validation process including our Scope 1, 2, and 3 emissions.

4. Other Environmental Topics

We aim to go beyond regulatory requirements to increase our impact on waste management, which is another environmental topic. In this context, we plan to expand our positive impact by implementing a more comprehensive recycling project for electronic waste. In terms of water management, in the short and medium term, we aim to make water use in offices smarter and more efficient, and to continue projects targeting water savings through rainwater collection and different cooling methods in our data centres.

Regarding the prevention and control of pollution, we aim to take effective and rapid steps. We plan to promote waste prevention, reduction, reuse, and recycling. To this end, our action plans include the implementation of programs for recovering and recycling customer electronic device waste, and developing sorting, collection and recycling programs for non-hazardous waste from network waste and IT equipment. In addition, we aim to switch to refrigerants with low Global Warming Potentials (GWP), recover and reuse refrigerants during repair and maintenance, and recover

and recycle refrigerants from old air conditioning equipment.



To further diversify our environmentally friendly projects and increase our positive contribution to the environment, we obtained the necessary licenses and entered the electric vehicle charging stations market. With our investments in this field, we aim to reduce fossil fuel consumption and consequently carbon emissions by encouraging the use of electric vehicles.

We plan to initiate efforts to make our procurement



processes more environmentally friendly and aligned with our SBTi targets. With the motivation to increase our positive impact on the environment, we will pursue meaningful opportunities for partnerships with both our suppliers and other parties.

5. Monitoring and Annual Reporting

We will establish monitoring and annual reporting mechanisms to ensure the effectiveness and continuity of all these steps in our climate transition plan. Through these mechanisms, we aim to realise continuous process improvements, regularly evaluate our progress, and share it transparently with all our stakeholders.

Environmental Investments and Contributions

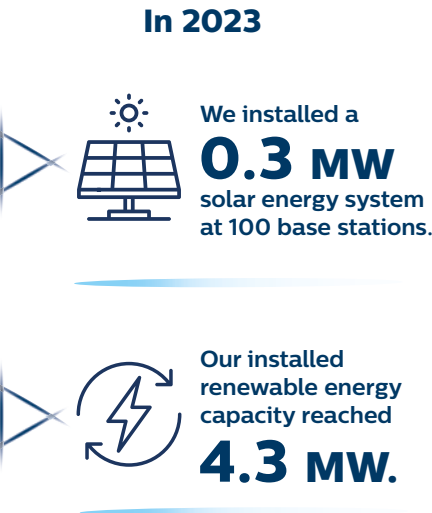
Türk Telekom believes that investing in a sustainable future is crucial not only for the environment but also for social and economic well-being. With this awareness, we make sustainability-focused investments aimed at managing environmental impacts and efficiently using natural resources. While striving to create long-term value, we focus on areas such as renewable energy, energy efficiency solutions, waste management, and the conservation of water resources. With these

investments we aim to enhance our company's and society's well-being and to create a sustainable world.

Solar Power Plant (SPP) Project

In 2023, we installed a 0.3 MW solar energy system at 100 base stations, increasing our renewable energy capacity to 4.3 MW. Following the capacity allocation by TEİAŞ in 2023 we plan to start the construction of the 405.8 MWe SPP in 2024. The capacity we aim to reach

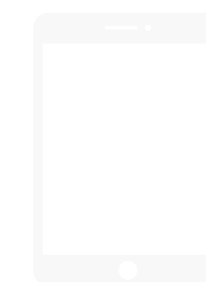
with this project, which we plan to complete in 2-3 years corresponds to 65% of our total consumption.*



*Calculated based on 2023 consumption value.



Strong Corporate Governance



Strong Corporate Governance

Our sustainability strategy at Türk Telekom is formed on the basis of responsible business conduct and a focus on trust. Based on these principles, we focus on conducting our operations in compliance with ethical, legal, and social responsibilities. When making strategic decisions, we consider the needs of our employees, customers, suppliers and society. In this context, we make investments to mitigate the negative environmental impact of the services we provide. We comply with national and international requirements for ethics and anti-corruption and aim to create a transparent business culture.

In our corporate governance approach, we evaluate environmental, social, and governance impacts and in our sustainability strategy, we aim to create long-term value by considering the expectations and needs of our stakeholders.

Strong Corporate Governance

- Board of Directors: 9 Board members, 3 of whom are independent
- The only telecom company listed in the BIST Corporate Governance Index since 2009
- Listed in the BIST Sustainability Index since 2014
- Chairman of the Board of Directors and General Manager (CEO) in separate positions
- Sustainability Committee reporting to the Board of Directors
- Audit Committee consisting of independent board members
- Among the companies with the highest scores in the categories of “Stakeholders” and “Public Disclosure and Transparency”
- Our Corporate Governance Rating was 8.72 in 2014 and

9.18 in 2017. Reached 9.40 in 2019 which was maintained in 2023

- Our policies determine the framework of our processes and approaches and are transparently shared with our stakeholders

Our corporate governance approach is based on the principles of respect for ethical values, transparency, accountability, and sustainability. At Türk Telekom, we put great care into complying with the Corporate Governance Principles published by the Capital Markets Board (CMB). We will be updating our Integrated Reports and website for our stakeholders’ review. Our stakeholders can access comprehensive information on the up-to-date Türk Telekom Investor Relations website and direct their questions about the company to the Investor Relations and Sustainability Directorate.

We adopt an approach that places corporate governance principles at the heart of our operations. With this approach, we aim to build our sustainability policies and focus areas on corporate governance principles. Our holistic approach supports both sustainability and long-term goal-oriented growth with the strong link between corporate governance and sustainability.

Since 2009, we have been the only telecommunications company in the BIST Corporate Governance Index. In addition, we have been included in the BIST Sustainability Index since its inception in 2014, and we continue our successful performance with our exemplary practices in ESG. We meticulously manage our business processes based on trust and responsibility by adhering to our company policies:

Our Sustainability Policies:

- ▶ [Sustainability Policy](#)
- ▶ [Human Rights Policy](#)
- ▶ [Human Resources Policy](#)
- ▶ [Anti-Bribery and Anti-Corruption Policy](#)
- ▶ [Information Security Policy](#)
- ▶ [Procurement Policy](#)
- ▶ [Integrated Management System Policy](#)

Our Corporate Governance Policies:

- ▶ [Disclosure Policy](#)
- ▶ [Dividend Policy](#)
- ▶ [Remuneration Policy](#)
- ▶ [Board of Directors Women Membership Policy](#)
- ▶ [Donation Policy](#)
- ▶ [Compensation Policy](#)
- ▶ [Internal Directive of the General Assembly](#)
- ▶ [Business Ethics Code](#)

Leadership in Investor Relations

We establish transparent and trust-based communication by informing all our investors in a timely and comprehensive manner. We regularly manage relations with our existing and potential shareholders and bond investors, respond to investor and analyst inquiries in the most efficient manner, and work to increase the value of the company. At the same time, we develop our sustainability vision and initiatives and establish effective sustainability approaches in the eyes of investors and all other stakeholders. We carry out these activities through our Investor Relations and Sustainability Directorate, which reports to the CFO.

 **176**
meetings with
equity and bond investors

Our Investor Relations and Sustainability Directorate fulfils our obligations arising from capital markets legislation and coordinates corporate governance practices. This task is carried out by our Investor Relations and Sustainability Director Gülsen Ayaz, who holds Capital Market Activities Level 3 and Corporate Governance Rating Specialist licenses. Gülsen Ayaz is also a member of the Company's Corporate Governance Committee.

In 2023, we held meetings with 176 equity and bond investors from different geographies. We prioritise providing timely,

continuous, and accurate information to our investors. In 2023, our Investor Relations team participated in investor conferences and webinars and organised roadshows. We continued to organise teleconferences after each quarter to share our financial and operational results and to answer the questions of investors and analysts. We pay utmost attention to the implementation of the guidelines set out in the Corporate Governance Principles published by the Capital Markets Board. In a transparent and close relationship, we equally protect the interests of all our shareholders and stakeholders.

We achieved great success at the 2023 Europe & EMEA Equity Awards organised by Institutional Investor, an international business publisher. 32 companies were evaluated in the "Technology, Media and Telecommunications" sector category, and we won the "Best Corporate in Investor Relations in SMID Cap" and "Best Team in Investor Relations in SMID Cap" awards for the EMEA (Europe, Middle East and Africa) region. These awards are determined by the votes of the world's leading investors and analysts and include many criteria such as the communication methods of our investor relations department, the quality of our corporate reports and documents used in investor communication and transparency.

Our 2022 Annual Report was also recognised internationally. With the title "Digital Türkiye: A New Future", our 2022 annual report won three awards at the LACP Vision Awards. It was awarded the "Gold" award in the Telecommunications category, the "Silver" award in the "Regional Special Achievement Award: Best Report Financials" category, and the "Technical Achievement" award in the "Artistic and Communication Excellence of the Report" category. Our report received 98 points in the LACP Vision Awards, with full points from the jury in criteria such as first impression, cover design, executive message, narrative, presentation of financial information, and clarity of messages.

Since 2022, our Investor Relations Department has assumed responsibility for the sustainability performance of our company and continues its work as the Investor Relations and Sustainability Directorate. It also leads our Sustainability Committee and ensures the coordination of relevant activities in line with our Sustainability Policy and Sustainability Program and reports on progress. It is also responsible for determining areas that need improvement through gap analyses, carrying out projects and development activities that will always carry our performance further, ensuring the flow of data between departments, and preparing all sustainability-related reports.



LACP Vision Awards
Gold Award

Digital Türkiye: A New Future 2022 Annual Report



LACP Vision Awards
Silver Award

Artistic and Communication Excellence of the Report



Best Corporate in
Investor Relations in SMID Cap
EMEA-TMT



Best Team in
Investor Relations in SMID Cap
EMEA-TMT

Our Strong Corporate Governance Performance

On December 14, 2023, our company’s corporate governance rating report was prepared by SAHA Corporate Governance and Credit Rating Services Inc. (SAHA), which is authorised to conduct ratings in accordance with the CMB’s Corporate Governance Principles in Türkiye. As a result of this independent corporate governance rating assessment, we were assigned an overall score of 9.40 out of 10. With this rating, Türk Telekom remains among the top-rated companies in the categories of Public Disclosure and Transparency and Stakeholders. Our corporate governance rating was determined based on an evaluation conducted on weighted four main categories (Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors) in accordance with the CMB’s resolution on the subject.

The distribution of our Corporate Governance rating by each of the main categories is as follows:

Subcategories	Weight	Rating
Shareholders	25%	87.47
Public Disclosure and Transparency	25%	98.85
Stakeholders	15%	99.51
Board of Directors	35%	92.92
Overall Score		94.03

SAHA’s rating of 9.40 based on the Corporate Governance Principles is an indication that the Company has achieved significant compliance with the CMB’s Corporate Governance Principles and that the necessary policies and measures have been implemented.

Our [Corporate Governance Rating Reports](#) are available on the investor relations section of our website. The biographies of Board Members, including their experiences in corporate governance and sustainability issues, can be accessed from the [Board of Directors](#) section of our website.

Consistent and reliable communication with stakeholders

Türk Telekom supports timely access to accurate information by continuously updating the content of its website to meet the needs of its target audience, which includes individual and institutional equity and bond investors, analysts, minority and majority shareholders. We offer a holistic investment theme with financial, operational and strategic information updated quarterly on the website. To ensure inclusivity for all stakeholders, we provide the website content in both Turkish and English. Each piece of information added is published simultaneously in both languages on the website. By adhering to our motto of “Most effective access to accurate information,” we aim to enhance inclusivity in our Investor Relations approach.

We share the latest announcements on the Public

Disclosure Platform (KAP), including material event disclosures, simultaneously with an extensive distribution list of analysts and investors. We also publish these announcements on our Twitter account to fully inform the public.

Credit ratings

On September 6, 2024, Fitch Ratings upgraded Türkiye’s Long-Term Foreign-Currency Issuer Default Rating (IDR) from “B+” to “BB-”, with a “Stable” outlook. In accordance, Fitch Ratings upgraded Türk Telekom’s Long-Term local and foreign currency IDRs from ‘B+’ to ‘BB-’ with a “Stable” outlook.

Following an update to the country’s rating, S&P Global Ratings (S&P) upgraded Türk Telekom’s long-term issuer credit rating from “B” to “B+” with a “Positive” outlook on May 7, 2024. On May 23, 2024, S&P further upgraded Türk Telekom’s long-term issuer credit rating and senior

unsecured debt rating from ‘B+’ to ‘BB-’. The outlook for Türk Telekom’s long-term issuer credit rating remains “Positive.” Additionally, S&P assigned a ‘BB-’ rating to Türk Telekom’s recently issued \$500 million sustainability bond due in May 2029. Türk Telekom regularly conducts studies to analyse the diversity of its shareholders. These studies help track changes in the shareholder base over different periods. The shareholder base of Türk Telekom includes not only value-oriented investors but also index and growth-oriented investors.

Corporate Structure

Board of Directors and Senior Management



Board of Directors and Governance Structure

Structure and Composition of the Board of Directors

According to Article 10 of the Articles of Association, Board members serve for 3 years. The General Assembly may dismiss members of the Board of Directors before their term of office expires. Board members may be re-elected. At the Extraordinary General Assembly Meeting held on January 25th, 2019, Article 8 of the Articles of Association titled “Board of Directors” was amended to change the number of Board members to nine and Board members were elected accordingly for a three-year term of office.

According to the Articles of Association, Board members may be nominated as follows:

a) The holder of Group A Shares shall be entitled to nominate five (5) candidates to serve as Board members,

b) The Treasury and Türkiye Wealth Fund, as holders of Group B Shares;

- Shall be entitled to nominate three (3) candidates who meet the criteria of independence defined in the Capital Markets legislation to serve as independent Board members, provided that they hold 30% or more of the shares, or

- Shall be entitled to nominate two (2) candidates who meet the criteria of independence defined in the Capital Markets legislation to serve as independent Board members, provided that they hold 15% or more of the shares (and less than 30%);

- Both the Group B Shares and the Group D Shares held by the Treasury and the Türkiye Wealth Fund shall be collectively accounted for in the calculation of the aforementioned 30% and 15% of the shares.

c) Provided that the Treasury and Türkiye Wealth Fund hold 15% or more of the shares of the Company (and less than 30%), the holder of the Group A shares shall be entitled to nominate five (5) candidates to serve as Board members and one (1) candidate to serve as an independent Board member, who meets the criteria of independence defined in the Capital Markets legislation.

d) Provided that the Treasury holds the Preferred Group C Shares, the Treasury shall also be entitled to nominate one (1) additional candidate to serve as a Board Member.

According to Article 8 of the Articles of Association,

a shareholder wishing to nominate candidates must take appropriate measures to ensure that the nominees may perform their duties competently. Each nominating shareholder shall determine and announce the name, qualifications, and experience of its nominee and the date of the intended nomination in accordance with the legislation of the Capital Markets Board.

Within the scope of Article 5 of the Working Principles of the Nomination and Remuneration Committee;

- The Nomination and Remuneration Committee identifies suitable candidates for the Board Members and Administrative Executive positions, establishes transparent evaluation and training systems, and develops policies and strategies accordingly.

The remuneration of Senior Executives is not subject to shareholder vote.

General Assembly Structure and Meetings

Important issues concerning the Articles of Association, title changes, or changes in capital can be resolved only if the members representing at least 75% of the company shares are present at the General Assembly Meeting and at least 75% of the votes, including the Treasury's shares, are in favour, provided that the Treasury holds 25% or more of the company shares.

According to the amendments to the Articles of Association, any change concerning the capital shall be referred to as a material change and can only be implemented after the resolution of the General Assembly. Therefore, the Company does not possess any unlimited capital or blank checks.

According to Article 18 of the Articles of Association, the General Assembly meets in the following circumstances; ordinary and extraordinary. Ordinary General Assembly Meetings are held at least once a year and within three months after the end of the accounting period. The agenda of these meetings are determined in accordance with the provisions of Article 413 of the Turkish Commercial

Code. Extraordinary General Assembly Meetings may be held at any time, as required.

According to Article 21 of the Articles of Association, the relevant provisions of the Turkish Commercial Code and the Capital Markets legislation as well as the regulations of the Capital Markets Board shall be applied to the General Assembly Meeting invitations. Minority rights are exercised by shareholders representing at least five percent of the paid-in capital. Shareholders do not have cumulative voting rights in the election of Board members.

As per Article 24 of the Articles of Association, votes are cast at General Assembly Meetings by raising hands (e-voting is for those who cannot attend the meeting physically). However, upon the request of shareholders who hold 1/20th of the total capital represented by the shareholders at the meeting, a secret ballot or an open ballot may be cast. Pursuant to Article 21 of the Articles of Association, the General Assembly convenes with the participation of shareholders representing at least 50% of the Company's nominal capital, and resolutions are passed by the majority of the shareholders present in the meeting, except for Certain Critical Decisions

to be made by the General Assembly. Pursuant to Article 418 of the Turkish Commercial Code, if the required quorum is not met at the General Assembly, no quorum is required at the subsequent General Assembly Meeting with the same agenda. Therefore, in the second meeting, it is possible to adopt resolutions regarding the Board Members with the absolute majority of the capital represented by the shareholders present at the meeting. We do not have a cross-shareholding system in our company that may prevent a takeover. The Articles of Association do not impose any restrictions on shareholders that may restrict company transactions on important issues such as mergers and acquisitions. The provisions on share transfers do not include a fair price clause.

Pursuant to Article 394/1 of the Turkish Commercial Code, Board members may be dismissed at any time by a resolution of the General Assembly if there is a relevant agenda or in the event of a just cause, even if a relevant agenda is not present. Pursuant to the Articles of Association, in the event of a vacancy in the Board of Directors for any reason, the Board of Directors shall temporarily elect a person who is qualified in accordance

with the law and the Articles of Association and among the candidates nominated by the share group that originally elected the vacant position. The member elected in this manner shall serve on the Board of Directors until the next General Assembly Meeting and if the General Assembly approves the election, this person shall serve for the remaining term of the member they replaced.

Shareholder decisions are recorded in writing at the General Assembly Meeting. Shareholders do not make any other decisions without a meeting, even with written approval or consent.

Shareholder Engagement

Our company has implemented various measures to facilitate shareholders' right to question the Board of Directors or management. To inform shareholders prior to General Assembly meetings, detailed information about the meeting announcements and agenda items is published on the company website and other communication channels. Additionally, meeting requests from shareholders are always met.

The largest shareholder of our company is Türkiye Wealth Fund, holding 61.8% of the shares (1.68% of which is

publicly traded). Additionally, there is only one preferred share, which is owned by the Treasury. According to the Articles of Association, certain issues such as amendments to the Articles of Association, transfer of registered shares that may affect management control, and entry of registered shares in the share ledger cannot be executed without the affirmative vote of this preferred share. Our company is not a state-owned enterprise and is not under government control.



Shareholder Engagement

Our company's capital consists of Group A, B, C, and D shares. There are no voting privileges, except for certain special matters that cannot be executed without the affirmative vote of the preferred Group C share. These matters include amendments to the Articles of Association, transfer of registered shares that may affect management control, and entry of registered shares in the share ledger. The holder

of Group C preferred shares is represented on the Board of Directors by a Board member.

There is no minimum number of shares required for shareholders to vote. Decisions, including the election of Board members, are made by a simple majority vote. Resolutions at General Assembly Meetings are passed by an absolute majority of the capital represented by shareholders present at the meeting.

The remuneration of Board members is determined by shareholders in the General Assembly in accordance with the Remuneration Policy. Shareholders do not vote on the remuneration of senior executives. Remuneration of senior executives is determined and approved by the Board of Directors.

was 94.5%. Except for Important Decisions to be made by the Board as per Article 12 of the Articles of Association, other decisions were made by the majority vote of those present at the meetings. Important decisions outlined in Article 12 required a quorum of at least seven members, including at least one member representing the Ministry of Treasury and Finance of the Republic of Türkiye, and were passed with the affirmative votes of these seven members. Questions

posed by Board members, as well as the questions and opinions regarding the issues on which more than one opinion was expressed during the meetings, were recorded in the minutes. The rights of the Board member representing the Class C preferred share are explained in the Voting Rights and Minority Rights section of this report. There were no rejected decisions in 2023. No significant transactions were presented for the approval of the independent Board members, and the

majority of the independent Board members approved all related party transactions. The Company has obtained insurance against damages that may be caused by the Board members' faults in performing their duties, and the Company's current Directors and Officers Liability Insurance policy covers a total liability limit exceeding 25% of the Company's capital.

Public Disclosure and Transparency

In ensuring public disclosure and transparency, the Capital Markets legislation, the CMB Corporate Governance Principles, the decisions and regulations of the CMB and BIST, and the Türk Telekom website are effectively utilised. The website includes information on the board members and senior management, financial statements, annual reports, material disclosures, investor presentations, and other important information.

Principles of Activity of the Board of Directors

In accordance with the provisions stated in the Articles of Association, the Board of Directors convenes at least four times a year and as needed based on company activities. The Board Secretariat carries out the operations and

transactions of the Board of Directors. Accordingly, the meeting date, agenda, and related documents are sent to the Board members for review 10 business days in advance. Board members are invited to meetings via e-mail. The agenda for the Board meetings is determined through e-mail communication, accounting for the opinions and suggestions

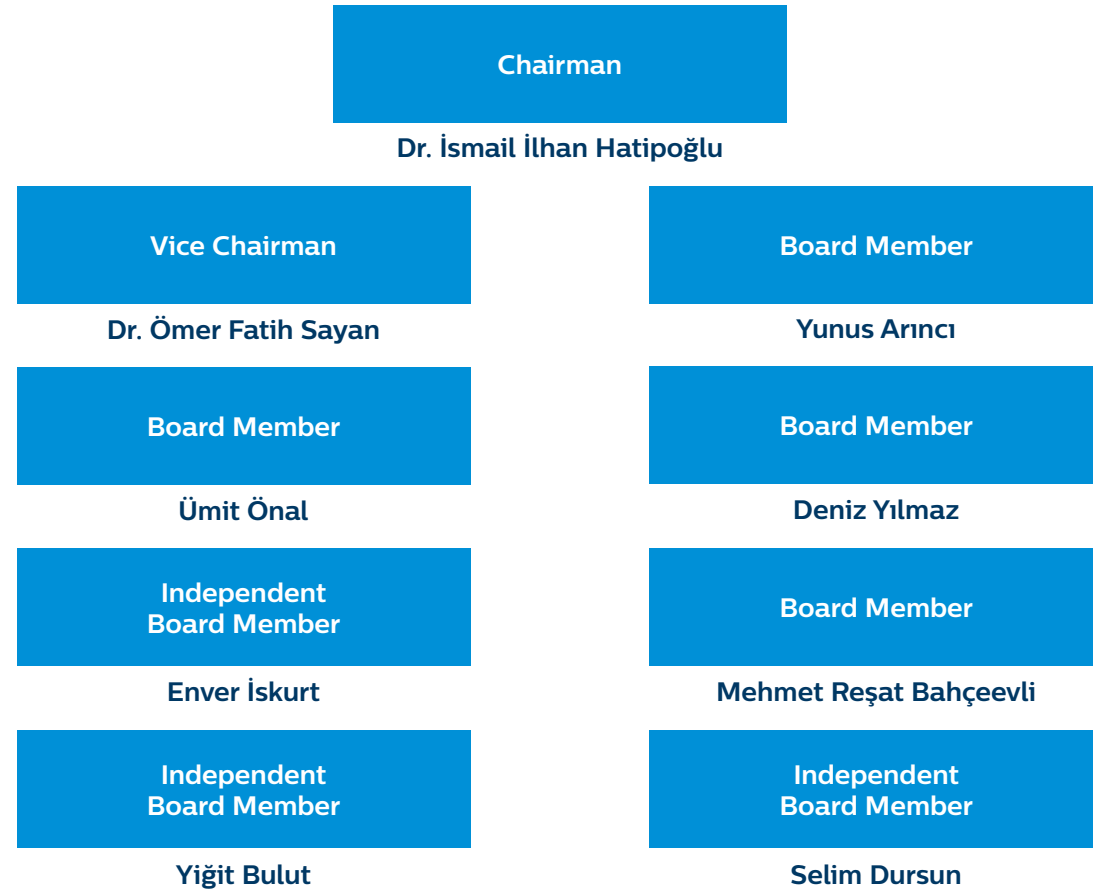
of Board members, General Manager (CEO), Assistant General Managers, and department managers, with the final approval of the Chairman.

In 2023, the Board of Directors held 14 meetings to discuss strategic matters related to the Company. The average attendance rate of Board members at these meetings



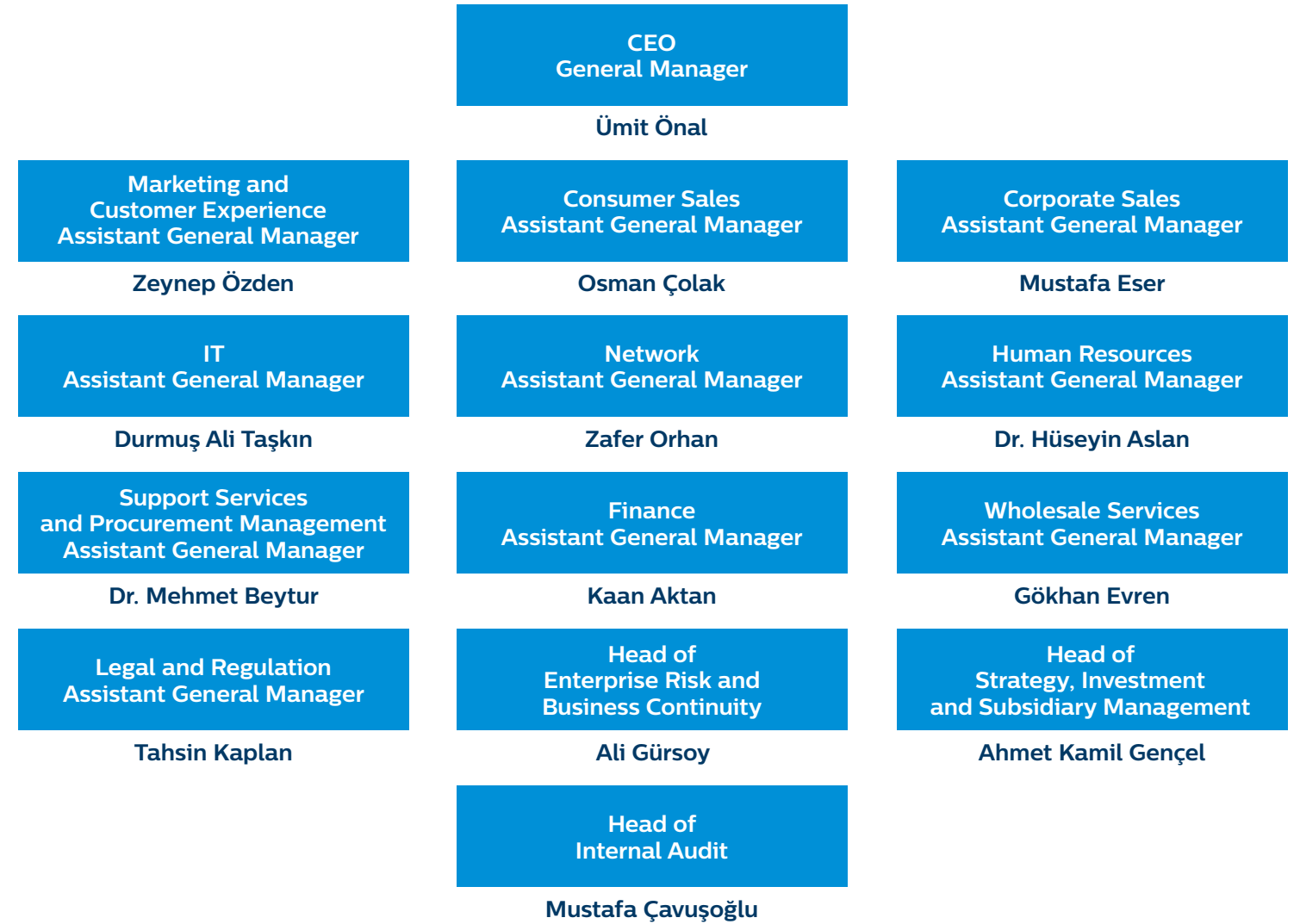
Board Members and Türk Telekom Senior Management

Board of Directors



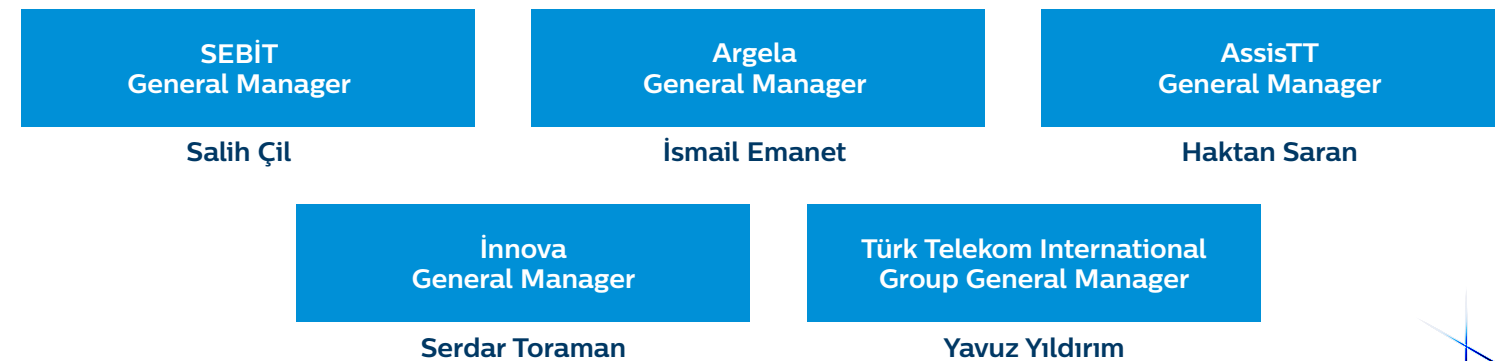
The biographies of the Board of Directors can be found [here](#).

Senior Management



The biographies of the Senior Management can be found [here](#).

Chief Executive Officers of Türk Telekom Group Companies



*Salim Arda Ermut and Metin İlhan were resigned from their duties on 1 May 2024 and 5 June 2024 respectively.
Zafer Orhan has been appointed as Network Assistant General Manager on 5 July 2024.
Board of Directors and Senior Management executives in office when this report was published.

Board of Directors and Diversity in Management

We are committed to embracing diversity and sustainability principles within our Board of Directors and top management to represent individuals of different genders, ages, ethnicities, experiences, and skills. These efforts aim to enhance workforce diversity across the industry and support our sustainability goals.

The increased representation of women in executive positions and decision-making processes significantly contributes to our sustainability objectives. The perspectives

and experiences of women executives drive the development of inclusive and sustainable business strategies. Furthermore, promoting gender equality, empowering women, and increasing their participation in the workforce accelerate the sustainable growth of our industry.

At Türk Telekom, we aim to strengthen our company’s sustainability goals and the roles of women in the telecommunications sector through the diversity approach we adopt within the Board of Directors. With this strategy, we aim to contribute to the business world and society by

shaping our business plans in line with diversity and gender equality principles.

To support our sustainability vision, we comply with Article 4.3.9 of the CMB Corporate Governance Principles. “The Board of Directors Women Membership Policy” we implemented in 2019 prioritises women candidates, aiming to increase diversity and active participation of women on the Board. With this policy, we aim to establish a more equitable and diverse governance structure and reinforce our sustainability vision.

Remuneration Policies for the Board of Directors and Senior Executives

We implement internationally recognised remuneration and benefits packages to attract and retain talented executives.

Board Members

A fixed remuneration for all Board members is determined at the annual ordinary general assembly meeting every year. The remuneration

for the independent board members is set to maintain their independence under all circumstances. Stock options or performance-based payment plans cannot be used in the remuneration of independent board members. Board members are paid on a pro rata basis, accounting for the time they serve in office for the related accounting period. The Company may cover expenses incurred by board members resulting from their contributions to the Company

(such as transportation, phone, accommodation, insurance, etc.).

If a board member also serves as a senior executive within the company per CMB regulations, in addition to the fee specified in the first article of Remuneration Policy, the said board member may also be granted payments and bonuses outlined in the second article.

For more details, please review our [Remuneration Policy](#).



Committees

Our Board of Directors fulfils the duties and responsibilities required for the sustainability and development of the company in a healthy manner by establishing the committees stipulated in accordance with the Turkish Commercial Code and capital markets legislation. These committees carry out their activities in line with the provisions of the legislation. At the same time, the Board of Directors may delegate the duties imposed upon it by law and the Articles of Association to committees within the company and to the company managers by clearly defining these duties. However, the Board shall not be exempt from the responsibilities it has assumed during this transfer process.

Audit Committee

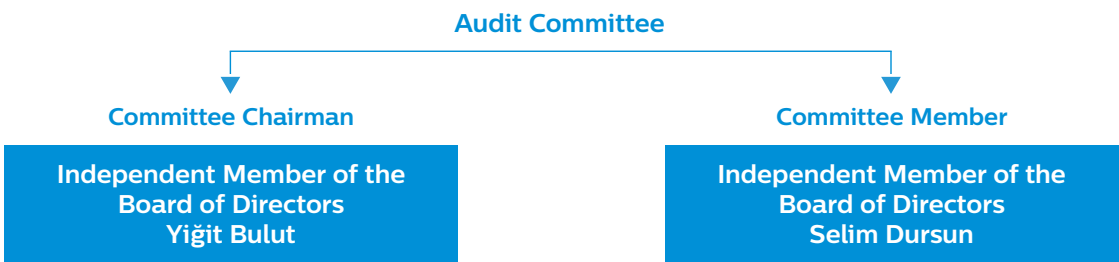
The Audit Committee was established with the resolution of the Board of Directors of our company dated 16.06.2008. With the decision taken by the company’s Board of Directors on 13.05.2022, Independent Board Member Yiğit Bulut was elected as the Chairman of the Audit Committee and Independent Board Member Selim Dursun was elected as the Audit Committee member. In 2023, the Audit Committee effectively fulfilled the duties assigned to it within the framework of the committee’s working principles.

According to Article 4 of the Working Principles and Procedures of the Internal Audit Department, the Internal Audit Department is responsible to the Board of Directors via the Audit Committee for the activities it

performs. Pursuant to Article 9, the appointment, dismissal, and reassignment of the Head of Internal Audit is carried out by the Board of Directors by considering the opinion of the Audit Committee.

The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities related to the Company’s financial reporting processes, internal control systems, audits, and compliance with laws, regulations, and codes of conduct, as well as other matters specifically assigned to the Committee by the Board. Acting within the authority and responsibility delegated by the Board, the Committee is accountable to the Board of Directors. The Audit Committee consists of at least two independent members to be elected by the Board from among its

members. The Audit Committee operates in accordance with the Audit Committee Working Principles approved by the Board of Directors and effectively performs the duties that it has been assigned within this framework. The Audit Committee meets at least quarterly, with four of these meetings held before the disclosure of the financial statements. The Committee may meet more frequently if deemed necessary. The Audit Committee informs the Board of Directors about its meetings and activities throughout the year. In 2023, the Committee met five times and effectively fulfilled its duties by overseeing the Türk Telekom Group’s accounting, finance, and audit processes, as well as compliance with laws, regulations, and codes of conduct, and addressing other matters specifically assigned by the Board of Directors.



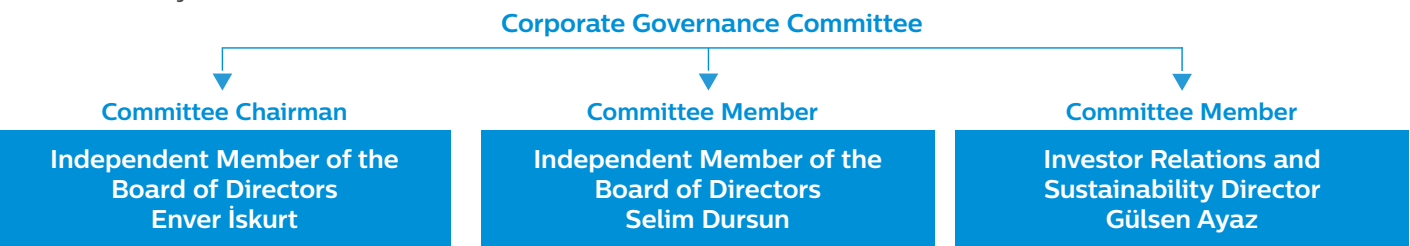
Corporate Governance Committee

The Corporate Governance Committee was established with the resolution of the Board of Directors of our company dated 17.10.2012. With the decision taken by the company’s Board of Directors on 13.05.2022, Independent Board Member Enver İskurt was elected as the Chairman of the Corporate Governance Committee. Independent Board Member Selim Dursun, Board Member Metin İlhan* and Investor Relations and Sustainability Director Gülsen

Ayaz were elected as the members of the Corporate Governance Committee.

The Corporate Governance Committee ensures that Corporate Governance Principles are established, developed, adopted, and implemented within the company. The Corporate Governance Committee convenes as often as necessary for the effectiveness of its function. In 2023, the Corporate Governance Committee effectively fulfilled the duties assigned to it within the

framework of the Committee’s working principles. In 2023, the Corporate Governance Committee convened twice, monitored and evaluated the annual Corporate Governance Rating process, monitored the preparation process of the Corporate Governance Principles Compliance Report, which is a part of the [annual report](#), and submitted it to the Board of Directors. It also monitored developments regarding the Company’s position both in local and international sustainability indices.



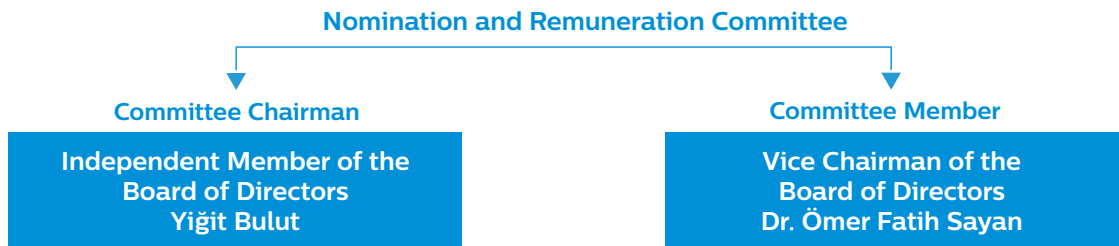
Nomination and Remuneration Committee

The “Nomination Committee” and the “Remuneration Committee”, which were established to operate under the Board of Directors within the scope of Article 4.5.1 of the Corporate Governance Principles of the Capital Markets Board’s Corporate Governance Communique,

II-17.1, have been abolished.

In order to fulfil the current duties of the abolished committees, the Nomination and Remuneration Committee was established on 17.06.2022 to operate within the Board of Directors. In the “Nomination and Remuneration Committee”, Independent Board Member Yiğit Bulut serves as the Chairman of the “Nomination and Remuneration Committee”,

while Dr. Ömer Fatih Sayan, Chairman of the Board of Directors, and Salim Arda Ermut**, Board Member, serve as Nomination Committee Members. The Nomination and Remuneration Committee effectively fulfilled the duties assigned to it within the framework of the Committee’s working principles and held three meetings in 2023.



*Metin İlhan resigned from his duty on 5 June 2024.

**Salim Arda Ermut resigned from his duty on 5 June 2024.

Early Identification and Management of Risks Committee

The Early Identification and Management of Risks Committee was established with the decision taken by the Board of Directors of our company on 14.08.2013. With the decision of the company's Board of Directors dated 13.05.2022, the Independent Board Member Yiğit Bulut serves as the Chairman of the Early Identification and Management of Risks Committee. Vice Chairman of Board of Directors Dr. Ömer Fatih Sayan serves as the Committee Member.

The purpose of the Early Identification and Management of Risks Committee is to;

- Identify all potential risks that may jeopardise the existence, development, and continuity of the Türk Telekom Group,
- Establish, maintain, and when necessary, improve the Corporate Risk Management System in order to implement the measures and actions necessary to eliminate the identified risks,
- Carry out activities related to the management and review of risks within a risk management system with risk management tools,
- Ensure the findings of the Corporate Risk Management System is an important component of the decision-making mechanism and

report to the Board of Directors on these issues.

In 2023, the Early Identification and Management of Risks Committee effectively fulfilled the duties assigned to it within the framework of the Committee's working principles. In 2023, the Committee convened five times and carried out effective activities in the areas of reviewing the risks identified, informing the Board of Directors about risks of significant magnitude, providing the necessary resources for the effective fulfilment of the Corporate Risk Management function, and ensuring the coordination of Corporate Risk Management with Internal Audit and other operational units.



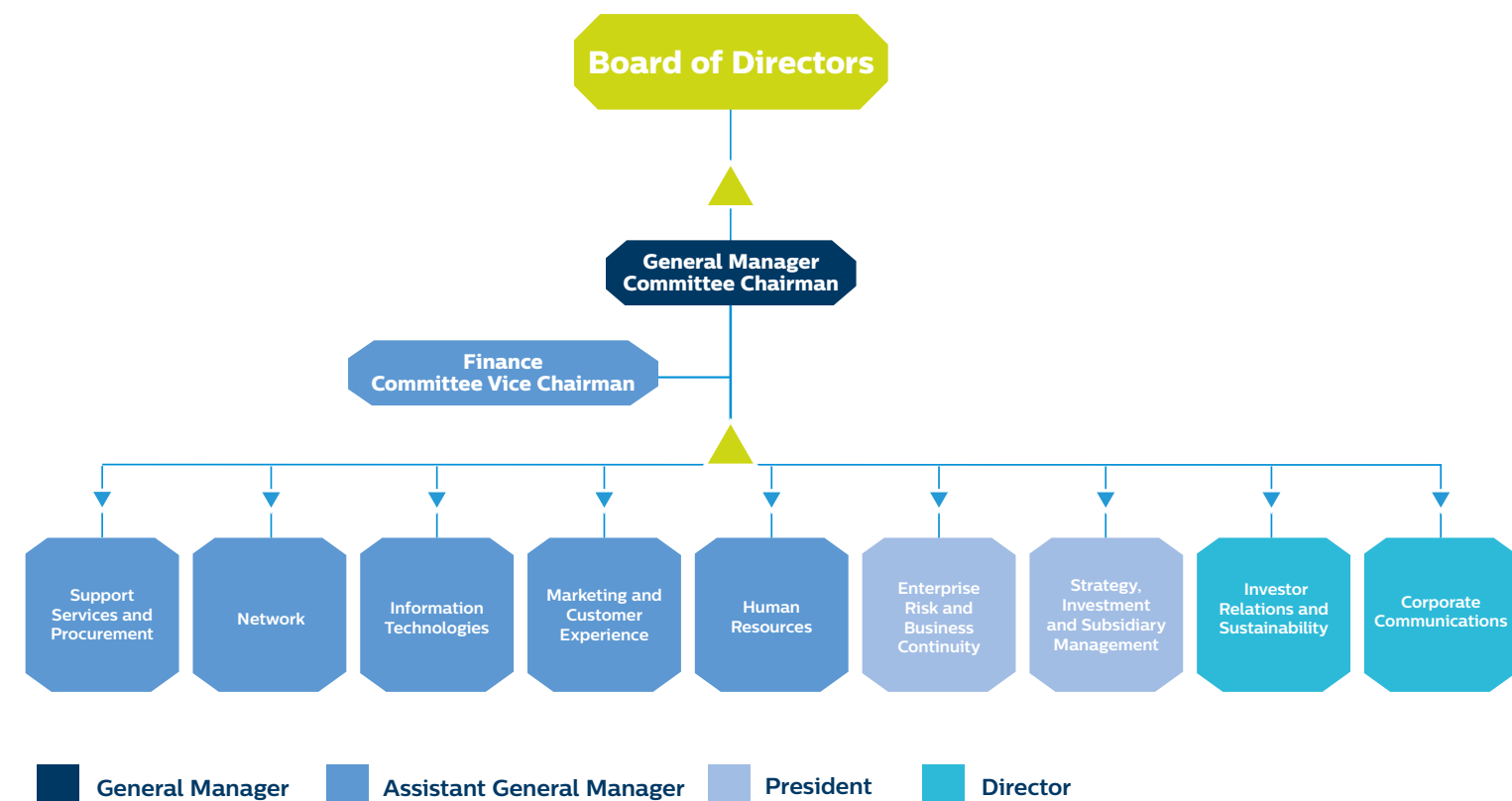
Sustainability Committee

The Sustainability Committee was established to more effectively carry out our sustainability efforts. Reporting to the Board of Directors, the Sustainability Committee is led by the CEO and consists of management representatives. The Sustainability Committee plays an important role in

determining our company's sustainability strategies, ensuring the integration of the sustainability approach into all business processes, implementing efforts towards targets, ensuring that targets are monitored, and evaluating sustainability performance.

We form sub-working groups to identify material topics

and ensure compliance with the sustainability policy while conducting operational activities effectively. The Investor Relations and Sustainability Directorate carries out the general coordination of and reporting around sustainability in our company.



Effective Risk and Crisis Management

Risk Management and Internal Control are a natural part of the activities carried out by all Türk Telekom employees. We aim to integrate our approach to Corporate Risk Management into activities and processes at all levels and integrate it into decision-making mechanisms.

The Board of Directors holds the ultimate authority and responsibility for the

effectiveness of our Corporate Risk Management. The Board of Directors carries out this oversight responsibility through the Early Identification and Management of Risks Committee. All organisational levels of the Group, particularly the senior management and risk holders, contribute to and support the Risk Management and Internal Control implementation

processes. Within the scope of Risk Management and Internal Control activities, we aim to establish a risk and control culture throughout the Group, and all activities are carried out with the contributions of all stakeholders with whom risks are related. Risk Management and Internal Control are a natural part of the work of all our employees.

According to our company's governance structure, the Board of Directors reviews and oversees the risks and opportunities that Türk Telekom Group is exposed to in line with the Group strategies.

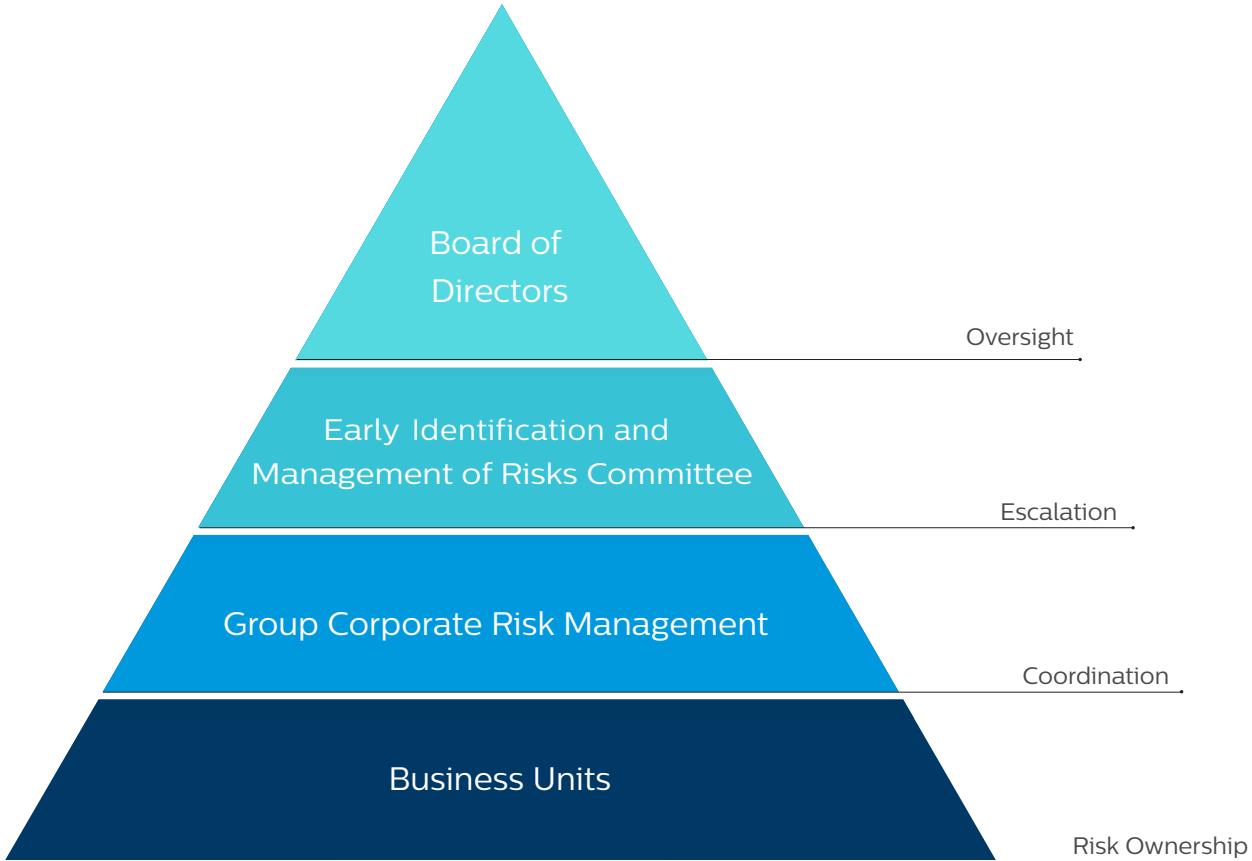
The Internal Control Policy was established to define the internal control objectives and policies of our Group, to regulate the corporate control environment and to establish a basis for the corporate control culture. The Internal Control Standards were established to define Türk Telekom Group's internal control implementation principles, to set the standards required to achieve the objectives set out in the Internal Control Policy, and to establish a common internal control language and practice to support communication between our employees.

While the Corporate Risk and Business Continuity Department reports to the General Manager of our company, it also functionally reports to the Early Identification and Management of Risk Committee established within the Board of Directors. The Corporate Risk and Business Continuity Department is responsible for determining and improving the standards for the Corporate Risk Management System, coordinating the Group-wide Corporate Risk Management processes, monitoring the status and improvement of the identified risks and reporting them to the relevant management levels, and coordinating business continuity management activities as the bearer of the business interruption risk, which is one of the most important risks of the company.

Our business units take ownership of risks and take necessary actions. The mindset for risk management is a natural part of the work of all our employees. All Company employees are responsible for ensuring compliance with the risk management policy, effectively managing the risks related to their areas of activity, and taking the necessary measures to ensure compliance with legal regulations. The risks of our Group Companies are also managed in line with the risk management standards established for Türk Telekom.

All company employees are responsible for complying with our Risk Management Policy.

Türk Telekom Group Corporate Risk Governance Model



Risk Lifecycle

We continue our efforts to manage potential risks in an effective and holistic approach. To this end, our business and technology teams identify the risks that our company is exposed to and determine the root causes and potential consequences of these risks. The Bow-Tie Analysis we use in this process identifies the entirety of our risk profile, from the root causes to the consequences on our targets. By assessing the likelihood of the risks materialising and the potential effects if they materialise, the current statuses of the risks are measured and monitored. While analysing risks, we take into consideration that the impact of a risk may be in more than one area. Existing controls related to the risks identified, assessed, and prioritised by the relevant parties are identified, and their effectiveness is evaluated. To ensure the realisation of our objectives, we aim to plan actions in accordance with our risk appetite, accounting for the optimum balance between

risk and return. Our risk owners conduct cost-benefit analyses and account for stakeholder expectations when making risk management decisions. We also assess whether risk management requires special expertise that is not available in our business units. The 4 basic options to be evaluated in this context are as follows:

- Accept the Risk
- Mitigate the Risk
- Transfer (Share) the Risk
- Avoid the Risk

Internal Control Environment

As Türk Telekom, we have established the necessary internal control environment to achieve our strategic goals, increase the effectiveness and efficiency of our operations. Internal Control ensures the reliability and accuracy of our financial information, protects our customers' personal data and company assets, and ensures compliance with laws, regulations, policies and procedures.

Controls are actions that help us achieve our operational

objectives by reducing the likelihood of a risk occurring or minimising the impact when it does. We aim to integrate control activities into systems and processes while the relevant structure is still in the design phase. Risk owners identify existing controls together with stakeholders to determine the correct level of risk and self-assess the effectiveness of these controls together with control owners. Periodic control activities conducted by the Vice Presidency of Internal Control aim to test the control points established for the processes and provide reasonable assurance regarding the processes.

Defined Risks and Actions Taken

Our Group's risks are identified through Risk Identification and Assessment interviews which are conducted every year. The risks we identify are categorised under the headings of Financial, Strategic and Operational Risk.

The risks we identify are then prioritised with the evaluations of Türk Telekom senior executives. Risk ownership is determined, and action plans are made to manage or completely eliminate the risks. To form the basis for action planning, detailed root cause analysis studies are carried out for the identified risks by the relevant units and the Corporate Risk and Business Continuity Department.

Strategic Risks

As Türk Telekom, we operate in a sector with intense technological innovation, competition and regulatory developments. With awareness of the sector, we rigorously analyse the positions of our competitors, technological developments in the market, and changing customer preferences. Taking these factors into consideration, proactive risk management activities are carried out according to our strategic priorities that will contribute to revenue growth and meeting customer expectations.

In line with our strategic goals, we use information and communication technologies to develop solutions that will

make life easier for individuals and the public sector. To this end, we continue to offer the latest and most advanced communication technologies to Türkiye, breaking many new grounds in the sector. To prepare the company for the future and focus on our strategic goals, we have adopted risk management products and models that will turn our competitive advantages into opportunities to provide the necessary infrastructure for high-performance products and technologies and to protect and improve our market position and brand value. In addition, with our structure strengthened by our subsidiaries, we make use of opportunities in domestic and international markets with new products and services, compensating for market share losses due to fundamental changes in legislation and the market.

In Türk Telekom Group, we monitor risks under the headings of Financial, Strategic and Operational Risk.



Operational Risks

As we provide services that depend on our technological infrastructure, it is critical that operational risks are managed effectively. These risks are defined as inadequacies or failures in our business processes, people or systems, as well as losses resulting from external events. Factors such as malfunctions, power outages, and natural disasters can affect our communications infrastructure and critical systems and weaken our ability to provide services to our subscribers. Business Continuity Management is a holistic management process that identifies potential threats and their impact on key activities if these threats materialise; it provides protection for our organisation's internal and external stakeholders, reputation, brand value, and value-creating activities, and it provides a framework for corporate resilience. Critical products and services are subjected to the Business Impact Analysis and Risk Assessment, and necessary improvements

are made after performance monitoring is conducted in line with continuity targets. Cyber security risk arises because of a combination of threats and vulnerabilities in the digital environment. It disrupts the confidentiality, integrity, and accessibility of information and can disrupt the realisation of strategic objectives. Various events and consequences are evaluated, including the disruption of critical activities, the loss of strategic data, the disclosure of personal data, the destruction of corporate data and systems, the financial and operational losses, and the criminal sanctions that may be faced due to non-compliance with relevant laws and regulations. All Information Technologies and Network operations are carried out within the framework of security policies, and problems within this scope are constantly analysed and controlled using the early warning mechanisms we have created.

We work hard to protect ourselves and our subscribers against business disruptions and security breaches, and we

oversee the implementation of best practices, standards and policies. We take important steps, including obtaining certifications such as ISO 22301 and ISO 27001. In addition, our company's mobile network is PCI-DSS certified. It is often not possible to produce and deliver a product or service internally from end-to-end. The nature of the industry requires working with a limited number of high-tech suppliers.

In this context, we have an



effective procurement process that accounts for the risks arising from suppliers and subcontractors, inefficiency in the value chain that impacts the customer, negative customer experience due to low quality products and services, security breaches and the possibility of situations like data leakage

or business disruption, and by taking into account key factors such as TCO (Total Cost of Ownership), supply chain risks, and sustainability.

The growing demand for a skilled and specialised workforce highlights the importance of employees. Finding, recruiting, developing, and retaining the right employees are critical

factors for the success of the corporation. We implement many Human Resources practices to effectively manage the workforce within our company. Türk Telekom Academy, which is a part of our company, continues to create training projects that support the development of employees. As Türk Telekom, we aim to create a working environment that respects human rights

and to act in accordance with human rights in our activities. With this goal, the Türk Telekom Human Rights Policy was approved by the Board of Directors and disclosed to the public.



Business Continuity Management

As a company providing nearly 53 million customers with integrated ICT (Information and Communication Technologies) services, we are aware that the uninterrupted continuity of these services creates value for society, the public, the economy and people. We carry out end-to-end business continuity management with the business continuity organisation which we have established within this framework and the roles/responsibilities assigned.

Our business continuity management activities are carried out by considering all threats and risks, including natural disasters caused by human beings. We ensure the continuity of communication, which is a public service, with a holistic business continuity approach that uses risk tolerance levels within the

framework of the risk appetite determined by our Board of Directors.

Within the scope of Business Continuity Management activities, we have taken the following actions:

- Business disruption risk analyses
- Scenario analyses and scenario-based action planning
- Business impact analyses
- Risk mitigation & control environment improvement
- Establishing business continuity policies procedures, and plans
- Tests & drills
- Education & awareness
- Incident & crisis management
- Post-incident remediation

In 2021, we completed the compliance and assessment

project for the Resilient Enterprise Assessment Program (REAP), which was established by the Disaster Recovery Institute International (DRII), the world's oldest and largest professional organisation in business continuity management, with reference to best practices. DRII recognised and accredited Türk Telekom as a Resilient Enterprise with its current capacity and competencies. Our company became the first and only telecommunications company in the world to hold this accreditation. In addition, all management system processes for the ISO 22301 certifications obtained for Türk Telekomünikasyon A.Ş. and TT Mobil A.Ş. are in place.

Sustainability-related Risks

We aim to integrate sustainability principles into our business model, strategies, and corporate decisions with the goal of leaving a liveable world for future generations. The telecommunications sector directly contributes to the Global Sustainable Development Goals by providing key solution tools in

many areas such as economy, innovation, health, education, social equality, environmental protection and combating the climate crisis. We see sustainability not only as an element of risk management, but also as an opportunity to create value. Since adopting our holistic management approach in 2020, we aim to

more effectively manage risks focused on Climate Change and Environment, Contribution to Society, and Human Value.

In this context, we identify our sustainability-related risks by conducting a Sustainability Risks Root Causes analysis.

		Strategic Risks		Financial Risks		Operational Risks	
		Reputation Risk	Technology Risk	Physical Risk	Policy Risk	Market Risk	
Operational Risks	Environment and climate change risk	▶	▶	▶	▶		
	Unsustainable financial performance	▶	▶		▶	▶	
Financial Risks	Failure to provide a working environment that respects human rights	▶			▶		
	Occupational Health and Safety risk	▶	▶	▶	▶		
	Ineffective management of social responsibility activities	▶			▶	▶	
Strategic Risks	Lack of sustainability awareness and commitment	▶		▶	▶	▶	
	Failure to position as a company beneficial to society	▶	▶	▶	▶	▶	

Business Ethics and Competitive Behaviour

Ethics and Compliance

At Türk Telekom, we are aware of the importance of having a strong ethical climate to protect and enhance our corporate reputation. The creation and implementation of our sustainability strategies and the guidance of our activities in a long-term and sustainable manner are formed on the basis of business ethics, compliance with laws and contracts, transparency, honesty and accountability.

We at Türk Telekom are aware of our responsibilities towards our customers, employees, stakeholders, and society in all our business processes, and we always adhere to the principles of honesty, fair business practices and transparency while fulfilling these responsibilities. As a company that gives high priority to ethical values, we are aware that our strong position in our sector will be reinforced by continuing to do

our business in accordance with ethical values, in addition to being recognised for our quality products and services.

Our Business Ethics Code is not only a directive, but also a living document that reflects our company's vision and values. This code provides guidance and supports the healthy functioning of processes in order to make ethical decisions in case of unclear situations that may arise in our relations with our employees, customers, and business partners. In accordance with our Corporate Governance Principles, we disclose this code to the public and act in accordance with this code in our relations with all our stakeholders. The implementation of our Business Ethics Code has a positive impact on all areas of activity of our company and reinforces Türk Telekom's vision and values. Our Business Ethics

Code, together with the Human Rights Policy and Anti-Bribery and Anti-Corruption Policy, covers every employee of Türk Telekom, TTNET and TT Mobil Group companies. The Human Rights and Anti-Bribery and Anti-Corruption practices of our other group companies are also implemented in compliance with the main company policies and relevant legislation. We require compliance with the Business Ethics Code in contracts with all related parties and guarantee compliance with this code. In addition, we add provisions to the contracts with our suppliers and business partners to ensure compliance with Türk Telekom Human Rights Policy. In this way, we create partnerships that respect human rights and adhere to ethical rules.

Business Ethics Code

In our Business Ethics Code, we define ethical behaviour as distinguishing between right and wrong, just and unjust, good and bad, fair and unfair, and doing what we believe is right, just, good and fair. As Türk Telekom, we always emphasise the necessity of doing the right thing for our company.

With this objective, we pay attention to the following:

Being Respectful, Honest, and Reliable in Our Relationships:

As Türk Telekom, we adopt the highest standards of behaviour and act with the responsibility of carrying our company forward as a source of pride for Türkiye. We fulfil our responsibilities towards each other, our customers, suppliers, business partners, and government authorities in a lawful, ethical, and honest manner and take responsibility for every step we take. Our company reinforces a sense of trust in its relations with everyone and always aims to keep this trust at the highest level.

Being Respectful, Honest and Reliable in Our Work:

We show the courtesy and respect required by the work environment at all times and under all circumstances. We contribute to teamwork and avoid behaviours that may disrupt collaboration or disrupt functions. We fulfil our duties on time and completely. With the awareness of how our work contributes to the reputation and reliability of our company in the market, we carry out all our work in an accurate and clear manner.

These principles are included in our Business Ethics Code and serve as a guide for all our employees. In harmony with these values, we create a business environment where respect and trust prevail both inside and outside the company. Ethics and compliance are fundamental elements that support the long-term success of our company and ensure that this success is sustainable. Therefore, at every level and in all our business, we constantly strive to uphold these values and raise these standards as expressed in our Business Ethics Code.

We expect our managers to prioritise:

of employment contract in 32 cases. In addition to complying with the Business Ethics Code, we expect our managers to ensure that these practices are kept alive in our company and to lead the way to inspire other employees. It covers all our employees, especially our Audit and Board of Directors Members.

Employees at all levels are responsible for protecting and upholding our ethical standards. When they see a violation of the Business Ethics Code, they are encouraged to raise this issue. Alleged violations are carefully and fairly investigated by the Business Ethics Committee. The Committee conducts investigations and makes decisions based on the findings. In this process, we are sensitive to the concerns of our employees and direct the matter to the appropriate reporting channels, adhering to our principle of transparency. We believe that with this system, Türk Telekom maintains a strong ethical understanding and provides a safe and transparent working environment for all our employees. We take reports of ethical violations very seriously and work to ensure that all our

stakeholders can make these reports confidentially and that each report is handled fairly, confidentially, and objectively. This approach contributes to protecting Türk Telekom's reputation and the credibility of the environment in which our employees work, while enabling us to continuously improve our company's ethical values.

We provide open and accessible channels for Türk Telekom employees to report ethical violations. Our employees can safely report any violations of the Business Ethics Code, concerns, or thoughts, anonymously if they wish, via our etik@turktelekom.com.tr address or to the Türk Telekom Business Ethics Unit. All reported violations are evaluated within the framework of high confidentiality standards, and

all necessary investigations and investigations are carried out fairly. All issues are rigorously examined according to the gravity and importance of the issue. All complaints and notifications are taken seriously in our investigation and research processes. They are investigated in a timely and sensitive manner with transparency and fairness. Our company pursues a zero-tolerance policy on code violations and resolutely takes the necessary actions for any violations detected.

These processes reflect Türk Telekom's commitment to our ethical values and our aim to build trust between our employees and customers. These rigorous efforts on ethics and compliance reinforce Türk Telekom's leadership not only in the sector, but also in corporate responsibility.



Anti-Bribery and Anti-Corruption

In our fight against bribery and corruption, we remain committed to creating a business environment that reflects our business ethics and sustainability approach. We act with a zero-tolerance policy against all forms of bribery and corruption and take effective measures. We have an extensive policy to prevent and detect all forms of bribery and corruption. In 2020, we published a board-approved Anti-Bribery and Anti-Corruption Policy and informed our entire management team. Additionally, this policy is publicly available on the Türk Telekom Investor Relations website, so all internal and external stakeholders can easily access it. We provide training to our employees about this policy every year.

As Türk Telekom Group Companies, we expect our suppliers and business partners to comply with our Anti-Bribery and Anti-Corruption Policy and encourage their employees to do the same. For this purpose, we include provisions in our

contracts with our suppliers and business partners that this policy will be complied with. To enhance the deterrent effect of provisions, it is also stated that a complaint will be filed with the Public Prosecutor's Office, and criminal charges will be pursued for violations requiring judicial intervention. Fines for non-compliance with laws and regulations that have a significant financial impact are published on the Public Disclosure Platform and included in the footnotes of our financial statements, which are announced every quarter.

Our Türk Telekom Business Ethics Code explains the issues to be considered regarding suppliers and business partners. Third parties acting on behalf of Türk Telekom Group Companies must comply with legal regulations, the Türk Telekom Business Ethics Code, and the Anti-Bribery and Anti-Corruption Policy.

In this regard:

- Our employees who manage, monitor, or supervise Türk Telekom Group Companies' business relations with suppliers and business partners (dealers, agencies, contractors, etc.) are responsible for knowing, understanding, and fully implementing the rules outlined in this policy, including the Türk Telekom Business Ethics Code. They are also responsible for explaining these rules to the employees of suppliers and business partners.
- Compliance with this policy is checked during audits and visits to suppliers and business partners.
- Group Companies conduct thorough assessments before establishing a joint venture and/or evaluating contractor and supplier candidates. The necessary research and evaluations must be conducted before entering into a business

relationship with suppliers and business partners. Suppliers with negative references related to bribery or corruption are not engaged with, even if they meet other criteria. In addition to criteria such as experience, financial performance, and technical competence, it is also ensured that they have not engaged in unethical or illegal practices.

- Except for situations explicitly stated in procurement or training contracts with suppliers and business partners, employees or external personnel are not permitted to request travel arrangements where the travel or accommodation expenses would be covered by the supplier firm. If participation in travel or training organised in this manner by a supplier firm is approved by the Procurement and Academy units of Türk Telekom Group Companies, all expenses must be borne by Türk Telekom Group Companies.

All allegations and reports of violations of the Anti-Bribery and Anti-Corruption Policy are treated as ethical violations. They are reviewed and resolved according to the procedures and principles outlined in the Türk Telekom Business Ethics Code. Reports of violations can be submitted internally or externally to the email address etik@turktelekom.com.tr, the Business Ethics Unit, or the Internal Audit Department.

The Türk Telekom Business Ethics Committee:

- ▶ Takes measures to ensure the confidentiality and security of persons reporting policy violations and ensures that applications are reviewed and investigated in a timely, fair, and sensitive manner.
- ▶ Reviews and decides on investigation and inquiry reports using the Implementation Principles outlined in the Türk Telekom Business Ethics Code.
- ▶ Takes all necessary measures if a violation is detected to correct it and ensure compliance with the policy.

Zero Tolerance For Bribery and Corruption

The document to be used as a basis in this matter is the Türk Telekom Group Companies' Anti-Bribery and Anti-Corruption Policy. Türk Telekom Group Companies comply with all anti-bribery and anti-corruption laws in the countries where it operates and is represented. The companies adopt a zero-tolerance approach to bribery and corruption and are committed to conducting their activities in a fair, honest, legal, and ethical manner. Giving or receiving bribes for any purpose is strictly prohibited in our companies.

The Audit Committee is responsible for overseeing the implementation of our Anti-Bribery and Anti-Corruption Policy and reviewing the reports submitted by the Internal Audit Department. The General Manager (CEO) is also responsible for the implementation of these policies and for instructing the relevant units and managers on preventive and regulatory activities related to bribery and corruption. In addition, penalties for non-compliance with laws and regulations that have a significant financial impact are published on the Public Disclosure Platform. They are also included in the footnotes of our quarterly financial statements.

As in all areas of business ethics, we attach great importance to internal training and information on anti-bribery and anti-corruption. We provide regular training for our employees and management body. This reflects our company's determination to cultivate educated and aware leaders in the fight against corruption and to integrate business ethics into our corporate culture in all areas.

In 2023:

- ▶ The total number of our employees who have received anti-bribery and anti-corruption training reached 12,244.
- ▶ 489 of our senior managers and 395 of our managers received anti-bribery and anti-corruption training. The training benefited 74% of our senior managers and 41% of our managers.



7 Appendices





Memberships

National:

- ▶ Corporate Communicators Association (KİD)
- ▶ Turkish Public Relations Association (TUHİD)
- ▶ Mobile Telecommunications Operators Association (M-TOD)
- ▶ International Association of Privacy Professionals (IAPP)
- ▶ Informatics Industry Association (TÜBİSAD)
- ▶ Union of Chambers and Commodity Exchanges of Türkiye (TOBB)
- ▶ International Investors Association (YASED)
- ▶ Turkish Industry and Business Association (TUSIAD)
- ▶ Access Providers Association (ESB)
- ▶ Intelligent Transportation Systems Association (ITS Türkiye)
- ▶ Association of Telecommunications, Satellite and Broadcasting Business People (TÜYAD)
- ▶ Television Broadcasters Association (TVYD)
- ▶ Foreign Economic Relations Board (DEİK)
- ▶ Turkish Informatics Foundation (TBV)
- ▶ Information Security Association (BGD)
- ▶ Turkish Investor Relations Society (TÜYİD)

International :

- ▶ International Telecommunication Union (ITU)
- ▶ GSM Association (GSMA)
- ▶ United Nations Global Compact (UNGC)
- ▶ Wireless Broadband Alliance (WBA)
- ▶ Linux Foundation Broadband
- ▶ Telecom Infra Project (TIP)
- ▶ Global TD-LTE Initiative (GTI)

Performance Indicators

Environmental Performance Indicators

TÜRK TELEKOM GROUP ENERGY CONSUMPTION*				
Energy consumption by type (MWh)	2020	2021	2022	2023
Vehicle Fuels	117,778	135,708	177,227	186,898
Diesel	112,781	128,993	168,159	176,682
Gasoline	4,998	6,716	9,068	10,216
Stationary Combustion	80,091	86,228	80,241	69,516
Natural Gas	65,522	73,500	66,898	55,344
Fuel Oil	373	224	165	-
Coal	2,208	1,681	1,729	1,993
Stationary Combustion – Diesel	787	91	61	127
Generator (Diesel)	11,201	10,732	11,388	12,052
Generated renewable energy**	4,289	4,563	7,300	7,848
Purchased electricity	1,244,213	1,233,937	1,194,226	1,236,378
Total Net Energy Consumption	1,446,371	1,460,436	1,458,994	1,500,640

*Energy consumption figures include the consolidated data of Türk Telekom Group.

**All generated renewable energy is consumed in the operational processes of our company.

TÜRK TELEKOM GROUP WATER CONSUMPTION				
Water Consumption (thousand m³)	2020	2021	2022	2023
Tap Water	462	460	470	438

WASTE*				
Waste by type (tonnes)	2020	2021	2022	2023
Total amount of waste from Türk Telekom Group	14,631	28,659	29,329	10,381
Türk Telekom total waste amount	14,617	28,421	29,294	10,363
Hazardous waste	5,541	7,466	7,079	4,606
Non-hazardous waste	9,076	20,955	22,215	5,757

*All hazardous and non-hazardous wastes generated in our company are sent to a licensed recycling/disposal company. Hazardous wastes are directly disposed of and non-hazardous wastes are recycled.

TÜRK TELEKOM GROUP GREENHOUSE GAS EMISSIONS								
Greenhouse Gas Emissions (metric tonnes CO ₂ e)	2020	2021	Annual Change	2022	Annual Change	2023	Annual Change	Annual Change Compared to Base Year*
Scope 1	121,499	143,780	18%	135,051	(6)%	109,084	(19)%	(10)%
Scope 2 (Location-based)**	522,569	541,698	4%	524,265	(3)%	542,770	4%	4%
Scope 2 (Market-based)	522,569	508,773	(3)%	393,958	(23)%	393,510	(0)%	(25)%
Scope 3	1,389,850	1,387,850	(0)%	1,490,333	7%	1,501,958	1%	8%
Scope 1 + Scope 2 (Location-based)	644,068	685,479	6%	659,316	(4)%	651,854	(1)%	1%
Scope 1 + Scope 2 (Market-based)	644,068	652,554	1%	529,010	(19)%	502,594	(5)%	(22)%
Total (Location-based)	2,033,918	2,073,328	2%	2,149,649	4%	2,153,811	0%	6%
Total (Market-based)	2,033,918	2,040,403	0%	2,019,342	(1)%	2,004,551	(1)%	(1)%

*The base year is 2020.

** With the change in calculation methodology, we started to report emissions from Transmission and Distribution, which had been included in our Scope 2 emissions in previous years, under Scope 3 - Category 3 (Transmission Distribution (T&D) losses & Well-to-Tank (WTT)). In addition, the Turkish National Electricity Grid Emission Factor used in the calculation of Scope 2 emissions was updated by the Ministry of Energy and Natural Resources for previous years. The Scope 2 emissions we reported for 2020, 2021, and 2022 have been revised accordingly. 2020 emission factor (EF) of 0.475 tCO₂e/MWh was revised to 0.420 tCO₂e/MWh, the 2021 EF of 0.457 tCO₂e/MWh was revised to 0.439 tCO₂e/MWh, and the 2022 EF of 0.484 tCO₂e/MWh was revised to 0.439 tCO₂e/MWh.



Performance Indicators

Social Performance Indicators*

Türk Telekom Group Number and Ratio of Employees by Gender (Person)	2020		2021		2022		2023	
Total	34.748		35.868		39.433		37.265	
Women	12.627	36%	13.478	38%	16.144	41%	15.539	42%
Men	22.121	64%	22.390	62%	23.289	59%	21.726	58%
EMPLOYMENT								
Number and Ratio of Employees by Gender and Age Group (Person)	2020		2021		2022		2023	
Total	18,108		17,985		17,695		16,803	
Women	3,542	19.6%	3,390	18.8%	3,413	19.3%	3,355	20.0%
Men	14,566	80.4%	14,595	81.2%	14,282	80.7%	13,448	80.0%
<30	1,648		2,081		1,839		1,912	
30-50	14,514		14,787		14,857		14,555	
>50	1,946		1,117		999		336	
Total Number and Ratio of Employees by Position (Person)								
Total Number of White-collar Employees	7,611		7,661		7,728		7,807	
Women	2,647	34.8%	2,657	34.7%	2,743	35.5%	2,835	36.3%
Men	4,964	65.2%	5,004	65.3%	4,985	64.5%	4,972	63.7%
<30	727		877		968		1,130	
30-50	6,372		6,499		6,463		6,490	
>50	512		285		297		187	
Total Number of Blue-collar Employees	10,497		10,324		9,967		8,996	
Women	895	8.5%	733	7.1%	670	6.7%	520	5.8%
Men	9,602	91.5%	9,591	92.9%	9,297	93.3%	8,476	94.2%
<30	921		1,204		871		782	
30-50	8,142		8,288		8,394		8,065	
>50	1,434		832		702		149	
Outsourcing Numbers - Payroll Outsourcing	-		3,160		11,569		3,322	
Outsourcing Numbers - Service Procurement	-		3,011		11,022		3,711	
Outsourcing numbers - Turnkey	-		2,635		9,569		4,221	

*Social Performance Indicators consist of data from Türk Telekom, TT Mobil, TTNET.

Number and Rate of Newly Hired Employees (Person)	2020		2021		2022		2023	
Total Hired Employees	1,312		1,905		1,035		1,222	
Women	191	14.6%	286	15.0%	363	35.1%	330	27.0%
Men	1,121	85.4%	1,619	85.0%	672	64.9%	892	73.0%
<30	489		914		597		806	
30-50	811		979		431		414	
>50	12		12		7		2	
Total Number of Employees who Resigned and Resignation Rate	2020		2021		2022		2023	
Total Resigning Employees	1,030		2,012		1,288		2, 088	
Women	235	6.6%	435	12.6%	325	9.6%	374	11.0%
Men	795	5.5%	1,577	10.8%	963	6.7%	1,714	12.2%
<30	58		208		303		306	
30-50	381		480		519		1,121	
>50	591		1,324		466		661	



Performance Indicators

Social Performance Indicators*

Data on Returning to Work and Staying at Work after Parental Leave by Gender	2020	2021	2022	2023
Total Number of Employees Entitled to Parental Leave	1,172	1,250	1,147	895
Women	262	316	246	195
Men	910	934	901	700
Total Number of Employees Taking Parental Leave	1,172	1,250	1,147	895
Women	262	316	246	195
Men	910	934	901	700
Total Number of Employees Returning to Work After Parental Leave	1,172	1,250	1,133	895
Women	262	316	232	195
Men	910	934	901	700
Total Number of Employees Employed for at least 12 Months After Returning from Parental Leave	1,147	1,206	1,089	875
Women	255	302	213	183
Men	892	904	876	692
Rate of Return to Work of Employees on Parental Leave (%)				
Women	97.0%	96.0%	87.0%	94.0%
Men	98.0%	97.0%	97.0%	99.0%

Türk Telekom OHS Performance Indicators				
Employees Covered by OHS Management System	2020	2021	2022	2023
Number of Employees Covered by OHS Management System	18,108	17,985	17,695	16,803
Percentage of Employees Covered by OHS Management System	100%	100%	100%	100%
Total Number of Accidents	251	314	329	291
Number of Fatal Accidents	0	1	2	0
Number of Lost Time Injuries	117	147	185	142
Total Number of Days Lost Due to Accidents	1,042	2,097	3,281	1,994
Rate of Accident Frequency (Speed)	4.7	5.8	6.3	5.7
Rate of Lost Time Injuries	2.2	2.7	3.5	2.8
Number of High Severity Accidents	0	2	0	0
Rate of High Severity Accident Frequency (Rate)	0	0.04	0	0
Occupational Diseases	0	0	0	0

Hours of Training Received by Employees	2020	2021	2022	2023
Average Training Hours (Hours)	18.7	41.1	35.3	25.0
Total Hours of Training Provided to Employees on Health and Safety Policies and Procedures	32,454	37,539	22,520	60,471

Hours of Training Received by Employees (Hours)	2020		2021		2022		2023	
	Kadın	Erkek	Kadın	Erkek	Kadın	Erkek	Kadın	Erkek
Blue Collar	12.3	11.7	31.8	27.1	20.0	24.8	7.5	10.0
Expert Group	21.3	27.1	49.2	51.8	32.1	46.9	8.1	9.8
Executive Group	15.6	25.2	28.8	35.3	20.6	22.7	8.1	8.0
Senior Executive Group	31.6	63.1	22.5	64.0	1.3	28.4	24.0	4.7

*Social Performance Indicators consist of data from Türk Telekom, TT Mobil, TTNET.



Performance Indicators

Social Performance Indicators*

		2020			2021			2022			2023		
		Number of Employees Receiving Training	Total Hours of Training	Average Training Hours	Number of Employees Receiving Training	Total Hours of Training	Average Training Hours	Number of Employees Receiving Training	Total Hours of Training	Average Training Hours	Number of Employees Receiving Training	Total Hours of Training	Average Training Hours
Mandatory Regulatory Training	Women	895	2,530	2.8	733	2,517	3.4	670	2,968	4.4	937	3,449	8.2
	Men	9,602	37,883	3.9	9,591	46,799	4.9	9,297	53,566	5.8	17,010	83,718	9.4
Expert Group	Women	2,452	4,299	1.8	2,440	5,230	2.1	2,513	7,656	3	3,296	8,958	8.7
	Men	3,971	14,052	3.5	3,985	11,033	2.8	3,955	19,600	5	6,390	24,170	9.2
Executive Group	Women	163	148	0.9	217	156	0.7	230	260	1.1	195	158	3.1
	Men	744	1,138	1.5	1,019	1,080	1.1	1,030	2,076	2	949	1,842	8.1

Training Hours by Gender	2020	2021	2022	2023
Women	45,669	149,659	98,787	72,900
Men	176,937	502,815	439,412	340,878
Total	222,606	652,474	538,199	413,777

Training Hours by Position	2020	2021	2022	2023
Blue Collar	93,017	283,288	243,743	220,916
Expert Group	112,578	326,666	266,242	178,123
Executive Group	16,499	41,729	27,872	14,526
Senior Level	512	791	342	212
Total	222,606	652,474	538,199	413,777

Due to the February 6 earthquake, our training hours decreased in 2023.

Training Type	2020	2021	2022	2023
E-Training on Human Rights Policy (Person)	5,687	9,593	3,854	12,110
E-Training on Anti-Bribery and Anti-Corruption Policy (Person)	5,724	9,770	10,683	12,244
E-Training on Human Rights Policy (Hours)*	800	1,311	370	985
E-Training on Anti-Bribery and Anti-Corruption Policy (Hours)*	821	1,498	1,247	968

*Indicates screen time during training.

*Social Performance Indicators consist of data from Türk Telekom, TT Mobil, TTNET.

Performance Indicators

Social Performance Indicators*

Average Hours of Training Provided to Employees on Occupational Health and Safety (Hours)								
Year	2020		2021		2022		2023	
Employees	Women	Men	Women	Men	Women	Men	Women	Men
Blue Collar	2.8	3.9	3.4	4.9	4.4	5.8	8.9	8.8
Expert Group	1.8	3.5	2.1	2.8	3	5	8.4	8.6
Executive Group	0.8	1.1	0.7	1	1.1	2	0	8.7
Senior Executives	0.7	4.2	0	5.4	1	6.9	0	0
Data on Employees Subject to Career Development Assessment by Gender and Employee Category								
	2020		2021		2022		2023	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of Employees Subject to Performance Monitoring	2,521	4,703	2,548	4,693	2,688	4,801	2,805	4,882
Blue Collar (%)	0.0%	0.5%	0.0%	0.5%	0.0%	0.5%	0.0%	0.2%
Expert Group (%)	32.2%	51.4%	32.3%	50.6%	32.4%	50.7%	33.4%	50.5%
Executive Group (%)	2.7%	13.2%	2.9%	13.6%	3.0%	13.3%	3.0%	12.8%
Distribution of the Board of Directors by Gender and Age								
	2020		2021		2022		2023	
Women	0%		0%		0%		0%	
Men	100%		100%		100%		100%	
<30	0.0%		0.0%		0.0%		0.0%	
30-50	22.2%		22.2%		44.4%		44.4%	
>50	77.8%		77.8%		65.6%		65.6%	
Number of Employees with Disabilities (Person)								
	2020		2021		2022		2023	
Women	57		56		59		63	
Men	358		331		333		329	

*Social Performance Indicators consist of data from Türk Telekom, TT Mobil, TTNET.

Governance Data								
Structure of Board	2020		2021		2022		2023	
Board Member Term of Office, Years	3		3		3		3	
Number of Board Meetings	12		12		13		14	
Average Board Meeting Attendance, %	96.3%		96.2%		96.5%		94.5%	
Average Attendance at Committee Meetings, %	100%		100%		100%		100%	
Committees	2020		2021		2022		2023	
Audit Committee	Women	Men	Women	Men	Women	Men	Women	Men
<30	-	-	-	-	-	-	-	-
30-50	-	1	-	1	-	1	-	-
>50		1	-	1	-	1	-	2
Corporate Governance Committee	Women	Men	Women	Men	Women	Men	Women	Men
<30	-	-	-	-	-	-	-	-
30-50	1	-	1	-	1	1	1	1
>50	-	2	-	2	-	1	-	2
Eary Identification and Management of Risks Committee	Women	Men	Women	Men	Women	Men	Women	Men
<30	-	-	-	-	-	-	-	-
30-50	-	1	-	1	-	2	-	1
>50	-	1	-	1	-	1	-	2
*Nomination and Renumeration Committee	Women	Men	Women	Men	Women	Men	Women	Men
<30	-	-	-	-	-	-	-	-
30-50	-	-	-	-	-	3	-	2
>50	-	-	-	-	-	-	-	1
Sustainability Committee**	Women	Men	Women	Men	Women	Men	Women	Men
<30	-	-	-	-	-	-	-	-
30-50	-	-	-	-	2	3	2	2
>50	-	-	-	-	-	5	-	6

*Before 2022, there were two separate committee structures: "Nomination Committee" and "Remuneration Committee".
**As of the end of 2023, the number of Committee members is 10. Updated as 11 members in 2024.



Performance Indicators

Economic Performance Indicators*

Economic Performance		
Economic Indicators (million TL)	2022*	2023
Consolidated Revenue	91,401	100,185
Return on Equity (ROE) (%)	8.6%	16.7%
Total Investments	23,987	25,754
Total Assets	187,304	194,721
Net Debt	46,367	40,034
Net Profit	6,910	16,422
Total R&D Expenditures	1,032	1,637
Wages and Benefits Paid to All Employees	15,242	22,286
Dividends Paid	10,141	0,0
Tax Paid to the Government	367	1,153
Total Donations	133	768
Litigation Expenses	129	246
Total Remuneration Paid to All Senior Executives	288	309
Subsidies Received from the Government	0,0	1,884

*All data have been disclosed with TAS 29 applied.

GRI Content Index

“For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.The service was performed on the Turkish version of the report.

Statement of use	Türk Telekomünikasyon A.Ş., has reported in accordance with the GRI Standards for the period 1 January 2023 – 31 December 2023.			
GRI 1 used	GRI 1: Foundation 2021			
GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/OR DIRECT ANSWERS	ADDITIONAL INFORMATION/REASONS OF OMISSION
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	2-1 Organisational details	About the Report, Shareholder and Management Structure	3, 6	
	2-2 Entities included in the organisation's sustainability reporting	About the Report; About Türk Telekom; Subsidiaries, Affiliates, and Financial Investments	3, 5, 8	
	2-3 Reporting period, frequency and contact point	About the Report	3	
	2-4 Restatements of information	About the Report	3	
	2-5 External assurance			No external assurance on non-financial items was received during the reporting period.
	2-6 Activities, value chain and other business relationships			The Company's value chain and services do not show any differences compared to the previous reporting period.
	2-7 Employees	Social Performance Indicators	126	
	2-8 Workers who are not employees	Social Performance Indicators	126	
	2-9 Governance structure and composition	Board of Directors and Senior Management, Committees	111-112, 113-114	
	2-10 Nomination and selection of the highest governance body	Structure and Composition of the Board of Directors	108	
	2-11 Chair of the highest governance body	Board Members and Türk Telekom Senior Management	111-112	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	26	
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance	26	
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance	26	
	2-15 Conflicts of interest	Ethics and Compliance, Strong Corporate Governance	119-120, 105	

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/OR DIRECT ANSWERS	ADDITIONAL INFORMATION/REASONS OF OMISSION
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Business Ethics and Competitive Behavior	119-122	
	2-17 Collective knowledge of the highest governance body	Sustainability-related Risks	118	
	2-18 Evaluation of the performance of the highest governance body	Employee Loyalty, Training, Talent and Career Development; Sustainability Governance	68-73, 26	
	2-19 Remuneration policies	Remuneration Policies for the Board of Directors and Senior Executives	112	
	2-20 Process to determine remuneration	Equality, Diversity, and Inclusion; Fringe Benefits and Employee Benefits	62-63, 67-68	
	2-21 Annual total compensation ratio			Privacy restrictions: We establish our Remuneration Policies and share this policy openly with our stakeholders through our website. However, our management attaches importance to confidentiality when it comes to sharing information about wage amounts and rates. For this reason, this information cannot be shared for the time being.
	2-22 Statement on sustainable development strategy	CEO Message, Our Focus Areas and Policies	19-20, 24	
	2-23 Policy commitments	Human Rights and Employee Rights	64-68	
	2-24 Embedding policy commitments	Ethics and Compliance	119-120	
	2-25 Processes to remediate negative impacts	Ethics and Compliance	119-120	
	2-26 Mechanisms for seeking advice and raising concerns	Decent, Ethical Working Environment	65-66	
	2-27 Compliance with laws and regulations	Anti-Bribery and Anti-Corruption	121-122	
	2-28 Membership associations	Memberships	124	
	2-29 Approach to stakeholder engagement	Stakeholder Relations	29-30	
	2-30 Collective bargaining agreements	Respect for Freedom of Association, Ethical Labour Practices	66, 67	



GRI Content Index

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/ OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Material Topics	27	
	3-2 List of material topics	Our Material Topics	27	
Operational and Financial Performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Operational and Financial Performance	41-44	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	From success to success together with our group companies	45-48	
	201-2 Financial implications and other risks and opportunities due to climate change	Financial Risk Management	49-50	
	201-3 Defined benefit plan obligations and other retirement plans	Fringe Benefits and Employee Benefits	67-68	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Ethical Labour Practices; Equality, Diversity, and Inclusion	67, 62-63	
GRI 3: Material Topics 2021	3-3 Management of material topics	Operational and Financial Performance	26	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainability-based Contributions and Investments	31-33	
	203-2 Significant indirect economic impacts	Climate Risks and Opportunities	100	
Supply Chain Sustainability				
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain Sustainability	87-89	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Our Decisive Sustainability Strategy	22	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier Portal Project	89	
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Sustainability	87-89	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Sustainability	87-89	
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Sustainability	87-89	

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/ OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Business Ethics and Competitive Behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Bribery and Anti-Corruption	121-122	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-Bribery and Anti-Corruption	121-122	
	205-2 Communication and training about anti-corruption policies and procedures	Anti-Bribery and Anti-Corruption	121-122	
Combating Climate Change and Energy Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Management, Emission Management	90-92, 92-94	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environmental Performance Indicators	125	
	302-3 Energy intensity	Energy intensity	91	
	302-4 Reduction of energy consumption	Technological Infrastructure and Productivity Projects	91	
	302-5 Reductions in energy requirements of products and services	Technological Infrastructure and Productivity Projects	91	
	305-1 Direct (Scope 1) GHG emissions	Environmental Performance Indicators	125	
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Performance Indicators	125	
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Environmental Performance Indicators	125	
	305-4 GHG emissions intensity	Environmental Performance Indicators	125	
	305-5 Reduction of GHG emissions	Environmental Performance Indicators	125	
	305-6 Emissions of ozone-depleting substances (ODS)	Environmental Performance Indicators	125	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Performance Indicators	125	



GRI Content Index

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Responsible Use and Management of Natural Resources				
GRI 3: Material Topics 2021	3-3 Management of material topics	Water and Wastewater Management, Circular Economy and Waste Management	95-96, 97-99	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management Practices, Water Saving and Management	95	
	303-2 Management of water discharge-related impacts	Waste Water Management, Water Stress and Management	96	
	303-4 Water discharge	Waste Water Management, Water Stress and Management	96	
	303-5 Water consumption	Environmental Performance Indicators	125	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Circular Economy and Waste Management	97-99	
	306-2 Management of significant waste-related impacts	Circular Economy and Waste Management	97-99	
	306-3 Waste generated	Circular Economy and Waste Management, Environmental Performance Indicators	97-99, 125	
	306-4 Waste diverted from disposal	Circular Economy and Waste Management	97-99	
	306-5 Waste directed to disposal	Circular Economy and Waste Management	97-99	

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Equality, Diversity, and Inclusion				
GRI 3: Material Topics 2021	3-3 Management of material topics	Equality, Diversity, and Inclusion; Decent, Ethical Working Environment	62-63, 65-66	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Performance Indicators	126	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Fringe Benefits and Employee Benefits	67-68	
	401-3 Parental leave	Social Performance Indicators	127	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Fair and Inclusive Employer, Support for Women Employment	62,63	
	405-2 Ratio of basic salary and remuneration of women to men	Ethical Labour Practices; Equality, Diversity, and Inclusion	67, 62-63	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Decent, Ethical Working Environment	65-66	



GRI Content Index

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/ OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsibility for Occupational Health	74-75	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Risk Management in OHS	74-75	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Responsibility for Occupational Health	74-75	
	403-2 Hazard identification, risk assessment, and incident investigation	Risk Management in OHS	74-75	
	403-3 Occupational health services	Risk Management in OHS	74-75	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Risk Management in OHS	74-75	
	403-5 Worker training on occupational health and safety	OHS Trainings	75	
	403-6 Promotion of worker health	OHS Trainings	75	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	OHS Trainings	75	
	403-8 Workers covered by an occupational health and safety management system	Social Performance Indicators	127	
	403-9 Work-related injuries	Social Performance Indicators	127	
	403-10 Work-related ill health	Social Performance Indicators	127	

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/ OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Employee Loyalty, Training, Talent and Career Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	Türk Telekom Academy	70-71	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Social Performance Indicators	127- 128	
	404-2 Programs for upgrading employee skills and transition assistance programs	Türk Telekom Academy	70-71	
	404-3 Percentage of employees receiving regular performance and career development reviews	Social Performance Indicators	129	
Human Rights and Employee Rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	Respect for Freedom of Association, Ethical Labour Practices	66,67	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respect for Freedom of Association	66	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Supply Chain Sustainability	87-89	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			Since there is no Forced Labour, no effect was observed.



GRI Content Index

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/ OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Customer Satisfaction and Loyalty, Cyber Security, Customer and Data Privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Satisfaction and Loyalty, Cyber Security and Data Privacy	86-87, 60-61	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			There were no incidents of non-compliance during the reporting period.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Satisfaction and Loyalty, Cyber Security and Data Privacy	86-87, 60-61	
Accessible Communication and Digital Inclusion				
GRI 3: Material Topics 2022	3-3 Management of material topics	Accessible Communication and Digital Inclusion	51-55	

GRI STANDARD	DISCLOSURE	SUBJECT HEADING	PAGE NUMBER, SOURCES AND/ OR DIRECT ANSWERS	ADDITIONAL INFORMATION/ REASONS OF OMISSION
Risk and Crisis Management				
GRI 3: Material Topics 2022	3-3 Management of material topics	Effective Risk and Crisis Management	115-118	
Social Investments and Contributions, Stakeholder Relations				
GRI 3: Material Topics 2022	3-3 Management of material topics	Social Investments and Contributions, Stakeholder Relations	76-85	
Entrepreneurship, Digitalisation and Innovation				
GRI 3: Material Topics 2022	3-3 Management of material topics	Entrepreneurship, Digitalisation and Innovation	59-60	



SDG Content Index

Sustainable Development Goals Index

SDG's	TOPIC TITLE	PAGE NUMBER
 No Poverty	Social Investments and Contribution, Stakeholder Relations	76-85
 Quality Education	Employee Loyalty, Training, Talent and Career Development	68-73
 Gender Equality	Equality, Diversity, and Inclusion	62-63
 Clean Water and Sanitation	Water and Wastewater Management	95-96
 Affordable and Clean Energy	Energy Management	90-92
 Decent Work and Economic Growth	Operational and Financial Performance; Financial Risk Management; Human Rights and Employee Rights; Responsibility for Occupational Health	41-44, 49, 64-68, 74-75
 Industry, Innovation and Infrastructure	Sustainability Based Contributions and Investments; Accessible Communication and Digital Inclusion; Our Main Business Lines and Market Position; Entrepreneurship, Digitalisation and Innovation; Cyber Security and Data Privacy	31-33, 51-55, 56-58, 59-60, 60-61
 Reduced Inequality	Accessible Communication and Digital Inclusion; Equality, Diversity and Inclusion; Social Investments and Contribution, Stakeholder Relations	51-55, 62-63, 76-85
 Sustainable Cities and Communities	Accessible Communication and Digital Inclusion	51-55
 Responsible Consumption and Production	Our Sustainability Process and Action Areas; Sustainability Based Contributions and Investments	22-24, 31-33
 Climate Action	Climate Change Action Plan, Sustainability Based Contributions and Investments, Sustainability Related Risks	102-103, 31-33, 118
 Peace and Justice Strong Institutions	Our Decisive Sustainability Strategy, Strong Corporate Governance, Human Rights and Employee Rights, Business Ethics and Competitive Behaviour	22, 105, 64-68, 119-122
 Partnerships to achieve the Goal	Our Decisive Sustainability Strategy, from success to success together with our Group companies, Supply Chain Sustainability	22, 45-48, 87-89



TCFD Index

TCFD Recommendations		Reference	Page Number
Governance	Describe the board's oversight of climate-related risks and opportunities.	Sustainability Governance	26
	Describe management's role in assessing and managing climate-related risks and opportunities.	Effective Risk and Crisis Management	115-117
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Combating Climate Change, Sustainability-related Risks	99-102, 118
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Combating Climate Change	99-100
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate Change Action Plan	102-103
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability-related Risks	118
	Describe the organisation's processes for managing climate-related risks.	Combating Climate Change	99-100
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Effective Risk and Crisis Management	115-117
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Combating Climate Change	99-100
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Emission Management	92-94
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Combating Climate Change	99-103



UNGC Table of Progress

Topic	UNGC Principles	Related Report Section – Subsection	Page Number
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, and	Human Rights and Employee Rights, Respect for Freedom of Association, Our Value Creation Journey – Human Capital, Our Value Creation Journey – Social and Relational Capital ,	38, 39, 64–66
	Principle 2: make sure that they are not complicit in human rights abuses.	Ethical Labor Practices, Our Value Creation Journey – Social and Relational Capital	39, 67
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,	Respect for Freedom of Association, Ethical Labor Practices	66–67
	Principle 4: the elimination of all forms of forced and compulsory labor,	Ethical Labor Practices	67
	Principle 5: the effective abolition of child labor, and	Supply Chain Sustainability	87–89
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Decent, Ethical Working Environment	65–66
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges,	Supplier Portal Project, Water and Wastewater Management, Circular Economy and Waste Management,	89, 95–96, 97–99
	Principle 8: undertake initiatives to promote greater environmental responsibility	Supplier Portal Project, Wastewater Management, Water Stress and Management, Circular Economy and Waste Management	89, 96, 97–99
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Our Value Creation Journey – Natural Capital, Water Management Practices, Water Conservation and Management, Circular Economy and Waste Management	40, 95, 97–99
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-Bribery and Anti-Corruption	121–122



WEPs Table of Progress

Principles	Related Report Section – Subsection	Page Number
Principle 1: Establish high-level corporate leadership for gender equality	Message from the Chair, Equality, Diversity, and Inclusion, Fair and Inclusive Employer, Support for Women's Employment	17-18, 62-63
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination	Equality, Diversity, and Inclusion, Decent, Ethical Working Environment, Ethical Labor Practices , Fringe Benefits and Employee Assistance,	62-63, 65, 67
Principle 3: Ensure the health, safety and well-being of all women and men workers	Equality, Diversity, and Inclusion, Responsibility for Occupational Health OHS Risk Management	62-63, 74-75
Principle 4: Promote education, training and professional development for women	Türk Telekom Academy	70-72, 78
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women	CEO Message, Our Decisive Sustainability Strategy	19-20, 22-23
Principle 6: Promote equality through community initiatives and advocacy	Accessible Communication and Digital Inclusion, Social Investments and Contributions, Stakeholder Relations	51-55, 76-85
Principle 7: Measure and publicly report on progress to achieve gender equality	Support for Women's Employment	63

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türk Telekomünikasyon Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the consolidated financial statements of Türk Telekomünikasyon Anonim Şirketi (the company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

2. Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.3 and Note 2.4 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
<p>As presented in note 26, the Group's revenue is primarily generated from fixed-line telecommunication services, mobile telecommunication services, sales of equipment and TV subscriptions.</p> <p>The accuracy of revenue recognized in the consolidated financial statements is an inherent industry risk, as the billing systems of telecommunication companies are complex, processes large volumes of data with a combination of different products and services billed during the year, through a number of different systems.</p> <p>Significant management judgment can be required in determination of the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages, which may include services and telecommunication products.</p> <p>We identified revenue recognition as a key audit matter, because of the accuracy and timing of revenue recognized by the IT billing systems given the complexity of the systems and the significance of volumes of data processed by the systems.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none"> - Assessing the appropriateness of the revenue recognition policy of the Group; - Performing Information Technologies ("IT") general controls on critical information systems that support business processes, with the assistance of our internal IT specialists; - Performing procedures to evaluate the completeness and accuracy of the end-to-end data flow between billing, collection and general ledger records by examining key revenue processes; - Recalculation of customer invoices for significant revenue items on a sample basis. - Testing of critical reports on the revenue assurance system used by the company on a sample basis; - Testing material journal entries processed between the billing systems and the general ledger; - Substantive testing on a sample of non-systematic adjustments which are outside of the normal billing process and therefore carry higher levels of management judgment. - Performing analytical reviews and correlation analyzes on revenue items.

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Land revaluation

Please refer to Note 2.3 and Note 19 for land revaluation,

<u>The key audit matter</u>	<u>How the matter was addressed in our Audit</u>
<p>The Group has decided to measure certain property, plant and equipment according to TAS 16 revaluation model. Estimates and assumptions used in the valuation has been considered as critical for our audit and therefore, land revaluation has been determined as a key audit matter.</p> <p>As of 31 December 2023, the revalued amount of the lands in the consolidated financial statements is TL 26.602.587thousand, and due to the change in fair value, TL 5.800.935 thousand gains on revaluation of property, plant and equipment has been accounted for under equity.</p> <p>In this context, the lands have been revalued with their fair values reflecting the market conditions as of 31 December 2023, in line with the valuation reports received from licensed real estate appraisal companies within the scope of the CMB regulations.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none"> - We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management; - In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying lands; - Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations. For this assessment within our audit work, we involved valuation experts of a firm which is in our audit network; - We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.

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Valuation of deferred tax assets

Refer to Note 2.3, Note 2.4 and Note 11 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for valuation of deferred tax assets.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The Group has recognized deferred tax assets for deductible temporary differences and unused tax losses, which are considered as recoverable.</p> <p>The recoverability of recognized deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses (before latter expire).</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p> <p>Significant judgment is required in relation to the recognition and recoverability of deferred tax assets.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none"> - Assessing and challenging the assumptions and judgments exercised by management in respect of the forecasts of future taxable profits by analyzing the assumptions adopted by management; - Considering the historical accuracy of forecasts of future taxable profits made by management by comparing the actual taxable profits for the current year with management's estimates in the forecasts made in the previous year and assessing whether there were any indicators of management bias in the selection of key assumptions; - Considering the impact of recent regulatory developments, where applicable and relevant; - Reconciling tax losses and expiry dates to tax statements; and - Assessing whether the Group's disclosures in the consolidated financial statements of the application of judgment in estimating recognized and unrecognized deferred tax asset balances appropriately reflect the Group's deferred tax position with reference to the requirements of the TFRSs.

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

Derivative financial instruments

Please refer to Note 2.3 and Note 15 for derivative financial instruments,

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>Cross currency swap transactions, forwards, interest rate swap transactions, futures transactions and all other derivative financial instruments are recorded on consolidated statement of financial position based on their fair value and their fair value are continuously subject to fair valuation.</p> <p>Furthermore the Company applies hedge accounting method for certain derivative instruments to enhance a protection for currency exchange and interest risk.</p> <p>Fair value of derivative financial instruments are determined through application of valuation techniques and utilization of assumptions and estimations. Derivative Financial instruments are evaluated as a key audit matter by us due to uncertainty in estimations utilized and materiality of the carrying values in the consolidated financial statements.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none"> -Obtaining written reconciliation from counter parties of the transaction and comparing of details of related derivative transaction through reconciliation; -Fair value controls of derivative financial instruments, selected as sample, are performed by valuation experts, which are a part of our audit team; -Prices used by the Company as input for the valuation of derivatives are compared with prices, obtained from market data providers; -Calculations used in and the appropriateness of the accounting of hedge methodology is reviewed.

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Application of the hyperinflationary accounting

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>As stated in Note 2.1 to the consolidated financial statements, the Group has started to apply "TAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2023.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in Note 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> - We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed, - We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations, - We have audited the restatements of corresponding figures as required by TAS 29, - We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on April 17, 2024.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Seda Akkuş Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Seda Akkuş Tecer, SMMM
Partner

April 17, 2024
İstanbul, Türkiye

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

31 December 2023
Consolidated Financial Statements
And Independent Auditor's Report

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17 April 2024

This report contains 8 pages of "Independent Auditor's Report" and 118 pages of financial statements and explanatory notes.



		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Assets			
Total current assets		48.237.767	43.941.055
Cash and cash equivalents	4	13.591.009	8.444.446
Financial investments	14	7.828.281	8.042.306
Trade receivables			
- Trade receivables due from related parties	8	630.502	837.803
- Trade receivables due from unrelated parties	6	12.711.339	13.593.326
Receivables from finance sector activities			
- Receivables from finance sector activities due from unrelated parties		38.429	-
Other receivables			
- Other receivables due from unrelated parties	9	261.062	259.390
Contract assets			
- Contract assets from sale of goods and service contracts	6	3.561.797	2.298.712
Derivative financial assets			
- Derivative financial assets held for trading	15	439.541	385.069
- Derivative financial assets held for hedging	15	4.136.773	6.194.221
Inventories	10	1.323.732	1.396.645
Prepayments			
- Prepayments to unrelated parties	13	1.104.417	859.963
Current tax assets		175.235	15.798
Other current assets			
- Other current assets due from unrelated parties	12	1.977.016	1.154.742
Subtotal		47.779.133	43.482.421
Non-current assets classified as held for sale	17	458.634	458.634

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Total non-current assets		146.483.111	143.363.008
Financial investments			
- Other financial investments	14	174.914	72.119
Trade receivables			
- Trade receivables due from unrelated parties	6	243.525	306.016
Other receivables			
- Other receivables due from unrelated parties	9	78.528	121.863
Contract assets			
- Contract assets from sale of goods and service contracts	6	21.823	58.987
Derivative financial assets			
- Derivative financial assets held for trading	15	-	147.203
Right of use assets	7	5.583.182	5.882.876
Investment property	18	102.229	120.115
Property, plant and equipment			
- Land and premises	19	26.602.587	22.884.371
- Buildings	19	2.713.796	3.308.943
- Machinery and equipments	19	41.116.587	44.083.047
- Other property, plant and equipment	19	5.554.963	5.518.463
Intangible assets			
- Goodwill	16	486.585	486.585
- Rights regarding concession agreements	20	22.548.849	20.540.580
- Concession agreements assets	20	2.739.084	6.364.931
- Licences	20	11.661.139	14.288.353
- Other intangible assets	20	17.914.162	17.069.446
Prepayments			
- Prepayments to unrelated parties	13	143.866	389.615
Deferred tax asset	11	8.797.176	1.719.453
Other non-current assets			
- Other non-current assets due from unrelated parties		116	42
Total assets		194.720.878	187.304.063



		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Liabilities			
Total current liabilities		56.574.989	43.747.980
Financial liabilities			
Financial liabilities from related parties			
- Bank loans	5,8	2.439.417	2.235.565
Financial liabilities from unrelated parties			
- Bank loans	5	8.155.190	7.841.329
- Lease liabilities	5	135.781	7.260
- Issued debt instruments	5	2.659.932	2.424.919
Current portion of long term financial liabilities			
Current portion of long term financial liabilities from unrelated parties			
- Bank loans	5	5.455.952	6.315.922
- Lease liabilities	5	743.316	1.026.239
- Issued debt instruments	5	13.789.120	446.034
Trade payables			
- Trade payables to related parties	8	208.760	319.579
- Trade payables to unrelated parties	6	13.890.288	15.320.861
Employee benefit obligations	12	1.527.557	996.100
Other payables			
- Other payables to unrelated parties	9	3.233.375	2.990.004
Derivative financial liabilities			
- Derivative financial liabilities held for trading	15	117.424	233.198
- Derivative financial liabilities held for hedging	15	21	-
Contract liabilities			
- Contract liabilities from sale of goods and service contracts	13	2.112.344	1.924.872
Current tax liabilities	32	17.468	111.261
Current provisions			
- Current provisions for employee benefits	21	1.267.909	938.225
- Other current provisions	21	336.749	330.256
Other current liabilities			
- Other current liabilities to unrelated parties	12	484.386	286.356
Total non-current liabilities		39.855.675	62.766.690
Long term financial liabilities			
Long term financial liabilities from unrelated parties			
- Bank loans	5	17.459.810	18.787.871
- Lease liabilities	5	1.002.624	1.470.419
- Issued debt instruments	5	14.038.315	28.517.831
Other payables			
- Other payables to unrelated parties	9	95.922	95.774
Contract liabilities			
- Contract liabilities from sale of goods and service contracts	13	2.964.683	3.309.220
Non-current provisions			
- Non-current provisions for employee benefits	21	4.057.307	4.028.859
- Other non-current provisions	21	10.628	17.510
Deferred tax liabilities	11	226.386	6.539.206
Total liabilities		96.430.664	106.514.670

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Equity		98.290.214	80.789.393
Equity attributable to equity holders of the parent			
Issued capital	22	3.500.000	3.500.000
Inflation adjustments on capital	22	49.741.173	49.741.173
Repurchased shares (-)		(14.593)	-
Other accumulated comprehensive income / (loss) that will not be reclassified in profit or loss			
Gains / (losses) on revaluation and remeasurement			
- Losses on remeasurements of defined benefit plans	22	(2.631.604)	(1.452.594)
- Increases on revaluation of property, plant and equipment	22	5.800.935	3.420.279
Gains due to change in fair value of financial liability attributable to change in credit risk of liability	22	27.783	161.542
Other accumulated comprehensive income / (loss) that will be reclassified in profit or loss			
Gains / (losses) on hedges			
- Gains on cash flow hedges	22	3.430.254	3.570.233
- Losses on hedges of net investment in foreign operations	22	(5.576.981)	(3.958.535)
Change in value of time value of options	22	(7.784.036)	(9.523.264)
Exchange differences on translation	22	3.223.235	3.178.063
Restricted reserves appropriated from profits		2.920.660	2.718.878
Retained earnings		29.231.836	22.524.050
Profit for the year		16.421.552	6.909.568
Total liabilities and equity		194.720.878	187.304.063



	Notes	Current period	Prior period
		Audited	Audited
		31 December 2023	31 December 2022
Revenue	3, 26	100.184.658	91.400.927
Cost of sales (-)	28	(78.315.943)	(70.387.137)
Gross profit		21.868.715	21.013.790
General administrative expenses (-)	27	(13.021.833)	(11.305.910)
Marketing, sales and distribution expenses (-)	27	(10.383.129)	(9.017.485)
Research and development expenses (-)	27	(1.295.092)	(967.520)
Other operating income	29	3.075.295	1.473.276
Other operating expense (-)	29	(5.102.208)	(2.555.364)
Operating loss		(4.858.252)	(1.359.213)
Impairment gains / losses and reversals of impairment losses determined in accordance with IFRS 9, net		(386.532)	(366.013)
Investment activity income	30	4.679.691	5.067.928
Investment activity expenses (-)	30	(47.457)	(136.056)
Profit / (loss) before financing expense		(612.550)	3.206.646
Finance income	31	12.098.239	6.650.909
Finance costs (-)	31	(31.623.866)	(25.818.982)
Monetary gain / (loss)		23.568.411	23.504.920
Profit before tax	3	3.430.234	7.543.493
Tax (expense) / income			
- Current period tax expense	32	(271.726)	(688.293)
- Deferred tax income	11, 32	13.263.044	54.368
Profit for the year		16.421.552	6.909.568
Earnings per shares attributable to equity holders of the parent (in full Kuruş)	22	4,6919	1,9742
Earnings per diluted shares attributable to equity holders of the parent (in full Kuruş)	22	4,6919	1,9742

	Notes	Current period	Prior period
		Audited	Audited
		31 December 2023	31 December 2022
Profit for the period		16.421.552	6.909.568
Other comprehensive income:			
Other comprehensive income that will not be reclassified to profit or loss		1.067.887	1.922.071
Gain from revaluation of property, plant and equipments, net	19	3.339.302	3.800.309
Losses on remeasurements of defined benefit plans	21	(1.561.489)	(1.809.800)
Change in fair value of financial liability attributable to change in credit risk of liability		(178.345)	(57.018)
Tax effect of other comprehensive income items not to be reclassified to profit or loss			
-Taxes relating to remeasurements of defined benefit plans		382.479	357.206
-Tax effect of revaluation of property, plant and equipment		(958.646)	(380.030)
-Taxes relating to change in fair value of financial liability attributable to change in credit risk of liability		44.586	11.404
Other comprehensive income that will be reclassified to profit or loss		25.975	1.441.072
Exchange differences on translation		45.172	(435.563)
Gains / (losses) on cash flow hedges		(186.638)	1.497.557
(Losses) on hedges of net investments in foreign operations		(2.157.928)	(1.033.503)
Gains / (losses) on change in value of time value of options		2.318.972	1.881.739
Tax effect on other comprehensive income items to be reclassified to profit or loss			
-Taxes relating to cash flow hedges		46.659	(299.511)
-Taxes relating to losses on hedges of net investments in foreign operations		539.482	206.700
-Taxes relating to change in value of time value of options of other comprehensive (loss) / income		(579.744)	(376.347)
Other comprehensive income		1.093.862	3.363.143
Total comprehensive income		17.515.414	10.272.711



				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)		
				Gains / (losses) on revaluation and remeasurement				Gains / (losses) on hedge							
	Issued capital	Inflation adjustments on capital	Repurchased shares (-)	Increases on revaluation of property, plant and equipment	Losses on remeasurements of defined benefit plans	Gains / (losses) due to change in fair value of financial liability attributable to change in credit risk of liability		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	Restricted reserves appropriated from profits	Retained Earnings	Profit for the year	Total equity
Balance at 1 January 2022	3.500.000	49.741.173	-	-	-	207.156		(3.131.732)	2.372.187	(11.028.656)	3.613.626	29.745.307	5.638.464	-	80.657.525
Transfers	-	-	-	-	-	-		-	-	-	-	(16.885.586)	16.885.586	-	-
Total comprehensive income	-	-	-	3.420.279	(1.452.594)	(45.614)		(826.803)	1.198.046	1.505.392	(435.563)	-	-	6.909.568	10.272.711
Profit for period	-	-	-	-	-	-		-	-	-	-	-	-	6.909.568	6.909.568
Other comprehensive income	-	-	-	3.420.279	(1.452.594)	(45.614)		(826.803)	1.198.046	1.505.392	(435.563)	-	-	-	3.363.143
Dividends paid (Note 22)	-	-	-	-	-	-		-	-	-	-	(10.140.843)	-	-	(10.140.843)
Balance at 31 December 2022	3.500.000	49.741.173	-	3.420.279	(1.452.594)	161.542		(3.958.535)	3.570.233	(9.523.264)	3.178.063	2.718.878	22.524.050	6.909.568	80.789.393
Balance at 1 January 2023	3.500.000	49.741.173	-	3.420.279	(1.452.594)	161.542		(3.958.535)	3.570.233	(9.523.264)	3.178.063	2.718.878	22.524.050	6.909.568	80.789.393
Transfers	-	-	-	-	-	-		-	-	-	-	187.189	6.722.379	(6.909.568)	-
Total comprehensive income	-	-	-	2.380.656	(1.179.010)	(133.759)		(1.618.446)	(139.979)	1.739.228	45.172	-	-	16.421.552	17.515.414
Profit for period	-	-	-	-	-	-		-	-	-	-	-	-	16.421.552	16.421.552
Other comprehensive income	-	-	-	2.380.656	(1.179.010)	(133.759)		(1.618.446)	(139.979)	1.739.228	45.172	-	-	-	1.093.862
Increase / (decrease) due to share repurchased transactions	-	-	(14.593)	-	-	-		-	-	-	-	14.593	(14.593)	-	(14.593)
Balance at 31 December 2023	3.500.000	49.741.173	(14.593)	5.800.935	(2.631.604)	27.783		(5.576.981)	3.430.254	(7.784.036)	3.223.235	2.920.660	29.231.836	16.421.552	98.290.214



		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Net profit for the period:		16.421.552	6.909.568
Adjustments to reconcile profit:		-	-
Adjustments for depreciation and amortisation expense	28	35.477.069	32.668.971
Adjustments for impairment loss / (reversal of impairment loss)			
– Adjustments for impairment loss of receivables		410.143	387.445
– Adjustments for impairment loss of inventories		(1.831)	(2.224)
– Adjustments for impairment loss of property, plant and equipment	28	10.915	1.830.223
– Other adjustments for impairment loss (reversal of impairment loss)		(23.612)	17.695
Adjustments for provisions			
– Adjustments for (reversal of) provisions related with employee benefits	21	3.139.641	2.115.072
– Adjustments for (reversal of) lawsuit and/or penalty provisions	21	272.250	152.003
Adjustments for interest expenses and income			
– Adjustments for interest income		(2.386.444)	(997.718)
– Adjustments for interest expense		6.806.815	6.201.087
– Deferred financial expenses from credit purchases		334.134	129.675
Adjustments for unrealised foreign exchange losses		17.867.810	16.771.845
Adjustments for fair value losses / (gains)			
– Adjustments for fair value (gains) / losses on derivative financial instruments		678.397	312.742
– Adjustments for fair value losses / (gains) of issued financial instruments		271.251	(1.096.111)
– Adjustments for fair value losses / (gains) of financial assets		(4.046.053)	(2.790.426)
Adjustments for tax expense / (income)	32	(12.991.318)	633.925
Adjustments for losses / (gains) on disposal of tangible assets			
– Adjustments for gains arises from sale of tangible assets	30	(496.273)	(2.141.446)
Adjustments for losses / (gains) on disposal of subsidiaries		(89.908)	-
Other adjustments for which cash effects are investing or financing cash flow		418.437	382.827
Monetary gain / (loss)		(24.030.104)	(20.903.538)
Other adjustments for non-cash items	24	(800.576)	(674.159)
Operating profit before working capital changes		37.242.295	39.907.456

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Changes in working capital:			
Adjustments for (increase) / decrease in trade receivables			
– (Increase) / decrease in trade receivables from related parties		207.301	(691.992)
– (Increase) / decrease in trade receivables from unrelated parties		(3.664.795)	(445.803)
Adjustments for (increase) / decrease in inventories		74.744	41.177
Adjustments for increase / (decrease) in trade payable			
– Increase / (decrease) in trade payables to related parties		(110.819)	332.828
– Increase / (decrease) in trade payables to unrelated parties		(1.387.521)	(5.461.627)
Adjustments for (increase) / decrease in other receivables related with operations			
– (Increase) / decrease in other unrelated party receivables related with operations		(745.360)	340.960
Adjustments for increase / (decrease) in other operating payables related with operations			
– Increase / (decrease) in other payables related with operations to unrelated parties		153.770	(343.283)
Cash flow from operations:			
Interest received		309.694	457.008
Payments related with provisions for employee benefits	21	(2.229.860)	(1.341.024)
Payments related with other provisions	21	(106.411)	(200.941)
Income taxes paid		(366.718)	(1.152.646)
Other outflows of cash	24	(202.571)	449.166
Net cash generated from operating activities		29.173.749	31.891.279



		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Cash flows used in investing activities:			
Cash outflows arising from capital advance payments to associates and/or joint ventures		(125.299)	(21.827)
Proceeds from sale of property, plant, equipment and intangible assets			
– Proceeds from sales of property, plant and equipment		629.393	2.619.667
Purchases of property, plant, equipment and intangible assets			
– Purchase of property, plant and equipment		(12.420.675)	(12.409.998)
– Purchase of intangible assets		(13.283.108)	(11.565.681)
Cash outflows arising from acquisition of shares or debt instruments of other businesses or funds		(12.044.915)	(11.805.744)
Cash inflows arising from acquisition of shares or debt instruments of other businesses or funds		12.219.257	4.036.357
Net cash used in investing activities		(25.025.347)	(29.147.226)
Cash flows from financing activities:			
Proceed from borrowings			
– Proceeds from loans		32.975.635	18.007.709
– Cash inflows from issued debt instruments	24	4.447.821	4.172.129
Repayments of borrowings			
– Loan repayments		(29.676.789)	(15.005.361)
– Payment of issued of debt instruments		(3.545.178)	(2.688.329)
Payments of lease liabilities, net	24	(2.311.448)	(2.554.653)
Cash inflows / (outflows) from derivative instruments, net	24	8.682.017	6.227.084
Dividends paid	22	-	(10.140.842)
Interest paid		(4.804.407)	(4.464.885)
Interest received		2.076.750	540.711
Cash outflows from the business' own acquisition of shares		(14.593)	-
Other cash (outflows) / inflows	24	(1.094.058)	(825.641)
Net cash used in financing activities		6.735.750	(6.732.078)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		10.884.152	(3.988.025)
IMPACT OF MONETARY GAIN/LOSS ON CASH AND CASH EQUIVALENTS		(6.523.404)	(7.687.964)
IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		499.338	190.589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5.688.418	17.173.818
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	10.548.504	5.688.418

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 December 2023, 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.

1. REPORTING ENTITY (CONTINUED)

As at 31 December 2023, 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.

The details of the Company’s subsidiaries as at 31 December 2023 and 31 December 2022 are as follows:

				Effective ownership of the Company (%)	
Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	31 December 2023	31 December 2022
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
Assistt 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 AT GmbH (*) (**)	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	-	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

1. REPORTING ENTITY (CONTINUED)

The details of the Company’s subsidiaries as at 31 December 2023 and 31 December 2022 are as follows:

				Effective ownership of the Company (%)	
Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	31 December 2023	31 December 2022
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 whole-sale voice services provider	Euro	100	100
Türk Telekomunikasyon Euro Gmbh. In Liquidation (“TT Euro”)(*)	Germany	Mobil service marketing	Euro	-	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
Assistt 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.
(**) The liquidation process was completed as of 22 September 2023.

The details of the Company’s joint operation as at 31 December 2023 and 31 December 2022 are as follows:

				Effective ownership of the Company (%)	
Name of Joint Operation	Place of incorporation and operation	Principal activity	Functional Currency	31 December 2023	31 December 2022
TT Mobil-Vodafone Evrensel İş Ortaklığı	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	51	51
				Effective ownership of the Company (%)	
Name of Affiliate	Place of incorporation and operation	Principal activity	Functional Currency	31 December 2023	31 December 2022
TT Ventures Girişim Sermayesi Yatırım Fonu	Turkey	Telecommunications Infrastructure and bandwidth Provider	Turkish Lira	100	-



1. REPORTING ENTITY (CONTINUED)

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 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 Aydınlikevler, Ankara.

The number of personnel subject to collective agreement as at 31 December 2023 is 8.886 (31 December 2022: 9.406) and the number of personnel not subject to collective agreement as at 31 December 2023 is 28.379 (31 December 2022: 28.232). The total number of personnel as at 31 December 2023 and 31 December 2022 are 37.265 and 37.638, respectively.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation of the consolidated financial statements

a) Statement of compliance with TAS

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

Approval of the financial statements:

The consolidated financial statements are approved by the Company’s Board of Directors on 17 April 2024.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

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 December 31, 2022, on the purchasing power basis as of 31 December 2023.

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 (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

The table below shows the evolution of CPI in the last three years and as of 31 December 2023:

Year End	Index	Index (%)	Conversion Factor
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1128,45	64,27	1,64773

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.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

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

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non monetary items, owners’ equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position. The financial statements of subsidiaries whose functional currencies are not in the hyperinflationary economy are subject to IAS 21. In this context, TAS 29 has been applied only to subsidiaries resident in Turkey, and other subsidiaries and affiliates have been evaluated and accounted within the scope of TAS 21.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment other than lands and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”, lands, derivative financial instruments, issued debt instruments which have been measured at fair value through profit or loss. Investment properties and tangible assets other than lands which are recognized with deemed cost method are valued with fair values as of 1 January 2000, lands accounted as property, plant and equipment, derivative financial instruments and issued debt instruments which have been measured at fair value through profit or loss, are valued with fair values as of balance sheet date. The methods used in fair value measurement are also specified in note 20 and note 33.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

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.

The accompanying financial statements include the accounts of the parent company Türk Telekom; its subsidiaries and joint operation. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

2.2 Basis of consolidation

a) Subsidiaries

As at 31 December 2023, the consolidated financial statements include the financial results of Türk Telekom and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

Control is normally evidenced when the Company controls an investee if and only if the Company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement in the investee and c) the ability to use its power over the investee to affect the amount of company’s returns. The results of subsidiaries acquired are included in the consolidated statements of income from the effective date of acquisition as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

b) Business combinations

From 1 January 2010 the Group has applied revised TFRS 3 “Business Combinations” standard. The change in accounting policy has been applied prospectively and had no effect on business combinations completed during prior periods.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer.

The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer’s identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition.

Acquired assets and liabilities and contingent liabilities assumed according to TFRS 3 are recognized at fair values on the date of the acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

d) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Foreign currency differences arising on translation of foreign currency transactions are recognized in the income statement, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognized in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to reporting currency at average exchange rates in the related periods.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

d) Foreign currency (continued)

ii. Foreign operations (continued)

- Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity.
- The Group entities use USD, EUR or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies.
- Accordingly, transactions and balances not already measured in the functional currency have been remeasured to the related functional currencies. The Group uses TL as the reporting currency.
- The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated to the unit of currency effective at the reporting date until 1 January 2005. As stated above, with the resolution dated 17 March 2005 to end the hyperinflation accounting for the periods starting after 31 December 2004, TL is not assessed as a currency of a hyperinflationary economy effective from 1 January 2005.

The foreign currency exchange rates as of the related periods are as follows:

	Average		Period end buying		Period end selling	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
EUR / TL	25,6852	17,3642	32,5739	19,9349	32,6326	19,9708
USD / TL	23,7482	16,5512	29,4382	18,6983	29,4913	18,7320

iii. Hedge of net investment in a foreign operation

The Company acquires foreign currency bank loans in order to hedge its net investment in a foreign operation. Foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan is reclassified to other comprehensive income. Foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan reclassified to other comprehensive income will be transferred to profit and loss in case of disposal. Tax effects of foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan is recognized under other comprehensive income as well.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies

a) Financial instruments

i. Recognition and initial measurement

- Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI – equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

This election is made on an investment-by-investment basis. The Group holds 6,84% of shares of Cetel as equity investment and has elected to present changes in fair value of Cetel in other comprehensive income. Cost of Cetel is used as a measure for its fair value since management has insufficient more recent information to measure fair value.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (Note 15) and equity investments measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

‘Principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Trade receivables and other receivables meet solely payments of principal and interest test since principal is the present value of the expected cash flows. Those receivables are managed in line with the held to collect business model.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	Financial assets at FVTPL are comprised of derivatives. These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.
Financial assets at amortized cost	Financial assets at amortized cost are comprised of cash and cash equivalents, trade receivables, other receivables and other assets. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FVOCI	Equity investments at FVOCI include the Group’s 6,84% of share of Cetel. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

- a) Financial instruments (continued)
- ii. Classification and subsequent measurement (continued)

Cash and cash equivalents

Cash and cash equivalents include cash held in cash, deposits held in banks and other liquid investments with maturities of 3 months or less. Cash and cash equivalents used in the reporting of cash flows comprise cash and cash equivalents with a maturity of less than 3 months, excluding accrued interest income and blocked deposits. The Group calculates impairment by using the expected credit loss model in cases where cash and cash equivalents are not impaired for a certain reason. The expected credit loss calculation considers the past experiences of credit losses as well as the Group's forecasts for the future.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL except for derivatives and issued debt instruments.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities

The Group initially recognized debt securities issued and subordinated liabilities on the date that they were originated. All other financial liabilities were recognized initially on the trade date, which was the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classified non-derivative financial liabilities into the other financial liabilities category except for issued debt instruments. Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method.

Other financial liabilities were comprised of loans, trade and other payables, payables to related parties and other payables.

The amount of change in the fair value of the issued debt instruments at FVTPL that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income and the remaining amount of change in the fair value is recognized in profit or loss.

Trade payables were payables to third parties in relation to their capacity as suppliers. Payables stemming from transactions with parties that were not suppliers or customers which were not classified as trade payables and were not a result of financing operations were recognized as other payables.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

- a) Financial instruments (continued)
- ii. Classification and subsequent measurement (continued)

Non-derivative financial liabilities (continued)

When a financial instrument gave rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that were potentially unfavourable, it was classified as a financial liability. The instrument was equity instrument if, the following were met:

- a) The instrument included no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that were potentially unfavourable to the Group.
- b) If the instrument would or might be settled in the Group's own equity instruments, it was a non-derivative that included no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that would be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

iii. Derecognition

Financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

v. Impairment

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- i) financial assets measured at amortized cost;
- ii) contract assets (as defined in TFRS 15).

Under TFRS 9, loss allowances are measured on either of the following bases:

- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument; and
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. 12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years. Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

v. Impairment (continued)

Measurement of ECLs (continued)

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss. Impairment losses on other financial assets are presented under ‘general administrative expenses’, similar to the presentation under TAS 39, and not presented separately in the consolidated statement of profit or loss due to materiality considerations.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

vi. Derivative financial instruments

Cash flow hedges

The Group has adopted TFRS 9 Financial Instruments, replacing TAS 39 in accordance with the risk management strategy and objectives as of 1 July 2018. The high-level aim of the new hedge accounting model is that financial reporting will reflect more accurately how an entity manages its risk and the extent to which hedging mitigates those risks. Specifically, the new model aims to provide a better link between an entity’s risk management strategy, the rationale for hedging and the impact of hedging on the financial statements.

The Group enters into participating cross currency swap transactions in order to hedge the changes in cash flows of floating and fixed rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under “other comprehensive income/expense items to be reclassified to profit or loss” in equity, and the ineffective portion is recognized in profit or loss. The changes recognized in equity is removed and included in profit or loss in the same period when the hedged cash flows effect the profit or loss. In addition, time value of options included in participating cross currency swaps are accounted for cost of hedging and recognized under other comprehensive income.

Under IFRS 9, a hedging relationship is discontinued in its entirety when as a whole it ceases to meet the qualifying criteria after considering the rebalancing of the hedging relationship. Voluntary discontinuation when the qualifying criteria are met is prohibited. Hedge accounting is discontinued when the risk management objective for the hedging relationship has changed, the hedging instrument expires or is sold, terminated or exercised, and there is no longer an economic relationship between the hedged item and hedging instrument or when the effect of credit risk starts dominating the value changes that result from the economic relationship.

When the Group discontinues hedge accounting for a cash flow hedge it shall account for the amount that has been accumulated in the cash flow hedge reserve in accordance as follows;

- if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur.
- if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur. The amount recognized in OCI prior discontinuation will be reclassified from OCI to Profit and Loss, in accordance with the contractual cash flow of the hedged item.

The new hedge effectiveness testing model is prospective only and can be qualitative, depending on the complexity of the hedge. Effectiveness range 80%-125% in TAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relation.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

b) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment (“PPE”) of the Group other than lands is carried at cost less accumulated depreciation and any accumulated impairment losses. The Group elected to measure property, plant and equipment of the Company on a deemed cost basis in the first period of application of TAS 29 “Financial Reporting in Hyper Inflationary Economy” since detailed records of the acquisition date and costs of items of PPE were not available for the Company prior to 1 January 2000.

The deemed cost values for buildings as at 1 January 2000 were appraised by CMB licensed real-estate valuation companies. The network equipment and vehicles values were appraised by Detecon International GmbH (a subsidiary of Deutsche Telecom AG). Other than the PPE for which cost was determined on a deemed cost basis, the cost of PPE generally comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. PPE that are recognized at deemed cost basis or at cost are restated for the effects of inflation in accordance with TAS 29.

Lands accounted as property, plant and equipment are measured at revalued amount. Revalued amount for lands is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor costs are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognized net within “income / (expense) from investing activities” in profit or loss.

ii. Subsequent cost

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statement of profit / (loss) as incurred.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

b) Property, plant and equipment (continued)

iii. Depreciation

Depreciation is calculated effective from purchase or replacement date to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Land is not depreciated.

Useful lives of property, plant and equipment are as follows:

Property plant and equipment	Useful life (years)
Buildings	21-50 years
Outside plant	5-21 years
Transmission equipment	5-21 years
Switching equipment	5-8 years
Data networks	3-10 years
Vehicles	5 years
Furniture and fixtures	3-5 years
Set-top box and satellite receiver	4 years
Other property, plant and equipment	2-8 years

Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The remaining useful lives of the PPE of the Company are limited to the concession periods. Considering the Concession Agreement the remaining useful lives of tangible fixed assets are 2,2 years at the most.

Leased assets are depreciated by the same method used for property and equipment over the shorter of the lease term and their useful lives.

c) Intangible assets

i. Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets.

The Group measures goodwill at the acquisition date as:

- a) The fair value of the consideration transferred; plus
- b) The recognized amount of any non-controlling interests in the acquiree; plus
- c) If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- d) The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

c) Intangible assets (continued)

i. Goodwill (continued)

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii. Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the consolidated income statement during the year when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. The Group does not have any intangible assets with infinite useful lives. Intangible assets with finite lives are amortized on a straight line basis over the shorter of their useful economic lives or remaining concession period. Whenever there is an indication that the intangible asset may be impaired it is assessed for impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed each financial year end at least.

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement. The amortization periods for intangible assets are between 3 and 25 years. The remaining useful lives of the intangible items are limited to the concession period. Considering the Concession Agreement, the remaining useful lives of intangible assets are 2,2 years at the most.

iii. Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Impairment test is performed periodically in order to identify whether there is any impairment in the development stage. After initial recognition, development costs are recognized at cost less amortization and impairment. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Periodic impairment tests are applied to the assets in order to foresee any probable impairment on the assets in the period that they are not ready for utilization yet.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

c) Intangible assets (continued)

iv. TV contents

Rights to feature contents such as films, TV shows etc. acquired under license agreements along with related obligations are recorded at the contract value when a license agreement is executed or the license period has begun. The amounts recognized are amortized on the licensing period or a per play basis over the licensing period. To the extent that it is determined that the content has no future programming usefulness and will no longer be exploited, the unamortized cost of the content is written off.

d) Investment properties

Investment properties, which are properties held to earn rent and/or for capital appreciation are measured initially at cost plus all direct transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. The Group decided to measure investment property on a deemed cost basis in the first period of application of TAS 29, since detailed records of the acquisition date and costs of items of investment property were not available prior to 1 January 2000 and restated these deemed cost basis for the effects of inflation.

Investment properties are transferred from/to property, plant and equipment when their utilization purpose is changed. When investment properties are disposed, the difference between sales revenue and the carrying amount is charged to the consolidated income statement.

Market values of the investment properties at 1 January 2000 were determined by CMB licensed independent real-estate appraisers. Following initial recognition, investment properties are carried at costs less any accumulated amortization and any accumulated impairment losses.

Depreciation is charged to investment properties excluding land, over their estimated useful economic lives, using the straight-line method. The useful lives of buildings that are owned by the Group range between 15 – 50 years. The remaining useful life of the investment property is limited by the concession agreement, except for the exception of the concession agreement. When considering the Concession agreement the remaining useful lives of investment property is 2,2 years at the most.

e) Assets held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or the group of assets held for sale) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable management must be committed to a plan to sell the asset (or the group of assets held for sale) and an active program to set the buyers and complete the plan must have been initiated. Furthermore, the asset (or the group of assets held for sale) must be actively marketed for sale at a price that is reasonable in relation to its fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

e) Assets held for sale (continued)

In case the period to complete sale of assets is extended due to circumstances which are not under the control of the Group, the assets will continue to be classified as assets held for sale provided that the Group has still an active sales program.

The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate a non-current asset when it is classified as held for sale and the gain or loss arising from the sale of the assets is classified at income / expense from investing activities accounts.

f) Leases

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4.

g) Inventory

Inventories are recognized at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value is the less marketing, selling and other various expenses to be incurred in order to realize sale.

h) Impairment

Non-financial assets

Property, plant and equipment

At each balance sheet date, the Group assesses whether there is an indication that any of its PPE and intangible assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated income statement.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

h) Impairment (continued)

Non-financial assets (continued)

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Reserve for employee severance indemnity

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employees' service relates.

For defined benefit plans and other long-term employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The Company recognizes the service cost of the previous period as expense at the earlier of the dates below:

- The date of the change or reduction in the plan, and
- The date of the recognition of the related restructuring costs (see: TAS 37) or the benefits deriving from the termination of the employment contract,

The retirement benefit obligation recognized in consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the other comprehensive income.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

j) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

k) Contingent assets and liabilities

Possible assets or obligations that arise from past events and for which their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group are treated as contingent assets or liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements.

A contingent asset is disclosed in consolidated financial statements, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

l) Related parties

a) Parties are considered related to the Company if a person or a close member of that person's family is related to a reporting entity;

if that person,

- i. Has control or joint control over the reporting entity;
- ii. Has significant influence over the reporting entity; or
- iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) The entity and the reporting entity are members of the same group.

- The entity and the company are members of the same group.
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

n) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

i. Fixed line revenues

Revenues from fixed-line telecommunication services like network access, local usage, domestic and international long distance and infrastructure leases are recognized on an accrual basis as services are provided.

Connection fees that are assessed as distinct are recognized as revenue. Connection fees for activities that are an improvement to or an extension of the Group’s own network, rather than a transfer of goods or services to the customer are determined as not distinct and no separate revenue is recognized.

For distinct connection fees in a bundle, revenue recognized is measured based on their stand-alone selling prices. The stand-alone selling prices of connection fees are estimated based on expected cost plus a margin approach.

Distinct connection fees are immediately recognized as revenue when connection services are provided and the cost of connection is also recognized immediately as an expense.

Revenues from sale of indefeasible right of use contracts, which are long term capacity/line rental arrangements, are accounted over the term of the contract.

ii. Mobile revenues

Revenues generated from mobile telecommunication services such as outgoing and incoming traffic, roaming revenues, revenues from value added services and monthly fees which are recognized at the time services are rendered. With respect to prepaid outgoing revenues, the Group generally collects cash in advance by selling scratch cards to dealers and distributors. In such cases, the Group does not recognize revenues until the subscribers use the service and present such amounts under deferred revenues in the consolidated financial statements.

The Group recognizes content revenue based on the agreement between the Group and the content providers. As the Group is the primary obligor of the service, the revenue received from the subscribers is presented on gross basis and the portion paid to the content providers is recognized as operating expense.

iii. Equipment sale revenues

Revenues from sales of phone device, modem and other network equipment are recorded as revenue when control over a product or service is transferred to a customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it either on its own or together with other resources that are readily available to the customer. The consideration is allocated between distinct products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells those products and services separately. For items that are not sold separately the Group estimates stand-alone selling prices using the expected cost plus a margin approach. Equipment revenues are presented in other revenues. Cost of products and services are recognized as expense when related revenue is recognized.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

n) Revenue (continued)

iv. TV revenues

Revenues from TV subscriptions are charged to contract customers on a monthly basis. Revenues are invoiced and recorded as part of a periodic billing cycle, and are recognized as the services are provided. Pay-per-view revenue is recognized when the movie is rented. Advertising revenue is recognized as the commercials are aired.

v. Subscriber acquisition costs

Subscriber acquisition costs include commissions and premiums incurred for acquisition and retention of subscribers.

The Group capitalizes these commission and premiums as incremental costs of obtaining a contract with a customer and if they are expected to be recovered.

Subscriber acquisition costs are amortized consistently during the subscriber life cycle and subscriber retention costs are amortized consistently during the renewal period and amortization expense is recognized in marketing, sales and distribution expenses.

vi. Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

Indefeasible right of use (“IRU”) contracts of the Group are adjusted for significant financing component. For bundled contracts where the control of equipment is transferred to the customer upfront but collection is made in instalments, no significant financing component is recognized based on materiality considerations.

n) Income from investing activities and expense from investing activities

Income from investing activities are comprised of incomes from scrap and property, plant and equipment sales.

Expense from investing activities are comprised of loss on sales of property, plant and equipment sales.

o) Financial income and financial expenses

The Group’s finance income and finance costs include:

- interest income;
- interest expense;
- transaction cost;
- coupon payments of bond;
- gains and losses on hedging instruments recognized in profit or loss;
- foreign currency gains or losses on financial assets and financial liabilities.

Interest income or expense is recognized using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

o) Financial income and financial expenses (continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

Rediscount, interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Accounting for significant financing component is disclosed in detail in Note 2.4.(m).

p) Earnings per share

Earnings per share is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

r) Taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statement of profit / (loss) except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

i. Current tax

Current tax is comprised of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Prepaid corporation taxes and corporate tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

ii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

r) Taxes (continued)

ii. Deferred tax (devamı)

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group's able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Company and the other consolidated subsidiaries have reflected their deferred tax asset and liabilities by netting their individual balances; however, there is no netting on a consolidation basis. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax assets are recognized for unused tax loses, unused tax credits a deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii. Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

t) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

t) 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. Derivatives

The fair value of interest rate swaps and forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

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.

vi. Foreign currency protected TL Deposits

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.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 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 2023 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

i. The new standards, amendments and interpretations which are effective as at 1 January 2022 are as follows:

Amendments to TAS 1 – Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

Amendments to TAS 8 – Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

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

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense).

This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

i. The new standards, amendments and interpretations which are effective as at 1 January 2022 are as follows: (continued)

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. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

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, 2024 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 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 1 – Classification of Liabilities as Current and Non-Current Liabilities

In January 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. The amendments 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 are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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

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 to annual reporting periods beginning on or after 1 January 2024.

Earlier application is permitted. 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.

Overall, the Group expects no significant impact on its balance sheet and equity.



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 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

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. 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 will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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 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 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company / the Group will make the necessary changes to its consolidated financial statements after the amendments 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.

Overall, the Group expects no significant impact on its balance sheet and equity.

2.4 Significant accounting assessments, estimates and assumptions

In the process of applying the Group’s accounting policies, the management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (excluding those involving estimations).

i. Operating Lease Commitments – Group as Lessor:

The Company has entered into a cross-occupation agreement with PTT. The Group has determined that it retains all the significant risks and rewards of ownership of its properties subject to the agreement which are leased out on operating leases.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Significant accounting assessments, estimates and assumptions (continued)

ii. Income from Sales Campaign:

Group makes sales campaigns with suppliers under which they bundle telecommunication services with equipment supplied by the suppliers. The Group management accounts bundled offers as an agent if the sale transaction satisfies the below conditions:

- Group, has no inventory risk.
- Group has no responsibility on technical qualifications of equipment delivered to customers and responsibility after sale belongs to supplier.
- Group does not make any modification on the equipment.
- Group earns either a fixed rate of commission or zero profit on the transaction.

iii. Prepaid Card Sales Agent – Principal Analysis:

Since TT Mobil is primarily responsible for providing the service, has credit and inventory risk and determinant in setting prices; starting from April 2010, TT Mobil recognizes prepaid card incomes on a gross basis.

iv. Commission income:

The Group renders intermediary collection services regarding handsets sold by the distributors at the Group exclusive sale channels. Accordingly, the arrangement with the customer includes both handset principal amount and GSM services. Total considerations have been collected from the customers with up to 24 month instalments via GSM bills where each benefit is clearly identifiable and separable. The Group does not recognize any revenues from the sale of handsets and acts as an agent since it has no control over price, nor risk on stock. However, the collection risk of handset principal amount is on the Group and the distributors collect this amount from the Group on monthly basis. Apart from the GSM revenues, since customer base and sales channels are made available to the distributors, the Group charges a commission to those distributors. This commission income is classified under other revenues and it is recognized when the handset is delivered to the customer.

v. Content Sales:

Since TT Mobil is primarily responsible for providing the service, has credit and determinant in setting prices; TT Mobil recognizes content revenues on a gross basis.

vi. Liabilities within the scope of vendor financing:

For capital expenditures, the Group carries out vendor financing with some of its suppliers in accordance with the agreements made with banks and those suppliers. Since the terms are not substantially different with the discounted present value of the cash flows under the new terms of the liabilities, the Group continues to classify those liabilities as trade payable.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Significant accounting assessments, estimates and assumptions (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

The Group determines whether property, plant and equipment are impaired by estimating the recoverable amount of the assets whenever there is an indication of impairment. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 16).

The estimates used by the Group in the application of TFRS Interpretation 12 are as follows:

- The Company assesses that approximately 30% of the foreseen network investments related to the replacement of the network equipment which are reclassified to intangible assets and which are then recognized in the financial statements as intangible assets are the contractual replacements as required by the concession agreement.
- In accordance with TFRS Interpretation 12, the Company has determined the cost of the investments in intangible assets recognized under the scope of TFRS Interpretation 12 by adding the profit margin, which is applied in the market for similar construction services, to the cost of acquiring the related network equipment. The estimated profit margin used in construction services provided in exchange for concession right is 13% (31 December 2022: 13%) for the year ended as of 31 December 2023. The profit margin of property, plant and equipment accounted within the scope of TFRS Interpretation 12 amounting to TL 6.958.851 (31 December 2022: TL 5.859.996) (Note 20) is TL 800.576 for the year ended as of 31 December 2023 (31 December 2022: TL 674.159) (Note 3).
- A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. With the expectation to recover certain part of its tax losses carried forward in Türk Telekom, TT Mobil; TTNET and TTINT group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits. Every year, the Group re-assesses its tax loss carry forwards and if there is a material change in the deferred tax asset recognized in the consolidated financial statements, the deferred tax assets are also changed (Note 11).
- Assumptions used in the impairment test of property, plant and equipment and intangible assets have been explained in Note 16.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years. Exposures within each group were segmented based on common credit risk characteristics such as delinquency status. Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables is estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Assumptions used by Company in goodwill impairment test are explained in Note 16. The Group determines the useful life of an asset by considering its future economic benefits. This evaluation is driven by the Group's previous experience on similar assets. The Group also considers useful life of the asset from technical and commercial perspectives due to changes and developments in market in order to assess whether additional impairment is required or not.

There are other estimations made by the management during the determination of provisions for litigations (Note 23).

3. SEGMENT REPORTING

The Group has two main segments; fixed line and mobile. Fixed line services are provided by Türk Telekom, TTNet, Argela, Innova, Sebit, AssisTT, TTES, TT Venture, TT Destek Hizmetleri and TTINT Group whereas mobile service is provided by TT Mobil. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"). Adjusted EBITDA is calculated by adjusting the operating income by i) adding income/expense from investing activities, depreciation, amortization and impairment expenses and ii) deducting exchange gains/losses, monetary gain and loss, interest and rediscount income/ expenses on current accounts presented in other operating income and expense. Group management uses adjusted EBITDA as it is comparable with other companies in the sector. EBITDA is not a measure of financial performance indicator defined in TFRS and may not be comparable to similar indicators defined by other companies. As Group management does not monitor Group's performance over geographical segments, geographical segment reporting is not presented. The segment results and balance sheet items are presented below:

	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	66.750.216	65.041.043	37.870.790	31.489.553	(4.436.348)	(5.129.669)	100.184.658	91.400.927
International revenue	5.137.569	5.300.508	-	-	-	-	5.137.569	5.300.508
Contributive revenue (*)	62.493.798	60.063.431	37.690.860	31.337.496	-	-	100.184.658	91.400.927
EBITDA	18.880.516	25.577.822	14.696.254	10.935.450	(54.131)	(112.073)	33.522.639	36.401.199
Contributive adjusted EBITDA (**)	17.053.951	23.428.113	16.468.689	12.973.085	-	-	33.522.639	36.401.199
Capital expenditure (***)	17.531.151	16.912.692	8.285.921	7.100.893	(63.087)	(26.783)	25.753.985	23.986.802
Impairments losses, net	(302.685)	(2.176.395)	(92.930)	(56.743)	-	-	(395.615)	(2.233.138)
Depreciation and amortization	(22.642.282)	(19.920.554)	(12.834.787)	(12.748.417)	-	-	(35.477.069)	(32.668.971)

(*) "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 800.576 (31 December 2022: TL 674.159) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.



3. SEGMENT REPORTING (CONTINUED)

	1 January - 31 December 2023	1 January - 31 December 2022
Fixed line contributive EBITDA	17.053.950	23.428.113
Mobile contributive EBITDA	16.468.689	12.973.085
EBITDA	33.522.639	36.401.198
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	1.420.251	516.247
Foreign exchange losses, interest income, discount income on current accounts presented in other operating expense (-)	(4.113.509)	(2.002.032)
Exchange rate protected deposit fair value gains presented in income from investment activities	4.046.053	2.790.426
Financial income	12.098.239	6.650.909
Financial expense (-)	(31.623.866)	(25.818.982)
Depreciation, amortisation and impairment	(35.487.984)	(34.499.193)
Monetary Gain / (Loss)	23.568.411	23.504.920
Consolidated profit before tax	3.430.234	7.543.493

31 December 2023	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	139.507.346	68.670.107	(13.456.575)	194.720.878
Total segment liabilities	(93.491.146)	(16.396.093)	13.456.575	(96.430.664)
Goodwill	359.445	127.140	-	486.585
Assets held for sale	-	458.634	-	458.634

31 December 2022	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	138.288.299	55.941.148	(6.925.384)	187.304.063
Total segment liabilities	(99.861.658)	(13.578.396)	6.925.384	(106.514.670)
Goodwill	359.445	127.140	-	486.585
Assets held for sale	-	458.634	-	458.634

4. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	2.688	2.714
Cash at banks - demand deposit	1.463.025	1.562.438
Cash at banks - time deposit	11.964.814	5.890.293
Liquid fund (*)	160.482	989.001
	13.591.009	8.444.446

(*) Önemli tutarda değer değişikliği riski taşımayan, yüksek likiditeye sahip, kısa vadeli likit fondan oluşmaktadır.

As of 31 December 2023 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 45% for TL deposits, between 1% and 6,09% for USD deposits and between 1% and 5% for EUR deposits (31 December 2022: for TL deposits between 9% and 22%, for USD deposits between 0,50% and 5,15% for EUR deposits between 1,25% and 2,50%).

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

	31 December 2023	31 December 2022
Cash and cash equivalents	13.591.009	8.444.446
Less: restricted amounts		
- Collection protocols and ATM collection	(884.085)	(681.514)
- Other	(2.158.420)	(2.074.514)
Unrestricted cash	10.548.504	5.688.418

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 December 2023, demand deposits amounting to TL 884.085 is restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. As of 31 December 2023 Other restricted amounts consist of blocked deposits related to Group's derivative financial instruments.

As of 31 December 2023, the Group maintains available credit line amounting to EUR 78.970 until 18 October 2025, EUR 2.540 until 1 July 2024, EUR 49.260 until 29 May 2026 which in total amounted to EUR 130.770.



5. FINANCIAL LIABILITIES

Bank loans

	31 December 2023			31 December 2022		
	Weightedaverage nominal interest rate (%)	Original amount	TL equivalent	Weightedaverage nominal interest rate (%)	Original amount	TL equivalent
Short-term bank loans:						
Unsecured TL bank loans with fixed interest rates (*)	22,24	8.345.025	8.345.025	17,07	7.690.105	7.690.105
TL bank loans with variable interest rates		-	-	14,86	49.432	49.432
EUR bank borrowings with variable interest rates	8,60	48.000	1.563.547	7,63	48.000	1.576.671
Interest accruals:						
Unsecured TL bank loans with fixed interest rates (*)		664.076	664.076		727.118	727.118
Unsecured EUR bank loans with variable interest rates		674	21.959		1.022	33.568
Short-term bank loans			10.594.607	10.076.894		
Short-term portion of long-term bank loans:						
Unsecured USD bank loans with variable interest rates (**)	6,90	107.170	3.154.901	5,57	120.372	3.708.628
Unsecured EUR bank loans with variable interest rates (***)	4,50	65.990	2.149.536	2,34	75.793	2.489.582
Interest accruals of long-term bank loans:						
Unsecured USD bank loans with variable interest rates (**)		2.815	82.857		3.623	111.637
Unsecured EUR bank loans with variable interest rates (***)		2.108	68.658		619	6.075
Current portion of long-term bank loans			5.455.952	6.315.922		
Total short-term bank loans			16.050.559	16.392.816		
Long-term bank loans:						
Unsecured USD bank loans with variable interest rates (**)	7,00	232.509	6.844.644	5,57	339.452	10.458.440
Unsecured EUR bank loans with variable interest rates (***)	4,95	325.879	10.615.166	2,34	253.580	8.329.431
Total long-term bank loans			17.459.810	18.787.871		
Total bank loans			33.510.369	35.180.687		

(*) As at 31 December 2023, the amounting to TL 405.893 includes of credit card debts (31 December 2022: TL 205.958).
(**) As at 31 December 2023, interest rate varies between Sofr + 0,54% and 2,85% (31 December 2022: Libor + 0,54% and 2,85%).
(***) As at 31 December 2023, interest rate varies between Euribor + 0,25% and 4,65%) (31 December 2022: Euribor + 0,25% and 5,90%).

5. FINANCIAL LIABILITIES (CONTINUED)

Bank loans (continued)

The contractual maturities of financial liabilities in equivalent of TL are as follows:

	31 December 2023					
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 year to 5 years	More than 5 years	Total
Unsecured TL bank borrowings with fixed interest rates	7.831.508	1.177.593	-	-	-	9.009.101
TL bank borrowings with variable interest rates	-	-	-	-	-	-
Unsecured USD bank borrowings with variable interest rates	500.590	2.737.168	1.517.255	4.852.464	474.925	10.082.402
Unsecured EUR bank borrowings with variable interest rates	353.344	3.450.356	3.148.028	6.330.661	1.136.477	14.418.866
	8.685.442	7.365.117	4.665.283	11.183.125	1.611.402	33.510.369
	31 December 2022					
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 year to 5 years	More than 5 years	Total
Unsecured TL bank borrowings with fixed interest rates	6.286.935	2.130.288	-	-	-	8.417.223
TL bank borrowings with variable interest rates	-	49.432	-	-	-	49.432
Unsecured USD bank borrowings with variable interest rates	508.064	3.312.201	3.278.887	6.040.359	1.139.194	14.278.705
Unsecured EUR bank borrowings with variable interest rates	149.781	3.956.115	2.309.215	5.699.500	320.716	12.435.327
	6.944.780	9.448.036	5.588.102	11.739.859	1.459.910	35.180.687



5. FINANCIAL LIABILITIES (CONTINUED)

Issued debt instruments

	31 December 2023			31 December 2022		
	Weightedaverage nominal interest rate (%)	Original amount	TL equivalent	Weightedaverage nominal interest rate (%)	Original amount	TL equivalent
Short-term issued debt instruments:						
TL bills, bonds and notes issued	32,74	2.100.000	2.100.000	26,71	2.191.727	2.191.727
Interest accruals:						
TL bills, bonds and notes issued		559.932	559.932		233.192	233.192
The short-term portion of long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates	4,88	452.373	13.317.060		-	-
Interest accruals of short-term portion of long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates		16.036	472.060		14.477	446.034
Short-term issued debt instruments			16.449.052			2.870.953
Long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates	6,88	476.874	14.038.315	5,88	925.611	28.517.831
Long-term issued debt instruments			14.038.315			28.517.831
Total issued debt instruments			30.487.367			31.388.784

On 28 February 2019, a USD 500,000 bond with a maturity of 6 years and a coupon rate of 6.875% was issued and priced at a resale yield of 7%. The bond in subject is listed on the Irish Stock Exchange. USD 17,500 of the bond in question was repurchased in 2022 and the relevant amount was accounted for by netting off the amortized cost value and the total bond amount using the effective interest rate.

On June 19, 2014, a USD 500,000 bond with a 10-year maturity and a 4.875% coupon rate was issued and priced at a resale yield of 4.982%. The bond in subject is listed on the Irish Stock Exchange. USD 20,000 of the bond in question was repurchased in 2019, USD 5,000 in 2022, and USD 17,500 in 2023, and the relevant amount was accounted for by netting off its fair value and the total bond amount.

On 2-20 September 2022, TL 900.000 was issued with a maturity of 180 days and priced at 27% annual simple interest incoming. Garanti Yatırım Menkul Kıymetler A.Ş. mediated.

On 27 October 2022, TL 478.550 was issued with a maturity of 180 days and priced at 27% annual simple interest incoming. Garanti Yatırım Menkul Kıymetler A.Ş. mediated.

On 31 January 2023, TL 1.808.505 was issued with a maturity of 380 days and priced at 32,5% annual simple interest incoming. Ak Yatırım Menkul Kıymetler A.Ş. mediated.

5. FINANCIAL LIABILITIES (CONTINUED)

Issued debt instruments (continued)

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

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

	31 December 2023				31 December 2022				
	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	2 year to 5 years	Total
TL issued debt instruments with fixed interest rates	2.659.932	-	-	2.659.932	1.599.781	825.138	-	-	2.424.919
USD issued debt instruments with fixed interest rates	381.696	13.407.424	14.038.315	27.827.435	446.034	-	13.971.864	14.545.967	28.963.865
	3.041.628	13.407.424	14.038.315	30.487.367	2.045.815	825.138	13.971.864	14.545.967	31.388.784

Lease liabilities

As at 31 December 2023, obligation under leases detail are as follows:

			31 December 2023		31 December 2022	
	Currency	Interest rate type	Nominal interest rate	Carrying amount	Nominal interest rate	Carrying amount
Lease liabilities	TL	Fixed	9,0% - 41,0%	1.590.980	9,0% - 21,5%	2.235.465
Lease liabilities	EUR	Fixed	2,5% - 4,5%	242.862	3,3% - 4,5%	215.243
Lease liabilities	USDı	Fixed	8,2%	45.204	4,0%	48.025
Lease liabilities	Other	Fixed	3,3%	2.675	3,2%	5.185
				1.881.721		2.503.918



6. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES

Trade receivables

	31 December 2023	31 December 2022
Short-term		
Receivables from subscribers	15.174.814	19.282.755
Other trade receivables (*)	616.547	1.102.946
Allowance for doubtful receivables (-)	(3.080.022)	(6.792.375)
Total short-term trade receivables	12.711.339	13.593.326
Long-term		
Receivables from subscribers	243.525	306.016
Total long-term trade receivables	243.525	306.016

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

Trade receivables generally have a maturity term of 60 days on average (31 December 2022: 60 days).

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

	1 January - 31 December 2023	1 January - 31 December 2022
At January 1	(6.792.375)	(10.719.942)
Provision for the year, net	(383.789)	(361.588)
Receivables written off (*)	1.572.057	-
Change in currency translation differences	8.513	45.127
Inflation Effect	2.515.572	4.244.028
At 31 December	(3.080.022)	(6.792.375)

(*) The Group has written off all doubtfull 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 761.061 (31 December 2022: TL 562.721).

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

Contract assets from unrelated parties

	31 December 2023	31 December 2022
Short-term		
Contract assets from sale of goods and service contracts	3.561.797	2.298.712
	3.561.797	2.298.712
Long-term		
Contract assets from sale of goods and service contracts	21.823	58.987
	21.823	58.987

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 December 2023	31 December 2022
Short-term		
Trade payables	12.543.299	13.934.043
Expense accruals	1.346.989	1.386.818
Total short-term trade payables	13.890.288	15.320.861

The average maturity term of trade payables is between 30 and 150 days (31 December 2022: 30 and 150 days).

As of 31 December 2023, short term trade payables consists of payables within scope of supplier finance that amounting TL 666.033 (31 December 2022: TL 454.140).



7. RIGHT OF USE ASSETS

The carrying amounts of right-of-use assets as of 31 December 2023 are as below:

	31 December 2023	31 December 2022
Site rent	4.111.461	3.963.510
Building	713.703	750.407
Vehicles	517.662	889.668
Other	240.356	279.291
Right of use assets	5.583.182	5.882.876

As at 31 December 2023 the Group capitalized TL 2.517.011 right of use asset (31 December 2022: TL 2.481.919).

As at 31 December 2023, the Group recognised TL 2.647.816 of depreciation charges (Field rent: TL 1.182.209, Building: TL 556.132 and Vehicle: TL 909.475) (31 December 2022: TL 2.804.292) and TL 444.842 of financial expense from these leases (31 December 2022: TL 476.252).

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.

TWF has become a party to holding power of control and the majority shareholder of The Group following the share transfer on 31 December 2022. Due to the change of the ultimate parent, the Group revaluated the related party entities and reflected the transactions on 31 December 2022 financial statements.

Related party disclosures include the transactions realized until 31 March 2022 of the companies that were related parties until the share transfer on 31 March 2022 and unrecognised to be related parties after the share transfer. The updated related parties with the share transfer realized on 31 March 2022 include the transactions between 31 March 2022 and 31 December 2022.

As of 31 December 2022, related party balances include the balances of updated related parties with the share transfer on 31 March 2022. These balances may also include balances from transactions occurred before 31 March 2022.

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

Details of balances and transactions between the Group and other related parties as at 31 December 2023 and 31 December 2022 are disclosed below:

	31 December 2023	31 December 2022
Short-term due from related parties (Trade receivables)		
Other	630.502	837.803
	630.502	837.803
Short-Term due to from related parties (Trade payables)		
Other	208.760	319.579
	208.760	319.579
Deposits held by related parties		
Time Deposit		
T.C. Ziraat Bankası A.Ş.	2.592.078	1.177.096
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	1.308.060	1.785.146
Türkiye Halk Bankası A.Ş.	104.420	177.218
Other	61.727	-
Demand Deposit		
Türkiye Halk Bankası A.Ş.	87.223	137.343
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	34.974	100.670
T.C. Ziraat Bankası A.Ş.	27.171	174.170
Other	7.028	19.298
	4.222.681	3.570.941
Bank loans from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	1.851.723	649.444
Ziraat Katılım Bankası A.Ş.	538.694	-
T.C. Ziraat Bankası A.Ş.	49.000	1.554.649
Türkiye Halk Bankası A.Ş.	-	31.472
	2.439.417	2.235.565
Currency Protected Time Deposit from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	683.055	421.001
Ziraat Katılım Bankası A.Ş.	508.889	-
T.C. Ziraat Bankası A.Ş.	-	890.755
	1.191.944	1.311.756



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

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 December 2023, 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.

Transactions with related parties:

Interest income from related parties	1 January - 31 December 2023	1 January - 31 December 2022
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	369.767	172.437
T.C. Ziraat Bankası A.Ş. (*)	283.558	137.825
Türkiye Halk Bankası A.Ş. (*)	166.901	-
Other	101.300	26.538
	921.526	336.800
Interest expense from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	400.275	142.182
T.C. Ziraat Bankası A.Ş. (*)	256.150	165.269
Other	124.468	68.283
	780.893	375.734

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

Transactions with related parties (continued)

Income from related parties	1 January - 31 December 2022	1 January - 31 December 2022
Superonline İletişim Hizmetleri A.Ş. (*)	1.433.219	1.123.480
Turkcell İletişim Hizmetleri A.Ş. (*)	1.147.480	1.225.317
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (*)	885.064	950.940
T.C. Ziraat Bankası A.Ş. (*)	541.557	108.271
THY A.O. (*)	440.799	291.007
Enerji Piyasaları İşletme A.Ş. (*)	315.982	278.921
Türkiye Halk Bankası A.Ş. (*)	145.019	101.062
Türkiye Vakıflar Bankası Türk Ananım Ortaklığı (*)	136.573	64.531
Other	563.989	323.731
	5.609.682	4.467.260

Expenses from related parties	1 January - 31 December 2023	1 January - 31 December 2022
Turkcell İletişim Hizmetleri A.Ş. (*)	1.138.597	1.151.343
Enerji Piyasaları İşletme A.Ş. (*)	1.067.421	824.701
PTT A.Ş. (*)	523.562	397.071
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (*)	189.314	153.363
THY A.O. (*)	140.033	100.541
Kule Hizmet ve İşletmecilik A.Ş. (*)	110.959	88.627
Other	226.716	37.546
	3.396.602	2.753.192

(*) Includes transactions the period of 1 April 2022 - 31 December 2023.

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.



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 December 2023	1 January - 31 December 2022
Short-term benefits	299.617	280.738
Long-term benefits	9.865	7.299
	309.482	288.037

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

9. OTHER RECEIVABLES AND PAYABLES

Other short term receivable

	31 December 2023	31 December 2022
Other short term receivable	245.170	240.617
Deposits and guarantees given	15.892	18.773
Other doubtful receivables	64.619	104.712
Allowance for other doubtful receivables (-)	(64.619)	(104.712)
	261.062	259.390

As of 31 December 2023, TL 665.643 (31 December 2022: TL 62.544) portion of other short term receivables consists of receivables from Ministry of Transport and Communications due to the expenses made under Universal Service Fund.

As of 31 December 2023, other doubtful provision amounting to TL 20.587 (31 December 2022: TL 48.054) is provided while TL 18.162 (31 December 2022: TL 28.099) is reversed.

Other long term receivables

	31 December 2023	31 December 2022
Deposits and guarantees given	78.528	121.863
	78.528	121.863

9. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Other short term payable

	31 December 2023	31 December 2022
Taxes and duties payable	1.329.295	1.178.712
ICTA shares	638.339	552.359
Universal Service Fund (*)	504.173	532.605
Treasury share accruals	586.374	506.328
Other payables (**)	175.194	220.000
	3.233.375	2.990.004

(*) According to the article numbered 5369 related with “International Service Fund” published on 16 June 2005, Türk Telekom, TTNNet and AssisTT will contribute 1% of their net revenues of each year to the Ministry of Transportation as Universal Service Fund. The contribution is payable by the end of April of the following year.
(**) As of 31 December 2023, amounting to TL 63.141 in other short term payables is comprised of guarantees given for borrowings of distributors which are utilized in financing of equipment purchases that will be sold to Group’s customers as part of commitment sales.

Other long term payables

	31 December 2023	31 December 2022
Deposits and guarantees received	95.922	95.774
	95.922	95.774

10. INVENTORIES

The Group has inventory amounting to TL 1.323.732 as at 31 December 2023 (31 December 2022: TL 1.396.645). Major part of this balance is composed of modems, computer, tablet, dect phones, cable, cable box and SIM cards.

11. DEFERRED TAX ASSETS AND LIABILITIES

The Group calculates deferred tax assets and liabilities based on temporary differences arising between the carrying amount of assets and liabilities as reported under Turkish Accounting Standards and their tax base for statutory purposes. These temporary differences are mainly due to the timing differences of certain income and expense items in statutory and Turkish Accounting Standards financial statement as disclosed below.



11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2023, 25% tax rate is used for the calculation of deferred tax assets and liabilities (31 December 2022: 20% and 23%).

	Deferred tax assets			Deferred tax liability		Deferred tax asset / (liability), net	
	31 December 2023	31 December 2022		31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax asset recognized from tax losses carried forward	5,256,305	2,281,747		-	-	5,256,305	2,281,747
Deferred tax asset arising from capital increase	661,184	614,048		-	-	661,184	614,048
Deferred tax asset recognized from capital allowance	3,610,190	2,060,681		-	-	3,610,190	2,060,681
Provision for long-term employee benefits	823,821	687,227		-	-	823,821	687,227
Provision for doubtful receivables	125,617	77,410		-	-	125,617	77,410
Derivative instruments	-	-	(1,106,748)	(1,286,071)		(1,106,748)	(1,286,071)
Issued debt instruments	67,417	43,184		-	-	67,417	43,184
Temporary differences on property, plant and equipment / intangible assets	2,910,251	3,683,749	(5,113,913)	(14,134,494)		(2,203,662)	(10,450,745)
R&D investment incentive	465,089	719,232		-	-	465,089	719,232
Other	1,363,755	965,594	(492,178)	(532,060)		871,577	433,534
Deferred tax asset / (liability) before net-off	15,283,629	11,132,872	(6,712,839)	(15,952,625)		8,570,790	(4,819,753)
Net-off of tax	(6,486,453)	(9,413,419)	6,486,453	9,413,419		-	-
Net deferred tax asset / (liability)	8,797,176	1,719,453	(226,386)	(6,539,206)		8,570,790	(4,819,753)



11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

In the consolidated financial statements for the period ended 31 December 2023, the Group has accounted deferred tax assets amounting to TL 5.236.305 for the deductible losses. (31 December 2022: TL 2.281.174). The expiry dates of them are as follows:

	31 December 2023
2024	3.191
2025	1.897
2026	738.099
2027	916.008
2028	3.588.806
2029	2.824
Unlimited	5.480
	5.256.305

As of 31 December 2023, the Group does not have financial losses for deferred tax assets are allocated.

12. OTHER CURRENT ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT OBLIGATIONS

Other current assets

	31 December 2023	31 December 2022
Value Added Tax ("VAT") and Special Communication Tax ("SCT")	1.222.977	379.838
Intermediary services for collection (*)	690.267	761.595
Advances given (**)	40.839	9.830
Other current assets	22.933	3.479
	1.977.016	1.154.742

(*) Intermediary services for collections consist of advances given by the Group to its distributors.
(**) Advances given mainly consists of advances given to suppliers.

Other current liabilities

	31 December 2023	31 December 2022
Other liabilities	484.386	286.356
	484.386	286.356

12. OTHER CURRENT ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Employee benefit obligations

	31 December 2023	31 December 2022
Social security premiums payable	921.473	618.294
Payables to personnel	337.091	201.641
Employee's income tax payables	268.993	176.165
	1.527.557	996.100

13. PREPAID EXPENSES AND DEFERRED REVENUES

Short-term prepaid expenses

	31 December 2023	31 December 2022
Other prepaid expenses (*)	1.075.843	828.103
Prepaid rent expenses	28.574	31.860
	1.104.417	859.963

(*) Other short-term prepaid expenses consist of advances given for fixed asset purchases, prepaid insurance, prepaid maintenance, prepaid advertising and other prepaid expenses.

Long-term prepaid expenses

	31 December 2023	31 December 2022
Other prepaid expenses	142.317	388.346
Prepaid rent expenses	1.549	1.269
	143.866	389.615

Short-term contract liabilities

	31 December 2023	31 December 2022
Contract liabilities from sale of goods and service contracts (*)	2.112.344	1.924.872
	2.112.344	1.924.872

(*) Short-term contract liabilities mainly consist of invoiced but unconsumed minutes, deferred monthly fixed fee revenues due to the allocation of total consideration in the contract to all products and services under TFRS 15 and TTINT's indefeasible right of use contracts.



13. PREPAID EXPENSES AND DEFERRED REVENUES (CONTINUED)

Long-term contract liabilities

	31 December 2023	31 December 2022
Contract liabilities from sale of goods and service contracts (*)	2.964.683	3.309.220
	2.964.683	3.309.220

(*) TL 212.238 of the long-term contract liabilities consist of advances received from customer and the remaining mainly consist of TTINT's indefeasible right of use contracts. As of 31 December 2023, Group is expected that 20% of the liabilities arising from long-term contract liabilities will be recognised as revenue in 2024 and 80% in the following years.

14. FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Short term financial assets		
Currency protected time deposit (*)	7.828.281	8.042.306
Long term financial assets		
Investment funds (**)	71.762	-
Other (***)	103.152	72.119
	8.003.195	8.114.425

(*) 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 244.137 and EUR 20.000 (31 December 2022: USD 248.200) into "Currency Protected TL Time Deposit Accounts". Maturity of currency protected time deposit accounts is between 90-360 days (31 December 2022: 180-360 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 29.126 in other consists of growth equity private equity fund investment (31 December 2022: None).

15. DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges and derivative financial instruments
Cross currency swap transaction

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 year ended 31 December 2023, TL 512.747 are reclassified to financial expenses in the statement of profit or loss from gain on cash flow hedges in equity.

As of 31 December 2023 fair value of participating cross currency swap transactions amounting to TL 4.136.773 has been recognized under short term derivative financial assets (31 December 2022: TL 6.152.044).

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	2.522.493
Türk Telekom	37.500	14 November 2018	11 – 21 June 2021	Pay TL and receive USD between October 2019 – April 2024	224.395
Türk Telekom	23.230	25 October 2018 – 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 – April 2025	121.029
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at Febuary 2025	306.759
Türk Telekom	27.324	27 September 2019 – 6 September 2021		Pay TL and receive USD between March 2020 – September 2025	132.301
Türk Telekom	19.695	13 November 2018 – 19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 – September 2025	97.044
Türk Telekom	36.364 (*)	27 – 28 March 2018	12 November – 2 December 2020	Pay TL and receive EUR between December 2020 – December 2025	432.679
Türk Telekom	26.660 (*)	18 August 2021		Pay TL and receive EUR between October 2021 – December 2025	168.849
Türk Telekom	19.340 (*)	13 August 2021		Pay TL and receive EUR between October 2021 – December 2025	110.047
Türk Telekom	4.873 (*)	27 – 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 – September 2024	21.177
					4.136.773

(*) Nominal amount of indicated operations are Euro.

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2022 (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	2.891.073
Türk Telekom	88.500	14 November 2018	11 – 21 June 2021	Pay TL and receive USD between October 2019 – April 2024	726.919
Türk Telekom	38.710	25 October 2018 – 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 – April 2025	268.794
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at Febuary 2025	346.194
Türk Telekom	40.986	27 September 2019 – 6 September 2021		Pay TL and receive USD between March 2020 – September 2025	247.370
Türk Telekom	34.690	13 November 2018 – 19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 – September 2025	236.258
Türk Telekom	54.545 (*)	27 – 28 March 2018	12 November – 2 December 2020	Pay TL and receive EUR between December 2020 – December 2025	661.240
Türk Telekom	43.172 (*)	16 August 2021		Pay TL and receive EUR between September 2021 – March 2026	263.210
Türk Telekom	37.330 (*)	18 August 2021		Pay TL and receive EUR between October 2021 – December 2025	252.401
Türk Telekom	29.009 (*)	13 August 2021		Pay TL and receive EUR between October 2021 – December 2025	176.632
Türk Telekom	12.633 (*)	27 – 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 – September 2024	81.953

(*) Belirtilen işlemlerin nominal tutarı Avro'dur.

Copper hedge transactions

As of 31 December 2023 fair value of participating cross currency swap transactions amounting to TL 21 has been recognized under short term derivative financial liabilities (31 December 2022: TL 18.947 recognized under short term derivative financial asset).

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	(21)
				(21)
Company	Notional Amount (Tonnes)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	300	18 March – 5 April 2022	Pay floating price and receive fixed price between April – December 2022	18.947
				18.947

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Forwards

As of 31 December 2022, fair value of participating forward transactions amounting to TL 23.230 has been recognized under short-term derivative financial assets.

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	1.769	12 July – 2 August 2021	Pay TL and receive USD between January 2022 – January 2023	23.230
				23.230

As of 31 December 2022, the Group has 2 electricity forward transactions with a total nominal value of USD 1.769. Electricity forward contracts have been designated as a hedging instrument that may arise from the cash flows of electricity purchases in 2022 and 2023, which are likely to be realized as of October 2022 and January 2023 and are subject to cash flow hedge accounting.

Cross Currency swaps instruments which are not designated as hedge

As of 31 December 2023, fair value of derivative transactions amounting to TL 439.541 is recognized under short term derivative financial assets and TL 117.424 is recognized under short term financial liabilities (31 December 2022: TL 385.069 is recognized under short term derivative financial assets and TL 233.198 is recognized under short term financial liabilities).

Cross currency transactions

As of 31 December 2023, fair value of cross currency transactions amounting to TL 162.567 is recognized under short term derivative financial assets.

Company	Notional Amount (EUR)	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	162.567
				162.567

Interest rate swaps

As of 31 December 2022 fair value of interest rate derivative transactions amounting to TL 147.203 has been recognized under short term derivative financial assets.

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	29.281	29 April – 20 May 2014	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 – June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 – June 2024, and receive fixed premium (0,39%-0,45%)	20.399
				20.399



15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate swaps (continued)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	150.000	29 April – 20 May 2014	Pay fixed rates and receive floating rates between June 2016 – June 2024	63.630
Türk Telekom	150.000	15 – 16 May 2014	Pay fixed rates and receive rates between June 2016 – August 2016 and June 2024 – August 2024	63.174
				126.804

USD/EUR Cross Currency Swaps Instruments

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TTINT Türkiye	16.667	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	33.211
Türk Telekom	27.500 (*)	3 October 2023	Pay USD and receive EUR at January 2024	42.610
				75.821

(*) Nominal amount of indicated operations are Euro.

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	(7.132)
				(7.132)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TTINT Türkiye	23.333	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	84.334
				84.334

Futures

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 between contract price and contract closing price	22.090
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	23.033
				45.123

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Futures (continued)

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	(20.292)
				(20.292)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TT Mobil	69.692	9 – 21 December 2022	Net TL settlement at February 2023 based on the difference between contract price and contract closing price	31.114
Türk Telekom	101.202	5 – 15 December 2022	Net TL settlement at February 2023 based on the difference between contract price and contract closing price	41.996
				73.110

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TT Mobil	133.000	11 November – 16 December 2022	Net TL settlement at January 2023 based on the difference between contract price and contract closing price	(10.564)
Türk Telekom	145.000	24 November – 8 December 2022	Net TL settlement at January 2023 based on the difference between contract price and contract closing price	(6.195)
				(16.759)

Forwards

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	23.025
Türk Telekom	184.500 (*)	3 October – 22 December 2023	Pay TL and receive EUR between January – March 2024	132.995
Innova	200 (*)	5 December 2023	Pay TL and receive EUR at April 2024	10
				156.030

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	(89.815)
Innova	1.250	5 December 2023	Pay TL and receive USD at April 2024	(185)
				(90.000)

(*) Nominal amount of indicated operations are Euro.

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Forwards (continued)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Innova	5.000	23 February 2022	Pay TL and receive USD between February – June 2023	4.202
Türk Telekom	103.894	16 November – 29 December 2022	Pay TL and receive USD between January – March 2023	23.432
Türk Telekom	130.000 (*)	7 – 31 October 2022	Pay TL and receive EUR at January 2023	199.991
				227.625
Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Innova	1.655	23 February 2022	Pay TL and receive USD between February – June 2023	(4.063)
Türk Telekom	334.593	17 October – 29 December 2022	Pay TL and receive USD between January – March 2023	(212.376)
				(216.439)

Hedge of net investment in a foreign operation

The Company utilized a loan amounting to EUR 150.000 in order to hedge its net investment in a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

16. GOODWILL

	31 December 2023	31 December 2022
Goodwill of TT Mobil	344.131	344.131
Goodwill of Argela	92.044	92.044
Goodwill of Innova	50.410	50.410
	486.585	486.585

The Group performs impairment analysis for goodwill and other non-current asset groups annually as at 31 December. The Group has performed impairment analysis for all of the identified cash generating units.

16. GOODWILL (CONTINUED)

TT Mobil cash generating unit impairment test

TT Mobil have been considered as a single cash generating unit and has been tested for impairment together for goodwill and all other assets. Recoverable amount is calculated through based on 5 years business plan which is approved by the management.

The discount ratio used for the cash flows is 29,2% (31 December 2022: 18%). Cash flow projections after 2028 are estimated by using 10,7% growth rate, considering the inflation rate used in the business plan and expected growth rate of TT Mobil. Company value of TT Mobil has been tested at a sensitivity.

The discount ratio used for the cash flows is 29,2% (31 December 2022: 18%). Cash flow projections after 2028 are estimated by using 10,7% growth rate, considering the inflation rate used in the business plan and expected growth rate of TT Mobil. Company value of TT Mobil has been tested at a sensitivity of WACC terminal growth rate by +1%/-1% (31 December 2022: 1%/-1%). As a result of the impairment test, it has been noted that there is no impairment is identified on goodwill arising on the TT Mobil acquisition.

Innova and Argela cash generating unit impairment test

Innova and Argela, are both considered as single cash generating unit and are tested for impairment of for goodwill and all of their other assets. Recoverable amount was determined through the usage value which is calculated based on the 5 years business plan approved by the management. The estimated value of the projected cash flows consists of the discounted cash flows until 2028. Cash flow projections beyond 2028 are estimated by using 10,7% growth rate, for both Innova and Argela, respectively, considering the inflation rate used in the business plan and expected growth rate of the country. The discount ratio used for the cash flows is 35% for Innova (31 December 2022: 24,7%) and 40,3% for Argela (31 December 2022: 26%). Valuation has been tested at a sensitivity of +1%/-1%. For the WACC calculation, technology companies have been taken as a benchmark for the calculation of the beta coefficient. As a result of the impairment test, no impairment is identified for the cash generating units and the goodwill arising from the acquisition of Argela and Innova.

17. ASSETS HELD FOR SALE

As of 31 December 2023, based on the decision of Board of Directors to sell a real estate, this asset was classified as held for sale.

Asset held for sale for the years ended 31 December 2023 and 31 December 2022 is given net book value TL 458.634 and TL 458.634, respectively.

18. INVESTMENT PROPERTY

The movement of investment property and the related accumulated depreciation for the years ended 31 December 2023 and 31 December 2022 is given below:

18. INVESTMENT PROPERTY (CONTINUED)

	1 January - 31 December 2023	1 January - 31 December 2022
Cost		
Opening balance	398.445	398.445
As at 31 December	398.445	398.445
Accumulated depreciation		
Opening	(278.330)	(260.444)
Depreciation charge for the year	(17.886)	(17.886)
As at 31 December	(296.216)	(278.330)
Net book value as at 31 December	102.229	120.115

Investment property consists of number of buildings and lands mainly occupied by various corporations.

The Group assesses whether there is any impairment indicator in investment properties. If such indicator exists the Group compares fair values and carrying values of the investment properties on an individual asset basis and records identified impairment of the investment properties.

The fair value of the Group's investment properties has been determined by a valuation company independent of the Group. As of 31 December 2023, the fair value of investment properties valued by real estate appraisal companies licensed by CMB is determined as TL 522.042 (Note 19).

19. PROPERTY, PLANT AND EQUIPMENT

The movement of PPE and the related accumulated depreciation for the years ended 31 December 2023 and 31 December 2022 is given below:

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Network and other equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
Cost								
Opening balance, 1 January 2023	22.884.371	19.872.357	416.757.318	1.353.531	9.095.142	2.192.242	3.724.930	475.879.891
Transfer	11.730	39.632	2.521.703	(1.143)	33.736	(8.145)	(3.141.365)	(543.852)
Additions	23.163	341.485	8.197.050	212.526	263.658	(3.674)	3.300.135	12.334.343
Impairment	343.604	-	-	-	-	-	(23.597)	320.007
Revaluation	3.339.302	-	-	-	-	-	-	3.339.302
Disposal	(5.050)	(11.902)	(812.306)	(8.461)	(77.155)	(3.822)	-	(918.696)
Foreign currency translation differences	5.467	1.001	2.740	1.272	12.687	9.301	7.213	39.681
Closing balance 31 December 2023	26.602.587	20.242.573	426.666.505	1.557.725	9.328.068	2.185.902	3.867.316	490.450.676
Accumulated depreciation								
Opening bal- ance, 1 January 2023	-	16.563.414	372.674.271	1.234.281	7.513.287	2.099.814	-	400.085.067
Transfer	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	955.133	13.496.758	57.372	516.933	26.100	-	15.052.296
Disposal	-	(11.691)	(789.222)	(8.421)	(54.714)	(3.643)	-	(867.691)
Impairment	-	20.862	166.820	-	25	-	-	187.707
Foreign currency translation differences	-	1.059	1.291	1.084	650	1.280	-	5.364
Closing balance 31 December 2023	-	17.528.777	385.549.918	1.284.316	7.976.181	2.123.551	-	414.462.743
Net book value, 31 December 2023	26.602.587	2.713.796	41.116.587	273.409	1.351.887	62.351	3.867.316	75.987.933

As of 31 December 2023, the Group has a license purchased through financial leasing (31 December 2022: nil). The Group does not have any capitalized borrowing cost on property, plant and equipment (31 December 2022: nil). There is no restriction or pledge on the tangible as at 31 December 2023.

As at 31 December 2023, net increase in carrying amount of lands amounting TL 3.339.302 which is valued by real estate valuation companies licensed by CMB is recognized in other comprehensive income. Market approach method is used in land valuations. Valuation companies that performed the valuations are Akademi Gayrimenkul Değerleme ve Danışmanlık A.Ş., Atak Gayrimenkul Değerleme A.Ş., Bilgi Gayrimenkul Değerleme A.Ş., DE-GA Gayrimenkul Değerleme ve Danışmanlık A.Ş., Değer Gayrimenkul Değerleme ve Danışmanlık A.Ş., Düzey Gayrimenkul Değerleme ve Danışmanlık A.Ş., Ekip Taşınmaz Değerleme A.Ş., Eksen Gayrimenkul Değerleme ve Danışmanlık A.Ş., Emsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., Kuzey Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., LAL Gayrimenkul Değerleme ve Müşavirlik A.Ş., Metrik Gayrimenkul Değerleme Danışmanlık A.Ş., Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş., Vakıf Gayrimenkul Değerleme A.Ş.



19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Network and other equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
Cost								
Opening balance, 1 January 2022	20.907.062	19.512.614	414.758.348	1.315.463	8.416.750	2.186.253	3.349.499	470.445.989
Transfer	4.904	19.425	2.878.990	-	286.883	4.801	(3.464.637)	(269.634)
Additions	63	392.144	7.792.773	40.415	484.872	6.909	3.924.462	12.641.638
Impairment	(1.812.884)	-	-	-	-	-	-	(1.812.884)
Revaluation	3.800.309	-	-	-	-	-	-	3.800.309
Disposal	(527)	(15.990)	(6.336.780)	(358)	(80.057)	(608)	(44.906)	(6.479.226)
Foreign currency translation differences	(14.556)	(35.836)	(2.336.013)	(1.989)	(13.306)	(5.113)	(39.488)	(2.446.301)
Closing balance 31 December 2022	22.884.371	19.872.357	416.757.318	1.353.531	9.095.142	2.192.242	3.724.930	475.879.891
Accumulated depreciation								
Opening balance, 1 January 2022	-	15.760.999	367.634.368	1.196.753	7.168.097	2.087.172	-	393.847.389
Transfer	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	861.552	12.578.919	39.219	438.675	22.305	-	13.940.670
Disposal	-	(14.802)	(6.065.390)	(92)	(79.669)	(468)	-	(6.160.421)
Impairment	-	59	54.998	-	832	-	-	55.889
Foreign currency translation differences	-	(44.394)	(1.528.624)	(1.599)	(14.648)	(9.195)	-	(1.598.460)
Closing balance 31 December 2022	-	16.563.414	372.674.271	1.234.281	7.513.287	2.099.814	-	400.085.067
Net book value, 31 December 2022	22.884.371	3.308.943	44.083.047	119.250	1.581.855	92.428	3.724.930	75.794.824

20. INTANGIBLE ASSETS

	Licence	Customer relationship	Research and Development	Other intangible assets	Subscriber acquisition/ retention cost	Concession rights	Concession assets	Total
Cost								
Opening balance, 1 January 2023	41.199.159	14.028.262	4.188.879	71.177.879	24.767.554	50.266.717	6.364.931	211.993.381
Transfers	225	-	63.457	292.364	-	3.987.581	(3.799.775)	543.852
Disposals	-	-	(78.912)	(163.212)	-	(30.675)	-	(272.799)
Additions (*)	-	-	487.587	4.002.654	2.581.413	6.784.923	173.928	14.030.505
Foreign currency translation differences	2.324	(12.156)	65.443	12.201	-	-	-	67.812
Closing balance, 31 December 2023	41.201.708	14.016.106	4.726.454	75.321.886	27.348.967	61.008.546	2.739.084	226.362.751
Accumulated amortization								
Opening balance, 1 January 2023	26.910.806	13.724.020	3.181.932	61.033.268	19.153.908	29.726.137	-	153.730.071
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(19.728)	(135.584)	-	(30.377)	-	(185.689)
Amortization charge for the year	2.627.954	75.374	145.399	3.949.785	2.196.622	8.763.937	-	17.759.071
Impairment	-	-	-	143.215	-	-	-	143.215
Foreign currency translation differences	1.809	10.552	39.455	1.033	-	-	-	52.849
Closing balance, 31 December 2023	29.540.569	13.809.946	3.347.058	64.991.717	21.350.530	38.459.697	-	171.499.517
Net book value, 31 December 2023	11.661.139	206.160	1.379.396	10.330.169	5.998.437	22.548.849	2.739.084	54.863.234

(*) Additions amounting to TL 6.958.851 (31 December 2022: TL 5.859.996) comprise intangible assets under scope of TFRS Interpretation 12.

The Group have no capitalized borrowing cost on intangible assets (31 December 2022: nil).

For the year ended 31 December 2023, impairment on intangible assets amounting to TL 79.405 is recognized in cost of sales (31 December 2022: 655.006), TL (68.318) in general administrative expenses (31 December 2022: TL 1.182.471) and TL (172) in marketing, selling and distribution expenses (31 December 2022: TL 7.253).



20. INTANGIBLE ASSETS (CONTINUED)

	Licence	Customer relationship	Research and Development	Other intangible assets	Subscriber acquisition/ retention cost	Concession rights	Concession assets	Total
Cost								
Opening balance, 1 January 2022	41.212.106	14.388.746	3.852.646	68.850.651	22.649.260	45.023.273	5.913.356	201.890.038
Transfers	10.316	-	71.933	187.385	-	-	-	269.634
Disposals	-	-	-	(206.032)	-	(164.977)	-	(371.009)
Additions (*)	514	514	286.136	3.761.123	2.121.609	5.408.421	451.575	12.029.892
Foreign currency translation differences	(23.777)	(360.998)	(21.836)	(1.415.248)	(3.315)	-	-	(1.825.174)
Closing balance, 31 December 2022	41.199.159	14.028.262	4.188.879	71.177.879	24.767.554	50.266.717	6.364.931	211.993.381
Accumulated amortization								
Opening balance, 1 January 2022	24.290.927	13.946.476	2.967.322	57.579.577	16.747.123	23.518.304	-	139.049.729
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	(159.279)	-	(104.076)	-	(263.355)
Amortization charge for the year	2.628.873	84.026	222.050	4.251.912	2.407.353	6.311.909	-	15.906.123
Impairment	-	(38.656)	-	94	11	-	-	(38.551)
Foreign currency translation differences	(8.994)	(267.826)	(7.440)	(639.036)	(579)	-	-	(923.875)
Closing balance, 31 December 2022	26.910.806	13.724.020	3.181.932	61.033.268	19.153.908	29.726.137	-	153.730.071
Net book value, 31 December 2022	14.288.353	304.242	1.006.947	10.144.611	5.613.646	20.540.580	6.364.931	58.263.310

For the year ended 31 December 2023, depreciation and amortization expense is recognized cost of sales, sales and distribution expenses, general administration expenses and research and development expenses respectively amounting to TL 28.827.855, (31 December 2022: TL 25.793.168), TL 3.054.014 (31 December 2022: TL 3.389.935) and TL 3.382.168 (31 December 2022: TL 3.263.946), TL 213.032 (31 December 2022: TL 221.923), respectively.

20. INTANGIBLE ASSETS (CONTINUED)

Remaining amortization periods after acquisition of significant intangible assets are as follows:

TT Mobil license	5,4 years
TTINT customer relationships	1,8 years
TTINT other	6,8 years

There is no restriction or pledge on the intangible as at 31 December 2023 (31 December 2022: nil).

3G license tender.

The tender for authorization of IMT-2000 / UMTS services has been held on 28 November 2008 with the participation of all three GSM operators operating in Turkey. TT Mobile concession agreement was signed on 30 April 2009. The net book value of the 3G license as at 31 December 2023 is TL 1.481.098 (31 December 2022: TL 1.750.406).

GSM 900 additional frequency band tender

The tender for the reallocation of unused 900 MHz Frequency Bands had been held on 20 June 2008 and TT Mobil had obtained C band with the minimum fee of TL 128 year /channel (excluding VAT).

TT Mobil had been granted 5,5 additional GSM 900 MHz frequency channels as a result of the tender and ultimately total number of GSM 900 MHz frequency channels has reached to 12 together with previously-held 6,5 channels.

TT Mobil made TL 14.122 (including VAT) payment as the tender fee for the remaining GSM license duration and amended license agreement has been signed between TT Mobil and ICTA on 25 February 2009.

The net book value of the GSM 900 license as at 31 December 2023 is TL 16.904 (31 December 2022: TL 25.019).

4.5G license tender

Tender of IMT Services and Infrastructures Authorization, also known as 4.5G tender in public has been held in Ankara on August 26, 2015 by ICTA. In the IMT Service and Infrastructure Authorization Tender done by ICTA, TT Mobil has won the following packages: 2x10 MHz bandwidth in 800 MHz frequency for EUR 380.000, 2x7.6 MHz bandwidth in 900 MHz frequency for EUR 216.819, 2x20 MHz bandwidth in 1800 MHz frequency for EUR 310.000, 2x10 MHz bandwidth in 2600 MHz frequency for EUR 25.859, 1x15 MHz bandwidth in 2600 MHz frequency for EUR 22.000. Total spectrum fee is EUR 954.678. IMT Authorization period is valid until 30 April 2029 and will be able to start rendering services starting from 1 April 2016. 900 MHz and services in 1.800 MHz frequency are commenced to be rendered since 1 December 2015.The Company will pay the tender fee (including interest) in four equal instalments amounting to EUR 973.396 (excluded VAT). As of 31 December 2023 net book value of 4.5G license amounts to TL 8.575.823 (31 December 2022: TL 10.183.610) in the consolidated financial statements.



21. PROVISIONS

Current provisions

Provisions for short-term debt for the years 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Litigation, ICTA penalty and customer return provisions (*)	281.464	219.301
Provision for expected credit losses on loan commitments (**)	55.285	110.955
	336.749	330.256

(*) 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.

The movement of Litigation, ICTA penalty and customer return provisions is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
As at 1 January	219.301	417.948
Provisions for the period	311.781	153.091
Provision paid	(106.411)	(200.941)
Reversals	(39.531)	(1.088)
Foreign currency translation difference	(976)	(4.228)
Inflation adjustment	(102.700)	(145.481)
As at 31 December	281.464	219.301

Current provisions for employee benefits

	31 December 2023	31 December 2022
Short term provisions for employee benefits		
Personnel bonus provision	1.267.909	938.225
	1.267.909	938.225

The movement of provisions is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
As at 1 January	938.225	863.824
Provision for the period	1.713.266	1.190.030
Provisions paid	(971.714)	(802.357)
Reversals	(56.665)	(67.501)
Foreign currency translation difference	(5.781)	(20.697)
Inflation adjustment	(349.422)	(225.074)
As at 31 December	1.267.909	938.225

21. PROVISIONS (CONTINUED)

Non-current provisions for employee benefits

	31 December 2023	31 December 2022
Long term provisions for employee benefits		
Defined benefit obligation	3.354.110	3.480.745
Unused vacation provisions	703.197	548.114
	4.057.307	4.028.859

Defined benefit obligation

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment is ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

The retirement pay liability as at 31 December 2023 is subject to a ceiling of full TL 23.489,83 (31 December 2022 : full TL 25.327,90) per monthly salary for each service year.

i) The movement of defined benefit obligation is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Defined benefit obligation at January 1	3.480.745	2.893.979
Service cost (**)	513.515	286.005
Interest cost	407.593	403.740
Actuarial loss (*)	1.561.489	1.809.800
Benefits paid	(1.207.488)	(483.752)
Transfer - employee benefit obligations	(2.130)	(10.473)
Foreign currency translation difference	(72.995)	(16.195)
Inflation adjustment	(1.326.619)	(1.402.359)
As at 31 December	3.354.110	3.480.745

(*) As at 31 December 2023, actuarial loss amounting to TL 1.789.557 (31 December 2022: TL 1.815.742) is recognized in other comprehensive income.
(**) The Social Security and General Health Insurance Law and the Law on the Versioning of the Decree Law No. 375 were published in the Official Gazette No. 32121 on 3 March 2023, and the beginnings began. With the regulation made, employees who had insurance before 8 September 1999, who used premium day payment and insurance fee, had the right to retire without any age limit. The effect of the provision for severance pay, which is defined as the defined benefit plan in TAS 19, within the scope of this law is calculated as TL 153.076 and is included in the profit or loss. In addition to the liability for severance pay, the Group also has some other long-term taxes such as employment, duty, compensation and anniversary gifts.



21. PROVISIONS (CONTINUED)

Non-current provisions for employee benefits (continued)
Defined benefit obligation (continued)

ii) Total expense recognized in the consolidated income statement:

	1 January – 31 December 2023	1 January – 31 December 2022
Interest cost	407.593	403.740
Service cost	513.515	286.005
Total net cost recognized in the consolidated statement of income	921.108	689.745

iii) Principal actuarial assumptions used:

	31 December 2023	31 December 2022
Interest rate	25%	22%
Expected rate of ceiling increases	21,5%	18%

For the years ahead, voluntary employee withdrawal of the Group is 2,53% (31 December 2022: 1,78%).

As of 31 December 2023, sensitivity analysis is performed for the significant assumptions of defined benefit obligation:

Sensitivity Level	Discount Rate		Salary Increase Rate		Employee Withdrawal Rate	
	0,25% decrease (24,75%)	0,25% increase (25,25%)	0,25% decrease (21,25%)	0,25% increase (21,75%)	0,25% decrease	0,25% increase
No effect to defined benefit obligation	80.364	(76.045)	(78.203)	82.230	(28.112)	26.201

Non-current employee benefits excluding defined benefit obligation

The movement of unused vacation provisions is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
As at 1 January	548.114	573.375
Provision for the period, net	564.062	279.241
Provisions paid	(50.658)	(54.916)
Foreign currency translation difference	(2.353)	(9.450)
Reversals	-	34.026
Inflation adjustment	(355.968)	(274.162)
As at 31 December	703.197	548.114

21. PROVISIONS (CONTINUED)

Other non-current provisions

	31 December 2023	31 December 2022
Provision for the investments under the scope of TFRS Interpretation 12	10.628	17.510
	10.628	17.510

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS

As of 31 December 2023 and 2022, the shareholders of the Company with their shareholding percentage are as follows:

	31 December 2023		31 December 2022	
	%	TL	%	TL
The Treasury	25	875.000	25	875.000
Turkish Wealth Fund ("TWF") (*)	60	2.100.000	5	1.925.000
Levent Telekomünikasyon A.Ş.	-	-	55	525.000
Public Share	15	525.000	15	175.000
		3.500.000		3.500.000
Enflasyon düzeltmesi		49.741.173		49.741.173
		53.241.173		53.241.173

(*) On 10 March 2022, Share Transfer Agreement was signed between the parties regarding the sale of 55% shares of LYY Telekomünikasyon A.Ş. (LYY) to the Turkey Wealth Fund (TVF). The transfer of the said shares was completed on 31 March 2022, after the necessary approvals regarding the completion of the transaction and the fulfilment of the closing conditions.

The Company’s share capital is fully paid. Capital of the Company is TL 3.500.000.000, divided into 192.500.000.000 Group “A”, 104.999.999.999 Group “B”, 1 Group “C”, and 52.500.000.000 Group “D” registered shares each with a nominal value of 1 (One) Kuruş. Group D shares are publicly traded. Turkish Wealth Fund is the holder of all Group A shares; SWF is the holder of Group B shares representing 5 percent of the share capital of the Company and Group D Shares representing 1.68 percent of the share capital of the Company; the Treasury is the holder of Group B shares representing 25 percent of the share capital of the Company and C Group share (Golden Share).

The Treasury is the holder of the Preferred Stock (Golden Share) as per the law. This share is non-transferable. It provides certain rights to Treasury in order to protect national interests regarding economy and security: (a) Any proposed amendments to the Company’s articles of association, (b) the transfer of any registered shares in the Company which would result in a change in the management control of the Company and (c) the registration of any transfer of registered shares in the Company’s shareholders’ ledger cannot be realized without affirmative vote of the Golden Share at either a meeting of the Board of Directors or the general assembly. Otherwise, such transactions shall be deemed invalid. The holder of the Golden Share, the Treasury, has one member, representing the Golden Share, among the Board of Directors.

Number of members and independent Board members of the Board of Directors to be nominated by the Group A and Group B Shareholders have been revised by the amendment to the article 8 of the Articles of Association at on the Extraordinary General Meeting dated 25 January 2019 Accordingly; The Board of directors shall be composed of nine (9) members nominated by the Group A Shareholder, Treasury and Turkish Wealth Fund.



22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

(a) Turkish Wealth Fund is the Group A Shareholder shall be entitled to nominate five (5) persons for election as Directors;

(b) provided that the Treasury and Turkish Wealth Fund, as Group B Shareholders shall hold;

- 30% or more of the Shares, the Treasury shall be entitled to nominate three (3) persons for election as Independent Board Members who carry the independence criteria as defined in the Capital Markets legislation; or
- 15% or more of the Shares (but less than 30% of the Shares) the Treasury shall be entitled to nominate two (2) persons for election as Independent Board Members who the carry the independence criteria as defined in the Capital Markets legislation;
- During the calculation of 15% and 30% of the Shares mentioned in above paragraphs, the amount of Group B Shares and Group D Shares held by the Treasury and Turkish Wealth Fund shall be considered together.

(c) As long as the Treasury and Turkish Wealth Fund holds 15% or more of the Shares (but less than 30% of the Shares), the Group A shareholder shall be entitled to nominate one (1) person, who carry the independence criteria as defined in the Capital Markets legislation, for election as Independent Board Members and five (5) persons for election as Director.

(d) while the Treasury holds the C Group Privileged Share, the Treasury shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share.
The chairman of the board of directors shall be nominated by the directors nominated by the group A shares from among the directors and be elected and removed by the simple majority votes of those present at the meeting of the board of directors.

The Vice Chairman shall be nominated by the directors nominated by the Group B Shares from among the Directors and be elected and removed by the simple majority votes of those present at the meeting of the Board of Directors.

Board resolutions shall be passed by a simple majority of the votes of the directors present at such meeting unless the resolution requires a higher majority vote.

The board of directors shall propose the distribution of the maximum of the Company’s profits lawfully available for distribution in each financial year subject to the board of directors making reasonable provisions and transfers to reserves.

Based on the articles of association of the Company, the Board of Directors shall by way of a simple majority of those present at the relevant meeting of the Board propose the distribution of the maximum of the Company’s profits lawfully available for distribution in each financial year subject to the Board making reasonable provisions and transfers to reserves and complying with the conditions set out below.

Provided that it is not against the legislation regarding capital markets, the net profit may not be distributed, if:

(a) the distribution would result in a breach of any covenant or undertaking given by any Group Company (Group Companies are defined in the articles of association) to any lender or would, in the opinion of the simple majority of those present at the relevant meeting of the board of directors, be likely to cause such breach within the following 12 months; or

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

(b) the board of directors resolves by way of a simple majority of those present at the relevant meeting of the board that the distribution is materially prejudicial to the interests of any Group Company (as defined in the articles association of the Company) having regard to: (i) implementation of the investment program approved by the board of directors in the business plan or the budget; or (ii) the trading prospects of the Group Companies (as defined in the articles of association of the Company) and the need to maintain the sound financial standing of the group companies.

In accordance with the Turkish Commercial Code, companies are required to assign legal reserves before profit appropriations. The legal reserve consists of first and second legal reserves, allocated in accordance with the Turkish Commercial Code. The first legal reserve is allocated out of last period’s statutory profits at the rate of 5% per annum until the total reserve reaches 1/5 of the paid-in share capital (not indexed to the inflation). The second legal reserve is allocated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Dividends

The Board of the Directors decided to distribute a dividend of TL gross 10.140.843 and decision was approved on 31 March 2022 at the Ordinary General Assembly Meeting for the 2021 operating year. The cash dividend (0,53501 full Kuruş gross for each share) has been paid in full as of the report date.

Other reserves

The amounts transferred directly to equity, instead of statement of profit or loss as of the reporting date are as follows:

	31 December 2023	31 December 2022
Gains on revaluation of property, plant and equipment	5.800.935	3.420.279
Currency translation differences	3.223.235	3.178.063
Cash flow hedge reserve	3.430.254	3.570.233
Gains due to change in fair value of financial liability attributable to change in credit risk of liability	27.783	161.542
Reserve for hedge of net investment in a foreign operation	(5.576.981)	(3.958.535)
Losses on change in value of time value of options	(7.784.036)	(9.523.264)
Gains / (losses) on remeasurements of defined benefit plans	(2.631.604)	(1.452.594)
Repurchased shares (-)	(14.593)	-
	(3.525.007)	(4.604.276)

Reserves on hedges of net investment in foreign operations:

The Company recognizes the differences arising on the translation of monetary items that are associated with the hedge of net investment in a foreign operation in other comprehensive income (Note 15).

Cash flow hedge reserve:

The Group entered into interest rate swaps in order to hedge it position against changes in interest rates. Accordingly, effective fair value changes of these instruments are recognized directly in equity at cash flow hedge reserve (Note 15). (Dipnot 15).



22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Earnings/losses per share

The calculation of the basic earnings/losses per share attributable to the ordinary equity holders of the Company is as follows:

	31 December 2023	31 December 2022
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000
Net profit/(loss) for the year attributable to equity holder of the Company	16.421.552	6.909.568
Basic earnings/(losses) per share (in full Kuruş)	4,6919	1,9742

It was published in the Official Gazette dated 30 December 2023 and numbered 32415 (Second Extraordinary) pursuant to the Tax Procedure Law. According to the relevant Communiqué, the balance sheet dated 31 December 2023, prepared in accordance with the Tax Procedure Law, has been corrected by using the Producer Prices General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting application. The attached financial statements have been subjected to inflation adjustment using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023. Due to the use of distinct indices in the Tax Procedural Law and TAS 29 inflation accounting application and the adjustment of the amounts from previous reporting periods in the TAS 29 application to bring them to the purchasing power of 31 December 2023: differences have emerged between The amounts included in the balance sheet prepared in accordance with the Tax Procedure Law regarding the items “Inflation Adjustment on Capital”, “Premiums (Discounts) Related to Shares”, “ Restricted reserves appropriated from profits “ and “Other Reserves” and the amounts included in the financial statements prepared in accordance with TAS / TFRS. These differences are accounted in the “Retained Earnings or Losses” item in the TAS/TFRS financial statements, and these differences are given in detail below:

	31 December 2023		
	Inflation Adjustments on Capital	Repurchased shares	Legal Reverses
To TAS/TFRS Financial Reports	49.741.173	(14.593)	2.920.660
TO Tax Procedure Law	101.867.993	(13.224)	5.040.686
Differences	52.126.820	1.369	2.120.026

As of 1 January 2022, the amount of “Retained Earnings and Losses” without inflation adjustment is TL 5.378.818, and after inflation adjustment within the scope of TMS 29 and brought to the purchasing power of 31 December 2023 it is TL 5.638.464.

23. COMMITMENTS AND CONTINGENCIES

Guarantees received and given by the Group are summarized below:

	31 December 2023		31 December 2022	
	Original currency	TL	Original currency	TL
Guarantees received	USD	115.019	3.385.938	102.571
	TL	2.216.402	2.216.402	2.692.065
	EUR	27.476	895.000	30.151
	GBP	3	112	3
		6.497.452		6.842.769
Guarantees given (*)	USD	197.824	5.823.575	183.789
	TL	1.672.785	1.672.785	2.521.403
	EUR	72.585	2.364.384	75.331
		9.860.744		10.658.314

(*) Guarantees given amounting to USD 151.500 (31 December 2022: 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 2022: EUR 12.840) is related with the guarantee provided for 3G license and guarantees given amounting to EUR 57.281 (31 December 2022: EUR 57.281) is related with the guarantee provided for 4.5G license.

The Company's guarantee, pledge and mortgage (GPM) position as at 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
A. GPMs given on behalf of the Company's legal personality	9.860.744	10.658.314
B. GPMs given in favour of subsidiaries included in full consolidation	1.989.017	2.897.957
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	724.562	1.770.426
Total	12.574.323	15.326.697

Based on law 128/1 of Turkish Code of Obligations, the Group has given guarantee to distributors amounting to TL 724.562 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by the Group (31 December 2022: TL 1.770.426). The guarantees has given to the banks TL 319.931 Vakıf Faktoring A.Ş.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other commitments

The Group has purchase commitments for sponsorships, advertising and insurance services at the equivalent to TL 635.884 (31 December 2022: TL 986.116) as at 31 December 2022. 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 34.329, EUR 1.876 and TL 327.247 equivalent to TL 1.398.938 (31 December 2022: TL 4.189.302) as at 31 December 2023.

Türk Telekom concession agreement

The Concession Agreement was entered into between the Company and ICTA on 14 November 2005 following the privatization of the Company and the resultant reduction in the public shareholding to less than 50%. The Concession Agreement covers:

- the performance of the telecommunications services which are within the scope of the Agreement;
- the establishment and operation of necessary telecommunications facilities and the submission of these facilities to the use of other operators or persons and institutions making a demand as per the law;
- the marketing and provision of telecommunications services.

The Concession Agreement places an obligation on the Company, in the event of termination or non-renewal of the Concession Agreement, to transfer all equipment affecting the operation of the system together with all its functions and in good condition, and all immovable properties where such equipment is installed and which the Company uses, to the ICTA, or to any other institution to be designated by ICTA, at no cost.

In case ICTA determines that the Company has not fulfilled its obligations stemming from the Concession Agreement and has not corrected the situation within a period granted to it, or that there is a court decision on bankruptcy or composition against the Company, the Company is granted a grace period of not less than 90 days commencing from written notification by ICTA, to fulfil its obligations. Within this grace period, the Company submits a remedy program for its abovementioned obligations to ICTA. In case ICTA accepts the remedy program, the matters in dispute shall be re-examined at the end of the program provided. If the program is not accepted, then ICTA may terminate the Concession Agreement upon expiry of the period granted to the Company.

The Concession Agreement also places a number of obligations with respect to delivering services on the Company in relation to the provision of telecommunications services. The Concession Agreement requires that the Company shall meet all payments accrued as a result of the Concession Agreement and the establishment and operation of the telecommunication network in accordance with the applicable legislation or agreements concluded by the Government of the Republic of Turkey. These payments specifically includes the permit and utilization fees for the use of frequencies. In addition, the Company is required to pay the ICTA 0,35% of its net sales revenue, as contribution share towards ICTA's expenses.

Under the Concession Agreement, requests for access in relation to the infrastructure should be met to the extent technically possible and without discrimination. The Company is further required to publish reference access and interconnection offers approved by the ICTA. The Concession Agreement also contains an obligation on the Company to provide universal services. According to article 6 entitled "Revenues for Universal Service" of the Universal Service Law No:5369, the Company declares the amount of 1% of its net sales revenue to the Ministry of Transport, Maritime Affairs and Communications until the end of April of the following year and the company inform up to the following month. This amount shall be transferred within the same period to the account of the central accounting department of the Ministry and shall be registered as revenue in the budget under the name of "Revenues for Universal Service".

The tariffs to be charged by the Company are subject to the approval of the ICTA unless expressly provided to the contrary in any regulation issued by the ICTA.

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Türk Telekom concession agreement (continued)

The content of customer bills is governed by relevant laws and regulations. It is possible to issue a separate invoice for each service, as well as to issue one single invoice for more than one service rendered to a subscriber. The cost of each service shall be demonstrated separately, in the event of preparation of one single invoice for more than one service. A detailed bill is sent to the subscribers upon request, to the extent technically possible and subject to the payment of a fee. Other provisions of the Concession Agreement provide for the confidentiality of communications and the establishment of effective methods to answer customer complaints.

TT Mobil GSM and IMT-2000/UMTS concession agreement and IMT Authorization Certificate

Regarding to Gsm and IMT-2000/UMTS concession agreement and IMT Authorization Certificate, the Company shall provide fixed guarantee by cash and/or letter of bank guarantee amounting to 6% of the Company's Licence fee and right of use fee. In case it is identified that TT Mobil does not fulfil its contractual obligations, ICTA will have the right to record as revenue these guarantees.

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System

A concession agreement was entered into between TT Mobil and the ICTA ("the TT Mobil Concession Agreement") on 12 January 2005 which replaced and superseded the previous GSM 1800 license agreements in place in relation to Aycell and Aria. After GSM 900 Frequency Band bidding done by ICTA on 20 June, 2008, agreement was rearranged, the contract ("the TT Mobil Concession Agreement") was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

The TT Mobil concession agreement covers the establishment, development and operation of a GSM 1800 network and delivery of the system to the Authority or the establishment to be designated by the Authority at the end of the contracted term as being in an operating condition.

Pursuant to the TT Mobil Concession Agreement, TT Mobil was granted to use 75 channels in the 1800 MHz band and 12 channels in the 900 MHz band. The term of the TT Mobil Concession Agreement is 25 years from 11 January 2001.

TT Mobil may apply to the ICTA for renewal between dates 24 and 6 months before the end of TT Mobil Concession Agreement. ICTA may renew the license of TT Mobil by evaluating the renewal request according to legislation on that date.

In the event of expiry or non-renewal, TT Mobil is under an obligation to transfer the network management center, being the central operation units of the GSM 1800 system, gateway switchboards and central subscription works systems (including all kinds of technical hardware), together with all equipment affecting the operation of the system and the immovable properties used by TT Mobil to the ICTA or to the establishment to be designated by ICTA at no cost.

TT Mobil is also committed to renew the network in line with technological improvements and international agreements and maintain the adequacy of the network by means of technology until the end of the agreement.

License fees were paid prior to the issuance of the concession agreement by TT Mobil.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Tele-phone System (continued)

TT Mobil provided a performance bond in the amount of USD 151.500. TT Mobil, additional to that bond, provided performance bond amounting TL 8.808 corresponding to 6% of bidding amount after GSM 900 Additional Frequency Band bidding by ICTA on 20 June 2008. Should the operator is understood to not perform its contractual obligations, the Authority shall record and confiscate the final guarantee as income.

The TT Mobil Concession Agreement provides that the license may be transferred with the approval of the ICTA and within the terms of the Authorization Ordinance. However, no transfer may be made to an entity which already has a GSM 900 or GSM 1800 license in Turkey, or to related parties of such an entity, to the companies or subsidiaries which is owned or managed somehow by shareholders of entity or to the management of such entity and their first and second blood relatives and relative affinities. In cases such issues are determinate; GSM 1800 license given to them by ICTA is cancelled.

Regarding transfer of shares regulation clauses at the date of the transaction will be applied. The approval of the Competition Authority is also required for any change of control, being a transfer of the shares.

Fund payable to the Treasury

TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, amounts obtained by the operator from other mobile operators regarding the installation and operation of the facilities where the mobile base stations are located, remunerations booked in the legal accounting records, which were corrected within the fiscal year, due to the: mistakes in the form or content of the invoice (such as customer information, type, amount, price and amount of the work), mistakes regarding the periods of the service, duplicated;(double charged) invoices, and the accrual amounts accounted for reporting purposes.

Contribution share to the ICTA

TT Mobil shall pay 0,35% of the annual net sales to the ICTA as contribution share to the ICTA’s expenses, latest on the last working day of April of the following year.

Coverage area

TT Mobil has guaranteed and undertook to cover (up to 2 Watt outdoors) at least 50% of the population of Turkey within three years after 11 January 2001 and at least 90% of the population of Turkey within five years after 11 January 2001. However, the localities where there are less than 10.000 inhabitants shall not be taken into consideration. This coverage area refers to the area to be covered by TT Mobil alone and will not be contributed by national roaming. Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by TT Mobil. TT Mobil has completed its related liabilities with respect to coverage at 31 December 2004.

Service offerings

TT Mobil agrees and undertakes to provide the services specified within the frame of GSM memorandum of understanding applied by GSM association including, but not limited to the services specified by GSM license agreement (call forwarding, barring of outgoing and incoming calls, technical assistance for subscribers and free call forwarding to police and other public emergency services).

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Tele-phone System (continued)

Service quality

TT Mobil will comply with the telephone service quality standards set down in the International Telecommunication Union (“ITU-T”) recommendations in the GSM 1800 international standards. These standards require blocking rate of the licensed indoor network to be 5% and the call failure rate not to be more than 2%.

Tariffs

TT Mobil may freely determine its tariffs provided that these tariffs are not contrary to the regulations of the ICTA.

Emergencies

TT Mobil will take the necessary measures with priority in order to satisfy the requirements and the needs of subscribers and users in emergencies, provided that the public authorities and enterprises will have priority in the case of health and security emergencies or fire and other disasters. TT Mobil has to provide at least two base stations for the use of Ministry of Transport, Maritime Affairs and Communications in emergency.

Investment plans

TT Mobil pursuant to the relevant regulation, until the first day of December every year, TT Mobil will present its investment plan for the following calendar years to the ICTA. These plans will be valid for 3 years and will contain information about the dynamic demand forecasts, and number and locations of the exchange stations, base stations and base control stations to be established, the period of operation, and the investment costs. Within 120 days of receipt of the investment plan, the ICTA will approve the compliance of plans to the article 6th of the agreement. Investment plan will be presented so as to inform the ICTA after the requirements arising from the article 6th of the agreement are met.

National roaming

TT Mobil may enter into contracts with other licensed GSM networks in Turkey for national roaming purposes. Roaming contracts and the financial clause of the contracts has to be presented to ICTA before signature procedures completed.

Suspension of operations

If deemed necessary for public security and national defence in case of war, general mobilization, etc. the Authority may temporarily or permanently suspend all or a part of the operational activities of TT Mobil and may directly operate the network. The period of suspension as above will be added to the term of the license and the income of such a period, if any, will belong to TT Mobil.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Tele-
phone System (continued)

Termination of the agreement by the ICTA

The ICTA may cancel the license or terminate the Agreement for the following reasons;

- A final judgment of the competent courts for insolvency of TT Mobil or its composition with creditors,
- Determination of the failure of TT Mobil to perform its contractual obligations hereunder and to remedy its default in a reasonable period of time granted,
- Determination that TT Mobil extends its activities beyond the frequencies allocated hereunder or other frequencies that may be allocated by the ICTA to TT Mobil for use in the GSM 1800 System, and failure of TT Mobil to cease such activities in a reasonable period of time granted,
- Failure of TT Mobil to pay the license fees hereunder.

However, that except for point (iv) above, TT Mobil will be given the opportunity to fulfil its obligations within a period not less than 90 days of written notice by the ICTA. During this period of time, TT Mobil will furnish to the ICTA a corrective action program for fulfilment of its obligations. If this program is accepted by the ICTA, the points of disagreement will be revised at the end of the program. If this program is not acceptable, the ICTA may terminate the Agreement at the end of the time period provided to TT Mobil.

Upon termination of the Agreement, TT Mobil shall transfer all of the GSM 1800 system equipment to the ICTA without any remuneration.

Insurance

TT Mobil will maintain adequate all risk insurance for the telecommunication facilities and services established and operated until the end of the license term.

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of
Services

The Concession Agreement with ICTA has been signed on 30 April 2009 and TT Mobil has been granted with 3G license for an amount of EUR 214.000 excluding VAT. The term of the license is 20 years effective from the signature date of the Agreement. 3G services have been launched on 30 July 2009. The contract (“the TT Mobil Concession Agreement”) was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

According to this Agreement;

- TT Mobil shall provide subscribers’ and users’ 112 calls and other emergency situation calls to public security institutions and other public institutions, and to direct those calls to the centers requested by the said institutions, free of charge bearing all costs.
- TT Mobil shall keep at least 2 units of IMT-2000/UMTS mobile base stations to be used in emergency situations under the request of the Ministry of Transport and Communication.
- Within the first 5 years by the signature of the Agreement, TT Mobil shall obtain the approval of the ICTA for each assignment of TT Mobil shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of TT Mobil shall be subject to the approval of the ICTA.

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of
Services (continued)

- TT Mobil has granted a bank letter of guarantee amounting to EUR 12.840 which is 6% of the license fee, for to act as final guarantee. Should the TT Mobil is understood to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, TT Mobil shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Agreement might be terminated.
- During the term of the Agreement, TT Mobil shall each year submit its investment plan related to the subsequent calendar year, till 1 December to the ICTA. This plan shall be prepared for three years and shall include such information as the number, location, coverage areas, investment costs with respect to exchange centres, base stations and control stations to be established, as well as the realization ratio of the previous year’s investment plan and reasons of deviation, if any.
- T Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- TT Mobil shall pay 0.35% of the annual net sales to the ICTA as contribution share to the ICTA’s expenses, latest on the last working day of April of the following year.

Coverage Area Obligations:

- Following the signature of the Agreement, TT Mobil shall have under coverage the population within the borders of;
- metropolitan municipalities within 3 years,
 - all the municipalities of all provinces and districts within 6 years,
 - all the residential locations having a population of more than 5.000 within 8 years,
 - residential locations having a population of more than 1.000 within 10 years.

These are the areas which are to be covered by TT Mobil alone and this obligation shall not be fulfilled through roaming.

TT Mobil should maintain service quality in accordance with ICTA regulations, ETSI (EURpean Telecommunications Standards Institute) standards and ITU (International Telecommunication Union) standards, decisions and recommendations given by ITU.

Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by TT Mobil.

If there is any delay in fulfilment of the coverage area obligations, except the force major conditions, an administrative fine shall be applied within the frame of Relevant Legislation. If there is any delay in fulfilment of the coverage area obligations for a period of more than two years, then the Agreement might be terminated by the ICTA.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

The Investments for hardware and software being used in the electronic communications network:

Except for the investments made in the lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants; each year TT Mobil shall fulfil the following requirements for its investments related to electronic communications network (hardware, software etc.);

a) To procure at least 40% of such investments from vendor companies employing a R&D center established in Turkey and engaged in developing R&D projects in relation with the information and communication technologies provided at least 200 engineers functioning in such company in the first year after the signature of the Agreement, at least 300 engineers in the second year and at least 500 engineers for the third and subsequent years or from vendor companies employing a R&D center with at least 150 engineers functioning in the first year after the signature of the Agreement, at least 250 engineers in the second year and at least 350 engineers for the third and subsequent years however such company to employ also a Technical Assistance Centre with at least 50 engineers in the said first year, at least 100 engineers in the second year and at least 150 engineers in the third and subsequent years.

A vendor company may not establish the R&D center and Technical Assistance Centre together with another vendor company; but may establish with a company, organization or institution resident in Turkey. The vendor company shall have at least 50% share of such centers. Said organization or institution resident in Turkey shall not employ other R&D centers and Technical Assistance Centers that have been established together with other vendor companies functioning in information and communication technologies area.

The university associates may also be employed part time, as engineers to be employed by the vendor company. The number of the university associates may not exceed 5% of the total number of engineers stated above.

TT Mobil is obliged to perform its investments regarding the electronic communications network by auditing and determining whether vendor companies comply with the foregoing terms and conditions.

b) To procure at least 10% of such investments from the vendors in quality of Small and Medium Sized Entities and established in Turkey for the purpose of product and system development.

All the independent software and hardware units to be used in the network of TT Mobil shall have open interface connections with each other.

ICTA may perform audits regarding the execution of this obligation or may commission another organization or institution to perform such auditing when deems necessary. The costs to arise from such audits shall be paid by TT Mobil.

Should TT Mobil is understood to procure goods and services through methods against the foregoing terms and conditions, an administrative monetary penalty shall be applied to TT Mobil up to 1% of its turnover of the previous calendar year.

Should TT Mobil not perform the said obligations, a penalty as 40% of total amount of its investments in the network (hardware, software etc.), except for the investments for lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants, shall be applied separately to TT Mobil for each year. This clause is valid for the first three years following the signature date of the Agreement. Annual periods start with the signing of the concession agreement.

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Termination of the Agreement by ICTA:

The Authority might terminate the Agreement for the following reasons;

- A bankruptcy or bankrupt's certificate decision on TT Mobil given by the judicial authorities,
- TT Mobil not performing some of its contractual obligations and not correcting such breach in the given period,
- TT Mobil operating under the frequencies other than the ones allocated to itself by ICTA,
- Termination of TT Mobil Concession Agreement
- TT Mobil not performing national roaming obligation stated in the contract

In such circumstances, ICTA gives TT Mobil the opportunity to fulfil its obligations within 90 days after the written notice. In case TT Mobil cannot fulfil all the obligations within this period, the Agreement will be terminated by ICTA. The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, TT Mobil will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of TT Mobil to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

The contract ("the TT Mobil Concession Agreement") was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

TT Mobil has been authorized to provide IMT service and Limited Use Authorization Certificate on 27 October 2015.

According to the Authorization Certificate;

- TT Mobil shall provide emergency call services in line with the regulations of ICTA, free of charge bearing all costs and comply with the regulations of ICTA in relation to this matter.
- TT Mobil shall keep at least 2 mobile base stations so as to be used for the provision of IMT services upon the Ministry's request, in the case of disaster and emergency.
- Within the first 5 years by the signature of the Agreement, TT Mobil shall obtain the approval of the ICTA for each assignment of TT Mobil shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of TT Mobil shall be subject to the approval of the ICTA.
- TT Mobil has granted a bank letter of guarantee amounting to EUR 57.300 which is 6% of the total fee, for to act as final guarantee. Should be understood that TT Mobil to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, TT Mobil shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Authorization might be terminated by ICTA.
- TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- TT Mobil shall pay the administrative fee at the rate and in the way determined by ICTA in accordance with the applicable law.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Coverage Area Obligations:

Following the authorization, TT Mobil shall put at least

- 95% of Turkey’s population within 8 years
 - 90% of the population in each province and district within 8 years
 - 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km within 3 years
 - 95% of divided highways within 6 years
 - 90% of conventional train routes within 10 years
- under coverage. Additionally, following the authorization, TT Mobil shall put at least
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km added after the first year within 2 years of its entering into service
 - 95% of divided highways added after the fourth year within 2 years of its entering into service
 - 90% of conventional train routes added after the eight year within 2 years of its entering into service under coverage

Ayrıca TT Mobil; yetkilendirmeyi müteakip ayrıca; birinci yılın sonundan itibaren ilave otoyol, hızlı ve yüksek hızlı tren hatları ve 1 (bir) kilometre uzunluğun üzerindeki tünellerin hizmete açılmasını müteakip iki (2) yıl içerisinde en az %99’unu, dördüncü yılın sonundan itibaren ilave bölünmüş karayollarının, hizmete açılmasını müteakip iki (2) yıl içerisinde en az %95’ini ve sekizinci yılın sonundan itibaren ilave konvansiyonel tren hatlarının, hizmete açılmasını müteakip iki (2) yıl içerisinde en az %90’ını kapsama alanı içine alacaktır.

TT Mobil’in IMT-2000/UMTS İmtiyaz Sözleşmesi uyarınca kapsadığı alanlar, hizmet kalitesi maddesindeki kriterleri sağladığı Areas covered by TT Mobil pursuant to the IMT-2000/UMTS Concession Agreement shall be deemed to be also covered under this authorization on condition that the service quality criteria set forth in the respective article are satisfied. Additionally, areas covered by TT Mobil under this authorization for the purpose of provision of IMT services shall be deemed to be covered in the determination of the coverage obligation of IMT-2000/UMTS services.

Coverage obligation shall be fulfilled by TT Mobil on its own and not through national roaming. However, TT Mobil shall be entitled to share radio access network in the areas under the coverage obligation.

Maximum two settlements per year shall be primarily brought by TT Mobil under coverage upon ICTA's request and under the service quality standards determined for such areas.

In the event that the fulfilment of coverage obligation is delayed for any reason other than force majeure events, administrative fine shall be applied pursuant to the applicable law. In the event that the fulfilment of the coverage obligation is delayed for more than two (2) years, the Authorization might be terminated by ICTA.

Service quality obligation:

TT Mobil shall ensure data download at minimum 2 Mbps in the areas subject to coverage obligation at a probability of 95% per user. The matters related to the inspection of this obligation shall be determined by ICTA.

These data transmission speeds are minimum values and ICTA shall determine service quality obligations required to be ensured by TT Mobil taking into account ETSI standards, ITU standards, decisions and recommendation, our national development targets, technological improvements and user requirements.

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Sharing the Radio Access Network:

On condition that the provisions of the applicable law are not breached, TT Mobil may install and operate the radio access network to be installed for the provision of IMT services together with other operators authorized to provide IMT services and further, lease necessary transmission lines from authorized operators in order to materialize the connections within the radio access network.

This right shall not remove the obligations of TT Mobil under the authorization and shall not constitute a reason for non-fulfilment of such obligations. TT Mobil shall not avoid fulfilling its obligations under the authorization due to reasons arising from the sharing. TT Mobil shall, in the case of sharing, be obliged to take all measures required to prevent any interruption of services it provides under the authorization.

In all settlements having a population less than 10.000, TT Mobil shall, following the authorization, be obliged to:

- a)** install antenna facilities to be installed under the authorization (excluding in-building antenna facilities) in such manner that facilitates active sharing of radio access network with other operators and share such facilities with the operators,
- b)** In the event that there exists any antenna facilities installed by other operators at the settlements in question following the authorization for the antenna facilities to be newly installed by TT Mobil under this authorization, TT Mobil shall use such antenna facility by active sharing of radio access network.

Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the obligation prescribed by this paragraph.

TT Mobil shall be obliged to actively share radio access network in the antenna facilities to be newly installed under this authorization in order to cover highways, high speed railways and divided highways following the authorization. Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the aforementioned obligation.

Investments and communication services related to the hardware and software used in the network

Except investments made for property lease, tower, pole, pipe, container, conduit, power transmission lines and similar infrastructure; TT Mobil shall, following the authorization, be obliged to provide:

- a) At least 40% of its investments and communication services related to the network (such as hardware, software); Within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 500 engineers and 100 researchers; within four (4) years, from supplier companies having a R&D center, employing 500 engineers and 250 researchers, or within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 350 engineers and 100 researchers and also within two (2) years from supplier companies having a Technical Assistance Center employing at least 150 engineers, within four (4) years from supplier companies having R&D center employing 350 engineers and 250 researchers and within four (4) years from supplier companies having a Technical Assistance Center employing at least 150 engineers.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Investments and communication services related to the hardware and software used in the network (continued)

b) At least 10% of its investments from products produced in Turkey and from SMEs established to develop products and systems in Turkey.

Up to 60 within 2 years and up to 150 within 4 years following the authorization, of the personnel of TT Mobil employed in the status of researcher at the R&D center established by TT Mobil for the purpose of developing R&D projects in the field of information and communication technologies shall be taken into account under the obligation related to the number of the researchers set forth in the sub-paragraph (a) of this paragraph provided that such center is organized as an independent unit under TT Mobil's organization or all shares of the center are owned by TT Mobil.

Teaching staff of universities who work part-time at R&D centers under the applicable law or while working at universities carry out academic studies requested by the supplier and/or TT Mobil may be included in the researchers to be employed by the supplier and/or TT Mobil at R&D centers. The number of teaching staff may not excess 10% of total number of researchers referred to in this subparagraph (a).

A supplier company may establish R&D and technical assistance centers together with institutions or bodies, except other suppliers, established in Turkey, which operate in the field of information and communication technologies and do not have a R&D or technical assistance center established with other suppliers. The supplier companies must hold at least 50% of the shares of such centers.

All independent software and hardware units to be used by TT Mobil in the network shall be interconnected through explicit interfaces.

TT Mobil shall be obliged to materialize its investments and communication services relating to the network (such as hardware, software) by checking and verifying whether or not the supplier companies and Small Entities ("SME") fulfil the conditions stated above.

TT Mobil shall be obliged to supply its investments and communication services relating to the network (hardware or software such as base station, switching, router), except investments relating to property lease, tower, pole, container, channel, power transmission lines and similar facilities, from the products determined to be domestic product under the Law No 4734 and applicable law at least by 30% within the first year, at least by 40% within the second year and at least by 45% within subsequent years following the authorization. Such items among the products supplied by the supplier companies and SMEs to TT Mobil, which are determined to be domestic products shall be taken into account under this obligation. TT Mobil contemplating that it will not be able to fulfil its obligations set forth in this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA may reduce or terminate the obligation for the respective period if it deems necessary.

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Investments and communication services related to the hardware and software used in the network (continued)

Additional to the obligation in the paragraph above; investments specified in the paragraph above, to be measured for periods of 4 years, following the authorization TT Mobil shall be obliged to supply from the products determined to be domestic product under the Law No 4734 and applicable law a minimum average of 30% in the first 4 years, 40% in the second 4 years and 45% in the third 4 years. Such items among the products supplied by the supplier companies and SMEs to TT Mobil, which are determined to be domestic products shall be taken into account under this obligation. TT Mobil contemplating that it will not be able to fulfil its obligations set forth in this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA, provided that Ministry's opinion to be taken, may reduce or terminate the obligation for the respective period if it deems necessary.

Whether or not the obligations under this article have been fulfilled shall be evaluated with the obligations of TT Mobil under the IMT-2000/UMTS Concession Agreement.

Cancelation of Authorization:

ICTA may terminate the Authorization Certificate for the following reasons;

- A bankruptcy or bankrupt's certificate decision on TT Mobil given by the judicial authorities,
- TT Mobil not performing some of its contractual obligations and not correcting such breach in the given period,
- TT Mobil operating under the frequencies other than the ones allocated to itself by ICTA and not ceasing these operation within the given period,
- Termination of one of TT Mobil's Concession Agreements signed earlier,
- TT Mobil not performing its obligations stated in the article related to confidentiality of the communication, national security and public order

In such circumstances, ICTA gives TT Mobil the opportunity to fulfil its obligations within 90 days after the written notice. In case TT Mobil cannot fulfil all the obligations within this period, the Authorization Certificate will be terminated by ICTA.

The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancelation of agreement by ICTA, TT Mobil will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of TT Mobil to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.



23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

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 December 2023, TL 43.620 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 2022: TL 38.870).

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 237.837 as at 31 December 2023 (31 December 2022: TL 180.431). 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.

24. SUPPLEMENTARY CASH FLOW INFORMATION

Other explanations

	Issued debt instruments	Bank borrowings	Lease liabilities	Derivative financial assets, net	Total
1 January 2023 opening balance	(31.388.784)	(35.180.687)	(2.503.918)	6.493.296	(62.580.093)
Cash flows	(4.447.821)	(32.975.635)	-	(9.864.547)	(47.288.003)
Acquisition	3.545.178	29.676.789	2.311.448	1.182.530	36.715.945
Other non-cash changes	(14.700.645)	(13.541.247)	(2.822.834)	358.871	(30.705.855)
Inflation effect	16.504.705	18.510.411	1.133.583	(2.629.019)	33.519.680
31 December 2023 closing balance	(30.487.367)	(33.510.369)	(1.881.721)	(4.458.869)	(70.338.326)

24. SUPPLEMENTARY CASH FLOW INFORMATION (CONTINUED)

Other explanations (continued)

	Issued debt instruments	Bank borrowings	Lease liabilities	Derivative financial assets, net	Total
1 January 2022 opening balance	(35.892.538)	(40.880.589)	(3.896.229)	9.669.223	(71.000.133)
Cash flows	(4.172.129)	(18.007.709)	-	(8.403.450)	(30.583.288)
Acquisition	2.688.329	15.005.361	2.554.653	2.176.366	22.424.709
Other non-cash changes	(9.673.226)	(10.977.980)	(2.727.743)	5.154.582	(18.224.367)
Inflation effect	15.660.780	19.680.230	1.565.401	(2.103.425)	34.802.986
31 December 2022 closing balance	(31.388.784)	(35.180.687)	(2.503.918)	6.493.296	(62.580.093)

“Other outflows of cash” in net cash used in operating activities amounting to TL 202.571 represents change in restricted cash (Note 4). “Other inflows of cash, net” in net cash used in financial activities amounting to TL 1.094.058 represents change in other financial payment. “Other adjustment for noncash items” in adjustments to reconcile net profit to cash provided by operating activities amounting to TL 800.576 represents change in TFRS Interpretation 12 (31 December 2022: TL 674.159).

25. SUBSEQUENT EVENTS

None.

26. REVENUE

	1 January - 31 December 2023	1 January - 31 December 2022
Mobile	37.818.126	31.397.236
Broadband	28.127.767	27.648.013
Corporate data	6.472.925	5.716.336
Fixed voice	5.146.814	5.938.823
International revenue	5.137.569	5.300.509
Other	17.481.457	15.400.010
	100.184.658	91.400.927



27. OPERATING EXPENSES

	1 January – 31 December 2023	1 January – 31 December 2022
Cost of sales (-)	(78.315.943)	(70.387.137)
General administrative expenses (-)	(13.021.833)	(11.305.910)
Marketing, sales and distribution expenses (-)	(10.383.129)	(9.017.485)
Research and development expenses (-)	(1.295.092)	(967.520)
	(103.015.997)	(91.678.052)

28. EXPENSES BY NATURE

	1 January – 31 December 2023	1 January – 31 December 2022
Personnel expenses	(22.285.716)	(15.241.681)
Taxes	(9.397.882)	(7.951.623)
Repair and maintenance expenses	(5.419.302)	(5.331.030)
Utilities	(5.117.195)	(4.742.713)
Cost of sales and cost of equipment sales of technology companies	(4.636.900)	(3.753.008)
International interconnection	(3.848.166)	(3.953.970)
Domestic interconnection	(2.273.205)	(3.040.884)
Other expenses	(14.549.647)	(13.163.949)
Total operating expenses (excluding depreciation and amortization expense)	(67.528.013)	(57.178.858)
Depreciation, amortization	(35.477.069)	(32.668.971)
Impairment expenses	(10.915)	(1.830.223)
Total operating expenses	(103.015.997)	(91.678.052)

29. OTHER OPERATING INCOME / (EXPENSE)

	1 January – 31 December 2023	1 January – 31 December 2022
Interest and discount gains	1.109.189	59.239
Rental income	358.235	363.336
Litigation and indemnity income	385.857	-
Foreign exchange gains	309.415	457.055
Curtailment and settlement gain	245.887	128.675
Other	666.712	464.971
Other operating income	3.075.295	1.473.276
Foreign exchange losses	(3.300.920)	(1.435.444)
Litigation provision, compensation and penalty expenses (*)	(433.418)	(238.108)
Interest expenses on employee benefit obligations (Note 21)	(407.593)	(403.740)
Discount losses	(334.134)	(129.675)
Other	(626.143)	(348.397)
Other operating expense (-)	(5.102.208)	(2.555.364)

(*) Litigation, compensation and penalty expenses mainly consist of ICTA fines, customer return provisions and lawsuit provisions, reconstituted administrative fine of the Ministry of Commerce settled within the scope of Law no.7326 and tax assessments.

30. INCOME / (EXPENSE) FROM INVESTING ACTIVITIES

	1 January – 31 December 2023	1 January – 31 December 2022
Fair value gains on currency-protected deposits	4.046.053	2.790.426
Gain from scrap sales	452.846	2.174.885
Gain on sales of property, plant and equipment	90.884	102.617
Other	89.908	-
Income from investing activities	4.679.691	5.067.928
Losses from sales on property, plant and equipment	(47.457)	(136.056)
Expense from investing activities (-)	(47.457)	(136.056)



31. FINANCIAL INCOME / (EXPENSE)

	1 January – 31 December 2023	1 January – 31 December 2022
Foreign exchange and derivative instruments gains	9.968.231	4.994.958
Interest income on bank deposits	2.077.029	540.663
Gains on change in fair value of bills, bonds and notes issued	-	1.096.111
Other	52.979	19.177
Financial Income	12.098.239	6.650.909
Exchange rate difference and futures	(24.068.215)	(19.212.456)
Interest expense	(6.806.815)	(6.201.087)
Foreign exchange and derivative instruments loss	(271.251)	-
Other	(477.585)	(405.439)
Financial expenses	(31.623.866)	(25.818.982)
Financial expenses, net	(19.525.627)	(19.168.073)

32. TAXATION ON INCOME

	31 December 2023	31 December 2022
Corporate tax payable:		
Current corporate tax provision	272.923	691.267
Prepaid taxes and funds (-)	(255.455)	(580.006)
Tax payable	17.468	111.261

	1 January – 31 December 2023	1 January – 31 December 2022
Tax expense:		
Current tax expense:		
Current income tax expense	(272.923)	(691.267)
Adjustments in respect of income tax of previous year	1.197	2.974
Deferred income (Note 11) :		
Deferred tax income	13.263.044	54.368
	12.991.318	(633.925)

32. TAXATION ON INCOME (CONTINUED)

As of 31 December 2023 deferred tax expense amounting to TL 525.184 (31 December 2022: TL 480.578 income) are recognized in the consolidated statement of other comprehensive income.

The Company and its subsidiaries located in Turkey are subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month.

In Turkey, corporate tax rate is 25% as of 31 December 2023. However, the corporate tax rate will be applied as 25% for the corporate income for the 2022 taxation period and 23% for the corporate income for the 2022 taxation period in accordance with the article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and the Law Amending Some Other Laws and included to the temporary article 13 of Law No. 5520 Corporate Tax Law which are published in the Official Gazette numbered 31462 on 22 April 2021. As of the twelve months period ended 31 December 2023, corporate tax provisions have been calculated and accrued at 25%.

The tax legislation provides for a temporary tax of 25% to be calculated and paid based on earnings generated for first three quarters for the period ended 31 December 2023. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 50% of the income derived by entities from the sale of participation shares and real estates (immovable property) preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2023.

In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.



32. TAXATION ON INCOME (CONTINUED)

The reconciliation between tax expense and the product of accounting profit multiplied by applicable tax is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Profit / (loss) before tax:	3.430.234	7.543.493
Tax at the corporate tax rate of (25%) (2022:23%)	(857.559)	(1.735.003)
Tax effects of:		
-Expenses that are not deductible in determining taxable profit	(179.079)	(704.457)
-Tax rate difference of subsidiaries	(6.440)	(3.706)
-Deferred tax asset recognition from cash capital increase	47.148	(278.801)
-Deferred tax asset recognition from investment allowances and previous years' tax losses carried forward by subsidiaries	1.773.361	(704.675)
-Deferred tax effect resulting from investment incentive	1.447.797	190.442
-R&D investment incentive	547.097	329.576
-Effects of tax rate changes	-	304.793
-Previously unrecognised tax loss temporary difference of a prior period	861.658	711.432
-Adjustments and tax losses of subsidiaries not subject to deferred tax and other	52.412	78.731
-Inflation effects	9.304.923	1.177.743
Tax income / (expense) for the year	12.991.318	(633.925)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk policies of the Group are managed centrally with the support of a committee. All Group companies meet their cash needs determined in business plans approved by their boards, by using credits or capital increase with guidance of the central management. The Group may choose long or short term financing according to their financing needs and market assumptions. Long-term loan agreement of 200.000 Euro was signed on 29 March 2024 for the purpose of financial group formation initiatives and growth plans, excluding the existing credit limits specified in note 4.

The Group's risk management policies are designed to identify and analyze the risks faced by the Group, to determine appropriate risks limits and controls, and to observe commitment to these limits. Risk management policies and systems are constantly under review to reflect changes in the Group's activities and market conditions.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial risk factors

The Group's principal financial instruments comprise forward market transactions, bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations and to hedge interest rate risk. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees to policies for managing each of these risks.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Receivables										
	Trade Receivables		Other receivables			Contract assets				
	Related Parties	Third Parties	Related Parties	Third Parties		Related Parties	Third Parties	Deposits and banks	Derivative Instruments	Other
31 December 2023										
Maximum credit risk exposed to as at the reporting date (A+B+C+D+E)	630.502	12.954.864	-	339.590		-	3.583.620	13.588.322	4.576.314	-
- Guaranteed portion of the maximum risk	-	761.061	-	-		-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired	630.502	2.213.508	-	339.590		-	3.583.620	13.588.322	4.576.314	-
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-		-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	10.741.356	-	-		-	-	-	-	-
-Amount secured via guarantees	-	-	-	-		-	-	-	-	-
D. Carrying amount of assets impaired	-	-	-	-		-	-	-	-	-
-Overdue (gross book value)	-	5.764.125	-	114.093		-	-	-	-	-
-Impairment (-)	-	(5.764.125)	-	(114.093)		-	-	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-		-	-	-	-	-
31 December 2022										
Maximum credit risk exposed to as at the reporting date (A+B+C+D+E)	837.803	13.899.342	-	381.253		-	2.357.699	8.441.734	6.726.493	-
- Guaranteed portion of the maximum risk	-	562.721	-	-		-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired	837.803	6.058.405	-	381.253		-	2.357.699	8.441.734	6.726.493	-
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-		-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	7.840.937	-	-		-	-	-	-	-
-Amount secured via guarantees	-	-	-	-		-	-	-	-	-
D. Carrying amount of assets impaired	-	-	-	-		-	-	-	-	-
-Overdue (gross book value)	-	6.792.375	-	49.710		-	-	-	-	-
-Impairment (-)	-	(6.792.375)	-	(49.710)		-	-	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-		-	-	-	-	-



33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Financial losses due to Group’s receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk.

When determining the credit risk exposure as at the balance sheet date, items like guarantees received, which increase the credit worthiness have not been considered.

As of 31 December 2023, the maximum credit risk Company exposure is reflected by presenting all financial assets from carrying amount on consolidated balance sheet.

Liquidity risk

Liquidity risk is uncertainty to cover future financial obligations.

The Group’s objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections.

The Group manages current and long-term funding by maintaining adequate reserves, banking facilities, reserve borrowing facilities and loan agreements with suppliers through continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below summarizes the maturity profile of the Group’s financial liabilities at 31 December 2023 and 2022 based on contractual undiscounted payments (including interest payments not due yet).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Contract based maturities as at 31 December 2023	Book value	Total contract based cash out-flow (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities and issued debt instruments	63.997.736	74.137.488	15.709.857	23.258.117	33.239.719	1.929.795
Lease liabilities	1.881.721	2.383.293	387.923	683.726	1.163.599	148.045
Trade payables to unrelated parties	13.890.391	14.073.959	14.058.321	15.638	-	-
Other (*)	3.703.493	3.703.493	3.607.581	-	95.912	-
Derivative financial liabilities, net	117.445	117.445	117.445	-	-	-

Contract based maturities as at 31 December 2022	Book value	Total contract based cash out-flow (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities and issued debt instruments	66.569.470	76.783.053	5.990.489	17.464.266	51.750.738	1.577.560
Lease liabilities	2.503.918	3.178.814	485.266	854.773	1.595.483	243.292
Trade payables to unrelated parties	15.320.861	15.617.033	15.616.785	248	-	-
Other (*)	3.329.130	3.329.130	2.300.853	-	1.028.277	-
Derivative financial liabilities, net	233.198	233.198	233.198	-	-	-

(*) Other item includes other payables, employee benefit obligations and other current liabilities. Taxes and other payables contained within employee benefit obligations and advances contained within other current liabilities are excluded.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Foreign Currency Risk

	31 December 2023					31 December 2022			
	Total TL Equivalent	USD	EUR	Other		Total TL Equivalent(***)	USD	EUR	Other
1. Trade receivables	1.676.314	41.902	11.602	64.881		1.886.124	45.349	13.661	40.195
2a. Monetary financial assets (Cash and banks accounts included)	4.729.513	49.305	99.124	49.208		3.729.815	115.226	4.579	29.328
2b. Monetary financial assets (Currency protected time deposit) (*)	7.828.281	-	-	-		8.042.306	-	-	-
2c. Non-monetary financial assets	-	-	-	-		-	-	-	-
3. Other	-	-	-	-		316.100	-	9.623	-
4. Current assets (1+2+3)	14.234.108	91.207	110.726	114.089		13.974.345	160.575	27.863	69.523
5. Trade receivables	-	-	-	-		-	-	-	-
6a. Monetary financial assets	-	-	-	-		-	-	-	-
6b. Non-monetary financial assets	-	-	-	-		-	-	-	-
7. Other	3.566	15	96	-		3.613	15	96	-
8. Non-current assets (5+6+7)	3.566	15	96	-		3.613	15	96	-
9. Total assets (4+8)	14.237.674	91.222	110.822	114.089		13.977.958	160.590	27.959	69.523
10. Trade payables	8.440.954	179.822	94.632	64.799		10.098.418	219.923	98.878	74.781
11. Financial liabilities	20.931.524	579.930	118.086	12.920		8.477.484	140.020	126.251	16.474
12a. Monetary other liabilities	-	-	-	-		-	-	-	-
12b. Non-monetary other liabilities	654.862	22.239	6	-		-	-	-	-
13. Short-term liabilities (10+11+12)	30.027.340	781.991	212.724	77.719		18.575.902	359.943	225.129	91.255
14. Trade payables	451	-	-	451		445	-	-	445
15. Financial liabilities	31.611.536	709.383	328.548	26.484		47.462.164	1.265.064	257.518	27.120
16a. Monetary other liabilities	-	-	-	-		-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-		-	-	-	-
17. Long-term liabilities (14+15+16)	31.611.987	709.383	328.548	26.935		47.462.609	1.265.064	257.518	27.565
18. Total liabilities (13+17)	61.639.327	1.491.374	541.272	104.654		66.038.511	1.625.007	482.647	118.820
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	59.597.518	1.680.350	311.018	-		60.855.795	1.670.255	286.040	-
19a. Total asset amount hedged	-	-	-	-		-	-	-	-
19b. Total liability amount hedged	(59.597.518)	(1.680.350)	(311.018)	-		(60.855.795)	(1.670.255)	(286.040)	-
20. Loans defined as hedging instruments (**)	4.886.085	-	150.000	-		4.173.548	-	127.059	-
21. Net foreign currency asset/(liability) position (9-18+19+20)	17.081.950	280.198	30.568	9.435		12.968.790	205.838	(41.589)	(49.297)
22. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+2b+5+6a-10-11-12a-14-15-16a)	(46.750.357)	(1.377.928)	(430.540)	9.435		(52.380.266)	(1.464.432)	(464.407)	(49.297)

(*) The Group has made currency protected time deposits with 180 and 360 days maturity by Group's USD 264.137 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.
(***) Expressed in terms of purchasing power of Turkish Lira as of 31 December 2023.



33. FINANCIAL RISK MANAGEMENT OBJECTIVES 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 5.

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR exchange rate, with all other variables held constant, of the Group's net profit for the year (due to changes in the fair value of monetary assets and liabilities):

31 December 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	(4.121.793)	4.121.793	-	-
2- Hedged portion of USD risk (-)	3.592.715	(3.614.037)	66.676	(68.776)
3- USD net effect (1+2)	(529.078)	507.756	66.676	(68.776)
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(1.402.144)	1.402.144	-	-
5- Hedged portion of EUR risk (-)	1.143.701	(1.141.586)	34.141	(13.855)
6- EUR net effect (4+5)	(258.443)	260.558	34.141	(13.855)
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	944	(944)	-	-
8- Hedged portion of other foreign currency (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	944	(944)	-	-
Total (3+6+9)	(786.577)	767.370	100.817	(82.631)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Foreign Currency Risk (continued)

31 December 2022	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	(4.511.827)	4.511.827	-	-
2- Hedged portion of USD risk (-)	3.615.229	(3.522.774)	74.576	(86.874)
3- USD net effect (1+2)	(896.598)	989.053	74.576	(86.874)
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(1.493.529)	1.493.529	-	-
5- Hedged portion of EUR risk (-)	1.023.537	(1.023.537)	20.139	143.472
6- EUR net effect (4+5)	(469.992)	469.992	20.139	143.472
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	(4.930)	4.930	-	-
8- Hedged portion of other foreign currency (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	(4.930)	4.930	-	-
Total (3+6+9)	(1.371.520)	1.463.975	94.715	56.598

Interest rate risk

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group's interest rate risk is primarily attributable to its borrowings.

The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings. In order to cover for these risks, the Group has entered into interest rate swaps (Note 15).



33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The interest rate risk table is presented below:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Financial assets (*)	11.964.814	5.890.293
Financial liabilities	(39.496.468)	(39.806.006)
	(27.531.654)	(33.915.713)
Financial instruments with variable interest rate		
Financial liabilities	(24.501.269)	(26.763.464)
Effect of hedging	18.873.282	25.919.019
	(5.627.987)	(844.445)

(*) Financial assets consists of cash at banks – time deposit (Note 4).

If the base point of denominated interest rates for financial instruments with variable interest rate was higher 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be lower by TL 14.513 (31 December 2022: TL 23.124) and interest rate was lower 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be higher by TL 14.579 (31 December 2022: TL 24.091) as of 31 December 2023.

On the other side because of hedging, if the base point of interest rate higher/lower 0,25%, equity would have no effect (31 December 2022: would have no effect). If the base point of interest rate lower 0,25%, equity would have no effect (31 December 2022: would have no effect).

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

The below table summarizes the carrying and fair values of financial asset and liabilities in the Group's consolidated financial statements.

Due to their short-term nature, the fair value of trade and other receivables represents their book value. The fair value of borrowings with fixed interests is obtained by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of foreign currency denominated borrowings with variable interests is obtained by discounting the projected cash flows using estimated market interest rates.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

	Carrying amount		Fair value	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial assets				
Cash and cash equivalents	13.591.009	8.444.446	13.591.009	8.444.446
Trade and other receivables (including related parties)	17.508.576	17.476.097	17.508.576	17.476.097
Financial investments (*)	8.003.195	8.114.425	8.003.195 (*)	8.114.425 (*)
Derivative financial assets	4.576.314	6.726.493	4.576.314	6.726.493
Financial liabilities				
Bank borrowings	33.510.369	35.180.687	34.030.622	35.073.778
Issued debt instruments	30.487.367	31.388.784	30.382.627	30.499.514
Trade payables and other liabilities (including related parties) (**)	17.802.707	18.930.701	17.802.707	18.930.701
Derivative financial liabilities	117.445	233.198	117.445	233.198

(*) Group's share in financial investments are carried at cost. Information on fair value of share in these investments are not available.
(**) Trade payables and other liabilities item includes trade and other payables, employee benefit obligations and other liabilities contained within other current liabilities. Taxes and other payables contained within employee benefit obligations and advances contained within other current liabilities are excluded.

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Fair value hierarchy table as at 31 December 2022 is as follows:

Fair Value Measurement					
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
Derivative Financial Assets:					
Interest rate swaps	31 December 2023	147.203	-	147.203	-
Cross currency swaps (*)	31 December 2023	6.487.233	-	6.487.233	-
Futures	31 December 2023	73.110	-	73.110	-
Commodity derivative (Copper)	31 December 2023	18.947	-	18.947	-
Currency protected time deposit	31 December 2023	8.042.306	-	8.042.306	-
Liquid fund	31 December 2023	989.005	989.005	-	-
Financial liabilities measured at fair value:					
Issued debt instruments	31 December 2023	13.971.864	13.971.864	-	-
Derivative Financial Liabilities:					
Interest rate swaps	31 December 2023	216.439	-	216.439	-
Cross currency swaps	31 December 2023	16.759	-	16.759	-
Other financial liabilities not measured at fair value:					
Bank loans	31 December 2023	35.073.778	-	35.073.778	-
Issued debt instruments	31 December 2023	16.527.650	16.527.650	-	-

(*) Consist of cross currency swap, forward and foreign currency swap contracts.

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 2023 and 2022.

34. INDEPENDENT AUDIT FEES AND OTHER FEES RELATED SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the independent auditor/independent audit firm are presented below:

	1 January - 31 December 2023	1 January - 31 December 2022
Audit fee for the year	34.063	32.841
Fees for tax advisory services	4.065	2.737
Fees for other assurance services	307	458
Total	38.435	36.036

