

**Türk Telekomünikasyon**  
**Anonim Şirketi and Its Subsidiaries**  
31 March 2023  
Consolidated Financial Statements  
And Independent Auditor's Report

8 May 2023

*This report contains 1 pages of "Independent Auditor's Report" and 43 pages of financial statements and explanatory notes.*

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

**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

*(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)*

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

**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		Current period	Prior period
		Unaudited	Audited
	Notes	31 March 2023	31 December 2022
<b>Assets</b>			
<b>Total current assets</b>		<b>32.364.879</b>	<b>26.187.700</b>
Cash and cash equivalents	6	6.808.281	5.124.899
Financial investments	15	7.198.489	4.880.842
Trade receivables			
- Trade receivables due from related parties	8	382.389	508.513
- Trade receivables due from unrelated parties	9	8.863.510	8.249.733
Other receivables			
- Other receivables due from unrelated parties		194.517	161.861
Contract assets			
- Contract assets from sale of goods and service contracts	9	1.914.798	1.395.079
Derivative financial assets			
- Derivative financial assets held for trading	14	341.968	233.697
- Derivative financial assets held for hedging	14	3.739.082	3.759.247
Inventories		843.729	682.708
Prepayments			
- Prepayments to unrelated parties		1.489.362	447.261
Current tax assets		21.295	9.588
Other current assets			
- Other current assets due from unrelated parties		530.098	696.911
<b>Subtotal</b>		<b>32.327.518</b>	<b>26.150.339</b>
Non-current assets classified as held for sale		37.361	37.361
<b>Total non-current assets</b>		<b>56.187.515</b>	<b>54.544.004</b>
Financial investments			
- Other financial investments	15	32.072	24.596
Trade receivables			
- Trade receivables due from unrelated parties	9	181.733	185.720
Other receivables			
- Other receivables due from unrelated parties		85.126	73.958
Contract assets			
- Contract assets from sale of goods and service contracts	9	26.031	35.799
Derivative financial assets			
- Derivative financial assets held for trading	14	-	89.337
Right of use assets		1.969.502	1.800.672
Investment property		13.368	13.791
Property, plant and equipment			
- Land and premises		12.889.516	12.888.382
- Buildings		671.921	711.311
- Machinery and equipments		13.293.700	13.829.614
- Other property, plant and equipment		3.755.576	2.520.695
Intangible assets			
- Goodwill		44.944	44.944
- Rights regarding concession agreements		7.006.105	7.367.172
- Concession agreements assets		2.297.723	1.596.032
- Licences		1.730.960	1.807.982
- Other intangible assets		7.244.747	6.957.710
Prepayments			
- Prepayments to unrelated parties		175.139	178.518
Deferred tax asset		4.769.260	4.417.759
Other non-current assets			
- Other non-current assets due from unrelated parties		92	12
<b>Total assets</b>		<b>88.552.394</b>	<b>80.731.704</b>

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

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		Current period	Prior period
		Unaudited	Audited
	Notes	31 March 2023	31 December 2022
<b>Liabilities</b>			
<b>Total current liabilities</b>		<b>31.349.019</b>	<b>26.366.177</b>
Financial liabilities			
Financial liabilities from related parties			
- Bank loans	7,8	4.706.735	1.356.755
Financial liabilities from unrelated parties			
- Bank loans	7	5.858.683	4.758.870
- Lease liabilities	7	75.867	4.406
- Issued debt instruments	7	3.338.167	1.471.673
Current portion of long term financial liabilities			
Current portion of long term financial liabilities from unrelated parties			
- Bank loans	7	4.139.404	3.833.108
- Lease liabilities	7	649.268	622.819
- Issued debt instruments	7	121.302	270.696
Trade payables			
- Trade payables to related parties	8	114.062	173.777
- Trade payables to unrelated parties	9	7.112.431	9.294.752
Employee benefit obligations		726.091	604.529
Other payables			
- Other payables to unrelated parties		2.297.409	1.814.621
Derivative financial liabilities			
- Derivative financial liabilities held for trading	14	194.837	141.527
Contract liabilities			
- Contract liabilities from sale of goods and service contracts		1.078.908	1.009.561
Current tax liabilities		192.559	67.524
Current provisions			
- Current provisions for employee benefits	11	254.715	569.405
- Other current provisions	11	206.537	200.431
Other current liabilities			
- Other current liabilities to unrelated parties		282.044	171.723
<b>Total non-current liabilities</b>		<b>37.164.150</b>	<b>34.395.248</b>
Long term financial liabilities			
Long term financial liabilities from unrelated parties			
- Bank loans	7	12.452.960	11.402.281
- Lease liabilities	7	899.031	892.391
- Issued debt instruments	7	17.987.137	17.307.353
Other payables			
- Other payables to unrelated parties		68.652	58.125
Contract liabilities			
- Contract liabilities from sale of goods and service contracts		2.013.665	1.991.476
Non-current provisions			
- Non-current provisions for employee benefits	11	3.648.918	2.445.098
- Other non-current provisions		10.627	10.627
Deferred tax liabilities		83.160	287.897
<b>Total liabilities</b>		<b>68.513.169</b>	<b>60.761.425</b>

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

	<b>Current period</b>	<b>Prior period</b>
	<b>Unaudited</b>	<b>Audited</b>
<i>Notes</i>	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Equity</b>	<b>20.039.225</b>	<b>19.970.279</b>
Equity attributable to equity holders of the parent		
Issued capital	3.500.000	3.500.000
Inflation adjustments on capital	(239.752)	(239.752)
Repurchased shares (-)	(9.742)	-
Other accumulated comprehensive income / (loss) that will not be reclassified in profit or loss		
Losses from investments in equity instruments	(11.840)	(11.840)
Gains / (losses) on revaluation and remeasurement		
- <i>Losses on remeasurements of defined benefit plans</i>	(2.282.939)	(1.659.893)
- <i>Increases on revaluation of property, plant and equipment</i>	11.036.817	11.036.817
Losses due to change in fair value of financial liability attributable to change in credit risk of liability	(88.701)	(27.934)
Effect of business combinations under common control	(1.320.942)	(1.320.942)
Other accumulated comprehensive income / (loss) that will be reclassified in profit or loss		
Gains / (Losses) on hedges		
- <i>Gains on cash flow hedges</i>	1.272.035	1.356.011
- <i>Losses on hedges of net investment in foreign operations</i>	(1.680.890)	(1.589.185)
Change in value of time value of options	(2.966.917)	(3.145.717)
Exchange differences on translation	2.281.174	2.167.156
Restricted reserves appropriated from profits	401.636	391.894
Retained earnings	9.503.922	5.378.818
Profit for the year	645.364	4.134.846
<b>Total liabilities and equity</b>	<b>88.552.394</b>	<b>80.731.704</b>

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE**  
**MONTHS PERIOD ENDED 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		<b>Current Period</b>	<b>Prior Period</b>
		<b>Unaudited</b>	<b>Unaudited</b>
	<b>Notes</b>	<b>1 January -</b>	<b>1 January -</b>
		<b>31 March 2023</b>	<b>31 March 2022</b>
Revenue	5	15.253.456	9.471.264
Cost of sales (-)		(9.802.553)	(5.652.567)
<b>Gross profit</b>		<b>5.450.903</b>	<b>3.818.697</b>
General administrative expenses (-)		(1.795.730)	(889.697)
Marketing, sales and distribution expenses (-)		(1.419.849)	(775.181)
Research and development expenses (-)		(200.786)	(88.438)
Other operating income		360.013	166.745
Other operating expense (-)		(458.019)	(425.554)
<b>Operating profit</b>		<b>1.936.532</b>	<b>1.806.572</b>
Impairment gains / losses and reversals of impairment losses determined in accordance with IFRS 9, net		(60.019)	(49.407)
Investment activity income		726.135	491.080
Investment activity expenses (-)		(47)	(3.578)
<b>Profit before financing expense</b>		<b>2.602.601</b>	<b>2.244.667</b>
Finance income		413.834	789.996
Finance costs (-)		(2.629.322)	(2.744.380)
<b>Profit before tax</b>	5	<b>387.113</b>	<b>290.283</b>
<b>Tax (expense) / income</b>			
- Current period tax expense		(122.685)	(150.265)
- Deferred tax income		380.936	420.698
<b>Profit for the year</b>		<b>645.364</b>	<b>560.716</b>
Earnings per shares attributable to equity holders of the parent (in full Kuruş)	4	<b>0,1844</b>	<b>0,1602</b>
Earnings per diluted shares attributable to equity holders of the parent (in full Kuruş)	4	<b>0,1844</b>	<b>0,1602</b>

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 20223**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

	<b>Current Period</b>	<b>Prior Period</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>1 January -</b>	<b>1 January -</b>
<i>Notes</i>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Profit for the period</b>	<b>645.364</b>	<b>560.716</b>
<b>Other comprehensive income:</b>		
<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>(683.813)</b>	<b>48.188</b>
Gain from revaluation of property, plant and equipments, net	–	7.284
Losses on remeasurements of defined benefit plans	(775.553)	(15.453)
Change in fair value of financial liability attributable to change in credit risk of liability	(75.958)	67.493
Tax effect of other comprehensive income items not to be reclassified to profit or loss		
<i>-Taxes relating to remeasurements of defined benefit plans</i>	152.507	3.091
<i>-Tax effect of revaluation of property, plant and equipment</i>	–	(729)
<i>-Taxes relating to change in fair value of financial liability attributable to change in credit risk of liability</i>	15.191	(13.498)
<b>Other comprehensive income that will be reclassified to profit or loss</b>	<b>117.137</b>	<b>529.700</b>
Exchange differences on translation	114.018	178.746
Gains / (losses) on cash flow hedges	(104.970)	252.603
(Losses) on hedges of net investments in foreign operations	(114.631)	(128.295)
Gains on change in value of time value of options	223.500	314.386
Tax effect on other comprehensive income items to be reclassified to profit or loss		
<i>-Taxes relating to cash flow hedges</i>	20.994	(50.521)
<i>-Taxes relating to losses on hedges of net investments in foreign operations</i>	22.926	25.659
<i>-Taxes relating to change in value of time value of options of other comprehensive loss</i>	(44.700)	(62.878)
<b>Other comprehensive income / (loss)</b>	<b>(566.676)</b>	<b>577.888</b>
<b>Total comprehensive income</b>	<b>78.688</b>	<b>1.138.604</b>

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

**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

				Other accumulated comprehensive income / (loss) that will not be reclassified in profit or loss					Other accumulated comprehensive income / (loss) that will be reclassified in profit or loss				Retained earnings / (losses)		Total equity	
	Issued capital	Inflation adjustments on capital	Repurchased shares (-)	Gains / (losses) on revaluation and remeasurement			Gains / (losses) due to change in fair value of financial liability attributable to change in credit risk of liability	Gains / (losses) on hedge		Change in value of time value of options	Exchange differences on translation	Restricted reserves appropriated from profits	Retained earnings	Profit for the year		
				Effect of business combinations under common control	Gains / (losses) from investments in equity instruments	Increases on revaluation of property, plant and equipment		Gains / (losses) on remeasurements of defined benefit plans	Gains / (losses) on hedges of net investment in foreign operations							Gains / (losses) on cash flow hedges
<b>Balance at 1 January 2022</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>–</b>	<b>(1.320.942)</b>	<b>(11.840)</b>	<b>5.231.590</b>	<b>(911.454)</b>	<b>76.534</b>	<b>(1.157.022)</b>	<b>876.407</b>	<b>(4.074.549)</b>	<b>1.555.755</b>	<b>2.568.388</b>	<b>2.395.335</b>	<b>5.761.454</b>	<b>14.249.904</b>
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	(2.176.494)	7.937.948	(5.761.454)	–
Total comprehensive income	–	–	–	–	–	6.555	(12.362)	53.995	(102.636)	202.082	251.508	178.746	–	–	560.716	1.138.604
Profit for period	–	–	–	–	–	–	–	–	–	–	–	–	–	–	560.716	560.716
Other comprehensive income	–	–	–	–	–	6.555	(12.362)	53.995	(102.636)	202.082	251.508	178.746	–	–	–	577.888
Dividends paid (Note 22)	–	–	–	–	–	–	–	–	–	–	–	–	–	(4.954.562)	–	(4.954.562)
<b>Balance at 31 March 2022</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>–</b>	<b>(1.320.942)</b>	<b>(11.840)</b>	<b>5.238.145</b>	<b>(923.816)</b>	<b>130.529</b>	<b>(1.259.658)</b>	<b>1.078.489</b>	<b>(3.823.041)</b>	<b>1.734.501</b>	<b>391.894</b>	<b>5.378.721</b>	<b>560.716</b>	<b>10.433.946</b>
<b>Balance at 1 January 2023</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>–</b>	<b>(1.320.942)</b>	<b>(11.840)</b>	<b>11.036.817</b>	<b>(1.659.893)</b>	<b>(27.934)</b>	<b>(1.589.185)</b>	<b>1.356.011</b>	<b>(3.145.717)</b>	<b>2.167.156</b>	<b>391.894</b>	<b>5.378.818</b>	<b>4.134.846</b>	<b>19.970.279</b>
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	–	4.134.846	(4.134.846)	–
Total comprehensive income	–	–	–	–	–	–	(623.046)	(60.767)	(91.705)	(83.976)	178.800	114.018	–	–	645.364	78.688
Profit for period	–	–	–	–	–	–	–	–	–	–	–	–	–	–	645.364	645.364
Other comprehensive income	–	–	–	–	–	–	(623.046)	(60.767)	(91.705)	(83.976)	178.800	114.018	–	–	–	(566.676)
Increase / (decrease) due to share	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchased transactions (*)	–	–	(9.742)	–	–	–	–	–	–	–	–	–	9.742	(9.742)	–	(9.742)
<b>Balance at 31 March 2023</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>(9.742)</b>	<b>(1.320.942)</b>	<b>(11.840)</b>	<b>11.036.817</b>	<b>(2.282.939)</b>	<b>(88.701)</b>	<b>(1.680.890)</b>	<b>1.272.035</b>	<b>(2.966.917)</b>	<b>2.281.174</b>	<b>401.636</b>	<b>9.503.922</b>	<b>645.364</b>	<b>20.039.225</b>

(\*) As of 31 March 2023, shares with a nominal value of TL 500, corresponding to 0.014% of the company's capital, were bought back to TL 9.742.

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

	<b>Current Period</b>	<b>Prior Period</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>1 January -</b>	<b>1 January -</b>
<i>Notes</i>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Net profit for the period:</b>	645.364	560.716
<b>Adjustments to reconcile profit:</b>		
Adjustments for depreciation and amortisation expense	2.495.912	1.815.079
Adjustments for impairment loss / (reversal of impairment loss)		
- Adjustments for impairment loss of receivables	62.383	50.578
- Adjustments for impairment loss of inventories	1.397	-
- Adjustments for impairment loss of property, plant and equipment	168.905	1.860
- Other adjustments for impairment loss (reversal of impairment loss)	(2.365)	(1.172)
Adjustments for provisions		
- Adjustments for (reversal of) provisions related with employee benefits	813.323	275.460
- Adjustments for (reversal of) lawsuit and/or penalty provisions	9.756	17.663
Adjustments for interest expenses and income		
- Adjustments for interest income	(204.011)	(83.592)
- Adjustments for interest expense	1.096.306	648.821
- Deferred financial expenses from credit purchases	25.321	59.548
Adjustments for unrealised foreign exchange losses	926.783	2.024.750
Adjustments for fair value losses / (gains)		
- Adjustments for fair value (gains) / losses on derivative financial instruments	135.255	(22.087)
- Adjustments for fair value losses / (gains) of issued financial instruments	62.044	(122.360)
- Adjustments for fair value losses of financial assets	(657.737)	(257.202)
Adjustments for tax expense / (income)	(258.251)	(270.433)
Adjustments for losses / (gains) on disposal of tangible assets		
- Adjustments for losses arises from sale of tangible assets	10 (68.350)	(224.934)
- Adjustments for losses (gains) / arising from the disposal of non-current assets held for sale or for distribution to shareholders	10 -	(5.366)
Other adjustments for which cash effects are investing or financing cash flow	76.972	35.498
Other adjustments for non-cash items	16 (94.481)	(45.925)
<b>Operating profit before working capital changes</b>	<b>5.234.526</b>	<b>4.456.902</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in trade receivables		
- (Increase) / decrease in trade receivables from related parties	126.124	(136.997)
- Decrease in trade receivables from unrelated parties	(1.179.944)	(439.655)
Adjustments for (increase) / decrease in inventories	(162.418)	(122.117)
Adjustments for increase / (decrease) in trade payable		
- Increase / (decrease) in trade payables to related parties	(59.715)	116.541
- Decrease in trade payables to unrelated parties	(2.359.822)	(2.713.790)
Adjustments for (increase) / decrease in other receivables related with operations		
- Decrease in other unrelated party receivables related with operations	(925.343)	(213.399)
Adjustments for increase / (decrease) in other operating payables related with operations		
- Increase in other payables related with operations to unrelated parties	725.304	328.478
<b>Cash flow from operations:</b>		
Interest received	56.184	46.008
Payments related with provisions for employee benefits	(699.688)	(361.694)
Payments related with other provisions	(1.283)	(13.939)
Income taxes paid	(9.357)	(194.676)
Other outflows of cash	16 2.910	(37.938)
<b>Net cash generated from operating activities</b>	<b>747.478</b>	<b>713.724</b>

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		<b>Current Period</b>	<b>Prior Period</b>
		<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January -</b>	<b>1 January -</b>
	<i>Notes</i>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Cash flows used in investing activities:</b>			
Cash outflows arising from capital advance payments to associates and/or joint ventures		–	(946)
Proceeds from sale of property, plant, equipment and intangible assets			
- <i>Proceeds from sales of property, plant and equipment</i>	10	72.687	236.142
Purchases of property, plant, equipment and intangible assets			
- <i>Purchase of property, plant and equipment</i>		(1.650.315)	(572.968)
- <i>Purchase of intangible assets</i>		(1.557.778)	(832.368)
Cash outflows arising from acquisition of shares or debt instruments of other businesses or funds		(4.625.926)	(3.093.670)
Cash inflows arising from acquisition of shares or debt instruments of other businesses or funds		2.958.540	–
<b>Net cash used in investing activities</b>		<b>(4.802.792)</b>	<b>(4.263.810)</b>
<b>Cash flows from financing activities:</b>			
Proceed from borrowings			
- <i>Proceeds from loans</i>		8.526.352	4.882.281
- <i>Cash inflows from issued debt instruments</i>		2.712.367	–
Repayments of borrowings			
- <i>Loan repayments</i>		(3.407.787)	(489.878)
- <i>Payment of issued of debt instruments</i>		(910.298)	(223.305)
Payments of lease liabilities, net		(409.479)	(308.118)
Cash inflows / (outflows) from derivative instruments, net		(153.012)	699.337
Interest paid		(762.367)	(426.265)
Interest received		147.827	37.584
Cash outflows from the business' own acquisition of shares		(9.742)	–
Other cash inflows	16	226.932	324.181
<b>Net cash used in financing activities</b>		<b>5.960.793</b>	<b>4.495.817</b>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		1.905.479	945.731
IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		69.584	117.273
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3.452.277	6.344.886
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6</b>	<b>5.427.340</b>	<b>7.407.890</b>

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

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**1. REPORTING ENTITY**

Türk Telekomünikasyon Anonim Şirketi (“Türk Telekom” or “the Company”) is a joint stock company incorporated in Turkey. The Company has its history in the Posthane-i Amirane (Department of Post Office) which was originally established as a Ministry on 23 October 1840. On 4 February 1924, under the Telephone and Telegraph, the authorization to install and operate telephone networks throughout Turkey was given to the General Directorate of Post, Telegraph and Telephone (“PTT”). The Company was founded on 24 April 1995 as a result of the split of the telecommunication and postal services formerly carried out by the PTT. All of the personnel, assets and obligations of the PTT pertaining to telecommunication services were transferred to the Company, the shares of which were fully owned by the Republic of Turkey Ministry of Treasury and Finance (“the Treasury”).

On 24 August 2005, Oger Telekomünikasyon A.Ş. (“OTAŞ”), entered into a Share Sale Agreement with the Turkey’s Privatization Authority for the purchase of a 55% stake in the Company. A Shareholders Agreement and a Share Pledge Agreement for the block sale of the Company were signed on 14 November 2005 and then after, OTAŞ became the parent company of the Company.

Out of TL 3.500.000 nominal amount of capital, 15% of the Company’s shares owned by the Treasury corresponding to a nominal amount of TL 525.000 have been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on 15 May 2008. Since then Company shares are traded in Borsa İstanbul with the name of TTKOM.

As per the regulatory disclosure made by Türk Telekom on 15 August 2018, within the scope of the process, which is carried out in relation to takeover of OTAŞ’s 55% shares in our Company, Türk Telekom, by a special purpose vehicle (“SPV”), which the creditor banks of OTAŞ will be shareholders, a notification was made to our company by some of the creditor banks.

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

In the material event statement dated March 10, 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 March 31, 2022, all of the A Group shares, which constitute 55% of the Company's capital, were transferred to TWF in accordance with Article 198 of the Turkish Commercial Code. Based on this notification, TWF was registered as a new shareholder in the Company’s share book in accordance with Article 499 of the Turkish Commercial Code.

As at 31 March 2023, the parent company and controlling party of the Company is Turkish Wealth Fund.

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**1. REPORTING ENTITY (CONTINUED)**

A concession agreement (“the Concession Agreement”) was signed by the Company and Turkish Telecommunication Authority (now named the Information and Communication Technologies Authority (“ICTA”) as at 14 November 2005. The Concession Agreement covers the provision of all kinds of telecommunication services, establishment of necessary telecommunications facilities and the use of such facilities by other licensed operators and the marketing and supply of telecommunication services for 25 years starting from 28 February 2001. The Concession Agreement will terminate on 28 February 2026 and in the conditions where the Concession Agreement is expired or not renewed, the Company shall transfer all equipment that affects the operation of its systems in full working order and the real estates in its use where these equipment are deployed to the ICTA or to an institution designated by the ICTA.

The Concession Agreement will expire at the end of its time period. However, the Company may apply to the ICTA and request for extension thereof no later than 1 year prior to the expiry of the duration of the Concession Agreement. The ICTA may decide to renew the Concession Agreement at the latest before 180 days of the date of expiration taking into account new conditions and within the scope of the legislation and the regulations of the ICTA. On 3 January 2023, the Company applied to the ICTA for the extension of the concession agreement for the execution of telecommunication services.

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**1. REPORTING ENTITY (CONTINUED)**

The details of the Company’s subsidiaries as at 31 March 2023 and 31 December 2022 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 March 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
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi (“AssistTT”)	Turkey	Call center and customer relations	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş.(“Sebit”)	Turkey	Web Based Learning	Turkish Lira	100	100
NETSIA Inc.	USA	Telecommunications solutions	U.S. Dollar	100	100
Sebit LLC	USA	Web based learning	U.S. Dollar	100	100
TT International Holding B.V.(“TT International”) (*)	Netherlands	Holding company	Euro	100	100
Türk Telekom International AT GmbH (“TTINT Austria”)(*)	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Hu Kft (TTINT Hungary)(*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euroweb Romania S.A.(“TTINT Romania”) (*)	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Bulgaria EODD (“TTINT Bulgaria”)(*)	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International CZ s.r.o (“TTINT Czech Republic”) (*)	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SRB d.o.o (“TTINT Serbia”) (*)	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telekomunikacije d.o.o. (“TTINT Slovenia”) (*)	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SK s.r.o (“TTINT Slovakia”) (*)	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TT International Telekomünikasyon Sanayi ve Ticaret Limited Şirketi (“TTINT Turkey”) (*)	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International UA LLC (“TTINT Ukraine”) (*)	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Italy S.R.L. (TTINT Italy) (*)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT International MK DOOEL (“TTINT Macedonia”) (*)	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International RU LLC (“TTINT Russia”) (*)	Russia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekomünikasyon Euro GmbH. In Liquidation (“TT Euro”) (*)	Germany	Mobil service marketing	Euro	100	100
Türk Telekom International d.o.o.(*)	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International HK Limited (*)	Hong Kong	Internet/data services, infrastructure and wholesale voice services provider	H.K. Dollar	100	100
Net Ekran TV ve Medya Hiz. A.Ş. (“Net Ekran”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TTES Elektrik Tedarik Satış A.Ş.(“TTES”)	Turkey	Electrical energy trading	Turkish Lira	100	100
TT Ödeme ve Elektronik Para Hizmetleri A.Ş	Turkey	Mobile finance	Turkish Lira	100	100
Net Ekran1 TV ve Medya Hiz. A.Ş. (“Net Ekran1”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran2 TV ve Medya Hiz. A.Ş. (“Net Ekran2”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran3 TV ve Medya Hiz. A.Ş. (“Net Ekran3”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran4 TV ve Medya Hiz. A.Ş. (“Net Ekran4”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net 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
TT Ventures Girişim Sermayesi Yatırım Fonu (**)	Turkey	Venture capital investment fund	Turkish Lira	–	–
Assist Holland B.V	Netherlands	Call center activities	Euro	100	100
TT Finansman A.Ş.	Turkey	Consumer finance company activities	Turkish Lira	100	100

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

(\*\*) Included in the consolidated financial statements in accordance with TFRS 10 Consolidated Financial Statements.

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**1. REPORTING ENTITY (CONTINUED)**

The details of the Company’s joint operation as at 31 March 2023 and 31 December 2022 are as follows:

Name of Joint Operation	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 March 2023	31 December 2022
TT Mobil-Vodafone Evrensel İş Ortaklığı	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	51	51

Hereinafter, Türk Telekom and its subsidiaries and joint operations together will be referred to as “the Group”.

The Group’s principal activities include the provision of local, national, international and mobile telecommunication services, internet products and services, as well as call center and customer relationship management, technology and information management.

The Company’s registered office address is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara.

The number of personnel subject to collective agreement as at 31 March 2023 is 9.623 (31 December 2022: 9.869) and the number of personnel not subject to collective agreement as at 31 March 2022 is 28.456 (31 December 2022: 29.564). The total number of personnel as at 31 March 2023 and 31 December 2022 are 38.079 and 39.433, respectively.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of presentation of the interim condensed consolidated financial statements**

**a) Statement of compliance with TFRS**

The accompanying interim condensed consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The interim condensed consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group preferred to present its interim condensed consolidated financial statements as of 31 March 2023. The Group’s interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2022 year-end financial statements.

*Approval of the financial statements:*

The interim condensed consolidated financial statements are approved by the Company’s Board of Directors on 8 May 2023. General Assembly has the right to change the interim condensed consolidated financial statements

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTUNIED)**

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

**b) Correction of financial statements during the hyperinflationary periods**

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied to the interim condensed consolidated financial statements since 1 January 2005.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on 20 January 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of 31 December 2022. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 31 March 2023 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of 31 March 2023 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

**c) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment other than lands and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”, lands, derivative financial instruments, issued debt instruments which have been measured at fair value through profit or loss. Investment properties and tangible assets other than lands which are recognized with deemed cost method are valued with fair values as of 1 January 2000, lands accounted as property, plant and equipment, derivative financial instruments and issued debt instruments which have been measured at fair value through profit or loss, are valued with fair values as of balance sheet date.

**d) Functional and presentation currency**

Excluding the subsidiaries incorporated outside of Turkey, functional currency of all entities’ included in consolidation is Turkish Lira (“TL”) and they maintain their books of account in TL in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Functional currencies of the subsidiaries and Company’s joint operation are presented in Note 1.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA and are presented in TL.

**Additional paragraph for convenience translation to English:**

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

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

**e) Significant accounting assessments, estimates and assumptions**

In order to prepare financial statements in accordance with TFRS, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. There is no change in judgments and critical accounting estimates compared to prior year used in interim condensed consolidated financial statements as 31 March 2023.

**Determination of fair values**

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

***i) Trade and other receivables***

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined at initial recognition and at the end of each reporting period for disclosure purposes.

***ii) Forward contracts and interest rate swaps***

The fair value of interest rate swaps and forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

***iii) Issued debt instruments***

The fair values of issued debt instruments are measured by using quoted market price at the date of valuation.

***iv) Other non-derivative financial liabilities***

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

***v) Lands***

Lands accounted as property, plant and equipment are measured at revalued amount. Revalued amount for lands is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value of the lands was determined using the market comparable method. The valuations are based on prices of transactions for lands of similar nature and location.

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**3. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

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

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

**Determination of fair values (continued)**

*vi) Taxes*

In Turkey, the corporate tax rate is 20% as of 31 March 2023. However, the corporate tax rate as 23% for the corporate income for the 2022 taxation period has been applied 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.

Deferred tax charge is calculated in accordance with the enacted tax laws. The accounting policies used by the Group in calculating deferred tax are the same as those used in the audited consolidated financial statements as of 31 December 2022, except for the use of the corporate tax rate enacted in the three months interim period ended 31 March 2023.

The Law No. 7440 on the Restructuring of Certain Receivables and the Amendment of Certain Laws" promulgated in the Official Gazette No. 32130 on 12 March 2023 and a one-time surcharge have been imposed on the bases of exemptions and deductions subject to deduction from corporate income, the regulations in other laws and reduced corporate tax in accordance with the Law No. 5520 by being shown in the corporate tax return for 2022. Some exceptions and deductions regarding the Law No. 7440 are not within the scope and those who have corporate tax liability in the provinces and districts affected by the Kahramanmaraş earthquake will be exempt from it. As of 31 March 2023, these taxes are accounted as corporate tax expense in the financial statements.

*vii) Foreign Currency Protected TL Deposit*

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

**2.2 Summary of significant accounting policies**

**The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as of 31 March 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.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Summary of significant accounting policies (continued)**

**The new standards, amendments and interpretations (continued)**

**i) The new standards, amendments and interpretations which are effective as of 1 January 2023 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.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Summary of significant accounting policies (continued)**

**The new standards, amendments and interpretations (continued)**

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

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 Company / 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 1 January 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.

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

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Summary of significant accounting policies (continued)**

**The new standards, amendments and interpretations (continued)**

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

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

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

**3. SEASONAL CHANGES IN THE OPERATIONS**

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

**4. EARNINGS PER SHARE**

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000
Net profit for the period attributable to equity holders of the Company	645.364	560.716
Basic and earnings per share (in full kuruş)	0,1844	0,1602

**5. SEGMENT REPORTING**

The Group has two main segments; fixed line and mobile. Fixed line services are provided by Türk Telekom, TNet, Argela, Innova, Sebit, AssisTT, TTES, TT Venture, TT Destek Hizmetleri and TTINT Group whereas mobile service is provided by 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, 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:

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**5. SEGMENT REPORTING (CONTINUED)**

	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 January - 31 March 2023	1 January - 31 March 2022	1 January - 31 March 2023	1 January - 31 March 2022	1 January - 31 March 2023	1 January - 31 March 2022	1 January - 31 March 2023	1 January - 31 March 2022
Revenue	10.460.933	6.854.244	5.544.102	3.184.457	(751.579)	(567.437)	15.253.456	9.471.264
International revenue	961.709	738.515	–	–	–	–	961.709	738.515
Contributive revenue (*)	9.735.459	6.302.794	5.517.997	3.168.470	–	–	15.253.456	9.471.264
EBITDA	2.874.490	3.048.819	1.912.219	1.065.538	(5.219)	977	4.781.490	4.115.334
Contributive adjusted EBITDA (**)	2.538.220	2.835.785	2.243.270	1.279.549	–	–	4.781.490	4.115.334
Capital expenditure (***)	2.428.060	1.043.769	903.033	423.913	(4.006)	(335)	3.327.087	1.467.347
Impairments losses, net	(211.344)	(47.373)	(18.976)	(3.893)	–	–	(230.320)	(51.266)
Depreciation and amortization	(1.617.614)	(1.094.845)	(878.298)	(720.234)	–	–	(2.495.912)	(1.815.079)

(\*) “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 58.595 (31 March 2022: TL 45.925) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

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**5. SEGMENT REPORTING (CONTINUED)**

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Fixed line contributive EBITDA	2.538.220	2.835.785
Mobile contributive EBITDA	2.243.270	1.279.549
<b>EBITDA</b>	<b>4.781.490</b>	<b>4.115.334</b>
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	720.029	334.602
Foreign exchange losses, interest income, discount income on current accounts presented in other operating expense (-)	(234.101)	(388.330)
Financial income	431.153	789.996
Financial expense (-)	(2.646.641)	(2.744.380)
Depreciation, amortisation and impairment	(2.664.817)	(1.816.939)
<b>Consolidated profit before tax</b>	<b>387.113</b>	<b>290.283</b>

<b>31 March 2023</b>	<b>Fixed Line</b>	<b>Mobile</b>	<b>Eliminations</b>	<b>Consolidated</b>
Total segment assets	68.687.624	26.783.352	(6.918.582)	88.552.394
Total segment liabilities	(63.767.744)	(11.664.007)	6.918.582	(68.513.169)
Goodwill	15.250	29.694	-	44.944
Assets held for sale	-	37.361	-	37.361
<b>31 December 2022</b>	<b>Fixed Line</b>	<b>Mobile</b>	<b>Eliminations</b>	<b>Consolidated</b>
Total segment assets	63.508.611	22.237.665	(5.014.572)	80.731.704
Total segment liabilities	(57.536.659)	(8.239.338)	5.014.572	(60.761.425)
Goodwill	15.250	29.694	-	44.944
Assets held for sale	-	37.361	-	37.361

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**6. CASH AND CASH EQUIVALENTS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Cash on hand	1.906	1.645
Cash at banks - demand deposit	1.100.319	948.236
Cash at banks - time deposit	2.832.691	3.574.795
Liquid fund (*)	2.873.365	600.223
	<b>6.808.281</b>	<b>5.124.899</b>

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

As of 31 March 2023, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 9% and 26,50% for TL deposits, between 0,50% and 5,57% for USD deposits and between 1,25% and 3,68% 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:

	<b>31 March 2023</b>	<b>31 March 2022</b>
Cash and cash equivalents	6.808.281	8.438.132
Less: restricted amounts		
- Collection protocols and ATM collection	(410.698)	(455.667)
- Other	(970.243)	(574.575)
<b>Unrestricted cash</b>	<b>5.427.340</b>	<b>7.407.890</b>

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

As of 31 March 2023, demand deposits amounting to TL 410.698 is restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. As of 31 March 2023, Other restricted amounts consist of blocked deposits related to Group’s derivative financial instruments.

As of 31 March 2023, the Group maintains available credit line amounting to EUR 8.901 until 1 July 2023, EUR 46.221 until 1 July 2024, EUR 111.315 until 18 October 2025 which in total amounted to EUR 166.437.

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**7. FINANCIAL LIABILITIES**

***Bank borrowings***

	31 March 2023			31 December 2022		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
<b>Short-term bank loans:</b>						
Unsecured TL bank loans with fixed interest rates (***)	14,53	9.248.704	9.248.704	17,07	4.667.093	4.667.093
TL bank loans with variable interest rates	15,58	30.000	30.000	14,86	30.000	30.000
EUR bank borrowings with variable interest rates	8,44	48.000	1.000.560	7,63	48.000	956.875
<b>Interest accruals:</b>						
Unsecured TL bank loans with fixed interest rates (***)		273.537	273.537		441.285	441.285
Unsecured EUR bank loans with variable interest rates		605	12.617		587	20.372
<b>Short-term bank loans</b>		<b>10.565.418</b>			<b>6.115.625</b>	
<b>Short-term portion of long-term bank loans:</b>						
Unsecured USD bank loans with variable interest rates (*)	6,41	120.276	2.303.675	5,57	120.372	2.250.752
Unsecured EUR bank loans with variable interest rates (**)	3,94	79.308	1.653.178	2,34	75.793	1.510.917
<b>Interest accruals of long-term bank loans:</b>						
Unsecured USD bank loans with variable interest rates (*)		5.466	104.683		3.623	67.752
Unsecured EUR bank loans with variable interest rates (**)		3.736	77.868		619	3.687
<b>Current portion of long-term bank loans</b>		<b>4.139.404</b>			<b>3.833.108</b>	
<b>Total short-term bank loans</b>		<b>14.704.822</b>			<b>9.948.733</b>	
<b>Long-term bank loans:</b>						
Unsecured USD bank loans with variable interest rates (*)	6,41	324.374	6.212.793	5,57	339.452	6.347.184
Unsecured EUR bank loans with variable interest rates (**)	4,05	299.360	6.240.167	2,34	253.580	5.055.097
<b>Total long-term bank loans</b>		<b>12.452.960</b>			<b>11.402.281</b>	
<b>Total bank loans</b>		<b>27.157.782</b>			<b>21.351.014</b>	

(\*) As at 31 March 2023, interest rate varies between Libor + 0,54% and 2,85% (31 December 2022: Libor + 0,54% and 2,85%).

(\*\*) As at 31 March 2023, interest rate varies between Euribor + 0,25% and 5,90% (31 December 2022: Euribor + 0,25% and 5,90%).

(\*\*\*) TL 1.753.205 includes of credit card debts.

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**7. FINANCIAL LIABILITIES (CONTINUED)**

***Bank borrowings (continued)***

The contractual maturities of financial liabilities in equivalent of TL are as follows:

	31 March 2023					Total	31 December 2022					Total
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years		Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	
Unsecured TL bank borrowings with fixed interest rates	2.675.768	6.846.473	–	–	–	9.522.241	3.751.550	1.292.863	–	–	–	5.044.413
TL bank borrowings with variable interest rates	30.000	–	–	–	–	30.000	63.965	30.000	–	–	–	93.965
Unsecured USD bank borrowings with variable interest rates	717.587	1.690.771	2.039.009	3.590.565	583.219	8.621.151	308.342	2.010.162	1.989.943	3.665.869	691.372	8.665.688
Unsecured EUR bank borrowings with variable interest rates	784.995	1.959.228	1.470.691	4.214.745	554.731	8.984.390	90.901	2.400.950	1.401.453	3.459.003	194.641	7.546.948
	<b>4.208.350</b>	<b>10.496.472</b>	<b>3.509.700</b>	<b>7.805.310</b>	<b>1.137.950</b>	<b>27.157.782</b>	<b>4.214.758</b>	<b>5.733.975</b>	<b>3.391.396</b>	<b>7.124.872</b>	<b>886.013</b>	<b>21.351.014</b>

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**7. FINANCIAL LIABILITIES (CONTINUED)**

*Issued debt instruments*

	31 March 2023			31 December 2022		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
<b>Short-term issued debt instruments:</b>						
TL bills, bonds and notes issued	30,57	3.187.050	3.187.050	26,71	1.330.150	1.330.150
<b>Interest accruals:</b>						
TL bills, bonds and notes issued		151.117	151.117		141.523	141.523
<b>Interest accruals of short-term portion of long-term issued debt instruments:</b>						
USD issued debt instruments with fixed interest rates		6.333	121.302		14.477	270.696
<b>Short-term issued debt instruments</b>			<b>3.459.469</b>	<b>1.742.369</b>		
<b>Long-term issued debt instruments:</b>						
USD issued debt instruments with fixed interest rates	5,88	939.119	17.987.137	5,88	925.611	17.307.353
<b>Long-term issued debt instruments</b>			<b>17.987.137</b>	<b>17.307.353</b>		
<b>Total issued debt instruments</b>			<b>21.446.606</b>	<b>19.049.722</b>		

The sales process of the bond issuances amounted to USD 500.000 with 6 years of maturity, and 6,875% coupon rate based on 7% reoffer yield was completed on February 28th, 2019. The bonds are now quoted at Irish Stock Exchange. The part of the bond amounting to USD 17.500 was repurchased and the related amount was accounted for by deducting the amortized cost using the effective interest rate and the total bond amount.

The sales process of the bond issuances amounted to USD 500.000 with 10 years of maturity, and 4,875% coupon rate based on 4,982% reoffer yield was completed on 19 June 2014. The bonds are now quoted at Irish Stock Exchange. The part of the bond amounting to USD 20.000 was repurchased in 2019 and a portion of USD 5.000 was repurchased in 2022, the relevant amounts are accounted for by deducting the appropriate values and total bond managers.

The sales process of the bond issuance mediated by Garanti Yatırım Menkul Kıymetler A.Ş. amounted to TL 500.000 with 90 days of maturity, and 27% coupon rate was completed on June 22nd. The sales process of the bond issuances mediated by Garanti Yatırım Menkul Kıymetler A.Ş. amounted to TL 1.330.150 within the range of 90-180 days of maturities and 20.75%-27% coupon rates were completed on September 2nd -20th, 2022.

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

On March 1, 2023, TL 900.000 was issued with 173 days maturity and 27,5% annual simple interest incoming. Garanti Yatırım Menkul Kıymetler A.Ş. mediated.

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**7. FINANCIAL LIABILITIES (CONTINUED)**

*Issued debt instruments*

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

	31 March 2023					31 December 2022				
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 year to 5 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	917.704	2.420.463	–	–	3.338.167	970.900	500.773	–	–	1.471.673
USD issued debt instruments with fixed interest rates	121.302	–	8.947.214	9.039.923	18.108.439	270.696	–	8.479.466	8.827.887	17.578.049
	<b>1.039.006</b>	<b>2.420.463</b>	<b>8.947.214</b>	<b>9.039.923</b>	<b>21.446.606</b>	<b>1.241.596</b>	<b>500.773</b>	<b>8.479.466</b>	<b>8.827.887</b>	<b>19.049.722</b>

*Lease liabilities*

As at 31 March 2023, obligation under leases detail are as follows:

	Currency	Interest rate type	31 March 2023		31 December 2022	
			Nominal interest rate	Carrying amount	Nominal interest rate	Carrying amount
Lease liabilities	TL	Fixed	%9,0-%23,0	1.454.511	%9,0-%21,5	1.356.699
Lease liabilities	EUR	Fixed	%2,5-%4,5	133.825	%3,3-%4,5	130.828
Lease liabilities	USD	Fixed	%8,2	32.888	%4,0	28.947
Lease liabilities	Other	Fixed	%3,3	2.942	%3,2	3.142
				<b>1.624.166</b>		<b>1.519.616</b>

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**8. DUE FROM AND DUE TO RELATED PARTIES**

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated for consolidation purposes and are not disclosed in this note.

Institutions under state control are defined as related parties due to 25% ownership and the golden share of the Treasury and 61,68% ownership of Turkey Wealth Fund (“TWF”). State controlled entities are defined as related parties but in accordance with the exemption provided by the TAS 24 disclosure requirements, state controlled entities are excluded from general reporting requirements.

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

Details of balances and transactions between the Group and other related parties as at 31 March 2023 and 31 December 2022 are disclosed below:

	31 March 2023	31 December 2022
<b>Due from related parties (Trade receivables-short term)</b>		
Other	382.389	508.513
	<b>382.389</b>	<b>508.513</b>

	31 March 2023	31 December 2022
<b>Due from related parties (Trade payables-short term)</b>		
Other	114.062	173.777
	<b>114.062</b>	<b>173.777</b>

<b>Deposits held by related parties</b>	31 March 2023	31 December 2022
<b>Time Deposit</b>		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	763.826	1.083.398
T.C. Ziraat Bankası A.Ş.	232.787	714.375
Türkiye Halk Bankası A.Ş.	35.135	107.553
<b>Demand Deposit</b>		
T.C. Ziraat Bankası A.Ş.	90.697	105.703
Türkiye Halk Bankası A.Ş.	39.713	83.353
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	76.155	61.096
Other	10.124	11.711
	<b>1.248.437</b>	<b>2.167.189</b>

<b>Bank loans from related parties</b>	31 March 2023	31 December 2022
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	2.537.625	394.145
T.C. Ziraat Bankası A.Ş.	1.650.010	943.510
Ziraat Katılım Bankası A.Ş.	500.000	–
Türkiye Halk Bankası A.Ş.	19.100	19.100
	<b>4.706.735</b>	<b>1.356.755</b>

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

<b>Currency Protected Time Deposit from related parties</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
T.C. Ziraat Bankası A.Ş.	1.017.862	540.596
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	683.055	255.504
	<b>1.700.917</b>	<b>796.100</b>

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

***Transactions with shareholders:***

TT Mobil is required under the terms of the TT Mobil Concession Agreement, to pay 15% share to the Treasury (the Treasury Share) of its monthly gross revenue. Besides, the Company and its other subsidiaries that are operating in the telecommunications sector are required to pay universal service fund at 1% of their net revenues of each year and ICTA share at 0,35% of revenues to the Ministry of Transport, Maritime Affairs and Communications under the law Global Service Act numbered 5369. Also, according to Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation, TT Mobil is required to pay 5% share (radio fee) of its monthly net revenue to ICTA.

As of 31 March 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:***

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
<b>Interest income from related parties</b>		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	58.511	–
T.C. Ziraat Bankası A.Ş. (*)	52.063	–
Türkiye Halk Bankası A.Ş.	4.133	–
Akbank T.A.Ş. (**)	–	1.170
Türkiye Garanti Bankası A.Ş. (**)	–	10
	<b>114.707</b>	<b>1.180</b>
<b>Interest expense from related parties</b>		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	14.435	–
T.C. Ziraat Bankası A.Ş. (*)	13.826	–
Türkiye Halk Bankası A.Ş.	794	–
Akbank T.A.Ş. (**)	–	15.413
Türkiye İş Bankası A.Ş. (**)	–	8.873
Türkiye Garanti Bankası A.Ş. (**)	–	8.660
	<b>29.055</b>	<b>32.946</b>

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

<b>Other income from related parties</b>	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Turkcell İletişim Hizmetleri A.Ş. (*)	163.170	–
THY A.O. (*)	89.387	–
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (*)	86.216	–
Superonline İletişim Hizmetleri A.Ş. (*)	36.156	–
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	16.889	–
Türkiye Halk Bankası A.Ş. (*)	14.722	–
T.C. Ziraat Bankası A.Ş. (*)	4.335	–
Türkiye Garanti Bankası A.Ş. (**)	–	12.542
Akbank T.A.Ş. (**)	–	44.234
Türkiye İş Bankası A.Ş. (**)	–	4.278
Other	25.033	–
	<b>435.908</b>	<b>61.054</b>

<b>Other expenses from related parties</b>	<b>1 January - 31 March 2022</b>	<b>1 January - 31 March 2022</b>
Turkcell İletişim Hizmetleri A.Ş. (*)	200.493	–
Enerji Piyasaları İşletme A.Ş. (*)	142.375	–
PTT A.Ş. (*)	54.637	–
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (*)	22.620	–
THY A.O. (*)	34.405	–
Kule Hizmet ve İşletmecilik A.Ş. (*)	15.502	–
Other	16.098	–
	<b>486.130</b>	–

(\*) Includes transactions the period of 1 April - 31 December 2022 for 2022, and the period 1 January - 31 March 2023 for 2023.

(\*\*) Revenues from LYY companies include the period 1 January - 31 March 2022 for the year 2022.

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.

***Compensation of key management personnel***

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

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Short-term benefits	78.491	53.493
Long-term benefits	1.717	849
	<b>80.208</b>	<b>54.342</b>

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

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**9. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES**

*Trade receivables*

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Short-term</b>		
Receivables from subscribers	12.444.354	11.688.631
Other trade receivables (*)	586.835	669.373
Allowance for doubtful receivables (-)	(4.167.679)	(4.108.271)
<b>Total short-term trade receivables</b>	<b>8.863.510</b>	<b>8.249.733</b>
<b>Long-term</b>		
Receivables from subscribers	181.733	185.720
<b>Total long-term trade receivables</b>	<b>181.733</b>	<b>185.720</b>

(\*) 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:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
At January 1	(4.108.271)	(3.946.503)
Provision for the year, net	(57.586)	(40.935)
Change in currency translation differences	(1.822)	(3.613)
<b>At 31 December</b>	<b>(4.167.679)</b>	<b>(3.991.051)</b>

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 352.997. (31 December 2022: 341.361 TL).

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

*Contract assets from unrelated parties*

	31 March 2023	31 December 2022
<b>Short-term</b>		
Contract assets from sale of goods and service contracts	1.914.798	1.395.079
	<b>1.914.798</b>	<b>1.395.079</b>
<b>Long-term</b>		
Contract assets from sale of goods and service contracts	26.031	35.799
	<b>26.031</b>	<b>35.799</b>

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

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

*Trade payables from unrelated parties*

	31 March 2023	31 December 2022
<b>Short-term</b>		
Trade payables	5.432.880	8.453.249
Expense accruals	1.679.551	841.503
<b>Total short-term trade payables</b>	<b>7.112.431</b>	<b>9.294.752</b>

The average maturity term of trade payables is between 30 and 150 days (31 December 2022: 30 and 150 days).

As of 31 March 2023, short term trade payables consists of payables within scope of supplier finance that amounting TL 85.816 (31 December 2022: TL 275.616s).

**10. TANGIBLE AND INTANGIBLE ASSETS**

The amount of tangible and intangible assets purchased during the three months period ended 31 March 2023 is TL 3.327.082 (31 March 2022: TL 1.467.347).

Net book value of tangible and intangible assets sold during the three months period ended 31 March 2023 amounted to TL 4.337 (31 March 2022: TL 5.842 ).

After the 7.7 and 7.6 magnitude earthquakes in Kahramanmaraş that occurred in our country on 6 February 2023, assessments are continuing to determine the damage to Türk Telekom infrastructure which is completely covered by insurance and to operate the insurance processes. Impairment amounting to 168.785 TL has been calculated and accounted as operation expense in financial statements for the damaged building, endpoint accesses and the access and network equipment to which these endpoint accesses are connected by using the following estimates and assumptions.

- Impairment has been calculated to half of the ratio of damaged endpoint accesses to total end endpoint accesses in cities located in the earthquake zone.
- For network equipments, impairment has been calculated over the ratio of the replacement costs of the damaged equipment to the total inventory on the basis of inventory group.
- Fully impairment has been calculated for damaged buildings and external facilities.

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**11. PROVISIONS**

*Other current provisions*

Provisions for short-term debt for the years 31 March 2023 and 31 December 2022 are as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Litigation, ICTA penalty and customer return provisions (*)	141.562	133.093
Provision for expected credit losses on loan commitments (**)	64.975	67.338
	<b>206.537</b>	<b>200.431</b>

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

(\*\*) Consists of expected credit losses are recognized for the guarantees given for borrowings of distributors which are utilized in financing of equipment purchases that will be sold to Group’s customers as part of commitment sales.

*Current provisions for employee benefits*

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Short term provisions for employee benefits</b>		
Personnel bonus provision	254.715	569.405
	<b>254.715</b>	<b>569.405</b>

*Non-current provisions for employee benefits*

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Long term provisions for employee benefits</b>		
Defined benefit obligation	3.070.316	2.112.451
Unused vacation provisions	578.602	332.647
	<b>3.648.918</b>	<b>2.445.098</b>

**Provision of employee benefits**

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment has ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

The retirement pay liability as at 31 March 2023 is subject to a ceiling of full TL 19.982 (31 December 2022: full TL 15.371) per monthly salary for each service year.

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 March 3, 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 statement.

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.

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**12. COMMITMENTS AND CONTINGENCIES**

Guarantees received and given by the Group are summarized below:

		31 March 2023		31 December 2022	
		Original currency	TL	Original currency	TL
Guarantees received	USD	101.888	1.951.475	102.571	1.917.911
	TL	1.647.300	1.647.300	1.633.056	1.633.056
	EUR	30.093	627.294	30.151	601.066
	Sterling	3	71	3	67
		<b>4.226.140</b>		<b>4.152.100</b>	
Guarantees given (*)	USD	115.946	3.771.002	183.789	3.436.550
	TL	1.504.028	1.504.028	1.530.296	1.530.296
	EUR	74.858	1.560.410	75.331	1.501.707
		<b>6.835.440</b>		<b>6.468.553</b>	

(\*) 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 March 2023 and 31 December 2022 is as follows:

	31 March 2023	31 December 2022
A. GPMs given on behalf of the Company’s legal personality	6.835.440	6.468.553
B. GPMs given in favour of subsidiaries included in full consolidation	1.829.747	1.758.758
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	1.024.766	1.074.483
<b>Total</b>	<b>9.689.953</b>	<b>9.301.794</b>

Based on law 128/1 of Turkish Code of Obligations, the Group has given guarantee to distributors amounting to TL 1.024.766 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 1.074.483). The guarantees has given to the banks TL 687.846 Vakıf Faktoring A.Ş.

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**12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Other commitments**

The Group has purchase commitments for sponsorships, advertising and insurance services at the equivalent to TL 577.694 (31 December 2022: TL 598.470) as at 31 March 2023. 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 57.304, EUR 22.202 and TL 435.359 equivalent to TL 1.995.055 (31 December 2022: TL 2.542.470) as at 31 March 2023.

**Legal proceedings of Türk Telekom**

**Disputes between the Group and the ICTA**

The Company has filed various lawsuits against ICTA. These lawsuits are related with the sector-specific and tariff legislations and legislations with respect to the other operators in the market. The sector-specific disputes generally stem from the objections with respect to the provisions of interconnection legislation, legislation with respect to telecommunication services and infrastructure.

According to the Article 99 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the sub-article 9 added to the Article 60 of the Law numbered 5809; customer returns that are not repaid to the customers within the 2-year period, shall be transferred to the Ministry of Transport and Infrastructure of the Republic of Turkey as revenue under the name of "Revenues for Universal Service". For the period ended 31 March 2023, customer returns amounted to TL 572 was transferred. As of 31 March 2023, TL 25.853 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 23.590).

**Other issues**

Value added tax ("VAT") amounting to TL 66,540 paid in excess due to the fact that VAT is calculated and declared without special communication tax deductions in VAT declarations regarding prepaid card sales taxed as a special tax base between 2011 and 2015 was refunded as a result of the lawsuit filed by the Company. Upon the appellate court's finding that the execution of this case is lawful, it was established in the executive decisions by the Administration. As a result of the appeal examination carried out by the 4th Chamber of the Council of State, the decision was overturned and the case process is still ongoing.

In light of the ongoing extraordinary conditions caused by the devastating earthquake that struck south-eastern Turkey on 06.02.2023, Türk Telekom Group Board of Directors has resolved to make a donation of up to TL 2 billion directly and/or through the Ministry of Interior Disaster and Emergency Management Presidency ("AFAD"), in accordance with the Capital Markets Board resolution no. 8/174 dated 09.02.2023. The donation is subject to approval at the 2022 Ordinary General Assembly where shareholders will be briefed about the details.

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 115.709 as at 31 March 2023 (31 December 2022: TL 109.503). For the rest of the cases, Group lawyers commented that basis of those cases are not realistic and should be appealed. Therefore, no provision has been provided for these cases.

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**13. FINANCIAL RISK MANAGEMENT AND POLICIES**

*Market risk*

*Foreign currency risk*

	31 March 2023				31 December 2022			
	Total TL Equivalent	USD	EUR	Other	Total TL Equivalent	USD	EUR	Other
1. Trade receivables	1.054.666	40.583	12.733	18.316	1.144.681	45.349	13.661	24.394
2a. Monetary financial assets (Cash and banks accounts included)	1.684.292	47.241	36.800	30.752	2.263.609	115.226	4.579	17.799
2b. Financial Investments (*)	7.198.489	–	–	–	4.880.842	–	–	–
2c. Non-monetary financial assets	–	–	–	–	–	–	–	–
3. Other	193.285	–	9.500	–	191.840	–	9.623	–
<b>4. Current assets (1+2+3)</b>	<b>10.130.732</b>	<b>87.824</b>	<b>59.033</b>	<b>49.068</b>	<b>8.480.972</b>	<b>160.575</b>	<b>27.863</b>	<b>42.193</b>
5. Trade receivables	–	–	–	–	–	–	–	–
6a. Monetary financial assets	–	–	–	–	–	–	–	–
6b. Non-monetary financial assets	–	–	–	–	–	–	–	–
7. Other	2.239	15	96	–	2.193	15	96	–
<b>8. Non-current assets (5+6+7)</b>	<b>2.239</b>	<b>15</b>	<b>96</b>	<b>–</b>	<b>2.193</b>	<b>15</b>	<b>96</b>	<b>–</b>
<b>9. Total assets (4+8)</b>	<b>10.132.971</b>	<b>87.839</b>	<b>59.129</b>	<b>49.068</b>	<b>8.483.165</b>	<b>160.590</b>	<b>27.959</b>	<b>42.193</b>
10. Trade payables	4.369.477	157.835	62.294	79.009	6.128.688	219.923	98.878	45.384
11. Financial liabilities	5.276.787	133.792	132.914	9.993	5.144.950	140.020	126.251	9.998
12a. Monetary other liabilities	–	–	–	–	–	–	–	–
12b. Non-monetary other liabilities	–	22.370	6	–	–	–	–	–
<b>13. Short-term liabilities (10+11+12)</b>	<b>9.646.264</b>	<b>313.997</b>	<b>195.214</b>	<b>89.002</b>	<b>11.273.638</b>	<b>359.943</b>	<b>225.129</b>	<b>55.382</b>
14. Trade payables	–	–	–	–	270	–	–	270
15. Financial liabilities	30.386.010	1.263.493	303.269	15.828	28.804.590	1.265.064	257.518	16.459
16a. Monetary other liabilities	–	–	–	–	–	–	–	–
16b. Non-monetary other liabilities	–	–	–	–	–	–	–	–
<b>17. Long-term liabilities (14+15+16)</b>	<b>30.386.010</b>	<b>1.263.493</b>	<b>303.269</b>	<b>15.828</b>	<b>28.804.860</b>	<b>1.265.064</b>	<b>257.518</b>	<b>16.729</b>
<b>18. Total liabilities (13+17)</b>	<b>40.032.274</b>	<b>1.577.490</b>	<b>498.483</b>	<b>104.830</b>	<b>40.078.498</b>	<b>1.625.007</b>	<b>482.647</b>	<b>72.111</b>
<b>19. Net asset / (liability) position of off balance sheet derivative instruments (19a-19b)</b>	<b>37.186.250</b>	<b>1.647.687</b>	<b>276.605</b>	<b>–</b>	<b>36.933.129</b>	<b>1.670.255</b>	<b>286.040</b>	<b>–</b>
19a. Total asset amount hedged	–	–	–	–	–	–	–	–
19b. Total liability amount hedged	(37.186.250)	(1.647.687)	(276.605)	–	(36.933.129)	(1.670.255)	(286.040)	–
<b>20. Loans defined as hedging instruments (**)</b>	<b>2.573.049</b>	<b>–</b>	<b>126.466</b>	<b>–</b>	<b>2.532.909</b>	<b>–</b>	<b>127.059</b>	<b>–</b>
<b>21. Net foreign currency asset / (liability) position (9-18+19+20)</b>	<b>9.859.996</b>	<b>158.036</b>	<b>(36.283)</b>	<b>(55.762)</b>	<b>7.870.705</b>	<b>205.838</b>	<b>(41.589)</b>	<b>(29.918)</b>
<b>22. Net asset / (liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+2b+5+6a-10-11-12a-14-15-16a)</b>	<b>(30.094.827)</b>	<b>(1.467.296)</b>	<b>(448.944)</b>	<b>(55.762)</b>	<b>(31.789.366)</b>	<b>(1.464.432)</b>	<b>(464.407)</b>	<b>(29.918)</b>

(\*) Financial Investments include currency protected time deposits with 90 and 360 days maturity by Group’s USD 298.200 and EUR 20.000 of foreign currency deposits and USD 16.000 liquid fund.

(\*\*) The Company utilized a loan amounting to EUR 127.059 in order to hedge its net investment in a foreign operation with a EUR functional currency. Foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

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**13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)**

*Market risk (continued)*

*Foreign currency risk (continued)*

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

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR exchange rate, with all other variables held constant, of the Group’s profit before tax for the year (due to changes in the fair value of monetary assets and liabilities):

31 March 2023	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Appreciation of USD against TL by 10%:</b>				
1- USD net asset/liability	(2.822.512)	2.822.512	–	–
2- Hedged portion of USD risk (-)	2.289.916	(2.221.281)	39.399	(47.841)
<b>3- USD net effect (1+2)</b>	<b>(532.596)</b>	<b>601.231</b>	<b>39.399</b>	<b>(47.841)</b>
<b>Appreciation of EUR against TL by 10%:</b>				
4- EUR net asset/liability	(915.836)	915.836	–	–
5- Hedged portion of EUR risk (-)	628.600	(626.001)	(48.441)	30.243
<b>6- EUR net effect (4+5)</b>	<b>(287.236)</b>	<b>289.835</b>	<b>(48.441)</b>	<b>30.243</b>
<b>Appreciation of other foreign currencies against TL by 10%:</b>				
7- Other foreign currency net asset/liability	(5.576)	5.576	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
<b>9- Other foreign currency net effect (7+8)</b>	<b>(5.576)</b>	<b>5.576</b>	<b>–</b>	<b>–</b>
<b>Total (3+6+9)</b>	<b>(825.408)</b>	<b>896.642</b>	<b>(9.042)</b>	<b>(17.598)</b>
31 December 2022	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Appreciation of USD against TL by 10%:</b>				
1- USD net asset/liability	(2.738.209)	2.738.209	–	–
2- Hedged portion of USD risk (-)	2.194.067	(2.137.957)	45.260	(52.723)
<b>3- USD net effect (1+2)</b>	<b>(544.142)</b>	<b>600.252</b>	<b>45.260</b>	<b>(52.723)</b>
<b>Appreciation of EUR against TL by 10%:</b>				
4- EUR net asset/liability	(906.417)	906.417	–	–
5- Hedged portion of EUR risk (-)	621.180	(621.180)	12.222	87.073
<b>6- EUR net effect (4+5)</b>	<b>(285.237)</b>	<b>285.237</b>	<b>12.222</b>	<b>87.073</b>
<b>Appreciation of other foreign currencies against TL by 10%:</b>				
7- Other foreign currency net asset/liability	(2.992)	2.992	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
<b>9- Other foreign currency net effect (7+8)</b>	<b>(2.992)</b>	<b>2.992</b>	<b>–</b>	<b>–</b>
<b>Total (3+6+9)</b>	<b>(832.371)</b>	<b>888.481</b>	<b>57.482</b>	<b>34.350</b>

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**13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)**

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

The below table summarizes the carrying amounts and fair values of financial asset and liabilities in the Group’s consolidated financial statements.

Due to their short-term nature, the fair value of trade and other receivables represents their book value. The fair value of borrowings with fixed interests is obtained by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of foreign currency denominated borrowings with variable interests is obtained by discounting the projected cash flows using estimated market interest rates.

	Carrying amount		Fair value	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<b>Financial assets</b>				
Cash and cash equivalents	6.808.281	5.124.899	6.808.281	5.124.899
Trade and other receivables (including related parties)	9.707.275	9.179.785	9.707.275	9.178.453
Financial investments (*)	7.230.561	4.905.438	7.230.561 (*)	4.905.438 (*)
Derivative financial assets	4.081.050	4.082.281	4.081.050	4.082.281
<b>Financial liabilities</b>				
Bank borrowings	27.157.781	21.351.014	27.132.844	21.286.130
Issued debt instruments	21.446.606	19.049.722	20.838.704	18.510.028
Trade payables and other liabilities (including related parties) (**)	9.890.949	11.488.964	9.890.949	11.488.964
Derivative financial liabilities	194.837	141.527	194.837	141.527

(\*) Group’s share in financial investments is carried at cost. Information on fair value of share in these investments are not available.

(\*\*) Trade payables and other liabilities item includes trade and other payables, employee benefit obligations and other liabilities contained within other current liabilities. Taxes and other payables contained within employee benefit obligations and advances contained within other current liabilities are excluded.

***Fair value hierarchy table***

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

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**13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)**

*Explanation on the presentation of financial assets and liabilities at their fair values (continued)*

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

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
<u>Derivative Financial Assets:</u>					
Cross currency swaps (*)	31 March 2023	3.840.831	–	3.840.831	–
Futures	31 March 2023	240.219	–	240.219	–
Currency protected time deposit	31 March 2023	6.892.153	–	6.892.153	–
Liquid fund	31 March 2023	2.873.365	2.873.365	–	–
<b>Financial liabilities measured at fair value:</b>					
Issued debt instruments	31 March 2023	8.947.214	8.947.214	–	–
<u>Derivative Financial Liabilities:</u>					
Cross currency swaps	31 March 2023	194.837	–	194.837	–
<b>Other financial liabilities not measured at fair value:</b>					
Bank loans	31 March 2023	27.132.844	–	27.132.844	–
Issued debt instruments	31 March 2023	11.891.490	11.891.490	–	–

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

Fair value hierarchy table as at 31 December 2022 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
<u>Derivative Financial Assets:</u>					
Interest rate swaps	31 December 2022	89.337	–	89.337	–
Cross currency swaps (*)	31 December 2022	3.937.075	–	3.937.075	–
Futures	31 December 2022	44.370	–	44.370	–
Commodity derivative (Copper)	31 December 2022	11.499	–	11.499	–
Currency protected time deposit	31 December 2022	4.880.842	–	4.880.842	–
Liquid fund	31 December 2022	600.223	600.223	–	–
<b>Financial liabilities measured at fair value:</b>					
Issued debt instruments	31 December 2022	8.479.466	8.479.466	–	–
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	31 December 2022	131.356	–	131.356	–
Cross currency swaps	31 December 2022	10.171	–	10.171	–
<b>Other financial liabilities not measured at fair value:</b>					
Bank loans	31 December 2022	21.286.130	–	21.286.130	–
Issued debt instruments	31 December 2022	10.030.562	10.030.562	–	–

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

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**13. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)**

*Capital management policies*

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes during the years 2023 and 2022.

**14. DERIVATIVE FINANCIAL INSTRUMENTS**

**Cash flow hedges and derivative financial instruments**

In the periods in which the cash flows related to the hedged item affect profit or loss, accumulated gain/loss of related hedged instruments in equity are reclassified in profit or loss, As of the three months period ended 31 March 2023, TL 138.850 are reclassified to financial expenses in the statement of profit or loss from gain on cash flow hedges in equity.

*Cross currency swap transaction*

As of 31 March 2023 fair value of participating cross currency swap transactions amounting to TL 3.739.082 has been recognized under short term derivative financial assets (31 December 2022: TL 3.733.650 short term derivative financial assets).

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
Türk Telekom	500.000	31 March 2016 - 15 December 2017	21 October 2020 - 28 January 2021	Pay TL and receive USD at June 2024	1.778.632
Türk Telekom	88.500	14 November 2018 25 October 2018 -	11 - 21 June 2021	Pay TL and receive USD between October 2019 - April 2024	258.329
Türk Telekom	38.710	18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 - April 2025	163.436
Türk Telekom	50.000	17 December 2020 27 September 2019 -		Pay TL and receive USD between April 2019 - April 2025	217.902
Türk Telekom	34.155	6 September 2021 13 November 2018 -		Pay TL and receive USD between March 2020 - September 2025	120.482
Türk Telekom	34.341	19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 - September 2025	327.705
Türk Telekom	54.545(*)	27 - 28 March 2018	12 November - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	402.390
Türk Telekom	41.673 (*)	16 August 2021		Pay TL and receive EUR between September 2021 - March 2026	159.483
Türk Telekom	37.330(*)	18 August 2021		Pay TL and receive EUR between October - December 2025	157.962
Türk Telekom	29.009(*)	13 August 2021		Pay TL and receive EUR between October 2021 - December 2025	110.362
Türk Telekom	10.196 (*)	27 - 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 - September 2024	42.399
					<b>3.739.082</b>

(\*) Nominal amount of indicated operations are Euro.

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**14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

**Cash flow hedges and derivative financial instruments (continued)**

*Cross currency swap transaction (continued)*

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	500.000	31 March 2016 - 15 December 2017	21 October 2020 - 28 January 2021	Pay TL and receive USD at June 2024	1.754.580
Türk Telekom	88.500	14 November 2018	11 - 21 June 2021	Pay TL and receive USD between October 2019 - April 2024	441.164
Türk Telekom	38.710	25 October 2018 - 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 - April 2025	163.130
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD between April 2019 - April 2025	210.104
Türk Telekom	40.986	27 September 2019 - 6 September 2021		Pay TL and receive USD between March 2020 - September 2025	150.128
Türk Telekom	34.690	13 November 2018 - 19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 - September 2025	143.384
Türk Telekom	54.545(*)	27 - 28 March 2018	12 November - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	401.304
Türk Telekom	43.172(*)	16 August 2021		Pay TL and receive EUR between September 2021 - March 2026	159.741
Türk Telekom	37.330(*)	18 August 2021		Pay TL and receive EUR between October - December 2025	153.181
Türk Telekom	29.009(*)	13 August 2021		Pay TL and receive EUR between October 2021 - December 2025	107.197
Türk Telekom	12.633(*)	27 - 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 - September 2024	49.737
					<b>3.733.650</b>

(\*) Nominal amount of indicated operations are Euro.

*Copper hedge transactions*

As of 31 December 2022 fair value of participating cross currency swap transactions amounting to TL 11.499 has been recognized under short term derivative financial assets.

Company	Notional Amount (Tones)	Trade Date	Terms and Maturity Date	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 2023	11.499
				<b>11.499</b>

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**14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

**Cash flow hedges and derivative financial instruments (continued)**

**Forwards**

As of 31 December 2022, fair value of participating forward transactions amounting to TL 14.098 has been recognized under short-term derivative financial assets.

<b>Company</b>	<b>Notional Amount (Tones)</b>	<b>Trade Date</b>	<b>Terms</b>	<b>Fair Value Amount as at 31 December 2022 (TL)</b>
Türk Telekom	1.769	12 July - 2 August 2021	Pay TL and receive USD between January 2022 - January 2023	14.098
				<b>14.098</b>

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.

**Interest rate derivative instruments which are not designated as hedge**

**Interest rate swaps**

As of 31 March 2023 fair value of interest rate derivative transactions amounting to TL 89.336 has been recognized under short term derivative financial assets (31 December 2022: TL 351.986 has been recognized under long term derivative financial liabilities, TL 39.980 has been recognized under short term derivative financial assets).

<b>Company</b>	<b>Notional Amount (USD)</b>	<b>Trade Date</b>	<b>Terms and Maturity Date</b>	<b>Fair Value Amount as at 31 December 2022 (TL)</b>
Türk Telekom	150.000	29 April - 20 May 2014	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 - June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 - June 2024, and receive fixed premium (0,39%-0,45%)	12.380
				<b>12.380</b>

<b>Company</b>	<b>Notional Amount (USD)</b>	<b>Trade Date</b>	<b>Terms and Maturity Date</b>	<b>Fair Value Amount as at 31 December 2022 (TL)</b>
Türk Telekom	150.000	29 April - 20 May 2014	Pay fixed rates and receive floating rates between June 2016 - June 2024	38.617
Türk Telekom	150.000	15 May - 16 May 2014	Pay fixed rates and receive rates between June 2016 - August 2016 and June 2024 - August 2024	38.340
				<b>76.957</b>

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**14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

*Cross Currency swaps instruments which are not designated as hedge*

As of 31 March 2023, fair value of derivative transactions amounting to TL 336.747 is recognized under short term derivative financial assets and TL (205.009) is recognized under short term financial liabilities (31 December 2022: TL 233.697 is recognized under short term derivative financial assets and TL 114.611 is recognized under short term financial liabilities).

*USD/EUR Cross Currency Swaps Instruments*

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
TTINT Türkiye	23.333	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	47.150
				<b>47.150</b>

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	51.182
				<b>51.182</b>

*Futures*

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
TT Mobil	202.692	13 February - 16 June 2023	Net TL settlement at May 2023 based on the difference between contract price and contract closing price	125.289
Türk Telekom	246.202	5 - 15 December 2022	Net TL settlement at May 2023 based on the difference between contract price and contract closing price	114.930
				<b>240.219</b>

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TT Mobil	69.692	9 December - 21 December 2022	Net TL settlement at February 2023 based on the difference between contract price and contract closing price	18.883
Türk Telekom	101.202	5 December - 15 December 2022	Net TL settlement at February 2023 based on the difference between contract price and contract closing price	25.487
				<b>44.370</b>

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**14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

*USD / TL foreign currency swap transactions*

*Futures (continued)*

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	(6.411)
TT	145.000	24 November - 8 December 2022	Net TL settlement at January 2023 based on the difference between contract price and contract closing price	(3.760)
				<b>(10.171)</b>

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
Türk Telekom	103.600	10 February - 25 June 2023	Pay TL and receive USD between April - June 2023	22.887
Türk Telekom	67.000 (*)	5 January - 17 June 2023	Pay TL and receive EUR between April - July 2023	26.491
				<b>49.378</b>

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	2.550
Türk Telekom	103.894	16 November - 29 December 2022	Pay TL and receive USD between January - March 2023	14.221
Türk Telekom	130.000 (*)	7 October - 31 October 2022	Pay TL and receive USD at January 2023	121.374
				<b>138.145</b>

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
Innova	3.000	23 February 2022	Pay TL and receive USD between February - April 2023	(2.172)
Türk Telekom	346.400	2 January - 27 June 2023	Pay TL and receive USD between April - July 2023	(172.244)
Türk Telekom	37.500 (*)	5 January - 16 June 2023	Pay TL and receive EUR between April - July 2023	(20.421)
				<b>(194.837)</b>

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
Innova	1.655	23 February 2022	Pay TL and receive USD between February - June 2023	(2.466)
Türk Telekom	334.593	17 October - 29 December 2022	Pay TL and receive USD between January - March 2023	(128.890)
				<b>(131.356)</b>

(\*) Nominal amount of indicated operations are Euro.

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**14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

*EUR/USD cross currency swap*

Company	Notional Amount (EUR)	Trade Date	Terms	Fair Value Amount as at 31 March 2023 (TL)
Türk Telekom	20.000	5 January - 23 June 2023	Pay USD and receive EUR at April 2023	5.221
				<b>5.221</b>

**Hedge of net investment in a foreign operation**

The Company utilized a loan amounting to EUR 150.000 in order to hedge its net investment in a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

**15. FINANCIAL INVESTMENTS**

	31 March 2023	31 December 2022
<b>Short term financial assets</b>		
Currency protected time deposit (*)	6.892.153	4.880.842
Investment funds	306.336	–
<b>Long term financial assets</b>		
Other	32.072	24.596
		<b>7.230.561</b>
		<b>4.905.438</b>

(\*) 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 298.200 and EUR 20.000 into “Currency Protected TL Time Deposit Accounts”. Maturity of currency protected time deposit accounts is between 90-360 days.

**16. SUPPLEMENTARY CASH FLOW INFORMATION**

*Other explanations*

“Other inflows of cash” in net cash used in operating activities amounting to TL 2.910 represents change in restricted cash (Note 6). “Other inflows of cash, net” in net cash used in financial activities amounting to TL 226.932 represents change in other financial payment. “Other adjustment for non-cash items” in adjustments to reconcile net profit to cash provided by operating activities amounting to TL 94.481 represents change in TFRS Interpretation 12.

**17. SUBSEQUENT EVENTS**

None.